

INTERIM REPORT 2004

SINGAMAS

勝獅貨櫃企業有限公司
SINGAMAS CONTAINER HOLDINGS LIMITED

FINANCIAL HIGHLIGHTS

	For the six months ended,		For the year ended 31st December,		
	30th June, 2004 (US\$)	2003 (US\$)	2002 (US\$)	2001 (US\$)	2000 (US\$)
Turnover	235,863,000	450,712,000	180,637,000	171,962,000	179,720,000
Profit from operations	10,360,000	29,723,000	15,194,000	19,395,000	12,990,000
Net profit for the period	10,485,000	20,370,000	14,689,000	10,313,000	6,082,000
Earnings per share	2.01 cents	4.07 cents	3.22 cents	2.26 cents	1.33 cents
Net asset value per share	21.21 cents	19.98 cents	15.67 cents	12.70 cents	10.49 cents
Shareholders' funds	110,816,000	104,378,000	71,445,000	57,919,000	47,815,000
Bank balances and cash	30,484,000	44,485,000	21,567,000	18,424,000	16,544,000
Total borrowings (Note)	120,177,000	119,203,000	58,059,000	57,045,000	64,071,000
Current ratio	1.18 to 1	1.30 to 1	1.28 to 1	1.20 to 1	1.13 to 1
Gearing ratio	1.08	1.14	0.81	0.98	1.34
Net debt to equity ratio	0.81	0.72	0.51	0.67	0.99
Interest coverage ratio	11.51	11.45	16.65	7.73	4.67

Note: Total borrowings represent the aggregate amount of interest-bearing borrowings.



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INDEPENDENT REVIEW REPORT

TO THE BOARD OF DIRECTORS OF SINGAMAS CONTAINER HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have been instructed by Singamas Container Holdings Limited to review the interim financial report set out on pages 3 to 11.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

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

REVIEW WORK PERFORMED

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

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June, 2004.

Deloitte Touche Tohmatsu
Certified Public Accountants

24th August, 2004

The Board of Directors (the "Directors") of Singamas Container Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30th June, 2004 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2004

	Notes	Six months ended 30th June,	
		2004 (unaudited) US\$'000	2003 (unaudited) US\$'000
Turnover	2	235,863	203,717
Other operating income		754	1,239
Changes in inventories of finished goods and work in progress		19,537	(8,592)
Raw materials and consumables used		(198,604)	(144,010)
Staff costs		(12,234)	(13,275)
Depreciation and amortisation expenses		(4,208)	(3,593)
Other operating expenses		(30,748)	(24,549)
Profit from operations		10,360	10,937
Finance costs		(2,178)	(2,139)
Investment income		425	86
Share of results of associates		660	584
Share of results of jointly controlled entities		4,942	1,507
Profit before taxation		14,209	10,975
Taxation	3	(1,232)	(340)
Profit after taxation		12,977	10,635
Minority interests		(2,492)	(3,607)
Net profit for the period		10,485	7,028
Earnings per share	5		
Basic		2.01 cents	1.46 cents
Diluted		N/A	1.46 cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2004

		As at 30th June, 2004 (unaudited) US\$'000	As at 31st December, 2003 (audited) US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	82,934	85,885
Patents		1,105	1,226
Goodwill		1,000	1,120
Interests in associates		4,204	2,778
Interests in jointly controlled entities		35,022	30,638
Investment in securities		1,614	611
Deferred tax assets		246	232
Other assets		813	877
		126,938	123,367
Current assets			
Inventories	7	129,997	81,579
Accounts receivable	8	104,702	84,065
Prepayments and other receivables		51,677	82,823
Amount due from a fellow subsidiary		164	269
Amounts due from associates		14	10
Amounts due from jointly controlled entities		18,660	8,961
Amounts due from related companies		1,909	1,211
Tax recoverable		21	1,445
Bank balances and cash		30,484	44,485
		337,628	304,848
Total assets		464,566	428,215
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		6,706	6,706
Share premium		55,735	55,735
Accumulated profits		41,503	37,628
Other reserves		6,872	4,309
		110,816	104,378
Minority interests			
		29,843	49,241
		140,659	153,619
Non-current liabilities			
Bank borrowings – due after one year	10	38,450	40,000
Current liabilities			
Accounts payable	9	61,028	52,372
Accruals and other payables		43,158	38,876
Bills payable		96,721	61,833
Amount due to ultimate holding company		1,535	187
Amounts due to associates		207	20
Amounts due to jointly controlled entities		331	77
Bank borrowings – due within one year	10	81,727	79,203
Tax payable		750	2,028
		285,457	234,596
Total equity and liabilities		464,566	428,215

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2004

	Note	Six months ended 30th June,	
		2004 (unaudited) US\$'000	2003 (unaudited) US\$'000
Opening balance – total equity	11	104,378	71,445
Currency translation difference	11	(26)	6
Net gains and losses not recognised in the income statement	11	(26)	6
Exercise of share options	11	–	742
Issue of ordinary shares on placing	11	–	16,030
Net profit for the period	11	10,485	7,028
Dividend paid	11	(4,021)	(3,534)
Closing balance – total equity	11	110,816	91,717

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2004

	Six months ended 30th June,	
	2004 (unaudited) US\$'000	2003 (unaudited) US\$'000
Net cash inflow/(outflow) from operating activities	13,326	(24,485)
Net cash (outflow)/inflow from investing activities	(13,776)	14,136
Net cash (outflow)/inflow from financing activities	(13,544)	12,418
(Decrease)/increase in cash and cash equivalents	(13,994)	2,069
Cash and cash equivalents at 1st January	44,485	21,567
Effect of foreign exchange rate changes	(7)	4
Cash and cash equivalents at 30th June	30,484	23,640
Balance of cash and cash equivalents represented by:		
Bank balances and cash	30,484	23,640

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

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

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31st December, 2003.

2. SEGMENT INFORMATION

	Turnover		Contribution to profit from operations	
	Six months ended,		Six months ended,	
	30th June, 2004	30th June, 2003	30th June, 2004	30th June, 2003
	US\$'000	US\$'000	US\$'000	US\$'000
Business segments				
Container manufacturing	219,279	185,982	6,826	7,759
Container depot/terminal	6,870	8,584	1,952	1,701
Mid-stream	9,714	9,151	1,582	1,477
	235,863	203,717	10,360	10,937

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

	Turnover	
	Six months ended,	
	30th June, 2004	30th June, 2003
	US\$'000	US\$'000
Geographical segments		
Europe	67,004	54,185
Hong Kong	63,135	51,830
United States	27,079	51,423
Taiwan	23,769	8,905
Singapore	18,285	13,911
People's Republic of China ("PRC") (other than Hong Kong and Taiwan)	15,964	13,857
Others	20,627	9,606
	235,863	203,717

NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Continued)*

3. TAXATION

Hong Kong profits tax is calculated at 17.5% (2003: 17.5%) of the estimated assessable profit for the period. Taxation on overseas operations is calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the jurisdictions in which the Group operates.

	Six months ended,	
	30th June,	30th June,
	2004	2003
	US\$'000	US\$'000
Current tax:		
Hong Kong profits tax	142	149
Overseas taxation	814	854
	956	1,003
Deferred tax:		
Current year	(14)	(257)
Taxation attributable to the Company and subsidiaries	942	746
Share of taxation attributable to associates	111	69
Prior year overprovision attributable to an associate	–	(588)
Share of taxation attributable to jointly controlled entities	179	113
	1,232	340

4. INTERIM DIVIDEND

The directors have resolved to declare an interim dividend of HK4 cents per ordinary share for the period ended 30th June, 2004 (2003: HK3 cents per ordinary share).

5. EARNINGS PER SHARE – BASIC AND DILUTED

	Six months ended,	
	30th June,	30th June,
	2004	2003
	US\$'000	US\$'000
Earnings:		
Earnings for the purposes of calculating basic and diluted earnings per share	10,485	7,028
Number of shares:		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	522,417,760	479,734,357
Effect of dilutive share options	N/A	203,129
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	N/A	479,937,486

The share option scheme of the Company expired on 16th June, 2003 without any outstanding share options. The Company has not adopted any new share option scheme since then.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Continued)*

6. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent US\$4,353,000 (2003: US\$9,902,000) to upgrade its container manufacturing, container depot/terminal and mid-stream facilities.

7. INVENTORIES

	As at 30th June, 2004 US\$'000	As at 31st December, 2003 US\$'000
Raw materials	68,656	39,775
Work in progress	17,899	8,128
Finished goods	43,442	33,676
	129,997	81,579

The cost of sales recognised during the period was US\$210,906,000 (2003: US\$182,308,000).

8. 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 following is an aging analysis of accounts receivable:

	As at 30th June, 2004 US\$'000	As at 31st December, 2003 US\$'000
0 to 30 days	36,378	42,207
31 to 60 days	29,105	16,130
61 to 90 days	16,700	11,099
91 to 120 days	14,999	7,192
Over 120 days	7,520	7,437
	104,702	84,065

NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Continued)*

9. ACCOUNTS PAYABLE

The following is an aging analysis of accounts payable:

	As at 30th June, 2004 US\$'000	As at 31st December, 2003 US\$'000
0 to 30 days	30,027	27,073
31 to 60 days	11,408	10,275
61 to 90 days	6,120	7,839
91 to 120 days	4,523	2,465
Over 120 days	8,950	4,720
	61,028	52,372

10. BORROWINGS

During the period, the Group obtained new bank loans of US\$79,825,000 and repaid bank loans totalled US\$78,005,000. The loans bear interest at market rates and are repayable over a period of four years. The proceeds were used to finance raw material purchases and investments made during the period.

11. CAPITAL AND RESERVES

	Share capital US\$'000	Share premium US\$'000	Exchange translation reserve US\$'000	General reserve US\$'000	Development reserve US\$'000	Accumulated profits US\$'000	Total US\$'000
At 1st January, 2003							
– The Company and subsidiaries	5,854	38,522	246	1,482	1,164	17,976	65,244
– Associates	–	–	64	164	20	5,874	6,122
– Jointly controlled entities	–	–	–	146	146	(213)	79
	5,854	38,522	310	1,792	1,330	23,637	71,445
Exercise of share options	44	698	–	–	–	–	742
Issue of ordinary shares on placing	769	15,771	–	–	–	–	16,540
Share issue expenses	–	(510)	–	–	–	–	(510)
Exchange translation differences							
– The Company and subsidiaries	–	–	(8)	–	–	–	(8)
– Associates	–	–	14	–	–	–	14
– Jointly controlled entities	–	–	–	–	–	–	–
Net profit for the period	–	–	–	–	–	7,028	7,028
Dividend paid	–	–	–	–	–	(3,534)	(3,534)
Transfer from accumulated profits	–	–	–	180	75	(255)	–
At 30th June, 2003	6,667	54,481	316	1,972	1,405	26,876	91,717
Attributable to:							
– The Company and subsidiaries	6,667	54,481	238	1,580	1,232	26,075	90,273
– Associates	–	–	78	226	20	601	925
– Jointly controlled entities	–	–	–	166	153	200	519
	6,667	54,481	316	1,972	1,405	26,876	91,717

NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Continued)*

11. CAPITAL AND RESERVES *(Continued)*

	Share capital US\$'000	Share premium US\$'000	Exchange translation reserve US\$'000	General reserve US\$'000	Development reserve US\$'000	Accumulated profits US\$'000	Total US\$'000
At 1st January, 2004							
- The Company and subsidiaries	6,706	55,735	247	2,085	1,270	34,047	100,090
- Associates	-	-	103	226	20	749	1,098
- Jointly controlled entities	-	-	1	198	159	2,832	3,190
	6,706	55,735	351	2,509	1,449	37,628	104,378
Exchange translation differences							
- The Company and subsidiaries	-	-	(11)	-	-	-	(11)
- Associates	-	-	(15)	-	-	-	(15)
- Jointly controlled entities	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	10,485	10,485
Dividend paid	-	-	-	-	-	(4,021)	(4,021)
Transfer from accumulated profits	-	-	-	2,317	272	(2,589)	-
	6,706	55,735	325	4,826	1,721	41,503	110,816
At 30th June, 2004							
Attributable to:							
- The Company and subsidiaries	6,706	55,735	236	4,307	1,529	34,098	102,611
- Associates	-	-	88	306	20	881	1,295
- Jointly controlled entities	-	-	1	213	172	6,524	6,910
	6,706	55,735	325	4,826	1,721	41,503	110,816

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.

12. CONTINGENT LIABILITIES

	As at 30th June, 2004 US\$'000	As at 31st December, 2003 US\$'000
Guarantees for bank facilities utilised by jointly controlled entities	21,092	20,132

13. CAPITAL COMMITMENTS

	As at 30th June, 2004 US\$'000	As at 31st December, 2003 US\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted but not provided for	2,259	438
Capital expenditure in respect of business acquisition contracted but not provided for	-	1,920
	2,259	2,358

NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Continued)*

14. PARTIAL DISPOSAL OF INTEREST IN A SUBSIDIARY

During the period, the Group disposed of 23% out of 51% interest in Xiamen Xiangyu Singamas Container Co., Ltd. ("XXSC") to Xiamen Superchain Logistics Development Co., Ltd., ("Xiamen Superchain") in exchange of 6,990,000 new ordinary shares in Xiamen Superchain under a share transfer agreement dated 26th March, 2004.

XXSC did not make any significant contribution to the results or cash flows of the Group during the period.

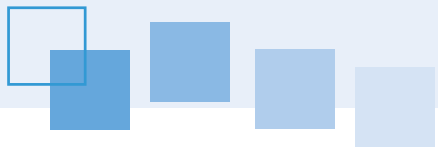
15. RELATED PARTIES TRANSACTIONS

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

	Six months ended,	
	30th June, 2004 US\$'000	30th June, 2003 US\$'000
Sales to a fellow subsidiary <i>(note)</i>	823	677
Sales to related companies <i>(note)</i>	5,296	4,826

Note: Sales to 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. These transactions have been reviewed and confirmed by the Independent Non-executive Directors of the Company. The fellow subsidiary is Pacific International Lines (China) Ltd., in which Pacific International Lines (Private) Limited ("PIL"), a substantial shareholder of the Company, has 100% effective interest. The related companies are Pacific International Lines (HK) Limited, 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 14.02% effective shareholding.

The balances with related parties are disclosed in the condensed consolidated balance sheet. All such balances are subject to normal credit terms and aged mainly from 30 days to 90 days. The balances with related parties are unsecured, interest free and repayable on demand.



BUSINESS REVIEW

For the six months ended 30th June, 2004, the Group continued to achieve outstanding results. Good performance was mainly attributable to strong container demand and increased production capacity. In addition, the effective cost cutting measures implemented last year had resulted to a turnaround in its Hong Kong container depots' business.

During the reporting period, the Group recorded a consolidated turnover of US\$235,863,000 representing a growth rate of 15.8%; while consolidated net profit reached US\$10,485,000, an increase of 49.2% over the same period last year. Earnings per share rose 37.7% to US2.01 cents comparing to the previous period of US1.46 cents.

Appreciative of the support from shareholders over the years, the Board of Directors has resolved to declare an interim dividend of HK4 cents per ordinary share for the six months ended 30th June, 2004.

CONTAINER MANUFACTURING

Container manufacturing remains the Group's core business, accounting for 93% of the Group's total turnover. During the reporting period, container manufacturing achieved a consolidated turnover of US\$219,279,000, an increase of 17.9% compared with the same period last year. The significant growth in turnover was largely due to the rising container demand as a result of continuous growth in worldwide container traffic especially the PRC export market, the phasing in of new container vessels, as well as the increasing container prices during the period.

Profit before taxation and minority interests reached US\$9,595,000, 34.9% higher than the same period last year. The Group's manufacturing plants were profitable during the period under review with healthy profit margins as production output increased. Raw material costs, particularly steel prices, increased substantially since October 2003 largely due to tight supply. As a result of the surge in material costs, average container prices were approximately 14% higher than those of the same period last year. Although the prices of the lower grade and construction steel have come down starting in the second quarter of 2004 after the macroeconomic measures implemented by the PRC Government, the price of the Corten steel especially thin plate used in container manufacturing remained high with no sign of declining in the near future. Consequently, it is expected that container prices will remain at the current level.

During the first six months of 2004, the Group, inclusive of those produced by its associates and jointly controlled entities, produced a total of approximately 267,000 twenty-foot equivalent units ("TEUs") of containers, representing an increase of 18% over the same period last year.

Furthermore, the Group's annual maximum production capacity increased from 540,000 TEUs of last year to this year's 640,000 TEUs after Qingdao Pacific Container Co., Ltd. ("Qingdao Pacific") commenced full operation in January 2004. Qingdao Pacific is a dry freight and specialised container factory, which is a jointly controlled entity of and 55% owned by Singamas. The factory performed well and began generating profit since its second month of commercial operation. Together with Tianjin Pacific Container Co., Ltd., which continued to contribute positively to the Group's profit in 2004, the inauguration of Qingdao Pacific had strengthened the Group's container factory network in the Northern PRC.



BUSINESS REVIEW *(Continued)*

In May 2004, Singamas entered into a share transfer agreement with SSCMC Transportation Company Limited (“SSCMC Transportation”) to acquire the remaining 30% equity interest in Guangdong Shun An Da Pacific Container Co., Ltd. (“Shun An Da”), the Group’s principal dry freight and specialised container manufacturing plant in the Southern PRC. Initial investment in Shun An Da dated back to February 2001 when Singamas acquired a 40% equity stake. Since then, Singamas has been increasing its shareholding in Shun An Da, and after this latest acquisition which was completed in June 2004, Shun An Da has become a wholly-owned subsidiary of Singamas.

As the result of a series of quality investments and effective reforms throughout the years, the Group’s manufacturing plants are currently generating positive results.

LOGISTICS SERVICES

Container Depots/Terminals

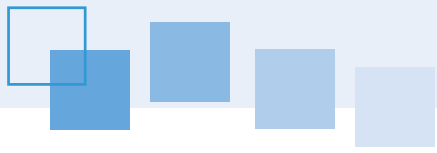
During the period, the Group’s container depots/terminals business reported a turnover of US\$6,870,000, a decrease of 20% from the same period last year. The decrease in turnover was largely due to the deconsolidation of Xiamen Xiangyu Singamas Container Co., Ltd. (“XXSC”). On 26th March, 2004, Singamas Terminals (China) Limited (“STCL”), a wholly-owned subsidiary of the Company, entered into a share transfer agreement (the “Agreement”) with Xiamen Superchain Logistics Development Co., Ltd. (“Xiamen Superchain”), a container logistics company located in Xiamen, and Xiamen Xiangyu Group Corporation. Pursuant to the Agreement, STCL transferred its 23% equity interest in XXSC, which was a 51% owned-subsiary of STCL, to Xiamen Superchain in exchange for Xiamen Superchain’s 6,990,000 new ordinary shares. Since then, STCL’s shareholding in XXSC reduced to 28% and XXSC has become an associate of the Group.

Despite the decline in turnover, performance of this business segment improved with a profit before taxation and minority interests of US\$3,034,000, 27.2% higher than same period last year. Attributable to the effective cost cutting measures implemented since early 2003, the Group’s Hong Kong container depots managed to turnaround in the first six months of 2004.

Container throughput at major PRC ports remained strong with double-digit growth during the first half of 2004 despite the PRC Government’s efforts to cool down domestic investments and economic growth. The austerity measures had little impact on exports as they were targeted at overheated primary industries and investments in the domestic market instead of the export market. Furthermore, as raw material costs in the PRC increased, companies in the PRC turned to overseas suppliers for raw materials to support their operations in the PRC, which resulted in rising import volumes as well. Throughput at major ports had thus continued to rise in the first six months of 2004 and the Group’s PRC container depots were able to benefit from this growth.

Mid-stream and Logistics

Similar to the container depots/terminals business, booming exports increased container traffic in the PRC, in particular the Pearl River Delta region, which in turn boosted the demand for the Group’s mid-stream services. For the six months ended 30th June, 2004, turnover and profit before taxation and minority interests for the mid-stream business amounted to US\$9,714,000 and US\$1,580,000 respectively, increased by 6.2% and 7.1% over the same period last year. During the reporting period, our mid-stream operation handled 184,422 TEUs of containers comparing to 156,413 TEUs handled in same period last year.



BUSINESS REVIEW *(Continued)*

As part of the Group's long term strategy of becoming a total logistics company offering a full range of container related services, Singamas increased its effective equity interest held in Xiamen Superchain from 6.83% to 14.02% under the Agreement to further enhance its presence in the container logistics industry in the PRC. The Group believes that with the gradual expansion of its container related service scope, it will be able to capture more of the opportunities arising from the healthy growth of the PRC market in the years ahead.

PROSPECTS

Economies around the world are picking up at a healthy pace; with trade figures and consumer spending patterns improving significantly comparing to the previous years. The market expects the austerity measures implemented by the PRC Government will have little impact on the country's export market since these measures were targeted at the domestic market. With global demand for PRC manufactured goods continue to increase, there is no sign of a slow down in the country's exports in the near future. In view of the increase in the number and size of new container vessels coming on stream within these few years, it is expected that demand for new containers will remain strong.

Looking ahead, Singamas will continue to identify profitable investment opportunities and consolidate present business operations so as to achieve continual steady business growth. After years of identifying and undertaking quality acquisitions and improving efficiency and operational management, Singamas is well positioned to capture the opportunities presented by the growing market for its container manufacturing and logistics operations in the second half of 2004.

INTERIM DIVIDEND

The Directors are pleased to declare an interim dividend of HK4 cents per share (2003: HK3 cents per share) for the six months ended 30th June, 2004, payable on or before Friday, 29th October, 2004 to shareholders whose names appear on the Register of Members of the Company at close of business on Monday, 25th October, 2004.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 20th October, 2004 to Monday, 25th October, 2004, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for this interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration of no later than 4:00 p.m. on Tuesday, 19th October, 2004.



AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim financial report for the six months ended 30th June, 2004 ("Interim Report"). At the request of the Directors, the Group's external auditors have carried out a review of the Interim Report in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants.

LIQUIDITY AND FINANCIAL RESOURCES

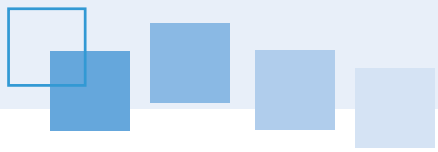
As at 30th June, 2004, the Group had bank balances and cash of US\$30,484,000 (31st December, 2003: US\$44,485,000) and total interest-bearing borrowings of US\$120,177,000 (31st December, 2003: US\$119,203,000). This represented a gearing ratio, calculated on the basis of the Group's total interest-bearing borrowings over shareholders' funds, of 1.08 (31st December, 2003: 1.14) and a net debt to equity ratio, calculated on the basis of the Group's net interest-bearing borrowings (after deducting bank balances and cash of US\$30,484,000) over the shareholders' fund, of 0.81 (31st December, 2003: 0.72). The increase in total interest-bearing borrowings was largely attributable to the increase in working capital requirements as a result from rising material costs and strong container demand. The interest coverage ratio of the Group's profit before interest, tax, depreciation and amortisation (EBITDA) to total net interest expense was 11.51 times for the six months ended 30th June, 2004 (2003: 8.1 times).

TREASURY POLICIES

The Group's treasury policies adopted for the six months period ended 30th June, 2004 are consistent with those disclosed in the Group's 2003 Annual Report.

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 as at 30th June, 2004, the maturity profile spread over a period of four years with US\$81,727,000 repayable within one year and US\$38,450,000 within two to four years. The Group's borrowings are principally on a floating rate basis. As at 30th June, 2004, the Company has outstanding interest rate swap with its notional amount of US\$40 million (2003: US\$40 million) to hedge against the floating rate interest risk for a term loan granted for the financing of various business acquisitions of the Company.

On 30th September, 2003, the Company and a syndicate of banks entered into a facility agreement (the "Facility Agreement") for US\$30,000,000 term loan and US\$10,000,000 revolving credit facilities, both on a term of four years. The Facility Agreement includes conditions, which continue to exist, to the effect that (i) PIL, the controlling shareholder of the Company, continues to be the single largest shareholder of the Company and (ii) PIL owns (legally or beneficially) more than 45% of the total issued share capital of the Company. A breach of any of the above conditions will constitute an event of default under the Facility Agreement. This disclosure is in accordance with the continuing disclosure requirement under the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").



ACQUISITIONS AND DISPOSALS

On 26th March, 2004, STCL entered into a share transfer agreement with Xiamen Superchain, in which the Company was holding 6.83% equity interest at that time, and Xiamen Xiangyu Group Corporation ("Xiamen Xiangyu"). Pursuant to the share transfer agreement, STCL transferred its 23% equity interest in XXSC, which was a 51% owned-subsiary of STCL, to Xiamen Superchain for a consideration of RMB8.3 million (equivalent to approximately US\$1 million) and Xiamen Xiangyu transferred its entire 30% equity interest in XXSC to Xiamen Superchain at a consideration of RMB10.8 million (equivalent to approximately US\$1.3 million). Xiamen Superchain paid the aforesaid considerations by the issue of its 6,990,000 and 9,120,000 new ordinary shares to STCL and Xiamen Xiangyu, respectively. Since Xiamen Xiangyu was a substantial shareholder of XXSC, holding 30% equity interest in XXSC and was a controlling shareholder of Xiamen Superchain, holding 69.23% equity interest in Xiamen Superchain, Xiamen Xiangyu was a connected person and the entering into this agreement constituted a connected transaction under the Listing Rules. Details of this connected transaction have been disclosed by way of a press notice in compliance with the Listing Rules.

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On 7th May, 2004, the Company entered into a share transfer agreement with SSCMC Transportation under which the Company agreed to purchase from SSCMC Transportation a 30% equity interest in Shun An Da at a consideration of US\$5,400,000 for cash which has been funded by internal resources of the Group. In view that SSCMC Transportation was a substantial shareholder of Shun An Da, in which SSCMC Transportation was holding 30% equity interest, SSCMC was a connected person and the entering into this agreement constituted a connected transaction under the Listing Rules. Based on the five size tests performed, each of the percentage ratio computed exceeded 2.5% but less than 25% of the relevant parameters, this transaction also constituted a discloseable transaction under the Listing Rules. As each of the percentage ratio of the five size tests performed exceeded 2.5% and each of the relevant parameters, inter alia, the consideration of this transaction, exceeded HK\$10,000,000, this transaction would also normally subject to independent shareholders' approval under the Listing Rules. PIL, who was not interested in this transaction other than its shareholding in the Company, is the controlling shareholder of the Company and it had given a written certificate that they would vote in favour of the resolution to approve this transaction. Accordingly, the Company had applied to the Stock Exchange for and been granted a waiver from the requirement for this transaction to be approved by shareholders at a general meeting.

CHARGES ON ASSETS

As at 30th June, 2004, certain assets of the Group with aggregate carrying value of US\$6,581,000 (31st December, 2003: US\$7,681,000) were pledged as security for loan facilities granted by banks to subsidiaries in the PRC.

CONTINGENT LIABILITIES

During the period, the Company provided guarantees to banks as securities for bank facilities granted to certain subsidiaries and jointly controlled entities in the PRC. As at 30th June, 2004, total amount of bank facilities, of which guarantees are provided, utilized by the jointly controlled entities was US\$21,092,000.

REMUNERATION POLICIES AND NUMBER OF EMPLOYEES

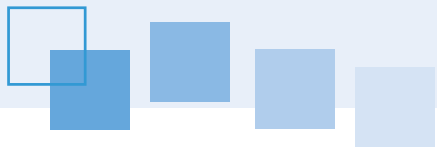
The remuneration policies adopted for the six months period ended 30th June, 2004 are consistent with those disclosed in the Group's 2003 Annual Report. As at 30th June, 2004, the Group, including its subsidiaries but excluding associates and jointly controlled entities, employed 5,476 full-time employees.

DIRECTORS' INTERESTS

As at 30th June, 2004, the interests or short positions of the Directors of the Company in the shares of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director is taken or deemed to have under such provisions of the SFO); or which (b) were required pursuant to Section 352 of the SFO to be entered into the register maintained by the Company; or which (c) were required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name	Capacity	Number of ordinary shares of HK\$0.10 each		Percentage of issued shares
		Personal interest	Corporate interest	
Mr. Chang Yun Chung	Beneficial Owner	–	289,308,178 (Note)	55.38
Mr. Teo Siong Seng	Beneficial Owner	13,234,000	–	2.53

Note: These shares are held by PIL (an associated corporation, within the meaning of Part XV of the SFO, of the Company) in which Mr. Chang Yun Chung is interested in aggregate, in 16,525,000 shares representing 89.42% of the issued share capital of PIL. 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 5.77% 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% of the issued share capital. Messrs. Teo Siong Seng and Teo Tiou Seng, directors of the Company, both of their interests in shares of PIL comprise personal interests in 120,000 shares and 80,000 shares respectively and representing 0.65% and 0.43% of the issued share capital of PIL.



DIRECTORS' INTERESTS *(Continued)*

The share option scheme of the Company expired on 16th June, 2003 without any outstanding share options. The Company has not adopted any new share option scheme since then.

Other than those disclosed in note 15 to the condensed 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 period or at any time during the period.

At no time during the period 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.

Save as disclosed above, none of Directors, nor their associates, had any other interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) were required notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO); or which (b) were required pursuant to Section 352 of the SFO to be entered into the register maintained by the Company; or which (c) were required, pursuant to the Model Code for Securities Transaction by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company or the Stock Exchange; 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 period.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2004, according to the register kept by the Company pursuant to Section 336 of the SFO, and so far as was known to any Director of the Company, the following persons (other than the interests of certain directors disclosed under the section headed "Directors' Interests" above), had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly interested in 10% or more of the issued share capital of the Company carrying rights to vote in all circumstances at general meetings of the Company together with the number of shares in which they were deemed to be interested were:

SUBSTANTIAL SHAREHOLDERS *(Continued)*

Name	Notes	Number of ordinary shares of HK\$0.10 each		Percentage of total issued shares
		Direct interest	Indirect interest	
CDC IXIS Asset Management Asia Ltd.		31,646,000(L)#	–	6.06
INVESCO Asia Limited (in its capacity as manager/ adviser for various accounts)		27,718,000(L)#	–	5.31
J.P. Morgan Chase & Co.	(1)	–	78,368,000(L)#	15.00
		–	34,760,000(P)#	6.65
Madam Lee Kheng Wah	(2)	–	289,308,178(L)#	55.38
PIL	(3)	289,308,178(L)#	–	55.38
Y.C. Chang & Sons Private Limited	(4)	–	289,308,178(L)#	55.38

(L) – Long Position; (P) – Lending Pool

Notes:

- (1) *These shares in which J.P. Morgan Chase & Co. is deemed to be interested, are held via J.P. Morgan Fleming Asset Management (UK) Limited, JF International Management Inc., JF Asset Management (Taiwan) Limited, JF Asset Management Limited and JP Morgan Chase Bank, respectively.*
- (2) *Madam Lee Kheng Wah, as the spouse of Mr. Chang Yun Chung, is deemed to be interested in these shares.*
- (3) *A full explanation of these shares is disclosed under the section headed "Directors' Interest" above.*
- (4) *As Y.C. Chang & Sons Private Limited directly controls one-third or more of the voting rights in the shareholders' meeting of PIL, in accordance with SFO, Y.C. Chang & Sons Private Limited is deemed to be interested in PIL's interests in the Company's issued shares.*

Save as disclosed above, there was no other person known to the Directors, other than the Directors, who, as at 30th June, 2004, had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.



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

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

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by this Interim Report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding directors' securities transactions as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of the Directors, none of the Directors has not complied with, for any part of the accounting period covered by the Interim Report, the required standard set out in the Model Code and its code of conduct regarding directors' securities transaction.

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On Behalf of the Board
Chang Yun Chung
Chairman

As at the date of this report, the board of directors of the Company consists of:

Executive Directors:

Mr. Chang Yun Chung (*Chairman*)
(*also known as Mr. Teo Woon Tiong*)
Mr. Teo Siong Seng (*Vice Chairman*)
Mr. Hsueh Chao En
Mr. Teo Tiou Seng

Non-Executive Director:

Mr. Kuan Kim Kin

Independent Non-Executive Directors:

Mr. Ngan Man Kit, Alexander
Mr. Ong Ka Thai
Mr. Soh Kim Soon

Hong Kong, 24th August, 2004