Contents

Singamas Operations

F FACTORIES

Shanghai
(Dry Freight Containers)

Shanghai
(Refrigerated Containers)

Yixing
(Collapsible Flatrack & Specialised Containers)

Shunde
(Dry Freight & Specialised Containers)

Xiamen Pacific
(Dry Freight & Specialised Containers)

Surabaya
(Dry Freight & Specialised Containers)

D DEPOTS

Dalian
Tianjin
Qingdao
Shanghai
Ningbo
Xiamen
Hong Kong

M MID-STREAM

Hong Kong

Corporate Information

EXECUTIVE DIRECTORS

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

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

NON-EXECUTIVE DIRECTOR

Mr. Kuan Kim Kin #

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ong Ka Thai #
Mr. Ping Kim #

Audit Committee Member

COMPANY SECRETARY

Ms. Tam Shuk Ping, Sylvia

SOLICITORS

Herbert Smith
23rd Floor, Gloucester Tower
11 Peddar Street
Hong Kong

PUBLIC RELATIONS CONSULTANT

Strategic Financial Relations Limited
Unit A, 29/F., Admiralty Centre I
18 Harcourt Road
Hong Kong

REGISTERED OFFICE

Unit 604-606, 6th Floor
AXA Centre
151 Gloucester Road
Wanchai
Hong Kong

SHARE REGISTRAR

Central Registration Hong Kong Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITORS

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

PRINCIPAL BANKERS

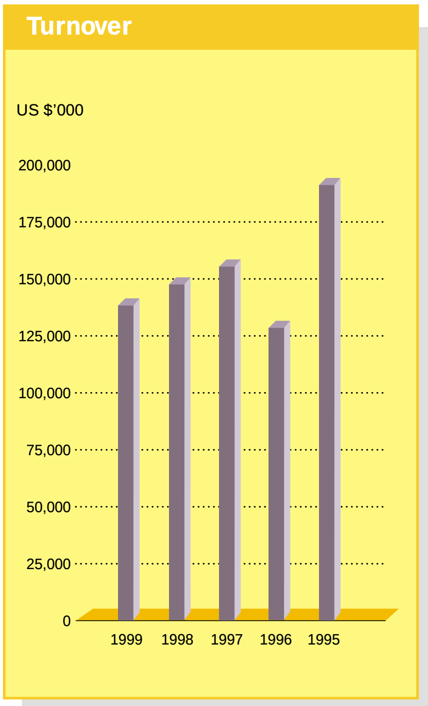
Agricultural Bank of China
Bank of America National Trust and Savings Association
KBC Bank N.V.
Keppel TatLee Bank Limited
Bank of China
Overseas-Chinese Banking Corporation Limited
Sin Hua Bank Limited
The Bank of Nova Scotia
The Development Bank of Singapore Limited
The Hongkong & Shanghai Banking Corporation Limited

Financial Highlights

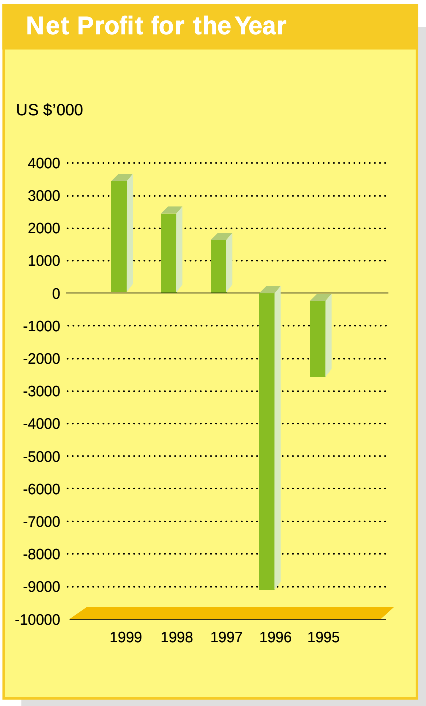
	1999	1998	1997	1996	1995
	(US$)	*(US$)*	*(US$)*	*(US$)*	*(US$)*
Turnover	**138,056,000**	147,597,000	155,449,000	128,534,000	191,569,000
Profit/(Loss) from operations	**7,054,000**	8,267,000	8,055,000	(6,186,000)	(3,360,000)
Net profit/(loss) for the year	**3,424,000**	2,445,000	1,625,000	(9,104,000)	(2,566,000)
Earnings/(loss) per share	**0.75 cent**	0.54 cent	0.36 cent	(2.25) cents	(0.68) cent
Net asset value per share	**9.11 cents**	8.35 cents	7.83 cents	8.68 cents	10.14 cents
Shareholders' funds	**41,526,000**	38,080,000	35,696,000	35,100,000	38,540,000
Bank balances and cash	**16,286,000**	18,295,000	19,133,000	9,508,000	18,528,000
Total borrowings	**52,360,000**	44,875,000	59,313,000	72,065,000	82,090,000
Current ratio	**1.22 to 1**	1.23 to 1	1.11 to 1	1.11 to 1	1.30 to 1
Gearing ratio	**0.87x**	0.67x	1.05x	1.61x	1.55x

Note: Financial information for prior periods have been re-adjusted to reflect the change in accounting policy with respect to the write-off of pre-operating expenditure as described in note 2 to the financial statements.

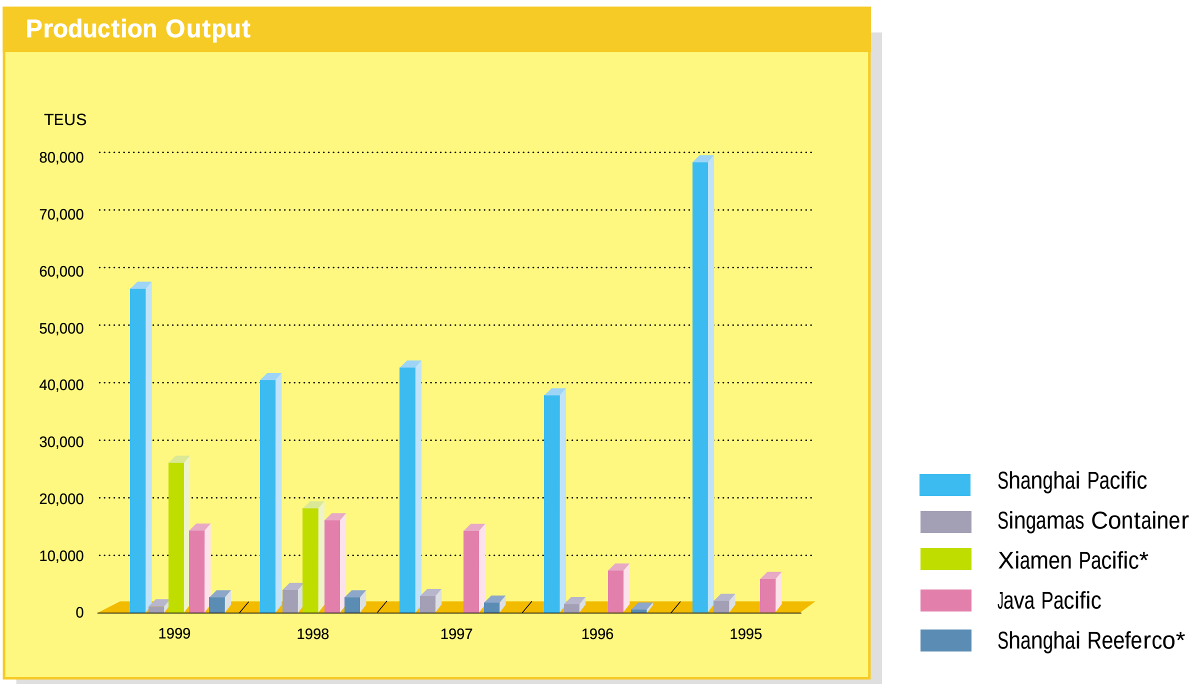
Turnover



Net Profit for the Year



Production Output

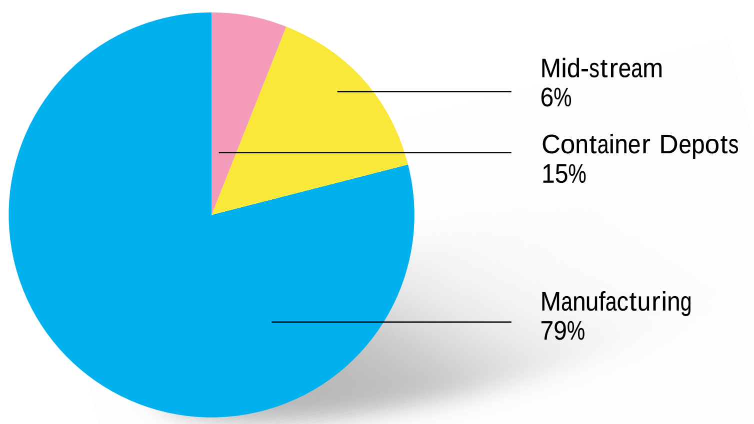


** Singamas Container Holdings Limited took over management of Xiamen Pacific in January, 1998, and Shanghai Reeferco commenced commercial operations on 1st July, 1996.*

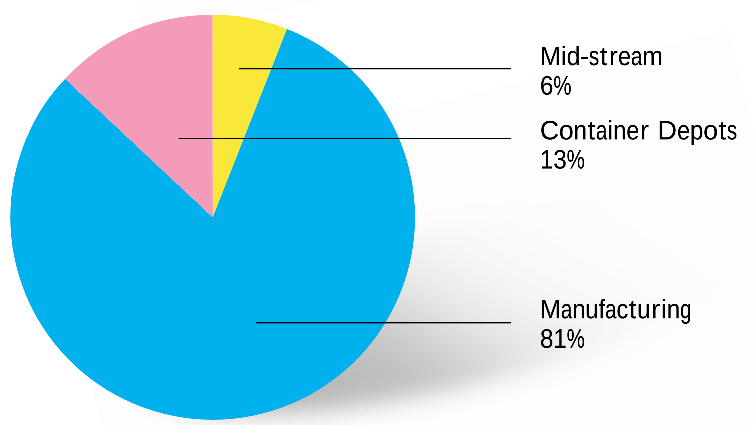
Financial Highlights (continued)

Turnover by Business Segment

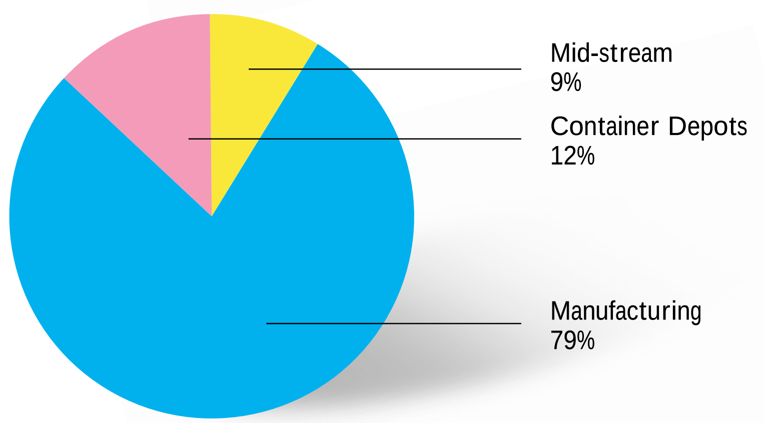
For the year ended 31st December, 1999



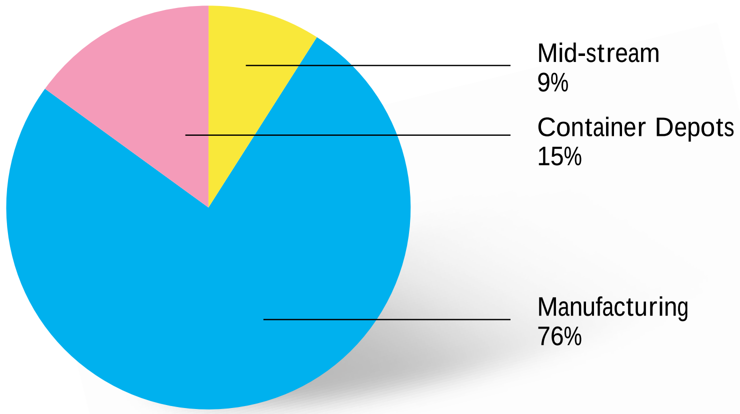
For the year ended 31st December, 1998



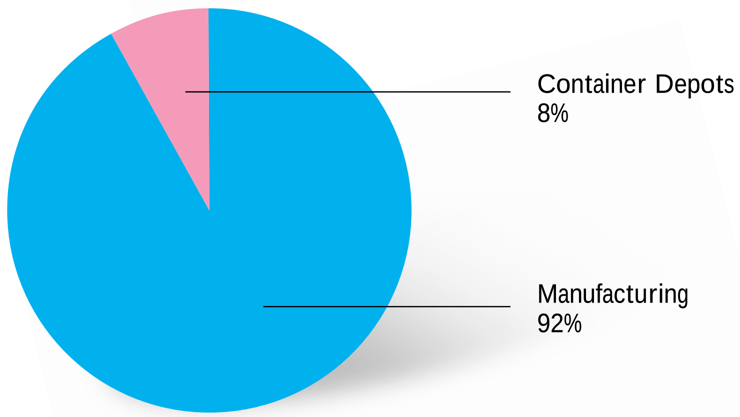
For the year ended 31st December, 1997



For the year ended 31st December, 1996



For the year ended 31st December, 1995



Mr. Chang Yun Chung
Chairman

TO OUR SHAREHOLDERS

On behalf of the Board of Directors, I would like to present the 1999 operating results of Singamas Container Holdings Limited (the "Company") and its subsidiaries (together the "Group"). For the year ended 31st December, 1999, the Group recorded a turnover of US$138,056,000 which was 6.5 per cent lower than the previous year. However, total consolidated net profit increased substantially to US$3,424,000, 40 per cent higher than the previous year's figure of US$2,445,000.

This positive result was mainly attributable to the outstanding performance of the Group's container depot operations in the People's Republic of China (the "PRC"). With the Group's comprehensive and well-established depot network covering from north to south along the prosperous coastal cities of the PRC and the strong container throughput in these regions, the Group's PRC container depots achieved satisfactory performance.

Demand for new container improved in the second half of 1999. However, the soft container prices and keen competition in the PRC market affected overall performance of the Group's container manufacturing operations. Nevertheless, the Group's comprehensive network of container manufacturing factories enhanced the Group's competitiveness and market position in the PRC and providing long-term profitability for the Group.

1999 has been a year of rapid business recovery for the Group after the Asian economic slump in 1997. During the year under review, the Group closely monitored the business environment and reacted promptly to market changes, taking the initiative to implement a number of changes to the way it traditionally conducted its business. The Group has also strengthened existing marketing networks to prepare for the recovery in the market.

BUSINESS REVIEW

Singamas was listed on The Stock Exchange of Hong Kong Limited in 1993 and is one of the world's leading container manufacturers and a major operator of container depot and terminal in the Asian-Pacific region. The Group operates and/or manages six production factories, five in the PRC, including the newly added container manufacturing factory located in Shunde, Shun An Da Container Manufacturing Co., Ltd. ("Shun An Da"), and one in Surabaya, Republic of Indonesia ("Indonesia"), producing dry freight containers, collapsible flatrack containers ("flatrack"), open top containers ("open top") Chlorofluorocarbon ("CFC") free refrigerated containers ("reefer"), other specialised containers and container parts. It also operates eight container depots, two in Hong Kong and six in the PRC - the latest in Dalian, and a mid-stream operation in Hong Kong.

Mr. Teo Siong Seng
President & Chief Executive Officer

CONTAINER MANUFACTURING OPERATIONS

Accounting for approximately 79.5 per cent of the total turnover, container manufacturing remained the Group's core business and recorded sales of US$109,812,000 for the year 1999, representing a decrease of 8.1 per cent and a profit before taxation and minority interests of US$917,000, a 73.6 per cent drop as compared to the previous year.

Though the industry witnessed a severe imbalance of trade flow and increase in raw material costs, especially plywood, in the first half of 1999, the business environment improved in the second half of the year. With the strengthening of Asian currencies and increase in trade activity, the imbalance in trade flow narrowed and container demand increased. At the same time, the cost of raw materials stabilized. However, average selling price for dry freight containers declined from 1998's US$1,600 per twenty-foot equivalent unit ("TEU") to US$1,475 in 1999. As a result, both the turnover and profit of the container manufacturing operations were affected. In order to capture a larger market share and achieve economy of scale, the Group increased its overall production by 23.8 per cent from 81,422 TEUs in 1998 to 100,833 TEUs in 1999.

Shanghai Pacific International Container Co., Ltd. ("Shanghai Pacific"), located in Shanghai, the PRC, is one of the world's largest single production line dry freight factories. To increase its market share, Shanghai Pacific restarted its second production shift in 1999, which was previously suspended in the second half of 1996. Production increased 40.2 per cent from 40,262 TEUs in 1998 to 56,428 TEUs.

Xiamen Pacific Container Manufacturing Co., Ltd. ("Xiamen Pacific"), the only container manufacturing factory in Xiamen and the Fujian Province, provided good returns to the Group in the year under review. Production increased by 42.7 per cent and reached 26,069 TEUs in 1999. This achievement was due to its high production efficiency, the Group's experienced management and the good demand in the area.

Singamas Container Industry Co., Ltd. ("Singamas Container"), located in Yixing, Jiangsu Province, the PRC, specialises in the production of flatrack. Affected by a slowdown in demand, Singamas Container produced only 1,126 TEUs, representing a 72.6 per cent decrease from 1998.

Performance of P.T. Java Pacific Container Factory, the Group's dry freight container manufacturing factory located in Surabaya, Indonesia remained stable. During the year under review, the factory produced 14,330 TEUs.

Shanghai Reeferco Container Co., Ltd. ("Shanghai Reeferco") specialises in the production of environmentally friendly reefer. Under the Montreal Protocol, all CFC-based system reefer must be replaced by CFC-free reefer by the year 2000. Also with the improvement in Asian economy, the global demand for reefer increased substantially. Although the stiff competition in the PRC market continued to affect Shanghai Reeferco's performance, the factory managed to narrow its losses substantially. It produced 2,880 TEUs of reefer in 1999, an increase of 22.8 per cent against 1998.

On 16th July, 1999, the Company entered an agreement with Shun An Da, to take over the operation and management of this container-manufacturing factory. The inclusion of Shun An Da strengthened the Group's business growth and competitiveness by establishing a wider manufacturing network in the PRC. Shun An Da has two production lines with an annual capacity of 120,000 TEUs. Shun An Da's advanced production facilities, skilled labour and strategic location, together with the Group's established customer base in the international container market and its existing manufacturing network will greatly enhance the Group's business in the container manufacturing industry.

CONTAINER DEPOT OPERATIONS

During the year under review, container depot operations achieved a turnover of US$20,261,000 (1998: US$19,238,000), and registered a profit before taxation and minority interests of US$2,588,000, as compared to US$251,000 in 1998.

The improvement was primarily due to the Group's container depot business in the PRC. With increased container throughput in the PRC, the Group's depot operations in the PRC experienced robust growth and they collectively achieved sales of US$12,232,000 and a profit before taxation and minority interests of US$1,840,000, increased by 15 per cent and 426 per cent respectively from 1998.

On 24th December, 1999, the Company's wholly owned subsidiary, Singamas Terminals (China) Limited signed a joint venture agreement with Dalian Container Terminal Co., Ltd., Dalian Port Container Comprehensive Development Company, China Dalian Ocean Shipping Agency and Clear Freight Inc. to invest in Dalian Singamas International Container Co., Ltd. ("DSIC"), formerly known as Dalian International Container Service Co., Ltd. ("DICC"). DICC is a container depot located in Dalian, PRC and it has been in operation since 1989. It has a total area of approximately 25,000 sq. meters and a daily storage capacity of approximately 4,000 TEUs. Singamas will take over the management in April 2000.

The Group believes that the addition of DSIC will further enhance the Group's container depot network. The Group now operates six container depots in the PRC located from the north to the south of the coastal cities in Dalian, Tianjin, Qingdao, Shanghai, Ningbo and Xiamen, which will further strengthen the Company's presence and market position in the PRC.

During the first half of the year, the dramatic slowdown in cargo throughput and higher idle leased container inventory in Hong Kong increased the Group's Hong Kong depots' empty container storage business. However, with the significant growth in cargo throughput during the second half of the year, the Hong Kong container depot operations witnessed a slowdown and began to show a decline in the fourth quarter of 1999. Nevertheless, overall performance of the Hong Kong depot operations improved from 1998 and recorded a profit before taxation and minority interests of US$748,000 in 1999.

MID-STREAM OPERATION

The mid-stream operation managed to achieve sales volume of US$7,983,000 in 1999 and profit before taxation and minority interests increased from US$908,000 in 1998 to US$1,167,000. This positive performance was mainly due to improvement in efficiency and better container throughput. The Group is confident that it will continue to contribute positively to the Group in the future.

PROSPECTS

The management of the Company is optimistic for the business environment in 2000. Recent published statistics indicate that the shipping industry is recovering. This together with the rising trade volume in the region is expected to increase the container demand and business opportunities for the Group's container manufacturing and depot business, especially in the PRC.

As one of the leading container manufacturers in the world, the Group is well positioned to benefit from this buoyant market. Over the years, the Group has established a solid manufacturing network in the PRC. The Group will continue to explore further opportunities to extend this network by joint co-operations or acquisitions of factories in strategic locations. The Group believes that companies with sizable and efficient operations and enlarged marketing network are able to seize further business opportunities.

Container depot operations in the PRC experienced considerable growth in 1999 and management is confident that the upward trend will continue in 2000. The depot network, stretching from the north to the south of the PRC, provides customers more quality services and at the same time enhances the Group's competitiveness in the market. The Group will continue to identify strategic locations to extend its network, thus further increasing its market penetration.

In the view of providing quality customer services, the Group is currently establishing an e-commerce business model, an online system to conduct business electronically. The system will be installed in all of the Group's factories, container depots and mid-stream operation. In the future, customers will be able to access up to date information and place orders via the Internet.

CONCLUSION

On behalf of the Board of Directors, I would like to take this opportunity to extend my sincere thanks to our customers, suppliers, bankers, investors and business partners for their continuous co-operation and support, patronage and confidence in the Group. I would also like to thank my colleagues for their efforts and hard work. They have made a significant contribution to the year's results. In the future, we will continue our hard work to sustain growth and bring in better returns for our investors.

Chang Yun Chung
Chairman

Hong Kong, 27th April, 2000

Directors and Senior Management Profile

DIRECTORS

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

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

* *Audit Committee Member*

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

Mr. Chang Yun Chung, aged 81, Chairman, appointed on 20th April, 1993, started his shipping career in Singapore in 1949 and is the founder of Pacific International Lines (Private) Limited ("PIL"), a substantial shareholder of the Company. Mr. Chang is presently the Executive Chairman of the PIL group of companies in Singapore which is engaged in shipping and related business. Mr. Chang is a director of many companies including Far East Levingston Shipbuilding Limited of Singapore and Tranpac Shipping Enterprises Limited of Hong Kong. He is also the Chairman and Deputy Chairman of Malaysia Shipping Corporation Sdn. Bhd. and Pacific Seatrans Lines Pte. Ltd. of Thailand respectively.

Mr. Teo Siong Seng, *B.Sc. (Naval Architect),* aged 45, appointed on 20th April, 1993 and became the President and Chief Executive Officer of the Company on 1st February, 1997. He is also a director of various subsidiaries of the Company. Mr. Teo is a son of Mr. Chang Yun Chung and started his shipping career with the PIL Group in 1979 and was appointed as Managing Director of PIL in October, 1992. Mr. Teo is also on the boards of various Sino-foreign joint-venture companies engaged in shipping, marine consultancy and container depot operations. Mr. Teo is a director of Port of Singapore Marine (Pte.) Ltd. and is also a Council Member of the Singapore Chinese Chamber of Commerce and Industry.

Mr. Hsueh Chao En, *Dip. Eng.,* aged 47, appointed on 16th May, 1997, joined Shanghai Pacific in July, 1989 and was appointed as Vice President-Manufacturing Operations of the Company on 1st June, 1993. Mr. Hsueh is a director of various subsidiaries of the Company and is also the Vice President of Shanghai Pacific responsible for the Technical Division within the Production Department and the Quality Control Department. Prior to joining the Company, he had over 10 years' experience as a Plant Manager in various container manufacturing plants in Taiwan.

Mr. Teo Tiou Seng, aged 47, appointed on 26th June, 1996 and is also a director of various subsidiaries of the Company. Mr. Teo is a son of Mr. Chang Yun Chung and has engaged in shipping business since 1977. He has more than 24 years of experience both in container transport and passenger liner covering mainly intra-Asia and Australia. Mr. Teo is the Managing Director of Pacific International Lines (Hong Kong) Limited and President of Pacific International Lines (Japan) Limited.

Mr. Kuan Kim Kin, aged 52, appointed on 15th July, 1998 and is also the General Manager -Finance Division of PIL. Mr. Kuan is a fellow member of The Chartered Institute of Management Accountants, United Kingdom. He has served for more than 21 years in various financial management and accounting positions across diverse business groups and public limited companies in Malaysia.

Mr. Ong Ka Thai, aged 46, was appointed Independent Non-Executive Director of the Company in May 1997. Mr. Ong is currently the Chairman of a number of companies including Ong First Chicago Holdings Co. Ltd., Ong First Chircago Futures Pte. Ltd., Ong Commodities Pte. Ltd. and Ong Pacific Capital Ltd. A Bachelor of Arts (Economics) graduate from the University of California at Los Angeles, Mr. Ong had served as the CEO for a number of multinational joint-ventures. Mr. Ong is also a director of Shanghai International Shanghai Growth Investment Ltd., a company listed on The Stock Exchange of Hong Kong Limited. Mr. Ong has over 20 years of experience in manufacturing, corporate and trade finance, regional equity, futures and commodities trading, investment banking and corporate advisory services, as well as direct and private equity investment.

Mr. Ping Kim, aged 73, appointed on 31st May, 1993, was a director of Beijing Sinotrans Administration Office in Hong Kong. He joined Beijing Sinotrans in 1970 and has served as its Deputy General Manager, General Manager and was its Chairman from 1989 to 1993. Mr. Ping studied at Wuhan University.

SENIOR MANAGEMENT EXECUTIVES

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

Mr. Teo Siong Seng	President and Chief Executive Officer
Mr. Hsueh Chao En	Vice President Manufacturing Operations
Ms. Tam Shuk Ping, Sylvia	Vice President – Finance and Company Secretary
Mr. Kang Choon Howe, Charles	Director of Marketing *(appointed on 15th November, 1999)*
Mr. Chan Kwok Leung, Andy	General Manager – Hong Kong Container Depot and Terminal Operations
Mr. Khoo James	General Manager – Marketing *(resigned on 31st December, 1999)*
Mr. Lu Yu Lii, York	General Manager – China Container Depot Operations

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

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

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

Ms. Tam Shuk Ping, Sylvia, *B.Comm., M.B.A., C.A. (Can.), F.H.K.S.A.*, aged 37, Vice President – Finance, joined the Company on 15th May, 1995. She was appointed as Company Secretary on 1st March, 1997 and is also a director of various subsidiaries of the Company. Prior to joining the Company, she was the Chief Financial Officer of a Hong Kong based construction company. She has more than 12 years' experience in public accountancy, manufacturing, distribution and construction.

Mr. Kang Choon Howe, Charles, aged 52, Director of Marketing, joined the Company on 15th November, 1999. Mr. Kang is primarily involved in the overall marketing activities of the Group as well as business development. He has more than 26 years' experience in the various aspects of the container leasing industry. Prior to joining the Company, he worked at GE SeaCo China Ltd. (formerly known as Genstar Container Corporation)/GE Capital Container Finance for more than 16 years.

Mr. Chan Kwok Leung, Andy, aged 43, joined Eng Kong Container Services Ltd., a subsidiary of the Company, on 1st July, 1994 and was appointed General Manager – Hong Kong Container Depot and Terminal Operations of the Company on 1st March, 1997. Mr. Chan has more than 21 years' experience in container depot management, inspection and repair. Prior to joining the Company, he was the Technical Director of Unicon International Ltd., a container surveying company with major interests in the Far East.

Mr. Lu Yu Lii, York, *B. Eng.*, aged 44, General Manager – China Container Depot Operations, joined the Company on 1st March, 1998 and is also a director of various subsidiaries of the Company. Mr. Lu has more than 15 years' experience in shipping and container depot management. Prior to joining the Company, he was the Managing Director of a Hong Kong based shipping agency.

The directors of the Company (the "Directors") have pleasure in submitting to the shareholders their report and the audited financial statements of the Company and the Group for the year ended 31st December, 1999.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries and associates. The activities of its principal subsidiaries and associates are set out in notes 16 and 18, respectively, to the financial statements.

An analysis of the Group's turnover and contribution to profit before taxation for the year ended 31st December, 1999 by principal activity and geographical market is as follows:

Analysis by principal activity

	Turnover	**Contribution to profit before taxation**
	US$'000	*US$'000*
Container manufacturing	109,812	3,143
Container depot	20,261	2,617
Mid-stream	7,983	1,294
	138,056	7,054
Finance costs		(3,580)
Investment income		599
Share of results of associates		599
Profit before taxation		4,672

Analysis by geographical market

	Turnover	Contribution to profit before taxation
	US$'000	*US$'000*
United States	60,278	1,258
Europe	29,574	1,193
The People's Republic of China (other than Hong Kong)	25,532	2,258
Hong Kong	18,034	2,200
Singapore	2,202	82
Taiwan	987	41
Japan	376	(25)
Others	1,073	47
	138,056	7,054
Finance costs		(3,580)
Investment income		599
Share of results of associates		599
Profit before taxation		4,672

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 1999 are set out in the consolidated income statement on page 32.

The Directors do not recommend the payment of a dividend (1998: NIL) and propose that the net profit for the year be retained.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 69 to 70.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in note 24 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in note 14 to the financial statements.

PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Particulars regarding the principal subsidiaries and associates of the Company are set out in notes 16 and 18, respectively, to the financial statements.

LIQUIDITY

Working capital of the Group increased from US$14.3 million to US$17.2 million during the year. Although overall turnover for 1999 declined by 6.5 per cent from 1998, the addition of the second production shift during the second half of the year increased turnover of this period by 34 per cent from the first half's US$59 million. Accounts receivable and inventory accordingly increased by US$9.2 million and US$5.4 million, respectively. The receivable and inventory level in days (calculated based on turnover) increased significantly from 62 days and 61 days in 1998 to 91 days and 79 days, respectively. The slower debt collection and inventory turnover affected the Group's cash flow. As a result, total borrowings increased from US$44.9 million to US$52.4 million as at 31st December, 1999. Bank balances and cash as at 31st December, 1999 were US$16.3 million (1998: US$18.3 million). The Directors, however, believe that the Group's financial position remains healthy and its existing banking facilities are sufficient to meet its daily operational needs.

BANK BORROWINGS

Details of bank borrowings of the Group and the Company are set out in note 25 to the financial statements. No interest was capitalised by the Group during the year.

SHARE CAPITAL

There was no movement in the share capital of the Company during the year. Details of share capital are set out in note 22 to the financial statements.

YEAR 2000 COMPLIANCE

The Year 2000 ("Y2K") issue is the result of computer programs being written by using two digits rather than four to define the applicable year. Any computer systems that have date-sensitive software may recognise a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations including, among other things, a temporary inability to process transactions, send invoices, or engage in similar business activities. The Group defines Y2K compliance as to ensure all our computer systems and computer-related equipment are capable of interpreting dates beyond 31st December, 1999 accurately, and recognise Year 2000 as a leap year in order to keep all systems functioning properly and without interruption during and after Year 2000.

In mid-1997, the Group has set up a Steering Committee ("Committee") to assess the impact of Year 2000 on the Group's operations, and to formulate a Year 2000 compliance program (the "Program"). The Committee reports regularly to the Directors and to the Audit Committee. The Program involves testing of all relevant systems to ensure that they are Y2K compliant. It also includes modification and replacement of a small number of the Group's systems, which are not Y2K compliant. Full implementation and completion of the Program was on schedule and achieved in September 1999. The Group is now Y2K compliant and as of the date of this report, the Group has not experienced any Y2K problems. Nevertheless, the Directors will continue to monitor the Y2K issue to ensure that the Group's operations are not adversely affected.

DIRECTORS

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

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

Mr. Teo Siong Seng

Mr. Hsueh Chao En

Mr. Teo Tiou Seng

Mr. Kuan Kim Kin#

Mr. Ong Ka Thai*

Mr. Ping Kim*

* *Independent Non-Executive Director*

\# *Non-Executive Director*

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

AUDIT COMMITTEE

Pursuant to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), an Audit Committee of the Company was established on 24th August, 1998 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants in December 1997. During the year under review, the Committee met twice.

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

DIRECTORS' INTERESTS

As at 31st December, 1999, the interests of the Directors in the listed securities of the Company as recorded in the Register maintained by the Company pursuant to Section 29 of Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") or as notified to the Company were as follows:

	Number of Ordinary Shares of HK$0.10 each		Percentage
	Personal	Corporate	of issued
Name	Interests	Interests	shares
Mr. Chang Yun Chung	–	279,334,178 *(Note)*	61.25
Mr. Teo Siong Seng	9,494,000	–	2.08
Mr. Teo Tiou Seng	1,114,000	–	0.24

Note: These shares are held by Pacific International Lines (Private) Limited ("PIL") (an associated corporation, within the meaning of the SDI Ordinance, of the Company) in which Mr. Chang Yun Chung is interested, in aggregate, in 16,005,000 shares representing 86.61 per cent of the issued share capital of that company. Mr. Chang Yun Chung's interest in shares of PIL comprises a personal interest in 2,572,500 shares and corporate interests in 5,730,000 shares through Farcom Enterprises Limited, a company in which he holds 50.33 per cent of the issued share capital and 7,702,500 shares through Y C Chang & Sons Private Limited, a company in which he holds 2.86 per cent of the issued share capital.

Details of the total share options held by the Directors during the year and as at 31st December, 1999 are listed below:

Name	Date of Grant	Exercise Price (HK$)	Number of Share Options As at 31st December, 1999 & 1998
Mr. Teo Siong Seng	8th October, 1994	1.908	1,500,000
	15th May, 1995	1.440	1,500,000
Mr. Hsueh Chao En	8th October, 1994	1.908	400,000
			3,400,000

DIRECTORS' INTERESTS (continued)

Further details of the Share Option Scheme of the Company are set out in note 23 to the financial statements.

Other than those disclosed in note 32 to the financial statements (which in the opinion of the Directors were carried out in ordinary course of the Group's business), no contracts of significance in relation to the Group's business to which the Company, its holding company, fellow subsidiaries or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

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

SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

Other than the interests of certain directors disclosed under the section headed "Directors' Interests" above, the Register of Substantial Shareholders maintained under section 16(1) of the SDI Ordinance discloses no other person having an interest of 10 per cent or more in the issued share capital of the Company as at 31st December, 1999.

CORPORATE GOVERNANCE

Throughout the year ended 31st December, 1999 the Company has complied with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules, except that the non-executive directors and the independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.

DIRECTORS' SERVICE AGREEMENT

Mr. Teo Siong Seng has entered into a service agreement with the Company. Unless terminated by cause, the service agreement is for an initial term of three years which commenced on 1st February, 1997. Thereafter, the service agreement is valid for a further three years, unless terminated by either party giving at least six months' notice. No other Directors has a service contract with the Company which is not terminable by the Company within one year without payment of compensation.

MAJOR CUSTOMERS AND SUPPLIERS

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

	Percentage
Percentage of purchases attributable to the Group's largest supplier	19.5
Percentage of purchases attributable to the Group's five largest suppliers	41.2
Percentage of sales attributable to the Group's largest customer	30.4
Percentage of sales attributable to the Group's five largest customers	50.1

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

MANAGEMENT CONTRACTS

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

RETIREMENT BENEFIT SCHEME

Details of the Retirement Benefit Schemes are set out in note 9 to the financial statements.

PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT EXECUTIVES

Brief biographical details of the Directors and Senior Management Executives of the Company are set out on pages 14 to 17 under the Directors and Senior Management Profile section of this Annual Report.

REMUNERATION POLICIES AND EMPLOYEE RELATIONS

As at 31st December, 1999, the Group employed 3,345 full-time employees. All full-time salaried employees, except for factory workers and contract employees, are being paid on a monthly basis, plus a discretionary performance bonus, normally equivalent to one month's basic salary. Factory workers are being remunerated based on a basic wage plus production incentive.

Neither the Company nor any of its subsidiaries has established a labour union, and is not subject to any collective agreements. The Group has maintained good relationships with its employees. None of the Group's employees is represented by a labour union.

The Company has adopted a Share Option Scheme for employees, details of which are set out in note 23 to the financial statements.

AUDITORS

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

On behalf of the Board
Chang Yun Chung
Chairman

Hong Kong, 27th April, 2000

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Singamas Container Holdings Limited (the "Company") will be held at Plaza IV, Lower Lobby, Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 19th June, 2000 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and of the auditors for the year ended 31st December, 1999.

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

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

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

   "**THAT**:

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

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

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

(d) for the purposes of this resolution:

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

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

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

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

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

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

"**THAT**:

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

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

(c) for the purposes of this resolution:

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

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

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

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

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

"**THAT**:

conditional on the passing of resolutions numbered 4 and 5 as set out in the notice of the meeting of which this resolution forms part, the aggregate nominal amount of shares in the share capital of the Company which are repurchased by the directors of the Company ("Directors") under the authority granted to the Directors mentioned in such resolution numbered 5 shall be added to the aggregate nominal amount of share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution number 4 above, provided that the amount of share capital repurchased by the Directors shall not exceed 10 per cent of the total nominal amount of issued share capital of the Company on the date of this resolution."

7. To transact any other business.

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

Hong Kong, 27th April, 2000

Registered office:
Units 604-606, 6th Floor
AXA Centre
151 Gloucester Road
Hong Kong

Notes:

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

2. In order to be valid, the form of proxy, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that authority must be lodged with the registered office of the Company at Units 604-606, 6th Floor, AXA Centre, 151 Gloucester Road, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.

3. An explanatory statement containing further details on resolution 5 above will be sent to members of the Company together with the Annual Report.

Report of the Auditors

Deloitte Touche Tohmatsu

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

德勤・關黃陳方會計師行
香港中環干諾道中111號
永安中心26樓

TO THE MEMBERS OF SINGAMAS CONTAINER HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 32 to 68 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

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

BASIS OF OPINION

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

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

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December, 1999 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 27th April, 2000

Consolidated Income Statement

For the year ended 31st December, 1999

	Notes	1999 US$'000	1998 US$'000
Turnover	4	**138,056**	147,597
Cost of sales		**117,128**	126,417
Gross profit		**20,928**	21,180
Other operating revenue		**2,047**	1,782
Selling and distribution costs		**(4,290)**	(2,898)
Administrative expenses		**(11,606)**	(11,797)
Other operating expenses		**(25)**	–
Profit from operations	5	**7,054**	8,267
Finance costs	6	**(3,580)**	(4,480)
Investment income	7	**599**	491
Share of results of associates		**599**	362
Profit before taxation		**4,672**	4,640
Taxation	10	**(318)**	(655)
Profit after taxation		**4,354**	3,985
Minority interests		**(930)**	(1,540)
Net profit for the year	11, 24	**3,424**	2,445
Earnings per share	13	**0.75 cent**	0.54 cent

Consolidated Balance Sheet

As at 31st December, 1999

	Notes	1999	1998
		US$'000	US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**44,611**	47,629
Patents	15	**300**	670
Interests in associates	18	**6,380**	5,831
Other deferred expenses	19	**939**	973
		52,230	55,103
Current assets			
Inventories	20	**29,985**	24,575
Accounts receivable		**34,341**	25,183
Prepayments and other receivables		**11,838**	5,892
Amount due from ultimate holding company		**794**	997
Amounts due from fellow subsidiaries		**147**	677
Amounts due from associates		**1,018**	255
Amount due from a related company	21	**1,398**	321
Tax receivable		**121**	2
Bank balances and cash		**16,286**	18,295
		95,928	76,197
Total assets		**148,158**	131,300
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	22	**5,854**	5,854
Share premium	24	**38,522**	38,522
Accumulated losses	24	**(4,889)**	(8,115)
Other reserves	24	**2,039**	1,819
		41,526	38,080
Minority interests		**25,034**	25,574
		66,560	63,654

Consolidated Balance Sheet (continued)

As at ended 31st December, 1999

	Notes	1999	1998
		US$'000	US$'000
Non-current liabilities			
Bank borrowings – due after one year	25	**1,900**	3,100
Obligations under finance leases and hire purchase contracts			
– due after one year	26	**942**	2,621
		2,842	5,721
Current liabilities			
Creditors and accruals		**27,153**	21,746
Bills payable		**5,069**	857
Amount due to ultimate holding company		**865**	480
Amounts due to associates		**1,030**	338
Bank borrowings – due within one year	25	**42,768**	35,821
Obligations under finance leases and hire purchase contracts			
– due within one year	26	**1,681**	2,476
Taxation		**190**	207
		78,756	61,925
Total equity and liabilities		**148,158**	131,300

The financial statements on pages 32 to 68 were approved by the Board of Directors on 27th April, 2000 and are signed on its behalf by :

Teo Siong Seng
Director

Teo Tiou Seng
Director

Balance Sheet

As at ended 31st December, 1999

	Notes	**1999**	1998
		US$'000	*US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**217**	328
Investments in subsidiaries	*16*	**31,971**	31,781
Interests in associates	*18*	**4,250**	4,250
Other deferred expenses	*19*	**–**	1
		36,438	36,360
Current assets			
Prepayments and other receivables		**352**	224
Amounts due from subsidiaries	*17*	**42,732**	42,337
Amounts due from associates		**989**	193
Bank balances and cash		**1,389**	563
		45,462	43,317
Total assets		**81,900**	79,677
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	*22*	**5,854**	5,854
Share premium	*24*	**38,522**	38,522
Retained profits	*24*	**9,777**	8,891
		54,153	53,267
Non-current liabilities			
Bank borrowings – due after one year	*25*	**1,900**	3,100
Obligations under finance leases and hire purchase contracts – due after one year	*26*	**138**	202
		2,038	3,302
Current liabilities			
Creditors and accruals		**482**	804
Bills payable		**4,530**	686
Amounts due to subsidiaries	*17*	**8,769**	9,987
Amount due to ultimate holding company		**664**	367
Bank borrowings – due within one year	*25*	**11,200**	11,200
Obligations under finance leases and hire purchase contracts – due within one year	*26*	**64**	64
		25,709	23,108
Total equity and liabilities		**81,900**	79,677

Teo Siong Seng
Director

Teo Tiou Seng
Director

Consolidated Statement of Recognised Gains and Losses

For the year ended 31st December, 1999

	1999	1998
	US$'000	*US$'000*
Exchange differences arising on translation of overseas operations not recognised in income statement	**22**	14
Net profit for the year	**3,424**	2,445
Total recognised gains and losses	**3,446**	2,459
Goodwill arising on acquisition of additional interest in a subsidiary	**–**	(75)
	3,446	2,384
Effect of change in accounting policy with respect to the write-off of pre-operating expenditure *(see note 2)* – increase in accumulated losses at 1st January, 1998		(2,673)

Consolidated Cash Flow Statement

For the year ended 31st December, 1999

	Notes	1999	1998
		US$'000	US$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	31(a)	**1,308**	23,169
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		**599**	491
Interest paid		**(3,011)**	(3,692)
Interest element of finance leases and hire purchase contracts rental payments		**(283)**	(356)
Dividends received from associates		**393**	–
Dividends paid to minority shareholders		**(1,479)**	(1,335)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		**(3,781)**	(4,892)
TAXATION			
Hong Kong profits tax refunded		**–**	2
Hong Kong profits tax paid		**–**	(5)
Overseas tax paid		**(454)**	(457)
TAXATION PAID		**(454)**	(460)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(2,000)**	(1,336)
Additions to other deferred expenses		**(94)**	(28)
Increase in investment in associates		**(334)**	(4,250)
Consideration on acquisition of additional interests in a subsidiary paid		**–**	(201)
Proceeds from disposal of property, plant and equipment		**44**	784
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(2,384)**	(5,031)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		**(5,311)**	12,786

Consolidated Cash Flow Statement (continued)

For the year ended 31st December, 1999

	Notes	1999 US$'000	1998 US$'000
FINANCING	31(b)		
New bank loans		**27,627**	38,840
Repayment of bank loans		**(23,266)**	(39,393)
Capital element of finance leases and hire purchase contracts rental payments		**(2,474)**	(2,850)
Capital contributed by minority shareholders		**10**	–
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		**1,897**	(3,403)
(Decrease)/Increase in cash and cash equivalents		**(3,414)**	9,383
Cash and cash equivalents at 1st January		**(4,849)**	(14,234)
Effect of foreign exchange rate changes		**19**	2
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER		**(8,244)**	(4,849)
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		**16,286**	18,295
Bank borrowings with less than three months maturity		**(24,530)**	(23,144)
		(8,244)	(4,849)

1 GENERAL

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

2 ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE/CHANGE IN ACCOUNTING POLICY

In the current year, the Group has adopted, for the first time, the following Statements of Standard Accounting Practice ("SSAP"(s)) issued by the Hong Kong Society of Accountants.

SSAP 1 (Revised)	Presentation of financial statements
SSAP 2 (Revised)	Net Profit or loss for the period, fundamental errors and changes in accounting policies
SSAP 10 (Revised)	Accounting for investments in associates

SSAPs 1 and 2 are concerned with the presentation and disclosure of financial information. The presentation in the current year's financial statements has been modified in order to conform with the requirements of those standards. Comparative amounts have been restated in order to achieve a consistent presentation.

The description of various components in the financial statements and the terminology used has been updated to reflect the terminology of the new standards.

In prior years, pre-operating expenditure was capitalised and amortised, on a straight line basis, over a period of five years from the date of commencement of commercial operations of the subsidiaries. The adoption of SSAP 1 has led to a re-assessment of this accounting policy. In particular, pre-operating expenditure is not considered to give rise to an identifiable resource from which economic benefits are expected to flow to the Group. Accordingly, such expenditure is now recognised as an expense in the period in which it is incurred. This change in accounting policy has been applied retrospectively. The effect of this adjustment has been to increase the accumulated losses of the Group at 1st January, 1998 by US$2,673,000, and to increase the net profit for the year ended 31st December, 1999 by US$976,000 (1998: US$897,000). The comparative statements for 1998 have been restated to conform with the changed policy.

SSAP 10 has not resulted in any significant changes to the accounting treatment adopted for associates and accordingly no prior year adjustment has been required. Disclosures presented have been modified to meet the requirements of the new standard.

3 SIGNIFICANT ACCOUNTING POLICIES

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

The principal accounting policies which have been adopted in preparing these financial statements and which conform with accounting principles generally accepted in Hong Kong are as follows:

(a) Consolidation

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

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

(b) Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than 50 per cent of the issued or registered share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

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

(c) Interests in associates

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Goodwill

Goodwill represents the excess of purchase consideration over the fair value ascribed to the net assets of subsidiaries and associates acquired and is eliminated against reserves in the year of acquisition.

(e) Revenue recognition

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

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

Interest income is recognised on an accruals basis.

(f) Property, plant and equipment

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

	Estimated useful life	Estimated residual value
Land use rights outside Hong Kong		
– on medium term lease	over the lease period of 20 to 50 years	Nil
Building and site improvement outside Hong Kong		
– on medium term lease	20 years	Nil to10 per cent
– on short lease	5 years	Nil
Land, buildings and site improvements in Hong Kong		
– on medium term lease	20 to 50 years	Nil
– on short lease	1 to 5 years	Nil
Plant and machinery	5 to 10 years	Nil to 10 per cent
Furniture, fittings and office equipment	5 to 10 years	Nil to 10 per cent
Motor vehicles	5 years	Nil to 10 per cent

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

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

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

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

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

(g) Inventories

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

(h) Patents

Patents represent the cost of acquiring rights to technical know-how for the production and sale of new products. The cost is amortised, using the straight line method, over their expected future economic lives. Where circumstances indicate that such expenditure is no longer recoverable, it is written off immediately to the income statement.

(i) Other deferred expenses

Other deferred expenses represent expenses, including prepayment of rentals, with expected future economic lives of more than one year. The cost is amortised, using the straight line method, over their expected future economic lives.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Assets under leases

i. *Finance leases*

Leases that transfer to the Group substantially all the rewards and risks of ownership of assets, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the fair value of the assets is recorded together with the obligation, excluding the interest element, to pay future rentals. Finance charges are accounted for in the income statement in proportion to the capital balances outstanding.

ii. *Hire purchase contracts*

Assets held under hire purchase contracts and the related obligations are recorded in the balance sheet at the date of acquisition at the fair value of the assets. The hire purchase interest, which represents the excess of the installments paid over the fair value of the assets, is charged to the income statement in proportion to the capital balances outstanding.

iii. *Operating leases*

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the income statement on a straight line basis over the lease term.

(k) Deferred tax

Deferred tax is accounted for, using the liability method, at the current tax rate in respect of timing differences between profit as computed for tax purposes and profit as stated in the financial statements to the extent that a liability or asset is expected to be payable or receivable in the foreseeable future.

(l) Currencies other than United States dollars ("US$")

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Retirement benefit costs

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

For other companies of the Group, the Group contributes to defined contribution retirement schemes which are available to certain employees. The assets of these schemes are held separately and managed by independent trustees. The amount of the Group's contributions, net of any contributions forfeited in respect of those employees who leave the schemes prior to vesting fully in the contributions, are charged to the income statement as incurred,

4 TURNOVER

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

	1999	1998
	US$'000	*US$'000*
Container manufacturing	**109,812**	119,540
Container depot	**20,261**	19,238
Mid-stream	**7,983**	8,819
	138,056	147,597

5 PROFIT FROM OPERATIONS

Profit from operations has been arrived at and after charging the following:

	1999	1998
	US$'000	*US$'000*
Auditors' remuneration	**215**	352
Staff costs		
– Salaries and other benefits	**11,766**	13,418
– Retirement benefit costs *(note 9)*	**1,108**	1,288
	12,874	14,706
Depreciation and amortisation		
Depreciation		
– Owned property, plant and equipment	**3,782**	4,037
– Assets held under finance leases and hire purchase contracts	**1,158**	1,136
Amortisation		
– Patents	**370**	474
– Other deferred expenses	**128**	139
	5,438	5,786
Operating lease charges		
– Land and buildings	**3,778**	4,090
– Plant and machinery	**657**	464
	4,435	4,554
Loss on disposal of property, plant and equipment	**27**	105
Net exchange loss	**25**	7

6 FINANCE COSTS

	1999	1998
	US$'000	*US$'000*
Interest on		
– Bank loans and overdrafts wholly repayable within five years	**3,011**	3,593
– Finance lease and hire purchase contracts	**283**	356
Bank charges and commissions	**286**	531
	3,580	4,480

7 INVESMENT INCOME

	1999	1998
	US$'000	*US$'000*
Interest earned on bank deposits	**599**	491

8 DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

	1999	1998
	US$'000	*US$'000*
Directors' emoluments		
Fees:		
Executive	**51**	51
Non-executive	**13**	13
Independent non-executive	**26**	26
	90	90
Other emoluments:		
Executive:		
Salaries and other benefits	**472**	469
Retirement benefit costs	**9**	8
	481	477
	571	567

8 DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued)

The directors' emoluments were within the following bands:

	1999 Number of directors	1998 Number of directors
Nil – US$128,874 (Nil – HK$1,000,000)	5	5
US$193,312 – US$257,748 (HK$1,500,001 – HK$2,000,000)	1	1
US$257,749 – US$322,186 (HK$2,000,001 – HK$2,500,000)	1	1

The above analysis includes 2 (1998: 2) individuals whose emoluments were among the five highest in the Group. Details of the aggregate emoluments paid to the remaining individuals whose emoluments were among the five highest in the Group and which have not been included in directors' emoluments above are set out below:–

	1999 *US$'000*	1998 *US$'000*
Salaries and other benefits	295	295
Retirement benefit costs	7	7
	302	302

Their emoluments were within the band between Nil and US$128,874 (1998: between Nil and US$128,874)

Details of the Share Option Scheme are set out in note 23. No options under the Share Option Scheme were exercised during the year.

9 RETIREMENT BENEFIT COSTS

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

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

No retirement benefit is provided to the employees of a subsidiary company in the Republic of Indonesia ("Indonesia").

The retirement benefit costs charged to the income statement representing contributions payable by the Group to the defined contribution retirement schemes operated in Hong Kong and the retirement benefit scheme in the PRC amounted to US$1,108,000 (1998: US$1,288,000). Contributions totalling US$111,000 (1998: US$112,000) were payable to the retirement schemes at the year-end and are included in creditors and accruals.

Forfeited contributions of the Group's defined contribution retirement schemes in the amount of US$23,000 (1998: US$42,000) were used to reduce the current year's contributions. At the balance sheet date, the Group had no significant forfeited contributions, which arose from the employees leaving the retirement schemes and which are available to reduce the contribution payable by the Group in the future years.

10 TAXATION

Hong Kong profits tax has been provided for at the rate of 16 per cent (1998: 16 per cent) on the estimated assessable profit for the year.

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

	1999	1998
	US$'000	*US$'000*
Company and subsidiaries:		
Hong Kong profits tax	**–**	3
Overseas taxation	**318**	659
Deferred tax *(note 27)*	**–**	(7)
	318	655

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

	1999	1998
	US$'000	*US$'000*
Accelerated depreciation allowances	**(13)**	(71)
Tax losses	**195**	(20)
	182	(91)

11 NET PROFIT FOR THE YEAR

Net profit for the year is dealt with in the financial statements of the Company to the extent of a profit of US$886,000 (1998: US$393,000) and a profit of US$599,000 (1998: US$362,000) is retained by associates.

12 DIVIDEND

The directors do not recommend the payment of a dividend for the year (1998: Nil).

13 EARNINGS PER SHARE

The calculation of earnings per share is based on the net profit for the year of US$3,424,000 (1998 : US$2,445,000) and 456,001,760 ordinary shares (1998 : 456,001,760 ordinary shares) in issue throughout the year. Diluted earnings per share is not presented as the exercise price of the Company's outstanding share options was higher than the average market price of shares for both 1999 and 1998.

The adjustment to comparative earnings per share, arising from the change in accounting policy shown in note 2 above, is as follows:

	US cent
Reconciliation of 1998 earnings per share:	
Reported figure before adjustment	0.34
Adjustment arising from the write-off of pre-operating expenditure	0.20
Restated	0.54

14 PROPERTY, PLANT AND EQUIPMENT

	Assets under construction	Land and buildings	Plant and machinery	Furniture, fittings and office equipment	Motor vehicles	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Group						
Cost						
At 1st January, 1999	137	31,438	28,303	5,887	3,426	69,191
Additions	1,072	193	361	189	185	2,000
Disposals	–	(14)	(85)	(76)	(56)	(231)
Transfer from assets under construction	(795)	382	307	89	17	–
Translation differences	–	(9)	(8)	(4)	(1)	(22)
At 31st December, 1999	414	31,990	28,878	6,085	3,571	70,938
Accumulated depreciation						
At 1st January, 1999	–	5,533	9,881	3,684	2,464	21,562
Charge for the year	–	1,406	2,405	745	384	4,940
Eliminated on disposals	–	(2)	(56)	(55)	(47)	(160)
Translation differences	–	(6)	(5)	(3)	(1)	(15)
At 31st December, 1999	–	6,931	12,225	4,371	2,800	26,327
Net book value						
At 31st December, 1999	414	25,059	16,653	1,714	771	44,611
At 31st December, 1998	137	25,905	18,422	2,203	962	47,629

The net book value of plant and machinery held under finance leases and hire purchase contracts amounted to US$8,913,000 (1998: US$10,367,000).

14 PROPERTY, PLANT AND EQUIPMENT (continued)

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

Group

	Land use rights	Land and buildings	Site improve-ments	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
At 31st December, 1999				
Held in Hong Kong				
On short lease (less than 10 years)	–	–	207	207
On medium term lease (10 to 50 years)	–	80	–	80
Held outside Hong Kong				
On medium term lease (10 to 50 years)	2,232	7,031	15,509	24,772
	2,232	7,111	15,716	25,059
At 31st December, 1998				
Held in Hong Kong				
On short lease (less than 10 years)	–	–	320	320
On medium term lease (10 to 50 years)	–	84	–	84
Held outside Hong Kong				
On short lease (less than 10 years)	–	–	112	112
On medium term lease (10 to 50 years)	2,316	6,913	16,160	25,389
	2,316	6,997	16,592	25,905

Land and buildings held outside Hong Kong with an aggregate net book value of US$14,782,000 as at 31st December, 1999 (1998: US$8,430,000) were pledged as security for loan facilities granted by banks to subsidiaries in Indonesia and the PRC. The amount of facilities utilised as at 31st December, 1999 was US$3,282,000 (1998: US$3,909,000).

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture, fittings and office equipment	Motor vehicles	Total
	US$'000	*US$'000*	*US$'000*
Company			
Cost			
At 1st January, 1999	924	–	924
Additions	19	44	63
At 31st December, 1999	943	44	987
Accumulated depreciation			
At 1st January, 1999	596	–	596
Charge for the year	169	5	174
At 31st December, 1999	765	5	770
Net book value			
At 31st December, 1999	**178**	**39**	**217**
At 31st December, 1998	328	–	328

15 PATENTS

	Group	
	1999	1998
	US$'000	*US$'000*
At 1st January	**670**	1,144
Amount amortised	**(370)**	(474)
At 31st December	**300**	670

16 INVESTMENTS IN SUBSIDIARIES

	Company	
	1999	1998
	US$'000	*US$'000*
Unlisted shares and investments, at cost	**31,971**	31,781

Particulars of principal subsidiaries as at 31st December, 1999 are set out below: –

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

16 INVESTMENTS IN SUBSIDIARIES (continued)

Name	Place of incorporation/ registration	Group equity interest	Issued and paid up capital	Principal activities
Shanghai Pacific International Container Co., Ltd. * #	PRC	60%	US$18,000,000	Manufacturing of dry freight containers
Shanghai Reeferco Container Co., Ltd. #	PRC	57.7%	US$10,000,000	Manufacturing of refrigerated containers
Shanghai Singamas Container Transportation Co., Ltd. #	PRC	60%	US$9,000,000	Provision of container storage and repair services
Singamas Container Holdings Ltd. *	Bahamas	100%	US$7,200,000	Investment holding and marketing of dry freight and specialised containers in Indonesia
Singamas Container Industry Co., Ltd. * #	PRC	75%	US$5,100,000	Manufacturing of collapsible flatrack containers
Singamas Management Services Ltd. *	British Virgin Islands	100%	US$1,000	Provision of management services and marketing of dry freight and specialised containers in the PRC
Singamas Refrigerated Container Ltd. *	British Virgin Islands	59.2%	US$100,000	Investment holding
Singamas Terminals (China) Ltd.	British Virgin Islands	100%	US$1,000	Investment holding and marketing of container storage and repair services in the PRC
Singamas Terminals Holdings Ltd. *	British Virgin Islands	100%	US$1,000	Investment holding

16 INVESTMENTS IN SUBSIDIARIES (continued)

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

* *Subsidiaries held directly by the Company*

\# *Equity joint venture*

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

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

None of the subsidiaries had any loan capital outstanding at the end of the year.

17 AMOUNTS DUE FROM / TO SUBSIDIARIES

The amounts due from/to subsidiaries are unsecured and have no fixed terms of repayment. Included in the amounts due from subsidiaries is an amount of US$6,655,000 (1998: US$16,942,000) which bears interest at a spread of no more than 0.25 per cent per annum over the cost of funds of the Company. The amounts due to subsidiaries and the remaining portion of amounts due from subsidiaries are interest free.

18 INTERESTS IN ASSOCIATES

	Group		Company	
	1999	1998	**1999**	1998
	US$'000	*US$'000*	***US$'000***	*US$'000*
Unlisted shares and investments, at cost	**–**	–	**2,200**	2,200
Share of net assets	**4,330**	3,781	**–**	–
Loan to an associate	**2,050**	2,050	**2,050**	2,050
	6,380	5,831	**4,250**	4,250

Particulars of principal associates as at 31st December, 1999 are set out below:

Name	Form of business structure	Place of incorporation/ registration and operation	Group equity interest	Principal activities
Ningbo Victory Container Co., Ltd. #	Incorporated	PRC	40%	Provision of container storage and repair services
Xiamen Pacific Container Manufacturing Co., Ltd. * #	Incorporated	PRC	25%	Manufacturing of dry freight and specialised containers

* *Held directly by the Company*

\# *Equity joint venture*

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

19 OTHER DEFERRED EXPENSES

	Group		Company	
	1999	1998	**1999**	1998
	US$'000	*US$'000*	***US$'000***	*US$'000*
At 1st January	**973**	1,084	**1**	52
Amount capitalised	**94**	28	**–**	–
Amount amortised	**(128)**	(139)	**(1)**	(51)
At 31st December	**939**	973	**–**	1

20 INVENTORIES

	Group	
	1999	1998
	US$'000	*US$'000*
Raw materials	**14,856**	10,937
Work in progress	**2,926**	3,355
Finished goods	**12,203**	10,283
	29,985	24,575

In 1998, raw materials of US$1,424,000 were carried at net realisable value. The cost of inventories recognised as an expense during the year was US$81,328,000 (1998: US$87,766,000).

21 AMOUNT DUE FROM A RELATED COMPANY

The amount due from a related company of the Group represents trading receivable balances from Pacific International Lines (HK) Limited ("PIL(HK)"), a company in which Messrs. Chang Yun Chung, Teo Siong Seng and Teo Tiou Seng, directors of the Company, have beneficial interests. The balance is subject to normal credit terms. During the year, the maximum outstanding balance due to the Group from PIL(HK) was US$1,551,000 (1998: US$643,000).

22 SHARE CAPITAL

	Number of shares		Company			
	1999	1998	**1999**	**1999**	1998	1998
			US$'000	*HK$'000*	*US$'000*	*HK$'000*
Authorised:						
Ordinary shares of HK$0.10 each	**750,000,000**	750,000,000	**9,637**	**75,000**	9,637	75,000
Issued and fully paid:						
Ordinary shares of HK$0.10 each	**456,001,760**	456,001,760	**5,854**	**45,600**	5,854	45,600

There were no changes in the share capital during the two years ended 31st December, 1999 and 1998.

23 SHARE OPTION SCHEME

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

Date of Grant	**Exercise Price *(HK$)***	**Number of Share Options As at 31st December, 1999 & 1998**
8th October, 1994	1.908	1,900,000
15th May, 1995	1.440	1,500,000
		3,400,000

24 RESERVES

	Share premium US$'000	Exchange translation reserve US$'000	General reserve US$'000	Development reserve US$'000	Accumulated losses US$'000	Total US$'000
Group						
At 1st January, 1998						
– The Company and subsidiaries	38,522	214	734	750	(7,862)	32,358
– Associates	–	13	–	–	144	157
As originally stated	38,522	227	734	750	(7,718)	32,515
Prior period adjustment on change in accounting policy	–	–	–	–	(2,673)	(2,673)
As restated	38,522	227	734	750	(10,391)	29,842
Exchange translation differences						
– The Company and subsidiaries	–	4	–	–	–	4
– Associates	–	10	–	–	–	10
Net profit for the year	–	–	–	–	2,445	2,445
Goodwill arising on acquisition of additional interest in a subsidiary	–	–	–	–	(75)	(75)
Transfer from accumulated losses	–	–	53	41	(94)	–
At 1st January, 1999						
– The Company and subsidiaries	38,522	218	755	771	(8,569)	31,697
– Associates	–	23	32	20	454	529
	38,522	241	787	791	(8,115)	32,226
Exchange translation differences						
– The Company and subsidiaries	–	14	–	–	–	14
– Associates	–	8	–	–	–	8
Net profit for the year	–	–	–	–	3,424	3,424
Transfer from accumulated losses	–	–	107	91	(198)	–
At 31st December, 1999	**38,522**	**263**	**894**	**882**	**(4,889)**	**35,672**
Attributable to:						
– The Company and subsidiaries	38,522	232	848	848	(5,528)	34,922
– Associates	–	31	46	34	639	750
	38,522	263	894	882	(4,889)	35,672

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

24 RESERVES (continued)

	Share premium	Retained profits	Total
	US$'000	*US$'000*	*US$'000*
Company			
At 1st January, 1998	38,522	8,498	47,020
Net profit for the year	–	393	393
At 1st January, 1999	38,522	8,891	47,413
Net profit for the year	–	886	886
At 31st December, 1999	**38,522**	**9,777**	**48,299**

Distributable reserves of the Company at 31st December, 1999, calculated under section 79B of the Companies Ordinance, amounted to US$9,777,000 (1998: US$8,891,000).

25 BANK BORROWINGS

	Group		Company	
	1999	1998	**1999**	1998
	US$'000	*US$'000*	***US$'000***	*US$'000*
Bank borrowings comprise the following:				
Bank loans				
Secured				
– due within 1 year	**4,482**	5,109	**1,200**	1,200
– due more than 1 year, but not exceeding 2 years	**1,900**	1,200	**1,900**	1,200
– due more than 2 years, but not exceeding 5 years	**–**	1,900	**–**	1,900
Unsecured				
– due within 1 year	**38,286**	30,712	**10,000**	10,000
	44,668	38,921	**13,100**	14,300
Less: Amount shown under current liabilities	**(42,768)**	(35,821)	**(11,200)**	(11,200)
	1,900	3,100	**1,900**	3,100

26 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	Group		Company	
	1999	1998	**1999**	1998
	US$'000	*US$'000*	***US$'000***	*US$'000*
The maturity of obligations under finance leases and hire purchase contracts are as follows:				
– within 1 year	**1,681**	2,476	**64**	64
– more than 1 year, but not exceeding 2 years	**641**	1,782	**79**	69
– more than 2 years, but not exceeding 5 years	**301**	839	**59**	133
	2,623	5,097	**202**	266
Less: Amount shown under current liabilities	**(1,681)**	(2,476)	**(64)**	(64)
	942	2,621	**138**	202

27 DEFERRED TAX

	Group	
	1999	1998
	US$'000	*US$'000*
At 1st January	**–**	7
Movements for the year *(note 10)*	**–**	(7)
At 31st December	**–**	–

27 DEFERRED TAX (continued)

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

	Group		Company	
	1999	1998	**1999**	1998
	US$'000	*US$'000*	***US$'000***	*US$'000*
Accelerated depreciation allowances	**121**	134	**15**	17
Tax losses	**(1,941)**	(2,136)	**(802)**	(712)
	(1,820)	(2,002)	**(787)**	(695)

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

28 CONTINGENT LIABILITIES

	Group		Company	
	1999	1998	**1999**	1998
	US$'000	*US$'000*	***US$'000***	*US$'000*
Guarantees for lease and bank facilities on behalf of subsidiaries	**–**	–	**10,965**	12,882
Preformance bonds	**1,208**	1,208	**–**	–
	1,208	1,208	**10,965**	12,882

29 CAPITAL COMMITMENTS

	Group	
	1999	1998
	US$'000	*US$'000*
Capital expenditure in respect of business acquisition contracted but not provided	**600**	–
Capital expenditure in respect of the acquisition of property, plant and equipment authorised but not contracted	**–**	5
	600	51

On 24th December, 1999, Singamas Terminal (China) Ltd., a wholly owned subsidiary of the Company, entered into a conditional joint venture agreement with a third party to acquire 30 per cent shareholding of a container depot business in Dalian, PRC at a consideration of US$600,000. Subsequent to the balance sheet date, all the conditions contained in the agreement have been fulfilled and the consideration has been fully injected into the joint venture.

30 LEASE COMMITMENTS

Operating lease commitment at 31st December payable in the next twelve months, analysed according to the period in which the lease expires, are as follows:

	Group		Company	
	1999	1998	**1999**	1998
	US$'000	*US$'000*	***US$'000***	*US$'000*
Land and buildings				
– expiring in the 1st year	**616**	1,056	**222**	–
– expiring in the 2nd to 5th years inclusive	**1,829**	903	**–**	243
	2,445	1,959	**222**	243
Other equipment				
– expiring in the 1st year	**255**	–	**–**	–
– expiring in the 2nd to 5th years inclusive	**148**	–	**–**	–
	403	–	**–**	–
	2,848	1,959	**222**	243

31 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before taxation to net cash inflow from operating activities

	1999	1998
	US$'000	*US$'000*
Profit before taxation	**4,672**	4,640
Depreciation	**4,940**	5,173
Loss on disposal of property, plant and equipment	**27**	105
Share of results of associates	**(599)**	(362)
Amortisation of patents	**370**	474
Amortisation of other deferred expenses	**128**	139
(Increase)/Decrease in inventories	**(5,410)**	9,142
(Increase)/Decrease in accounts receivable	**(9,158)**	4,847
(Increase)/Decrease in prepayments and other receivables	**(5,946)**	10,022
Decrease/(Increase) in amounts due from ultimate holding company	**203**	(997)
Decrease/(Increase) in amounts due from fellow subsidiaries	**530**	(238)
Increase in amounts due from associates	**(763)**	(60)
(Increase)/Decrease in amounts due from related companies	**(1,077)**	95
Increase in amounts due to ultimate holding company	**385**	259
Increase in amounts due to associates	**692**	338
Increase/(Decrease) in creditors and accruals	**5,407**	(11,461)
Increase/(Decrease) in bills payable	**4,212**	(2,405)
Interest element of finance leases and hire purchase contracts rental payments	**283**	356
Interest income	**(599)**	(491)
Interest expense	**3,011**	3,593
Net cash inflow from operating activities	**1,308**	23,169

31 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Analysis of changes in financing during the year

	Share capital including premium	Bank borrowings (note)	Obligations under finance leases and hire purchase contracts	Minority interests	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at 1st Janaury, 1998					
As originally stated	44,376	16,330	6,354	26,750	93,810
Prior period adjustment on change of accounting policy	–	–	–	(1,615)	(1,615)
As restated	44,376	16,330	6,354	25,135	92,195
New bank loans	–	38,840	–	–	38,840
Repayment of bank loans	–	(39,393)	–	–	(39,393)
Inception of finance leases and hire purchase contracts	–	–	1,593	–	1,593
Repayment of finance leases and hire purchase contracts	–	–	(2,850)	–	(2,850)
Increase in investment in a subsidiary company	–	–	–	(126)	(126)
Minority share of profit for the year	–	–	–	1,540	1,540
Dividends paid and payable	–	–	–	(976)	(976)
Minority share of exchange translation reserve	–	–	–	1	1
Balance at 1st Janaury, 1999	44,376	15,777	5,097	25,574	90,824
New bank loans	–	27,627	–	–	27,627
Repayment of bank loans	–	(23,266)	–	–	(23,266)
Repayment of finance leases and hire purchase contracts	–	–	(2,474)	–	(2,474)
Capital contributed by minority shareholders	–	–	–	10	10
Minority share of profit for the year	–	–	–	930	930
Dividends paid and payable	–	–	–	(1,479)	(1,479)
Minority share of exchange translation reserve	–	–	–	(1)	(1)
Balance at 31st December, 1999	**44,376**	**20,138**	**2,623**	**25,034**	**92,171**

Note: Included in the bank borrowings of US$24,530,000 (1998: US$23,144,000) were repayable within three months from the date of advances.

32 RELATED PARTY TRANSACTIONS

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

	1999	1998
	US$'000	*US$'000*
Sales to ultimate holding company *(note a)*	**848**	1,665
Sales to fellow subsidiaries *(note a)*	**1,795**	2,222
Sales to a related company *(note a)*	**4,464**	2,959
Service fee charged from ultimate holding company *(note a)*	**568**	667
Rental paid to ultimate holding company *(note b)*	**18**	34

Notes:

(a) Sales to ultimate holding company, fellow subsidiaries and a related company and service fee charged from ultimate holding company, were conducted at market prices and on terms no less favourable than those charged to and contracted with other third party customers and suppliers of the Group. The fellow subsidiaries are Pacific International Lines (China) Ltd. and Tranpac Shipping Enterprises Ltd., which PIL has 100 per cent effective interest in both companies. The related company is PIL(HK), in which Messrs. Chang Yun Chung, Teo Siong Seng and Teo Tiou Seng, directors of the Company, have benefical interests.

(b) PIL leased an office space to Singamas Terminals (China) Ltd. under a tenancy agreement for a period of 2 years commencing 1st January, 1998 at a monthly rental of US$2,849 and subsequently reduced to US$1,534 from 1st January, 1999 onwards. The agreement was entered into on normal commercial terms and at market value.

(c) The balances with related parties are disclosed in the consolidated balance sheet and note 21. All such balances are subject to normal credit terms.

Five Year Financial Summary

	For the year ended 31st December,				
	1999	1998	1997	1996	1995
	%	%	%	%	%
Sales Mix (as a percentage of sales)					
Container manufacturing operations:					
Dry freight	**65**	62	64	67	88
Collapsible flatracks and container parts	**4**	10	7	6	4
Refrigerated containers	**10**	9	8	3	–
	79	81	79	76	92
Container depot operations:					
Hong Kong	**6**	6	6	10	6
The People's Republic of China, other than Hong Kong	**9**	7	6	5	2
	15	13	12	15	8
Mid-stream operation:					
Hong Kong	**6**	6	9	9	–
Total	**100**	100	100	100	100

	TEUs	TEUs	TEUs	TEUs	TEUs
Production volume					
20 foot containers	**36,305**	32,050	30,709	21,305	32,674
40 foot containers	**26,478**	24,996	20,138	17,960	41,340
40 foot high cube containers	**38,050**	24,376	10,840	7,904	12,360
	100,833	81,422	61,687	47,169	86,374

Five Year Financial Summary (continued)

	For the year ended 31st December,				
	1999	1998	1997	1996	1995
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Turnover	**138,056**	147,597	155,449	128,534	191,569
Profit/(Loss) from operations	**7,054**	8,267	8,055	(6,186)	3,360
Finance costs	**(3,580)**	(4,480)	(4,265)	(4,527)	(4,696)
Investment income	**599**	491	–	–	–
Share of results of associates	**599**	362	139	77	(31)
Profit/(Loss) before taxation	**4,672**	4,640	3,929	(10,636)	(1,367)
Taxation	**(318)**	(655)	(80)	(200)	(719)
Profit/(Loss) after taxation	**4,354**	3,985	3,849	(10,836)	(2,086)
Minority interests	**(930)**	(1,540)	(2,224)	1,732	(480)
Net profit/(loss) for the yesr	**3,424**	2,445	1,625	(9,104)	(2,566)
Earnings/(Loss) per share	**0.75 cent**	0.54 cent	0.36 cent	(2.25) cents	(0.68) cent
Assets and Liabilities					
Total assets	**148,158**	131,300	153,907	155,886	166,115
Total liabilities	**81,598**	67,646	93,076	97,411	103,340
Minority interests	**25,034**	25,574	25,135	23,375	24,235
Shareholders' funds	**41,526**	38,080	35,696	35,100	38,540

Note: Financial information for prior periods have been re-adjusted to reflect the change in accounting policy with respect to the write-off of pre-operating expenditure as described in note 2 to the financial statements.