SINGAMAS

勝獅貨櫃企業有限公司

SINGAMAS CONTAINER HOLDINGS LIMITED

ANNUAL REPORT 2002

SINGAMAS CONTAINER HOLDINGS LIMITED ANNUAL REPORT 2002

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(Dry Freight & Specialised Containers)

Qingdao
(Dry Freight & Specialised Containers)

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Shanghai Pacific
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Shanghai Baoshan
(Dry Freight & Specialised Containers)
Shanghai Reeferco
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Yixing
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(Dry Freight & Specialised Containers)

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(Dry Freight & Specialised Containers)

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Ningbo
Fuzhou
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Hong Kong
Shunde
Bangkok

MID-STREAM

Hong Kong

LOGISTICS

Xiamen

Corporate Profile

Singamas was listed on the Stock Exchange of Hong Kong Limited in 1993 and the Singapore Exchange Limited in 1994. Through a decade of development, we have evolved into one of the world's leading container manufacturers and logistics services providers. Our container factory and depot networks are the most comprehensive in the People's Republic of China (the "PRC").

Our manufacturing business covers nine container factories, eight in the PRC, and one in Surabaya, the Republic of Indonesia ("Indonesia"). Products manufactured in these factories include dry freight containers, collapsible flatrack containers, open top containers, bitutainers, refrigerated containers, other specialised containers and container parts.

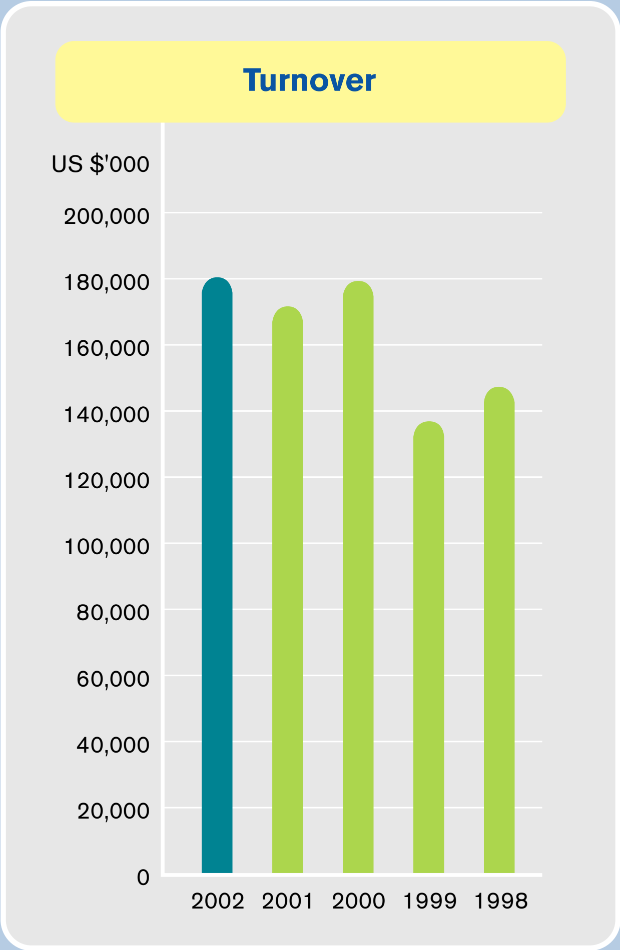
The provision of our logistics services including operating container depots/terminals, mid-stream and container logistics services. We are running eleven container depots/terminals, eight located at the major ports in the PRC – Dalian, Tianjin, Qingdao, Shanghai, Ningbo, Fuzhou, Xiamen and Shunde, two in Hong Kong and one in Bangkok, Thailand. We also operate a mid-stream operation in Hong Kong and a logistics company in Xiamen, the PRC.

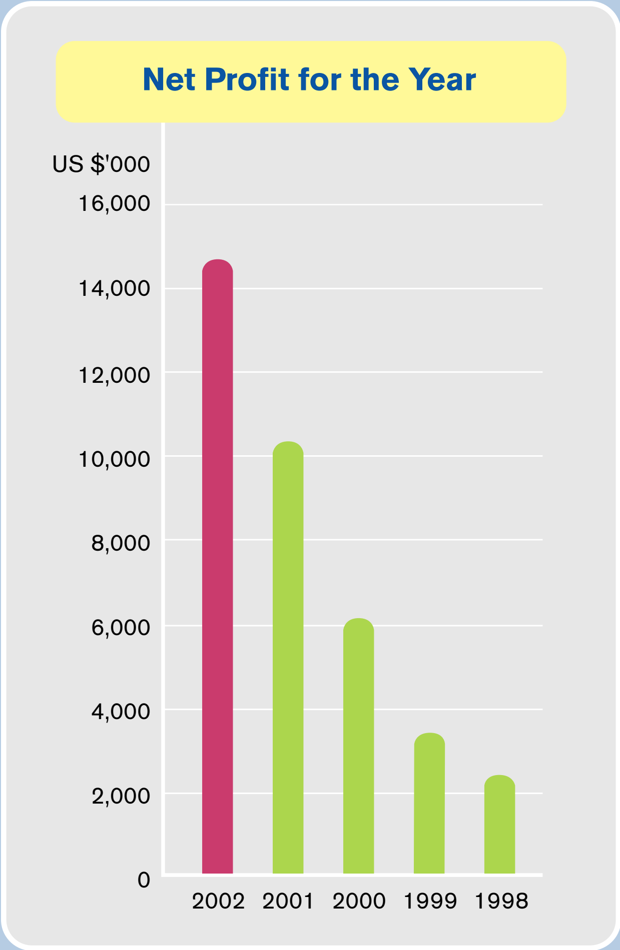
In 2003, we are celebrating Singamas' tenth anniversary since our listing. Building on our success over the past 10 years, we will continue to seek growth opportunities in the industry to further strengthen our comprehensive container factory and depot networks.

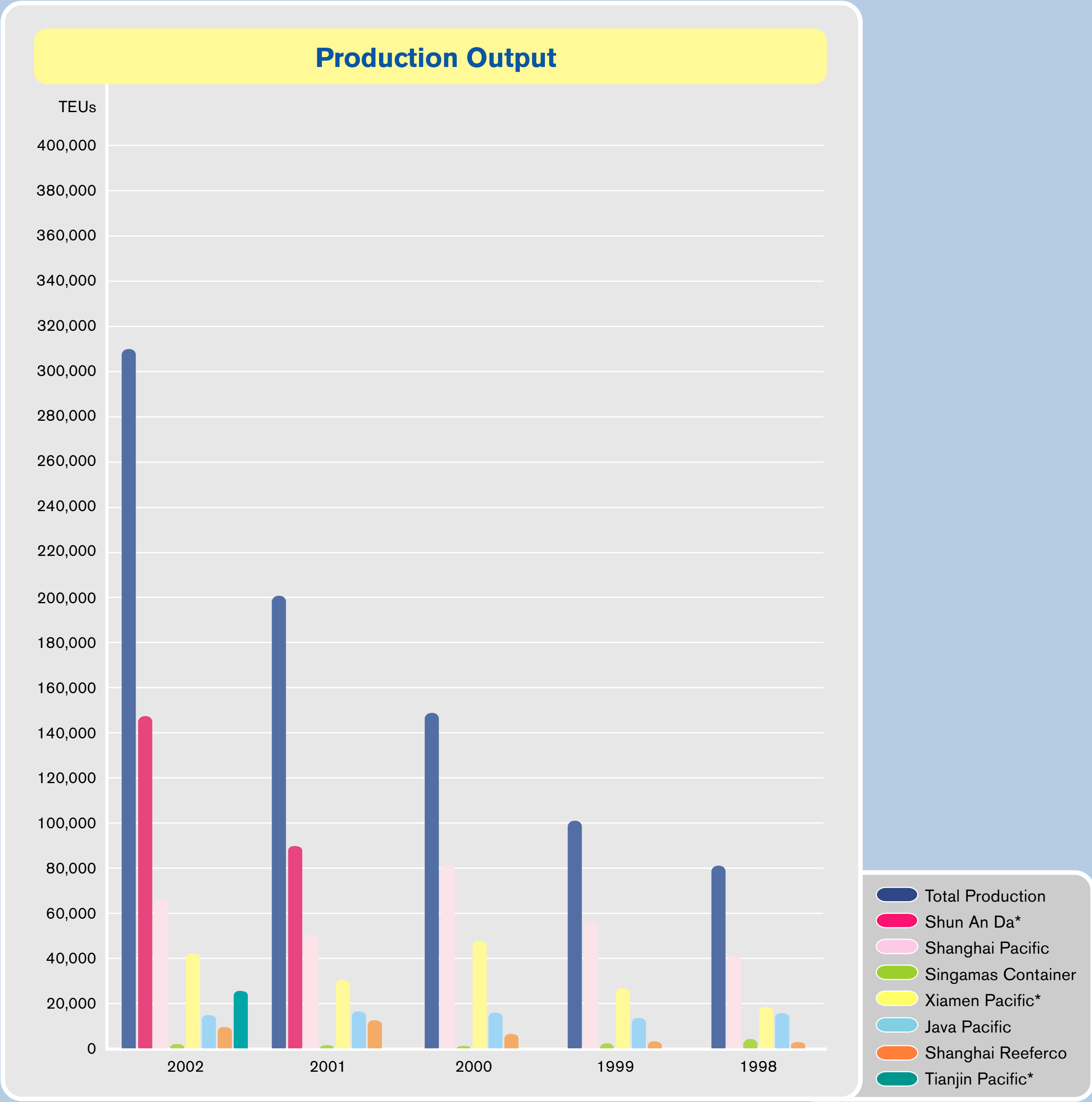
Financial Highlights

	2002 US$	2001 US$	2000 US$	1999 US$	1998 US$
Turnover	180,637,000	171,962,000	179,720,000	138,056,000	147,597,000
Profit from operations	14,868,000	19,395,000	12,990,000	7,054,000	8,267,000
Net profit for the year	14,689,000	10,313,000	6,082,000	3,424,000	2,445,000
Earnings per share	3.22 cents	2.26 cents	1.33 cents	0.75 cent	0.54 cent
Net asset value per share	15.67 cents	12.70 cents	10.49 cents	9.11 cents	8.35 cents
Shareholders' funds	71,445,000	57,919,000	47,815,000	41,526,000	38,080,000
Bank balances and cash	21,567,000	18,424,000	16,544,000	15,235,000	16,125,000
Total borrowings *(Note)*	58,113,000	57,045,000	64,071,000	52,360,000	44,875,000
Current ratio	1.28 to 1	1.20 to 1	1.13 to 1	1.09 to 1	1.07 to 1
Gearing ratio	0.81	0.98	1.34	1.26	1.18
Net debt to equity ratio	0.51	0.67	0.99	0.89	0.75
Interest coverage ratio	16.65	7.73	4.67	4.39	3.61

Note : Total borrowings represent the aggregate amount of the bank related borrowings and obligations under finance leases.

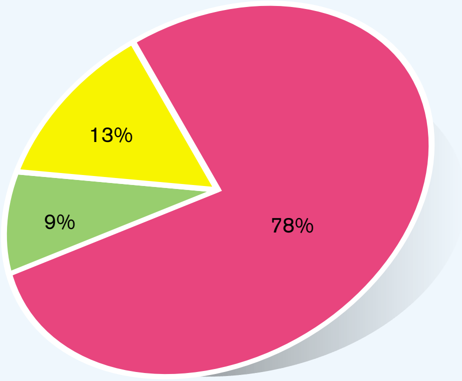

Turnover
US $'000
200,000
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
2002
2001
2000
1999
1998


Net Profit for the Year
US $'000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
2002
2001
2000
1999
1998



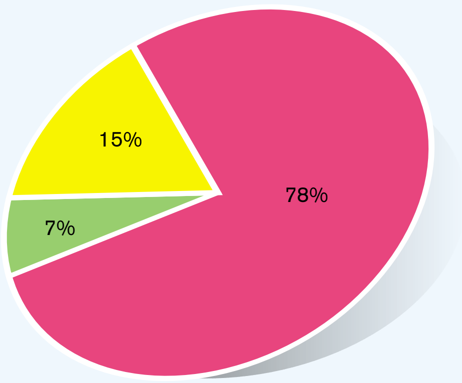
* The Company acquired Tianjin Pacific in November 2001 and Shun An Da in February 2001. It also took over management of Xiamen Pacific in January 1998.

Turnover by Business Segment



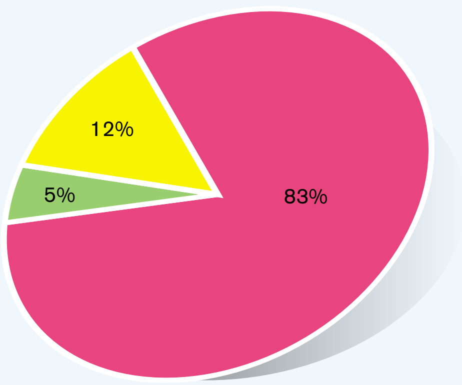
For the year ended 31st December, 2002

- Container Manufacturing
- Container Depot/Terminal
- Mid-stream



For the year ended 31st December, 2001

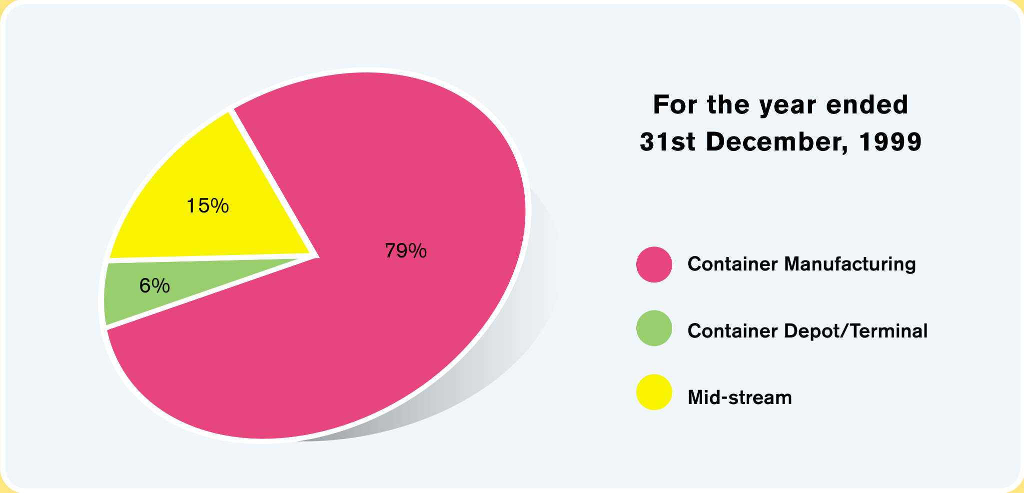
- Container Manufacturing
- Container Depot/Terminal
- Mid-stream

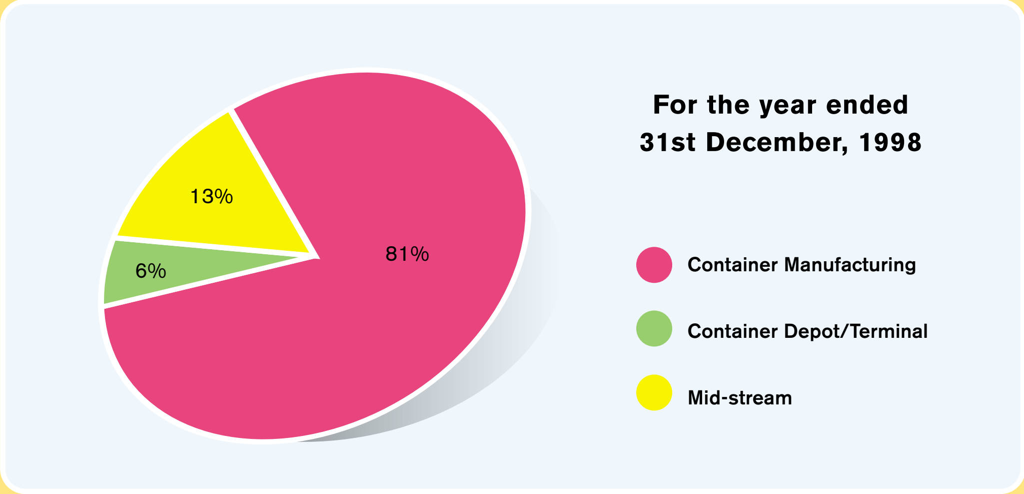


For the year ended 31st December, 2000

- Container Manufacturing
- Container Depot/Terminal
- Mid-stream

Turnover by Business Segment *(Continued)*





Corporate Information

Executive Directors

Mr. Chang Yun Chung* *(Chairman)*
Mr. Teo Siong Seng *(Vice Chairman)*
Mr. Hsueh Chao En
Mr. Teo Tiou Seng

*(* Mr. Chang Yun Chung is also known as Mr. Teo Woon Tiong)*

Non-Executive Director

Mr. Kuan Kim Kin#

Independent Non-Executive Directors

Mr. Ong Ka Thai#
Mr. Soh Kim Soon#

Audit Committee Member

Company Secretary

Ms. Tam Shuk Ping, Sylvia

Solicitors

Cheung, Tong & Rosa
Rooms 1621-33, 16th Floor
Sun Hung Kai Centre
30 Harbour Road
Hong Kong

Public Relations Consultant

Strategic Financial Relations Limited
Unit A, 29th Floor, Admiralty Centre 1
18 Harcourt Road
Hong Kong

Registered Office

22nd Floor, Dah Sing Financial Centre
108 Gloucester Road
Hong Kong

Share Registrar

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants
26th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

Principal Bankers

Bangkok Bank Public Company Limited
Bank of China (Hong Kong) Limited
China Construction Bank
CITIC Ka Wah Bank Limited
Fortis Bank Asia HK
Hamburgische Landesbank- Girozentrale-
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
KBC Bank N.V.
Mizuho Corporate Bank, Limited
Nanyang Commercial Bank, Limited
Overseas-Chinese Banking Corporation Limited
The Development Bank of Singapore Limited
The Bank of Nova Scotia
UFJ Bank Limited
United Overseas Bank Limited

Websites

http://www.singamas.com
http://www.irasia.com/listco/hk/singamas
http://www.quamnet.com/fcgi-bin/ir/ipo.fpl?par2=2&par4=0716

Chairman's Statement

To Our Shareholders

On behalf of the Board of Directors ("Directors"), I am pleased to present the 2002 operating results of Singamas Container Holdings Limited (the "Company") and its subsidiaries (together the "Group").

Mr. Chang Yun Chung
Chairman

Mr. Teo Siong Seng
President & Chief Executive Officer

For the year ended 31st December, 2002, the Group's turnover increased 5 per cent. to US$180,637,000. Consolidated net profit rose 42.4 per cent. to US$14,689,000. Leveraging on the solid foundations established over the years, the Group has been able to record earnings growth for the sixth consecutive year, with both turnover and profit hitting record highs in 2002. Better profitability was largely due to the increasing contributions from our acquisitions made in the recent years.

During the year, we placed strong effort in enhancing our investor relations and continuously providing quality information of the Group to the public. Our committed efforts brought in excellent results and led to an appreciation in our share price. In 2002, Singamas' share price ranked the third place in terms of price growth among the 980 listed companies in Hong Kong. We would like to express our heartfelt thanks to our investors for their continued support of Singamas.

Dividend

The Directors propose to pay a final dividend of HK6 cents per ordinary share for the year ended 31st December, 2002 to members whose names appear on the Register of Members of the Company on 23rd April, 2003. Subject to approval at the forthcoming annual general meeting, the proposed dividends will be sent to shareholders on or before 30th May, 2003.

Business Review

Committed to providing integrated and quality container related services to customers, we have been undertaking a series of acquisitions since our establishment. Today, we have established our position as one of the world's leading container manufacturers and a major logistics services providers in the industry. Our comprehensive container factory and depot networks extending along the PRC's coastline has formed a "chain store", which has strengthened our competitiveness by enabling us to provide effective and efficient services to our customers and enhancing our multi-locations delivery and serviceability capabilities. Through the streamlining of our operations and the co-ordination of raw materials procurement, the Group has been able to achieve economies of scale and improve operating margin.

Container Manufacturing

Accounting for 78 per cent. of the total turnover, container manufacturing continues to be the Group's core business. Production for the Group, including those produced by its associates and jointly controlled entities, reached 309,940 twenty-foot equivalent units ("TEUs") in 2002, increased by 55 per cent. from 2001. Turnover reached US$141,420,000 in 2002, compared to US$133,367,000 last year. Profit before taxation and minority interests increased 27 per cent. to US$13,904,000. Better performance was mainly due to the additional profit contribution by Shunde Shun An Da Pacific Container Co., Ltd. ("Shun An Da"). Our acquisition of Shun An Da's 40 per cent. equity stake was completed in the third quarter of 2001. As our share of Shun An Da's results could only be fully accounted for after completion of this acquisition, the Group's share of Shun An Da's profit in 2002 accordingly increased from 2001.

During the year, the Group increased our equity stakes in our existing facilities and acquired/set up two new production plants:

- We increased our equity stake in Tianjin Pacific Container Co., Ltd ("Tianjin Pacific") by 35 per cent. to 90 per cent., as well as increased our stake in Shun An Da by 20 per cent. to 60 per cent..
- Through our 60 per cent. owned-subsidiary - Shanghai Pacific International Container Co., Ltd. ("Shanghai Pacific"), we acquired a 65 per cent. equity stake in Shanghai Hyundai Container Manufacturing Co., Ltd. ("Shanghai Hyundai"), which has been renamed as Shanghai Baoshan Pacific Container Co., Ltd. after our acquisition. We also formed a joint venture in Qingdao, the PRC with Hiking Group Co., Ltd. ("Hiking Group").
- After these acquisitions, the Group's maximum production capacity (based on two production shifts) will increase to 620,000 TEUs, which has further strengthened our market position as one of the world's leading container manufacturers.

Tianjin Pacific is a dry freight and specialised container manufacturing factory located in Tianjin, an important port city in Northern PRC, with a maximum annual production capacity of 50,000 TEUs. In view of its growth potential, the Group increased our total equity interest in Tianjin Pacific to 90 per cent. in September 2002. Although Tianjin Pacific recorded a loss in 2002, the loss was largely a result from the company's restructuring arrangements. If these one-off write-offs were excluded, Tianjin Pacific would already reach break-even in 2002, its first year of operation after we took over its management. It is expected that Tianjin Pacific would be contributing positively to the Group in the near future.

Shun An Da, with an annual production capacity increased to 200,000 TEUs after adding a third production line for specialised containers, is the largest single dry freight and specialised container production factory in the world. Following the acquisition of a 40 per cent. equity interest in February 2001, the Group purchased an additional 20 per cent. stake in Shun An Da in November 2002. This acquisition was completed in January 2003 and Shun An Da has become the Company's non-wholly owned subsidiary since then. Located in Shunde, Guangdong Province, the PRC, Shun An Da extends the Group's manufacturing network to the Southern PRC.

Shanghai Hyundai is a dry freight and specialised container factory located in Shanghai, the PRC, with a maximum annual production capacity of 80,000 TEUs. Shanghai Pacific acquired 65 per cent. equity stake in Shanghai Hyundai in August 2002. The Company further acquired Shanghai Hyundai's remaining 35% equity stake in January 2003. Upon completion of this acquisition, the Group's effective equity interest in Shanghai Hyundai will increase from 39% (indirectly held through Shanghai Pacific) to 74%. With this acquisition, the Group now owns two dry freight container factories in Shanghai with an aggregate annual production capacity of 160,000 TEUs. Besides to further strengthening the Group's competitiveness, this acquisition also enables us to respond more spontaneously and effectively to customer demands in Shanghai and nearby areas.

In September 2002, the Company entered into a joint venture agreement with Hiking Group, which is the largest foreign trade company in the Shandong Province, the PRC, to establish a new dry freight and specialised container factory in Qingdao, the largest container port in the Northern PRC and the third largest in the PRC. This factory will be named Qingdao Pacific Container Co., Ltd. ("Qingdao Pacific") and its projected annual production capacity is 100,000 TEUs. Under this joint venture agreement, the Company will hold 55 per cent. equity stake in Qingdao Pacific. By adding this new factory, the Group would have two factories in the Northern PRC, which would further strengthen the Group's container factory network. This factory is currently undergoing the approval process by the local authorities and it is expected that all required approvals would be obtained by April 2003. The construction of the factory would be completed by the fourth quarter of 2003 and commercial operations are expected to start by January 2004. Strategically located in the Huangdao District – the Economic and Technological Development Zone of Qingdao, Qingdao Pacific is expected to benefit from the rapid trade growth in the area. In view of its strategic location and growing container demand in the area, we are confident that Qingdao Pacific would generate satisfactory results to the Group.

Performance of the Group's other manufacturing facilities was stable in 2002. The Company's acquisition of 36.17% of Shanghai Reeferco Container Co., Ltd. ("Shanghai Reeferco")'s equity stake will complete by August 2003. Upon completion of this acquisition, the Company's effective interest in Shanghai Reeferco will increase from 52.47% to 88.64%. In light of the profit growth by Shanghai Reeferco in the recent years, a higher contribution from Shanghai Reeferco is forecasted for the second half of 2003.

While dry freight container is the Group's major product accounting for over 90 per cent. of the Group's total output, specialised containers require higher technology and a more complicated production process but enjoy higher profit margins. To enlarge the product mix and increase our profit margins, the Group has been actively exploring new products, including the production of log carriers, car racks and others.

During the year, steel and plywood prices, the major raw materials for container production, increased by 30 per cent. and 10 per cent., respectively from their respective lowest price level at the beginning of 2002. However, the escalating demand for containers further bolstered container prices in the second half of 2002 and mitigated the cost increment. Although costs can be passed on to customers, it is common to experience a three-month delay in price adjustments.

Logistics Services

Container Depots/Terminals

The total area and storage capacity of the Group's container depots/terminals are about 1.2 million square metres and 160,000 TEUs, respectively. During 2002, our container depots/terminals handled a total of 2,975,000 TEUs of containers with an average container storage of 90,000 TEUs. Due to the below expectation performance by the Hong Kong depot operations as a result from the west coast strike in the United States, turnover from the Group's container depot/terminal operations decreased 8 per cent. to US$23,593,000. Profit before taxation and minority interests also dropped 7 per cent. to US$4,447,000.

Turning to the PRC, its strong growth in exports and container throughput at major ports have created more business opportunities for the Group. Shanghai, Qingdao, Tianjin, Ningbo, Xiamen, Dalian and Fuzhou, where the Group's depot operations are located, continued to be among the top ten busiest ports in the PRC with an average growth of 32 per cent. in 2002. In addition, the Group's depots in Shanghai, Ningbo and Xiamen are the leading operators in their respective areas, enabling the Group to secure our market presence in these locations. With such a comprehensive container depot network along these coastal ports, the Group continues to benefit from the strong growth.

Shunde Leliu Wharf & Container Co., Ltd. ("SLWC"), the river container terminal, which is 40 per cent. owned-associate of the Company, commenced full operations in early 2002. In its first year of commercial operations, it was already profitable with satisfactory results.

Besides investing in manufacturing operations, the Group also established a joint venture – Fuzhou Singamas Warehousing & Trading Co., Ltd. ("Fuzhou Singamas") in September 2002 and this depot will start its commercial operations in the second quarter of 2003. The container depot in Fuzhou was set up to tap on the business opportunities in the area. Operating in an area of 17,500 sq.m., Fuzhou Singamas has a storage capacity of 2,500 TEUs and a repair capacity of 30 containers per day. It offers comprehensive services to customers, including container storage, container collection and delivery, container repair, CFS, truck haulage and other container related services.

Mid-stream

Benefiting from growing trade activities at the Pearl River Delta area, the Group's mid-stream operation achieved satisfactory results in 2002. Turnover increased 22 per cent. to US$15,624,000 with profit before taxation and minority interests of US$2,646,000, an increase of 36 per cent. from last year. In 2002, the mid-stream operation handled 318,966 TEUs of container, increased by 23 per cent. from 2001. Through the implementation of prudent cost control strategies, the Group has been able to maximize the profitability of our mid-stream operation.

Logistics

Xiamen Superchain Logistics Development Co., Ltd. ("Xiamen Superchain") is a 6.83 per cent. owned-associate of the Company. Commencing operations in January 2002, Xiamen Superchain has been performing well and continuing to expand during the year. Since the Company only holds a small stake in Xiamen Superchain, it did not made any significant contribution to the Group. However, serving as a logistics arm for the Group, it has enabled us to further diversify our business from container manufacturing to the provision of total logistics services.

Prospects

The PRC's continued export growth has provided a favorable environment for container related businesses. With comprehensive container factory and depot networks along the PRC's coastline and as one of the world's largest container manufacturers, Singamas is well positioned to capture these business opportunities arising in the PRC.

To ride on this growth momentum, the Group has been actively undergoing a number of investment projects, which include new acquisitions as well as further acquisitions in existing operations.

The key policy of the Group is to add stakes in projects gradually in order for us to be able to monitor the various projects' operating performance before deciding on further investment. Guided by this policy, the Company acquired a further 35 per cent. equity interest in Shanghai Hyundai in January 2003. The increase in equity has strengthened the Group's presence in the container manufacturing business and improved our overall efficiencies.

It is expected that Qingdao Pacific would start commerical operation by January 2004. In view of its strategic location, the Group is confident that Oingdao Pacific would further enhance the Group's overall profitability.

Among our existing depot operations, the Group saw SLWC's good growth potential and took up an additional 19 per cent. stake in February 2003. After this further acquisition, the Group's effective equity interest in SLWC increased from 40 per cent. to 59 per cent. The rising trade activities and the high degree of industrialization in the Pearl River Delta area has provided SLWC with a favorable growth environment. SLWC is expected to contribute satisfactory returns to the Group in the near future.

The recent investment projects in Shunde, Shanghai, Tianjin, Fuzhou and Qingdao have enhanced the Group's abilities to offer more value-added and a wider scope of container manufacturing and logistics services to the customers. Looking forward, Singamas will continue to seek profitable investment opportunities to further expand our core businesses and strengthen our competitive position.

Acknowledgement

On behalf of the Group, I would like to extend my sincere gratitude to our customers and business partners for their continuous co-operation and support to the Group. I would also like to thank my fellow board members for their contribution made to the Company and my colleagues for all their effort and hard work over the past year. Their good work has contributed significantly to the achievement of the Group's favorable results during the year. In the future, we will continue our commitment to achieve promising results for the Group to bring in better returns for our investors.

Chang Yun Chung
Chairman

Hong Kong, 24th March, 2003

Frequently Asked Questions

1. What business achievements have been made in 2002 that are worth noting?

A. The Group has made a number of new investments and acquisitions in 2002 to further extend our container factory and depot/terminal networks along the major PRC coastal ports with our maximum annual production capacity increased to 620,000 TEUs. Our investments and acquisitions made in the recent years are paying off with increasing contribution made to the Group. As a result, the Group has achieved profit growth in six consecutive years and our turnover and net profit for the year 2002 were record highs at US$180,637,000 and US$14,689,000 respectively.

2. Which business segment performed the most outstandingly in 2002? Why?

A. Container manufacturing operations achieved the best performance in 2002 with a consolidated profit before tax and minority interests of US$13,904,000, representing a 26.9% increase from 2001. During the year, the Group produced a total of 309,940 TEUs of containers, increased by 54.9% from 2001. Outstanding performance was largely due to strong foreign trade (especially in export) growth in the PRC with a growth rate of 21.8% and the additional profit contribution from Shun An Da. Our acquisition of Shun An Da's 40% equity stake was completed in the third quarter of 2001. As our share of Shun An Da's profits could only be fully accounted for after completion of this acquisition, accordingly, the Group's share of Shun An Da's profit in 2002 was higher than in 2001.

3. What are the benefits of the Group's container factory and depot/terminal networks?

A. The Group has formed a "chain store" with a string of container factories and depots/terminals stretching from Northern PRC to Hong Kong and also extended to Indonesia and Thailand, which has strengthened the Group's marketing network and enabled the Group to deliver boxes to and provide services at various locations in the region. Through this wider network, besides enjoying better economies of scale, our customers can be better served by shortening our response time to their enquiries and offering them more comprehensive products and services.

4. What is your dividend policy?

A. The Group is still expanding and certain portion of our profit has to be retained to fund our expansion plans. We also realize the need to provide our shareholders a reasonable return for their investment made in our Company. The Directors are now formulating our dividend policy and we are considering a dividend pay-out ratio of about 25% to 30% of the Group's consolidated net profit for a year.

5. What will be the major growth driver in 2003? Container manufacturing business or depot/terminal business?

A. It is too early to make any forecast for 2003; however, in view of the growing trade activities in the PRC, we expect all three of our business segments would attain satisfactory growth in 2003.

6. Will acquisitions continue to be the major source of revenue and profit growth?

A. Other than new acquisitions, we have been actively increasing our sources of revenue with the aim to continue our profit growth by adding new functions to our container depot/terminal operations and enlarging our product mix by producing new types of specialised containers, such as log carriers for railways, car racks and others.

7. Aggressive business developments have been made in last two years. How to ensure the Group would not be suffering from over-expansion?

A. Learned from our past experience, the Group has been very cautious in our expansion plans. Since 1997, all our investments made were well planned and carefully structured, and they all have been profitable. Our business strategy has been only taking a small stake in any new investment initially; we would only increase our stake if our investment decision proves to be correct. Therefore, our business expansion in the recent years has actually been gradual and certainly not aggressive. Our investments were all made in line with our long-term goal of establishing a comprehensive network of container factories and depots along the major coastal port cities from north to south of the PRC. In fact, they have proved to be a success and in the past six years, through our various strategic investments, we have evolved into a leading container manufacturer in the world and a major logistics services provider in the Asia Pacific region.

8. The Group's net gearing ratio is at 51%. We understand this ratio has been declining; however, do you have any plans to further reduce it?

A. We feel that our current net gearing ratio is healthy and at relatively low level for our business. Nevertheless, we will continue the following measures to keep our gearing ratio low:

- to shorten the credit period granted to customer;
- to maintain a special task force to monitor the outstanding receivable;
- to further tighten our credit control to ensure only customers with sound financial background will be given credit period; and
- to review and monitor the inventory status to keep overall raw material level at the minimum.

9. How would the military tensions in the Middle East affect the Group's businesses?

A. So far, the military tensions in the Middle East have not affect our businesses; however, being a prudent management, we will closely monitor the situation and evaluate the circumstances to make appropriate business strategy, when required.

One thing to note is that, our container depot and logistics businesses in the PRC are less sensitive to such tension. Economic experts forecasted PRC will enjoy a 7% growth of GDP in 2003. Such economic growth would inevitably further boost the demand of depot and logistics services in key ports along the PRC coast. Since Singamas has already established a chain network in strategic locations; thus, we are confident that we will continue to enjoy a prominent growth.

10. The Group's turnover by geographical market fluctuates significantly year-on-year. What is your basis in determining your turnover by geographical market?

A. The nature of our products is different from consumer products, which you would know the exact location where a consumer product is sold. Containers do move from place to place and we would not know the exact location where the containers are ending up. To simply the analysis of our turnover by geographical market, we allocate our turnover by geographical market according to the base of our customers. For example, if a customer were having its registered office in United States, sales made to this customer would then be regarded as sales to the United States. Therefore, it is not very meaningful for you to analyse our turnover by geographical market.

Note: "A" means "Answer".

Directors and Senior Management Profile

Directors

Directors during the year and up to the date of this Annual Report are as follows:

Mr. Chang Yun Chung *(also known as Mr. Teo Woon Tiong)*	*Chairman*
Mr. Teo Siong Seng	*Vice Chairman*
Mr. Hsueh Chao En	*Executive Director*
Mr. Teo Tiou Seng	*Executive Director*
Mr. Kuan Kim Kin*	*Non-Executive Director*
Mr. Ong Ka Thai*	*Independent Non-Executive Director*
Mr. Soh Kim Soon*	*Independent Non-Executive Director*

* *Audit Committee Member*

Details of the directors at the date of this Annual Report are as follows:

Mr. Chang Yun Chung (also known as Teo Woon Tiong), aged 84, Chairman, appointed on 20th April, 1993, started his shipping career in Singapore in 1949 and is the founder of Pacific International Lines (Private) Limited ("PIL"), a substantial shareholder of the Company. Mr. Chang is presently the Executive Chairman of the PIL Group of companies in Singapore, which is engaged in shipping and related business. Mr. Chang is a director of many companies, including Tranpac Shipping Enterprises Limited of Hong Kong. He is also the Chairman of Malaysia Shipping Corporation Sdn. Bhd. of Malaysia, Eastern Maritime (Thailand) Ltd. and Pacific Seatrans Lines Pte. Ltd. of Thailand.

Mr. Teo Siong Seng, *B. Sc. (Naval Architect)*, aged 48, appointed on 20th April, 1993 and became the President and Chief Executive Officer of the Company on 1st February, 1997. Mr. Teo is a son of Mr. Chang Yun Chung and he is also a director of various subsidiaries of the Company. Mr. Teo started his shipping career with the PIL Group in 1979 and was appointed as Managing Director of PIL in October 1992. Mr. Teo is the Executive Director of various PIL subsidiaries and joint venture companies whose activities include shipping, ship management, air freighting, travel, warehousing, container manufacturing and container depots/logistics center. Mr. Teo is a Council Member of Singapore Chinese Chamber of Commerce & Industry and Singapore Shipping Association. He sits on the board of Port of Singapore Marine (Pte.) Ltd., Standard Steamship Owners' Protection & Indemnity Association (Bermuda) Limited and Through Transport Mutual Insurance Association Limited.

Mr. Hsueh Chao En, *Dip. Eng.*, aged 50, appointed on 16th May, 1997, joined Shanghai Pacific in July 1989 and was appointed as Executive Vice President-Manufacturing Operations of the Company on 1st June, 1993. Mr. Hsueh is a director of various subsidiaries of the Company, the Vice President of Shanghai Pacific and is also the General Manager of Xiamen Pacific and Shun An Da. Prior to joining the Company, he had over 10 years' experience as a Plant Manager in various container manufacturing plants in Taiwan.

Mr. Teo Tiou Seng, aged 50, appointed on 26th June, 1996 and is also a director of various subsidiaries of the Company. Mr. Teo is a son of Mr. Chang Yun Chung and has been engaged in shipping business since 1977. Mr. Teo graduated and holds a MBA from the University of Western Ontario, Richard Ivey School of Business – the leading business school in Canada. He has more than 20 years of working experience in container transport business and is also a director of Pacific International Lines (Private) Limited in Singapore and the Managing Director of Pacific International Lines (Hong Kong) Limited.

Mr. Kuan Kim Kin, aged 55, appointed on 15th July, 1998 and is also the General Manager-Finance Division of PIL. Mr. Kuan is a fellow member of The Chartered Institute of Management Accountants, the United Kingdom. He has served for more than 22 years in various financial management and accounting positions across diverse business groups and public limited companies in Malaysia.

Mr. Ong Ka Thai, aged 49, appointed as Independent Non-Executive Director of the Company in May 1997. Mr. Ong is currently the Chairman of a number of companies including Ong First Chicago Holdings Co. Ltd., Ong First Chicago Pte. Ltd., Ong Commodities Pte. Ltd. and Ong Pacific Capital Ltd. A Bachelor of Arts (Economics) graduate from the University of California at Los Angeles, Mr. Ong had served as the CEO for a number of multinational joint-ventures. Mr. Ong is also a director of Shanghai International Shanghai Growth Investment Ltd., a company listed on The Stock Exchange of Hong Kong Limited. Mr. Ong has over 24 years of experience in manufacturing, corporate and trade finance, regional equity, futures and commodities trading, investment banking and corporate advisory services, as well as direct and private equity investment.

Mr. Soh Kim Soon, aged 57, appointed as Independent Non-Executive Director of the Company on 20th November, 2001. Mr. Soh is currently the Chairman of ORIX Investment and Management Private Limited. He is a B.A. (Hons) graduate of the University of Singapore and an associate of The Chartered Institute of Bankers (United Kingdom). Mr. Soh was previously Senior Managing Director of DBS Bank and was with DBS Bank for more than 29 years. Mr. Soh held key senior positions in DBS Bank in both business and support functions including corporate, consumer and international banking as well as risk management and information technology. He was also previously Chairman of DBS Securities Holding Pte Ltd, DBS Finance Ltd and DBS Computer Services Pte Ltd.

Senior Management Executives

The senior management executives during the year and up to the date of this Annual Report are as follows:

Mr. Teo Siong Seng	President and Chief Executive Officer
Mr. Hsueh Chao En	Executive Vice President – Manufacturing Operations
Ms. Tam Shuk Ping, Sylvia	Vice President – Finance and Company Secretary
Mr. Kang Choon Howe, Charles	Director of Marketing *(resigned on 1st April, 2002)*
Mr. Chan Kwok Leung, Andy	Director of Marketing and General Manager – Hong Kong Container Depot and Terminal Operations
Mr. Lu Yu Lii, York	General Manager – China Container Depot Operations

Details of the senior management executives at the date of this Annual Report are as follows:

Mr. Teo Siong Seng, appointed as President and Chief Executive Officer of the Company on 1st February, 1997. Please refer to the Directors section for details.

Mr. Hsueh Chao En, appointed as Executive Vice President-Manufacturing Operations of the Company on 1st June, 1993. Please refer to the Directors section for details.

Ms. Tam Shuk Ping, Sylvia, *B.Comm., M.B.A., C.A. (Can.), F.C.P.A.*, aged 40, Vice President – Finance, joined the Company on 15th May, 1995. She was appointed as Company Secretary on 1st March, 1997 and is also a director of various subsidiaries of the Company. Prior to joining the Company, she was the Chief Financial Officer of a Hong Kong based construction company. She has more than 15 years' experience in public accountancy, manufacturing, distribution and construction.

Mr. Chan Kwok Leung, Andy, aged 45, joined Eng Kong Container Services Ltd., a subsidiary of the Company, on 1st July, 1994 and was appointed General Manager-Hong Kong Container Depot and Terminal Operations of the Company on 1st March, 1997. Mr. Chan was also appointed as Director of Marketing on 1st September, 2002, primarily involving in the overall marketing activities and business development of the Group. He has more than 24 years' experience in marketing, container depot management, container inspection and repair, and container leasing. Prior to joining the Company, he was the Technical Director of Unicon International Ltd., a container surveying company with major interests in the Far East.

Mr. Lu Yu Lii, York, *B. Eng.*, aged 47, General Manager-China Container Depot Operations, joined the Company on 1st March, 1998 and is also a director of various subsidiaries of the Company. Mr. Lu has more than 18 years' experience in shipping and container depot management. Prior to joining the Company, he was the Managing Director of a Hong Kong based shipping agency.

The directors of the Company (the "Directors") have pleasure in submitting to the shareholders their report and the audited financial statements of the Company and the Group for the year ended 31st December, 2002.

Principal Activities

The principal activities of the Company are investment holding and provision of management services to its subsidiaries, associates and jointly controlled entities. The activities of its principal subsidiaries, associates and jointly controlled entities are set out in notes 17, 19 and 20, respectively to the financial statements.

An analysis of the Group's turnover and contribution to profit before taxation for the year ended 31st December, 2002 by principal activity is as follows:

Analysis by principal activity

	Turnover US$'000	Contribution to profit before taxation US$'000
Container manufacturing	141,420	8,866
Logistics services		
Container depot/terminal	23,593	3,356
Mid-stream	15,624	2,646
	180,637	14,868
Finance costs		(1,829)
Investment income		120
Share of results of associates		8,023
Share of results of jointly controlled entities		(185)
Profit before taxation		20,997

An analysis of the Group's turnover for the year ended 31st December, 2002 by geographical market is as follows:

Analysis by geographical market

	Turnover US$'000
United States	44,222
Europe	40,161
PRC (other than Hong Kong and Taiwan)	39,018
Hong Kong	32,968
Others	24,268
	180,637

Results and Appropriations

The results of the Group for the year ended 31st December, 2002 are set out in the consolidated income statement on page 34.

The Directors recommend the payment of a final dividend of HK6 cents per share (2001: HK2 cents per share). The final dividend is payable on or before 30th May, 2003 to those shareholders whose names appear on the Register of Members of the Company on Wednesday, 23rd April, 2003.

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 83 to 84.

Reserves

Details of the movements in the reserves of the Group and the Company during the year are set out in note 29 to the financial statements.

Property, Plant and Equipment

Details of the movements in property, plant and equipment during the year are set out in note 15 to the financial statements.

Particulars of Principal Subsidiaries, Associates and Jointly Controlled Entities

Particulars regarding the principal subsidiaries, associates and jointly controlled entities of the Company are set out in notes 17, 19 and 20, respectively to the financial statements.

Liquidity

As at 31st December, 2002, the Group had bank balances and cash of US$21.6 million (2001: US$18.4 million) and total borrowings of US$58.1 million (2001: US$57 million). This represented a gearing ratio, calculated on the basis of the Group's total borrowings over shareholders' funds, of 0.81 (2001: 0.98) and a net debt to equity ratio, calculated on the basis of the Group's net borrowings (after deducting bank balances and cash of US$21.6 million) over shareholders' fund, of 0.51 (2001: 0.67). The slight increase in total borrowings was largely attributable to the increase in working capital financing requirements as a result from higher production. The interest coverage ratio of the Group's profit before interest, tax, depreciation and amortisation (EBITDA) to total net interest expense was 16.65 times in 2002, compared to 7.73 times in 2001.

Treasury Policies

The Group maintains a conservative approach on foreign exchange exposure management. The Group's revenues are mostly transacted in US$ and maintains cash balances mainly in US$, same is true for its machinery and material purchases. To a much lesser extent some operating expenses are transacted in other currencies including Hong Kong dollars, Chinese Renminbi ("RMB") and Indonesian Rupiah. The majority of the Group's borrowings, approximately 88.8 per cent. of the total as at 31st December, 2002 was in US$ with the balance mainly in RMB. This policy adheres to the Group's principle to match its revenue stream with borrowings in same currency to minimize currency exposure.

The majority of the Group's borrowings is arranged on a short term revolving basis for the financing of the Group's daily working capital requirements. Of the total borrowings at the year end date, the maturity profile spread over a period of four years with US$43 million repayable within one year and US$15.1 million within two to four years. The Group's borrowings are principally on a floating rate basis. As the Group's borrowings are largely on short term basis, no hedging instruments are used by the Group since the effect of the interest rate exposure is nominal.

Bank Borrowings

Details of bank borrowings of the Group and the Company are set out in note 30 to the financial statements. No interest was capitalised by the Group during the year.

Capital Expenditure

To capture a larger market share and maintain its competitiveness and product quality, the Group incurred a total of US$3.6 million in capital expenditure during the year, which was largely used in the purchase of property, plant and equipment for the expansion of the production capacity and replacement of the existing assets.

Acquisitions

During 2002, the Group committed to invest a total of US$22.2 million to acquire the followings:

- an additional 46.22 per cent. of the entire issued share capital in Singamas Refrigerated Container Limited ("Singamas Refrigerated"), a company holding 88.64 per cent. equity interest in Shanghai Reeferco Container Co., Ltd. ("Shanghai Reeferco") (a refrigerated container manufacturing factory in Shanghai, PRC);

- an additional 35 per cent. equity interest in Tianjin Pacific Container Co., Ltd. ("Tianjin Pacific") (a dry freight and specialised container manufacturing factory in Tianjin, PRC);

- a 65 per cent. equity interest in Shanghai Hyundai Container Manufacturing Co., Ltd. (a dry freight and specialised container manufacturing factory in Shanghai, PRC and has renamed to Shanghai Baoshan Pacific Container Co., Ltd. after this acquisition) through the Company's 60 per cent. owned-subsidiary - Shanghai Pacific International Container, Co., Ltd.;

- 40 per cent. equity interest in Fuzhou Singamas Warehousing & Trading Co., Ltd. (a container depot in Fuzhou, PRC);

- 55 per cent. equity interest in Qingdao Pacific Container Co., Ltd. (a dry freight and specialised container manufacturing factory in Qingdao, PRC); and

- an additional 20 per cent. equity interest in Shunde Shun An Da Pacific Container Co., Ltd. ("Shun An Da") (a dry freight and specialised container manufacturing factory in Shunde, PRC).

These investments were approved by the Directors and were financed internally and by bank borrowings on a medium term committed basis.

On 5th July, 2002, the Company entered into a Purchase and Sale Agreement with ChinaVest IV, L.P., ChinaVest IV-A, L.P., ChinaVest IV-B, L.P., Chine Investissement 2000 and Garden Capital Limited under which the Company agreed to purchase from these entities 4,083,333 issued ordinary shares (with voting right) ("Ordinary Shares") and 9,506,000 redeemable preference shares ("Redeemable Preference Shares") of Singamas Refrigerated, which together represent 46.22 per cent. of Singamas Refrigerated's entire issued share capital, at a total consideration of US$10,806,000. Since each of ChinaVest IV, L.P. and Garden Capital Limited is a substantial shareholder of Singamas Refrigerated and the consideration given on this acquisition represents more than 15 per cent. of the audited consolidated tangible net assets of the Group, this investment is considered as a connected and discloseable transaction in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"). This investment was approved by the shareholders of the Company in the extraordinary general meeting held on 15th August, 2002. The consideration was satisfied partly by cash in instalments totaling US$9,506,000 for the Redeemable Preference Shares and partly by the issue of new ordinary shares of the Company in the value equivalent to US$1,300,000 for the Ordinary Shares to be issued in August 2003. The cash consideration has been funded by internal resources and banking financing. The Ordinary Shares will be transferred to the Company in August 2003 and at which time, Singamas Refrigerated will become the wholly owned-subsidiary of the Company and the Company's effective equity interest in Shanghai Reeferco, through Singamas Refrigerated, will increase from 52.47 per cent. to 88.64 per cent..

Acquisitions (continued)

On 17th September, 2002, the Company entered into a share transfer agreement with Habatec-Tectrans Beteiligungs GmbH ("Habatec") to acquire from Habatec 35 per cent. equity interest in Tianjin Pacific. Since Habatec is a substantial shareholder of Tianjin Pacific, Habatec is a connected person and entering into this agreement constitutes a connected transaction under the Listing Rules. Upon completion of this acquisition in November 2002, the Company's equity interest in Tianjin Pacific increased from 55 per cent. to 90 per cent.

On 4th November, 2002, the Company entered into a share transfer agreement with SSCMC Transportation Co., Ltd. ("SSCMC Transportation"). Under this agreement, the Company agreed to acquire from SSCMC Transportation 20 per cent. equity interest in Shun An Da. In view that the audited net tangible asset value of Shun An Da represents more than 15 per cent. of the audited consolidated net tangible asset value of the Company as at 31st December, 2001, entering into this agreement constitutes a discloseable transaction under the Listing Rules. Upon completion of this acquisition in January 2003, the Company's equity interest in Shun An Da has increased from 40 per cent. to 60 per cent..

Details of the above connected and/or discloseable transactions have been disclosed by way of a press notice in compliance with the Listing Rules.

Charges on Assets

As at 31st December, 2002, certain assets of the Group with aggregate carrying value of US$15,664,000 (2001: US$13,744,000) were pledged as securities for credit facilities granted by banks to subsidiaries in Indonesia and the PRC, and the shareholdings of the Company in an associate and two jointly controlled entities were pledged as securities for loan facilities granted to the Company. The Group's share of net assets and the Company's investment costs of the associate and two jointly controlled entities were US$19,731,000 and US$14,000,000 respectively.

Contingent Liabilities

During 2002, the Company provided guarantees to banks as securities for finance lease and bank facilities granted to certain subsidiaries and jointly controlled entities and an associate in Indonesia and the PRC. As at 31st December, 2002, total amount of lease and bank facilities, of which guarantees were provided, utilised by the associate and the jointly controlled entities was US$17,885,000.

Share Capital

There was no movement in the share capital of the Company during the year. Details of share capital are set out in note 27 to the financial statements.

Directors

The Directors during the year and up to the date of this Annual Report are:

Mr. Chang Yun Chung *(also known as Mr. Teo Woon Tiong)*
Mr. Teo Siong Seng
Mr. Hsueh Chao En
Mr. Teo Tiou Seng
Mr. Kuan Kim Kin#
Mr. Ong Ka Thai*
Mr. Soh Kim Soon*

* *Independent Non-Executive Director*
\# *Non-Executive Director*

In accordance with Articles 92, 93 and 98 of the Company's Articles of Association, Messrs. Teo Siong Seng and Hsueh Chao En retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Audit Committee

Pursuant to the requirements of the Listing Rules, an Audit Committee of the Company was established on 24th August, 1998 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants in December 1997. During the year under review, the Committee met five times.

The Audit Committee is answerable to the Board and the principal duties of the Committee include the review of the Company's financial reporting process and internal controls.

Directors' Interests

As at 31st December, 2002, the interests of the Directors in the listed securities of the Company as recorded in the Register maintained by the Company pursuant to Section 29 of Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") or as notified to the Company were as follows:

	Number of Ordinary Shares of HK$0.10 each		Percentage
Name	Personal Interests	Corporate Interests	of issued shares
Mr. Chang Yun Chung	–	285,660,178 (Note)	62.64
Mr. Teo Siong Seng	10,234,000	–	2.24
Mr. Teo Tiou Seng	1,114,000	–	0.24

Note: These shares are held by Pacific International Lines (Private) Limited ("PIL") (an associated corporation, within the meaning of the SDI Ordinance, of the Company) in which Mr. Chang Yun Chung is interested, in aggregate, in 16,525,000 shares representing 89.42 per cent. of the issued share capital of that company. Mr. Chang Yun Chung's interest in shares of PIL comprises a personal interest in 2,642,500 shares and corporate interests in 5,850,000 shares through South Pacific International Holdings Limited, a company in which he holds 55.75 per cent. of the issued share capital and 8,032,500 shares through Y C Chang & Sons Private Limited, a company in which he holds 2.86 per cent. of the issued share capital.

Directors' Interests (continued)

Details of the total share options held by the Directors during the year and as at 31st December, 2001 are listed below:

Name	Date of Grant	Exercise Price (HK$)	Number of Share Options as at 31st December, 2002 & 2001
Mr. Teo Siong Seng	8th October, 1994	1.908	1,500,000
	15th May, 1995	1.440	1,500,000
Mr. Hsueh Chao En	8th October, 1994	1.908	400,000
			3,400,000

Options granted shall not be exercised until the expiry of six months after the date of grant and in any event such period shall not exceed a period of 10 years from the date of grant. The exercise price is determined by the Board and shall be the price being not less than 80 per cent. of the average closing prices of the Company's ordinary shares traded on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of grant.

Further details of the Share Option Scheme of the Company are set out in note 28 to the financial statements.

Other than those disclosed in note 37 to the financial statements (which in the opinion of the Directors were carried out in ordinary course of the Group's business), no contracts of significance in relation to the Group's business to which the Company, its holding company, fellow subsidiaries or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Company, its holding company, fellow subsidiaries or any of its subsidiaries a party of any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, with the exception of the Share Option Scheme, details of which are described above.

Other than as disclosed above, none of the Directors, nor their associates, had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the Directors, nor their spouses or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during the year.

Substantial Interests in the Share Capital of the Company

Other than the interests of certain directors disclosed under the section headed "Directors' Interests" above, the Register of Substantial Shareholders maintained under section 16(1) of the SDI Ordinance discloses no other person having an interest of 10 per cent. or more in the issued share capital of the Company as at 31st December, 2002.

Corporate Governance

Throughout the year ended 31st December, 2002 the Company has complied with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules. The term of office of each non-executive director and independent non-executive director of the Company is the period up to his retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.

Directors' Service Agreement

Mr. Teo Siong Seng has entered into a service agreement with the Company. Unless terminated by cause, the service agreement is for an initial term of three years which commenced on 1st April, 2000. Thereafter, the service agreement is valid for a further three years, unless terminated by either party giving at least six months' notice. No other Directors or proposed directors has any existing service contract or proposed service contract with the Company which is not terminable by the Company within one year without payment of compensation.

Major Customers and Suppliers

The percentages of the Group's purchases and sales attributable to major suppliers and customers are as follows:

	Percentage
Percentage of purchases attributable to the Group's largest supplier	8.6
Percentage of purchases attributable to the Group's five largest suppliers	32.7
Percentage of sales attributable to the Group's largest customer	17.2
Percentage of sales attributable to the Group's five largest customers	42.8

During the year, none of the Directors or their associates or any shareholder (which to the knowledge of the Directors owns more than 5 per cent. of the Company's share capital) had an interest in the major suppliers or customers noted above.

Purchase, Sale or Redemption of Listed Securities

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

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Retirement Benefits Scheme

Details of the Retirement Benefits Schemes are set out in note 10 to the financial statements.

Particulars of Directors and Senior Management Executives

Brief biographical details of the Directors and Senior Management Executives of the Company are set out on pages 18 to 20 under the Directors and Senior Management Profile section of this Annual Report.

Remuneration Policies and Employee Relations

As at 31st December, 2002, the Group, including its subsidiaries but excluding associates and jointly controlled entities, employed 2,724 (2001: 2,749) full-time employees. Staff costs (including directors' emoluments) amounted to US$16.1 million (2001: US$14.8 million) for the year. All full-time salaried employees, except for factory workers and contract employees, are being paid on a monthly basis, plus a discretionary performance bonus. Factory workers are being remunerated based on a basic wage plus production incentive. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. To further enhance the capability of its human resource, the Group provides on-the-job training to its employees.

Other than the subsidiaries in the PRC, neither the Company nor any of its other subsidiaries has established a labour union. The Company and its subsidiaries; however, are not subject to any collective agreements. The Group has maintained good relationships with its employees. None of the Group's employees is represented by a labour union.

The Company has adopted a Share Option Scheme for employees, details of which are set out in note 28 to the financial statements.

Events after the Balance Sheet Date

Details of significant events after the balance sheet date are set out in note 38 to the financial statements.

Auditors

A resolution will be submitted to the Annual General Meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board
Chang Yun Chung
Chairman

Hong Kong, 24th March, 2003

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Singamas Container Holdings Limited (the "Company") will be held at Plaza I-III, Lower Lobby, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 23rd April, 2003 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and of the auditors for the year ended 31st December, 2002.

2. To declare a final dividend for the year ended 31st December, 2002.

3. To re-elect retiring directors and to fix the directors' remuneration.

4. To appoint auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.

5. As special business, to consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

   "**THAT**:

   (a) subject to paragraph (c) below, the exercise by the directors of the Company ("Directors") during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with shares in the share capital of the Company ("Shares") and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;

   (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

   (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below), (ii) an issue of Shares under any share option scheme adopted by the Company or (iii) a dividend of the Company satisfied by the issue of Shares in accordance with the Articles of Association of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of this resolution and the said approval shall be limited accordingly; and

   (d) for the purposes of this resolution:

   "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

   (i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any law applicable to be held; and

(iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the members in general meeting of the Company.

"Rights Issue" means an offer of Shares open for a period fixed by the Directors to the holders of Shares and on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restriction or obligation under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory applicable to the Company)."

6. As special business, to consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

"**THAT**:

(a) subject to paragraph (b) below, the exercise by the directors of the Company ("Directors") during the Relevant Period (as defined in paragraph (c) below) of all the powers of the Company to repurchase its issued shares of HK$0.10 each in the share capital of the Company ("Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of Shares to be repurchased or agreed conditionally or unconditionally to be repurchased by the Directors pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of this resolution and the said approval be limited accordingly; and

(c) for the purposes of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any law applicable to be held; and

(iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the members in general meeting of the Company."

7. As special business, to consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

"**THAT**:

conditional on the passing of resolutions numbered 5 and 6 as set out in the notice of the meeting of which this resolution forms part, the aggregate nominal amount of shares in the share capital of the Company which are repurchased by the directors of the Company ("Directors") under the authority granted to the Directors mentioned in such resolution numbered 6 shall be added to the aggregate nominal amount of share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution numbered 5 above, provided that the amount of share capital repurchased by the Directors shall not exceed 10 per cent. of the total nominal amount of issued share capital of the Company on the date of this resolution."

8. To transact any other business.

By Order of the Board
Tam Shuk Ping, Sylvia
Company Secretary

Hong Kong, 24th March, 2003

Registered office:
22nd Floor
Dah Sing Financial Centre
108 Gloucester Road
Hong Kong

Notes:

1. *A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.*

2. *In order to be valid, the form of proxy, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that authority must be lodged with the registered office of the Company at 22/F., Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.*

3. *The register of members of the Company will be closed on Thursday, 17th April, 2003 to Wednesday, 23rd April, 2003, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and to determine entitlement to attend and vote at the meeting, all transfer of shares, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Central Registration Hong Kong Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by not later than 4:00 p.m. on Wednesday, 16th April, 2003.*

4. *An explanatory statement containing further details on resolution numbered 6 above will be sent to members of the Company together with the Annual Report.*

德勤・關黃陳方會計師行

Certified Public Accountants
26/F, Wing On Centre
111 Connaught Road Central
Hong Kong

香港中環干諾道中111號
永安中心26樓

Deloitte
Touche
Tohmatsu

To the members of Singamas Container Holdings Limited

(Incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 34 to 82 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective Responsibilities of Directors and Auditors

The Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December, 2002 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 24th March, 2003

Consolidated Income Statement

For the Year Ended 31st December, 2002

	Notes	2002 US$'000	2001 US$'000
Turnover	*4*	180,637	171,962
Other operating income		1,939	2,402
Changes in inventories of finished goods and work in progress		2,443	8,430
Raw materials and consumables used		(108,890)	(101,541)
Staff costs		(16,113)	(14,769)
Depreciation and amortisation expenses		(5,743)	(5,483)
Other operating expenses		(39,405)	(41,606)
Profit from operations	*6*	14,868	19,395
Finance costs	*7*	(1,829)	(4,192)
Investment income	*8*	120	752
Share of results of associates		8,023	1,044
Share of results of jointly controlled entities		(185)	682
Profit before taxation		20,997	17,681
Taxation	*11*	(2,257)	(1,798)
Profit after taxation		18,740	15,883
Minority interests		(4,051)	(5,570)
Net profit for the year	*12, 29*	14,689	10,313
Earnings per share – basic and diluted	*14*	3.22 cents	2.26 cents

Consolidated Balance Sheet

As at 31st December, 2002

	Notes	2002 US$'000	2001 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	37,026	45,891
Patents	*16*	1,479	1,733
Interests in associates	*19*	22,881	10,284
Interests in jointly controlled entities	*20*	15,702	9,327
Investment in securities	*21*	611	611
Other assets	*22*	654	853
		78,353	68,699
Current assets			
Inventories	*23*	50,665	49,836
Accounts receivable	*24*	37,390	29,015
Prepayments and other receivables		10,450	15,766
Amount due from ultimate holding company		100	112
Amounts due from fellow subsidiaries		199	271
Amounts due from associates		1,270	337
Amounts due from jointly controlled entities		1,238	111
Amounts due from related companies	*26*	638	657
Tax recoverable		110	16
Pledged deposits		1,042	4,032
Bank balances and cash		21,567	18,424
		124,669	118,577
Total assets		203,022	187,276
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	*27*	5,854	5,854
Share premium	*29*	38,522	38,522
Accumulated profits	*29*	23,637	10,634
Other reserves	*29*	3,432	2,909
		71,445	57,919
Minority interests		19,146	22,014
		90,591	79,933

Consolidated Balance Sheet

As at 31st December, 2002

(continued)

	Notes	2002 US$'000	2001 US$'000
Non-current liabilities			
Bank borrowings – due after one year	*30*	15,160	8,910
Obligations under finance leases – due after one year	*31*	–	6
		15,160	8,916
Current liabilities			
Accounts payable	*25*	23,501	16,313
Accruals and other payables		28,696	30,845
Bills payable		5,342	5,093
Amount due to ultimate holding company		1,518	1,775
Amounts due to associates		–	33
Amounts due to jointly controlled entities		235	758
Bank borrowings – due within one year	*30*	37,605	42,549
Obligations under finance leases – due within one year	*31*	6	487
Tax payable		368	574
		97,271	98,427
Total equity and liabilities		203,022	187,276

The financial statements on pages 34 to 82 were approved and authorised for issue by the Board of Directors on 24th March, 2003 and are signed on its behalf by:

Teo Siong Seng
Director

Teo Tiou Seng
Director

Balance Sheet

As at 31st December, 2002

	Notes	2002 US$'000	2001 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	215	93
Interests in subsidiaries	*17*	31,971	31,971
Interests in associates	*19*	15,623	8,166
Interests in jointly controlled entities	*20*	8,910	7,910
Investment in securities	*21*	611	611
		57,330	48,751
Current assets			
Prepayments and other receivables		778	916
Amounts due from subsidiaries	*18*	33,932	42,345
Amounts due from associates		678	174
Amounts due from jointly controlled entities		941	–
Bank balances and cash		5,394	1,066
		41,723	44,501
Total assets		99,053	93,252
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	*27*	5,854	5,854
Share premium	*29*	38,522	38,522
Accumulated profits	*29*	13,887	11,647
		58,263	56,023

Balance Sheet

As at 31st December, 2002

(continued)

	Notes	2002 US$'000	2001 US$'000
Non-current liabilities			
Bank borrowings – due after one year	*30*	15,160	3,480
		15,160	3,480
Current liabilities			
Accruals and other payables		5,630	5,427
Bills payable		1,855	1,892
Amounts due to subsidiaries	*18*	11,886	7,566
Amount due to ultimate holding company		1,518	1,735
Amount due to an associate		21	33
Amounts due to jointly controlled entities		–	717
Bank borrowings – due within one year	*30*	4,720	16,320
Obligations under finance leases – due within one year	*31*	–	59
		25,630	33,749
Total equity and liabilities		99,053	93,252

Teo Siong Seng
Director

Teo Tiou Seng
Director

Consolidated Statement of Changes in Equity

For the Year Ended 31st December, 2002

	Notes	2002 US$'000	2001 US$'000
Total equity at 1st January		57,919	47,815
Exchange differences on translation of overseas operations	*29*	6	27
Adjustment for negative goodwill arising on acquisition of additional interest in an associate in last year	*29*	–	(236)
Net gains (losses) not recognised in the income statement		6	(209)
Net profit for the year	*29*	14,689	10,313
Dividend paid	*29*	(1,169)	–
Total equity at 31st December		71,445	57,919

Consolidated Cash Flow Statement

For the Year Ended 31st December, 2002

	Notes	2002 US$'000	2001 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		20,997	17,681
Adjustments for:			
Depreciation		5,255	5,053
(Gain) loss on disposal of property, plant and equipment		(25)	1,264
Gain on deemed disposal of a subsidiary	*36*	(17)	–
Share of results of associates		(8,023)	(1,044)
Share of results of jointly controlled entities		185	(682)
Amortisation of patents		254	254
Amortisation of premium on acquisition of joint venture		326	–
Amortisation of other assets		234	176
Interest element of finance leases		28	70
Interest income		(120)	(752)
Interest expenses		1,355	3,779
Operating cash flows before movements in working capital		20,449	25,799
Increase in inventories		(951)	(9,981)
(Increase) decrease in accounts receivable		(9,470)	23,693
Decrease (increase) in prepayments and other receivables		5,251	(6,868)
Decrease (increase) in amount due from ultimate holding company		12	(47)
Decrease in amounts due from fellow subsidiaries		5	1
(Increase) decrease in amounts due from associates		(933)	1,177
Increase in amounts due from jointly controlled entities		(1,127)	(111)
Decrease in amounts due from related companies		19	119
(Decrease) increase in amount due to ultimate holding company		(257)	71
(Decrease) increase in amounts due to associates		(33)	6
(Decrease) increase in amounts due to jointly controlled entities		(687)	758
Increase (decrease) in accounts payable		7,319	(8,480)
(Decrease) increase in accruals and other payables		(1,722)	4,741
Increase (decrease) in bills payable		249	(2,070)
Cash generated from operations		18,124	28,808
Interest paid		(1,383)	(3,849)
Taxation paid		(1,363)	(1,558)
Net cash from operating activities		15,378	23,401

Consolidated Cash Flow Statement

For the Year Ended 31st December, 2002
(continued)

	Notes	2002 US$'000	2001 US$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,616)	(5,733)
Decrease (increase) in pledged deposit		2,990	(2,021)
Additions to other assets		(35)	(125)
Increase in investment in associates		(7,457)	(8,166)
Increase in investment in jointly controlled entities		(1,120)	–
Acquisition of investment in securities		–	(611)
Proceeds on disposal of property, plant and equipment		230	458
Deemed disposal of a subsidiary	*36*	(2,533)	–
Dividends received from associates and jointly-controlled entities		2,255	1,202
Interest received		120	752
Net cash used in investing activities		(9,166)	(14,244)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		64,217	59,324
Repayment of bank loans		(62,911)	(63,417)
Capital element of finance leases		(487)	(863)
Dividends paid to minority shareholders		(2,719)	(2,321)
Dividends paid		(1,169)	–
Net cash used in financing activities		(3,069)	(7,277)
Net increase in cash and cash equivalents		3,143	1,880
Cash and cash equivalents at 1st January		18,424	16,544
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER		21,567	18,424
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as previously reported		–	1,531
Effect of reclassification of short-term bank loans		–	16,893
Cash and cash equivalents as restated		–	18,424
BALANCE OF CASH AND CASH EQUIVALENTS REPRESENTED BY:			
Bank balances and cash		21,567	18,424

1. GENERAL

The Company is a listed public limited company incorporated in Hong Kong. Its ultimate holding company is Pacific International Lines (Private) Limited ("PIL"), a company incorporated in the Republic of Singapore. The Group is principally engaged in the businesses of container manufacturing, container depot/terminal and mid-stream operations.

The financial statements are presented in United States dollars ("US$"), the currency in which the majority of the group's transactions are denominated.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, the following new and revised Statements of Standard Accounting Practice (SSAPs) issued by the Hong Kong Society of Accountants.

(i) SSAP 1 (Revised) "Presentation of Financial Statements" has introduced new format of presentation in reporting changes in equity. The presentation in the prior year's consolidated financial statements has been restated in order to achieve a consistent presentation.

(ii) SSAP 15 (Revised) "Cash Flow Statements" has changed the classifications of cash flows in the cash flow statement. Under SSAP 15 (Revised), cash flows are classified under three headings – operating, investing, and financing, rather than the previous five headings. Interest received and dividends received are now classified as investing cash flows. Dividends paid is now classified as financing cash flows. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities. In addition, the amounts presented for cash and cash equivalents have been amended to exclude short-term loans that are financing in nature. The re-definition of cash and cash equivalents has resulted in a restatement of the comparative amounts shown in the cash flow statement. The presentation in the prior year's cash flow statement has been restated in order to achieve a consistent presentation.

(iii) SSAP 34 "Employee Benefits" has introduced a formal framework for the recognition of liabilities and expenses in respect of employee benefits and specifies the disclosure requirement of the Group's retirement benefit scheme. The adoption of this new accounting standard has not resulted in any material effects on the financial statements in the prior years and accordingly, no prior period adjustment has been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

(a) Consolidation

The Group financial statements include the financial statements of the Company and its subsidiaries made up to 31st December. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The Group financial statements also include the Group's share of post acquisition profits less losses, and reserves, of its associates and jointly controlled entities.

(b) Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued or registered share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, less any identified impairment loss.

(c) Interests in associates

An associate is an enterprise in which the Group is in a position to exercise significant influence in its management, including participation in financial and operating policy decisions.

The Group's investments in associates are included in the consolidated balance sheet at the Group's share of net assets of the associates less any identified impairment loss, and the Group's share of the post-acquisition results of associates is included in the consolidated income statement. When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. In the Company's balance sheet, investments in associates are stated at cost, as reduced by any identified impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control.

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group's interests in jointly controlled entities are included in the consolidated balance sheet at the Group's share of the net assets of the relevant jointly controlled entities plus the premium paid and less any discount on acquisition in so far as it has not already been amortised or released to income, less any identified impairment loss. The Group's share of post-acquisition results of jointly controlled entities is included in the consolidated income statement.

When the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred.

The Company's investments in jointly controlled entities are stated at cost, as reduced by any identified impairment loss. Results of jointly controlled entities are accounted for by the Company on the basis of dividends received and receivable.

(e) Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment cost recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity debt security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill arising on acquisitions on or after 1st January, 2001 is capitalised and amortised on a straight-line basis over its useful economic life. Goodwill arising on the acquisition of an associate or a jointly controlled entity is included within the carrying amount of the associate or jointly controlled entity. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

Goodwill arising on acquisitions prior to 1st January, 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary, associate or jointly controlled entity, or at such time as the goodwill is determined to be impaired.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill previously eliminated against reserves is included in the determination of the profit or loss on disposal.

(g) Negative Goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisitions on or after 1st January, 2001 is presented as deduction from assets. To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Negative goodwill arising on acquisitions prior to 1st January, 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary, associate or jointly controlled entity.

Negative goodwill arising on the acquisition of an associate or a jointly controlled entity is deducted from the carrying amount of that associate or jointly controlled entity. Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Revenue recognition

Revenue from container manufacturing operations is recognised at the earlier of the containers being delivered to customers or acceptance notes being issued by customers.

Revenue from container depot/terminal and mid-stream operations is recognised when the services are rendered.

Interest income is recognised on accruals basis.

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment losses. The cost of an asset comprises its purchase cost and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset. Depreciation of property, plant and equipment is provided using the straight-line method over their estimated useful lives, after taking into account their estimated residual values. The estimated useful lives and residual values are as follows:

	Estimated useful life	Estimated residual value
Land use rights outside Hong Kong	over the lease period of	
– on medium term lease	20 to 50 years	Nil
Building and site improvement outside Hong Kong		
– on medium term lease	20 years	Nil to 10 per cent.
– on short lease	5 years	Nil
Land, buildings and site improvements in Hong Kong		
– on medium term lease	20 to 50 years	Nil
– on short lease	1 to 5 years	Nil
Plant and machinery	5 to 10 years	Nil to 10 per cent.
Furniture, fittings and office equipment	5 to 10 years	Nil to 10 per cent.
Motor vehicles	5 years	Nil to 10 per cent.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Property, plant and equipment (continued)

Assets under construction are stated at cost which includes all construction costs and other direct costs, including borrowing costs capitalised, attributable to the assets under construction. They are not depreciated until the construction is completed and the assets are brought into use.

Assets under finance leases are depreciated using the straight line method over the shorter of the respective lease terms and their estimated useful lives.

The gain or loss arising on disposal of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the assets and is dealt with in the income statement.

(j) Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, calculated on the weighted average basis, comprises the cost of materials, and where applicable, direct labour, and an appropriate portion of production overhead expenditure and all other costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value is determined on the basis of anticipated sales proceeds in the ordinary course of business less estimated cost of completion and selling expenses.

(l) Patents

Patents represent the cost of acquiring rights to technical know-how for the production and sale of new products. Patents are measured initially at cost and are amortised on a straight-line basis over their estimated useful lives of 10 years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Assets under leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight line basis over the lease term.

(n) Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

(o) Currencies other than United States dollars

Transactions in currencies other than US$ are translated into US$ at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities expressed in currencies other than US$ at the balance sheet date are translated into US$ at the rates of exchange ruling on the balance sheet date. Exchange differences arising in these cases are dealt with in the income statement.

On consolidation, the financial statements of subsidiaries, associates and jointly controlled entities expressed in currencies other than US$ are translated into US$ at the rates of exchange ruling on the balance sheet date for balance sheet items and at monthly average rates for the income and expenditure items. Exchange differences arising on consolidation, if any, are dealt with in reserves.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Retirement benefit costs

In respect of the subsidiaries in the People's Republic of China other than Hong Kong (the "PRC"), the Group contributes to a State-sponsored retirement benefit scheme operated by the PRC government.

Prior to 1st December, 2000, the Group contributed to defined contribution retirement schemes which were available to certain employees of Hong Kong. The assets of these schemes are held separately and managed by independent trustees. The amount of the Group's contributions, net of any contributions forfeited in respect of those employees who leave the schemes prior to vesting fully in the contributions, are charged to the income statement as incurred.

With effective from 1st December, 2000, the Group operates Mandatory Provident Fund ("MPF") schemes and contributes to the MPF schemes which are available to all employees of Hong Kong. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. Contribution payable by the Group to the MPF schemes are charged to the income statement.

Retirement benefits are provided for all local permanent employees of a subsidiary in Republic of Indonesia ("Indonesia") based on the decree of the Minister of Manpower No. Kep-150/Men/2000 concerning the settlement of labour dismissal and the stipulation of severance pay, gratuity and compensation in companies. Retirement benefits provided in the year are charged to the income statement.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in net profit or loss in the period in which they are incurred.

4. TURNOVER

Turnover represents sales from container manufacturing, container depot/terminal and mid-stream operations, less returns and allowances, and is analysed as follows:

	2002 US$'000	2001 US$'000
Container manufacturing	141,420	133,367
Container depot/terminal	23,593	25,781
Mid-stream	15,624	12,814
	180,637	171,962

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

The Group is currently organised into three operating divisions – container manufacturing, container depot/terminal and mid-stream. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Container manufacturing – manufacturing of marine dry freight containers, refrigerated containers, collapsible flatrack containers, bitutainer containers, other specialised containers and container parts.

Container depot/terminal – provision of container storage, repair and trucking services, serving as a freight station, container/cargo handling and other container related services.

Mid-stream – provision of mid-stream services.

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Segment information about these businesses is presented below.

2002

	Container manufacturing US$'000	Container depot/terminal US$'000	Mid-stream US$'000	Eliminations US$'000	Total US$'000
TURNOVER					
External sales	141,420	23,593	15,624	–	180,637
Inter-segment sales	–	1,891	144	(2,035)	–
Total	141,420	25,484	15,768	(2,035)	180,637

Inter-segment sales are charged at prevailing market prices.

	Container manufacturing US$'000	Container depot/terminal US$'000	Mid-stream US$'000	Eliminations US$'000	Total US$'000
PROFIT FROM OPERATIONS	8,866	3,356	2,646		14,868
Finance costs					(1,829)
Investment income					120
Share of results of associates	6,687	1,336	–		8,023
Share of results of jointly controlled entities	(321)	136	–		(185)
Profit before taxation					20,997
Taxation					(2,257)
Profit after taxation					18,740

OTHER INFORMATION

	Container manufacturing US$'000	Container depot/terminal US$'000	Mid-stream US$'000	Total US$'000
Capital expenditure	1,712	1,850	54	3,616
Depreciation and amortisation	3,728	1,992	23	5,743
BALANCE SHEET				
ASSETS				
Segment assets	141,128	19,839	3,472	164,439
Interests in associates	11,883	10,998	–	22,881
Interests in jointly controlled entities	8,494	7,208	–	15,702
Consolidated total assets				203,022
LIABILITIES				
Segment liabilities	45,687	6,275	1,988	53,950
Unallocated liabilities				58,481
Consolidated total liabilities				112,431

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

2001

	Container manufacturing US$'000	Container depot/terminal US$'000	Mid-stream US$'000	Eliminations US$'000	Total US$'000
TURNOVER					
External sales	133,367	25,781	12,814	–	171,962
Inter-segment sales	–	1,991	–	(1,991)	–
Total	133,367	27,772	12,814	(1,991)	171,962

Inter-segment sales are charged at prevailing market prices.

PROFIT FROM OPERATIONS	13,109	4,352	1,934		19,395
Finance costs					(4,192)
Investment income					752
Share of results of associates	389	655	–		1,044
Share of results of jointly controlled entities	632	50	–		682
Profit before taxation					17,681
Taxation					(1,798)
Profit after taxation					15,883

OTHER INFORMATION

	Container manufacturing US$'000	Container depot/terminal US$'000	Mid-stream US$'000	Total US$'000
Capital expenditure	2,234	3,453	46	5,733
Depreciation and amortisation	3,628	1,835	20	5,483
BALANCE SHEET				
ASSETS				
Segment assets	133,656	31,211	2,798	167,665
Interests in associates	7,478	2,806	–	10,284
Interests in jointly controlled entities	8,670	657	–	9,327
Consolidated total assets				187,276
LIABILITIES				
Segment liabilities	30,712	7,579	1,927	40,218
Unallocated liabilities				67,125
Consolidated total liabilities				107,343

5. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Geographical segments

The Group's operations are located in Hong Kong, the PRC, Indonesia and Thailand. The Group's container manufacturing division is located in the PRC and Indonesia. Container depot/terminal division is located in Hong Kong, the PRC and Thailand. Mid-stream services are carried out in Hong Kong.

The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods/services:

	Turnover	
	2002	2001
	US$'000	US$'000
United States	44,222	66,773
Europe	40,161	20,111
PRC (other than Hong Kong and Taiwan)	39,018	31,416
Hong Kong	32,968	31,983
Others	24,268	21,679
	180,637	171,962

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	2002	2001	2002	2001
	US$'000	US$'000	US$'000	US$'000
PRC (other than Hong Kong and Taiwan)	170,284	152,064	2,875	5,340
Hong Kong	19,529	20,998	552	253
Others	13,209	14,214	189	140
	203,022	187,276	3,616	5,733

6. PROFIT FROM OPERATIONS

	2002 US$'000	2001 US$'000
Profit from operations has been arrived at after charging the following:		
Auditors' remuneration	258	300
Staff costs, including directors' emoluments		
– Salaries and other benefits	14,580	13,401
– Retirement benefit costs *(note 10)*	1,533	1,368
	16,113	14,769
Depreciation and amortisation		
Depreciation		
– Owned property, plant and equipment	5,133	4,758
– Assets held under finance leases	122	295
Amortisation		
– Patents	254	254
– Other assets	234	176
	5,743	5,483
Operating lease charges		
– Land and buildings	4,397	3,848
– Plant and machinery	317	650
	4,714	4,498
Amortisation of premium on acquisition of a jointly controlled entity	326	–
Profit on deemed disposal of a subsidiary	(17)	–
(Gain) loss on disposal of property, plant and equipment	(25)	1,264
Net exchange loss	74	32

7. FINANCE COSTS

	2002 US$'000	2001 US$'000
Interest on		
– Bank loans and overdrafts wholly repayable within five years	1,355	3,779
– Finance leases	28	70
Bank charges and commissions	446	343
	1,829	4,192

8. INVESTMENT INCOME

	2002 US$'000	2001 US$'000
Interest earned on bank deposits	120	752

9. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

	2002 US$'000	2001 US$'000
Directors' emoluments		
Fees:		
Executive	92	77
Non-executive	23	19
Independent non-executive	46	38
	161	134
Other emoluments:		
Executive:		
Salaries and other benefits	865	489
Retirement benefit costs	13	13
	878	502
	1,039	636

The directors' emoluments were within the following bands:

		2002 **Number of directors**	2001 **Number of directors**
Nil – US$128,217	(Nil – HK$1,000,000)	5	5
US$192,326 – US$256,433	(HK$1,500,001 – HK$2,000,000)	1	1
US$256,434 – US$320,541	(HK$2,000,001 – HK$2,500,000)	–	1
US$641,083 – US$705,191	(HK$5,000,001 – HK$5,500,000)	1	–

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as a compensation for the loss of office. None of the directors has waived any emoluments during the year.

9. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued)

The above analysis includes 2 (2001: 2) individuals whose emoluments were among the five highest in the Group. Details of the aggregate emoluments paid to the remaining individuals whose emoluments were among the five highest in the Group and which have not been included in directors' emoluments above are set out below:–

	2002 US$'000	2001 US$'000
Salaries and other benefits	320	305
Retirement benefit costs	14	13
	334	318

Their emoluments were within the following bands:

		2002 **Number of individuals**	2001 **Number of individuals**
Nil – US$128,217	(Nil – HK$1,000,000)	2	3
US$128,218 – US$192,325	(HK$1,000,001 – HK$1,500,000)	1	–

Details of the Share Option Scheme are set out in note 28. No options under the scheme were exercised during the year.

10. RETIREMENT BENEFIT COSTS

Prior to 1st December, 2000, the Group operated defined contribution retirement schemes for certain employees in Hong Kong. These schemes are registered under the Occupational Retirement Scheme Ordinance. The assets of the schemes are held separately and managed by independent trustees. Under the rules of the schemes, the employer and its employees are each required to make contributions to the schemes at rates specified in the rules. Any amount unvested upon an employee ceasing to be a member shall be used to offset subsequent employer's contributions.

With effect from 1st December, 2000, the Group has joined MPF schemes for all employees in Hong Kong. The MPF schemes are registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF schemes are held separately from those of the Group in funds under the control of an independent trustee.

Under the rules of the MPF scheme, the employer and its employees are each required to make contributions to the schemes at rates specified in the rules. The only obligation of the Group with respect to the MPF scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees of subsidiaries in the PRC are members of a State-sponsored retirement benefit scheme operated by the government in the PRC. Subsidiaries are required to contribute a certain percentage of payroll to the retirement benefit scheme. Obligations under the scheme are borne by the PRC Government.

Retirement benefits are provided for all local permanent employees of a subsidiary in Indonesia based on the decree of the Minister of Manpower No. Kep-150/Men/2000 concerning the settlement of labour dismissal and the stipulation of severance pay, gratuity and compensation in companies. No funding of benefits has been made to date.

The retirement benefit costs charged to the income statement representing contributions payable by the Group to the MPF Scheme operated in Hong Kong, the retirement benefit scheme in the PRC and the retirement benefits provided for the employees of a subsidiary in Indonesia amounted to US$1,533,000 (2001: US$1,368,000). Contributions totaling US$102,000 (2001: US$221,000) were payable to the retirement schemes at the year-end and retirement benefit provision made for the local employees in Indonesia totaling US$146,000 (2001: US$50,000) are included in accruals and other payables.

Forfeited contributions of the Group's defined contribution retirement schemes in the amount of nil (2001: US$2,000) were used to reduce the current year's contributions. At the balance sheet date, the Group had no forfeited contributions, which arose from the employees leaving the retirement schemes and which are available to reduce the contribution payable by the Group in the future years.

11. TAXATION

Hong Kong profits tax has been provided for at the rate of 16 per cent. (2001: 16 per cent.) on the estimated assessable profit for the year.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

	2002 US$'000	2001 US$'000
Current tax:		
Hong Kong profits tax	280	238
Overseas taxation	791	1,265
	1,071	1,503
Taxation attributable to the Company and its subsidiaries	1,071	1,503
Share of taxation attributable to associates	1,190	229
Share of taxation attributable to jointly controlled entities	(4)	66
	2,257	1,798

Deferred tax charges/(credits) for the year have not been provided in respect of the following:

	2002 US$'000	2001 US$'000
Accelerated depreciation allowances	29	16
Tax losses	(254)	470
	(225)	486

12. NET PROFIT FOR THE YEAR

Net profit for the year is dealt with in the financial statements of the Company to the extent of a profit of US$3,409,000 (2001: US$1,307,000).

13. DIVIDEND

The final dividend of HK6 cents (2001: HK 2 cents) per share, totalling US$3,508,000 (2001: US$1,169,000), has been proposed by the directors of the Company based on shares in issue and is subject to approval by the shareholders in general meeting.

14. EARNINGS PER SHARE – BASIC AND DILUTED

The calculation of earnings per share is based on the net profit for the year of US$14,689,000 (2001: US$10,313,000) and 456,001,760 ordinary shares (2001: 456,001,760 ordinary shares) in issue throughout the year. The computation of diluted earnings per share has not assumed the exercise of the Company's outstanding share options as their exercise prices were higher than the average market price of shares for both 2002 and 2001.

15. PROPERTY, PLANT AND EQUIPMENT

Group	Assets under construction US$'000	Land and buildings US$'000	Plant and machinery US$'000	Furniture, fittings and office equipment US$'000	Motor vehicles US$'000	Total US$'000
Cost						
At 1st January, 2002	76	34,255	34,730	6,526	4,046	79,633
Additions	2,072	111	1,024	309	100	3,616
Disposals	–	(93)	(561)	(358)	(188)	(1,200)
Eliminated on deemed disposal of a subsidiary	(45)	(7,824)	(3,215)	(721)	(291)	(12,096)
Transfer from assets under construction	(1,341)	496	545	73	227	–
Translation differences	–	(1)	(1)	–	–	(2)
At 31st December, 2002	762	26,944	32,522	5,829	3,894	69,951
Accumulated depreciation						
At 1st January, 2002	–	9,670	16,236	5,029	2,807	33,742
Charge for the year	–	1,456	3,131	372	296	5,255
Eliminated on disposals	–	(27)	(453)	(339)	(176)	(995)
Eliminated on deemed disposal of a subsidiary	–	(2,887)	(1,601)	(371)	(217)	(5,076)
Translation differences	–	(1)	–	–	–	(1)
At 31st December, 2002	–	8,211	17,313	4,691	2,710	32,925
Net book value						
At 31st December, 2002	**762**	**18,733**	**15,209**	**1,138**	**1,184**	**37,026**
At 31st December, 2001	76	24,585	18,494	1,497	1,239	45,891

The net book value of plant and machinery held under finance leases amounted to US$79,000 (2001: US$1,422,000).

Plant and machinery with an aggregate net book value of US$2,889,000 as at 31st December, 2002 (2001: nil) were pledged as security for loan facilities granted by banks to subsidiaries in Indonesia and the PRC. The amount of facilities utilised as at 31st December, 2002 was US$604,000 (2001: nil).

15. PROPERTY, PLANT AND EQUIPMENT (continued)

The net book value of land and buildings is analysed as follows:

	Land use rights US$'000	Land and buildings US$'000	Site improvements US$'000	Total US$'000
Group				
At 31st December, 2002				
Held in Hong Kong				
On short lease (less than 10 years)	–	–	91	91
On medium term lease (10 to 50 years)	–	75	–	75
Held outside Hong Kong				
On medium term lease (10 to 50 years)	2,638	6,371	9,558	18,567
	2,638	6,446	9,649	18,733
At 31st December, 2001				
Held in Hong Kong				
On short lease (less than 10 years)	–	–	70	70
On medium term lease (10 to 50 years)	–	77	–	77
Held outside Hong Kong				
On medium term lease (10 to 50 years)	3,283	6,598	14,557	24,438
	3,283	6,675	14,627	24,585

Land and buildings held outside Hong Kong with an aggregate net book value of US$12,775,000 as at 31st December, 2002 (2001: US$13,744,000) were pledged as security for loan facilities granted by banks to subsidiaries in Indonesia and the PRC. The amount of facilities utilised as at 31st December, 2002 was US$4,791,000 (2001: US$6,357,000).

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture, fittings and office equipment US$'000	Motor vehicles US$'000	Total US$'000
Company			
Cost			
At 1st January, 2002	980	44	1,024
Additions	174	17	191
Disposals	(197)	–	(197)
At 31st December, 2002	957	61	1,018
Accumulated depreciation			
At 1st January, 2002	909	22	931
Charge for the year	49	20	69
Eliminated on disposals	(197)	–	(197)
At 31st December, 2002	761	42	803
Net book value			
At 31st December, 2002	**196**	**19**	**215**
At 31st December, 2001	71	22	93

16. PATENTS

Group

	US$'000
Cost	
At 1st January, 2002 and 31st December, 2002	3,031
Amortisation	
At 1st January, 2002	1,298
Charge for the year	254
At 31st December, 2002	1,552
Net book value	
At 31st December, 2002	**1,479**
At 31st December, 2001	1,733

17. INTERESTS IN SUBSIDIARIES

	Company	
	2002	2001
	US$'000	US$'000
Unlisted shares and investments, at cost	31,971	31,971

17. INTERESTS IN SUBSIDIARIES (continued)

Particulars of principal subsidiaries as at 31st December, 2002 are set out below:–

Name	Place of incorporation/ registration	Group equity interest	Issued and fully paid share/ contributed capital	Principal activities
Abacus International Finance Ltd.*	British Virgin Islands	100%	US$1,000	Provision of financial services
DY Terminal Ltd.	Hong Kong	100%	Ordinary HK$1,000,000	Provision of container storage and repair services
Eng Kong Container & Warehousing Ltd.	Hong Kong	73.3%	Ordinary HK$300,000	Investment holding
Eng Kong Container Services Ltd.	Hong Kong	73.3%	Ordinary HK$3,000,000	Provision of container storage, drayage and repair services
P.T. Java Pacific	Indonesia	72%	US$10,000,000	Manufacturing of dry freight and specialised containers
Shandong International Singamas Container Co., Ltd.#	PRC	60%	US$2,000,000	Provision of container storage and repair services
Shanghai Pacific International Container Co., Ltd.*#	PRC	60%	US$18,000,000	Manufacturing of dry freight containers

17. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ registration	Group equity interest	Issued and fully paid share/ contributed capital	Principal activities
Shanghai Reeferco Container Co., Ltd.#	PRC	52.4%	US$22,000,000	Manufacturing of refrigerated containers
Singamas Container Holdings Ltd.*	Bahamas	100%	US$7,200,000	Investment holding and marketing of dry freight and specialised containers in Indonesia
Singamas Container Industry Co., Ltd.*#	PRC	75%	US$5,100,000	Manufacturing of collapsible flatrack and other specialised containers
Singamas Management Services Ltd.*	British Virgin Islands	100%	US$1,000	Provision of management services and marketing containers in the PRC
Singamas Refrigerated Container Ltd.*	British Virgin Islands	59.2%	Ordinary US$100,000	Investment holding
		55.9%	Redeemable preferred US$19,400,000	

17. INTERESTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ registration	Group equity interest	Issued and fully paid share/ contributed capital	Principal activities
Singamas Terminals (China) Ltd.	British Virgin Islands	100%	US$1,000	Investment holding and marketing of container depot services in the PRC
Singamas Terminals Holdings Ltd.*	British Virgin Islands	100%	US$1,000	Investment holding
Singamas Terminals (HK) Ltd.	British Virgin Islands	100%	US$1,000	Investment holding
Singamas Terminals (Hong Kong) Ltd.	Hong Kong	100%	Ordinary HK$5,000,000	Provision of mid-stream services
Singamas Warehouse (Shanghai) Co., Ltd.	British Virgin Islands	100%	US$1,000	Investment holding
Tianjin Singamas Container Co., Ltd.#	PRC	60%	US$2,000,000	Provision of container storage, repair and trucking services, and serving as a freight station
Wellmass Group Ltd.	British Virgin Islands	60%	US$10,000	Investment holding
Xiamen Xiangyu Singamas Container Co., Ltd.#	PRC	51%	US$3,000,000	Provision of container storage, repair and trucking services, and serving as a freight station
Yixing Singamas Metal Products Co., Ltd.*#	PRC	95%	US$200,000	Manufacturing of container parts

* *Subsidiaries held directly by the Company.*

\# *Equity joint venture*

17. INTERESTS IN SUBSIDIARIES (continued)

Unless otherwise stated, the principal place of operation of each subsidiary is the same as the place of incorporation/registration stated above.

The above list gives the principal subsidiaries of the Company which, in the opinion of the directors, principally affected the results and assets of the Group.

Other than disclosed above, none of the subsidiaries had any debt capital outstanding at the end of the year.

18. AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts due from subsidiaries are unsecured and have no fixed terms of repayment. Included in the amounts due from subsidiaries is an amount of approximately US$3,969,000 (2001: US$15,325,000) which bears interest at a spread of no more than 0.25 per cent. per annum over the cost of funds of the Company. The amounts due to subsidiaries and the remaining portion of amounts due from subsidiaries are interest free.

19. INTERESTS IN ASSOCIATES

	Group		Company	
	2002	2001	2002	2001
	US$'000	US$'000	US$'000	US$'000
Unlisted shares and investments, at cost	–	–	15,623	8,166
Share of net assets	22,881	10,284	–	–
	22,881	10,284	15,623	8,166

19. INTERESTS IN ASSOCIATES (continued)

Particulars of principal associates as at 31st December, 2002 are set out below:–

Name	Form of business structure	Place of incorporation/ registration and operation	Group equity interest	Proportion of voting power held	Principal activities
Ningbo Victory Container Co., Ltd.#	Incorporated	PRC	40%	40%	Provision of container storage and repair services
Shunde Shun An Da Pacific Container Co., Ltd.*#@	Incorporated	PRC	40%	42.9%	Manufacturing of dry freight and specialised containers
Shunde Leliu Wharf & Container Co., Ltd.*#	Incorporated	PRC	40%	40%	Provision of container terminal services
Singamas Falcon Logistics Co., Ltd.*	Incorporated	Thailand	25%	25%	Provision of container storage and repair services

* *Held directly by the Company.*

\# *Equity joint venture*

@ *The shareholding in this company was pledged as security for credit facilities granted to the Company. The Group's share of net assets and the Company's investment cost are US$11,883,000 and US$7,200,000 respectively.*

The above list gives the associates of the Group which, in the opinion of the directors, principally affected the results or form a substantial portion of the net assets of the Group.

20. INTERESTS IN JOINT VENTURES

	Group		Company	
	2002	2001	2002	2001
	US$'000	US$'000	US$'000	US$'000
Unlisted shares and investments, at cost	–	–	8,910	7,910
Share of net assets of jointly controlled entities	16,697	7,968	–	–
Premium on acquisition of joint venture	2,646	1,359	–	–
Negative goodwill arising on acquisition of joint venture	(3,641)	–	–	–
	15,702	9,327	8,910	7,910

During the year, an additions of US$1,613,000 premium arose on the Company's acquisition of a jointly controlled entity and an amortisation of premium on acquisition of joint venture amounted to US$326,000 was charged to the income statement under other operating expenses. The premium on acquisition of joint venture is amortised over its estimated useful life of 5 years.

The negative goodwill arose on the Group's acquisition of Shanghai Baoshan Pacific Container Co. Ltd. At the date of acquisition, US$587,000 of the negative goodwill was identified as relating to expected future losses and expenses to be incurred during 2003. The remaining negative goodwill of US$3,054,000 is released to income on a straight-line basis over a period of five years, the remaining weighted average useful life of the depreciable assets acquired.

Particulars of principal jointly controlled entities which are established in the PRC, as at 31st December, 2002 are set out below:–

Name	Group equity interest	Proportion of voting power	Principal activities
Dalian Singamas International Container Co., Ltd.#@	30%	22.2%	Provision of container storage and repair services
Fuzhou Singamas Warehousing & Trading Ltd.#	40%	40%	Provision of container storage and repair services
Shanghai Baoshan Pacific Container Co., Ltd.#	39%	40%	Manufacturing of dry freight and specialised containers
Shanghai Jifa Logistics Co., Ltd.#	16.948%	22.2%	Provision of container storage, repair and logistics services

20. INTERESTS IN JOINT VENTURES (continued)

Name	Group equity interest	Proportion of voting power	Principal activities
Tianjin Pacific Container Co., Ltd.*#	90%	80%	Manufacturing of dry freight and specialised containers
Xiamen Pacific Container Manufacturing Co., Ltd.*#@	40%	42.9%	Manufacturing of dry freight and specialised containers

* *Held directly by the Company.*

\# *Equity joint venture*

@ *The shareholdings in these companies were pledged as security for credit facilities granted to the Company. The Group's share of net assets and the Company's investment cost are US$7,848,000 and US$6,800,000 respectively.*

In 2002, Shanghai Singamas Container Transportation Co., Ltd., previously a 60% owned-subsidiary of the Company, entered into an agreement to merge with two other companies with similar operations to form Shanghai Jifa Logistics Co., Ltd.

The above list gives the jointly controlled entities of the Group which, in the opinion of the directors, principally affected the results or form a substantial portion of the net assets of the Group.

21. INVESTMENT IN SECURITIES

Group and Company

Non-current investment

	2002 US$'000	2001 US$'000
Unlisted equity securities	611	611

22. OTHER ASSETS

	Group	
	2002 US$'000	2001 US$'000
At 1st January	853	904
Amount capitalised	35	125
Amount amortised	(234)	(176)
At 31st December	654	853

23. INVENTORIES

	Group	
	2002 US$'000	2001 US$'000
Raw materials	19,743	21,357
Work in progress	9,244	2,460
Finished goods	21,678	26,019
	50,665	49,836

The cost of inventories recognised as an expense during the year was US$153,423,000 (2001: US$136,710,000).

24. ACCOUNTS RECEIVABLE

A defined credit policy is maintained within the Group. The general credit terms are agreed with each of its trade customers depending on the relationship with the Group and the creditworthiness of the customers. The general credit term ranges from 30 days to 120 days. The aging analysis of accounts receivable at 31st December, 2002 is as follows:

	Group	
	2002 US$'000	2001 US$'000
0 to 30 days	17,022	6,932
31 to 60 days	9,167	4,200
61 to 90 days	6,151	6,901
91 to 120 days	2,154	4,750
Over 120 days	2,896	6,232
	37,390	29,015

25. ACCOUNTS PAYABLE

The aging analysis of accounts payable is as follows:

	Group	
	2002	2001
	US$'000	US$'000
0 to 30 days	8,824	5,914
31 to 60 days	6,031	3,577
61 to 90 days	4,010	3,172
91 to 120 days	2,866	1,174
Over 120 days	1,770	2,476
	23,501	16,313

26. AMOUNTS DUE FROM RELATED COMPANIES

Particulars of the amounts due from related companies are as follows:

Name	**Balance as at 31.12.2002 US$'000**	**Balance as at 31.12.2001 US$'000**	**Maximum amount outstanding during the year US$'000**
Pacific International Lines (HK) Limited	539	657	2,955
Xiamen Superchain Logistics Development Co. Ltd.	99	–	272
	638	657	3,227

The amounts due from related companies of the Group represents trade receivable balances from Pacific International Lines (HK) Limited ("PIL(HK)"), a company in which Messrs. Chang Yun Chung, Teo Siong Seng and Teo Tiou Seng, directors of the Company, have beneficial interests; and Xiamen Superchain Logistics Development Co. Ltd., an investment of the Company in which the Company holds 6.83%. The balance is subject to normal credit terms.

27. SHARE CAPITAL

	Number of shares					
	2002	2001	2002 US$'000	2002 HK$'000	2001 US$'000	2001 HK$'000
Authorised:						
Ordinary shares of HK$0.10 each	750,000,000	750,000,000	9,637	75,000	9,637	75,000
Issued and fully paid:						
Ordinary shares of HK$0.10 each	456,001,760	456,001,760	5,854	45,600	5,854	45,600

There were no changes in the share capital during the two years ended 31st December, 2002 and 2001.

28. SHARE OPTION SCHEME

Pursuant to a share option scheme adopted on 17th June, 1993, the Company may offer to full-time employees of the Group (including executive directors of the Company) options to subscribe for ordinary shares in the Company for the primary purpose of providing incentives to eligible employees, subject to a maximum of 10 per cent. of the issued share capital of the Company from time to time. Any option may be exercised at any time from the date on which the option was granted and prior to the expiry of ten years from that date. Consideration of HK$1.00 was received from each of the option holders at the time when the options were granted. Details of the outstanding share options granted by the Company, which are all granted to the directors are as follows:

Date of Grant	Exercise Price (HK$)	Number of Share Options as at 31st December, 2002 & 2001
8th October, 1994	1.908	1,900,000
15th May, 1995	1.440	1,500,000
		3,400,000

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recognised in the income statement in respect of the value of options granted in the year. Upon the exercise of the share options, the resulting share issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

29. RESERVES

Group	Share premium US$'000	Exchange translation reserve US$'000	General reserve US$'000	Development reserve US$'000	Accumulated profits/ (losses) US$'000	Total US$'000
At 1st January, 2001						
– The Company and subsidiaries	38,522	243	976	939	(877)	39,803
– Associates	–	34	140	54	1,930	2,158
	38,522	277	1,116	993	1,053	41,961
Exchange translation differences						
– The Company and subsidiaries	–	3	–	–	–	3
– Associates	–	24	–	–	–	24
Net profit for the year	–	–	–	–	10,313	10,313
Adjustment for negative goodwill arising on acquisition of additional interest in an associate in last year	–	–	–	–	(236)	(236)
Transfer from accumulated profits	–	–	317	179	(496)	–
At 1st January, 2002						
– The Company and subsidiaries	38,522	246	1,217	1,041	9,239	50,265
– Associates	–	58	105	20	800	983
– Jointly controlled entities	–	–	111	111	595	817
	38,522	304	1,433	1,172	10,634	52,065
Exchange translation differences						
– The Company and subsidiaries	–	–	–	–	–	–
– Associates	–	6	–	–	–	6
– Jointly controlled entities	–	–	–	–	–	–
Net profit for the year	–	–	–	–	14,689	14,689
Dividend paid	–	–	–	–	(1,169)	(1,169)
Transfer from accumulated profits	–	–	359	158	(517)	–
At 31st December, 2002	**38,522**	**310**	**1,792**	**1,330**	**23,637**	**65,591**
Attributable to:						
– The Company and subsidiaries	38,522	246	1,482	1,164	17,976	59,390
– Associates	–	64	164	20	5,874	6,122
– Jointly controlled entities	–	–	146	146	(213)	79
	38,522	310	1,792	1,330	23,637	65,591

29. RESERVES (continued)

In accordance with the PRC regulations, the general and development reserves retained by the subsidiaries, associates and jointly controlled entities in the PRC are non-distributable.

As at 31st December, 2002, goodwill/negative goodwill totaling of US$9,903,000 (2001: US$9,903,000) was directly eliminated against/credited to accumulated profits.

Company	Share premium US$'000	Accumulated profits US$'000	Total US$'000
At 1st January, 2001	38,522	10,340	48,862
Net profit for the year	–	1,307	1,307
At 1st January, 2002	38,522	11,647	50,169
Net profit for the year	–	3,409	3,409
Dividend paid	–	(1,169)	(1,169)
At 31st December, 2002	**38,522**	**13,887**	**52,409**

Distributable reserves of the Company at 31st December, 2002, calculated under section 79B of the Companies Ordinance, amounted to US$13,887,000 (2001: US$11,647,000).

30. BANK BORROWINGS

	Group		Company	
	2002	2001	2002	2001
	US$'000	US$'000	US$'000	US$'000
Bank borrowings comprise the following:				
Bank loans				
Secured				
– due within 1 year	7,915	7,477	2,520	3,120
– due more than 1 year, but not exceeding 2 years	960	4,520	960	2,520
– due more than 2 years, but not exceeding 5 years	–	960	–	960
	8,875	12,957	3,480	6,600
Unsecured				
– due within 1 year	29,690	35,072	2,200	13,200
– due more than 1 year, but not exceeding 2 years	8,473	1,530	8,473	–
– due more than 2 years, but not exceeding 5 years	5,727	1,900	5,727	–
	43,890	38,502	16,400	13,200
Less: Amount shown under current liabilities	(37,605)	(42,549)	(4,720)	(16,320)
Amount due after one year	15,160	8,910	15,160	3,480

31. OBLIGATIONS UNDER FINANCE LEASES

Group

	Minimum lease payments		Present value of minimum lease payments	
	2002	2001	2002	2001
	US$'000	US$'000	US$'000	US$'000
The maturity of obligations under finance leases are as follows:				
– within 1 year	7	515	6	487
– more than 1 year, but not exceeding 2 years	–	7	–	6
	7	522	6	493
Less: future finance charges	(1)	(29)	N/A	N/A
Present value of finance leases obligations	6	493	6	493
Less: Amount shown under current liabilities			(6)	(487)
Amount due after one year			–	6

31. OBLIGATIONS UNDER FINANCE LEASES (continued)

Company

	2002 US$'000	2001 US$'000	2002 US$'000	2001 US$'000
The maturity of obligations under finance leases are as follows:				
– within 1 year	–	60	–	59
	–	60	–	59
Less: future finance charges	–	(1)	N/A	N/A
Present value of finance leases obligations	–	59	–	59
Less: Amount shown under current liabilities			–	(59)
Amount due after one year			–	–

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 3 years. For the year ended 31st December 2002, the average effective borrowing rate was 10.8%. The interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

32. DEFERRED TAX

At the balance sheet date, the major components of potential deferred tax assets/(liabilities) not accounted for in the financial statements were as follows:

	Group		Company	
	2002 US$'000	2001 US$'000	2002 US$'000	2001 US$'000
Accelerated depreciation allowances	17	46	(11)	2
Tax losses	1,370	1,116	1,272	1,057
	1,387	1,162	1,261	1,059

The deferred tax asset has not been recognised in the financial statements in respect of tax losses available to offset future profits as it is not certain that the tax losses will be utilised in the foreseeable future.

33. CONTINGENT LIABILITIES

	Group		Company	
	2002	2001	2002	2001
	US$'000	US$'000	US$'000	US$'000
Guarantees for lease and bank facilities utilised by subsidiaries	–	–	6,860	7,413
Guarantees for bank facilities utilised by an associate	5,316	4,940	5,316	4,940
Guarantees for bank facilities utilised by jointly controlled entities	12,569	4,916	12,569	4,916
Performance bonds	–	1,208	–	–
	17,885	11,064	24,745	17,269

34. CAPITAL COMMITMENTS

	Group	
	2002	2001
	US$'000	US$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided	791	17
Capital expenditure in respect of business acquisition contracted but not provided *(Note)*	10,320	7,400
	11,111	7,417

Note:

On 1st September, 2002, the Company entered into a joint venture agreement with a third party to establish a container factory named Qingdao Pacific Container Co., Ltd. ("Qingdao Pacific"). According to this agreement, the Company will hold 55% equity interest in Qingdao Pacific at a consideration of US$6,600,000. Subsequent to 31st December, 2002, the Company has paid US$1,980,000 of the investment cost by its internal fund and by bank borrowings.

On 4th November, 2002, the Company entered into a share transfer agreement with a third party to acquire an additional 20% equity interest in Shunde Shun An Da Pacific Container Co. Ltd. ("Shun An Da") at a consideration of US$3,600,000. Subsequent to 31st December, 2002, the Company has fully paid up the investment cost by its internal fund and by bank borrowings. After the acquisition, the Company will increase its shareholdings in Shun An Da from 40% to 60%.

35. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancelable operating leases, which fall due as follows:

	Group		Company	
	2002 US$'000	2001 US$'000	2002 US$'000	2001 US$'000
Land and buildings				
– in the 1st year	1,940	3,135	231	83
– in the 2nd to 5th years inclusive	3,478	5,080	428	–
– beyond 5th year	4,774	7,045	–	–
	10,192	15,260	659	83

Operating lease payments represent rentals payable by the Group for certain of its container depot sites. Leases are negotiated for an average period of 3 to 30 years and rentals are fixed for an average of 2 to 3 years.

36. DEEMED DISPOSAL OF A SUBSIDIARY

As referred to note 20, the Group disposed of its subsidiary, Singamas Container Transportation Co., Ltd. on 30th November, 2002.

The net assets of the deemed disposed subsidiary at the date of disposal and at 31st December, 2001 were as follows:

	30/11/2002 US$'000	31/12/2001 US$'000
Property, plant and equipment	7,020	7,934
Accounts receivable	1,095	981
Inventories	122	138
Cash and bank balances	2,533	2,393
Other assets	299	677
Current liabilities	(568)	(896)
Minority interests	(4,200)	(4,491)
	6,301	6,736
Gain on disposal	17	
Total consideration	6,318	
Satisfied by:		
Share of net assets of the new jointly controlled entity	6,318	
Net cash outflow in respect of deemed disposal of a subsidiary:		
Cash and bank balances disposed of	2,533	

37. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with related parties:

	2002 US$'000	2001 US$'000
Sales to ultimate holding company *(note a)*	192	158
Sales to a fellow subsidiary *(note a)*	1,588	1,474
Sales to related companies *(note a)*	10,234	7,420
Rental paid to ultimate holding company *(note b)*	14	19

Notes:

(a) Sales to ultimate holding company, a fellow subsidiary and related companies were conducted at market prices and on terms no less favourable than those charged to and contracted with other third party customers of the Group. The fellow subsidiary is Pacific International Lines (China) Ltd., in which PIL, a substantial shareholder of the Company, has 100% effective interest. The related companies are PIL (HK), in which Messrs. Chang Yun Chung, Teo Siong Seng and Teo Tiou Seng, directors of the Company, have beneficial interests; and Xiamen Superchain Logistics Development Co., Ltd., an investment of the Company in which the Company holds 6.83% shareholding.

(b) PIL leased an office space to Singamas Terminals (China) Limited under a tenancy agreement for a period of 2 years commencing 1st January, 2001 at a monthly rental of US$1,611. The agreement, which was entered into on normal commercial terms and at market value, was terminated with effect from 1st October, 2002.

The balances with related parties are disclosed in the consolidated balance sheet and note 26. All such balances are subject to normal credit terms and aged mainly from 30 days to 90 days. The amount due from/to ultimate holding company is interest free and repayable on demand.

38. EVENTS AFTER THE BALANCE SHEET DATE

On 9th January, 2003, the Company entered into a share transfer agreement with PIL to acquire an additional 35% equity interest in Shanghai Baoshan Pacific Container Co. Ltd. ("Shanghai Baoshan") at a consideration, which will be satisfied in a form of corporate guarantee in an amount of US$1,522,500 to be provided by the Group in favor of a bank of Shanghai Baoshan. Since PIL is a substantial shareholder of the Company, this acquisition is considered as a connected transaction in accordance with the Listing Rules. Details of this connected transaction have been disclosed by way of a press notice in compliance with the Listing Rules. Upon completion of this acquisition, the Group's effective equity interest in Shanghai Baoshan will increase from 39% to 74%.

On 20th January, 2003, the Company's wholly-owned subsidiary, Singamas Warehouse (Shanghai) Company Limited entered into a share transfer agreement with a third party to acquire an additional 8.052% equity interest in Shanghai Jifa Logistics Co., Ltd. ("Shanghai Jifa") at a consideration of US$2,956,000. Upon completion of this acquisition, the Group's effective interest in Shanghai Jifa will increase from 16.948% to 25%.

On 12th February, 2003, the Company's wholly-owned subsidiary, Singamas Terminals (China) Limited, entered into a share transfer agreement with a third party to acquire an additional 19% equity interest in Shunde Leliu Wharf & Container Co. Ltd. ("SLWC") at a consideration of US$3,800,000. As the unaudited net tangible asset value of SLWC as at 31st December, 2002 represents more than 15% of the audited consolidated net tangible asset value of the Company as at 31st December, 2001, the entering into this agreement constituted a discloseable transaction under the Listing Rules. Details of this discloseable transaction have been disclosed by way of a press notice in compliance with the Listing Rules. Upon completion of this acquisition, the Group's effective interest in SLWC will increase from 40% to 59%.

Five Year Financial Summary

	For the year ended 31st December				
	2002	2001	2000	1999	1998
	%	%	%	%	%
Sales Mix (as a percentage of sales)					
Container manufacturing operations:					
Dry freight	56	51	68	65	62
Collapsible flatracks, other specialised containers and container parts	2	2	2	4	10
Refrigerated containers	20	25	13	10	9
	78	78	83	79	81
Container depot/terminal operations:					
Hong Kong	4	5	4	6	6
PRC (other than Hong Kong and Taiwan)	9	10	8	9	7
	13	15	12	15	13
Mid-stream operation:					
Hong Kong	9	7	5	6	6
Total	100	100	100	100	100

	TEUs	TEUs	TEUs	TEUs	TEUs
Production volume					
20 foot containers	102,107	57,659	57,660	36,305	32,050
40 foot containers	31,934	37,354	36,786	26,478	24,996
40 foot high cube containers	171,286	101,972	54,476	38,050	24,376
45 foot high cube containers	4,613	3,166	–	–	–
	309,940	200,151	148,922	100,833	81,422

Five Year Financial Summary

(CONTINUED)

	For the year ended 31st December				
	2002	2001	2000	1999	1998
	US$'000	US$'000	US$'000	US$'000	US$'000
Turnover	180,637	171,962	179,720	138,056	147,597
Profit from operations	14,868	19,395	12,990	7,054	8,267
Finance costs	(1,829)	(4,192)	(4,557)	(3,580)	(4,480)
Investment income	120	752	413	599	491
Share of results of associates	8,023	1,044	1,433	599	362
Share of results of jointly controlled entities	(185)	682	–	–	–
Profit before taxation	20,997	17,681	10,279	4,672	4,640
Taxation	(2,257)	(1,798)	(1,397)	(318)	(655)
Profit after taxation	18,740	15,883	8,882	4,354	3,985
Minority interests	(4,051)	(5,570)	(2,800)	(930)	(1,540)
Net profit for the year	14,689	10,313	6,082	3,424	2,445
Earnings per share	3.22 cents	2.26 cents	1.33 cents	0.75 cent	0.54 cent
Assets and Liabilities					
Total assets	203,022	187,276	182,797	148,158	131,300
Total liabilities	112,431	107,343	116,217	91,104	77,152
Minority interests	19,146	22,014	18,765	15,528	16,068
Shareholders' funds	71,445	57,919	47,815	41,526	38,080