FINANCIAL HIGHLIGHTS

	For the six months ended 30th June 2002 (US$)	For the year ended 31st December 2001 (US$)	2000 (US$)	1999 (US$)	1998 (US$)
Turnover	**77,057,000**	171,962,000	179,720,000	138,056,000	147,597,000
Profit from operations	**7,169,000**	19,395,000	12,990,000	7,054,000	8,267,000
Net profit for the period	**5,168,000**	10,313,000	6,082,000	3,424,000	2,445,000
Earnings per share	**1.13 cents**	2.26 cents	1.33 cents	0.75 cent	0.54 cent
Net asset value per share	**13.58 cents**	12.70 cents	10.49 cents	9.11 cents	8.35 cents
Shareholders' funds	**61,943,000**	57,919,000	47,815,000	41,526,000	38,080,000
Bank balances and cash	**18,033,000**	18,424,000	16,544,000	15,235,000	16,125,000
Total borrowings *(Note)*	**49,057,000**	57,045,000	64,071,000	52,360,000	44,875,000
Current ratio	**1.17 to 1**	1.20 to 1	1.13 to 1	1.09 to 1	1.07 to 1
Gearing ratio	**0.79**	0.98	1.34	1.26	1.18
Net debt to equity ratio	**0.50**	0.67	0.99	0.89	0.75
Interest coverage ratio	**14.45**	7.73	4.67	4.39	3.61

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

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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 12.

DIRECTORS' 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 Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

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 Society of Accountants. A review consists principally of making enquiries of the Group's management and applying analytical procedures to the interim financial report 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, 2002.

Deloitte Touche Tohmatsu
Certified Public Accountants

15th August, 2002

The Board of Directors (the "Directors") of Singamas Container Holdings Limited (the "Company") 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, 2002 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2002

		Six months ended 30th June,	
		2002	2001
		(unaudited)	(unaudited)
	Notes	***US$'000***	*US$'000*
Turnover	2	**77,057**	85,530
Other revenue		**611**	1,303
Changes in inventories of finished goods and work in progress		**1,480**	10,306
Raw materials and consumables used		**(41,665)**	(57,899)
Staff costs		**(7,564)**	(7,076)
Depreciation and amortisation expenses		**(2,845)**	(2,661)
Other operating expenses		**(19,905)**	(22,017)
Profit from operations		**7,169**	7,486
Finance costs		**(834)**	(2,423)
Investment income		**55**	201
Share of results of associates		**1,585**	251
Share of results of jointly controlled entities		**(342)**	498
Profit before taxation		**7,633**	6,013
Taxation	3	**(741)**	(642)
Profit after taxation		**6,892**	5,371
Minority interests		**(1,724)**	(1,783)
Net profit for the period		**5,168**	3,588
Earnings per share – basic and diluted	5	**1.13 cents**	0.79 cent

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2002

	Notes	**As at 30th June, 2002 (unaudited) *US$'000***	As at 31st December, 2001 (audited) *US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	6	**44,493**	45,891
Patents		**1,606**	1,733
Interests in associates		**18,379**	10,284
Interests in jointly controlled entities		**8,304**	9,327
Investment in securities		**611**	611
Other assets		**806**	853
		74,199	68,699
Current assets			
Inventories	7	**50,523**	49,836
Accounts receivable	8	**21,184**	29,015
Prepayments and other receivables		**11,011**	15,766
Amount due from ultimate holding company		**142**	112
Amounts due from fellow subsidiaries		**224**	271
Amounts due from associates		**649**	337
Amounts due from jointly controlled entities		**2,965**	111
Amounts due from related companies		**2,900**	657
Tax recoverable		**15**	16
Pledged deposits		**1,008**	4,032
Bank balances and cash		**18,033**	18,424
		108,654	118,577
Total assets		**182,853**	187,276
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**5,854**	5,854
Share premium		**38,522**	38,522
Accumulated profits		**14,220**	10,634
Other reserves		**3,347**	2,909
		61,943	57,919
Minority interests		**21,128**	22,014
Non-current liabilities			
Bank borrowings – due after one year	10	**7,097**	8,910
Obligations under finance leases – due after one year		**–**	6
		7,097	8,916

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

As at 30th June, 2002

	Notes	As at 30th June, 2002 (unaudited) US$'000	As at 31st December, 2001 (audited) US$'000
Current liabilities			
Accounts payable	9	**21,695**	16,313
Accruals and other payables		**26,824**	30,845
Bills payable		**4,865**	5,093
Amount due to ultimate holding company		**493**	1,775
Amounts due to associates		**–**	33
Amounts due to jointly controlled entities		**81**	758
Bank borrowings – due within one year	10	**36,918**	42,549
Obligations under finance leases – due within one year		**177**	487
Tax payable		**463**	574
Dividend payable		**1,169**	–
		92,685	98,427
Total equity and liabilities		**182,853**	187,276

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2002

	Note	Six months ended 30th June, 2002 (unaudited) US$'000	2001 (unaudited) US$'000
Opening balance – total equity	11	**57,919**	47,815
Currency translation differences	11	**25**	17
Adjustment for negative goodwill arising on acquisition of additional interest in an associate in last year	11	**–**	(236)
Net gains and losses not recognised in the income statement		**25**	(219)
Net profit for the period	11	**5,168**	3,588
2001 final dividend declared	11	**(1,169)**	–
Closing balance – total equity	11	**61,943**	51,184

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2002

	Six months ended 30th June,	
	2002 (unaudited) ***US$'000***	2001 (unaudited) *US$'000*
Net cash inflow from operating activities	**13,110**	10,960
Net cash outflow from investing activities	**(5,741)**	(9,714)
Net cash (outflow)/inflow from financing	**(7,760)**	3,377
(Decrease)/increase in cash and cash equivalents	**(391)**	4,623
Cash and cash equivalents at 1st January	**18,424**	16,544
Effect of foreign exchange rate changes	**–**	1
Cash and cash equivalents at 30th June	**18,033**	21,168
Balance of cash and cash equivalents represented by:		
Bank balances and cash	**18,033**	21,168

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

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

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31st December, 2001, except as described below.

In the current period, the Group has adopted, for the first time, a number of new and revised SSAPs which has led to the following changes in the Group's accounting policies and the presentation of the financial statements:

SSAP 1 (Revised) "Presentation of Financial Statements" has introduced new format of presentation in reporting changes in equity. The presentation in the prior period's condensed financial statements has been restated in order to achieve a consistent presentation.

SSAP 15 (Revised) "Cash Flow Statements" has changed the classifications of cash flows in the cash flow statement and the definition of cash equivalents by excluding cash balances held for investment purposes and short-term loans that are financing in nature. The presentation in the prior period's condensed cash flow statement has been restated in accordance with the new format.

SSAP 34 "Employee Benefits" has introduced a formal framework for the recognition of liabilities and expenses in respect of employee benefits. The adoption of this new accounting standard has not resulted in any material effects on the financial statements of the prior period and accordingly, no prior period adjustment has been recognised.

2 SEGMENT INFORMATION

	Turnover Six months ended		Contribution to profit from operations Six months ended	
	30th June, 2002 US$'000	30th June, 2001 US$'000	**30th June, 2002 US$'000**	30th June, 2001 US$'000
Business segments				
Container manufacturing	**56,184**	67,242	**3,643**	4,361
Container depot/terminal	**12,565**	12,316	**2,189**	2,177
Mid-stream	**8,308**	5,972	**1,337**	948
	77,057	85,530	**7,169**	7,486

	Turnover Six months ended		Contribution to profit from operations Six months ended	
	30th June, 2002 US$'000	30th June, 2001 US$'000	**30th June, 2002 US$'00**	30th June, 2001 US$'000
Geographical segments				
Hong Kong	**17,818**	18,050	**2,295**	2,197
People's Republic of China ("PRC") (other than Hong Kong and Taiwan)	**17,178**	15,809	**2,314**	1,591
United States	**17,021**	34,396	**945**	3,158
Singapore	**11,914**	3,776	**771**	225
Europe	**9,261**	11,901	**527**	191
Others	**3,865**	1,598	**317**	124
	77,057	85,530	**7,169**	7,486

NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Continued)*

3 TAXATION

Hong Kong profits tax has been provided for at the rate of 16% (2001: 16%) on the estimated assessable profit for the period.

Taxation on overseas profits has been 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, 2002	30th June, 2001
	US$'000	*US$'000*
Current tax:		
Hong Kong profits tax	**170**	133
Overseas taxation	**355**	398
Taxation attributable to the Company and subsidiaries	**525**	531
Share of taxation attributable to associates	**210**	47
Share of taxation attributable to jointly controlled entities	**6**	64
	741	642

4 INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the period ended 30th June, 2002 (2001: Nil).

5 EARNINGS PER SHARE – BASIC AND DILUTED

The calculation of earnings per share is based on the net profit for the period of US$5,168,000 (2001: US$3,588,000) and 456,001,760 ordinary shares (2001: 456,001,760 ordinary shares) in issue throughout the period.

The computation of diluted earnings per share has not assumed the exercise of the Company's outstanding share options as their exercise prices were higher than the average market price of shares for both periods.

6 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent US$1,411,000 (2001: US$2,534,000) to upgrade its container manufacturing, container depot/terminal and mid-stream facilities.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Continued)*

7 INVENTORIES

	As at 30th June, 2002 US$'000	As at 31st December, 2001 US$'000
Raw materials	**20,564**	21,357
Work in progress	**9,659**	2,460
Finished goods	**20,300**	26,019
	50,523	49,836

The cost of inventories recognised as an expense during the period was US$62,928,000 (2001: US$69,121,000).

8 ACCOUNTS RECEIVABLE

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

The following is an aging analysis of accounts receivable:

	As at 30th June, 2002 US$'000	As at 31st December, 2001 US$'000
0 to 30 days	**8,527**	6,932
31 to 60 days	**7,272**	4,200
61 to 90 days	**1,808**	6,901
91 to 120 days	**700**	4,750
Over 120 days	**2,877**	6,232
	21,184	29,015

9 ACCOUNTS PAYABLE

The following is an aging analysis of accounts payable:

	As at 30th June, 2002 US$'000	As at 31st December, 2001 US$'000
0 to 30 days	**10,897**	5,914
31 to 60 days	**4,871**	3,577
61 to 90 days	**2,713**	3,172
91 to 120 days	**2,067**	1,174
Over 120 days	**1,147**	2,476
	21,695	16,313

NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Continued)*

10 BORROWINGS

During the period, the Group obtained new bank loans in the amount of US$20,103,000. 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.

11 CAPITAL AND RESERVES

	Share capital US$'000	Share premium US$'000	Exchange translation reserve US$'000	General reserve US$'000	Development reserve US$'000	Accumulated profits US$'000	Total US$'000
At 1st January, 2001							
– The Company and subsidiaries	5,854	38,522	243	976	939	(877)	45,657
– Associates	–	–	34	140	54	1,930	2,158
	5,854	38,522	277	1,116	993	1,053	47,815
Exchange translation differences							
– The Company and subsidiaries	–	–	1	–	–	–	1
– Associates	–	–	16	–	–	–	16
Net profit for the year	–	–	–	–	–	3,588	3,588
Adjustment for negative goodwill arising on acquisition of additional interest in an associate in last year	–	–	–	–	–	(236)	(236)
Transfer from accumulated profits	–	–	–	250	179	(429)	–
At 30th June, 2001	5,854	38,522	294	1,366	1,172	3,976	51,184
Attributable to:							
– The Company and subsidiaries	5,854	38,522	244	1,149	1,042	3,169	49,980
– Associates	–	–	50	106	19	393	568
– Jointly controlled entities	–	–	–	111	111	414	636
	5,854	38,522	294	1,366	1,172	3,976	51,184
At 1st January, 2002							
– The Company and subsidiaries	5,854	38,522	246	1,217	1,041	9,239	56,119
– Associates	–	–	58	105	20	800	983
– Jointly controlled entities	–	–	–	111	111	595	817
	5,854	38,522	304	1,433	1,172	10,634	57,919
Exchange translation differences							
– The Company and subsidiaries	–	–	1	–	–	–	1
– Associates	–	–	24	–	–	–	24
Net profit for the period	–	–	–	–	–	5,168	5,168
2001 final dividend declared	–	–	–	–	–	(1,169)	(1,169)
Transfer from accumulated profits	–	–	–	273	140	(413)	–
At 30th June, 2002	5,854	38,522	329	1,706	1,312	14,220	61,943
Attributable to :							
– The Company and subsidiaries	5,854	38,522	247	1,399	1,150	13,222	60,394
– Associates	–	–	82	164	20	1,353	1,619
– Jointly controlled entities	–	–	–	143	142	(355)	(70)
	5,854	38,522	329	1,706	1,312	14,220	61,943

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Continued)*

12 CONTINGENT LIABILITIES

	As at 30th June, 2002 ***US$'000***	As at 31st December, 2001 *US$'000*
Guarantees for lease and bank facilities utilised by an associate	**4,613**	4,940
Guarantees for bank facilities utilised by jointly controlled entities	**9,416**	4,916
Standby letter of credit for bank facilities utilised by a jointly controlled entities	**3,000**	–
Performance bonds	**1,208**	1,208
	18,237	11,064

13 CAPITAL COMMITMENTS

	As at 30th June, 2002 ***US$'000***	As at 31st December, 2001 *US$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided	**216**	17
Capital expenditure in respect of business acquisition contracted for but not provided	**240**	7,400
	456	7,417

NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(Continued)*

14 RELATED PARTY TRANSACTIONS

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

	Six months ended	
	30th June, 2002 *US$'000*	30th June, 2001 *US$'000*
Sales to ultimate holding company *(note a)*	**88**	73
Sales to a fellow subsidiary *(note a)*	**777**	660
Sales to related companies *(note a)*	**5,327**	3,578
Rental paid to ultimate holding company *(note b)*	**10**	10

Notes:

(a) Sales to ultimate holding company, a fellow subsidiary and related companies were conducted at market prices and on terms no less favourable than those charged to and contracted with other third party customers of the Group. The fellow subsidiary is Pacific International Lines (China) Ltd., in which Pacific International Lines (Private) Limited ("PIL"), a substantial shareholder of the Company, has 100% effective interest. The related companies are Pacific International Lines (HK) Limited, in which Messrs. Chang Yun Chung, Teo Siong Seng and Teo Tiou Seng, directors of the Company, have beneficial interests; and Xiamen Superchain Logistics Development Co., Ltd., an investment of the Company in which the Company holds 6.83% shareholding.

(b) PIL leases an office space to Singamas Terminals (China) Ltd., a subsidiary of the Company, under a tenancy agreement for a period of 2 years commencing 1st January, 2001 at a monthly rental of US$1,611. Rental rate was agreed with reference to market.

The balances with related parties are disclosed in the condensed consolidated balance sheet. All such balances are subject to normal credit terms and aged mainly from 30 days to 90 days. The amount due from/to ultimate holding company is interest free and repayable on demand.

BUSINESS REVIEW

The Group achieved good results for the six months ended 30th June 2002. During the reporting period, the Group recorded consolidated turnover of US$77,057,000. Consolidated net profit was US$5,168,000, representing an increase of 44% over the same period last year. The Group's net profit margin also improved from 4.2% attained in the same period last year to 6.7% for the period under review.

It can be noted though record profit was recorded by the Group in 2001, it has managed to achieve a better performance for the first half of 2002. This was mainly attributable to the strong growth in container throughput at the major container ports in China, which benefited the Group's container depot/terminal operations. At the same time, the Group's mid-stream operation also recorded steady improvement.

Stepping into 2002, the global economy showed signs of recovery with a corresponding increase in trade activities. This coupled with the additional profit contribution from Shunde Shun An Da Pacific Container Co., Ltd. ("Shun An Da") have enhanced the Group's profitability.

CONTAINER MANUFACTURING OPERATIONS

With a consolidated turnover of US$56,184,000 accounting for 73% of Group's total turnover, container manufacturing continues to be the Group's core business. Compared with the same period last year, container manufacturing turnover has decreased by 16%. Decline in turnover was largely due to soft container demand in the first quarter of the year. Despite the drop in turnover, profit before taxation and minority interests surged to US$3,669,000, an increase of 34%. Higher profit was largely due to the additional profit contributed by Shun An Da.

In February 2001, the Group acquired 40% equity interest in Shun An Da, which produces ISO dry freight containers and 45-foot/48-foot specialised containers. According to the terms of the Joint Venture Agreement, as the Group did not fully inject its capital into Shun An Da until in the third quarter of 2001, the Group's share of Shun An Da's results was not fully accounted for in the first half of 2001. Contrary to the first half of 2001, the Group's share of Shun An Da's results was fully accounted for in the period under review. With Shun An Da's continued good performance during the period under review, the Group's overall profitability was further increased during the reporting period. In the first half of 2002, Shun An Da produced 52,364 twenty-foot equivalent units ("TEUs").

The shortage in steel supply at the end of first quarter of 2002 increased overall production cost; however, this cost increase was compensated by approximately 10% increase in average selling prices. The growth in trade activities in the second quarter of 2002 generated new container demand and increased average selling prices. Since the increase in container demand only started in the later part of second quarter of the year, this effect has not fully reflected in the reporting period.

The Group's other factories, including Shanghai Pacific International Container Co., Ltd., Shanghai Reeferco Container Co., Ltd. ("Shanghai Reeferco"), Xiamen Pacific Container Manufacturing Co., Ltd. and PT Java Pacific Container Factory achieved satisfactory results during the period. The newly acquired Tianjin Pacific Container Co., Ltd., which is currently under restructuring, is expected to bring positive contribution to the Group in the near future.

BUSINESS REVIEW *(Continued)*

Logistics Services

Container Depot/Terminal Operations

The Group's container depot/terminal operations achieved good results with turnover of US$12,565,000 and profit before taxation and minority interests of US$2,629,000, an increase of 2% and 13%, respectively over the same period last year.

During the first half of 2002, container throughput was strong at the major ports in China. Shanghai, Qingdao, Tianjin, Ningbo and Xiamen were amongst the top ten busiest ports in China with a collective growth rate of 31%. With a comprehensive container depot network along these coastal ports, the Group continued to benefit from this strong growth.

In view of the positive prospects in the southern China region, especially around the Pearl River Delta area, the Group acquired 40% equity interest in a river container terminal - Shunde Leliu Wharf & Container Co., Ltd. ("SLWC") in November 2001. SLWC is strategically located in Shunde, Guangdong Province, China, next to the highway network of the Guangdong Province. With an on-site customs office and an "X-ray" scan for container inspection, SLWC can handle customs clearance speedily. The terminal has annual handling capacity of 180,000 TEUs of containers and 150,000 tons of general cargoes, while its storage capacity is 50,000 TEUs. It is expected that SLWC will generate satisfactory income to the Group in the near future.

On the other hand, the higher container throughput in Hong Kong affected the Group's empty container storage business of its Hong Kong container depots. Nevertheless, the Group's Hong Kong container depots were able to remain profitable during the period.

Mid-stream Operation

The Group's mid-stream operation achieved satisfactory results for the six months ended 30th June, 2002. The higher container throughput in Hong Kong's mid-stream sector and our increased business activities at the Pearl River Delta generated more business for the Group's mid-stream operation. During the period under review, the mid-stream operation handled 172,000 TEUs compared to 109,000 TEUs handled last year.

Logistics Operation

The newly established logistics company, Xiamen Superchain Logistics Development Co., Ltd. ("Xiamen Superchain"), in which the Company is holding 6.83% shareholding, commenced operations in January 2002. Xiamen Superchain provides a logistics arm to the Group and enables it to further diversify its business from container manufacturing to the provision of total logistics services. Xiamen Superchain provides freight forwarding, supply chain management, international cargo courier, bonded warehouse storage, import/export trade and transshipment and other cargo logistics related services. During the reporting period, Xiamen Superchain performed well and has been continuously expanding and strengthening its customer base.

PROSPECTS

The global economy showed signs of recovery with increased trade activities in the first half of 2002, particularly in China. This market recovery is expected to continue into the second half of the year. Looking forward, the Group will continue its prudent cost control policies and closely monitor the business environment with the prompt implementation of any necessary measures towards market changes.

2001 was a year of expansion. The Group completed a series of acquisitions and new business establishments throughout the year. The newly acquired businesses have been performing well throughout the period under review. The Group is confident that these projects will create additional revenue and profit for the Group in the second half of the year.

The Group will continue to seek profitable investment opportunities and further strengthen its networks of container manufacturing and container depot/terminal operations in the region, providing more comprehensive services to customers.

In line with its above strategy, the Company entered into a purchase and sale agreement to acquire an additional 40.83% shareholding in its subsidiary – Singamas Refrigerated Container Limited ("Singamas Refrigerated") on 5th July, 2002. After the acquisition, Singamas Refrigerated will become the wholly owned subsidiary of the Company and through Singamas Refrigerated, the Company indirectly holds 88.64% equity stake in Shanghai Reeferco. The Company believes that this investment will strengthen the Group's PRC network and enhance its overall profitability.

Further acquisitions of additional equity stakes in the existing investment projects will also be considered to provide the best returns for shareholders.

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, 2002 ("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 "Engagement to review interim financial reports" issued by the Hong Kong Society of Accountants.

LIQUIDITY

As at 30th June, 2002, the Group had bank balances and cash of US$18,033,000 (31st December, 2001: US$18,424,000) and total borrowings of US$49,057,000 (31st December, 2001: US$57,045,000). This represented a gearing ratio, calculated on the basis of the Group's total borrowings over shareholders' funds, of 0.79 (31st December, 2001: 0.98) and a net debt to equity ratio, calculated on the basis of the Group's net borrowings (after deducting bank balances and cash of US$18,033,000) over shareholders' fund, of 0.50 (31st December, 2001: 0.67). The decrease in total borrowings was largely attributable to lower daily working capital requirements as a result of US$7,831,000 decrease in accounts receivable. The interest coverage ratio of the Group's profit before interest, tax, depreciation and amortisation (EBITDA) to total net interest expense was 14.45 times for the six months ended 30th June, 2001 (2001: 4.85 times).

TREASURY POLICIES

The Group's treasury policies adopted for the six months period ended 30th June, 2002 are consistent with those disclosed in the Group's 2001 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, 2002, the maturity profile spread over a period of four years with US$41,960,000 repayable within one year and US$7,097,000 within two to four years. The Group's borrowings are principally on a floating rate basis.

ACQUISITIONS

The Group invested a total of US$240,000 in the acquisition of 40% equity interest in Fuzhou Singamas Logistics Co., Ltd. (a container depot in Fuzhou, PRC). This investment is financed by internal resources.

CHARGES ON ASSETS

As at 30th June, 2002, certain assets of the Group with aggregate carrying value of US$12,258,000 (31st December, 2001: US$13,744,000) were pledged as security for loan facilities granted by banks to subsidiaries in Indonesia and the PRC. The shareholdings of the Group in an associate and two jointly controlled entities were also pledged as security for credit facilities granted to the Company. The Group's share of net assets and costs of the associate and two jointly controlled entities were US$15,443,000 and US$14,600,000 respectively.

CONTINGENT LIABILITIES

During the period, the Company provided guarantees and standby letter of credit to banks as securities for finance lease and bank facilities granted to certain subsidiaries and jointly controlled entities, and an associate in Indonesia and the PRC. As at 30th June, 2002, total amount of lease and bank facilities, of which guarantees and standby letter of credit are provided, utilised by the associate and the jointly controlled entity was US$17,029,000. In addition, at the reporting date, performance bonds issued by a subsidiary in the PRC were outstanding at US$1,208,000.

REMUNERATION POLICIES AND NUMBER OF EMPLOYEES

The remuneration policies adopted for the six months period ended 30th June, 2002 are consistent with those disclosed in the Group's 2001 Annual Report. As at 30th June, 2002, the Group, including its subsidiaries but excluding associates and jointly controlled entities, employed 2,783 full-time employees.

DIRECTORS' INTERESTS

As at 30th June, 2002, the interests of the Directors in the listed securities of the Company as recorded in the Register maintained by the Company pursuant to Section 29 of Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") or as notified to the Company were as follows:

Name	Number of Ordinary Shares of HK$0.10 each – Personal Interests	Number of Ordinary Shares of HK$0.10 each – Corporate Interests	Percentage of issued shares
Mr. Chang Yun Chung	–	285,660,178 *(Note)*	62.64
Mr. Teo Siong Seng	10,234,000	–	2.24
Mr. Teo Tiou Seng	1,114,000	–	0.24

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

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% 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:

Name	Date of Grant	Exercise Price (HK$)	Number of Share Options as at 30th June, 2002 & 2001
Mr. Teo Siong Seng	8th October, 1994	1.908	1,500,000
	15th May, 1995	1.440	1,500,000
Mr. Hsueh Chao En	8th October, 1994	1.908	400,000
			3,400,000

Other than those disclosed in note 14 to the financial statements (which in the opinion of the Directors were carried out in ordinary course of the Group's business), no contracts of significance in relation to the Group's business to which the Company, its holding company, fellow subsidiaries or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

DIRECTORS' INTERESTS *(Continued)*

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

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

SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

Other than the interests of certain directors disclosed under the section headed "Directors' interests" above, the Register of Substantial Shareholders maintained under section 16(1) of the SDI Ordinance discloses no other person having an interest of 10% or more in the issued share capital of the Company as at 30th June, 2002.

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

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

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by this Interim Report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

On Behalf of the Broad
Chang Yun Chung
Chairman

Hong Kong, 15th August, 2002