SINGAMAS

勝 獅 貨 櫃 企 業 有 限 公 司

SINGAMAS CONTAINER HOLDINGS LIMITED

HKEx Stock Code 0716

2006 Interim Report

The Board of Directors (the "Directors") of Singamas Container Holdings Limited (the "Company"/"Singamas") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30th June, 2006 as follows:

FINANCIAL HIGHLIGHTS

	For the six months ended 30th June,		For the year ended 31st December,			
	2006	2005	2005	2004	2003	2002
	(US$)	*(US$)*	*(US$)*	*(US$)*	*(US$)*	*(US$)*
Revenue	**268,354,000**	393,842,000	842,936,000	532,793,000	450,712,000	180,637,000
Profit from operations	**17,182,000**	27,452,000	57,404,000	32,538,000	29,723,000	15,194,000
Profit attributable to equity holders of the Company	**10,858,000**	28,086,000	44,899,000	39,636,000	20,370,000	14,689,000
Earnings per share	**1.78 cents**	4.60 cents	7.35 cents	7.37 cents	4.07 cents	3.22 cents
Net asset value per share	**36.18 cents**	33.56 cents	35.29 cents	29.57 cents	19.98 cents	15.67 cents
Equity attributable to equity holders of the Company	**221,135,000**	205,150,000	215,714,000	180,737,000	104,378,000	71,445,000
Bank balances and cash	**67,815,000**	60,537,000	102,604,000	62,676,000	44,485,000	21,567,000
Total borrowings *(Note)*	**348,298,000**	237,221,000	158,402,000	108,437,000	119,203,000	58,059,000
Current ratio	**1.26 to 1**	1.45 to 1	2.16 to 1	1.35 to 1	1.30 to 1	1.28 to 1
Gearing ratio	**1.58**	1.16	0.73	0.60	1.14	0.81
Net debt to equity ratio	**1.27**	0.86	0.26	0.25	0.72	0.51
Interest coverage ratio	**5.87**	12.15	9.50	15.78	11.49	15.95

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

Deloitte.
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INDEPENDENT REVIEW REPORT

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

INTRODUCTION

We have been instructed by Singamas Container Holdings Limited to review the interim financial report set out on pages 3 to 14.

RESPONSIBILITIES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

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

REVIEW WORK PERFORMED

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

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June, 2006.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22nd August, 2006

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2006

	Notes	Six months ended 30th June, 2006 (unaudited) US$'000	2005 (unaudited) US$'000
Revenue	3	**268,354**	393,842
Other income		**3,541**	844
Changes in inventories of finished goods and work in progress		**27,417**	48,267
Raw materials and consumables used		**(235,240)**	(352,821)
Staff costs		**(16,773)**	(16,639)
Depreciation and amortisation expense		**(5,335)**	(6,139)
Other expenses		**(24,782)**	(39,902)
Profit from operations		**17,182**	27,452
Finance costs		**(5,359)**	(4,180)
Investment income		**1,386**	438
Share of results of associates		**1,301**	598
Share of results of jointly controlled entities		**(504)**	11,281
Profit before taxation		**14,006**	35,589
Income tax expense	4	**(1,428)**	(2,389)
Profit for the period		**12,578**	33,200
Attributable to:			
Equity holders of the Company		**10,858**	28,086
Minority interests		**1,720**	5,114
		12,578	33,200
Earnings per share – basic	6	**1.78 cents**	4.60 cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2006

	Notes	As at 30th June, 2006 (unaudited) US$'000	As at 31st December, 2005 (audited) US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**148,988**	99,557
Patents		**1,049**	850
Goodwill		**5,598**	1,691
Interests in associates		**11,797**	5,419
Interests in jointly controlled entities		**18,152**	37,427
Available-for-sale investments		**3,174**	1,614
Prepaid lease payments		**50,229**	46,857
Deferred tax assets		**135**	243
Other assets		**513**	452
		239,635	194,110
Current assets			
Inventories	8	**277,301**	115,518
Trade receivables	9	**140,149**	65,133
Prepayments and other receivables	10	**184,680**	31,395
Amounts due from fellow subsidiaries		**352**	256
Amounts due from associates		**45**	376
Amounts due from jointly controlled entities		**2,144**	840
Amount due from a related company		**1,397**	1,072
Tax recoverable		**265**	64
Derivative financial instruments		**902**	67
Prepaid lease payments		**1,122**	1,042
Pledged deposit		**13**	–
Bank balances and cash		**67,815**	102,604
		676,185	318,367
Total assets		**915,820**	512,477
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**7,844**	7,844
Share premium		**98,011**	98,011
Accumulated profits		**102,500**	100,211
Other reserves		**12,780**	9,648
Equity attributable to equity holders of the Company		**221,135**	215,714
Minority interests		**43,418**	39,252
Total equity		**264,553**	254,966
Non-current liabilities			
Bank borrowings	14	**111,400**	110,387
Deferred payable		**2,170**	–
		113,570	110,387
Current liabilities			
Trade payables	11	**115,792**	41,784
Accruals and other payables		**55,532**	40,311
Bills payable	12	**124,629**	13,011
Amount due to ultimate holding company		**816**	880
Amounts due to associates		**1,695**	837
Amounts due to jointly controlled entities		**148**	80
Bank borrowings	14	**236,898**	48,015
Deferred payable		**242**	–
Tax payable		**1,945**	2,206
		537,697	147,124
Total liabilities		**651,267**	257,511
Total equity and liabilities		**915,820**	512,477

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2006

	Share capital US$'000	Share premium US$'000	Exchange translation reserve US$'000	General reserve US$'000	Development reserve US$'000	Revaluation reserve US$'000	Accumulated profits US$'000	Attributable to equity holders of the Company US$'000	Minority interests US$'000	Total US$'000
At 1st January, 2005	7,844	98,011	360	5,023	1,754	–	73,509	186,501	33,775	220,276
Exchange differences arising on translation of foreign operations recognised directly in equity	–	–	(30)	–	–	–	–	(30)	–	(30)
Profit for the period	–	–	–	–	–	–	28,086	28,086	5,114	33,200
Total recognised income for the period	–	–	(30)	–	–	–	28,086	28,056	5,114	33,170
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	(845)	(845)
Dividend paid to minority interests	–	–	–	–	–	–	–	–	(2,482)	(2,482)
Dividend declared and approved	–	–	–	–	–	–	(9,408)	(9,408)	–	(9,408)
Transfer from accumulated profits	–	–	–	552	311	–	(863)	–	–	–
At 30th June, 2005	7,844	98,011	330	5,575	2,065	–	91,324	205,149	35,562	240,711
Attributable to:										
– The Company and subsidiaries	7,844	98,011	246	4,733	1,733	–	55,869	168,436	35,562	203,998
– Associates	–	–	83	489	20	–	2,149	2,741	–	2,741
– Jointly controlled entities	–	–	1	353	312	–	33,306	33,972	–	33,972
	7,844	98,011	330	5,575	2,065	–	91,324	205,149	35,562	240,711
At 1st January, 2006	7,844	98,011	1,160	6,417	2,071	–	100,211	215,714	39,252	254,966
Exchange differences arising on translation of foreign operations recognised directly in equity	–	–	297	–	–	–	–	297	120	417
Profit for the period	–	–	–	–	–	–	10,858	10,858	1,720	12,578
Total recognised income for the period	–	–	297	–	–	–	10,858	11,155	1,840	12,995
Increase in fair value of a former jointly controlled entity attributable to the Group	–	–	–	–	–	1,361	–	1,361	–	1,361
Partial disposal of a subsidiary	–	–	–	–	–	–	–	–	3,949	3,949
Capital contribution from minority interests	–	–	–	–	–	–	–	–	1,512	1,512
Dividend paid to minority interests	–	–	–	–	–	–	–	–	(3,135)	(3,135)
Dividend declared and approved	–	–	–	–	–	–	(7,095)	(7,095)	–	(7,095)
Transfer from accumulated profits	–	–	–	1,044	430	–	(1,474)	–	–	–
At 30th June, 2006	**7,844**	**98,011**	**1,457**	**7,461**	**2,501**	**1,361**	**102,500**	**221,135**	**43,418**	**264,553**
Attributable to:										
– The Company and subsidiaries	7,844	98,011	869	6,355	2,063	1,361	67,606	184,109	43,418	227,527
– Associates	–	–	241	643	20	–	3,906	4,810	–	4,810
– Jointly controlled entities	–	–	347	463	418	–	30,988	32,216	–	32,216
	7,844	**98,011**	**1,457**	**7,461**	**2,501**	**1,361**	**102,500**	**221,135**	**43,418**	**264,553**

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2006

	Note	Six months ended 30th June, 2006 (unaudited) US$'000	2005 (unaudited) US$'000
Net cash used in operating activities		**(155,392)**	(82,942)
Net cash used in investing activities:			
Proceeds from disposal of property, plant and equipment		**52**	904
Increase of property, plant and equipment		**(38,437)**	(6,170)
Increase in interest of a subsidiary		**–**	(845)
Cash inflow arising on acquisition of subsidiaries	*15*	**5,985**	–
Cash inflow arising on consolidation of a former jointly controlled entity		**–**	4,532
Other investing cash flows		**13,654**	(9,722)
		(18,746)	(11,301)
Net cash from financing activities:			
New bank loans raised		**180,759**	225,443
Repayment of bank loans		**(38,227)**	(121,450)
Other financing cash flows		**(3,135)**	(11,890)
		139,397	92,103
Net decrease in cash and cash equivalents		**(34,741)**	(2,140)
Cash and cash equivalents at 1st January		**102,604**	62,676
Effect of foreign exchange rate changes		**(48)**	1
Cash and cash equivalents at 30th June		**67,815**	60,537
Balance of cash and cash equivalents represented by:			
Bank balances and cash		**67,815**	60,537

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

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

2 PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair value.

The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31st December, 2005, except as described below.

In the current interim period, the Group has applied, for the first time, a number of new standard, amendment and interpretations (new "HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning either on or after 1st December, 2005 or 1st January, 2006.

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HK (IFRIC) – INT 4	Determining whether an Arrangement contains a Lease
HK (IFRIC) – INT 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK (IFRIC) – INT 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment

The adoption of the new HKFRSs has had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standard, amendment or interpretations that have been issued but are not yet effective. The Group is still not in the position to reasonably estimate the impact that may arise from the application of these new standard, amendment or interpretations.

HKAS 1 (Amendment)	Capital Disclosures [1]
HKFRS 7	Financial Instruments: Disclosures [1]
HK(IFRIC) – INT 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies [2]
HK(IFRIC) – INT 8	Scope of HKFRS 2 [3]
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives [4]

[1] *Effective for annual periods beginning on or after 1st January, 2007*

[2] *Effective for annual periods beginning on or after 1st March, 2006*

[3] *Effective for annual periods beginning on or after 1st May, 2006*

[4] *Effective for annual periods beginning on or after 1st June, 2006*

3 SEGMENT INFORMATION

The Group's primary format for reporting segment information is business segments as presented below:

	Revenue Six months ended		Contribution to profit from operations Six months ended	
	30th June, 2006	30th June, 2005	**30th June, 2006**	30th June, 2005
	US$'000	*US$'000*	***US$'000***	*US$'000*
Business segments				
Container manufacturing	**251,778**	377,444	**12,308**	23,718
Container depot/terminal	**9,769**	8,601	**3,160**	2,072
Mid-stream	**6,807**	7,797	**1,714**	1,662
	268,354	393,842	**17,182**	27,452

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

	Revenue Six months ended	
	30th June, 2006	30th June, 2005
	US$'000	*US$'000*
Geographical segments		
Europe	**60,184**	129,922
United States	**57,059**	88,282
Hong Kong	**43,452**	87,415
PRC (other than Hong Kong and Taiwan)	**21,682**	38,502
South Korea	**19,674**	17,877
Taiwan	**17,223**	7,124
Middle East	**15,204**	7,002
Others	**33,876**	17,718
	268,354	393,842

4 INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profit for the period. Taxation on overseas operations is calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the jurisdictions in which the Group operates.

	Six months ended	
	30th June, 2006	30th June, 2005
	US$'000	*US$'000*
Current tax:		
Hong Kong Profits Tax	**210**	145
Overseas taxation	**1,110**	2,430
	1,320	2,575
Deferred tax:		
Current year	**108**	(186)
	1,428	2,389

5 DIVIDENDS

	Six months ended	
	30th June, 2006	30th June, 2005
	US$'000	*US$'000*
Final dividend approved for the year ended 31st December, 2005: HK9 cents (for the year ended 31st December, 2004: HK12 cents) per ordinary share	**7,095**	9,408
Interim dividend declared: HK4 cents (2005: HK9 cents) per ordinary share	**3,148**	7,071

The directors have resolved on 22nd August, 2006 to declare an interim dividend of HK4 cents per ordinary share for the period ended 30th June, 2006 (2005: HK9 cents per ordinary share).

6 EARNINGS PER SHARE – BASIC

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

	Six months ended	
	30th June, 2006	30th June, 2005
	US$'000	*US$'000*
Earnings:		
Earnings for the purposes of calculating earnings per share	**10,858**	28,086
Number of shares:		
Number of ordinary shares for the purposes of calculating earnings per share	**611,228,760**	611,228,760

7 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent US$38,437,000 (2005: US$6,170,000) to construct new container manufacturing plants and to upgrade its container manufacturing, container depot/terminal and mid-stream facilities.

8 INVENTORIES

	As at 30th June, 2006	As at 31st December, 2005
	US$'000	*US$'000*
Raw materials	**181,019**	71,001
Work in progress	**15,039**	7,101
Finished goods	**81,243**	37,416
	277,301	115,518

The cost of sales recognised during the period was US$245,760,000 (2005: US$345,524,000).

9 TRADE RECEIVABLES

A defined credit policy is maintained within the Group. The general credit terms are agreed with each of its trade customers depending on the relationship with the Group and the creditworthiness of the customers. The general credit term ranges from 30 days to 120 days.

The following is an aging analysis of trade receivables:

	As at 30th June, 2006 *US$'000*	As at 31st December, 2005 *US$'000*
0 to 30 days	**65,035**	32,709
31 to 60 days	**37,309**	9,205
61 to 90 days	**18,743**	6,334
91 to 120 days	**12,715**	7,369
Over 120 days	**6,347**	9,516
	140,149	65,133

10 PREPAYMENTS AND OTHER RECEIVABLES

As at 30th June, 2006, the Group advanced US$110,196,000 (31st December, 2005: US$12,823,000) as purchase deposits for raw materials.

11 TRADE PAYABLES

The following is an aging analysis of trade payables:

	As at 30th June, 2006 *US$'000*	As at 31st December, 2005 *US$'000*
0 to 30 days	**74,671**	16,712
31 to 60 days	**19,133**	8,650
61 to 90 days	**11,443**	4,718
91 to 120 days	**6,081**	7,152
Over 120 days	**4,464**	4,552
	115,792	41,784

12 BILLS PAYABLE

The following is an aging analysis of bills payable:

	As at 30th June, 2006 ***US$'000***	As at 31st December, 2005 *US$'000*
0 to 30 days	**41,777**	3,801
31 to 60 days	**36,480**	3,311
61 to 90 days	**39,550**	2,939
91 to 120 days	**5,975**	1,968
Over 120 days	**847**	992
	124,629	13,011

13 TOTAL ASSETS LESS CURRENT LIABILITIES AND NET CURRENT ASSETS

The Group's total assets less current liabilities and the Group's net current assets as at 30th June, 2006 amounted to US$378,123,000 (31st December, 2005: US$365,353,000) and US$138,488,000 (31st December, 2005: US$171,243,000) respectively.

14 BANK BORROWINGS

During the period, the Group obtained new bank loans in the amount of US$180,759,000 and repaid bank loans totaled US$38,227,000. The loans bear interest at market rates and are repayable over a period of four years. The proceeds were used to finance raw material purchases and investments made during the period. On the other hand, the Group increased its borrowings of US$47,364,000 during the period by acquisition of subsidiaries as referred to in note 15.

15 ACQUISITION OF SUBSIDIARIES

During the period, the Company entered into an agreement to acquire an additional 40% equity interest in Qingdao Pacific Container Co., Ltd. ("Qingdao Pacific"), a former jointly controlled entity of the Company. On completion of this transaction and following certain amendments to the terms of the joint venture agreements for Qingdao Pacific and Qingdao Industrial Vehicle Co., Ltd. ("Qingdao Singamas"), also a former jointly controlled entity of the Company, the Company took control over the board of directors of both Qingdao Pacific and Qingdao Singamas. In addition, the joint venture partner of Qingdao Pacific and Qingdao Singamas agreed to receive a fixed sum of guarantee payments annually in lieu of sharing any profit and loss and the residual interests in the assets of Qingdao Pacific and Qingdao Singamas thereafter. Accordingly, Qingdao Pacific and Qingdao Singamas have been accounted for as wholly owned subsidiaries of the Group since 1st June, 2006 and all future guarantee payments are discounted at the prevailing market interest rate on the date of acquisition and accounted for as deferred payable. The effect of acquisition and consolidation of the assets and liabilities of Qingdao Pacific and Qingdao Singamas are summarised below:

15 ACQUISITION OF SUBSIDIARIES *(Continued)*

	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
	US$'000	*US$'000*	*US$'000*
Property, plant and equipment	14,604	896	15,500
Trade receivable	27,229	–	27,229
Prepayments and other receivables	21,840	–	21,840
Prepaid lease payments	1,423	1,580	3,003
Inventories	47,139	–	47,139
Bank balances and cash	11,739	–	11,739
Other assets	27	–	27
Bank borrowings	(47,364)	–	(47,364)
Trade payable	(38,689)	–	(38,689)
Accruals and other payables	(19,256)	–	(19,256)
Amount due to fellow subsidiaries	(12,006)	–	(12,006)
	6,686	2,476	9,162
Goodwill			3,907
Less: amount attributable to the Group and previously classified as interests in jointly controlled entities			(4,903)
Total consideration			8,166
Satisfied by:			
Cash consideration			5,754
Deferred payable			2,412
			8,166
Net cash inflow arising on acquisition of subsidiaries:			
Cash consideration			(5,754)
Bank balance and cash consolidated			11,739
			5,985

The goodwill arising on the acquisition of subsidiaries is attributable to the anticipated future operating synergies from the combination.

For the six months ended 30th June, 2006, Qingdao Pacific contributed US$16,167,000 to the Group's revenue and US$120,000 to the Group's profit from operations. Qingdao Singamas contributed US$1,553,000 to the Group's revenue and a loss of US$96,000 to the Group's profit from operations.

If the acquisition had been completed on 1st January, 2006, total group revenue for the period would have been US$302,184,000 and profit for the period would have been US$11,704,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st January, 2006, nor is it intended to be a projection of future results.

16 CAPITAL COMMITMENTS

	As at 30th June, 2006 *US$'000*	As at 31st December, 2005 *US$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for	**18,186**	26,334
Capital expenditure in respect of business acquisition contracted but not provided for	**6,200**	27,350
	24,386	53,684

17 RELATED PARTIES TRANSACTIONS

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

	Six months ended	
	30th June, 2006 *US$'000*	30th June, 2005 *US$'000*
Sales to ultimate holding company *(note)*	**16,494**	–
Sales to a fellow subsidiary *(note)*	**1,026**	923
Sales to a related company *(note)*	**3,464**	3,548
Rental income received from a fellow subsidiary *(note)*	**35**	–

Note: The fellow subsidiaries are Pacific International Lines (China) Ltd., and PIL Logistics (China) Ltd. in which Pacific International Lines (Private) Limited ("PIL"), a substantial shareholder of the Company, also the ultimate holding company of the Company, has 100% effective interest. The related company is Pacific International Lines (H.K.) Limited, in which Messrs. Chang Yun Chung, Teo Siong Seng and Teo Tiou Seng, directors of the Company, have beneficial interests.

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

Compensation of key management personnel

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

	Six months ended	
	30th June, 2006 *US$'000*	30th June, 2005 *US$'000*
Short-term benefits	**911**	1,322
Long-term benefits	**17**	16
	928	1,338

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

BUSINESS REVIEW

For the six months ended 30th June, 2006, the Group reported a consolidated revenue of US$268,354,000, a decrease of 31.9% against the same period last year. As a result, consolidated net profit attributable to equity holders of the Company decreased by 61.3% to US$10,858,000 with earnings per share dropping to US1.78 cents, compared to US4.6 cents of the same period last year.

Traditionally, container demand is stronger in the second half of the year than in the first half. However, 2005 was an abnormal year as some customers over-ordered in first half 2005 in anticipation of higher steel and container prices as well as expectation of port congestions in North America and Europe. The anticipated port congestions did not happen. Steel prices also started to drop after May 2005 resulting in customers deferring orders, which continued into the first quarter of 2006.

CONTAINER MANUFACTURING

Accounting for 93.8% of the Group's total revenue, container manufacturing remains the Group's core business. During the reporting period, this segment reported a consolidated revenue of US$251,778,000, down 33.3% from that of the same period last year. The decline was largely due to the uploading of container orders in first half 2005 and lower average selling prices in 2006. Accordingly, profit before taxation and minority interests was also down by 75% from first half 2005 to US$7,719,000 this year.

As explained above, 2005 was an exceptional year for the container manufacturing industry. Unlike in all the other years that container demand is normally stronger in the second half of the year than the first half, container demand was extremely strong in first half 2005. With the market returning to its normal seasonality in 2006, the Group's production and sales volumes in first half 2006 were significantly lower than the same period last year.

At the same time, steel prices began to fall after May 2005 with container selling price dropping from US$2,400 in May 2005 to approximately US$1,400 for a 20-foot dry freight container before the Chinese New Year holidays. Material costs, especially corten steel, started to increase after the Chinese New Year holidays with the corresponding increase in container selling prices. However, since a large portion of containers produced and sold during first half 2006 was from orders received in late 2005 and first quarter 2006 at relatively lower prices, average container selling price attained by the Group during this reporting period was lower than that achieved in first half 2005.

To strengthen its market position and pave the way for capturing growing container demand, Singamas has formed strategic alliances with renowned business partners, actively expanded its production capacity and diversified its product portfolio in the past few years.

BUSINESS REVIEW *(Continued)*

CONTAINER MANUFACTURING *(Continued)*

On 29th May, 2006, Singamas entered into a share transfer agreement to acquire an additional 40% equity interest in Qingdao Pacific, making it a 95%-owned subsidiary of Singamas. Strategically located in Qingdao, the third busiest container port in the PRC, Qingdao Pacific is principally engaged in the manufacturing of conventional dry freight containers and U.S. domestic containers.

Over the years, the Group has been expanding its container factory network. Listed below are the latest expansion projects:

- Ningbo Pacific Container Co., Ltd. ("Ningbo Pacific"), a new dry freight container factory located in Ningbo, the PRC with a maximum annual production capacity of 100,000 twenty-foot equivalent units ("TEUs"), started trial production in May 2006.

- The relocation and expansion of Tianjin Pacific Container Co., Ltd. was completed in July 2006.

- Hui Zhou Pacific Container Co., Ltd., a new dry freight container factory located in Eastern Guangdong Province, the PRC with a maximum annual production capacity of 200,000 TEUs, started trial operation at the end of July 2006.

After completion of the aforesaid projects, the Group's maximum annual production capacity has increased to 1.25 million TEUs starting from end of July 2006. For the full year of 2006, the effective maximum annual production capacity is approximately 1 million TEUs.

The Group has also diversified its product lines to produce higher value and more sophisticated products, including U.S. domestic containers (45-foot, 48-foot and 53-foot containers) and chassis. Production of these new products started in March 2006 at the Group's Qingdao plant.

In February 2006, Singamas entered into a memorandum of understanding with Mitsubishi Corporation, Japan's largest general trading house to cooperate in selling and marketing containers produced by Singamas to the Japanese market. This cooperation is expected to enhance the Group's marketing network by penetrating the Japanese market.

In March 2006, China Shipping Investment Co., Ltd., a subsidiary of the world's sixth largest container shipping lines by shipping capacity, China Shipping (Group) Company, entered into an agreement with Singamas to acquire 20% equity stake in Ningbo Pacific. The partnership will allow both parties to tap the fast-growing Ningbo/ Zhejiang market, and at the same time, enhance Singamas' competitiveness.

BUSINESS REVIEW *(Continued)*

LOGISTICS SERVICES

During the reporting period, container throughputs at major PRC ports, where the Group's container depots/terminals are located, remained strong. The Group's container depots/terminals handled a total of 2,154,258 TEUs of container with an average daily container storage of 193,571 TEUs. Revenue from this segment increased by 13.6% over that in the same period last year to US$9,769,000 with its profit before taxation and minority interests reaching US$4,557,000, an increase of 49.3% from first half 2005.

The mid-stream business continued to perform well. During the period, the mid-stream operation handled 155,157 TEUs of containers, compared to 158,203 TEUs in first half 2005. Despite its volume decrease, due to effective cost control and efficiency improvement, its profit before taxation and minority interests increased by 4% to US$1,730,000.

PROSPECTS

Active world trade, China's robust foreign trade growth and new container vessels coming on stream are expected to give rise to a steady demand for new containers. According to data released by the PRC Customs, the total value of exports in the first six months of 2006 was RMB429 billion, 25.2% higher than the same period last year, whereas the total value of imports was RMB367 billion, up 21.3%.

Prices of corten steel, the major raw material used in container manufacturing, have been increasing after the Chinese New Year holidays in 2006. Current steel prices are at over US$600/ton vs US$450/ton at the end of 2005. The container box price has also increased from US$1,400 per 20-foot dry freight container at the end of 2005 to around US$2,000 for August 2006 delivery. Orders are also increasing starting from the second quarter of 2006. The Group expects these positive factors to improve the Group's results in the second half of 2006.

The cooperation with Flax Field Trading B.V. ("FFT") of Holland is progressing smoothly. FFT has been assisting Singamas in putting up a specialised facility at the plant in Shunde to produce quality tank containers. Production is expected to begin in December 2006.

Looking ahead, Singamas will continue to identify profitable investment opportunities. Given its proven business strategy and strong competitive edges, the Group is confident of grasping every opportunity ahead.

INTERIM DIVIDEND

The Directors are pleased to declare an interim dividend of HK4 cents per ordinary share (2005: HK9 cents per ordinary share) for the six months ended 30th June, 2006, payable on or before Tuesday, 31st October, 2006 to shareholders whose names appear on the Register of Members of the Company at close of business on Wednesday, 25th October, 2006.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 20th October, 2006 to Wednesday, 25th October, 2006, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for this interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration of no later than 4:00 p.m. on Thursday, 19th October, 2006.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim financial report for the six months ended 30th June, 2006 ("Interim Report"). At the request of the Directors, the Group's external auditors have carried out a review of the Interim Report in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2006, the Group had bank balances and cash of US$67,815,000 (31st December, 2005: US$102,604,000) and total interest-bearing borrowings of US$348,298,000 (31st December, 2005: US$158,402,000). This represented a gearing ratio, calculated on the basis of the Group's total interest-bearing borrowings over equity attributable to equity holders of the Company, of 1.58 (31st December, 2005: 0.73) and a net debt to equity ratio, calculated on the basis of the Group's net interest-bearing borrowings (after deducting bank balances and cash of US$67,815,000) over equity attributable to equity holders of the Company, of 1.27 (31st December, 2005: 0.26). The increase in total interest-bearing borrowings was largely attributable to the consolidation of the liabilities of Qingdao Pacific, a former jointly controlled entity of the Company. After completion of the Company's acquisition of an additional 40% equity interest in Qingdao Pacific from Hiking Group Co., Ltd. ("Hiking Group") and following certain amendments to the terms of the joint venture agreement of Qingdao Pacific, Qingdao Pacific has become a subsidiary of the Company with effect from 1st June, 2006. The interest coverage ratio of the Group's profit before interest, tax, depreciation and amortisation (EBITDA) to total net interest expense was 5.87 times for the six months ended 30th June, 2006 (2005: 12.15 times). 2005 was an abnormal year for container manufacturers with container orders uploaded to first half 2005. The mismatch of container demand and supply in 2005 resulted in a majority of the Group's consolidated revenue and net profit being shifted to the first half of that year, traditionally a low season for container manufacturers. In 2006, the market has returned to its normal seasonality. Accordingly, the Group's consolidated revenue and net profit declined substantially for first half 2006 as compared to the same period last year and at the same time, resulted in the deterioration of the Group's interest coverage ratio.

TREASURY POLICIES

The Group's treasury policies adopted for the six months ended 30th June, 2006 are consistent with those disclosed in the Group's 2005 Annual Report.

The majority of the Group's borrowings is arranged on a short term revolving basis for the financing of the Group's daily working capital requirements. Of the total borrowings as at 30th June, 2006, the maturity profile spread over a period of four years with US$236,898,000 repayable within one year and US$111,400,000 within four years. The Group's borrowings are principally on a floating rate basis. As at 30th June, 2006, the Company has outstanding interest rate swap with its notional amount of US$50 million (2005: US$37 million) to hedge against the floating rate interest risk for a certain term loans granted for the financing of various business acquisitions of the Company.

ACQUISITIONS

On 29th May, 2006, the Company entered into a share transfer agreement with Hiking Group under which the Company agreed to purchase from Hiking Group a 40% equity interest in Qingdao Pacific at a cash consideration of US$4,800,000 which has been funded by internal resources of the Group. In view that Hiking Group was a substantial shareholder of Qingdao Pacific, in which Hiking Group was holding 45% equity interest, Hiking Group was a connected person and the entering into this agreement constituted a connected transaction under the Listing Rules. Based on the five size tests performed, certain percentage ratio exceeded 5% but less than the 25% thresholds, this transaction also constituted a discloseable transaction under the Listing Rules. As certain percentage ratios and total consideration exceeded 2.5% and HK$10,000,000, this transaction would normally be subject to independent shareholders' approval under the Listing Rules. PIL (the controlling and substantial shareholder of the Company as defined under the Listing Rules) and Mr. Teo Siong Seng (a shareholder and director of PIL), both considered as a closely allied group of shareholders of the Company under the Listing Rules, who were not interested in this transaction other than their respective shareholdings held in the Company, had given written confirmations to the Company to approve this transaction. No shareholder, including PIL and this aforesaid shareholder, is required to abstain from voting. Accordingly, the Company had applied to the Stock Exchange for and been granted a waiver from the requirements under Rule 14A.43 of the Listing Rules and obtained written independent shareholders' approval in lieu of holding a general meeting in respect of this transaction.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

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

CHARGES ON ASSETS

As at 30th June, 2006, certain assets of the Group with aggregate carrying value of US$5,178,000 (31st December, 2005: US$6,062,000) were pledged as securities for credit facilities granted by banks to subsidiaries in the PRC.

CONTINGENT LIABILITIES

During the period, the Group did not have any contingent liabilities.

REMUNERATION POLICIES AND NUMBER OF EMPLOYEES

The remuneration policies adopted for the six months ended 30th June, 2006 are consistent with those disclosed in the Group's 2005 Annual Report. As at 30th June, 2006, the Group, including its subsidiaries but excluding associates and jointly controlled entities, employed 10,969 full-time employees.

CAPITAL COMMITMENT

On 29th May, 2006, the Company entered into a share transfer agreement with Hiking Group for the acquisition of an additional 40% equity interest in Qingdao Pacific from Hiking Group for a cash consideration of US$4,800,000. The Company has paid this consideration on 3rd July, 2006 using its internal resources.

DIRECTORS' INTERESTS

As at 30th June, 2006, the interests or short positions of the Directors in the shares of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director is taken or deemed to have under such provisions of the SFO); or which (b) were required pursuant to Section 352 of the SFO to be entered into the register maintained by the Company; or which (c) were required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

		Number of Ordinary Shares of HK$0.10 Each		
Name	**Capacity**	**Personal Interest**	**Corporate Interest**	**Percentage of Issued Shares**
Mr. Chang Yun Chung	Beneficial Owner	–	303,088,178 *(Note)*	49.59
Mr. Teo Siong Seng	Beneficial Owner	13,234,000	–	2.17

Note: These shares are held by PIL in which Mr. Chang Yun Chung is interested, in aggregate, in 165,600,000 shares representing 89.61% of the issued share capital of PIL. Mr. Chang Yun Chung's interest in shares of PIL comprises a personal interest in 26,425,000 shares and corporate interests in 58,500,000 shares through South Pacific International Holdings Limited, a company in which he holds 1.87% of the issued share capital and 80,675,000 shares through Y. C. Chang & Sons Private Limited, a company in which he holds 2.86% of the issued share capital. Messrs. Teo Siong Seng and Teo Tiou Seng, directors of the Company, both of their interests in shares of PIL comprise personal interests in 1,200,000 shares and 800,000 shares respectively and representing 0.65% and 0.43% of the issued share capital of PIL.

The Company does not have any share option scheme.

Other than those disclosed in note 17 to the condensed financial statements (which were approved by the independent non-executive Directors and in the opinion of the Directors were carried out on normal commercial terms and in ordinary course of the Group's business), no contracts of significance in relation to the Group's business to which the Company, its holding company, fellow subsidiaries or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

At no time during the period was the Company, its holding company, fellow subsidiaries or any of its subsidiaries a party of any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS *(Continued)*

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June, 2006, according to the register kept by the Company pursuant to Section 336 of the SFO, and so far as was known to any Director, the following persons (other than the interests of certain Directors disclosed under the section headed "Directors' Interests" above), had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

		Number of Ordinary Shares of HK$0.10 Each		Percentage of Total Issued
Name	*Notes*	**Direct Interest**	**Indirect Interest**	**Shares**
Madam Lee Kheng Wah	*(1)*	–	303,088,178 (L)#	49.59
PIL	*(2)*	303,088,178 (L)#	–	49.59
Y.C. Chang & Sons Private Limited	*(3)*	–	303,088,178 (L)#	49.59

(L)# – Long Position

Notes:

(1) Madam Lee Kheng Wah, as the spouse of Mr. Chang Yun Chung, is deemed to be interested in these shares.

(2) A full explanation of these shares is disclosed under the section headed "Directors' Interest" above.

(3) As Y.C. Chang & Sons Private Limited directly controls one-third or more of the voting rights in the shareholders' meeting of PIL, in accordance with SFO, Y.C. Chang & Sons Private Limited is deemed to be interested in PIL's interests in the Company's issued shares.

Save as disclosed above, there was no other person known to the Directors, other than the Directors, who, as at 30th June, 2006, had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

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

CORPORATE GOVERNANCE PRACTICES

In the Corporate Governance Report ("CG Report") presented in the Group's 2005 Annual Report, it was reported that save for the two deviations identified and explained therein, the Company had fully complied with all the applicable principles in the code provisions and adopted certain recommended best practices in the "Code on Corporate Governance Practices" ("the Code") as set out in Appendix 14 of the Listing Rules.

The corporate governance practices adopted for the six months ended 30th June, 2006 are consistent with those disclosed and outlined in the Group's 2005 Annual Report. The two deviations from the Code as mentioned in the CG Report were rectified during this reporting period as explained below:

Code Provisions	Deviations	Rectification Measures
• All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.	• Under the Company's articles of association as at the date of the Group's 2005 Annual Report, new Directors (including those appointed to fill a casual vacancy) are required to submit themselves for re-election at the first annual general meeting following their appointment.	• After obtaining the shareholders' approval at the Company's annual general meeting held on 18th May, 2006, the Company amended its articles of association to be in line with the Code.
• Pursuant to rule 13.39(3), chairman of a meeting and/or directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at a particular meeting shall demand a poll in certain circumstances where, on a show of hands, a meeting votes in the opposite manner to that instructed in those proxies.	• Under the Company's articles of association as at the date of the Group's 2005 Annual Report, no provisions has been provided for allowing Directors holding proxies in respect of shares representing 5% or more of the total voting rights at a particular meeting to demand a poll in certain circumstances where, on a show of hands, a meeting votes in the opposite manner to that instructed in those proxies.	• After obtaining the shareholders' approval at the Company's annual general meeting held on 18th May, 2006, the Company amended its articles of association to be in line with the Code.

During the six months ended 30th June, 2006, the Company has met the provisions set out in the Code.

STATEMENT OF DIRECTOR RESPONSIBILITIES FOR FINANCIAL STATEMENTS

All Directors acknowledge that they are responsible for overseeing the preparation of financial statements. In preparing the financial statements for the six months ended 30th June, 2006, the Directors have selected suitable accounting policies and applied them consistently, adopted of all applicable new Hong Kong Financial Reporting Standards which are in conformity to the International Financial Reporting Standards, made judgements and estimates that are prudent and reasonable and prepared the accounts on the going concern basis.

COMPLIANCE WITH THE MODEL CODE

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

On Behalf of the Board
Chang Yun Chung
Chairman

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

Executive Directors:
Mr. Chang Yun Chung *(Chairman)*
(also known as Mr. Teo Woon Tiong)
Mr. Teo Siong Seng *(Vice Chairman)*
Mr. Hsueh Chao En
Mr. Jin Xu Chu
Mr. Teo Tiou Seng

Non-Executive Director:
Mr. Kuan Kim Kin

Independent Non-Executive Directors:
Mr. Ngan Man Kit, Alexander
Mr. Ong Ka Thai
Mr. Soh Kim Soon

Hong Kong, 22nd August, 2006