Contents

Singamas Operations

FACTORIES

Tianjin
(Dry Freight Containers)

Shanghai
(Dry Freight Containers)

Shanghai
(Refrigerated Containers)

Yixing
(Collapsible Flatrack & Specialised Containers)

Xiamen
(Dry Freight & Specialised Containers)

Shunde
(Dry Freight & Specialised Containers)

Surabaya
(Dry Freight & Specialised Containers)

DEPOTS / TERMINALS

Tianjin
Dalian
Qingdao
Shanghai
Ningbo
Xiamen
Hong Kong
Shunde
Bangkok

MID-STREAM

Hong Kong

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

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

NON-EXECUTIVE DIRECTOR
Mr. Kuan Kim Kin#

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Ong Ka Thai#
Mr. Soh Kim Soon#

 # Audit Committee Member

COMPANY SECRETARY
Ms. Tam Shuk Ping, Sylvia

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

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18 Harcourt Road
Hong Kong

REGISTERED OFFICE
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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

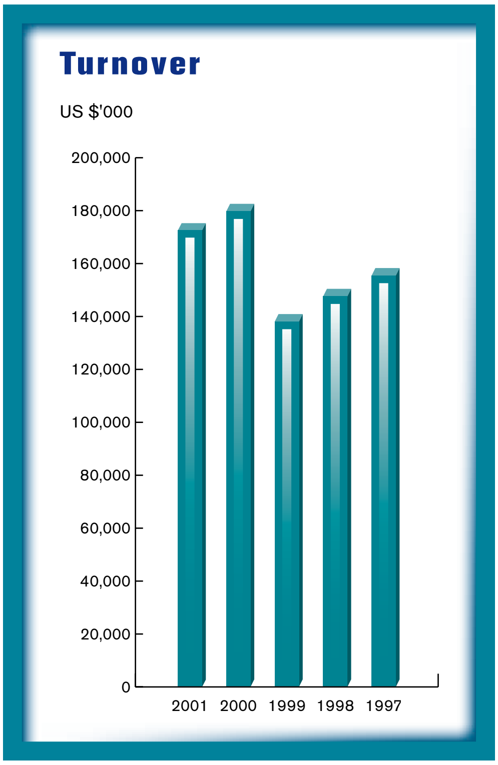
PRINCIPAL BANKERS
Bangkok Bank Public Company Limited
Bank of China (Hong Kong) Limited
BNS Hong Kong Limited
CITIC Ka Wah Bank Limited
Dao Heng Bank Limited
KBC Bank N.V.
Overseas-Chinese Banking Corporation Limited
The Development Bank of Singapore Limited
UFJ Bank Limited
United Overseas Bank Limited

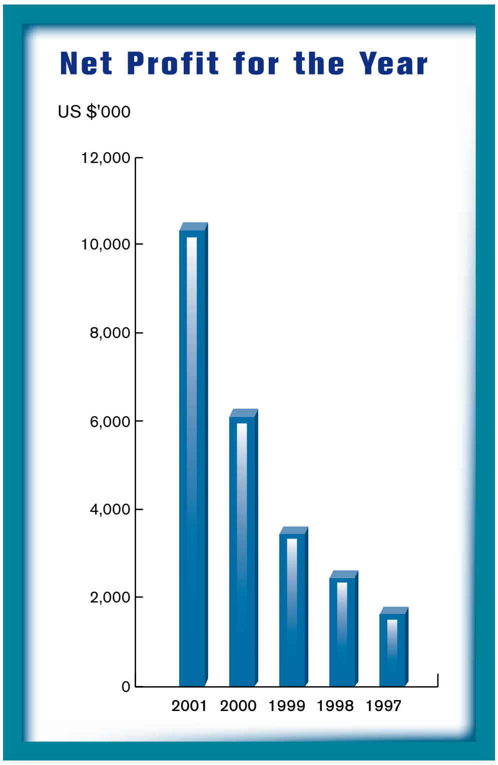
WEBSITES
http://www.singamas.com
http://www.irasia.com/listco/hk/singamas

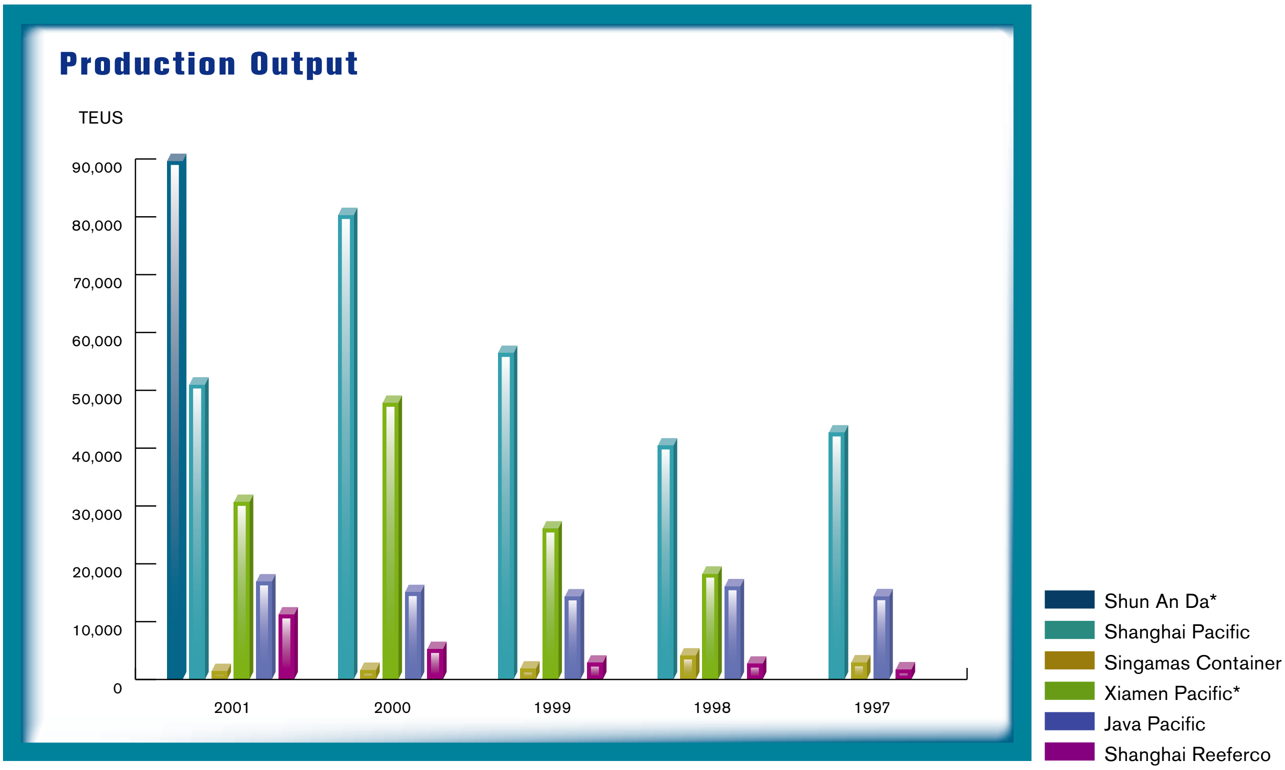
Financial Highlights

	2001 US$	2000 US$	1999 US$	1998 US$	1997 US$
Turnover	171,962,000	179,720,000	138,056,000	147,597,000	155,449,000
Profit from operations	19,395,000	12,990,000	7,054,000	8,267,000	8,055,000
Net profit for the year	10,313,000	6,082,000	3,424,000	2,445,000	1,625,000
Earnings per share	2.26 cents	1.33 cents	0.75 cent	0.54 cent	0.36 cent
Net asset value per share	12.70 cents	10.49 cents	9.11 cents	8.35 cents	7.83 cents
Shareholders' funds	57,919,000	47,815,000	41,526,000	38,080,000	35,696,000
Bank balances and cash	18,424,000	16,544,000	15,235,000	16,125,000	18,375,000
Total borrowings *(Note)*	57,045,000	64,071,000	52,360,000	44,875,000	59,313,000
Current ratio	1.20 to 1	1.13 to 1	1.09 to 1	1.07 to 1	1.01 to 1
Gearing ratio	0.98	1.34	1.26	1.18	1.66
Net debt to equity ratio	0.67	0.99	0.89	0.75	1.15
Interest coverage ratio	7.73	4.67	4.39	3.61	3.30

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





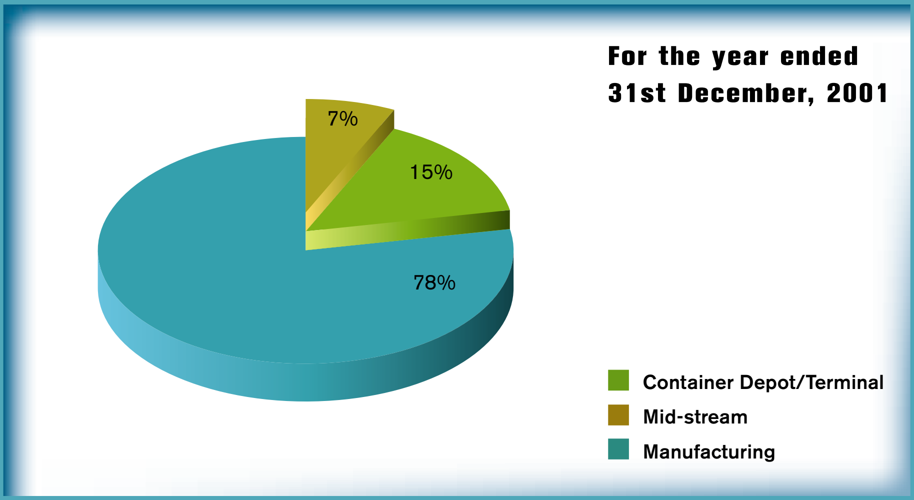


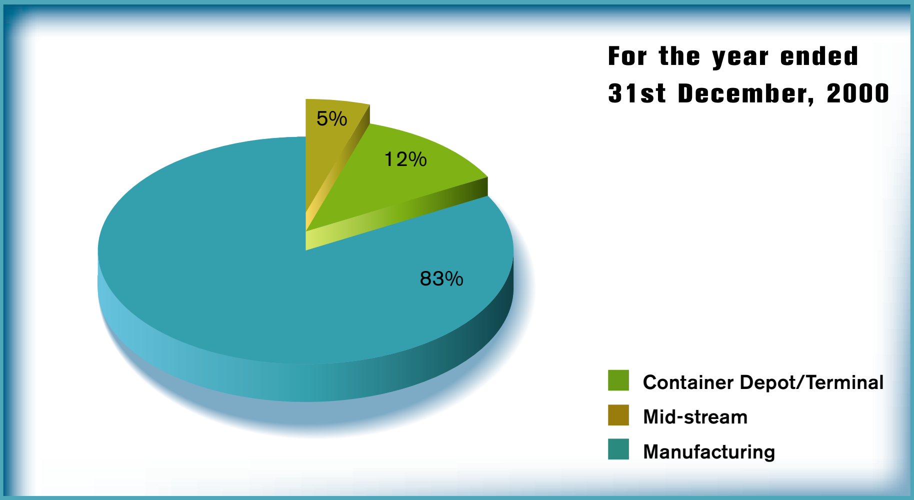
* The Company acquired Shun An Da in February 2001 and took over management of Xiamen Pacific in January 1998.

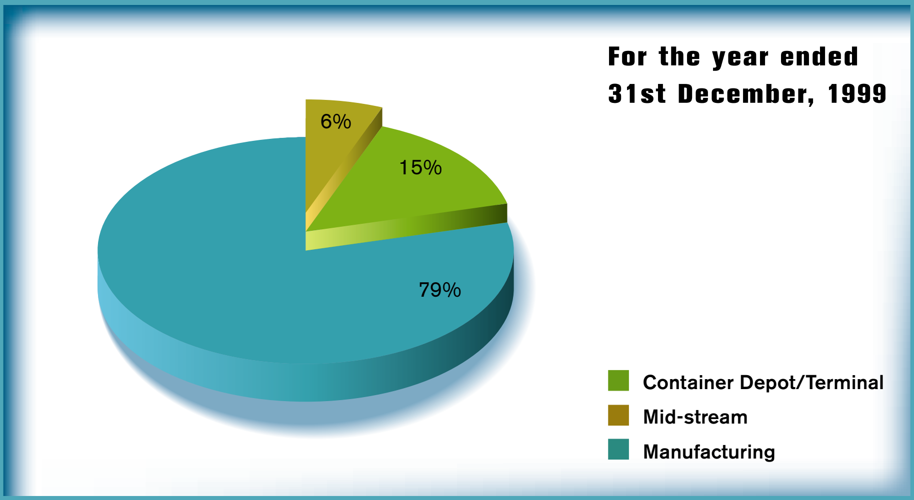
Financial Highlights

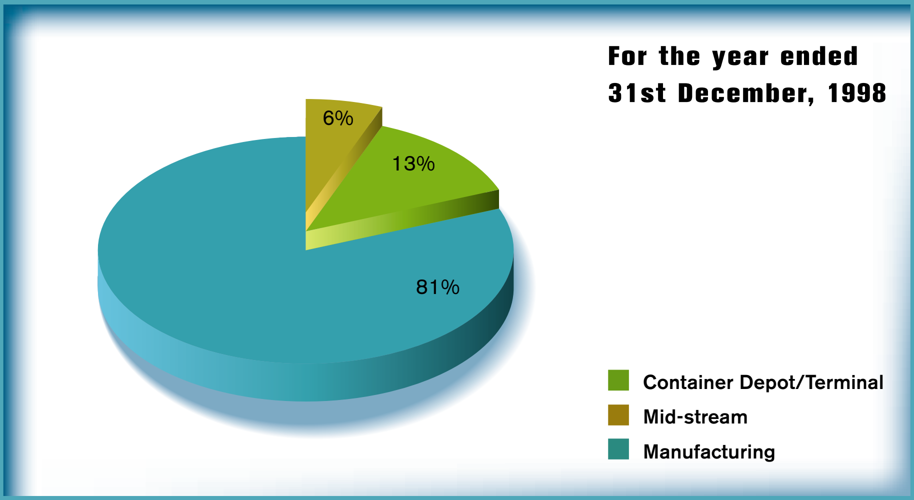
(continued)

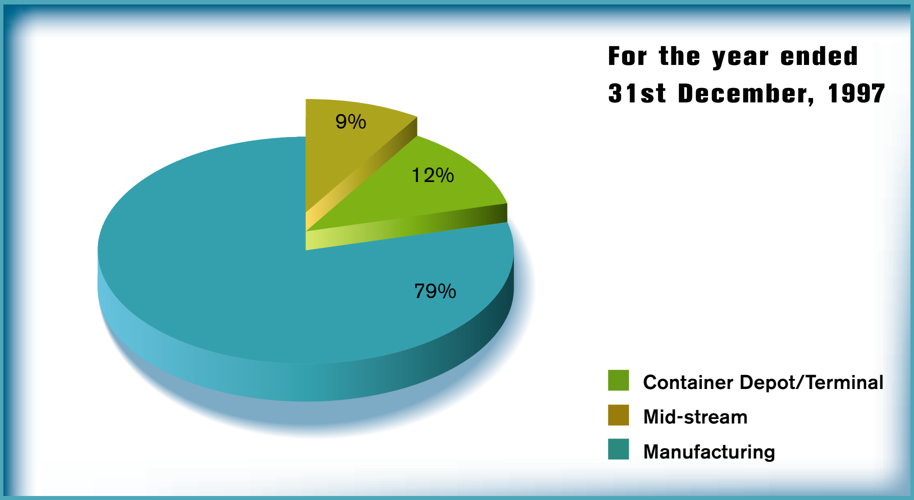
Turnover by Business Segment








For the year ended
31st December, 1998
6%
13%
81%
Container Depot/Terminal
Mid-stream
Manufacturing


For the year ended
31st December, 1997
9%
12%
79%
Container Depot/Terminal
Mid-stream
Manufacturing

TO OUR SHAREHOLDERS

On behalf of the Board of Directors ("Directors"), it gives me a great pleasure to present the 2001 operating results of Singamas Container Holdings Limited (the "Company") and its subsidiaries (together the "Group"). For the year ended 31st December, 2001, the Group's turnover was US$171,962,000, slightly lower than last year's US$179,720,000. Despite the drop in turnover, the Group achieved a record high consolidated net profit of US$10,313,000, representing an increase of 69.6 per cent over US$6,082,000 recorded in 2000.

Mr. Chang Yun Chung
Chairman

Mr. Teo Siong Seng
President & Chief Executive Officer

In view of these positive results, the Directors propose to pay the final dividend of HK2 cents per share for the year ended 31st December, 2001 to members whose names appear on the Register of Members of the Company on 5th June, 2002. Subject to approval at the forthcoming annual general meeting, the proposed dividends will be sent to shareholders on 30th July, 2002.

Achieving a record high profit since its listing in 1993, 2001 was a remarkable year for the Group. During the year, the Group has further strengthened its position through various acquisitions. Despite the intense competition and the economic slowdown last year, the Group was able to record satisfactory profit growth in 2001. Riding on its solid foundations, proven business strategies, effective management, cost controls and business developments, the Group continued to be one of the world's leading container manufacturers and has evolved into a major logistics services provider.

BUSINESS REVIEW

Singamas was listed on The Stock Exchange of Hong Kong Limited in 1993. It is one of the world's leading container manufacturers and logistics service providers. The manufacturing business covers seven container factories, six in the People's Republic of China (the "PRC"), and one in Surabaya, the Republic of Indonesia ("Indonesia"), producing dry freight containers, collapsible flatrack containers ("flatracks"), open top containers, bitutainers, Chlorofluorocarbon ("CFC") free refrigerated containers ("reefers"), other specialised containers and container parts. Its logistics operations include nine container depots, two in Hong Kong, six in key locations in the PRC of Dalian, Tianjin, Qingdao, Shanghai, Ningbo and Xiamen, and one in Bangkok, Thailand, a mid-stream operation in Hong Kong, a logistics company in Xiamen, the PRC and a river container terminal in Shunde, the PRC.

CONTAINER MANUFACTURING OPERATIONS

Accounting for approximately 77.6 per cent of total turnover, container manufacturing remained the Group's core business. Turnover was US$133,367,000, down 10.2 per cent from 2000. Profit before taxation and minority interests; however, rose 99.1 per cent to US$10,954,000 against the previous year's US$5,501,000.

Singamas, being one of the world's leading container manufacturers, captured 16% of the world market and 20% of the PRC market in 2001. After the acquisition of Shunde Shun An Da Pacific Container Co., Ltd. ("Shun An Da") in February 2001, the Group's maximum production capacity (based on two production shifts) increased from 200,000 twenty-foot equivalent units ("TEUs") in 2000 to 400,000 TEUs in 2001.

The global economic downturn depressed container selling prices and demand. Although demand for new orders slowed down in the second half of the 2001 with the average selling prices for dry freight containers falling by approximately 7 per cent comparing to 2000, the Group was able to increase this segment's profit. Better profitability was mainly attributable to its prudent cost control policies and the decline in material costs; in particular, the decline in the costs of steel and plywood, compensated for the decrease in selling prices.

In view of the slowdown in container demand, Shanghai Pacific International Container Co., Ltd. ("Shanghai Pacific") and Xiamen Pacific Container Manufacturing Co., Ltd. ("Xiamen Pacific"), which operated on two production shifts in 2000 for manufacturing of dry freight containers, returned to operate on one shift in the second half of 2001. Accordingly, production of both Shanghai Pacific and Xiamen Pacific decreased to 50,969 TEUs and 30,670 TEUs, respectively as compared to 80,279 TEUs and 47,810 TEUs in the previous year.

Singamas Container Industry Co., Ltd. ("Singamas Container"), located in Yixing, Jiangsu Province, the PRC, specialises in the production of flatracks, bitutainers, other specialised containers, container lashing gears and container components. The performance of Singamas Container remained stable in 2001.

P.T. Java Pacific Container Factory, the Group's dry freight container manufacturing factory located in Surabaya, Indonesia achieved satisfactory results with production of 16,920 TEUs in 2001, 12.2 per cent higher than 2000. Encouraging performance was mainly due to improved production efficiency.

Shanghai Reeferco Container Co., Ltd. ("Shanghai Reeferco"), which specialises in the production of environmentally friendly CFC free reefers, reported significant growth in both turnover and profit by 80.5 per cent and 287 per cent, respectively. After its technical collaboration with Hyundai Mobis in July 2000, Shanghai Reeferco's production facilities and processes were fully upgraded in December 2000 and its efficiencies have greatly improved with daily production capacity increased from 12 units to 30 units. In 2001, Shanghai Reeferco produced 11,209 TEUs as compared to 2000's 5,240 TEUs.

To extend its manufacturing network from north to south of the PRC and further strengthen its competitiveness and market position by offering customers multi-locations deliveries, the Group made two acquisitions in 2001.

In February 2001, the Company acquired 40% equity interest in Shun An Da, which is located in Shunde, Guangdong Province, the PRC. This factory mainly produces ISO dry freight containers and 45-foot/48-foot specialised containers. In the second half of 2001, Shun An Da began making a positive contribution to the Group with annual production capacity currently at 160,000 TEUs. Its strategic location has also extended the Group's manufacturing network to the Southern PRC.

In November 2001, the Company added a northern manufacturing base by acquiring 55% equity interest in Tianjin International Maritime Container Engineering Co., Ltd.. After acquisition, the factory was renamed Tianjin

Pacific Container Co., Ltd. ("Tianjin Pacific"). Tianjin Pacific, located in Tianjin, one of China's largest and most important port cities in the north, is a dry freight container factory with an annual production capacity of 50,000 TEUs.

LOGISTICS SERVICES

The Group's logistics services, including container depots, container terminal, mid-stream and container logistics performed well despite of the economic slowdown in 2001.

CONTAINER DEPOT/TERMINAL OPERATIONS

The Group's container depot/terminal operations continued their good performance. Turnover reached US$25,781,000 as compared to US$21,856,000 last year. Profit before taxation and minority interests rose significantly by 53.7 per cent to US$4,781,000.

The PRC has been experiencing dynamic economic growth. Statistics showed that China's foreign trade nearly reached the US$500 billion in 2001, up 7 per cent from 2000's US$474.3 billion. Although the growth rates of container throughput handled by the PRC's major ports along the coastline decreased from 2000, the growth rates were still at double-digits. Shanghai, Qingdao, Tianjin, Ningbo and Xiamen were amongst the busiest ports in the PRC and they collectively achieved a growth rate of 18.1 per cent. With a comprehensive container depot network along these coastal ports, the Group will continue to benefit from this growth. China's accession to the World Trade Organization has gradually lifted the quota system and relaxed import controls, which will boost trade activities and create more business opportunities for the Group.

To penetrate other ASEAN markets, the Group established a new container depot, Singamas Falcon Logistics Co., Ltd. ("Singamas Falcon"), in Bangkok, Thailand in February 2001. Singamas took up 25% shareholding in this depot. Since its operations commenced in August 2001, performance of Singamas Falcon improved gradually. It is expected that Singamas Falcon will bring satisfactory contributions to the Group in the years to come.

During the reporting period, the declining container throughput in Hong Kong increased the Group's empty container storage business. As a result, the Group's two container depots in Hong Kong achieved a profit before taxation and minority interests of US$1,053,000, as compared to last year's US$266,000.

To further enhance its logistics services, the Group acquired 40% equity interest in a river container terminal – Shunde Leliu Wharf & Container Co., Ltd. ("SLWC"), which is located in Shunde, Guangdong Province, the PRC in November 2001. SLWC is equipped with annual handling capacity of 180,000 TEUs of containers and 150,000 tons of general/breakbulk cargoes, while its daily storage capacity is 50,000 TEUs. To facilitate cargo delivery and pick-up, shorten customs clearance time and save customer costs, SLWC has an on-site customs office, a professional customs clearing company, an "X-Ray Scanner" for container inspections, a large container freight station and a bonded warehouse providing comprehensive services to customers. The terminal is also authorised by the local customs to handle import of waste materials (such as plastics, metals and papers) which would further increase SLWC's future profit potential.

SLWC is conveniently located next to the Guangdong Province's highway network. This investment has further strengthened the Group's overall logistics service capabilities, improved the Group's profitability and enhanced its market position in the region.

MID-STREAM OPERATION

During the period, the downturn in the global economy affected the container throughput at the Hong Kong main terminals; however, the container throughput handled by the mid-stream sector was actually increased by 2 per cent from last year. Consequently, the Group's mid-stream operation handled 258,957 TEUs in 2001 as compared to 199,682 TEUs handled in 2000 and resulted in an increase of 37.4 per cent in turnover. Although turnover was increased to US$12,814,000, due to increasing competition, profit before taxation and minority interests remained same as 2000's level of US$1,946,000. Nevertheless, with the Group's continuous efforts in cost control and operational efficiency enhancement, the Group is confident that its mid-stream operation will continue to contribute positively to the Group in the future.

LOGISTICS OPERATIONS

To diversify its existing business and to become a total logistics company offering a full range of container related services to customers, the Company entered into a shareholders agreement on 8th September, 2001 to set up a logistics company named Xiamen Superchain Logistics Development Co., Ltd. ("Xiamen Superchain"). Xiamen Superchain, in which the Company is holding 6.83% shareholding, is located in the Xiangyu bonded area of Xiamen, the PRC. The business scope of Xiamen Superchain includes freight forwarding, supply chain management, international cargo courier services, bonded warehouse storage, import/export trade and transshipment, and other cargo logistics related services. Xiamen Superchain commenced operations in January 2002.

PROSPECTS

The globalization of the world economy has created a strong impact on the business environment. In order to maintain market share, it is essential for industry players to provide customers with efficient, timely and comprehensive range of services.

In the future, the Group will continue its commitment to diversify its businesses within the maritime industry and enhance the Group's profitability by its well mapped development plans, flexible inventory policies and prudent financial management.

Following its development plan, the Group made a number of investments in 2001. Amongst them, SLWC provides an outstanding logistics arm, which is able to handle customs clearance speedily for customers. In view of this competitive advantage, the Group increased its equity interest in SLWC to 40%. It is confident that SLWC will contribute positively to the Group starting in 2002, its first year of commercial operations.

Container depot/terminal operations made satisfactory contributions to the Group's profit in 2001. Other logistics operations also provided significant income to the Group. To enhance its overall profitability, the Group will steadily expand its logistics operations, further increasing their significance to the Group's overall profit in the coming years.

The Group will continue its prudent strategies, seek positive investment opportunities and extend its network coverage both in the PRC and other potential markets across the region. This will optimize the utilisation of the Group's resources, and will help to diversify the Group's existing businesses and improve its overall profitability.

CONCLUSION

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

Chang Yun Chung
Chairman

Hong Kong, 2nd April, 2002

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* *(resigned on 20th November, 2001)*	*Independent Non-Executive Director*
Mr. Soh Kim Soon* *(appointed on 20th November, 2001)*	*Independent Non-Executive Director*

* *Audit Committee Member*

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

Mr. Chang Yun Chung (also known as Teo Woon Tiong), aged 83, Chairman, appointed on 20th April, 1993, started his shipping career in Singapore in 1949 and is the founder of Pacific International Lines (Private) Limited ("PIL"), a substantial shareholder of the Company. Mr. Chang is presently the Executive Chairman of the PIL Group of companies in Singapore, which is engaged in shipping and related business. Mr. Chang is a director of many companies, including Tranpac Shipping Enterprises Limited of Hong Kong. He is also the Chairman of Malaysia Shipping Corporation Sdn. Bhd. of Malaysia, Eastern Maritime (Thailand) Ltd. and Pacific Seatrans Lines Pte. Ltd. of Thailand.

Mr. Teo Siong Seng, *B. Sc. (Naval Architect)*, aged 47, appointed on 20th April, 1993 and became the President and Chief Executive Officer of the Company on 1st February, 1997. Mr. Teo is a son of Mr. Chang Yun Chung and he is also a director of various subsidiaries of the Company. Mr. Teo started his shipping career with the PIL Group in 1979 and was appointed as Managing Director of PIL in October 1992. Mr. Teo is the Executive Director of various PIL subsidiaries and joint venture companies whose activities include shipping, ship management, air freighting, travel, warehousing, container manufacturing and container depots/logistics center. Mr. Teo is a Council Member of Singapore Chinese Chamber of Commerce & Industry and Singapore Shipping Association. He sits on the board of Port of Singapore Marine (Pte.) Ltd., Standard Steamship Owners' Protection & Indemnity Association (Bermuda) Limited and Through Transport Mutual Insurance Association Limited. He is also a Member of the Singapore-Hubei Trade & Investment Promotion Working Group and Network China Steering Committee under the Singapore Trade Development Board.

Mr. Hsueh Chao En, *Dip. Eng.*, aged 49, appointed on 16th May, 1997, joined Shanghai Pacific in July 1989 and was appointed as Executive Vice President-Manufacturing Operations of the Company on 1st June, 1993. Mr. Hsueh is a director of various subsidiaries of the Company, the Vice President of Shanghai Pacific and is also the General Manager of Xiamen Pacific and Shun An Da. Prior to joining the Company, he had over 10 years' experience as a Plant Manager in various container manufacturing plants in Taiwan.

Mr. Teo Tiou Seng, aged 49, appointed on 26th June, 1996 and is also a director of various subsidiaries of the Company. Mr. Teo is a son of Mr. Chang Yun Chung and has been engaged in shipping business since 1977. Mr. Teo graduated and holds a MBA from the University of Western Ontario, Richard Ivey School of Business – the leading business school in Canada. He has more than 19 years of working experience in container transport business and is also a director of Pacific International Lines (Private) Limited in Singapore and the Managing Director of Pacific International Lines (Hong Kong) Limited.

Mr. Kuan Kim Kin, aged 54, appointed on 15th July, 1998 and is also the General Manager-Finance Division of PIL. Mr. Kuan is a fellow member of The Chartered Institute of Management Accountants, the United Kingdom. He has served for more than 21 years in various financial management and accounting positions across diverse business groups and public limited companies in Malaysia.

Mr. Ong Ka Thai, aged 48, appointed as Independent Non-Executive Director of the Company in May 1997. Mr. Ong is currently the Chairman of a number of companies including Ong First Chicago Holdings Co. Ltd., Ong First Chicago Pte. Ltd., Ong Commodities Pte. Ltd. and Ong Pacific Capital Ltd. A Bachelor of Arts (Economics) graduate from the University of California at Los Angeles, Mr. Ong had served as the CEO for a number of multinational joint-ventures. Mr. Ong is also a director of Shanghai International Shanghai Growth Investment Ltd., a company listed on The Stock Exchange of Hong Kong Limited. Mr. Ong has over 23 years of experience in manufacturing, corporate and trade finance, regional equity, futures and commodities trading, investment banking and corporate advisory services, as well as direct and private equity investment.

Mr. Soh Kim Soon, aged 56, appointed as Independent Non-Executive Director of the Company on 20th November, 2001. Mr. Soh is currently the Chairman of ORIX Investment and Management Private Limited. He is a B.A. (Hons) graduate of the University of Singapore and an associate of The Chartered Institute of Bankers (United Kingdom). Mr. Soh was previously Senior Managing Director of DBS Bank and was with DBS Bank for more than 29 years. Mr. Soh held key senior positions in DBS Bank in both business and support functions including corporate, consumer and international banking as well as risk management and information technology. He was also previously Chairman of DBS Securities Holding Pte Ltd, DBS Finance Ltd and DBS Computer Services Pte Ltd.

Senior Management Executives

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

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

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

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

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

Ms. Tam Shuk Ping, Sylvia, *B.Comm., M.B.A., C.A. (Can.)*, *F.H.K.S.A.*, aged 39, 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 14 years' experience in public accountancy, manufacturing, distribution and construction.

Mr. Kang Choon Howe, Charles, aged 54, 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 Genstar Container Corporation/GE Capital Container Finance for more than 16 years.

Mr. Chan Kwok Leung, Andy, aged 45, joined Eng Kong Container Services Ltd., a subsidiary of the Company, on 1st July, 1994 and was appointed General Manager-Hong Kong Container Depot and Terminal Operations of the Company on 1st March, 1997. Mr. Chan has more than 23 years' experience in container depot management, container inspection and repair, and container leasing. Prior to joining the Company, he was the Technical Director of Unicon International Ltd., a container surveying company with major interests in the Far East.

Mr. Lu Yu Lii, York, *B. Eng.*, aged 46, 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 17 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, 2001.

Principal Activities

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

An analysis of the Group's turnover and contribution to profit before taxation for the year ended 31st December, 2001 by principal activity and geographical market is as follows:

Analysis by principal activity

	Turnover US$'000	Contribution to profit before taxation US$'000
Container manufacturing	133,367	13,109
Logistics services		
Container depot/terminal	25,781	4,352
Mid-stream	12,814	1,934
	171,962	19,395
Finance costs		(4,192)
Investment income		752
Share of results of associates		1,044
Share of results of jointly controlled entities		682
Profit before taxation		17,681

Analysis by geographical market

	Turnover US$'000	Contribution to profit before taxation US$'000
United States	66,773	7,231
Hong Kong	31,983	4,174
PRC (other than Hong Kong and Taiwan)	31,416	4,410
Europe	20,111	1,478
Others	21,679	2,102
	171,962	19,395
Finance costs		(4,192)
Investment income		752
Share of results of associates		1,044
Share of results of jointly controlled entities		682
Profit before taxation		17,681

Results and Appropriations

The results of the Group for the year ended 31st December, 2001 are set out in the consolidated income statement on page 31.

The Directors recommend the payment of a final dividend of HK2 cents per share (2000: NIL). The final dividend is payable on 30th July, 2002 to those shareholders whose names appear on the Register of Members of the Company on Wednesday, 5th June, 2002.

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 79 to 80.

Reserves

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

Property, Plant and Equipment

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

Particulars of Principal Subsidiaries, Associates and Jointly Controlled Entities

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

Liquidity

As at 31st December, 2001, the Group had bank balances and cash of US$18.4 million (2000: US$16.5 million) and total borrowings of US$57 million (2000: US$64.1 million). This represented a gearing ratio, calculated on the basis of the Group's total borrowings over shareholders' funds, of 0.98 (2000: 1.34) and a net debt to equity ratio, calculated on the basis of the Group's net borrowings (after deducting bank balances and cash of US$18.4 million) over shareholders' fund, of 0.67 (2000: 0.99). The decrease in total borrowings was largely attributable to the decrease in accounts receivable by US$23.7 million, thereby reducing the working capital financing requirements. The interest coverage ratio of the Group's profit before interest, tax, depreciation and amortisation (EBITDA) to total net interest expense was 7.73 times in 2001, compared to 4.67 times in 2000.

Treasury Policies

The Group maintains a conservative approach on foreign exchange exposure management. The Group's revenues are mostly transacted in US$ and maintains cash balances mainly in US$, same is true for its machinery and material purchases. To a much lesser extent some operating expenses are transacted in other currencies including Hong Kong dollars, Chinese Renminbi ("RMB") and Indonesian Rupiah. The majority of the Group's borrowings, approximately 91.4 per cent of the total as at 31st December, 2001 was in US$ with the balance mainly in RMB. This policy adheres to the Group's principle to match its revenue stream with borrowings in same currency to minimize currency exposure.

The majority of the Group's borrowings is arranged on a short term revolving basis for the financing of the Group's daily working capital requirements. Of the total borrowings at the year end date, the maturity profile spread over a period of five years with US$48.1 million repayable within one year and US$8.9 million within two to five years. The Group's borrowings are principally on a floating rate basis. As the Group's borrowings are largely on short term basis, no hedging instruments are used by the Group since the effect of the interest rate exposure is nominal.

Bank Borrowings

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

Capital Expenditure

To capture a larger market share and maintain its competitiveness and product quality, the Group incurred a total of US$5.7 million in capital expenditure during the year, which was largely used in the purchase of property, plant and equipment for the expansion of the production capacity and replacement of the existing assets.

Acquisitions

During 2001, the Group invested a total of US$17.3 million to acquire 40 per cent equity interest of Shunde Shun An Da Pacific Container Co., Ltd. (a dry freight container manufacturing factory in Shunde, PRC), 25 per cent shareholding of Singamas Falcon Logistics Co., Ltd. (a container depot in Bangkok, Thailand) ("Singamas Falcon"), 6.83 per cent shareholding of Xiamen Superchain Logistics Development Co., Ltd. (a container logistics company in Xiamen, PRC) ("Xiamen Superchain"), 40 per cent equity interest of Shunde Leliu Wharf & Container Co., Ltd. (a container terminal in Shunde, PRC) and 55 per cent equity interest of Tianjin Pacific Container Co., Ltd. (a dry freight container manufacturing factory in Tianjin, PRC). These investments were approved by the Directors and were financed internally and by bank borrowings on a medium term committed basis.

Singamas Falcon is an investment that the Company has entered into with PIL, Eastern Maritime (Thailand) Limited and a third party on 12th February, 2001. Since PIL is a substantial shareholder of the Company and Messrs. Chang Yun Chung and Teo Siong Seng, directors of the Company, have beneficial interests in Eastern Maritime (Thailand) Limited, this investment is considered as a connected transaction in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

On 8th September, 2001, the Company entered into a shareholders agreement with Xiamen Xiangyu Group Corporation and three other third parties to form Xiamen Superchain. Xiamen Xiangyu Group Corporation is the substantial shareholder of the Company's subsidiary, Xiamen Xiangyu Singamas Container Co., Ltd.; therefore, Xiamen Xiangyu Group Corporation is the connected person under the Listing Rules and the entering into the shareholders agreement constitutes a connected transaction.

Details of these two connected transactions have been disclosed by way of a press notice in compliance with the Listing Rules.

Charges on Assets

As at 31st December, 2001, certain assets of the Group with aggregate carrying value of US$13,744,000 (2000: US$14,073,000) were pledged as securities for credit facilities granted by banks to subsidiaries in Indonesia and the PRC, and the shareholdings of the Company in an associate and two jointly controlled entities were pledged as securities for loan facilities granted to the Company. The Group's share of net assets and the Company's costs of the associate and two jointly controlled entities were US$15,695,000 and US$14,000,000 respectively.

Contingent Liabilities

During 2001, the Company provided guarantees to banks as securities for finance lease and bank facilities granted to certain subsidiaries, an associate and a jointly controlled entity in Indonesia and the PRC. As at 31st December, 2001, total amount of lease and bank facilities, of which guarantees were provided, utilised by the associate and the jointly controlled entity was US$9,856,000. In addition, at the year end date, performance bonds issued by a subsidiary in the PRC were outstanding at US$1,208,000.

Share Capital

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

Directors

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

Mr. Chang Yun Chung	*(also known as Mr. Teo Woon Tiong)*
Mr. Teo Siong Seng	
Mr. Hsueh Chao En	
Mr. Teo Tiou Seng	
Mr. Kuan Kim Kin#	
Mr. Ong Ka Thai*	
Mr. Ping Kim*	*(resigned on 20th November, 2001)*
Mr. Soh Kim Soon*	*(appointed on 20th November, 2001)*

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

In accordance with Articles 92, 93 and 98 of the Company's Articles of Association, Messrs. Teo Tiou Seng, Kuan Kim Kin and Soh Kim Soon retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Audit Committee

Pursuant to the requirements of the Listing Rules, an Audit Committee of the Company was established on 24th August, 1998 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants in December 1997. During the year under review, the Committee met 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, 2001, 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	–	285,660,178 *(Note)*	62.64
Mr. Teo Siong Seng	10,234,000	–	2.24
Mr. Teo Tiou Seng	1,114,000	–	0.24

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

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

Name	Date of Grant	Exercise Price (HK$)	Number of Share Options as at 31st December, 2001 & 2000
Mr. Teo Siong Seng	8th October, 1994	1.908	1,500,000
	15th May, 1995	1.440	1,500,000
Mr. Hsueh Chao En	8th October, 1994	1.908	400,000
			3,400,000

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

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

Directors' Interests (continued)

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

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

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

Substantial Interests in the Share Capital of the Company

Other than the interests of certain directors disclosed under the section headed "Directors' Interests" above, the Register of Substantial Shareholders maintained under section 16(1) of the SDI Ordinance discloses no other person having an interest of 10 per cent or more in the issued share capital of the Company as at 31st December, 2001.

Corporate Governance

Throughout the year ended 31st December, 2001 the Company has complied with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules. The term of office of each non-executive director and independent non-executive director of the Company is the period up to his retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.

Directors' Service Agreement

Mr. Teo Siong Seng has entered into a service agreement with the Company. Unless terminated by cause, the service agreement is for an initial term of three years which commenced on 1st April, 2000. Thereafter, the service agreement is valid for a further three years, unless terminated by either party giving at least six months' notice. No other Directors 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	12.1
Percentage of purchases attributable to the Group's five largest suppliers	40.4
Percentage of sales attributable to the Group's largest customer	13.1
Percentage of sales attributable to the Group's five largest customers	41.8

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

Purchase, Sale or Redemption of Listed Securities

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

Management Contracts

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

Retirement Benefits Scheme

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

Particulars of Directors and Senior Management Executives

Brief biographical details of the Directors and Senior Management Executives of the Company are set out on pages 12 to 14 under the Directors and Senior Management Profile section of this Annual Report.

Remuneration Policies and Employee Relations

As at 31st December, 2001, the Group, including its subsidiaries but excluding associates and jointly controlled entities, employed 2,749 (2000: 2,622) full-time employees. Staff costs (including directors' emoluments) amounted to US$14.8 million (2000: US$14.5 million) for the year. All full-time salaried employees, except for factory workers and contract employees, are being paid on a monthly basis, plus a discretionary performance bonus. Factory workers are being remunerated based on a basic wage plus production incentive. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system. To further enhance the capability of its human resource, the Group provides on-the-job training to its employees.

Remuneration Policies and Employee Relations (continued)

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

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

Events after the Balance Sheet Date

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

Auditors

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

On behalf of the Board
Chang Yun Chung
Chairman

Hong Kong, 2nd April, 2002

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Singamas Container Holdings Limited (the "Company") will be held at Plaza I-III, Lower Lobby, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 12th June, 2002 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, 2001.

2. To declare a final dividend for the year ended 31st December, 2001.

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

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

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

   "THAT:

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

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

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

(d) for the purposes of this resolution:

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

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

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

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

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

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

"THAT:

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

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

(c) for the purposes of this resolution:

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

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

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

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

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

"THAT:

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

8. As special business, to consider and, if thought fit, to pass the following resolution as a special resolution of the Company:

"THAT the Articles of Association of the Company be and are hereby amended by the replacement thereto of the following wording to the existing Article numbered 80:–

Unless otherwise determined by the Company by ordinary resolution the number of directors (other than alternate directors) shall not subject to any maximum but shall not be less than three;

and

THAT the Articles of Association of the Company be and are hereby amended by the replacement thereto of the following wording to the existing Article numbered 92:–

Subject to Articles 102 hereof, every director not being a managing director shall retire from office at the annual general meeting in every year but shall be eligible for re-election;

and

THAT the Articles of Association of the Company be and are hereby amended by the replacement thereto of the following wording to the existing Article numbered 102:–

The directors may appoint one or more of their number to the office of managing director for such period and on such terms as they think fit and, subject to the terms of any agreement entered into in any particular case, may revoke any such appointment. A director so appointed shall not, while holding that office, be subject to retirement by rotation;

and

THAT the Articles of Association of the Company be and are hereby amended by the deletion thereto of the following wording to the existing Article numbered 105(2):–

Subject to paragraph (3) of this article, it shall not be necessary to give notice of a meeting to a director who is absent from Hong Kong;

and

THAT the Articles of Association of the Company be and are hereby amended by the deletion of the existing Article numbered 105(3) and accordingly, the existing Article numbered 105(4) shall be renumbered to 105(3);

and

THAT the Articles of Association of the Company be and are hereby amended by the replacement thereto of the following wording to the existing Article numbered 106:–

No business shall be transacted at any meeting of the directors unless a quorum is present. The quorum may be fixed by the directors and unless so fixed at any other number shall be three. An alternate director who is not himself a director shall, if his appointor is not present, be counted in the quorum;

and

THAT the Articles of Association of the Company be and are hereby amended by the replacement thereto of the following wording to the existing Article numbered 110:–

A resolution in writing executed by a majority of the directors or of a committee of the directors shall be as valid and effectual as if it had been passed at a meeting of the directors or (as the case may be) of that committee, duly convened and held, and may consist of several documents in the like form each executed by one or more directors, but a resolution executed by an alternate director need not also be executed by his appointor and, if it is executed by a director who has appointed an alternate director, it need not also be signed by the alternate director in that capacity. The expressions "in writing" and "signed" include approval by telex, telefax, cable, telegram or wireless;

and

THAT the Articles of Association of the Company be and are hereby amended by the replacement thereto of the following wording to the existing Article numbered 132:–

Any notice to be given to or by any person pursuant to these articles shall be in writing, and in the case of a notice calling a meeting of the directors, it may be sent by telex, cable, facsimile or any other means mechanically or electronically."

9. To transact any other business.

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

Hong Kong, 2nd April, 2002

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. The register of members of the Company will be closed on Thursday, 6th June, 2002 to Wednesday, 12th June, 2002, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and to determine entitlement to attend and vote at the meeting, all transfer of shares, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Central Registration Hong Kong Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by not later than 4:00 p.m. on Wednesday, 5th June, 2002.

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

德勤‧關黃陳方會計師行

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

香港中環干諾道中111號
永安中心26樓

Deloitte
Touche
Tohmatsu

To the members of Singamas Container Holdings Limited
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 31 to 78 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective Responsibilities of Directors and Auditors

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

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

Basis of Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December, 2001 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, 2nd April, 2002

Consolidated Income Statement

For the Year Ended 31st December, 2001

	Notes	2001 US$'000	2000 US$'000
Turnover	*4*	171,962	179,720
Other revenue		2,402	3,242
Changes in inventories of finished goods and work in progress		8,430	4,920
Raw materials and consumables used		(101,541)	(119,105)
Staff costs		(14,769)	(14,472)
Depreciation and amortisation expenses		(5,483)	(4,949)
Other operating expenses		(41,606)	(36,366)
Profit from operations	*6*	19,395	12,990
Finance costs	*7*	(4,192)	(4,557)
Investment income	*8*	752	413
Share of results of associates		1,044	1,433
Share of results of jointly controlled entities		682	–
Profit before taxation		17,681	10,279
Taxation	*11*	(1,798)	(1,397)
Profit after taxation		15,883	8,882
Minority interests		(5,570)	(2,800)
Net profit for the year	*12, 29*	10,313	6,082
Earnings per share – basic and diluted	*14*	2.26 cents	1.33 cents

Consolidated Balance Sheet

As at 31st December, 2001

	Notes	2001 US$'000	2000 US$'000
Assets			
Non-current assets			
Property, plant and equipment	*15*	45,891	46,930
Patents	*16*	1,733	1,987
Interests in associates	*19*	10,284	10,318
Interests in jointly controlled entities	*20*	9,327	–
Investment in securities	*21*	611	–
Other assets	*22*	853	904
		68,699	60,139
Current assets			
Inventories	*23*	49,836	39,855
Accounts receivable	*24*	29,015	52,708
Prepayments and other receivables		15,766	8,898
Amount due from ultimate holding company		112	65
Amounts due from fellow subsidiaries		271	272
Amounts due from associates		337	1,514
Amounts due from jointly controlled entities		111	–
Amount due from a related company	*26*	657	776
Tax recoverable		16	15
Pledged deposits		4,032	2,011
Bank balances and cash		18,424	16,544
		118,577	122,658
Total assets		187,276	182,797
Equity and Liabilities			
Capital and reserves			
Share capital	*27*	5,854	5,854
Share premium	*29*	38,522	38,522
Accumulated profits	*29*	10,634	1,053
Other reserves	*29*	2,909	2,386
		57,919	47,815
Minority interests		22,014	18,765
		79,933	66,580

	Notes	2001 US$'000	2000 US$'000
Non-current liabilities			
Bank borrowings – due after one year	*30*	8,910	7,080
Obligations under finance leases – due after one year	*31*	6	493
		8,916	7,573
Current liabilities			
Accounts payable	*25*	16,313	24,793
Accruals and other payables		30,845	25,354
Bills payable		5,093	7,163
Amount due to ultimate holding company		1,775	1,344
Amounts due to associates		33	27
Amount due to jointly controlled entities		758	–
Bank borrowings – due within one year	*30*	42,549	48,472
Obligations under finance leases – due within one year	*31*	487	863
Tax payable		574	628
		98,427	108,644
Total equity and liabilities		187,276	182,797

The financial statements on pages 31 to 78 were approved and authorised for issue by the Board of Directors on 2nd April, 2002 and are signed on its behalf by :

Teo Siong Seng
Director

Teo Tiou Seng
Director

Balance Sheet

As at 31st December, 2001

	Notes	2001 US$'000	2000 US$'000
Assets			
Non-current assets			
Property, plant and equipment	*15*	93	127
Interests in subsidiaries	*17*	31,971	31,971
Interests in associates	*19*	8,166	6,800
Interests in jointly controlled entities	*20*	7,910	–
Investment in securities	*21*	611	–
		48,751	38,898
Current assets			
Prepayments and other receivables		916	906
Amounts due from subsidiaries	*18*	42,345	43,916
Amounts due from associates		174	1,343
Bank balances and cash		1,066	1,505
		44,501	47,670
Total assets		93,252	86,568
Equity and Liabilities			
Capital and reserves			
Share capital	*27*	5,854	5,854
Share premium	*29*	38,522	38,522
Accumulated profits	*29*	11,647	10,340
		56,023	54,716

	Notes	2001 US$'000	2000 US$'000
Non-current liabilities			
Bank borrowings – due after one year	*30*	3,480	1,800
Obligations under finance leases – due after one year	*31*	–	59
		3,480	1,859
Current liabilities			
Accruals and other payables		5,427	685
Bills payable		1,892	6,243
Amounts due to subsidiaries	*18*	7,566	5,826
Amount due to ultimate holding company		1,735	1,304
Amounts due to associates		33	14
Amounts due to jointly controlled entities		717	–
Bank borrowings – due within one year	*30*	16,320	15,847
Obligations under finance leases – due within one year	*31*	59	74
		33,749	29,993
Total equity and liabilities		93,252	86,568

Teo Siong Seng
Director

Teo Tiou Seng
Director

Consolidated Statement of Recognised Gains and Losses

For the Year Ended 31st December, 2001

	2001 US$'000	2000 US$'000
Exchange differences arising on translation of overseas operations not recognised in income statement	27	14
Net profit for the year	10,313	6,082
Total recognised gains and losses	10,340	6,096
Negative goodwill arising on acquisition of additional interest in an associate	–	193
Adjustment for negative goodwill arising on acquisition of additional interest in an associate in last year	(236)	–
	10,104	6,289

	Notes	2001 US$'000	2000 US$'000
Net Cash Inflow from Operating Activities	*36(a)*	28,808	7,457
Returns on Investments and Servicing of Finance			
Interest received		752	413
Interest paid on borrowing		(3,779)	(4,107)
Interest element of finance leases		(70)	(158)
Dividends received from associates and jointly controlled entities		1,202	488
Dividends paid to minority shareholders		(2,321)	(1,377)
Net Cash Outflow from Returns on Investments and Servicing of Finance		(4,216)	(4,741)
Taxation			
Hong Kong tax paid		(244)	–
Overseas tax paid		(1,314)	(740)
Taxation paid		(1,558)	(740)
Investing Activities			
Purchase of property, plant and equipment		(5,733)	(6,804)
Increase in pledged deposit		(2,021)	(960)
Additions to patents		–	(1,700)
Additions to other assets		(125)	(113)
Increase in investment in associates		(8,166)	(2,910)
Acquisition of investment in securities		(611)	–
Proceeds on disposal of property, plant and equipment		458	275
Net Cash Outflow from Investing Activities		(16,198)	(12,212)
Net Cash Inflow/(Outflow) before Financing		6,836	(10,236)

	Notes	2001 US$'000	2000 US$'000
Financing	*36(b)*		
New bank loans		59,324	36,472
Repayment of bank loans		(52,371)	(28,997)
Capital element of finance leases		(863)	(1,890)
Capital contributed by minority shareholders		–	2,539
Net Cash Inflow from Financing		6,090	8,124
Increase/(Decrease) in cash and cash equivalents		12,926	(2,112)
Cash and cash equivalents at 1st January		(11,395)	(9,295)
Effect of foreign exchange rate changes		–	12
Cash and Cash Equivalents at 31st December		1,531	(11,395)
Analysis of the Balances of Cash and Cash Equivalents			
Bank balances and cash		18,424	16,544
Bank borrowings with less than three months maturity		(16,893)	(27,939)
		1,531	(11,395)

1. General

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

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

2. Change in Accounting Policies

In the current year, the Group has adopted a number of new and revised Statements of Standard Accounting Practice (SSAPs) issued by the Hong Kong Society of Accountants for the first time. Adoption of these Standards has led to a number of changes in the Group's accounting policies as set out below, which have had no material effect on amounts reported in prior years. In addition, the new and revised Standards have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts for the prior year have been restated in order to achieve a consistent presentation.

(i) In accordance with SSAP 9 (Revised) "Events after the Balance Sheet Date", dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed in the notes to the financial statements.

(ii) In adopting SSAP 30 "Business Combinations", the Group has elected not to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, goodwill arising on acquisitions of subsidiaries, associates and jointly controlled entities prior to 1st January, 2001 continues to be held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary, associate or jointly controlled entity or at such time as the goodwill is determined to be impaired. Negative goodwill arising on acquisitions of subsidiaries, associates and jointly controlled entities prior to 1st January, 2001 will be credited to the income statement at the time of disposal of relevant subsidiary, associate or jointly controlled entity.

Goodwill arising on acquisitions on or after 1st January, 2001 is capitalised and amortised over its estimated useful life. Negative goodwill arising on acquisitions on or after 1st January, 2001 is presented as a deduction from assets and will be released to the income statement based on an analysis of the circumstances from which the balance resulted.

3. Significant Accounting Policies

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

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

(a) Consolidation

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

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

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

(b) Investments in subsidiaries

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

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

(c) Interests in associates

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

The Group's investments in associates are included in the consolidated balance sheet at the Group's share of net assets of the associates less any identified impairment loss, and the Group's share of the 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.

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

3. Significant Accounting Policies (continued)

(d) Interests in joint ventures

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

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

The Group's interests in jointly controlled entities are included in the consolidated balance sheet at the Group's share of the net assets of the relevant jointly controlled entities less any identified impairment loss. The Group's share of post-acquisition results of jointly controlled entities is included in the consolidated income statement.

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

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

(e) Investments in securities

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

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

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

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

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

3. Significant Accounting Policies (continued)

(f) Goodwill

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

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

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

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

(g) Negative Goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate and jointly controlled entity at the date of acquisition over the cost of acquisition. Negative goodwill arising on acquisitions on or after 1st January, 2001 is presented as deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted. Negative goodwill arising on acquisitions prior to 1st January, 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary, associate or jointly controlled entity.

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

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

(h) Revenue recognition

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

3. Significant Accounting Policies (continued)

(h) Revenue recognition (continued)

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

Interest income is recognised on accruals basis.

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment losses. The cost of an asset comprises its purchase cost and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset. Depreciation of property, plant and equipment is provided using the straight-line method over their estimated useful lives, after taking into account 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 to 10 per cent
– on short lease	5 years	Nil
Land, buildings and site improvements in Hong Kong		
– on medium term lease	20 to 50 years	Nil
– on short lease	1 to 5 years	Nil
Plant and machinery	5 to 10 years	Nil to 10 per cent
Furniture, fittings and office equipment	5 to 10 years	Nil to 10 per cent
Motor vehicles	5 years	Nil to 10 per cent

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.

3. Significant Accounting Policies (continued)

(i) Property, plant and equipment (continued)

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

(j) Impairment

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

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

(k) Inventories

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

(l) Patents

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

3. Significant Accounting Policies (continued)

(m) Assets under leases

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. *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.

(n) Taxation

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

(o) Currencies other than United States dollars

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

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

3. Significant Accounting Policies (continued)

(p) Retirement benefit costs

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

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

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

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

(q) Borrowing costs

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

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

4. Turnover

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

	2001 US$'000	2000 US$'000
Container manufacturing	133,367	148,540
Container depot/terminal	25,781	21,856
Mid-stream	12,814	9,324
	171,962	179,720

5. Business and Geographical Segments

Business segments

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

Principal activities are as follows:

Container manufacturing	–	manufacture of marine dry freight containers, refrigerated containers, collapsible flatrack containers, bitutainer containers, other specialised containers and container parts.
Container depot/terminal	–	provision of container storage, repair and trucking services, serving as a freight station, container/cargo handling and other container related services.
Mid-stream	–	provision of mid-stream services.

5. Business and Geographical Segments (continued)

Segment information about these businesses is presented below.

2001

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

Inter-segment sales are charged at prevailing market prices.

	Container manufacturing US$'000	Container depot/terminal US$'000	Mid-stream US$'000	Eliminations US$'000	Total US$'000
PROFIT FROM OPERATIONS	13,109	4,352	1,934		19,395
Finance costs					(4,192)
Investment income					752
Share of results of associates	389	655	–		1,044
Share of results of jointly controlled entities	632	50	–		682
Profit before taxation					17,681
Taxation					(1,798)
Profit after taxation					15,883

Other Information

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

5. Business and Geographical Segments (continued)

2000

	Container manufacturing US$'000	Container depot/terminal US$'000	Mid-stream US$'000	Eliminations US$'000	Total US$'000
TURNOVER					
External sales	148,540	21,856	9,324	–	179,720
Inter-segment sales	–	1,857	2	(1,859)	–
Total	148,540	23,713	9,326	(1,859)	179,720

Inter-segment sales are charged at prevailing market prices.

	Container manufacturing US$'000	Container depot/terminal US$'000	Mid-stream US$'000	Eliminations US$'000	Total US$'000
PROFIT FROM OPERATIONS	8,351	2,965	1,674		12,990
Finance costs					(4,557)
Investment income					413
Share of results of associates	976	457	–		1,433
Profit before taxation					10,279
Taxation					(1,397)
Profit after taxation					8,882

Other Information

	Container manufacturing US$'000	Container depot/terminal US$'000	Mid-stream US$'000	Total US$'000
Capital expenditure	7,000	2,090	37	9,127
Depreciation and amortisation	3,079	1,844	26	4,949
BALANCE SHEET				
ASSETS				
Segment assets	141,835	26,912	3,732	172,479
Interests in associates	7,949	2,369	–	10,318
Consolidated total assets				182,797
LIABILITIES				
Segment liabilities	35,343	4,586	2,083	42,012
Unallocated liabilities				74,205
Consolidated total liabilities				116,217

5. Business and Geographical Segments (continued)

Geographical segments

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

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

	Turnover		Contribution to profit from operations	
	2001	2000	2001	2000
	US$'000	US$'000	US$'000	US$'000
United States	66,773	46,562	7,231	2,643
Hong Kong	31,983	40,459	4,174	3,484
PRC (other than Hong Kong and Taiwan)	31,416	31,829	4,410	3,914
Europe	20,111	34,057	1,478	1,276
Others	21,679	26,813	2,102	1,673
	171,962	179,720	19,395	12,990

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

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	2001	2000	2001	2000
	US$'000	US$'000	US$'000	US$'000
PRC (other than Hong Kong and Taiwan)	152,064	148,611	5,340	7,297
Hong Kong	20,998	17,271	253	570
Others	14,214	16,915	140	1,260
	187,276	182,797	5,733	9,127

6. Profit from Operations

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

	2001 US$'000	2000 US$'000
Auditors' remuneration	300	256
Staff costs, including directors' emoluments		
– Salaries and other benefits	13,401	13,199
– Retirement benefit costs *(note 10)*	1,368	1,273
	14,769	14,472
Depreciation and amortisation		
Depreciation		
– Owned property, plant and equipment	4,758	3,957
– Assets held under finance leases	295	831
Amortisation		
– Patents	254	13
– Other assets	176	148
	5,483	4,949
Operating lease charges		
– Land and buildings	3,848	3,068
– Plant and machinery	650	618
	4,498	3,686
Loss on disposal of property, plant and equipment	1,264	45
Net exchange loss	32	35

7. Finance Costs

	2001 US$'000	2000 US$'000
Interest on		
– Bank loans and overdrafts not wholly repayable within five years	–	11
– Bank loans and overdrafts wholly repayable within five years	3,779	4,096
– Finance leases	70	158
Bank charges and commissions	343	292
	4,192	4,557

8. Investment Income

	2001 US$'000	2000 US$'000
Interest earned on bank deposits	752	413

9. Directors' and Five Highest Paid Individuals' Emoluments

	2001 US$'000	2000 US$'000
Directors' emoluments		
Fees:		
Executive	77	77
Non-executive	19	19
Independent non-executive	38	38
	134	134
Other emoluments:		
Executive:		
Salaries and other benefits	489	482
Retirement benefit costs	13	9
	502	491
	636	625

The directors' emoluments were within the following bands:

	2001 Number of directors	2000 Number of directors
Nil – US$128,206 (Nil – HK$1,000,000)	5	5
US$192,309 – US$256,412 (HK$1,500,001 – HK$2,000,000)	1	1
US$256,413 – US$320,515 (HK$2,000,001 – HK$2,500,000)	1	1

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

9. Directors' and Five Highest Paid Individuals' Emoluments (continued)

The above analysis includes 2 (2000: 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:–

	2001 US$'000	2000 US$'000
Salaries and other benefits	305	361
Retirement benefit costs	13	8
	318	369

Their emoluments were within the following bands:

	2001 Number of individuals	2000 Number of individuals
Nil – US$128,206 (Nil – HK$1,000,000)	3	2
US$128,207 – US$192,309 (HK$1,000,001 – HK$1,500,000)	–	1

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

10. Retirement Benefit Costs

Prior to 1st December, 2000, the Group operated defined contribution retirement schemes for certain employees in Hong Kong. The assets of the schemes were held separately and managed by independent trustees. Under the rules of the schemes, the employer and its employees were each required to make contributions to the schemes at rates specified in the rules. These schemes were 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.

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

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

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

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

The retirement benefit costs charged to the income statement representing contributions payable by the Group to the MPF schemes operated in Hong Kong, the retirement benefit scheme in the PRC and the retirement benefits provided for the employees of a subsidiary in Indonesia amounted to US$1,368,000 (2000: US$1,273,000). Contributions totaling US$221,000 (2000: US$108,000) were payable to the retirement schemes at the year-end and retirement benefit provision made for the local employees in Indonesia totaling US$50,000 (2000: Nil) are included in accruals and other payables.

Forfeited contributions of the Group's defined contribution retirement schemes in the amount of US$2,000 (2000: US$6,000) were used to reduce the current year's contributions. At the balance sheet date, the Group had no forfeited contributions, which arose from the employees leaving the retirement schemes and which are available to reduce the contribution payable by the Group in the future years.

11. Taxation

Hong Kong profits tax has been provided for at the rate of 16 per cent (2000: 16 per cent) on the estimated assessable profit for the year.

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

	2001 US$'000	2000 US$'000
Current tax:		
Hong Kong profits tax	238	71
Overseas taxation	1,265	1,213
	1,503	1,284
Taxation attributable to the Company and its subsidiaries	1,503	1,284
Share of taxation attributable to associates	229	113
Share of taxation attributable to jointly controlled entities	66	–
	1,798	1,397

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

	2001 US$'000	2000 US$'000
Accelerated depreciation allowances	16	(183)
Tax losses	470	355
	486	172

12. Net Profit for the Year

Net profit for the year is dealt with in the financial statements of the Company to the extent of a profit of US$1,307,000 (2000: US$563,000).

13. Dividend

The final dividend of HK2 cents (2000: Nil) per share, totalling US$1,169,000, has been proposed by the directors of the Company based on shares in issue and is subject to approval by the shareholders in general meeting.

14. Earnings Per Share – Basic and Diluted

The calculation of earnings per share is based on the net profit for the year of US$10,313,000 (2000: US$6,082,000) and 456,001,760 ordinary shares (2000: 456,001,760 ordinary shares) in issue throughout the year. The computation of diluted earnings per share has not assumed the exercise of the Company's outstanding share options as their exercise prices were higher than the average market price of shares for both 2001 and 2000.

15. Property, Plant and Equipment

	Assets under construction US$'000	Land and buildings US$'000	Plant and machinery US$'000	Furniture, fittings and office equipment US$'000	Motor vehicles US$'000	Total US$'000
Group						
Cost						
At 1st January, 2001	3,473	32,831	30,590	6,295	3,930	77,119
Additions	2,673	1,351	1,257	192	260	5,733
Disposals	(3)	(789)	(1,862)	(199)	(370)	(3,223)
Transfer from assets under construction	(6,067)	860	4,744	237	226	–
Translation differences	–	2	1	1	–	4
At 31st December, 2001	76	34,255	34,730	6,526	4,046	79,633
Accumulated depreciation						
At 1st January, 2001	–	8,345	14,128	4,852	2,864	30,189
Charge for the year	–	1,461	2,972	352	268	5,053
Eliminated on disposals	–	(136)	(865)	(175)	(325)	(1,501)
Translation differences	–	–	1	–	–	1
At 31st December, 2001	–	9,670	16,236	5,029	2,807	33,742
Net book value						
At 31st December, 2001	**76**	**24,585**	**18,494**	**1,497**	**1,239**	**45,891**
At 31st December, 2000	3,473	24,486	16,462	1,443	1,066	46,930

The net book value of plant and machinery held under finance leases amounted to US$1,422,000 (2000: US$3,375,000).

15. Property, Plant and Equipment (continued)

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

	Land use rights US$'000	Land and buildings US$'000	Site improvements US$'000	Total US$'000
Group				
At 31st December, 2001				
Held in Hong Kong				
On short lease (less than 10 years)	–	–	70	70
On medium term lease (10 to 50 years)	–	77	–	77
Held outside Hong Kong				
On medium term lease (10 to 50 years)	3,283	6,598	14,557	24,438
	3,283	6,675	14,627	24,585
At 31st December, 2000				
Held in Hong Kong				
On short lease (less than 10 years)	–	–	109	109
On medium term lease (10 to 50 years)	–	79	–	79
Held outside Hong Kong				
On medium term lease (10 to 50 years)	2,148	6,828	15,322	24,298
	2,148	6,907	15,431	24,486

Land and buildings held outside Hong Kong with an aggregate net book value of US$13,744,000 as at 31st December, 2001 (2000: US$14,073,000) 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, 2001 was US$6,357,000 (2000: US$9,911,000).

15. Property, Plant and Equipment (continued)

	Furniture, fittings and office equipment US$'000	Motor vehicles US$'000	Total US$'000
Company			
Cost			
At 1st January, 2001	968	44	1,012
Additions	16	–	16
Disposals	(4)	–	(4)
At 31st December, 2001	980	44	1,024
Accumulated depreciation			
At 1st January, 2001	871	14	885
Charge for the year	42	8	50
Eliminated on disposals	(4)	–	(4)
At 31st December, 2001	909	22	931
Net book value			
At 31st December, 2001	**71**	**22**	**93**
At 31st December, 2000	97	30	127

16. Patents

Group

	US$'000
Cost	
At 1st January, 2001	3,031
Additions	–
At 31st December, 2001	3,031
Amortisation	
At 1st January, 2001	(1,044)
Charge for the year	(254)
At 31st December, 2001	(1,298)
Net book value	
At 31st December, 2001	**1,733**
At 31st December, 2000	1,987

17. Interests in Subsidiaries

	Company	
	2001 US$'000	2000 US$'000
Unlisted shares and investments, at cost	31,971	31,971

17. Interests in Subsidiaries (continued)

Particulars of principal subsidiaries as at 31st December, 2001 are set out below:–

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

17. Interests in Subsidiaries (continued)

Name	Place of incorporation/ registration	Group equity interest	Issued and fully paid share/ contributed capital	Principal activities
Shanghai Reeferco Container Co., Ltd.#	PRC	52.4%	US$22,000,000	Manufacturing of refrigerated containers
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 and specialised 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% 51%	Ordinary US$100,000 Redeemable preferred US$19,400,000	Investment holding

17. Interests in Subsidiaries (continued)

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

* *Subsidiaries held directly by the Company.*

\# *Equity joint venture*

17. Interests in Subsidiaries (continued)

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

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

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

18. Amounts Due from/to Subsidiaries

The amounts due from subsidiaries are unsecured and have no fixed terms of repayment. Included in the amounts due from subsidiaries is an amount of approximately US$15,325,000 (2000: US$7,312,000) which bears interest at a spread of no more than 0.25 per cent per annum over the cost of funds of the Company. The amounts due to subsidiaries and the remaining portion of amounts due from subsidiaries are interest free.

19. Interests in Associates

	Group		Company	
	2001 US$'000	2000 US$'000	2001 US$'000	2000 US$'000
Unlisted shares and investments, at cost	–	–	8,166	6,800
Share of net assets	10,284	10,318	–	–
	10,284	10,318	8,166	6,800

19. Interests in Associates (continued)

Particulars of principal associates as at 31st December, 2001 are set out below:–

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

* *Held directly by the Company.*

\# *Equity joint venture*

@ *The shareholding in this company was pledged as security for credit facilities granted to the Company. The Group's share of net assets and the Company's cost are US$7,478,000 and US$7,200,000 respectively.*

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

20. Interests in Joint Ventures

	Group		Company	
	2001 US$'000	2000 US$'000	2001 US$'000	2000 US$'000
Jointly controlled entities				
Unlisted shares and investments, at cost	–	–	7,910	–
Share of net assets of jointly controlled entities	7,968	–	–	–
Premium on acquisition of joint venture	1,359	–	–	–
	9,327	–	7,910	–

The premium on acquisition of joint venture is amortised over its estimated useful life of 5 years.

Particulars of principal jointly controlled entities which are incorporated in the PRC, as at 31st December, 2001 are set out below:–

Name	Group equity interest	Proportion of voting power held	Principal activities
Dalian Singamas International Container Co., Ltd.#@	30%	22.2%	Provision of container storage and repair services
Tianjin Pacific Container Co., Ltd.*#	55%	57.1%	Manufacturing of dry freight and specialised containers
Xiamen Pacific Container Manufacturing Co., Ltd.*#@	40%	42.9%	Manufacturing of dry freight and specialised containers

* *Held directly by the Company.*

\# *Equity joint venture*

@ *The shareholdings in these companies were pledged as security for credit facilities granted to the Company. The Group's share of net assets and the Company's costs are US$8,217,000 and US$6,800,000 respectively.*

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

21. Investment in Securities

Group and Company

Non-current investment

	2001 US$'000	2000 US$'000
Unlisted equity securities	611	–

22. Other Assets

	Group	
	2001 US$'000	2000 US$'000
At 1st January	904	939
Amount capitalised	125	113
Amount amortised	(176)	(148)
At 31st December	853	904

23. Inventories

	Group	
	2001 US$'000	2000 US$'000
Raw materials	21,357	19,806
Work in progress	2,460	2,063
Finished goods	26,019	17,986
	49,836	39,855

As at 31st December, 2001, no raw materials and finished goods were carried at net realisable value (2000: US$250,000). The cost of inventories recognised as an expense during the year was 136,710,000 (2000: US$153,968,000).

24. Accounts Receivable

A defined credit policy is maintained within the Group. The general credit terms are agreed with each of its trade customers depending on the relationship with the Group and the creditworthiness of the customers. The general credit term ranges from 30 days to 120 days. The aging analysis of accounts receivable at 31st December, 2001 is as follows:

	Group	
	2001	2000
	US$'000	US$'000
0 to 30 days	6,932	19,286
31 to 60 days	4,200	8,873
61 to 90 days	6,901	7,219
91 to 120 days	4,750	6,722
Over 120 days	6,232	10,608
	29,015	52,708

25. Accounts Payable

The aging analysis of accounts payable is as follows:

	Group	
	2001	2000
	US$'000	US$'000
0 to 30 days	5,914	11,651
31 to 60 days	3,577	4,667
61 to 90 days	3,172	3,609
91 to 120 days	1,174	2,405
Over 120 days	2,476	2,461
	16,313	24,793

26. Amount Due from a Related Company

The amount due from a related company of the Group represents a trade receivable balance 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$1,625,000 (2000: US$1,572,000).

27. Share Capital

	Number of shares					
	2001	2000	2001 US$'000	2001 HK$'000	2000 US$'000	2000 HK$'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, 2001 and 2000.

28. Share Option Scheme

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

Date of Grant	Exercise Price (HK$)	Number of Share Options as at 31st December, 2001 & 2000
8th October, 1994	1.908	1,900,000
15th May, 1995	1.440	1,500,000
		3,400,000

29. Reserves

Group	Share premium US$'000	Exchange translation reserve US$'000	General reserve US$'000	Development reserve US$'000	Accumulated profits/ (losses) US$'000	Total US$'000
At 1st January, 2000						
– 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
Exchange translation differences						
– The Company and subsidiaries	–	11	–	–	–	11
– Associates	–	3	–	–	–	3
Net profit for the year	–	–	–	–	6,082	6,082
Negative goodwill arising on acquisition of additional interest in an associate	–	–	–	–	193	193
Transfer from accumulated profits	–	–	222	111	(333)	–
At 1st January, 2001						
– The Company and subsidiaries	38,522	243	976	939	(877)	39,803
– Associates	–	34	140	54	1,930	2,158
	38,522	277	1,116	993	1,053	41,961
Exchange translation differences						
– The Company and subsidiaries	–	3	–	–	–	3
– Associates	–	24	–	–	–	24
Net profit for the year	–	–	–	–	10,313	10,313
Adjustment for negative goodwill arising on acquisition of additional interest in an associate in last year	–	–	–	–	(236)	(236)
Transfer from accumulated profits	–	–	317	179	(496)	–
At 31st December, 2001	**38,522**	**304**	**1,433**	**1,172**	**10,634**	**52,065**
Attributable to:						
– The Company and subsidiaries	38,522	246	1,217	1,041	9,239	50,265
– Associates	–	58	105	20	800	983
– Jointly controlled entities	–	–	111	111	595	817
	38,522	304	1,433	1,172	10,634	52,065

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

As at 31st December, 2001, goodwill/negative goodwill totaling of US$9,903,000 (2000: US$9,667,000) was directly eliminated against/credited to accumulated profits.

29. Reserves (continued)

Company	**Share premium US$'000**	**Accumulated profits US$'000**	**Total US$'000**
At 1st January, 2000	38,522	9,777	48,299
Net profit for the year	–	563	563
At 1st January, 2001	38,522	10,340	48,862
Net profit for the year	–	1,307	1,307
At 31st December, 2001	**38,522**	**11,647**	**50,169**

Distributable reserves of the Company at 31st December, 2001, calculated under section 79B of the Companies Ordinance, amounted to US$11,647,000 (2000: US$10,340,000).

30. Bank Borrowings

	Group		Company	
	2001	2000	2001	2000
	US$'000	US$'000	US$'000	US$'000
Bank borrowings comprise the following:				
Bank loans				
Secured				
– due within 1 year	7,477	12,891	3,120	3,100
– due more than 1 year, but not exceeding 2 years	4,520	1,320	2,520	1,200
– due more than 2 years, but not exceeding 5 years	960	600	960	600
	12,957	14,811	6,600	4,900
Unsecured				
– due within 1 year	35,072	35,581	13,200	12,747
– due more than 1 year, but not exceeding 2 years	1,530	1,480	–	–
– due more than 2 years, but not exceeding 5 years	1,900	3,080	–	–
– due more than 5 years	–	600	–	–
	38,502	40,741	13,200	12,747
Less: Amount shown under current liabilities	(42,549)	(48,472)	(16,320)	(15,847)
Amount due after one year	8,910	7,080	3,480	1,800

31. Obligations under Finance Leases

Group

	Minimum lease payments		Present value of minimum lease payments	
	2001 US$'000	2000 US$'000	2001 US$'000	2000 US$'000
The maturity of obligations under finance leases are as follows:				
– within 1 year	515	933	487	863
– more than 1 year, but not exceeding 2 years	7	516	6	487
– more than 2 years, but not exceeding 5 years	–	7	–	6
	522	1,456	493	1,356
Less: future finance charges	(29)	(100)	N/A	N/A
Present value of finance leases obligations	493	1,356	493	1,356
Less: Amount shown under current liabilities			(487)	(863)
Amount due after one year			6	493

Company

	2001 US$'000	2000 US$'000	2001 US$'000	2000 US$'000
The maturity of obligations under finance leases are as follows:				
– within 1 year	60	82	59	74
– more than 1 year, but not exceeding 2 years	–	60	–	59
	60	142	59	133
Less: future finance charges	(1)	(9)	N/A	N/A
Present value of finance leases obligations	59	133	59	133
Less: Amount shown under current liabilities			(59)	(74)
Amount due after one year			–	59

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average lease term is 3 years. For the year ended 31st December, 2001, the average effective borrowing rate was 7.6%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

32. Deferred Tax

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

	Group		Company	
	2001	2000	2001	2000
	US$'000	US$'000	US$'000	US$'000
Accelerated depreciation allowances	46	62	2	(2)
Tax losses	1,116	1,586	1,057	925
	1,162	1,648	1,059	923

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

33. Contingent Liabilities

	Group		Company	
	2001	2000	2001	2000
	US$'000	US$'000	US$'000	US$'000
Guarantees for lease and bank facilities utilised by subsidiaries	–	–	7,413	11,946
Guarantees for bank facilities utilised by an associate	4,940	2,416	4,940	2,416
Guarantees for bank facilities utilised by a jointly controlled entity	4,916	–	4,916	–
Performance bonds	1,208	1,208	–	–
	11,064	3,624	17,269	14,362

34. Capital Commitments

	Group	
	2001 US$'000	2000 US$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided	17	524
Capital expenditure in respect of business acquisition contracted but not provided	7,400	–
	7,417	524

35. Operating Lease Commitments

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

	Group		Company	
	2001 US$'000	2000 US$'000	2001 US$'000	2000 US$'000
Land and buildings				
– in the 1st year	3,135	1,738	83	103
– in the 2nd to 5th years inclusive	5,080	2,216	–	82
– after five years	7,045	5,958	–	–
	15,260	9,912	83	185
Other equipment – in the 1st year	–	94	–	–
	15,260	10,006	83	185

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

36. Notes to the Consolidated Cash Flow Statement

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

	2001 US$'000	2000 US$'000
Profit before taxation	17,681	10,279
Depreciation	5,053	4,788
Loss on disposal of property, plant and equipment	1,264	45
Profit on deemed disposal of interest in a subsidiary	–	(726)
Share of results of associates	(1,044)	(1,433)
Share of results of jointly controlled entities	(682)	–
Amortisation of patents	254	13
Amortisation of other deferred expenses	176	148
Increase in inventories	(9,981)	(8,103)
Decrease/(Increase) in accounts receivable	23,693	(18,367)
(Increase)/Decrease in prepayments and other receivables	(6,868)	1,173
(Increase)/Decrease in amount due from ultimate holding company	(47)	729
Decrease/(Increase) in amounts due from fellow subsidiaries	1	(125)
Decrease/(Increase) in amounts due from associates	1,177	(496)
Increase in amounts due from jointly controlled entities	(111)	–
Decrease in amounts due from related companies	119	622
Increase in amount due to ultimate holding company	71	479
Increase/(Decrease) in amounts due to associates	6	(1,003)
Increase in amounts due to jointly controlled entities	758	–
(Decrease)/Increase in accounts payable	(8,480)	5,109
Increase in accruals and other payables	4,741	8,379
(Decrease)/Increase in bills payable	(2,070)	2,094
Interest element of finance leases	70	158
Interest income	(752)	(413)
Interest expense	3,779	4,107
Net cash inflow from operating activities	28,808	7,457

36. Notes to the Consolidated Cash Flow Statement (continued)

(b) Analysis of changes in financing during the year

	Share capital including premium US$'000	Bank borrowings (note i) US$'000	Obligations under finance leases US$'000	Minority interests US$'000	Total US$'000
Balance at 1st January, 2000	44,376	20,138	2,623	15,528 (note ii)	82,665
New bank loans	–	36,472	–	–	36,472
Repayment of bank loans	–	(28,997)	–	–	(28,997)
Inception of finance leases	–	–	623	–	623
Repayment of finance leases	–	–	(1,890)	–	(1,890)
Capital contributed by minority shareholders	–	–	–	2,539	2,539
Minority share of profit for the year	–	–	–	2,800	2,800
Dividends paid and payable	–	–	–	(1,377)	(1,377)
Decrease due to change in shareholding	–	–	–	(726)	(726)
Minority share of exchange translation reserve	–	–	–	1	1
Balance at 1st January, 2001	44,376	27,613	1,356	18,765	92,110
New bank loans	–	59,324	–	–	59,324
Repayment of bank loans	–	(52,371)	–	–	(52,371)
Repayment of finance leases	–	–	(863)	–	(863)
Minority share of profit for the year	–	–	–	5,570	5,570
Dividends paid and payable	–	–	–	(2,321)	(2,321)
Balance at 31st December, 2001	**44,376**	**34,566**	**493**	**22,014**	**101,449**

Notes:

i. Included in the bank borrowings, US$16,893,000 (2000: US$27,939,000) were repayable within three months from the date of advances.

ii. The redeemable preferred shares of approximately US$9,506,000, representing the redeemable preferred shares issued by a subsidiary of US$1.00 per share, were reclassified to accruals and other payables.

37. Related Party Transactions

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

	2001 US$'000	2000 US$'000
Sales to ultimate holding company *(note a)*	158	130
Sales to fellow subsidiaries *(note a)*	1,474	1,024
Sales to a related company *(note a)*	7,420	6,577
Rental paid to a ultimate holding company *(note b)*	19	18

Notes:

(a) Sales to ultimate holding company, fellow subsidiaries and a related 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 subsidiary is Pacific International Lines (China) Ltd., in which PIL has 100 per cent effective interest. The related company is PIL (HK), in which Messrs. Chang Yun Chung, Teo Siong Seng and Teo Tiou Seng, directors of the Company, have beneficial 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, 2001 at a monthly rental of US$1,611. Rental rate was agreed with reference to market.

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

38. Events After the Balance Sheet Date

On 1st November, 2001, the Company entered into a share transfer agreement with a third party to acquire 40 per cent equity interest of a river container terminal in Shunde, PRC at a consideration of US$8,000,000. As at the balance sheet date, the Company has paid US$600,000 by its internal fund to this third party as part of its capital contribution. The remaining investment cost will be financed internally and by bank borrowings on a medium term committed basis. Subsequent to 31st December, 2001, the Company has fully paid up the remaining US$7,400,000 of this investment cost.

	For the year ended 31st December,				
	2001	2000	1999	1998	1997
	%	%	%	%	%
Sales Mix (as a percentage of sales)					
Container manufacturing operations:					
Dry freight	51	68	65	62	64
Collapsible flatracks, other specialised containers and container parts	2	2	4	10	7
Refrigerated containers	25	13	10	9	8
	78	83	79	81	79
Container depot/terminal operations:					
Hong Kong	5	4	6	6	6
PRC (other than Hong Kong and Taiwan)	10	8	9	7	6
	15	12	15	13	12
Mid-stream operation:					
Hong Kong	7	5	6	6	9
Total	100	100	100	100	100

	TEUs	TEUs	TEUs	TEUs	TEUs
Production volume					
20 foot containers	57,659	57,660	36,305	32,050	30,709
40 foot containers	37,354	36,786	26,478	24,996	20,138
40 foot high cube containers	105,138	54,476	38,050	24,376	10,840
	200,151	148,922	100,833	81,422	61,687

Five Year Financial Summary

(continued)

	For the year ended 31st December,				
	2001	2000	1999	1998	1997
	US$'000	US$'000	US$'000	US$'000	US$'000
Turnover	171,962	179,720	138,056	147,597	155,449
Profit from operations	19,395	12,990	7,054	8,267	8,055
Finance costs	(4,192)	(4,557)	(3,580)	(4,480)	(4,265)
Investment income	752	413	599	491	–
Share of results of associates	1,044	1,433	599	362	139
Share of results of jointly controlled entities	682	–	–	–	–
Profit before taxation	17,681	10,279	4,672	4,640	3,929
Taxation	(1,798)	(1,397)	(318)	(655)	(80)
Profit after taxation	15,883	8,882	4,354	3,985	3,849
Minority interests	(5,570)	(2,800)	(930)	(1,540)	(2,224)
Net profit for the year	10,313	6,082	3,424	2,445	1,625
Earnings per share	2.26 cents	1.33 cents	0.75 cent	0.54 cent	0.36 cent
Assets and Liabilities					
Total assets	187,276	182,797	148,158	131,300	153,907
Total liabilities	107,343	116,217	91,104	77,152	102,582
Minority interests	22,014	18,765	15,528	16,068	15,629
Shareholders' funds	57,919	47,815	41,526	38,080	35,696