

Notes to the Financial Statements

I GENERAL

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

The financial statements are presented in United States dollars, the currency in which the majority of the transactions are denominated.

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

(b) Investments in subsidiaries

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

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any decline in the value of the subsidiary that is other than temporary.

Notes to the Financial Statements (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Interests in associates

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

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

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 decline in the value of the associate that is other than temporary.

(d) Goodwill

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

Negative goodwill, which represents the excess value ascribed to the net assets of subsidiaries and associates acquired over the purchase consideration is credited to reserves in the year of acquisition.

(e) Revenue recognition

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

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

Interest income is recognised on accruals basis.

Notes to the Financial Statements (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

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

| | Estimated useful life | Estimated residual value |
|--|--|-------------------------------------|
| Land use rights outside Hong Kong | | |
| – on medium term lease | over the lease period of 20 to 50 years | Nil |
| Building and site improvement outside Hong Kong | | |
| – on medium term lease | 20 years | Nil 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. Assets under hire purchase contracts are depreciated using the straight line method over their estimated useful lives.

Notes to the Financial Statements (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

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

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

(g) Inventories

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

(h) Patents

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

(i) Other deferred expenses

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

Notes to the Financial Statements (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Assets under leases

i. Finance leases

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

ii. Hire purchase contracts

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

iii. Operating leases

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

(k) Deferred tax

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

(l) Currencies other than United States dollars (“US\$”)

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

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

Notes to the Financial Statements (continued)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Retirement benefit costs

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

Prior to 1st December, 2000, the Group contributed to defined contribution retirement schemes which are 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 Company has joined a Mandatory Provident Fund ("MPF") scheme and contributes to the MPF scheme which is available to all employees in Hong Kong. Contributions payable by the Group to the MPF scheme are charged to the income statement.

Other than those listed above, retirement schemes are not available to the employees of other companies of the Group.

3 TURNOVER

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

| | 2000 | 1999 |
|-------------------------|-----------------|----------|
| | US\$'000 | US\$'000 |
| Container manufacturing | 148,540 | 109,812 |
| Container depot | 21,856 | 20,261 |
| Mid-stream | 9,324 | 7,983 |
| | 179,720 | 138,056 |

Notes to the Financial Statements (continued)

4 PROFIT FROM OPERATIONS

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

| | 2000 | 1999 |
|--|-----------------|----------|
| | US\$'000 | US\$'000 |
| Auditors' remuneration | 256 | 215 |
| Staff costs, including directors' emoluments | | |
| – Salaries and other benefits | 13,199 | 11,856 |
| – Retirement benefit costs (note 8) | 1,273 | 1,108 |
| | 14,472 | 12,964 |
| Depreciation and amortisation | | |
| Depreciation | | |
| – Owned property, plant and equipment | 3,957 | 3,782 |
| – Assets held under finance leases and hire purchase contracts | 831 | 1,158 |
| Amortisation | | |
| – Patents | 13 | 370 |
| – Other deferred expenses | 148 | 128 |
| | 4,949 | 5,438 |
| Operating lease charges | | |
| – Land and buildings | 3,068 | 3,778 |
| – Plant and machinery | 618 | 657 |
| | 3,686 | 4,435 |
| Loss on disposal of property, plant and equipment | 45 | 27 |
| Net exchange loss | 35 | 25 |

Notes to the Financial Statements (continued)

5 FINANCE COSTS

| | 2000 US\$'000 | 1999 US\$'000 |
|--|------------------|------------------|
| Interest on | | |
| – Bank loans and overdrafts not wholly repayable within five years | 11 | – |
| – Bank loans and overdrafts wholly repayable within five years | 4,096 | 3,011 |
| – Finance leases and hire purchase contracts | 158 | 283 |
| Bank charges and commissions | 292 | 286 |
| | <u>4,557</u> | <u>3,580</u> |

6 INVESTMENT INCOME

| | 2000 US\$'000 | 1999 US\$'000 |
|----------------------------------|------------------|------------------|
| Interest earned on bank deposits | <u>413</u> | <u>599</u> |

7 DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

| | 2000 US\$'000 | 1999 US\$'000 |
|-----------------------------|------------------|------------------|
| Directors' emoluments | | |
| Fees: | | |
| Executive | 77 | 51 |
| Non-executive | 19 | 13 |
| Independent non-executive | 38 | 26 |
| | <u>134</u> | <u>90</u> |
| Other emoluments: | | |
| Executive: | | |
| Salaries and other benefits | 482 | 472 |
| Retirement benefit costs | 9 | 9 |
| | <u>491</u> | <u>481</u> |
| | <u>625</u> | <u>571</u> |

Notes to the Financial Statements (continued)

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

The directors' emoluments were within the following bands:

| | 2000 | 1999 |
|---|--------------------------------|------------------------|
| | Number of directors | Number of directors |
| Nil – US\$128,349 (Nil – HK\$1,000,000) | 5 | 5 |
| US\$192,524 – US\$256,697 (HK\$1,500,001 – HK\$2,000,000) | 1 | 1 |
| US\$256,698 – US\$320,872 (HK\$2,000,001 – HK\$2,500,000) | 1 | 1 |
| | <hr/> 7 | <hr/> 7 |

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.

The above analysis includes 2 (1999: 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:–

| | 2000 | 1999 |
|-----------------------------|------------------|------------------|
| | US\$'000 | US\$'000 |
| Salaries and other benefits | 361 | 295 |
| Retirement benefit costs | 8 | 7 |
| | <hr/> 369 | <hr/> 302 |

Their emoluments were within the following bands:

| | 2000 | 1999 |
|---|----------------------------------|--------------------------|
| | Number of individuals | Number of individuals |
| Nil – US\$128,349 (Nil – HK\$1,000,000) | 2 | 3 |
| US\$128,350 – US\$192,523 (HK\$1,000,001 – HK\$1,500,000) | 1 | – |
| | <hr/> 3 | <hr/> 3 |

Details of the Share Option Scheme are set out in note 24. No options under the scheme were exercised during the year.

Notes to the Financial Statements (continued)

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

With effect from 1st December, 2000, the Company has joined a MPF scheme for all employees in Hong Kong. The MPF scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF scheme 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.

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

The retirement benefit costs charged to the income statement representing contributions payable by the Group to the defined contribution retirement schemes operated in Hong Kong and the retirement benefit scheme in the PRC amounted to US\$1,273,000 (1999: US\$1,108,000). Contributions totaling US\$108,000 (1999: US\$111,000) were payable to the retirement schemes at the year-end and are included in accruals and other payables.

Forfeited contributions of the Group's defined contribution retirement schemes in the amount of US\$6,000 (1999: US\$23,000) 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.

Notes to the Financial Statements (continued)

9 TAXATION

Hong Kong profits tax has been provided for at the rate of 16 per cent (1999: 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.

| | 2000 | 1999 |
|---------------------------|-----------------|----------|
| | US\$'000 | US\$'000 |
| Company and subsidiaries: | | |
| Hong Kong profits tax | 71 | – |
| Overseas taxation | 1,213 | 318 |
| | 1,284 | 318 |

Deferred tax charges for the year have not been provided in respect of the following:

| | 2000 | 1999 |
|-------------------------------------|-----------------|----------|
| | US\$'000 | US\$'000 |
| Accelerated depreciation allowances | (183) | (13) |
| Tax losses | 355 | 195 |
| | 172 | 182 |

10 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\$563,000 (1999 : US\$886,000).

11 DIVIDEND

The directors do not recommend the payment of a dividend for the year (1999: Nil).

12 EARNINGS PER SHARE

The calculation of earnings per share is based on the net profit for the year of US\$6,082,000 (1999: US\$3,424,000) and 456,001,760 ordinary shares (1999: 456,001,760 ordinary shares) in issue throughout the year. Diluted earnings per share is not presented as the exercise price of the Company's outstanding share options was higher than the average market price of shares for both 2000 and 1999.

Notes to the Financial Statements (continued)

13 PROPERTY, PLANT AND EQUIPMENT

| | Assets under construction <i>US\$'000</i> | Land and buildings <i>US\$'000</i> | Plant and machinery <i>US\$'000</i> | Furniture, fittings and office equipment <i>US\$'000</i> | Motor vehicles <i>US\$'000</i> | Total <i>US\$'000</i> |
|--|--|---|--|--|--------------------------------------|--------------------------|
| Group | | | | | | |
| Cost | | | | | | |
| At 1st January, 2000 | 414 | 31,990 | 28,878 | 6,085 | 3,571 | 70,938 |
| Additions | 5,310 | 47 | 1,589 | 173 | 308 | 7,427 |
| Disposals | – | – | (955) | (88) | (190) | (1,233) |
| Transfer from assets under construction | (2,251) | 798 | 1,084 | 127 | 242 | – |
| Translation differences | – | (4) | (6) | (2) | (1) | (13) |
| At 31st December, 2000 | <u>3,473</u> | <u>32,831</u> | <u>30,590</u> | <u>6,295</u> | <u>3,930</u> | <u>77,119</u> |
| Accumulated depreciation | | | | | | |
| At 1st January, 2000 | – | 6,931 | 12,225 | 4,371 | 2,800 | 26,327 |
| Charge for the year | – | 1,419 | 2,587 | 549 | 233 | 4,788 |
| Eliminated on disposals | – | – | (679) | (66) | (168) | (913) |
| Translation differences | – | (5) | (5) | (2) | (1) | (13) |
| At 31st December, 2000 | <u>–</u> | <u>8,345</u> | <u>14,128</u> | <u>4,852</u> | <u>2,864</u> | <u>30,189</u> |
| Net book value | | | | | | |
| At 31st December, 2000 | <u>3,473</u> | <u>24,486</u> | <u>16,462</u> | <u>1,443</u> | <u>1,066</u> | <u>46,930</u> |
| At 31st December, 1999 | <u>414</u> | <u>25,059</u> | <u>16,653</u> | <u>1,714</u> | <u>771</u> | <u>44,611</u> |

The net book value of plant and machinery held under finance leases and hire purchase contracts amounted to US\$3,375,000 (1999:US\$8,913,000).

Notes to the Financial Statements (continued)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

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

| | Land use rights <i>US\$'000</i> | Land and buildings <i>US\$'000</i> | Site improve- ments <i>US\$'000</i> | Total <i>US\$'000</i> |
|--|---|--|---|---------------------------------|
| Group | | | | |
| At 31 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 |
| | <u>2,148</u> | <u>6,907</u> | <u>15,431</u> | <u>24,486</u> |
| At 31 December, 1999 | | | | |
| Held in Hong Kong | | | | |
| On short lease (less than 10 years) | – | – | 207 | 207 |
| On medium term lease (10 to 50 years) | – | 80 | – | 80 |
| Held outside Hong Kong | | | | |
| On medium term lease (10 to 50 years) | 2,232 | 7,031 | 15,509 | 24,772 |
| | <u>2,232</u> | <u>7,111</u> | <u>15,716</u> | <u>25,059</u> |

Land and buildings held outside Hong Kong with an aggregate net book value of US\$14,073,000 as at 31st December, 2000 (1999: US\$14,782,000) 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, 2000 was US\$9,911,000 (1999: US\$3,282,000).

Notes to the Financial Statements (continued)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

| | Furniture, fittings and office equipment <i>US\$'000</i> | Motor vehicles <i>US\$'000</i> | Total <i>US\$'000</i> |
|-------------------------------|--|--------------------------------------|--------------------------|
| Company | | | |
| Cost | | | |
| At 1st January, 2000 | 943 | 44 | 987 |
| Additions | 39 | – | 39 |
| Disposals | (14) | – | (14) |
| | <u>968</u> | <u>44</u> | <u>1,012</u> |
| At 31st December, 2000 | | | |
| Accumulated depreciation | | | |
| At 1st January, 2000 | 765 | 5 | 770 |
| Charge for the year | 119 | 9 | 128 |
| Eliminated on disposal | (13) | – | (13) |
| | <u>871</u> | <u>14</u> | <u>885</u> |
| At 31st December, 2000 | | | |
| Net book value | | | |
| At 31st December, 2000 | <u>97</u> | <u>30</u> | <u>127</u> |
| At 31st December, 1999 | <u>178</u> | <u>39</u> | <u>217</u> |

14 PATENTS

| | Group | |
|--------------------|-------------------------|-------------------------|
| | 2000 <i>US\$'000</i> | 1999 <i>US\$'000</i> |
| At 1st January | 300 | 670 |
| Amount capitalised | 1,700 | – |
| Amount amortised | (13) | (370) |
| | <u>1,987</u> | <u>300</u> |
| At 31st December | | |

Notes to the Financial Statements (continued)

15 INTERESTS IN SUBSIDIARIES

| | Company | |
|--|-----------------|----------|
| | 2000 | 1999 |
| | US\$'000 | US\$'000 |
| Unlisted shares and investments, at cost | 31,971 | 31,971 |

Particulars of principal subsidiaries as at 31st December, 2000 are set out below:–

| Name | Place of incorporation/ registration | Group equity interest | Issued and paid up capital | Principal activities |
|---|---|--------------------------------------|---------------------------------------|---|
| Abacus International Finance Ltd. * | British Virgin Islands | 100% | US\$1,000 | Provision of financial services and marketing of dry freight and specialised containers in the PRC |
| DY Terminal Ltd. | Hong Kong | 100% | HK\$1,000,000 | Provision of container storage and repair services |
| Eng Kong Container & Warehousing Ltd. | Hong Kong | 73.3% | HK\$300,000 | Investment holding |
| Eng Kong Container Services Ltd. | Hong Kong | 73.3% | HK\$3,000,000 | Provision of container storage, drayage and repair services |
| 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 |
| Shanghai Reeferco Container Co., Ltd. # (Note) | PRC | 52.4% | US\$22,000,000 | Manufacturing of refrigerated containers |

Notes to the Financial Statements (continued)

15 INTERESTS IN SUBSIDIARIES (continued)

| Name | Place of incorporation/ registration | Group equity interest | Issued and paid up capital | Principal activities |
|--|---|-----------------------|----------------------------|---|
| 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% | US\$100,000 | Investment holding |
| Singamas Terminals (China) Ltd. | British Virgin Islands | 100% | US\$1,000 | Investment holding and marketing of container storage and repair services in the PRC |
| Singamas Terminals Holdings Ltd. * | British Virgin Islands | 100% | US\$1,000 | Investment holding |
| Singamas Terminals (HK) Ltd. | British Virgin Islands | 100% | US\$1,000 | Investment holding |
| Singamas Terminals (Hong Kong) Ltd. | Hong Kong | 100% | HK\$5,000,000 | Provision of mid-stream services |
| Singamas Warehouse (Shanghai) Co., Ltd. | British Virgin Islands | 100% | US\$1,000 | Investment holding |

Notes to the Financial Statements (continued)

15 INTERESTS IN SUBSIDIARIES (continued)

| Name | Place of incorporation/ registration | Group equity interest | Issued and paid up capital | Principal activities |
|---|--------------------------------------|-----------------------|----------------------------|--|
| 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

Note: The Group's equity interest in Shanghai Reeferco Container Co., Ltd. was diluted from 57.7% to 52.4% in 2000.

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

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

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

16 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\$7,312,000 (1999: US\$6,655,000) 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.

Notes to the Financial Statements (continued)

17 INTERESTS IN ASSOCIATES

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2000 US\$'000 | 1999 US\$'000 | 2000 US\$'000 | 1999 US\$'000 |
| Unlisted shares and investments, at cost | – | – | 6,800 | 2,200 |
| Share of net assets | 10,318 | 4,330 | – | – |
| Loan to an associate | – | 2,050 | – | 2,050 |
| | 10,318 | 6,380 | 6,800 | 4,250 |

Particulars of principal associates as at 31st December, 2000 are set out below: –

| Name | Form of business structure | Place of incorporation/ registration and operation | Group equity interest | Principal activities |
|---|-------------------------------|---|-----------------------------|---|
| Dalian Singamas International Container Co., Ltd. # @ | Incorporated | PRC | 30% | Provision of container storage and repair services |
| Ningbo Victory Container Co., Ltd. # | Incorporated | PRC | 40% | Provision of container storage and repair services |
| Xiamen Pacific Container Manufacturing Co., Ltd. * # @ | Incorporated | PRC | 40% | 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\$8,557,000 and US\$6,800,000 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.

The Group's equity interest in Xiamen Pacific Container Manufacturing Co., Ltd. increased from 25% to 40% in 2000.

Notes to the Financial Statements (continued)

18 OTHER DEFERRED EXPENSES

| | Group | | Company | |
|--------------------|------------------|------------------|------------------|------------------|
| | 2000 US\$'000 | 1999 US\$'000 | 2000 US\$'000 | 1999 US\$'000 |
| At 1st January | 939 | 973 | - | 1 |
| Amount capitalised | 113 | 94 | - | - |
| Amount amortised | (148) | (128) | - | (1) |
| At 31st December | <u>904</u> | <u>939</u> | <u>-</u> | <u>-</u> |

19 INVENTORIES

| | Group | |
|------------------|------------------|------------------|
| | 2000 US\$'000 | 1999 US\$'000 |
| Raw materials | 19,806 | 16,623 |
| Work in progress | 2,063 | 2,926 |
| Finished goods | 17,986 | 12,203 |
| | <u>39,855</u> | <u>31,752</u> |

As at 31st December, 2000, raw materials and finished goods totaling of US\$250,000 (1999: NIL) were carried at net realisable value. The cost of inventories recognised as an expense during the year was US\$153,968,000 (1999: US\$117,128,000).

Notes to the Financial Statements (continued)

20 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 aging analysis of accounts receivable at 31st December, 2000, of which the majority outstanding balances is within the credit period granted by the Group, is as follows:

| | 2000 | Group |
|----------------|-----------------|------------------|
| | US\$'000 | 1999 US\$'000 |
| 0 to 30 days | 19,286 | 11,579 |
| 31 to 60 days | 8,873 | 8,185 |
| 61 to 90 days | 7,219 | 6,908 |
| 91 to 120 days | 6,722 | 3,700 |
| Over 120 days | 10,608 | 3,969 |
| | 52,708 | 34,341 |

Subsequent to the year-end date and upto the date of this Annual Report, of the US\$17,330,000 over 90 days outstanding balance, the Group already received US\$12,160,000.

21 ACCOUNTS PAYABLE

The aging analysis of accounts payable is as follows:

| | 2000 | Group |
|----------------|-----------------|------------------|
| | US\$'000 | 1999 US\$'000 |
| 0 to 30 days | 11,651 | 6,725 |
| 31 to 60 days | 4,667 | 5,663 |
| 61 to 90 days | 3,609 | 2,891 |
| 91 to 120 days | 2,405 | 2,240 |
| Over 120 days | 2,461 | 2,165 |
| | 24,793 | 19,684 |

Notes to the Financial Statements (continued)

22 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\$1,572,000 (1999: US\$1,551,000).

23 SHARE CAPITAL

| | Number of shares | | | | | |
|----------------------------------|--------------------|--------------------|--------------|---------------|--------------|---------------|
| | 2000 | 1999 | 2000 | 2000 | 1999 | 1999 |
| | | | US\$'000 | HK\$'000 | US\$'000 | HK\$'000 |
| Authorised: | | | | | | |
| Ordinary shares of HK\$0.10 each | <u>750,000,000</u> | <u>750,000,000</u> | <u>9,637</u> | <u>75,000</u> | <u>9,637</u> | <u>75,000</u> |
| Issued and fully paid: | | | | | | |
| Ordinary shares of HK\$0.10 each | <u>456,001,760</u> | <u>456,001,760</u> | <u>5,854</u> | <u>45,600</u> | <u>5,854</u> | <u>45,600</u> |

There were no changes in the share capital during the two years ended 31st December, 2000 and 1999.

24 SHARE OPTION SCHEME

Pursuant to a share option scheme adopted on 17th June, 1993, the Company may offer to full-time employees of the Group (including executive directors of the Company) options to subscribe for ordinary shares in the Company, subject to a maximum of 10 per cent of the issued share capital of the Company from time to time. Any option may be exercised at any time from the date on which the option 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, 2000 & 1999 |
| 8th October, 1994 | 1.908 | 1,900,000 |
| 15th May, 1995 | 1.440 | 1,500,000 |
| | | <u>3,400,000</u> |

Notes to the Financial Statements (continued)

25 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, 1999 | | | | | | |
| – The Company and subsidiaries | 38,522 | 218 | 755 | 771 | (8,569) | 31,697 |
| – Associates | – | 23 | 32 | 20 | 454 | 529 |
| | <u>38,522</u> | <u>241</u> | <u>787</u> | <u>791</u> | <u>(8,115)</u> | <u>32,226</u> |
| Exchange translation differences | | | | | | |
| – The Company and subsidiaries | – | 14 | – | – | – | 14 |
| – Associates | – | 8 | – | – | – | 8 |
| Net profit for the year | – | – | – | – | 3,424 | 3,424 |
| Transfer from accumulated profits | – | – | 107 | 91 | (198) | – |
| | <u>–</u> | <u>–</u> | <u>107</u> | <u>91</u> | <u>(198)</u> | <u>–</u> |
| At 1st January, 2000 | | | | | | |
| – The Company and subsidiaries | 38,522 | 232 | 848 | 848 | (5,528) | 34,922 |
| – Associates | – | 31 | 46 | 34 | 639 | 750 |
| | <u>38,522</u> | <u>263</u> | <u>894</u> | <u>882</u> | <u>(4,889)</u> | <u>35,672</u> |
| 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) | – |
| | <u>–</u> | <u>–</u> | <u>222</u> | <u>111</u> | <u>(333)</u> | <u>–</u> |
| At 31st December, 2000 | <u>38,522</u> | <u>277</u> | <u>1,116</u> | <u>993</u> | <u>1,053</u> | <u>41,961</u> |
| Attributable to : | | | | | | |
| – The Company and subsidiaries | 38,522 | 243 | 976 | 939 | (877) | 39,803 |
| – Associates | – | 34 | 140 | 54 | 1,930 | 2,158 |
| | <u>38,522</u> | <u>277</u> | <u>1,116</u> | <u>993</u> | <u>1,053</u> | <u>41,961</u> |

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

Notes to the Financial Statements (continued)

25 RESERVES (continued)

| | Share premium <i>US\$'000</i> | Accumulated profits <i>US\$'000</i> | Total <i>US\$'000</i> |
|-------------------------------|-------------------------------------|---|--------------------------|
| Company | | | |
| At 1st January, 1999 | 38,522 | 8,891 | 47,413 |
| Net profit for the year | – | 886 | 886 |
| At 1st January, 2000 | 38,522 | 9,777 | 48,299 |
| Net profit for the year | – | 563 | 563 |
| At 31st December, 2000 | 38,522 | 10,340 | 48,862 |

Distributable reserves of the Company at 31st December, 2000, calculated under section 79B of the Companies Ordinance, amounted to US\$10,340,000 (1999: US\$9,777,000).

26 BANK BORROWINGS

| | Group | | Company | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2000 <i>US\$'000</i> | 1999 <i>US\$'000</i> | 2000 <i>US\$'000</i> | 1999 <i>US\$'000</i> |
| Bank borrowings comprise the following: | | | | |
| Bank loans | | | | |
| Secured | | | | |
| – due within 1 year | 12,891 | 4,482 | 3,100 | 1,200 |
| – due more than 1 year, but not exceeding 2 years | 1,320 | 1,900 | 1,200 | 1,900 |
| – due more than 2 years, but not exceeding 5 years | 600 | – | 600 | – |
| | <u>14,811</u> | <u>6,382</u> | <u>4,900</u> | <u>3,100</u> |
| Unsecured | | | | |
| – due within 1 year | 35,581 | 38,286 | 12,747 | 10,000 |
| – due more than 1 year, but not exceeding 2 years | 1,480 | – | – | – |
| – due more than 2 years, but not exceeding 5 years | 3,080 | – | – | – |
| – due more than 5 years | 600 | – | – | – |
| | <u>40,741</u> | <u>38,286</u> | <u>12,747</u> | <u>10,000</u> |
| Less : Amount shown under current liabilities | <u>(48,472)</u> | <u>(42,768)</u> | <u>(15,847)</u> | <u>(11,200)</u> |
| Amount due after one year | 7,080 | 1,900 | 1,800 | 1,900 |

Notes to the Financial Statements (continued)

27 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2000 US\$'000 | 1999 US\$'000 | 2000 US\$'000 | 1999 US\$'000 |
| The maturity of obligations under finance leases and hire purchase contracts is as follows : | | | | |
| – within 1 year | 863 | 1,681 | 74 | 64 |
| – more than 1 year, but not exceeding 2 years | 487 | 641 | 59 | 79 |
| – more than 2 years, but not exceeding 5 years | 6 | 301 | – | 59 |
| | <u>1,356</u> | <u>2,623</u> | <u>133</u> | <u>202</u> |
| Less: Amount shown under current liabilities | <u>(863)</u> | <u>(1,681)</u> | <u>(74)</u> | <u>(64)</u> |
| Amount due after one year | <u>493</u> | <u>942</u> | <u>59</u> | <u>138</u> |

28 DEFERRED TAX

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

| | Group | | Company | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | 2000 US\$'000 | 1999 US\$'000 | 2000 US\$'000 | 1999 US\$'000 |
| Accelerated depreciation allowances | (62) | 121 | 2 | 15 |
| Tax losses | <u>(1,586)</u> | <u>(1,941)</u> | <u>(925)</u> | <u>(802)</u> |
| | <u>(1,648)</u> | <u>(1,820)</u> | <u>(923)</u> | <u>(787)</u> |

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.

Notes to the Financial Statements (continued)

29 CONTINGENT LIABILITIES

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2000 US\$'000 | 1999 US\$'000 | 2000 US\$'000 | 1999 US\$'000 |
| Guarantees for leases and bank facilities utilised by subsidiaries | – | – | 11,946 | 10,965 |
| Guarantees for bank facilities utilised by an associate | 2,416 | – | 2,416 | – |
| Performance bonds | 1,208 | 1,208 | – | – |
| | 3,624 | 1,208 | 14,362 | 10,965 |

30 CAPITAL COMMITMENTS

| | Group | |
|---|------------------|------------------|
| | 2000 US\$'000 | 1999 US\$'000 |
| Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided | 524 | – |
| Capital expenditure in respect of business acquisition contracted but not provided | – | 600 |
| | 524 | 600 |

31 LEASE COMMITMENTS

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

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2000 US\$'000 | 1999 US\$'000 | 2000 US\$'000 | 1999 US\$'000 |
| Land and buildings | | | | |
| – expiring in the 1st year | 1,325 | 616 | – | 222 |
| – expiring in the 2nd to 5th years inclusive | 121 | 1,829 | 103 | – |
| | 1,446 | 2,445 | 103 | 222 |
| Other equipment | | | | |
| – expiring in the 1st year | 240 | 255 | – | – |
| – expiring in the 2nd to 5th years inclusive | – | 148 | – | – |
| | 240 | 403 | – | – |
| | 1,686 | 2,848 | 103 | 222 |

Notes to the Financial Statements (continued)

32 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

| | 2000 | 1999 |
|--|-----------------|-----------------|
| | <i>US\$'000</i> | <i>US\$'000</i> |
| Profit before taxation | 10,166 | 4,672 |
| Depreciation | 4,788 | 4,940 |
| Loss on disposal of property, plant and equipment | 45 | 27 |
| Profit on deemed disposal of interest in a subsidiary | (726) | – |
| Share of results of associates | (1,320) | (599) |
| Amortisation of patents | 13 | 370 |
| Amortisation of other deferred expenses | 148 | 128 |
| Increase in inventories | (8,103) | (7,177) |
| Increase in accounts receivable | (18,367) | (9,158) |
| Decrease/(Increase) in prepayments and other receivables | 1,173 | (4,179) |
| Decrease in amount due from ultimate holding company | 729 | 203 |
| (Increase)/Decrease in amounts due from fellow subsidiaries | (125) | 530 |
| Increase in amounts due from associates | (496) | (763) |
| Decrease/(Increase) in amounts due from related companies | 622 | (1,077) |
| Increase in amount due to ultimate holding company | 479 | 385 |
| (Decrease)/Increase in amounts due to associates | (1,003) | 692 |
| Increase in accounts payable | 5,109 | 5,844 |
| Increase/(Decrease) in accruals and other payables | 8,379 | (437) |
| Increase in bills payable | 2,094 | 4,212 |
| Interest element of finance leases and hire purchase contracts rental payments | 158 | 283 |
| Interest income | (413) | (599) |
| Interest expense | 4,107 | 3,011 |
| Net cash inflow from operating activities | 7,457 | 1,308 |

Notes to the Financial Statements (continued)

32 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Analysis of changes in financing during the year

| | Share capital including premium | Bank borrowings (note) | Obligations under finance leases and hire purchase contracts | Minority interests | Total |
|--|---------------------------------------|------------------------------|---|-----------------------|----------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Balance at 1st January, 1999 | 44,376 | 15,777 | 5,097 | 25,574 | 90,824 |
| New bank loans | – | 27,627 | – | – | 27,627 |
| Repayment of bank loans | – | (23,266) | – | – | (23,266) |
| Repayment of finance leases and hire purchase contracts | – | – | (2,474) | – | (2,474) |
| Capital contributed by minority shareholders | – | – | – | 10 | 10 |
| Minority share of profit for the year | – | – | – | 930 | 930 |
| Dividends paid and payable | – | – | – | (1,479) | (1,479) |
| Minority share of exchange translation reserve | – | – | – | (1) | (1) |
| | <u>44,376</u> | <u>20,138</u> | <u>2,623</u> | <u>25,034</u> | <u>92,171</u> |
| Balance at 1st January, 2000 | 44,376 | 20,138 | 2,623 | 25,034 | 92,171 |
| New bank loans | – | 36,472 | – | – | 36,472 |
| Repayment of bank loans | – | (28,997) | – | – | (28,997) |
| Inception of finance leases and hire purchase contracts | – | – | 623 | – | 623 |
| Repayment of finance leases and hire purchase contracts | – | – | (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 |
| | <u>44,376</u> | <u>27,613</u> | <u>1,356</u> | <u>28,271</u> | <u>101,616</u> |
| Balance at 31st December, 2000 | 44,376 | 27,613 | 1,356 | 28,271 | 101,616 |

Note: Included in the bank borrowings of US\$27,939,000 (1999: US\$24,530,000) were repayable within three months from the date of advances.

Notes to the Financial Statements (continued)

33 RELATED PARTY TRANSACTIONS

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

| | 2000 | 1999 |
|--|-----------------|----------|
| | US\$'000 | US\$'000 |
| Sales to ultimate holding company (note a) | 130 | 848 |
| Sales to fellow subsidiaries (note a) | 1,024 | 1,795 |
| Sales to a related company (note a) | 6,577 | 4,464 |
| Service fee charged from ultimate holding company (note a) | – | 568 |
| Rental paid to a ultimate holding company (note b) | 18 | 18 |

Notes:

- (a) Sales to ultimate holding company, fellow subsidiaries and a related company and service fee charged from ultimate holding company, were conducted at market prices and on terms no less favourable than those charged to and contracted with other third party customers and suppliers of the Group. The fellow subsidiaries are Pacific International Lines (China) Ltd. and Tranpac Shipping Enterprises Ltd., which PIL has 100 per cent effective interest in both companies. The related company is PIL(HK), in which Messrs. Chang Yun Chung, Teo Siong Seng and Teo Tiou Seng, directors of the Company, have 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, 1999 at a monthly rental of US\$1,534. The agreement was entered into on normal commercial terms and at market value.

The balances with related parties are disclosed in the consolidated balance sheet and note 22. All such balances are subject to normal credit terms.

34 CHANGE OF PRESENTATION OF INCOME STATEMENT

In consideration of the Group's mix of operations, the directors have decided to change the presentation of the income statement from "by function" to the "by nature" one which can reflect the Group's overall business in a more meaningful manner to enable the users in assessing and understanding the performance of the Group.

Notes to the Financial Statements (continued)

35 SEGMENT INFORMATION

| | Turnover | | Contribution to profit from operations | |
|--|------------------|------------------|---|------------------|
| | 2000 US\$'000 | 1999 US\$'000 | 2000 US\$'000 | 1999 US\$'000 |
| Activity segments | | | | |
| Container manufacturing | 148,540 | 109,812 | 8,351 | 3,143 |
| Container depot | 21,856 | 20,261 | 2,965 | 2,617 |
| Mid-stream | 9,324 | 7,983 | 1,674 | 1,294 |
| | 179,720 | 138,056 | 12,990 | 7,054 |
| Geographical segments | | | | |
| United States | 46,562 | 60,278 | 2,643 | 1,258 |
| Hong Kong | 40,459 | 18,034 | 3,484 | 2,200 |
| Europe | 34,057 | 29,574 | 1,276 | 1,193 |
| PRC (other than Hong Kong and Taiwan) | 31,829 | 25,532 | 3,914 | 2,258 |
| Singapore | 11,461 | 2,202 | 704 | 82 |
| Taiwan | 5,754 | 987 | 344 | 41 |
| Indonesia | 4,916 | — | 261 | — |
| Japan | 2,514 | 376 | 156 | (25) |
| Others | 2,168 | 1,073 | 208 | 47 |
| | 179,720 | 138,056 | 12,990 | 7,054 |

Notes to the Financial Statements (continued)

36 POST BALANCE SHEET EVENTS

On 6th February, 2001 the Company entered into a joint venture agreement with a third party to acquire 40 per cent shareholding of a container manufacturing business in Shunde, PRC at a consideration of US\$7,200,000. The cost of investment will be financed internally and by bank borrowings on a medium term committed basis.

On 12th February, 2001 the Company entered into a shareholders' agreement with PIL, Eastern Maritime (Thailand) Limited and a third party to acquire 25 per cent shareholding of a container depot business in Bangkok, Thailand at a consideration of Thai Baht 12.5 million (equivalent to approximately US\$289,000), which will be financed internally. 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, the acquisition of shares in this container depot is considered as a connected transaction in accordance with the Listing Rules. Details of this connected transaction has been disclosed by way of a press notice in compliance with the Listing Rules.