

**SINGAMAS**

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

HKEx Stock Code 0716



**Interim Report 2008**



The Board of Directors (the “Board”/“Directors”) of Singamas Container Holdings Limited (the “Company”/“Singamas”) 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, 2008 as follows:

## FINANCIAL HIGHLIGHTS

	For the six months ended 30th June,		For the year ended 31st December,			
	2008 (US\$)	2007 (US\$)	2007 (US\$)	2006 (US\$)	2005 (US\$)	2004 (US\$)
Revenue	<b>761,971,000</b>	755,800,000	1,546,042,000	924,011,000	842,936,000	532,793,000
Profit from operations	<b>54,318,000</b>	25,080,000	44,496,000	30,549,000	57,404,000	32,538,000
Profit attributable to equity holders of the Company	<b>13,569,000</b>	16,283,000	33,994,000	18,096,000	44,899,000	39,636,000
Earnings per share	<b>1.93 cents</b>	2.66 cents	5.37 cents	2.96 cents	7.35 cents	7.37 cents
Net asset value per share	<b>45.45 cents</b>	39.49 cents	43.51 cents	37.00 cents	35.29 cents	29.57 cents
Equity attributable to equity holders of the Company	<b>319,449,000</b>	241,342,000	305,855,000	226,146,000	215,714,000	180,737,000
Bank balances and cash	<b>115,544,000</b>	102,462,000	119,048,000	80,659,000	102,604,000	69,466,000
Total borrowings (Note)	<b>569,463,000</b>	429,744,000	415,223,000	332,829,000	158,402,000	108,437,000
Current ratio	<b>1.22 to 1</b>	1.15 to 1	1.24 to 1	1.17 to 1	2.16 to 1	1.35 to 1
Gearing ratio	<b>1.78</b>	1.78	1.36	1.47	0.73	0.60
Net debt to equity ratio	<b>1.42</b>	1.36	0.97	1.12	0.26	0.22
Interest coverage ratio	<b>3.56</b>	3.29	3.16	3.24	10.52	19.63

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



**Deloitte.**

**德勤**

## **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

### **TO THE BOARD OF DIRECTORS OF SINGAMAS CONTAINER HOLDINGS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

#### **INTRODUCTION**

We have reviewed the interim financial information set out on pages 3 to 15 which comprises the condensed consolidated balance sheet of Singamas Container Holdings Limited as of 30th June, 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### **SCOPE OF REVIEW**

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

#### **CONCLUSION**

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

#### **Deloitte Touche Tohmatsu**

Certified Public Accountants

Hong Kong

4th September, 2008

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2008

	Notes	Six months ended 30th June,	
		2008 (unaudited) US\$'000	2007 (unaudited) US\$'000
<b>Revenue</b>	3	<b>761,971</b>	755,800
Other income		<b>651</b>	1,881
Changes in inventories of finished goods and work in progress		<b>5,873</b>	46,136
Raw materials and consumables used		<b>(616,041)</b>	(666,206)
Staff costs		<b>(41,594)</b>	(38,552)
Depreciation and amortisation expense		<b>(8,315)</b>	(7,939)
Exchange gain (loss)		<b>6,890</b>	(4,231)
Other expenses		<b>(55,117)</b>	(61,809)
Finance costs		<b>(15,069)</b>	(13,803)
Investment income		<b>955</b>	654
Changes in fair value of derivative financial instruments classified as held for trading		<b>(17,576)</b>	8,321
Share of results of associates		<b>1,070</b>	256
Share of results of jointly controlled entities		<b>1,374</b>	471
<b>Profit before taxation</b>		<b>25,072</b>	20,979
Income tax expense	4	<b>(5,257)</b>	(2,634)
<b>Profit for the period</b>		<b>19,815</b>	18,345
<b>Attributable to:</b>			
Equity holders of the Company		<b>13,569</b>	16,283
Minority interests		<b>6,246</b>	2,062
		<b>19,815</b>	18,345
<b>Earnings per share</b>	6		
Basic and diluted		<b>US1.93 cents</b>	US2.66 cents

# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2008

	Notes	As at 30th June, 2008 (unaudited) US\$'000	As at 31st December, 2007 (audited) US\$'000
<b>Non-current assets</b>			
Property, plant and equipment	7	185,490	178,922
Patents		1,561	1,806
Goodwill		5,280	5,280
Interests in associates		11,137	9,432
Interests in jointly controlled entities		25,483	23,280
Available-for-sale investments		3,174	3,174
Prepaid lease payments		61,107	60,829
Deferred tax assets		943	5,697
Other assets		–	84
		<b>294,175</b>	<b>288,504</b>
<b>Current assets</b>			
Inventories	8	377,993	298,250
Trade receivables	9	282,432	153,703
Prepayments and other receivables	10	212,680	197,473
Amounts due from fellow subsidiaries		458	334
Amounts due from associates		11	11
Amounts due from jointly controlled entities		9,107	4,334
Amount due from a related company		1,420	1,366
Tax recoverable		–	74
Derivative financial instruments	11	20	27,160
Prepaid lease payments		1,653	1,380
Bank balances and cash		115,544	119,048
		<b>1,001,318</b>	<b>803,133</b>
<b>Current liabilities</b>			
Trade payables	12	165,254	140,806
Accruals and other payables		78,461	83,972
Bills payable	13	92,375	83,857
Amount due to ultimate holding company		1,176	166
Amounts due to associates		2,944	2,223
Amounts due to jointly controlled entities		1,385	40
Tax payable		6,149	7,490
Deferred payable		182	182
Bank borrowings	14	471,547	327,723
		<b>819,473</b>	<b>646,459</b>
<b>Net current assets</b>		<b>181,845</b>	<b>156,674</b>
<b>Total assets less current liabilities</b>		<b>476,020</b>	<b>445,178</b>
<b>Capital and reserves</b>			
Share capital	15	9,025	9,025
Share premium		145,646	145,646
Accumulated profits		138,068	129,129
Other reserves		26,710	22,055
Equity attributable to equity holders of the Company		<b>319,449</b>	<b>305,855</b>
Minority interests		56,845	50,013
<b>Total equity</b>		<b>376,294</b>	<b>355,868</b>
<b>Non-current liabilities</b>			
Deferred payable		1,810	1,810
Bank borrowings	14	97,916	87,500
		<b>99,726</b>	<b>89,310</b>
		<b>476,020</b>	<b>445,178</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2008

	Share capital US\$'000	Share premium US\$'000	Exchange translation reserve US\$'000	General reserve US\$'000	Development reserve US\$'000	Revaluation reserve US\$'000	Share options reserve US\$'000	Accumulated profits US\$'000	Total attributable to equity holders of the Company US\$'000	Minority interests US\$'000	Total US\$'000
At 1st January, 2007 (audited)	7,844	98,011	2,358	7,701	2,526	1,361	-	106,345	226,146	43,135	269,281
Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	1,001	-	-	-	-	-	1,001	345	1,346
Profit for the period	-	-	-	-	-	-	-	16,283	16,283	2,062	18,345
Total recognised income for the period	-	-	1,001	-	-	-	-	16,283	17,284	2,407	19,691
Recognition of equity-settled share-based payments	-	-	-	-	-	-	262	-	262	-	262
Partial disposal of a subsidiary	-	-	-	-	-	-	-	-	-	10,683	10,683
Capital contribution from minority interests	-	-	-	-	-	-	-	-	-	410	410
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	(1,810)	(1,810)
Dividends recognised as distribution	-	-	-	-	-	-	-	(2,350)	(2,350)	-	(2,350)
Transfer from accumulated profits	-	-	-	116	52	-	-	(168)	-	-	-
At 30th June, 2007 (unaudited)	7,844	98,011	3,359	7,817	2,578	1,361	262	120,110	241,342	54,825	296,167
Attributable to:											
- The Company and subsidiaries	7,844	98,011	1,893	6,689	2,136	1,361	262	84,287	202,483	54,825	257,308
- Associates	-	-	531	656	20	-	-	4,350	5,557	-	5,557
- Jointly controlled entities	-	-	935	472	422	-	-	31,473	33,302	-	33,302
	7,844	98,011	3,359	7,817	2,578	1,361	262	120,110	241,342	54,825	296,167
At 1st January, 2008 (audited)	9,025	145,646	5,138	10,855	2,824	1,361	1,877	129,129	305,855	50,013	355,868
Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	2,949	-	-	-	-	-	2,949	921	3,870
Profit for the period	-	-	-	-	-	-	-	13,569	13,569	6,246	19,815
Total recognised income for the period	-	-	2,949	-	-	-	-	13,569	16,518	7,167	23,685
Recognition of equity-settled share-based payments	-	-	-	-	-	-	1,579	-	1,579	-	1,579
Transfer of forfeited option reserves to accumulated profits	-	-	-	-	-	-	(232)	232	-	-	-
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	(335)	(335)
Dividends recognised as distribution	-	-	-	-	-	-	-	(4,503)	(4,503)	-	(4,503)
Transfer from accumulated profits	-	-	-	205	154	-	-	(359)	-	-	-
<b>At 30th June, 2008 (unaudited)</b>	<b>9,025</b>	<b>145,646</b>	<b>8,087</b>	<b>11,060</b>	<b>2,978</b>	<b>1,361</b>	<b>3,224</b>	<b>138,068</b>	<b>319,449</b>	<b>56,845</b>	<b>376,294</b>
Attributable to:											
- The Company and subsidiaries	9,025	145,646	5,019	9,915	2,533	1,361	3,224	101,383	278,106	56,845	334,951
- Associates	-	-	804	669	22	-	-	3,893	5,388	-	5,388
- Jointly controlled entities	-	-	2,264	476	423	-	-	32,792	35,955	-	35,955
	<b>9,025</b>	<b>145,646</b>	<b>8,087</b>	<b>11,060</b>	<b>2,978</b>	<b>1,361</b>	<b>3,224</b>	<b>138,068</b>	<b>319,449</b>	<b>56,845</b>	<b>376,294</b>

Pursuant to the relevant People's Republic of China ("PRC") (other than Hong Kong, Macau and Taiwan) regulations applicable to the Group's PRC subsidiaries, associates and jointly controlled entities, these entities have to provide for the PRC statutory reserves before declaring dividends to their shareholders as approved by the board of directors. The reserves, which include general reserve and development reserve, are not distributable until the end of the operation periods of the respective entities, at which time any remaining balance of the reserves can be distributed to shareholders upon liquidation of the subsidiaries, associates and jointly controlled entities. The general reserve can be used to offset accumulated losses of the entities. The general reserve and development reserve can be used to increase capital upon approval from the PRC relevant authorities. The distributable profits of the subsidiaries, associates and jointly controlled entities are determined based on their accumulated profits calculated in accordance with the PRC accounting rules and regulations.

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2008

	Note	Six months ended 30th June,	
		2008 (unaudited) US\$'000	2007 (unaudited) US\$'000
Net cash used in operating activities		<b>(140,057)</b>	(73,643)
Net cash (used in) from investing activities:			
Proceeds from disposal of property, plant and equipment		<b>295</b>	271
Increase of property, plant and equipment		<b>(12,181)</b>	(10,244)
Proceed on partial disposal of a subsidiary	17	<b>–</b>	11,902
Increase in amounts due from fellow subsidiaries		<b>(124)</b>	(71)
(Increase) decrease in amounts due from jointly controlled entities		<b>(4,773)</b>	91
Other investing cash flows		<b>955</b>	1,305
		<b>(15,828)</b>	3,254
Net cash from financing activities:			
New bank loans raised		<b>435,161</b>	281,226
Repayment of bank loans		<b>(280,921)</b>	(184,311)
Capital contribution from minority interests		<b>–</b>	410
Dividends paid to minority interests		<b>(335)</b>	(1,810)
Increase (decrease) in amount due to ultimate holding company		<b>1,010</b>	(1,607)
Increase in amounts due to associates		<b>721</b>	702
Increase (decrease) in amounts due to jointly controlled entities		<b>1,345</b>	(39)
Other financing cash flows		<b>(4,503)</b>	(2,348)
		<b>152,478</b>	92,223
Net (decrease) increase in cash and cash equivalents		<b>(3,407)</b>	21,834
Cash and cash equivalents at 1st January		<b>119,048</b>	80,659
Effect of foreign exchange rate changes		<b>(97)</b>	(31)
Cash and cash equivalents at 30th June		<b>115,544</b>	102,462
Balance of cash and cash equivalents represented by:			
Bank balances and cash		<b>115,544</b>	102,462

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1 BASIS OF PREPARATION

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

## 2 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

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

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

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

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2009

<sup>2</sup> Effective for annual periods beginning on or after 1st July, 2009

<sup>3</sup> Effective for annual periods beginning on or after 1st July, 2008

<sup>4</sup> Effective for annual periods beginning on or after 1st October, 2008

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



### 3 SEGMENT INFORMATION

#### Business segments

For management purpose, the Group is currently organised into two operating divisions – manufacturing and logistics services. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- Manufacturing – manufacturing of marine dry freight containers, refrigerated containers, collapsible flatrack containers, tank containers, other specialised containers, container parts and container chassis.
- Logistics services – provision of container storage, repair and trucking services, serving as a freight station, container/cargo handling, mid-stream services and other container related services.

Segment information about these businesses is presented below:

#### 2008

	<b>Manufacturing</b> <i>US\$'000</i>	<b>Logistics services</b> <i>US\$'000</i>	<b>Eliminations</b> <i>US\$'000</i>	<b>Total</b> <i>US\$'000</i>
<b>REVENUE</b>				
External sales	743,258	18,713	–	761,971
Inter-segment sales	–	382	(382)	–
<b>Total</b>	<b>743,258</b>	<b>19,095</b>	<b>(382)</b>	<b>761,971</b>

Inter-segment sales are charged at prevailing market prices.

<b>SEGMENT RESULTS</b>	48,299	6,019		54,318
Finance costs				(15,069)
Investment income				955
Changes in fair value of derivative financial instruments				(17,576)
Share of results of associates	628	442		1,070
Share of results of jointly controlled entities	1,131	243		1,374
Profit before taxation				25,072
Income tax expense				(5,257)
Profit for the period				<u>19,815</u>

### 3 SEGMENT INFORMATION (Continued)

#### Business segments (Continued)

2007

	Manufacturing <i>US\$'000</i>	Logistics services <i>US\$'000</i>	Eliminations <i>US\$'000</i>	Total <i>US\$'000</i>
<b>REVENUE</b>				
External sales	739,783	16,017	–	755,800
Inter-segment sales	–	444	(444)	–
Total	739,783	16,461	(444)	755,800

Inter-segment sales are charged at prevailing market prices.

<b>SEGMENT RESULTS</b>	20,900	4,180	25,080
Finance costs			(13,803)
Investment income			654
Changes in fair value of derivative financial instruments			8,321
Share of results of associates	(266)	522	256
Share of results of jointly controlled entities	215	256	471
Profit before taxation			20,979
Income tax expense			(2,634)
Profit for the period			18,345

#### Geographical segments

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

	Revenue Six months ended	
	30th June, 2008 <i>US\$'000</i>	30th June, 2007 <i>US\$'000</i>
United States	210,413	256,305
Europe	185,852	123,860
Hong Kong	171,142	192,788
PRC	53,539	42,581
South Korea	45,562	51,030
Taiwan	38,109	13,119
Singapore	23,658	55,607
Others	33,696	20,510
	761,971	755,800

#### 4 INCOME TAX EXPENSE

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current and deferred tax for the six months ended 30th June, 2008. The estimated average annual tax rate used is 16.5% (2007: 17.5%) for the six months ended 30th June, 2008.

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.

On 16th March, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and the Implementation Regulations provide a five-year transitional period from its effective date for those enterprises which were established before the promulgation date of the New Law and which were entitled to a preferential lower tax rate under the then effective tax laws or regulations. Based on New Law, certain subsidiaries of the Group that were entitled to preferential treatment in the form of enterprise income tax reduction or exemption, would have to begin its tax holiday in the same year that the New Law comes into effect. The deferred tax balance has already reflected the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

	Six months ended	
	30th June, 2008 US\$'000	30th June, 2007 US\$'000
Current tax:		
Hong Kong Profits Tax	7	1,651
Overseas taxation	496	981
	<b>503</b>	2,632
Deferred tax:		
Current year	4,754	2
	<b>5,257</b>	2,634

#### 5 DIVIDENDS

	Six months ended	
	30th June, 2008 US\$'000	30th June, 2007 US\$'000
Dividends recognised as distribution during the period:		
Final dividend approval for the year ended 31st December, 2007: HK5 cents (for the year ended 31st December, 2006: HK3 cents) per ordinary share	<b>4,503</b>	2,350

The Directors have resolved on 4th September, 2008 to declare an interim dividend of HK4 cents (2007: HK6 cents) per ordinary share, totalling US\$3,602,000 (2007: US\$5,408,000) for the six months ended 30th June, 2008.

## 6 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended	
	30th June, 2008 <i>US\$'000</i>	30th June, 2007 <i>US\$'000</i>
Earnings:		
Earnings for the purposes of calculating basic and diluted earnings per share	13,569	16,283
Number of shares:		
Number of ordinary shares for the purposes of calculating basic and diluted earnings per share	702,912,760	611,228,760

The computation of diluted earnings per share for both 2008 and 2007 does not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price of shares for both period.

## 7 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent US\$12,181,000 (2007: US\$10,244,000) to upgrade its manufacturing and logistics services facilities.

## 8 INVENTORIES

	As at 30th June, 2008 <i>US\$'000</i>	As at 31st December, 2007 <i>US\$'000</i>
Raw materials	239,933	166,063
Work in progress	16,595	17,546
Finished goods	121,465	114,641
	<b>377,993</b>	298,250

The cost of sales recognised during the period was US\$687,458,000 (2007: US\$694,671,000).

## 9 TRADE RECEIVABLES

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 trade receivables net of allowance for doubtful debts at the balance sheet date:

	As at 30th June, 2008 <i>US\$'000</i>	As at 31st December, 2007 <i>US\$'000</i>
0 to 30 days	169,435	84,555
31 to 60 days	72,284	36,799
61 to 90 days	25,361	19,741
91 to 120 days	9,993	8,553
Over 120 days	5,359	4,055
	<b>282,432</b>	153,703

## 10 PREPAYMENTS AND OTHER RECEIVABLES

At 30th June, 2008, the Group advanced US\$131,920,000 (31st December, 2007: US\$112,284,000) to certain suppliers as deposits for raw materials purchases.

## 11 DERIVATIVE FINANCIAL INSTRUMENTS

The amount represents the fair value of outstanding swap derivative financial instruments entered into by the Group with financial institutions.

The Company enters into certain swap derivative financial instruments to manage its exposure to interest rate and foreign currency movements. As at 30th June, 2008, the Company has outstanding derivative contracts with an aggregate notional amount of US\$131.5 million (at 31st December, 2007: US\$421.5 million). The fair value of the swap contracts as at 30th June, 2008 was estimated at US\$20,000 (at 31st December, 2007: US\$27,160,000).

The fair value amount was determined based on valuation carried out by the independent third party. The fair values of swaps contracts are determined using a valuation technique to calculate the present value of estimated future cash flow and discounted based on the applicable yield curves derived from quoted interest rates.

During the reporting period, the Company disposed of a majority of its swap derivative financial instruments with an aggregate notional amount of US\$371.5 million to Strategic Times Limited ("STL"), a wholly owned subsidiary of Pacific International Lines (Private) Limited ("PIL"), a substantial shareholder of the Company, also the ultimate holding company of the Company, at a total consideration of net payment of US\$120,000. The consideration as agreed by both parties is an approximate fair value by reference to the estimated unwinding value provided by the swap derivative financial instruments counterparty as at the date of disposal.

## 12 TRADE PAYABLES

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

	<b>As at 30th June, 2008 US\$'000</b>	As at 31st December, 2007 US\$'000
0 to 30 days	68,241	61,002
31 to 60 days	38,290	27,042
61 to 90 days	28,913	19,499
91 to 120 days	16,460	15,850
Over 120 days	13,350	17,413
	<b>165,254</b>	140,806

## 13 BILLS PAYABLE

The following is an aging analysis of bills payable at the balance sheet date:

	<b>As at 30th June, 2008 US\$'000</b>	As at 31st December, 2007 US\$'000
0 to 30 days	33,248	33,092
31 to 60 days	29,295	26,456
61 to 90 days	24,469	18,046
91 to 120 days	2,261	5,839
Over 120 days	3,102	424
	<b>92,375</b>	83,857

## 14 BANK BORROWINGS

During the period, the Group obtained new bank loans in the amount of US\$435,161,000 (2007: US\$281,226,000) and repaid bank loans totalled US\$280,921,000 (2007: US\$184,311,000). The loans carry interest at market rates and are repayable over a period of five years. The proceeds were used to finance the working capital of the Group during the period.

## 15 SHARE CAPITAL

	Number of shares	Share Capital	
		US\$'000	HK\$'000
Ordinary shares of HK\$0.10 each			
Authorised:			
At 1st January, 2007	750,000,000	9,637	75,000
Increase on 1st June, 2007	250,000,000	3,206	25,000
<hr/>			
At 30th June, 2007, 31 December, 2007 and 30th June, 2008	1,000,000,000	12,843	100,000
<hr/>			
Issued and fully paid:			
At 1st January, 2007 and 30th June, 2007	611,228,760	7,844	61,123
Issue of ordinary shares on placing	91,684,000	1,181	9,168
<hr/>			
At 31st December, 2007 and 30th June, 2008	702,912,760	9,025	70,291

On 1st June, 2007, an ordinary resolution of the Company was passed to increase the authorised share capital of the Company from HK\$75,000,000 to HK\$100,000,000 by the creation of 250,000,000 new ordinary shares of HK\$0.10 each. Such new shares shall rank *pari passu* in all respects with the existing shares of the Company.

On 8th October, 2007, 91,684,000 ordinary shares were issued at HK\$4.24 per share in relation to a share placement. These new shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 1st June, 2007 and rank *pari passu* with other shares in issue in all respects. The net proceeds from the placement are largely intended to use for (a) the relocation and expansion of a dry freight container factory located in Xiamen; and (b) the relocation and upgrade of a dry freight container factory located in Shanghai into producing tank containers at the factory's new location.

## 16 SHARE-BASED PAYMENTS

The Company has a share option scheme for eligible Directors and employees of the Group. Details of the share options outstanding during the current period are as follows:

	Number of share options
Outstanding at 1st January, 2008	20,000,000
Granted during the period	–
Forfeited during the period	(1,200,000)
Exercised during the period	–
<hr/>	
Outstanding at 30th June, 2008	18,800,000

The fair values of the options determined at the date of grant using the Binomial option pricing model ranged from HK\$1.62 to HK\$2.52. Share option expense of US\$1,579,000 (2007: US\$262,000) was recognised for the six months ended 30th June, 2008.

## 16 SHARE-BASED PAYMENTS (Continued)

The following assumptions were used to calculate the fair values of share options:

Closing share price at the date of grant	HK\$5.25
Exercise price	HK\$5.14
Vesting period:	
Tranche 1	from 28th June, 2007 to 27th June, 2008
Tranche 2	from 28th June, 2007 to 27th June, 2009
Tranche 3	from 28th June, 2007 to 27th June, 2010
Option life	10 years
Expected volatility	48%
Semi-annual dividend yield	1%
Risk-free interest rate	4.78%

The Binomial option pricing model has been used to estimate the fair values of the options. The variables and assumptions used in computing the fair values of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in the profit and loss, with a corresponding adjustment to the share options reserve.

## 17 PARTIAL DISPOSAL OF A SUBSIDIARY

In January 2007, the Company completed its disposal of 20%, 7% and 2% equity interest of Hui Zhou Pacific Container Co., Ltd. to China Shipping Investment Co., Ltd., Mitsubishi Corporation and Mitsubishi Corporation (Hong Kong) Limited, respectively. Gain on partial disposal of a subsidiary of US\$1,219,000 was recognised for the six months ended 30th June, 2007.

## 18 CONTINGENT LIABILITIES

	As at 30th June, 2008 US\$'000	As at 31st December, 2007 US\$'000
Guarantees for bank facilities utilised by a jointly controlled entity	7,985	4,000

## 19 CAPITAL COMMITMENTS

	As at 30th June, 2008 US\$'000	As at 31st December, 2007 US\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for	4,823	4,002

## 20 RELATED PARTIES TRANSACTIONS

During the period, the Group entered into the following trading transactions with related parties that are not members of the Group:

	Six months ended	
	30th June, 2008 US\$'000	30th June, 2007 US\$'000
Sales to ultimate holding company (note)	–	9,940
Sales to a fellow subsidiary (note)	1,163	1,254
Sales to a related company (note)	3,404	3,224
Rental income received from a fellow subsidiary (note)	30	30

During the reporting period, the Company disposed of a majority of its swap derivative financial instruments with an aggregate notional amount of US\$371.5 million to STL at a total consideration of net payments of US\$120,000. The consideration as agreed by both parties is an approximate fair value by reference to the estimated unwinding value provided by the swap derivative financial instruments counterparty as at the date of disposal.

*Note: The fellow subsidiaries are Pacific International Lines (China) Ltd. and PIL Logistics (China) Ltd. in which PIL has 100% effective interest. The related company is Pacific International Lines (H.K.) Limited, in which Messrs. Chang Yun Chung, Teo Siong Seng and Teo Tiou Seng, Directors have beneficial interests.*

The balances with related parties are disclosed in the condensed consolidated balance sheet. All such balances are subject to normal credit terms of 30 days to 90 days.

### *Compensation of key management personnel*

The remuneration of Directors and other members of key management during the period was as follows:

	Six months ended	
	30th June, 2008 US\$'000	30th June, 2007 US\$'000
Short-term benefits	651	631
Post-employment benefits	17	16
Share-based payments	1,207	200
	1,875	847

The remuneration of Directors and key executives is reviewed by the remuneration committee having regard to the performance of individuals and market trends.





## **BUSINESS REVIEW**

For the six months ended 30th June, 2008, the Group reported consolidated revenue of US\$761,971,000, similar to what was reported in the corresponding period of last year. On the other hand, affected by the loss from unwinding a majority of the Company's swap derivative financial instruments during the reporting period, increasing borrowing costs due to tightening credit in the PRC and increasing income tax expense as a result from a new income tax law implemented by the PRC, consolidated net profit attributable to equity holders of the Company decreased by 16.7% to US\$13,569,000, while earnings per share declined to US1.93 cents (1H2007: US2.66 cents).

In facing an increasingly challenging business environment for the global liner shipping industry and slowdown in export trade growth in the PRC, Singamas continued its unwavering efforts in capturing opportunities in the market and managing costs, leading to enhanced gross and operating margins during the period under review.

### **MANUFACTURING**

Continuing to contribute a majority of the Group's revenue, the manufacturing operation reported consolidated revenue of US\$743,258,000, thus accounting for 97.5% of the Group's total revenue during the review period. Profit before taxation and minority interests reached US\$18,736,000 against US\$15,119,000 of the same period last year.

The subprime mortgage crisis in the U.S., escalating oil prices and high inflation adversely affected the global economy as well as the export trade from the PRC. This has in turn affected new container demand. Accordingly, overall production dropped by 16.7% to 350,131 twenty-foot equivalent units ("TEUs"). Despite the lower production figure, the Group was pleased to report increased output of higher margin tank containers which command a higher average selling price of US\$30,089 compared with US\$2,131 for its dry freight counterpart.

Higher raw material costs, in particular for Corten steel, drove up container selling prices. Average selling price for a 20-foot dry freight container increased to US\$2,131, representing an increase of 11.4% over the last corresponding period of US\$1,913.

At the same time, effective cost control measures, higher productivity, better management of material supply and slowing down in Renminbi appreciation against U.S. dollars accounted for the improved gross and operating margins.

The performance of U.S. domestic containers and chassis manufactured at the Qingdao plant remains steady. The tank container production plant in Shunde began generating profits and achieved an upswing with output reaching 801 units during the first half of 2008 against 264 units produced in the same period of last year, which is in line with the Group's plans to expand its specialised containers.

### **LOGISTICS SERVICES**

Among the world's top 20 container ports in 2007, seven are in the PRC, namely Shanghai, Hong Kong, Shenzhen, Qingdao, Ningbo, Guangzhou and Tianjin. In the first half of 2008, container throughput at these major PRC ports, where the Group's container depots/ terminals are located, maintained healthy growth. During the period under review, the Group's logistics operations, including container depots, terminals and mid-stream operation, handled a total of 2,538,000 TEUs of containers, representing an increase of 5.7% over the corresponding period of last year. Accordingly, revenue rose by 16.8% to US\$18,713,000. Profit before taxation and minority interests was US\$6,336,000, which is 8.1% higher than the first half of 2007.

## **BUSINESS REVIEW** *(Continued)*

### **PROSPECTS**

Management remains cautious about the macroeconomic environment for the second half of 2008 in view of the global economy's presently weakened state. The subprime mortgage crisis in the U.S. may continue to bring downwards pressure, thereby hindering the consumption pattern of developed countries, decreasing imports, and potentially, cargo throughput in the PRC. Hence, it will depend on the speed in which the global economy recovers that demand for new containers and logistics services will be determined.

With the specialised container market continuing to grow at a healthy rate, the Group has sought to enhance its product mix by upgrading the dry freight container factory in Shanghai operated by Shanghai Pacific International Container Co., Ltd. ("Shanghai Pacific") into producing tank containers after its relocation. Upon the facility's relocation in 2010, the Group will be able to increase its total production capacity of tank containers to over 10,000 units annually, up from the current 5,000 units. In addition, the maximum annual production capacity of the refrigerated container factory has increased from 20,000 TEUs to 33,000 TEUs currently.

The Group expects the replacement rate for old containers to increase from 2008 onwards should the erratic economic conditions begin to dissipate. Spurring this growth will be the stabilisation of raw material prices which have thus far been on an upward trend and are expected to further stabilise in the fourth quarter of this year. The relocation of Xiamen Pacific Container Manufacturing Co., Ltd. is expected to be completed by end of 2009, while Shanghai Pacific's plant relocation will be finished by early 2010. The Group has successfully upgraded and increased the maximum annual production capacity of Shanghai Baoshan Pacific Container Co., Ltd. from 170,000 TEUs to 200,000 TEUs starting from February 2008.

As a further means of tending to market dictates, the Group will continue investigating opportunities for organic growth that not only will enhance its manufacturing capabilities, but also bolster its logistics services operation.

### **INTERIM DIVIDEND**

The Directors are pleased to declare an interim dividend of HK4 cents per ordinary share (2007: HK6 cents per ordinary share) for the six months ended 30th June, 2008, payable on or before Friday, 31st October, 2008 to shareholders whose names appear on the Register of Members of the Company at close of business on Thursday, 23rd October, 2008.

### **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 20th October, 2008 to Thursday, 23rd October, 2008, 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 4:30 p.m. on Friday, 17th October, 2008.



## 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, 2008 (“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 Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2008, the Group had bank balances and cash of US\$115,544,000 (31st December, 2007: US\$119,048,000) and total interest-bearing borrowings of US\$569,463,000 (31st December, 2007: US\$415,223,000). This represented a gearing ratio, calculated on the basis of the Group’s total interest-bearing borrowings over equity attributable to equity holders of the Company, of 1.78 (31st December, 2007: 1.36) 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\$115,544,000) over equity attributable to equity holders of the Company, of 1.42 (31st December, 2007: 0.97). The increase in total interest-bearing borrowings was largely attributable to higher working capital requirements as a result from rising material costs and more raw materials were purchased in preparation for the traditional peak season.

With tightening credit, especially in the PRC, borrowing costs of the Group have been increasing since second half of 2007. Due to higher interest-bearing borrowings as well as financial costs, the interest coverage ratio of the Group’s profit before interest, tax, depreciation and amortisation (EBITDA) to total net interest expense decreased to 3.56 times for the six months ended 30th June, 2008 (2007: 3.29 times).

## TREASURY POLICIES

The Group’s treasury policies adopted for the six months ended 30th June, 2008 are consistent with those disclosed in the Group’s 2007 Annual Report.

A 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, 2008, the maturity profile spread over a period of five years with US\$471,547,000 repayable within one year and US\$97,916,000 within five years. The Group’s borrowings are principally on a floating rate basis. As at 30th June, 2008, the Company has outstanding interest rate swap contracts with an aggregate notional amount of US\$131.5 million (2007: US\$125 million) to hedge against the floating rate interest risk for certain term loans granted for the financing of various business acquisitions of the Company.

## **DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES**

On 20th May, 2005, the Company entered into a facility agreement (the “Facility Agreement”) with a syndicate of banks in respect of the US\$100,000,000 term loan and revolving credit facilities (“Facility”) for a term of five years for the purposes of refinancing the US\$40,000,000 term loan and revolving credit facilities provided to the Company under a facility agreement dated 30th September, 2003 between the Company and a group of financial institutions named therein and funding certain business acquisitions and the working capital requirements of the Group. The Facility Agreement includes conditions to the effect that PIL, a substantial and controlling shareholder of the Company, continues to be the controlling shareholder (as defines in the Listing Rules) and the single largest beneficial shareholder of the Company. A breach of the above conditions will constitute an event of default under the Facility Agreement. If such an event of default occurs, all amounts outstanding under the Facility may become immediately due and payable. This disclosure is made in accordance with the continuing disclosure requirement under the Listing Rules.

## **CHARGES ON ASSETS**

As at 30th June, 2008, no asset of the Group (31st December, 2007: nil) was pledged as securities to any third parties.

## **CONTINGENT LIABILITIES**

During the period, the Company provided guarantees to banks as securities for credit facilities granted to certain subsidiaries and a jointly controlled entity in the PRC. As at 30th June, 2008, total amount of credit facilities of which guarantees were provided, utilised by the jointly controlled entity was US\$7,985,000.

## **REMUNERATION POLICIES AND NUMBER OF EMPLOYEES**

The remuneration policies adopted for the six months ended 30th June, 2008 are consistent with those disclosed in the Group’s 2007 Annual Report. As at 30th June, 2008, the Group, including its subsidiaries but excluding associates and jointly controlled entities, employed 13,104 full-time employees.

## **DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30th June, 2008, the interests or short positions of the Directors in the shares, underlying shares or debentures 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 Issuers (“Model Code”) contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

### (A) ORDINARY SHARES OF HK\$0.10 EACH OF THE COMPANY

Name	Capacity	Number of Shares/ Underlying Shares Held		Total Interest	Percentage of Issued Shares
		Personal Interest	Corporate Interest		
Mr. Chang Yun Chung (Notes 1 & 2)	Beneficial Owner	600,000	310,650,178	311,250,178	44.28
Mr. Teo Siong Seng (Note 3)	Beneficial Owner	19,234,000	–	19,234,000	2.74

*Notes:*

- (1) A total of 310,650,178 shares are held by PIL in which Mr. Chang Yun Chung is interested, in aggregate, in 496,800,000 shares representing 89.61% of the issued share capital of PIL. Mr. Chang Yun Chung's interest in shares of PIL comprises a personal interest in 79,275,000 shares and corporate interests in 175,500,000 shares through South Pacific International Holdings Limited, a company in which he holds 1.87% of the issued share capital and 242,025,000 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 3,600,000 shares and 2,400,000 shares respectively and representing 0.65% and 0.43% of the issued share capital of PIL.
- (2) The personal interest of Mr. Chang Yun Chung represents the interest in 600,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".
- (3) The personal interest of Mr. Teo Siong Seng represents the interest in 13,234,000 shares and interest in 6,000,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".

All the interests disclosed above represent long position in the shares and underlying shares of the Company.

### (B) SHARE OPTIONS

At the 2007 annual general meeting of the Company held on 1st June, 2007, ordinary resolution was passed by shareholders to approve the adoption of a share option scheme (the "Option Scheme"). The Board was authorised to grant options to selected grantees of the Group, to subscribe for shares in the Company ("Shares"). The number of underlying shares available under the Option Scheme shall not, in aggregate, exceed 10% of the issued Shares as at 1st June, 2007. All options shall be unvested options upon grant and unvested options shall vest automatically subject to selected grantees continuing to be a participant and in accordance with the provisions in the Option Scheme. The exercise price of the options shall be determined and notified by the Board, and shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date (which must be a business day) when an offer of the grant of an option is made to a participant of the Option Scheme in accordance with the provisions of the Option Scheme ("Offer Date"); (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the Offer Date; and (iii) the nominal value of the Shares.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

### (B) SHARE OPTIONS *(Continued)*

#### Outstanding Options

As at 30th June, 2008, there are options relating to 18,800,000 Shares granted by the Company pursuant to the Option Scheme which are valid and outstanding.

Movement of the share options under the Option Scheme during the period is as follows:

Name/Category of Participants	Number of Share Options				As at 30/6/2008	Grant Date	Exercisable Period <i>(Note a)</i>	Exercise Price HK\$
	As at 1/1/2008	Granted	Exercised	Lapsed				
<b>Directors</b>								
Chang Yun Chung	200,000	-	-	-	200,000	28/6/2007	28/6/2008-27/6/2017	5.14
	200,000	-	-	-	200,000	28/6/2007	28/6/2009-27/6/2017	5.14
	200,000	-	-	-	200,000	28/6/2007	28/6/2010-27/6/2017	5.14
	600,000	-	-	-	600,000			
Teo Siong Seng	2,000,000	-	-	-	2,000,000	28/6/2007	28/6/2008-27/6/2017	5.14
	2,000,000	-	-	-	2,000,000	28/6/2007	28/6/2009-27/6/2017	5.14
	2,000,000	-	-	-	2,000,000	28/6/2007	28/6/2010-27/6/2017	5.14
	6,000,000	-	-	-	6,000,000			
Hsueh Chao En	500,000	-	-	-	500,000	28/6/2007	28/6/2008-27/6/2017	5.14
	500,000	-	-	-	500,000	28/6/2007	28/6/2009-27/6/2017	5.14
	500,000	-	-	-	500,000	28/6/2007	28/6/2010-27/6/2017	5.14
	1,500,000	-	-	-	1,500,000			
Jin Xu Chu	400,000	-	-	-	400,000	28/6/2007	28/6/2008-27/6/2017	5.14
	400,000	-	-	-	400,000	28/6/2007	28/6/2009-27/6/2017	5.14
	400,000	-	-	-	400,000	28/6/2007	28/6/2010-27/6/2017	5.14
	1,200,000	-	-	-	1,200,000			
Teo Tiou Seng	100,000	-	-	-	100,000	28/6/2007	28/6/2008-27/6/2017	5.14
	100,000	-	-	-	100,000	28/6/2007	28/6/2009-27/6/2017	5.14
	100,000	-	-	-	100,000	28/6/2007	28/6/2010-27/6/2017	5.14
	300,000	-	-	-	300,000			
Kuan Kim Kin	100,000	-	-	-	100,000	28/6/2007	28/6/2008-27/6/2017	5.14
	100,000	-	-	-	100,000	28/6/2007	28/6/2009-27/6/2017	5.14
	100,000	-	-	-	100,000	28/6/2007	28/6/2010-27/6/2017	5.14
	300,000	-	-	-	300,000			
Ngan Man Kit, Alexander	100,000	-	-	-	100,000	28/6/2007	28/6/2008-27/6/2017	5.14
	100,000	-	-	-	100,000	28/6/2007	28/6/2009-27/6/2017	5.14
	100,000	-	-	-	100,000	28/6/2007	28/6/2010-27/6/2017	5.14
	300,000	-	-	-	300,000			
Ong Ka Thai	100,000	-	-	-	100,000	28/6/2007	28/6/2008-27/6/2017	5.14
	100,000	-	-	-	100,000	28/6/2007	28/6/2009-27/6/2017	5.14
	100,000	-	-	-	100,000	28/6/2007	28/6/2010-27/6/2017	5.14
	300,000	-	-	-	300,000			

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

### (B) SHARE OPTIONS (Continued)

#### Outstanding Options (Continued)

Name/Category of Participants	Number of Share Options					Grant Date	Exercisable Period (Note a)	Exercise Price HK\$
	As at 1/1/2008	Granted	Exercised	Lapsed	As at 30/6/2008			
Soh Kim Soon	100,000	-	-	100,000	-	28/6/2007	28/6/2008-27/6/2017	5.14
(Note b)	100,000	-	-	100,000	-	28/6/2007	28/6/2009-27/6/2017	5.14
	100,000	-	-	100,000	-	28/6/2007	28/6/2010-27/6/2017	5.14
	300,000	-	-	300,000	-			
<b>Sub-total</b>	10,800,000	-	-	300,000	10,500,000			
<b>Employees (Note c)</b>								
<b>In aggregate</b>								
	2,300,000	-	-	300,000	2,000,000	28/6/2007	28/6/2008-27/6/2017	5.14
	2,300,000	-	-	300,000	2,000,000	28/6/2007	28/6/2009-27/6/2017	5.14
	2,300,000	-	-	300,000	2,000,000	28/6/2007	28/6/2010-27/6/2017	5.14
<b>Sub-total</b>	6,900,000	-	-	900,000	6,000,000			
<b>All other employees</b>								
<b>In aggregate</b>								
	766,666	-	-	-	766,666	28/6/2007	28/6/2008-27/6/2017	5.14
	766,667	-	-	-	766,667	28/6/2007	28/6/2009-27/6/2017	5.14
	766,667	-	-	-	766,667	28/6/2007	28/6/2010-27/6/2017	5.14
<b>Sub-total</b>	2,300,000	-	-	-	2,300,000			
<b>Total</b>	20,000,000	-	-	1,200,000	18,800,000			

#### Notes:

- (a) The options are to be vested and exercisable in three tranches on 28th June, 2008, 2009 and 2010 respectively and up to 27th June, 2017.
- (b) Mr. Soh Kim Soon retired from office at the 2008 annual general meeting held on 6th June, 2008 and did not offer himself for re-election.
- (c) Employees are working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance.
- (d) The above options granted are recognised as expenses in the accounts in accordance with the Company's accounting policies as set out in the annual accounts for the year ended 31st December, 2007. Other details of share options granted by the Company are set out in note 16 to the condensed consolidated financial statements.

Other than those disclosed in note 20 to the condensed consolidated financial statements (which were approved by the independent non-executive Directors and in the opinion of the Directors were carried out on normal commercial terms and 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 had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

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 contained in the Listing Rules, to be notified to the Company or the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June, 2008, according to the register kept by the Company pursuant to Section 336 of the SFO, and so far as was known to any Director, the following persons (other than the interests of certain Directors disclosed under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" 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:

Name	Notes	Number of Ordinary Shares of HK\$0.10 Each		Percentage of Total Issued Shares
		Direct Interest	Indirect Interest	
Madam Lee Kheng Wah	(1)	–	311,250,178 (L)#	44.28
PIL	(2)	310,650,178 (L)#	–	44.19
UBS AG		56,845,000 (L)#	–	8.09
		2,117,000 (S)#	–	0.30
Y.C. Chang & Sons Private Limited	(3)	–	310,650,178 (L)#	44.19

(L)# – Long Position

(S)# – Short Position

Notes:

- (1) Madam Lee Kheng Wah, as the spouse of Mr. Chang Yun Chung, is deemed to be interested in these shares.
- (2) A full explanation of these shares is disclosed under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.
- (3) 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, 2008, 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.

## CORPORATE GOVERNANCE PRACTICES

The Company has fully complied with all the applicable principles in the code provisions and adopted certain recommended best practices in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The corporate governance practices adopted for the six months ended 30th June, 2008 are consistent with those disclosed and outlined in the Group's 2007 Annual Report.

## STATEMENT OF DIRECTOR RESPONSIBILITIES FOR FINANCIAL STATEMENTS

All Directors acknowledge that they are responsible for overseeing the preparation of financial statements. In preparing the financial statements for the six months ended 30th June, 2008, the Directors have selected suitable accounting policies and applied them consistently, adopted of all applicable new Hong Kong Financial Reporting Standards which are in conformity to the International Financial Reporting Standards, made judgements and estimates that are prudent and reasonable and prepared the accounts on the going concern basis.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of the Directors, all Directors have complied with, for any part of the accounting period covered by this Interim Report, the required standard set out in the Model Code and its code of conduct regarding directors' securities transaction.

On Behalf of the Board  
**Chang Yun Chung**  
*Chairman*

As at the date of this report, the Board 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. Jin Xu Chu  
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. Yang, Victor

Hong Kong, 4th September, 2008