SINGAMAS

勝獅貨櫃企業有限公司

SINGAMAS CONTAINER HOLDINGS LIMITED

HKEx Stock Code 0716

Annual Report 2007

Contents

Singamas Operations

• FACTORIES

Tianjin *(Dry Freight & Specialised Containers)*

Qingdao:
- Qingdao Pacific *(Dry Freight & U.S. Domestic Containers)*
- Qingdao Singamas *(Container Chassis)*

Shanghai:
- Shanghai Pacific *(Dry Freight Containers)*
- Shanghai Baoshan *(Dry Freight and Specialised Containers)*
- Shanghai Reeferco *(Refrigerated Containers)*

Yixing *(Collapsible Flatrack, Other Specialised Containers & Container Parts)*
Ningbo *(Dry Freight & Specialised Containers)*
Xiamen *(Dry Freight Containers)*
Hui Zhou *(Dry Freight Containers)*
Shunde *(Dry Freight, Tank & Other Specialised Containers)*
Surabaya *(Dry Freight Containers)*

• DEPOTS/TERMINALS

Dalian, Tianjin, Qingdao,
Shanghai, Ningbo, Fuzhou,
Xiamen, Hong Kong,
Shunde, Laemchabang

• MID-STREAM

Hong Kong

• LOGISTICS

Xiamen

Corporate Profile

Singamas Container Holdings Limited was listed on The Stock Exchange of Hong Kong Limited in 1993. After more than a decade of development, we have evolved into one of the world's leading container manufacturers and logistics service providers. Our container factory and depot networks are among the most comprehensive in the People's Republic of China (the "PRC").

Our manufacturing business is currently supported by twelve factories, eleven in the PRC and one in Surabaya, the Republic of Indonesia. We manufacture a wide range of products including dry freight containers, collapsible flatrack containers, open top containers, bitutainer, refrigerated containers, U.S. domestic containers, tank containers, other specialised containers, container parts and container chassis.

Our logistics business includes container depots/terminals, mid-stream and logistics company, running eleven container depots/terminals, eight at the major ports in the PRC - Dalian, Tianjin, Qingdao, Shanghai, Ningbo, Fuzhou, Xiamen, and Shunde, two in Hong Kong and one in Laemchabang, Thailand. We also operate a mid-stream company in Hong Kong and a logistics company in Xiamen, the PRC.

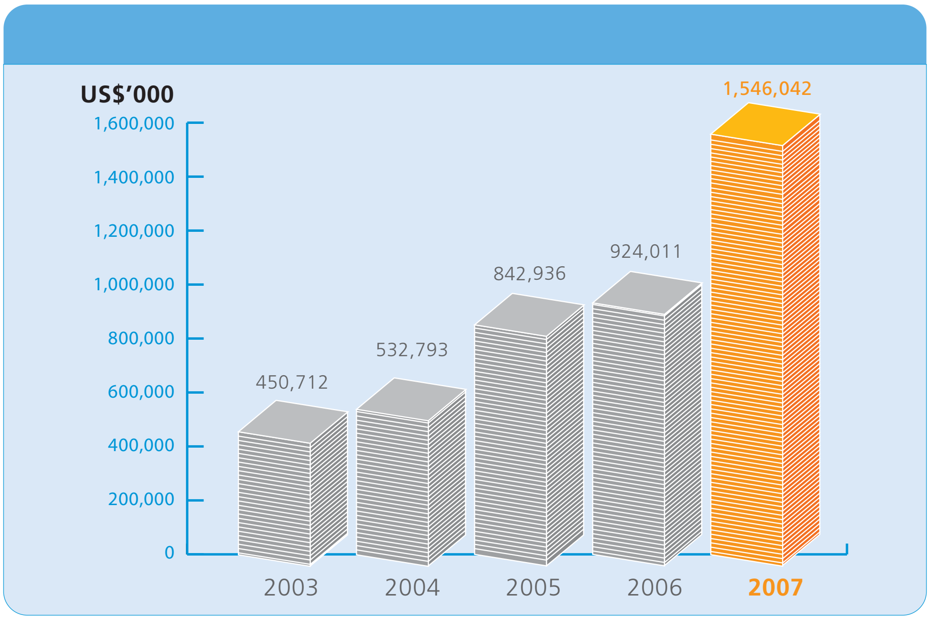
Financial Highlights

	2007 (US$)	2006 (US$)	2005 (US$)	2004 (US$)	2003 (US$)
Revenue	1,546,042,000	924,011,000	842,936,000	532,793,000	450,712,000
Profit from operations	44,496,000	30,549,000	57,404,000	32,538,000	29,723,000
Profit attributable to equity holders of the Company	33,994,000	18,096,000	44,899,000	39,636,000	20,370,000
Earnings per share	5.37 cents	2.96 cents	7.35 cents	7.37 cents	4.07 cents
Net asset value per share	43.51 cents	37.00 cents	35.29 cents	29.57 cents	19.98 cents
Equity attributable to equity holders of the Company	305,855,000	226,146,000	215,714,000	180,737,000	104,378,000
Bank balances and cash	119,048,000	80,659,000	102,604,000	69,466,000	44,485,000
Total borrowings *(note)*	415,223,000	332,829,000	158,402,000	108,437,000	119,203,000
Current ratio	1.24 to 1	1.17 to 1	2.16 to 1	1.35 to 1	1.30 to 1
Gearing ratio	1.36	1.47	0.73	0.60	1.14
Net debt to equity ratio	0.97	1.12	0.26	0.22	0.72
Interest coverage ratio	3.16	3.24	10.52	19.63	13.12

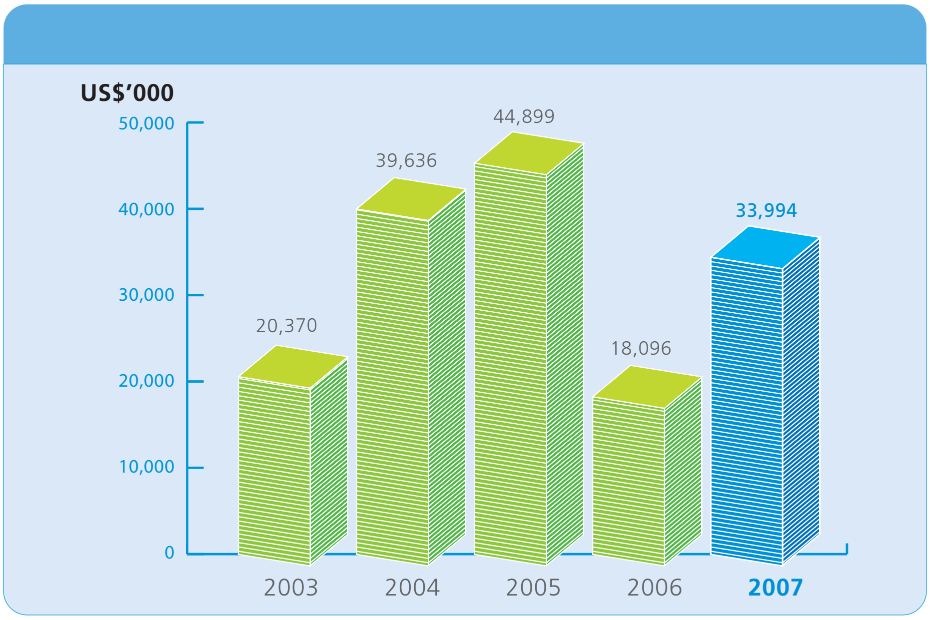
Note: Total borrowings represent the aggregate amount of interest-bearing borrowings.

Financial Highlights

REVENUE

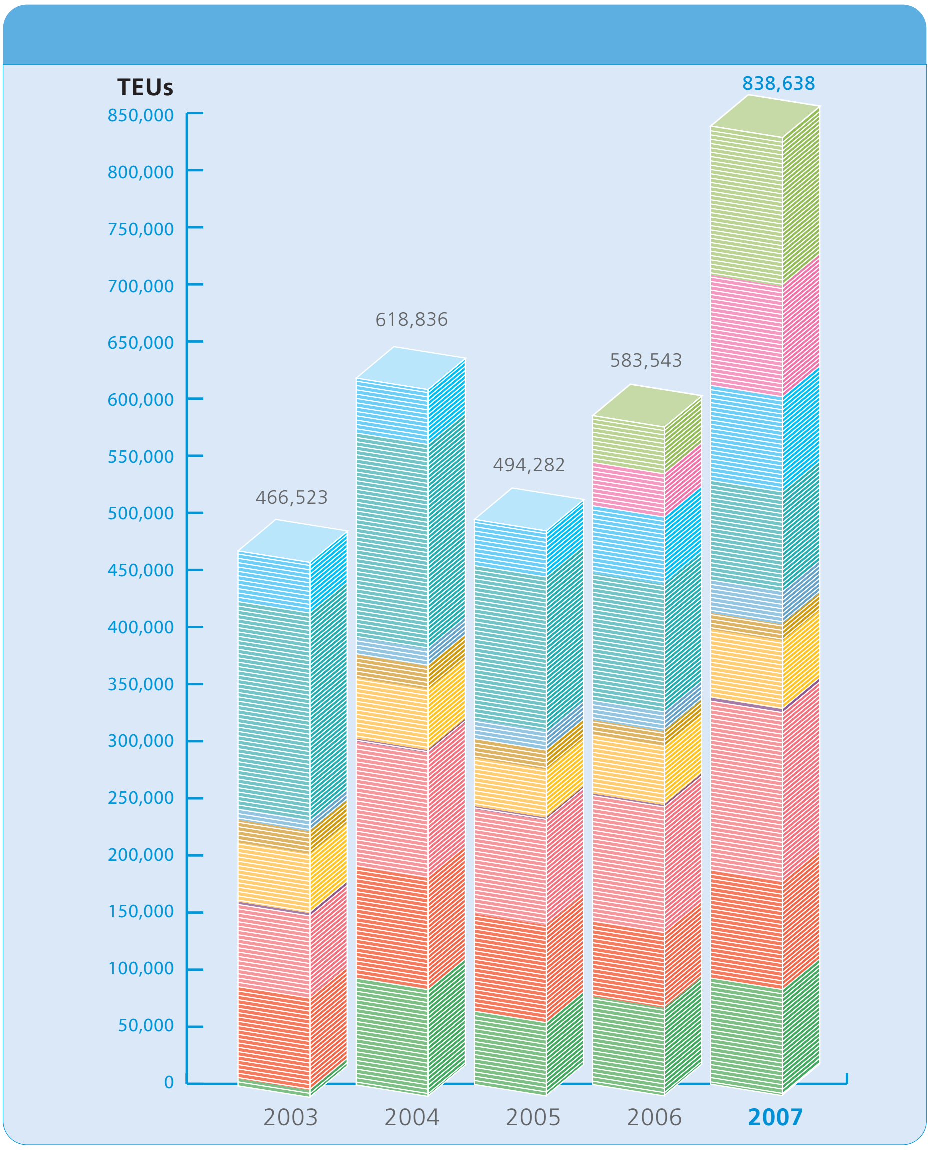


PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY



Financial Highlights

PRODUCTION OUTPUT



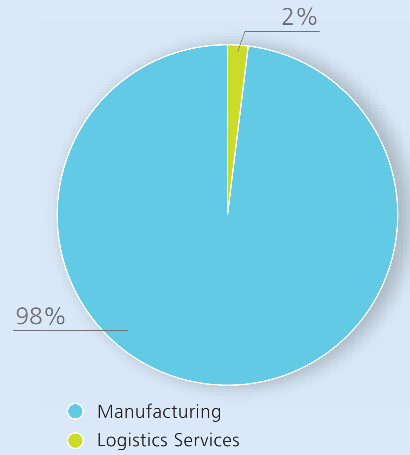
\# Construction of Qingdao Pacific was completed in October 2003 with the factory commenced commercial operations in January 2004.

△ Construction of Hui Zhou Pacific and Ningbo Pacific began in the second half of 2005 with both factories commenced commercial operations at the end of July 2006.

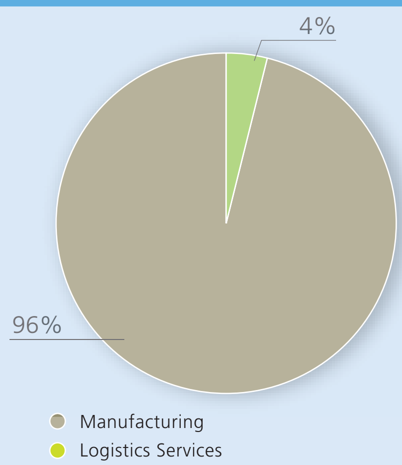
Financial Highlights

REVENUE BY BUSINESS SEGMENT

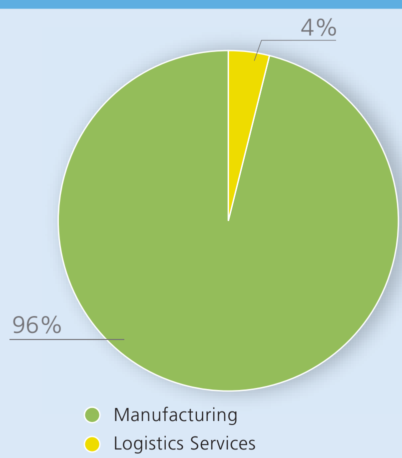
For the year ended 31st December, 2007



For the year ended 31st December, 2006



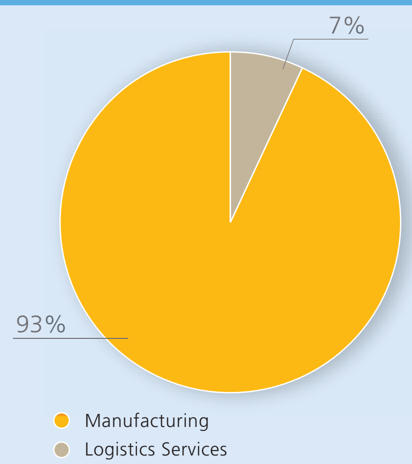
For the year ended 31st December, 2005



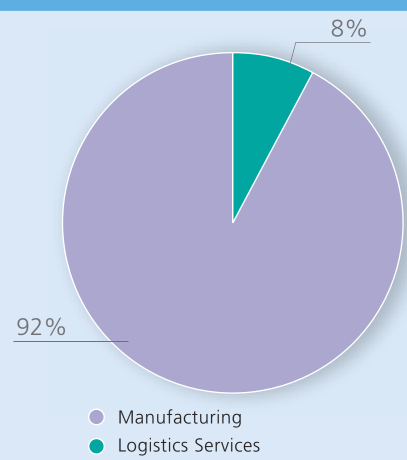
Financial Highlights

REVENUE BY BUSINESS SEGMENT *(Continued)*

For the year ended 31st December, 2004



For the year ended 31st December, 2003



Corporate Information

EXECUTIVE DIRECTORS

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

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

NON-EXECUTIVE DIRECTOR

Mr. Kuan Kim Kin#△

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ngan Man Kit, Alexander△
Mr. Ong Ka Thai#△
Mr. Soh Kim Soon#

Audit Committee Member
△ *Remuneration Committee Member*

COMPANY SECRETARY

Ms. Tam Shuk Ping, Sylvia

SOLICITORS

Deacons
5th Floor
Alexandra House
16-20 Chater Road
Central, Hong Kong

Kirkpatrick & Lookhart Preston Gates Ellis
35th Floor
Two International Finance Centre
8 Finance Street
Central, Hong Kong

PUBLIC RELATIONS CONSULTANT

Strategic Financial Relations Limited
Unit A, 29th Floor, Admiralty Centre 1
18 Harcourt Road
Hong Kong

REGISTERED OFFICE

19th Floor, Dah Sing Financial Centre
108 Gloucester Road
Hong Kong

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor,
One Pacific Place,
88 Queensway,
Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
Banco Bilbao Vizcaya Argentaria, S.A.
Bangkok Bank Public Company Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
Bayerische Hypo-und Vereinsbank AG
China Construction Bank Corporation
CITIC Ka Wah Bank Limited
Coöperatieve Centrale Raiffeisen-Boerenleenbank, B.A., (also known as Rabobank International)
DBS Bank Ltd.
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
HSH Nordbank AG
Industrial and Commercial Bank of China (Asia) Limited
ING Bank N.V.
Malayan Banking Berhad
Mizuho Corporate Bank, Limited
Overseas-Chinese Banking Corporation Limited
Sumitomo Mitsui Banking Corporation
The Bank of Nova Scotia
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
United Overseas Bank Limited

WEBSITES

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

Chairman's Statement

TO OUR SHAREHOLDERS

On behalf of the Board of Directors ("Directors"), I am pleased to present the operating results of Singamas Container Holdings Limited ("Singamas" or the "Company") and its subsidiaries (collectively the "Group") for the year ended 31st December, 2007.

Although the year ended was a challenging one, the Group was able to achieve a consolidated revenue of US$1,546,042,000, which was 67.3% higher than last year. At the same time, consolidated net profit attributable to equity holders of the Company increased by 87.9% to reach US$33,994,000. Basic earnings per share were US5.37 cents, compared with US2.96 cents last year.

DIVIDENDS

The Directors proposed the payment of a final dividend of HK5 cents per ordinary share (2006: HK3 cents) for the year ended 31st December, 2007, to members whose names appear on the register of members of the Company on Friday, 6th June, 2008. Together with the interim dividend of HK6 cents per ordinary share

Standing: Mr. Teo Siong Seng
President & Chief Executive Officer

Sitting: Mr. Chang Yun Chung
Chairman

(2006: HK4 cents), total dividend for the year will be HK11 cents per ordinary share (2006: HK7 cents). Subject to approval at the forthcoming annual general meeting, the proposed final dividend will be paid to shareholders on or before 31st July, 2008. The register of members of the Company will be closed from Tuesday, 3rd June, 2008 to Friday, 6th June, 2008, both days inclusive, during which period no transfer of shares will be effected.

BUSINESS REVIEW

MANUFACTURING

As the foundation of the Group, the manufacturing business accounted for 97.8% of total revenue. Due to stronger container demand and higher average selling prices, revenue of this segment increased by 69.8% to reach US$1,511,902,000 (2006: US$890,376,000) for the year ended 31st December, 2007.

Total production output increased by 43.7% over 2006 to 838,638 twenty-foot equivalent units ("TEUs"), against the Group's maximum annual production capacity of 1,250,000 TEUs. Dry freight container remained the segment's principal product, with total output of 774,102 TEUs for the financial year.

The Group's three new factories at Hui Zhou, Ningbo and Tianjin have been operating satisfactorily at full-scale since started commercial operation in the second half of 2006.

The Group continued to seek opportunities in the specialised containers market in an effort to broaden its product mix to enhance its overall profitability. Accordingly, the Group began producing tank containers in Shunde in January 2007. During the year, the Group produced approximately 1,200 units of tank containers. While tank container production incurred start-up loss in 2007, its first year of production, we expect it to start generating profits for the Group in 2008.

Strong container demand (which was brought upon by delivery of more container vessels and increase in world trade especially exports from the People's Republic of China ("PRC")) and higher material costs, particularly for Corten steel and floorboard, drove up average container selling prices. Average selling price for a 20-foot dry freight container increased to US$1,916, up from US$1,756 in 2006. This overall increase was achieved despite price competition which exerted pressure on the market for roughly two months in the second half of the year, during which a reduction in prices was experienced.

LOGISTICS SERVICES

As the PRC continued to experience vibrant trade with the rest of the world, container traffic increased in step with this trend. According to statistics from the Chinese Ministry of Communications, container throughput at the country's top ten container ports reported substantial growth in 2007, achieving a collective growth rate of 22% over 2006.

During the year, the Group's logistics operations, including container depots, terminals and mid-stream operation, handled a total of approximately 5,155,000 TEUs of containers, an increase of 4% over 2006. Consequently, this business segment generated total revenue of US$34,140,000, up by 1.5%. Profit before taxation and minority interests was US$12,811,000, slightly up from US$12,509,000 in 2006.

PROSPECTS

As container shipping capacity is set to increase by approximately 61% over the next four years and cargo throughput in the PRC forecasted to grow further, steady demand for new containers and logistics services is expected. Moreover, market estimates show that new container vessels with approximately 1.66 million TEUs of container capacity will be delivered to shipping companies in 2008. Demand for containers should be further bolstered as the trend towards replacing old containers is likely to accelerate from 2008 onwards.

Relocation of Xiamen Pacific Container Manufacturing Co., Ltd. and Shanghai Pacific International Container Co., Ltd. ("Shanghai Pacific") is underway and is expected to complete by mid-2009.

Keeping in mind the need to enhance the Group's product mix, the Group is planning to set up its second tank container factory in the Shanghai area. It intends to upgrade the dry freight container factory in Shanghai operated by Shanghai Pacific into producing tank containers at its new location. Upon completion of this new tank container factory, the Group will be able to produce over 10,000 units of the higher margin tank containers annually, up from the current 5,000 units.

Chairman's Statement

At the same time, the Group is upgrading Shanghai Baoshan Pacific Container Co., Ltd. to increase its annual maximum production capacity from 170,000 TEUs to 200,000 TEUs. In view of rising demand for refrigerated containers, the Group has also increased the maximum annual production capacity of its refrigerated container factory from 20,000 TEUs to 33,000 TEUs with effect from February 2008.

Looking ahead, the Group will carefully assess potential acquisitions and strategic alliances as they arise, prudently exploring opportunities with long-term growth in mind.

In the short term, although market may be affected by U.S. sub prime issue, weak U.S. dollar, inflation and other negative factors that may slow down trade growth and affect some sector of the liner business, the Group is now better prepared in dealing with such short term market changes and fluctuation. The Group is still confident in the medium and long term prospects of its businesses especially with plans in place to expand its specialised containers.

ACKNOWLEDGEMENT

On behalf of the Group, I would like to extend my gratitude to our customers and business partners for their ongoing support and guidance. I wish to also express my appreciation to fellow board members and colleagues for their contributions and diligence over the past year.

Mr. Soh Kim Soon, who has been our independent non-executive director since 20th November, 2001, will retire at our forthcoming annual general meeting to be held on 6th June, 2008 and will not be offering himself for re-election. I would also like to take this opportunity to thank Mr. Soh for his contributions to the Company. At the same time, I would like to welcome Mr. Yang, Victor to join the Board of Directors as independent non-executive director with effect from 15th April, 2008.

As always, we will remain committed to furthering the success of the Group and increasing shareholder value for our investors.

Chang Yun Chung
Chairman

Hong Kong, 8th April, 2008

Frequently Asked Questions

1. What significant business achievements have Singamas attained in 2007?

A. Although 2007 was a challenging year for Singamas, the Group was able to achieve a 67.3% increase in revenue with its net profit attributable to equity holders of the Company increased even further by 87.9%.

Delivery of more container vessels and increase in world trade (especially exports from the PRC) during the year led to strong container demand. As a result, the Group's production output reached 838,638 TEUs, a 43.7% against 2006.

The Group's three new factories located at Hui Zhou, Ningbo and Tianjin have been operating satisfactorily at full-scale since they started commercial operation in the second half of 2006.

To further enhance its product mix, the Group began producing tank containers in Shunde in January 2007. During the year, the Group produced approximately 1,200 tanks.

2. What will be the major growth drivers for the Group's business in 2008?

A. Expected increase in container production and expansion of specialised container product range (e.g. swap tank containers) to be the major growth drivers of the Group's business in 2008.

3. Will the Group continue to expand its container manufacturing network to boost its maximum annual production capacity?

A. The Group has no plan to extend its dry freight container manufacturing network as its network is already very comprehensive covering all major container ports in the PRC. However, should there be a surge in demand, the Group intends to expand its production capacity by increasing the capacity of its existing sites. On the other hand, the Group will continue to expand its network, product range and production capacity for its specialised containers to enhance profitability.

4. What will Singamas do to enlarge your product mix? Will the Group be focusing on expanding your specialised container portfolio?

A. The Group is committed to expanding its product mix by developing more higher-margin specialised containers through its Technology Development Centre as well as strategic alliances with existing and new business partners. Our factories in Shunde and Yixing will produce a bigger variety of specialised containers. For example, our Shunde factory has started producing swap tank containers in February 2008, the first one to manufacture such product in the PRC.

Frequently Asked Questions

5. How have the new labour law in the PRC which has just taken effect at the beginning of 2008 and the country's power shortages affected the Group's business?

A. Since labour cost only accounts for a small portion of the Group's total costs and our workers are quite well paid, we do not expect the new labour law in the PRC to affect the Group's production cost too much, possibly by approximately 0.5%. As for the country's power shortages, by rescheduling the production shifts, the Group's operations have not been affected significantly either.

6. For 2008, what will the trend be for raw material costs, and how will it affect the Group's business?

A. Material costs were relatively stable throughout 2007. However, stepping into 2008, they (especially for Corten steel and floorboard) have started to increase. The Group expects material costs to further increase in the second quarter of 2008 and remain high the rest of the year. As container selling prices are largely cost driven, the Group expects container selling prices in 2008 to grow steadily in line with material costs.

7. How will fear of a recession in the US affect the global shipping industry and the Group's performance?

A. Container shipping capacity is expected to increase by approximately 61% in the next four years, world trade and cargo throughput especially from the PRC will continue to grow even with slowdown of the U.S. market. Market estimates also show that new container vessels with total capacity of approximately 1.66 million TEUs will be delivered to shipping companies in 2008 and replacement rate of old containers is likely to accelerate from 2008 onwards. All these factors working together will translate into steady demand for new containers.

8. Is the Group negotiating any acquisition or cooperative projects?

A. The Group does not rule out the possibility of engaging in acquisition or cooperative projects to enhance profitability in the future, but for the time being, there is no concrete plan that we can disclose.

9. What is the Group's future dividend policy?

A. The Board's current guideline on future dividend payment is 25% to 30% of the Group's profit attributable to equity holders of the Company.

Note: "A" means "Answer".

Directors and Senior Management Profile

DIRECTORS

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

Mr. Chang Yun Chung *(also known as Mr. Teo Woon Tiong)*	*Chairman*
Mr. Teo Siong Seng	*Vice Chairman*
Mr. Hsueh Chao En	*Executive Director*
Mr. Jin Xu Chu	*Executive Director*
Mr. Teo Tiou Seng	*Executive Director*
Mr. Kuan Kim Kin*△	*Non-executive Director*
Mr. Ngan Man Kit, Alexander △	*Independent Non-executive Director*
Mr. Ong Ka Thai*△	*Independent Non-executive Director*
Mr. Soh Kim Soon*	*Independent Non-executive Director*

* *Audit Committee Member*

△ *Remuneration Committee Member*

Brief biographical details of the Directors at the date of this Annual Report are as follows:

Mr. Chang Yun Chung (also known as Mr. Teo Woon Tiong), aged 89, Chairman, appointed on 20th April, 1993, started his shipping career in Singapore in 1949 and is the founder of Pacific International Lines (Private) Limited ("PIL"), a substantial shareholder of the Company. Mr. Chang graduated from the Xiamen Datung College. He is presently the Executive Chairman of the PIL Group of companies in Singapore, which is engaged in shipping and related business. Mr. Chang is also the Chairman of Pacific International Lines (H.K.) Ltd. ("PILHK") of Hong Kong, the Maya Group of companies, Malaysia Shipping Corporation Sdn. Bhd. of Malaysia, Eastern Maritime (Thailand) Ltd. and Pacific Seatrans Lines Pte. Ltd. of Thailand. PILHK, a company in which Messrs. Chang Yun Chung, Teo Siong Seng and Teo Tiou Seng, directors and shareholders of PIL, have beneficial interests, is an associate of PIL. Other than PILHK, the Maya Group of companies, Malaysia Shipping Corporation Sdn. Bhd. of Malaysia, Eastern Maritime (Thailand) Ltd. and Pacific Seatran Lines Ltd. of Thailand are third parties independent of the Company and connected persons of the Company.

Directors and Senior Management Profile

Mr. Teo Siong Seng, *B.Sc. (Naval Architect)*, aged 53, appointed on 20th April, 1993, became the President and Chief Executive Officer of the Company on 1st February, 1997. Mr. Teo is a son of Mr. Chang Yun Chung and he is also a director of various subsidiaries of the Company. Mr. Teo started his shipping career with the PIL Group in 1979 and was appointed the Managing Director of PIL in October 1992. Mr. Teo is the Executive Director of various PIL subsidiaries and joint venture companies whose activities include shipowning, liner shipping, ship agency, freight forwarding, container manufacturing and depot/warehousing, logistics park, supply chain management and travel. Mr. Teo is a Council Member of the Singapore Chinese Chamber of Commerce & Industry, Founding Member of India-Singapore CEO Forum and sits on the Board of Business China, Maritime and Port Authority of Singapore (MPA) and Through Transport Mutual Insurance Association Limited. He is the President of Singapore Shipping Association and Chairman of Singapore Maritime Foundation (SMF), Lloyd's Register Asia Shipowners, The Standard Steamship Owners' Protection and Indemnity Association (Asia) Ltd. and Class NK Singapore. He is also a Member of the Management Board Centre for Maritime Studies of Singapore.

Mr. Hsueh Chao En, *Dip. Eng.*, aged 55, appointed on 16th May, 1997, joined Shanghai Pacific International Container Co., Ltd. ("Shanghai Pacific"), a 60% owned subsidiary of the Company, in July 1989 and was appointed as Executive Vice President – Manufacturing Operations of the Company on 1st June, 1993. Mr. Hsueh graduated in mechanical engineering from a technical institute in Taiwan and is a director of various subsidiaries of the Company. Prior to joining the Company, he had over 10 years' experience as a Plant Manager in various container manufacturing plants in Taiwan.

Mr. Jin Xu Chu, aged 61, appointed as Executive Director of the Company on 31st December, 2004. He studied at the Shanghai Jiao Tong University and joined Shanghai Pacific in May 1989. Mr. Jin is currently a director of various manufacturing operating units of the Company. He has more than 28 years of experience in the container manufacturing industry in the PRC.

Mr. Teo Tiou Seng, aged 55, appointed on 26th June, 1996 as Executive Director of the Company and is also a director of various subsidiaries of the Company. Mr. Teo is a son of Mr. Chang Yun Chung and has been engaging in shipping business since 1977. Mr. Teo graduated and holds a MBA from the University of Western Ontario, Richard Ivey School of Business – the leading business school in Canada. He has more than 25 years of working experience in container transport business and is also a director of PIL and the Managing Director of PILHK.

Mr. Kuan Kim Kin, aged 59, appointed as Non-executive Director of the Company on 15th July, 1998. He joined PIL in 1994 as the General Manager of the Finance Division and has been an Executive Director of the Finance Division of PIL since 7th June, 2004. He is also a non-executive director of PST Management Pte. Ltd. which acts in its capacity as a Trustee Manager of Pacific Shipping Trust listed on the Singapore Exchange Securities Trading Limited. Pacific Shipping Trust is sponsored by PIL. Other than their relationship with PIL, PST Management Pte. Ltd, and Pacific Shipping Trust are third parties independent of the Company. Prior to joining PIL, he held a number of senior financial and accounting positions across diverse business groups, including two public listed companies in Malaysia. Mr. Kuan is a fellow member of The Chartered Institute of Management Accountants (United Kingdom).

Directors and Senior Management Profile

Mr. Ngan Man Kit, Alexander, aged 57, appointed as Independent Non-executive Director of the Company on 1st July, 2003. A Bachelor of Mathematics graduate of University of Waterloo in Canada, Mr. Ngan has over 34 years of experience in private, corporate and investment banking, equity and debt securities trading, corporate advisory services, as well as direct and private equity investment. Mr. Ngan is currently a director of Amish Naturals, Inc. and was also previously a director of EUPA International Corporation, Clearant Inc. and ForgeHouse, Inc. (formerly known as "Milk Bottle Cards, Inc."), all companies are listed on NASD (Over-the-Counter Bulletin Board). Amish Naturals. Inc., EUPA International Corporation, Clearant Inc. and ForgeHouse, Inc., all are third parties independent of the Company and connected persons of the Company.

Mr. Ong Ka Thai, aged 53, appointed as Independent Non-executive Director of the Company on 17th May, 1997. Mr. Ong is currently the Chairman of a number of companies including Ong Pacific (H.K.) Ltd., Ong First Tradition Pte. Ltd., Ong Commodities Pte. Ltd. and Ong Pacific Capital Ltd.. These companies are third parties independent of the Company and connected persons of the Company. A Bachelor of Arts (Economics) graduate from the University of California at Los Angeles, Mr. Ong had served as the CEO for a number of multinational joint ventures. Mr. Ong is currently a director of Shanghai International Shanghai Growth Investment Ltd., a company listed on the Stock Exchange of Hong Kong Limited. In addition, Mr. Ong is also an independent non-executive director of China Bohai Bank Limited. Shanghai International Shanghai Growth Investment Ltd. and China Bohai Bank Limited are third parties independent of the Company and connected persons of the Company. Mr. Ong has over 31 years of experience in manufacturing, corporate and trade finance, regional equity, futures and commodities trading, investment banking and corporate advisory services, as well as direct and private equity investment.

Mr. Soh Kim Soon, aged 62, appointed as Independent Non-executive Director of the Company on 20th November, 2001. Mr. Soh is currently the Chairman of ORIX Investment and Management Private Limited and ORIX Leasing Singapore Limited. These companies are third parties independent of the Company and connected persons of the Company. He is a B.A. (Hons) graduate of the University of Singapore and an associate of the Chartered Institute of Bankers (United Kingdom). Mr. Soh was previously Senior Managing Director of DBS Bank and was with DBS Bank for more than 29 years. Mr. Soh held key senior positions in DBS Bank in both business and support functions including corporate, consumer and international banking as well as risk management and information technology. He was also previously Chairman of DBS Securities Holdings Pte. Ltd., DBS Finance Ltd. and DBS Computer Services Pte. Ltd. Mr. Soh is currently on the Board of EnGro Corporation Ltd., a publicly listed company in Singapore. He is also a Director of Fraser Centrepoint Asset Management Ltd.. He was also previously on the Boards of Gul Technologies Singapore Ltd. and Speedy-Tech Electronics Ltd..

All Directors, except for the managing director of the Company who shall subject to retirement by rotation at least once every three years but shall be eligible for re-election, are subject to retirement and re-election at the forthcoming annual general meeting in accordance with the Company's articles of association. For details of their respective profiles, please refer to the circular accompanied with this Annual Report.

Directors and Senior Management Profile

SENIOR MANAGEMENT EXECUTIVES

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

Mr. Teo Siong Seng	*President and Chief Executive Officer*
Mr. Hsueh Chao En	*Executive Vice President – Manufacturing Operations*
Mr. Jin Xu Chu	*Senior Vice President – Manufacturing Operations*
Ms. Tam Shuk Ping, Sylvia	*Chief Financial Officer and Company Secretary*
Mr. Chan Kwok Leung, Andy	*Vice President of Marketing and General Manager - Hong Kong Container Depot and Terminal Operations*
Mr. Chen Woo Tsoung, Jackson	*Vice President of Manufacturing Operations (appointed on 1st September, 2007)*
Mr. Cheng Chien Kuo	*Vice President of Manufacturing Operations*
Mr. Wang Yung Fu, Terry	*Chief Representative – China Container Depot Operations*

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

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

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

Mr. Jin Xu Chu, joined Shanghai Pacific in May 1989. Please refer to the Directors section for details.

Ms. Tam Shuk Ping, Sylvia, *B. Comm., M.B.A., C.A. (Can.), F.C.P.A.*, aged 45, Chief Financial Officer and Company Secretary, joined the Company on 15th May, 1995. She was appointed as Company Secretary on 1st March, 1997 and is also a director of various subsidiaries of the Company. Prior to joining the Company, she was the Chief Financial Officer of a Hong Kong based construction company. She has more than 20 years of combined experience in public accountancy, manufacturing, distribution and construction.

Mr. Chan Kwok Leung, Andy, aged 50, Vice President of Marketing and General Manager – Hong Kong Container Depot and Terminal Operations, joined Eng Kong Container Services Ltd., a subsidiary of the Company, on 1st July, 1994. He has more than 28 years of combined experience in marketing, container depot management, container inspection and repair, and container leasing. Prior to joining the Company, he was the Technical Director of Unicon International Ltd., a container surveying company with major interests in the Far East.

Mr. Chen Woo Tsoung, Jackson, *B. Transportation Engineering and Management*, aged 48, Vice President – Manufacturing Operations, joined the Company on 1st September, 2007. Mr. Chen has more than 24 years of combined experience in shipping lines management, terminal operations and marketing. Prior to joining the Company, he was the Chief Auditors and Vice President of Wan Hai Lines Limited.

Directors and Senior Management Profile

Mr. Cheng Chien Kuo, aged 52, Vice President – Manufacturing Operations, joined the Group in August 1989. He graduated in mechanical engineering from a technical institute in Taiwan. He has more than 26 years of experience in container manufacturing. Prior to joining the Company, Mr. Cheng had over 13 years' experience working as a supervisor at various container manufacturing plants in Taiwan.

Mr. Wang Yung-Fu, Terry, *B. Navigation & Marine Management*, aged 47, Chief Representative – China Container Depot Operations, joined the Company on 1st January, 2006 and is also a director of various subsidiaries of the Company. Mr. Wang has more than 21 years' experience in shipping lines management. Prior to joining the Company, he was the General Manager of Pacific International Lines (Pte.) Limited, Qingdao Branch and Shanghai Branch.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Singamas Container Holdings Limited ("Singamas"/"the Company") has fully complied with all the applicable principles of the Code on Corporate Governance Practices ("the Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") and also adopted certain recommended best practices of the Code.

The board of directors ("Board"/"Directors") of the Company believes that appropriate corporate governance practices are essential for the Company to enhance its accountability and transparency so as to achieve a balance of the interests of shareholders, customers, employees and investment partners of the Company in all material respects. Accordingly, the Company aims at maintaining high standards of corporate governance practices.

The Company has complied with the following applicable code provisions set out in the Code:

KEY CORPORATE GOVERNANCE PRINCIPLES AND THE COMPANY'S PRACTICES

A. Directors

A.1 The Board

Code Principle

An issuer should be headed by an effective board which should assume responsibility for leadership and control of the issuer and be collectively responsible for promoting the success of the issuer by directing and supervising the issuer's affairs. Directors should take decisions objectively in the interests of the issuer.

Governance Procedures of the Company against the Code Provisions

The Company is headed by an effective Board comprising nine Directors. Taking into account the nature and scope of the Company's operations, the Board size is appropriate. The Board consists of high calibre members with a wealth of knowledge, expertise and experience. The Board members contribute valuable direction and insight, drawing from their vast experience in matters relating to accounting, finance, banking, business, management and general corporate matters. Please refer to the brief biographical details of the Directors set out on pages 16 to 18 of this Annual Report.

Corporate Governance Report

The Board acts in the best interests of the Company. The Directors exercise their due diligence in the performance of their duties. Apart from its statutory and fiduciary responsibilities, the Board reviews the financial performance of the Group and approves and monitors the Group's strategic plans, major investments, funding proposals and risk management policies. The Board is also responsible for monitoring managerial performance, achieving adequate return for the shareholders each year, and promoting good corporate governance by reviewing the recommendations made from audit committee ("Audit Committee") and remuneration committee ("Remuneration Committee") of the Company.

The Company's articles of association ("Articles") provide that if a director has a conflict of interest in a material matter, such director must abstain from voting and not be counted in quorum. Under such circumstance, a full board meeting will be held instead of by way of circulation.

Code Provisions	Alignment?	Governance Procedures of the Company
• At least four board meetings a year.	Yes	• The Board met four times in 2007. • Attendance records of the Directors in 2007: **Attendance (%)** **Executive Directors** Chang Yun Chung (also known as Teo Woon Tiong) 100 Teo Siong Seng 100 Hsueh Chao En 75 Jin Xu Chu 100 Teo Tiou Seng 75 **Non-executive Director** Kuan Kim Kin 100 **Independent Non-executive Directors** Ngan Man Kit, Alexander 100 Ong Ka Thai 100 Soh Kim Soon 100
• Directors are given an opportunity to include matters in the agenda for regular board meetings.	Yes	• Directors are consulted to include any matters in the agenda for regular Board meetings.
• Notice of at least 14 days should be given of a regular board meeting.	Yes	• The Company normally gives notice and draft agenda of regular Board meetings at least 14 days in advance.
• Directors should have access to the advice and service of the company secretary.	Yes	• All Directors have access to the Company Secretary who is responsible for ensuring that the Board procedures are complied with and all applicable rules and regulations are followed.

Code Provisions	Alignment?	Governance Procedures of the Company
• Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary and open for inspection. • Draft and final versions of minutes are sent to all directors for comments within a reasonable time.	Yes	• The Company Secretary is responsible for taking minutes of the Board and Audit Committee meetings. Another duly appointed secretary is responsible taking minutes of Remuneration Committee meetings. All draft minutes are sent to Directors or committee members for review and comment within a reasonable time (generally within one month after each meeting) with the final version to be sent to Directors soonest thereafter. The minutes are made available for inspection by Directors or committee members at the Company's registered office.
• Agreed procedures for directors to seek independent professional advice at the issuer's expense.	Yes	• Directors have free access to the legal counsel of the Company and if needed and upon request, Directors are allowed to seek independent professional advice at the Company's expenses.
• If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, board meeting should be held. Such director must abstain from voting and not be counted in quorum.	Yes	• The Company has formulated and implemented guidelines for such matters that require board meetings to be held instead of by way of circulation. • The Company's Articles provide for voting and quorum requirements conforming with Code requirements.
Recommended Best Practice	**Alignment?**	**Governance Procedures of the Company**
• Insurance cover in respect of legal action against directors.	Yes	• There is in place a Directors & Officers Liability Insurance cover.
• Board committees should adopt broadly the same principles and procedures.	Yes	• Board committees adopt broadly the same principles and procedures as stated above.

A.2 Chairman and Chief Executive Officer

Code Principle

There should be a clear division of responsibilities at the board level – separate offices of chairman and chief executive officer to ensure a balance of power and authority.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
• Roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between chairman and chief executive officer should be clearly established in writing.	Yes	• Chang Yun Chung serves as the Chairman and Teo Siong Seng serves as the President and Chief Executive Officer of the Company. The Chairman focuses on Board issues and the Group's overall strategies. The President and Chief Executive Officer has overall responsibility for the daily operations and general development of the Group.
• The chairman should ensure all directors be briefed on issues arising at board meetings.	Yes	• Assisted by the Company Secretary, the Chairman has a clear responsibility to provide the whole Board with all the information that is relevant to the discharge of the Board's responsibilities through the issue of board papers, etc. normally about one week in advance of the Board meeting.
• The chairman should be responsible for ensuring that directors receive adequate information in a timely manner.		
Recommended Best Practice	**Alignment?**	**Governance Procedures of the Company**
• The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting.	Yes	• The agenda of Board meetings is finalised by the Chairman in consultation with executive Directors and Company Secretary after taking into consideration any matters proposed by the non-executive Directors (including independent non-executive Directors).
• The chairman should take responsibility for ensuring that good corporate governance practices and procedures are established.	Yes	• The Chairman takes a key role in developing corporate governance procedures in the Company.
• The chairman should encourage all directors to make a full and active contribution to the board's affairs.	Yes	• The Chairman meets with the Directors regularly to discuss various matters of the Group and encourages the Directors to express their views concerning the management of the Group.
• The chairman should facilitate the effective contribution of non-executive directors and ensure constructive relations between executive and non-executive directors.		

Recommended Best Practice	Alignment?	Governance Procedures of the Company
• The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.	Yes	• The Chairman holds private meetings with the non-executive Directors, including the independent non-executive Directors, at least once a year.

A.3 Board Composition

Code Principle

The board should have a balance of skills and experience appropriate for the requirements of the business of the issuer. The board should include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that independent judgment can effectively be exercised. Non-executive directors should be of sufficient calibre and number for their views to carry weight.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
• Independent non-executive directors should be expressly identified in all corporate communications.	Yes	• Composition of the Board, by category of Directors, is disclosed in all corporate communications.
Recommended Best Practice	**Alignment?**	**Governance Procedures of the Company**
• Independent non-executive directors should represent at least one-third of the board.	Yes	• The Board comprises three independent non-executive Directors representing one-third of the full Board.
• An issuer should maintain on its website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.	Yes	• An updated list of Directors with their role, function and whether they are independent non-executive director is maintained on the website of the Company.

A.4 Appointments, Re-Election and Removal

Code Principle

There should be a formal, considered and transparent procedure for the appointment of new directors to the board. There should be plans in place for orderly succession for appointments to the board. All directors should be subject to re-election at regular intervals. Resignation or removal of any director should be explained.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
• Non-executive directors should be appointed for a specific term, subject to re-election. • All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.	Yes	• Non-executive Directors are appointed for one year but subject to re-election at the annual general meeting under the Company's Articles. • Under the Company's Articles, every Director, other than the Managing Director who shall be subject to retirement at least once every three years, shall retire from office at the annual general meeting in every year but shall be eligible for re-election. • Under the Company's Articles, any Director appointed by the Board to fill a casual vacancy shall be subject to election by shareholders at the first general meeting of the Company after such Director's appointment.
Recommended Best Practice	**Alignment?**	**Governance Procedures of the Company**
• Election of an independent non-executive director serving for more than nine years should be subject to a separate resolution to be approved by shareholders and the board should provide explanatory statement with information on his independence to shareholders. • Where the board proposes a resolution to elect an individual as independent non-executive director at the general meeting, explanatory statement with information on his independence should be provided to shareholders.	Yes	• The Company's circular of its annual general meeting contained detailed information on election of Directors, including detailed biographies, interests, and (where appropriate) independence of all Directors standing for re-election. • Election of Mr. Ong Ka Thai, independent non-executive director of the Company who has been serving on the Board for more than nine years, was subject to a separate resolution approved by shareholders at 2007 annual general meeting of the Company. A circular dated 27th April, 2007 contained full explanatory statement of Mr. Ong's independence was sent to the shareholders. • Each of the independent non-executive Directors has confirmed their independence on 8th April, 2008.

A.5 Responsibilities of Directors

Code Principle

Every director is required to keep abreast of his responsibilities as a director of an issuer and of the conduct, business activities and development of that issuer. Non-executive directors have the same duties of care and skill and fiduciary duties as executive directors.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
• Every newly appointed director should receive a comprehensive, formal and tailored induction on the first occasion of his appointment to ensure that he has a proper understanding of the operations and business of the issuer and that he is fully aware of his responsibilities under statute and common laws, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the issuer.	Yes	• On appointment, new Directors are given a comprehensive briefing and related materials of the Group's business activities, induction into their responsibilities and duties, and other regulatory requirements. • All Directors, including non-executive Directors, are regularly provided with comprehensive reports on the management's strategic plans, updates on lines of business, financial information, etc. • The Company Secretary is responsible for keeping all Directors updated on Listing Rules and other applicable statutory requirements.
• Functions of non-executive directors should include: – bring an independent judgement at the board meeting; – take the lead where potential conflicts of interests arise; – serve on the audit, remuneration, nomination and other governance committees, if invited; and – scrutinise the issuer's performance.	Yes	• Non-executive Directors are well aware of their functions and have been actively performing their functions. On an on-going basis, Directors review with management in respect of the Group's strategic development and direction and emerging risks and opportunities available to the Group. • There has been satisfactory attendance for Board and Board committee meetings in 2007.
• Directors should ensure that they can give sufficient time and attention to the affairs of the issuer.		

Code Provisions	Alignment?	Governance Procedures of the Company
• Directors must comply with their obligations under the Model Code set out in Appendix 10.	Yes	• 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 report, the required standard set out in the Model Code and its code of conduct regarding Directors' securities transaction.
Recommended Best Practice	**Alignment?**	**Governance Procedures of the Company**
• Directors should disclose to the issuer at the time of his appointment, and on a periodic basis, the number and nature of offices held in public companies or organisations and other significant commitments.	Yes	• Directors disclose their other directorships to the Company at least once a year.
• Directors should ensure regular attendance and active participation of board, board committee and general meetings.	Yes	• There has been satisfactory attendance for Board, Board committee and general meetings in 2007.
• Non-executive directors should make a positive contribution to the development of the issuer's strategy and policies through independent, constructive and informed comments.	Yes	• Details on roles and functioning of non-executive Directors are set out above. • Non-executive Directors have physically visited the Company's operating units in China to gain a better understanding of the Group's business operations and development plans for making constructive and informed comments of the Company's business developments.

A.6 Supply of and Access to Information

Code Principle

Directors should be provided in a timely manner with appropriate information in such form and of such quality as will enable them to make an informed decision and to discharge their duties and responsibilities as directors of an issuer.

Governance Procedures of the Company against the Code Provisions

The monthly management accounts are provided to the executive members of the Board by the Management. Board papers are sent to the Directors about one week before each Board meeting.

Code Provisions	Alignment?	Governance Procedures of the Company
• An agenda and accompanying board papers should be sent in full to all directors in a timely manner and at least 3 days before the intended date of a board or board committee meeting.	Yes	• An agenda and accompanying Board papers are sent to Directors about one week before the date of Board/ committee meeting.
• Management has an obligation to supply the board and its committees with adequate information in a timely manner. Where any director requires more information than is volunteered by management, he should make further enquiries where necessary. The board and each director should have separate and independent access to the issuer's senior management.	Yes	• Senior management are from time to time brought into formal and informal contact with the Board at Board meetings and other events. Relevant information is being given to the Board upon request.
• Directors are entitled to have access to board papers and related materials. Steps must be taken to respond as promptly and fully as possible to director queries.	Yes	• Board papers and minutes are made available for inspection by Directors and committee members. Senior management of the Company has taken appropriate steps to respond promptly and fully to any queries raised by Directors.

B. Remuneration of Directors and Senior Management

B.1 The Level and Make-up of Remuneration and Disclosure

Code Principle

An issuer should disclose information relating to its directors' remuneration policy and other remuneration related matters. A formal and transparent procedure for setting policy on executive directors' remuneration and for fixing the remuneration packages for all directors should be established. No director should be involved in deciding his own remuneration.

Governance Procedures of the Company against the Code Provisions

The Board has established Remuneration Committee to make recommendation on the Company's remuneration policy and structure for all remuneration of Directors and senior management. No Director and senior management can determine his own remuneration.

In 2007, the Remuneration Committee met twice and attendance of individual members at Remuneration Committee meeting in the year is summarised below:

Committee members	**Attendance (%)**
Ngan Man Kit, Alexander *(Chairman)*	100
Ong Ka Thai	100
Kuan Kim Kin	100

Details of each Director's remuneration for the year under review are set out on pages 107 to 108 of this Annual Report.

Code Provisions	Alignment?	Governance Procedures of the Company
• Issuer should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. A majority of the members of the remuneration committee should be independent non-executive directors.	Yes	• The Company established the Remuneration Committee in 2005. Members of the Committee are: **Independent Non-executive Directors:** Ngan Man Kit, Alexander *(Chairman)* Ong Ka Thai **Non-executive Director:** Kuan Kim Kin • Full terms of reference are available on the Company's website (www.singamas.com). • Each Committee member is given a copy of the full terms of reference.
• Terms of reference of remuneration committee should include, as a minimum, certain specific duties as set out in Code Provision B.1.3 of Appendix 14 to the Listing Rules.		
• The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.		

Code Provisions	Alignment?	Governance Procedures of the Company
• The remuneration committee should consult the chairman and/or chief executive officer about their proposals relating to the remuneration of other executive directors and have access to professional advice if considered necessary.	Yes	• Meetings have been held between the Committee Chairman and the Board Chairman and/or Chief Executive Officer to discuss the various matters concerning the remuneration and related policy of executive Directors and senior management.
Recommended Best Practice	**Alignment?**	**Governance Procedures of the Company**
• A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.	Yes	• Details of remuneration of Directors are disclosed on an individual basis. A performance-based element has been built into top management compensation.

C. Accountability and Audit

C.1 Financial Reporting

Code Principle

The board should present a balanced, clear and comprehensible assessment of the company's performance, position and prospects.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
• Management to provide explanation and information to the board as to enable the board to make an informed assessment of the financial and other information put before the board for approval.	Yes	• Board paper with full details and explanation is provided to the Directors in advance, enabling them to make informed assessment of the underlying transaction which is subject to the Board's approval.
• Directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts; a statement by the auditors regarding reporting responsibilities in auditors' report.	Yes	• A statement of director responsibilities for Financial Statements is set out in this Annual Report. • The Auditors' Report states auditors' reporting responsibilities.

Code Provisions	Alignment?	Governance Procedures of the Company
• The board's responsibility to present a balanced, clear and understandable assessment extends to annual and interim reports, other price-sensitive announcements and other financial disclosure required under the Listing Rules and statutory requirements.	Yes	• The Board aims to present a comprehensive, balanced, clear and understandable assessment of the Group's position and prospects in all shareholder communications.

C.2 Internal Controls

Code Principle

The board should ensure that the issuer maintains sound and effective internal controls to safeguard the shareholders' investment and the issuer's assets.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
• The directors should at least annually conduct a review of the effectiveness of the system of internal control of the issuer and its subsidiaries.	Yes	• The Board has overall responsibility for the system of internal controls and for reviewing its effectiveness. • The Company appointed an external accounting firm to act as internal auditors for the Company by conducing internal audit on selected operating units of the Group. These appointed internal auditors report directly to the Audit Committee. The Audit Committee, in return, communicates any material issues to the full Board. • Management regularly reviews the effectiveness of risk management and system of internal controls and compliance with best practices.

C.3 Audit Committee

Code Principle

The board should establish formal and transparent arrangements for considering how it will apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors. The audit committee established by an issuer pursuant to the Listing Rules should have clear terms of reference.

Governance Procedures of the Company against the Code Provisions

The Board has established the Audit Committee to investigate any activity within its terms of reference and make recommendation to the Board for any necessary improvement.

The members of Audit Committee include the two independent non-executive Directors, namely, Mr. Ong Ka Thai *(Chairman)* and Mr. Soh Kim Soon, and a non-executive Director, namely, Mr. Kuan Kim Kin.

The Chairman of Audit Committee reports the findings and recommendations to the Board after each meeting. The Committee met three times during this year under review.

The details of Audit Committee members' attendance in 2007 are as follows:

Committee members	**Attendance (%)**
Ong Ka Thai *(Chairman)*	100
Kuan Kim Kin	100
Soh Kim Soon	100

Code Provisions	Alignment?	Governance Procedures of the Company
• Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting. Draft and final versions of minutes of audit committee meetings should be sent to all members of the committee for their comment and records, respectively within a reasonable time after the meeting.	Yes	• The Company Secretary is also the secretary of the Audit Committee who keeps full minutes of all Audit Committee meetings. • Draft version of minutes is sent to Audit Committee members for comment normally within one month from the date of the meeting. Final version of minutes is sent to the Audit Committee members for their records as soon as the related draft is finalised.

Code Provisions	Alignment?	Governance Procedures of the Company
• A former partner of the issuer's existing auditing firm should be prohibited from acting as a member of the issuer's audit committee.	Yes	• None of the three Audit Committee members is a former partner of the Company's existing external auditors.
• The terms of reference of the audit committee should include at least the certain duties as prescribed in Code Provision C.3.3 of Appendix 14 to the Listing Rules.	Yes	• Full terms of reference are available on the Company's website (www.singamas.com) and a copy of the terms of reference is given to each member of the Audit Committee.
• The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.		
• Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the issuer should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.	Yes	• Since the establishment of Audit Committee in 1998, there had not been any disagreement between the Audit Committee and the Board in respect of the selection, appointment, resignation or dismissal of the external auditors.
• The audit committee should be provided with sufficient resources to discharge its duties.	Yes	• Sufficient resources, including obtaining outside professional advice or assistance, are provided to the Audit Committee.

D. Delegation by the Board

D.1 Management Functions

Code Principle

The issuer should have a formal schedule of matters specifically reserved to the board for its decision. The board should give clear directions to management as to the matters that must be approved by the board before decisions are made on behalf of the issuer.

Governance Procedures of the Company against the Code Provisions

Certain matters are specifically reserved to the Board for decision under the Company's internal guidelines and financial authority limits structure. Board approval is specifically required for material transactions such as acquisitions and disposals of assets of the Group. The management is generally responsible for the implementation of daily operations subject to the Board's decision generally or specifically.

Code Provisions	Alignment?	Governance Procedures of the Company
• When the board delegates aspects of its management and administration functions to management, it must at the same time give clear directions as to the powers of management, including circumstances where management should obtain prior approval from the board.	Yes	• Internal guidelines have been formulated in respect to those matters reserved for the Board and functions or authorities delegated to management.
• An issuer should formalise the functions reversed to the board and those delegated to management.		

D.2 Board Committees

Code Principle

Board committees should be formed with specific written terms of reference which deal clearly with the committees' authority and duties.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
• Board should prescribe sufficiently clear terms of reference to enable proper discharge of committee functions.	Yes	• The Board has established the Audit Committee and Remuneration Committee with specific terms of reference.
• The terms of reference should require committees to report their decisions to the board.	Yes	• Board Committees report to the Board their work and findings they have performed during the period in each Board meeting. • Minutes of each Committee meeting are also circulated to the Directors for their information.

E. Communication with Shareholders

E.1 Effective Communication

Code Principle

The board should endeavour to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation.

Governance Procedures of the Company against the Code Provisions

Code Provisions	Alignment?	Governance Procedures of the Company
• In respect of each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting.	Yes	• Separate resolutions are proposed on each substantially separate issue at general meetings.
• The chairman of the board should attend the annual general meeting and arrange for the chairmen of board committees or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting. Chairman of independent board committee should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.	Yes	• The Board Chairman and each chairman of the Audit Committee and Remuneration Committee have been attending general meetings of the Company.

E.2 Voting by Poll

Code Principle

The issuer should regularly inform shareholders of the procedures for voting by poll and ensure compliance with the requirement about voting by poll contained in the Listing Rules and the constitutional documents of the issuer.

Governance Procedures of the Company against the Code Provisions

<table>
<tr><th>Code Provisions</th><th>Alignment?</th><th>Governance Procedures of the Company</th></tr>
<tr><td>• Disclosure in general meeting circulars of procedures and rights of shareholders to demand a poll in compliance with the requirements about voting by poll contained in rule 13.39(4).
• In particular, 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.</td><td rowspan="3">Yes</td><td rowspan="3">• Procedures for demanding a poll were set out in the circular accompanying the notice of 2007 annual general meeting and also in circulars of other general meetings. These procedures were also explained during the 2007 annual general meeting and other general meetings’ proceedings.
• A representative of the Company (for the 2007 annual general meeting) and Share Registrar (for other general meetings) was appointed as scrutineer.
• Poll results, if applicable, were published in major Hong Kong newspapers on the business day following the meeting and posted on the websites of Stock Exchange and the Company.
• Under the Company’s Articles, a poll may be demanded:
(a) by the chairman; or
(b) by not less than three members present in person or, in the case of a corporation, by its authorised representatives or by proxy for the time being having the right to vote at the meeting; or
(c) by a member or members present in person or, in the case of a corporation, by its authorised representatives or by proxy for the time being representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
(d) by a member or members present in person or, in the case of a corporation, by its authorised representatives or by proxy for the time being and holding shares conferring a right to vote on the resolution on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or
(e) by the chairman of such meeting and/or directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting in certain circumstances where, on show of hands, such meeting votes in the opposite manner to that instructed in those proxies.</td></tr>
<tr><td>• The issuer should ensure that votes cast are properly counted and recorded.</td></tr>
<tr><td>• Chairman of meeting should adequately explain the poll procedures at commencement of meeting.</td></tr>
</table>

NOMINATION OF DIRECTORS

The Company does not have a nomination committee but will consider setting up one at an appropriate time. Currently all new appointments and re-appointments to the Board are subject to the concurrence of all Board members whose deliberations are based on the following criteria:

- Integrity
- Independent mindedness
- Possess core competencies that meet the current needs of the Company and complement the skills and competencies of the existing Directors on the Board
- Able to commit time and effort to carry out duties and responsibilities effectively
- A good track record of experience at a senior level in corporations/organisations
- Financially literate

AUDITORS' REMUNERATION

The Company's Audit Committee has recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, Deloitte Touche Tohmatsu be re-appointed as the external auditors for 2008.

During the year under review, the fees paid to the Company's external Hong Kong auditors for audit work amounted to HK$2,650,000 and for non-audit and review activities amounted to HK$324,500 (including HK$190,000 for interim review, HK$34,500 for tax review and HK$100,000 for other related services).

STATEMENT OF DIRECTOR RESPONSIBILITIES FOR FINANCIAL STATEMENTS

All Directors acknowledge that they are responsible for overseeing the preparation of financial statements of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 31st December, 2007, the Directors have selected suitable accounting policies and applied them consistently, adopted 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.

Corporate Governance Report

STATEMENT OF DIRECTOR RESPONSIBILITIES FOR FINANCIAL STATEMENTS *(Continued)*

The Board, through the Audit Committee, has conducted annual reviews of the effectiveness of the system of internal control covering all controls, including financial, operational and compliance controls, broad-based risk management processes, and physical and information system security of selected operating units of the Company. No suspected frauds and irregularities, internal control deficiencies or suspected infringement of laws, rules and regulations have come to the Committee's attention to cause the Committee believe that the system of internal controls is inadequate. The Board, through the review of the Audit Committee, is satisfied that the Group has fully complied with the Code provisions on internal controls during the year under review.

INVESTOR RELATIONS

The Company always provides updated Group's performance information to all shareholders when it becomes available, through the publication of interim and annual reports, circulars, notices, media releases and so forth. The Company has made such information available on the Company's website (www.singamas.com) as well as on independent website providers (www.irasia.com and www.singamas.quamir.com). This purpose is to provide our shareholders, including institutional shareholders an alternative channel to access the Group's performance easily and reach the potential shareholders globally.

Apart from providing a forum for Directors' dialogue with shareholders in the Company's general meetings during the year, the Company continuously enhances shareholders communications including institutional shareholders communications by holding press and analyst conferences locally and overseas during any reporting period or year. The institutional shareholders may ask questions on the Company's operations or related financial information in such conferences and the Company would then have the opportunity explaining to them the latest status of the Group's development. This direct communication with shareholders or potential shareholders would let them aware of whether the standards and the manner that the Company conducts may meet their expectation. In addition, the Company has a Frequently Asked Questions section in its Annual Report providing our shareholders more clear and concise information that may be of common concern. Besides, the Company responds to letters and telephone enquiries from shareholders and potential shareholders throughout the year under review.

Report of the Directors

The directors ("Directors") of Singamas Container Holdings Limited ("Singamas"/"the Company") have pleasure in submitting to the shareholders their report and the audited consolidated financial statements for the year ended 31st December, 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries, associates and jointly controlled entities. The principal activities of its principal subsidiaries, associates and jointly controlled entities are set out in notes 21, 23 and 24, respectively to the consolidated financial statements.

An analysis of the Group's revenue and contribution to profit before taxation for the year ended 31st December, 2007 by principal activity is as follows:

ANALYSIS BY PRINCIPAL ACTIVITY

	Revenue	Contribution to profit before taxation
	US$'000	US$'000
Manufacturing	1,511,902	33,809
Logistics services	34,140	10,687
	1,546,042	44,496
Finance costs		(29,432)
Investment income		1,885
Changes in fair value of derivative financial instruments		24,881
Share of results of associates		(1,256)
Share of results of jointly controlled entities		420
Profit before taxation		40,994

Report of the Directors

An analysis of the Group's revenue for the year ending 31st December, 2007 by geographical market is as follows:

ANALYSIS BY GEOGRAPHICAL MARKET

	Revenue
	US$'000
United States	481,777
Europe	385,167
Hong Kong	265,900
Taiwan	103,286
South Korea	89,868
People's Republic of China ("PRC") (other than Hong Kong, Macau and Taiwan)	83,067
Others	136,977
	1,546,042

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2007 are set out in the consolidated income statement on page 61.

The Directors recommended the payment of a final dividend of HK5 cents per ordinary share (2006: HK3 cents per ordinary share). Together with the interim dividend of HK6 cents per ordinary share (2006: HK4 cents per ordinary share), total dividend for the year was HK11 cents per ordinary share (2006: HK7 cents per ordinary share). Subject to approval at the forthcoming annual general meeting, the proposed final dividend is payable on or before 31st July, 2008 to those shareholders whose names appear on the register of members of the Company on Friday, 6th June, 2008. The register of members of the Company will be closed from Tuesday, 3rd June, 2008 to Friday, 6th June, 2008, both days inclusive, during which period no transfer of shares will be effected.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 147 to 148.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 39 to the consolidated financial statements, respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in note 18 to the consolidated financial statements.

PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Particulars regarding the principal subsidiaries, associates and jointly controlled entities of the Company are set out in notes 21, 23 and 24, respectively to the consolidated financial statements.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2007, the Group had bank balances and cash of US$119,048,000 (2006: US$80,659,000) and total interest-bearing borrowings of US$415,223,000 (2006: US$332,829,000). 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 1.36 (2006: 1.47) 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$119,048,000) over equity attributable to equity holders of the Company, of 0.97 (2006: 1.12). The increase in total interest-bearing borrowings was largely attributable to higher working capital requirements as a result from expanding business volume.

Due to higher interest-bearing borrowings, the interest coverage ratio of the Group's profit before interest, tax, depreciation and amortisation (EBITDA) to total net interest expense slightly decreased to 3.16 times in 2007, compared to 3.24 times in 2006.

TREASURY POLICIES

The Group's maintains a conservative approach on foreign exchange exposure management. The Group's revenues are mostly transacted in US$ and maintain cash balances mainly in US$, same is true for its machinery and raw material purchases. To a much lesser extent some operating expenses are transacted in other currencies including Hong Kong dollars, Chinese Renminbi ("RMB") and Indonesian Rupiah. To minimise currency risk exposure, a majority of the Group's borrowings, approximately 89.5% of the total as at 31st December, 2007 was in US$ with the balance in RMB. The Group also entered into foreign currency swap contracts to manage its RMB exposure. As at 31st December 2007, the outstanding foreign currency swap contracts have an aggregate notional amount of US$159 million (2006: US$77.5 million).

A 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 year end date, the maturity profile spread over a period of three years with US$327,723,000 repayable within one year and US$87,500,000 within two to three years. The Group's borrowings are principally on a floating rate basis. As at 31st December, 2007, the Company has outstanding interest rate swap contracts with an aggregate notional amount of US$262.5 million (2006: US$137.5 million) to hedge against the floating rate interest risk for certain term loans granted for the financing of various business acquisitions of the Company.

BANK BORROWINGS

Details of bank borrowings of the Group and the Company are set out in note 40 to the consolidated financial statements. No interest was capitalised by the Group during the year.

CONTINUING CONNECTED TRANSACTIONS

During 2007, the Group had the following continuing connected transactions:

1. On 12th January, 2005, Singamas Terminals (Hong Kong) Limited ("STHK"), a company engaged in the business of provision of mid-stream services and a wholly owned-subsidiary of the Company, entered into a terminal agreement (the "2005 Terminal Agreement") with Pacific International Lines (H.K.) Limited ("PILHK") to take effect retrospectively from 1st January, 2005, for a term of three years and had ended on 31st December, 2007. PILHK, a company in which Messrs. Chang Yun Chung, Teo Siong Seng and Teo Tiou Seng, directors and shareholders of Pacific International Lines (Private) Limited ("PIL"), have beneficial interests, is an associate of PIL, the controlling and substantial shareholder of the Company, as defined under the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Since the 2005 Terminal Agreement involves transactions, which occur on a recurring basis over a period of time, the transactions constitute continuing connected transaction of the Company under the Listing Rules and are subject to the requirements of reporting, announcement and independent shareholders' approval under the Listing Rules.

   It was estimated that the amount of STHK's transactions with PILHK, on annual basis, for the three years commenced 1st January, 2005 would exceed 1% threshold in Rules 14A.31(7) but would not exceed 2.5% for each of the percentage ratios, other than the profits ratio, in the threshold tests in Rule 14A.34 of the Listing Rules. Accordingly, the transactions are only subject to the reporting and announcement requirements of the Listing Rules and are exempt from the independent shareholders' approval requirements. Details of these continuing connected transactions have been disclosed by way of a press notice in compliance with the Listing Rules.

   On 31st December, 2007, STHK entered into a terminal agreement (the "2008 Terminal Agreement") with PILHK to replace the 2005 Terminal Agreement. The 2008 Terminal Agreement has taken effect from 1st January, 2008, for a term of three years.

It was estimated that the amount of STHK's transactions with PILHK, on annual basis, for the three years commencing 1st January, 2008 would not exceed 2.5% for each of the percentage ratios, other than the profits ratio, in the threshold tests in Rule 14A.34 of the Listing Rules. Accordingly, the transactions are only subject to the reporting and announcement requirements of the Listing Rules and are exempt from the independent shareholders' approval requirements. Details of these continuing connected transactions have been disclosed by way of an announcement published in compliance with the Listing Rules.

2. On 11th April, 2006, Singamas Management Services Limited ("SMSL"), a wholly-owned subsidiary of the Company, entered into a master purchase agreement (the "Master Purchase Agreement") with PIL for the sales of containers and other related equipment by the Group to PIL Group. In view that PIL is the controlling and substantial shareholder of the Company, as defined under the Listing Rules, PIL is a connected person of the Company and the entering into the Master Purchase Agreement would constitute a connected transaction. As the Master Purchase Agreement involves transactions, which occur on a recurring basis over a period of time, the transactions constitute continuing connected transactions of the Company. In view of certain percentage ratios would exceed 25% on an annual basis for the financial year ended 31st December, 2006 and for the two following financial years commenced from 1st January, 2007, the transactions are subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules. After obtaining the approval from the independent shareholders on 18th May, 2006, the Master Purchase Agreement has taken effect from 19th May, 2006 and will be ending on 31st December, 2008.

The aforesaid continuing connected transactions have been approved by the Directors and the independent non-executive Directors have reviewed these transactions and are in the opinion that:–

(a) those continuing connected transactions between STHK and PILHK are entered into in the ordinary and usual course of business of the Group, conducted on normal commercial terms and entered into in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole and on terms no less favourable than those available to or from independent third parties. The total amount of such transactions for the year ended 31st December, 2007 did not exceed the annual cap of HK$62 million;

(b) those continuing connected transactions between SMSL and PIL are entered into in the ordinary and usual course of business of the Group, conducted on normal commercial terms and entered into in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole and on terms no less favourable than those available to or from independent third parties. The total amount of such transactions for the year ended 31st December, 2007 did not exceed the annual cap of US$92,000,000 (equivalent to approximately HK$713,000,000).

Pursuant to Rule 14A.38 of the Listing Rules, the Board of Directors engaged the auditors of the Company to perform certain agreed-upon procedures in respect of the above continuing connected transactions and the auditors has reported their factual findings on these procedures to the Board of Directors.

SHARE PLACEMENT

A Placing Agreement and a Subscription Agreement were entered into on 8th October, 2007.

Under the terms of the Placing Agreement, a total of 91,684,000 existing ordinary shares held originally by PIL was placed to independent placees at the price of HK$4.24 per ordinary share ("Placing Price"). Pursuant to the Subscription Agreement, PIL subscribed for 91,684,000 new ordinary shares of HK$0.10 each ("New Shares") issued by the Company at HK$4.14 per share, arrived at the equivalent of the Placing Price net of expenses related to the Placing. The closing market price of the New Shares was HK$4.10 on 17th October, 2007, being the date of completion of Subscription.

Immediately after the completion of the Placing and Subscription, the issued share capital of the Company was enlarged by the allotment of the New Shares. As a result, PIL's shareholding interest in the Company at that time was diluted from approximately 49.95% to 43.44% of the issued share capital.

The net proceeds from the completion of the Placing and Subscription were approximately HK$379.1 million (or equivalent to approximately US$48.8 million). It is the intention of the Directors to use the net proceeds largely as follows:

(i) for the relocation and expansion of two container factories in Xiamen and Shanghai;

(ii) for the establishment of a new tank container factory in the PRC; and

(iii) for the establishment of a new tank container cleaning facility in the PRC.

CHARGES ON ASSETS

As at 31st December, 2006, certain assets of the Group with aggregate carrying value of US$487,000 were pledged as securities for credit facilities granted by banks to subsidiaries in the PRC. No asset was pledged as securities for credit facilities granted by banks to subsidiaries in the PRC as at 31st December, 2007.

CONTINGENT LIABILITIES

During 2007, the Company provided guarantees to banks as securities for credit facilities granted to certain subsidiaries and a jointly controlled entity in the PRC. As at 31st December, 2007, total amount of credit facilities of which guarantees were provided, utilised by the jointly controlled entity was US$4,000,000.

Report of the Directors

SHARE CAPITAL

Details of share capital are set out in note 37 to the consolidated financial statements.

CORPORATE GOVERNANCE

The Company committed to maintaining a high standard of corporate governance and has taken appropriate steps to adopt and comply with the provisions of the Code on Corporate Governance Practices during the year ended 31st December, 2007.

Further information on the Company's corporate governance practices is set out in the "Corporate Governance Report", "Remuneration Committee Report" and "Audit Committee Report".

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 Annual Report, the required standard set out in the Model Code and its code of conduct regarding directors' securities transaction.

DIRECTORS

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

Mr. Chang Yun Chung *(also known as Mr. Teo Woon Tiong)*
Mr. Teo Siong Seng
Mr. Hsueh Chao En
Mr. Jin Xu Chu
Mr. Teo Tiou Seng
Mr. Kuan Kim Kin#
Mr. Ngan Man Kit, Alexander*
Mr. Ong Ka Thai*
Mr. Soh Kim Soon*

* *Independent Non-executive Director*
\# *Non-executive Director*

In accordance with the provisions of the Company's articles of association, every director not being a managing director shall retire from office at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. A director so appointed as to the office of managing director shall be subject to retirement by rotation at least once every three years but shall be eligible for re-election.

The term of office for independent non-executive directors of the Company is for a year and is subject to retirement and re-election at the annual general meeting in accordance with the Company's articles of association.

The Company has received annual confirmation of independence from each of Mr. Ngan Man Kit, Alexander, Mr. Ong Ka Thai and Mr. Soh Kim Soon and considered them as independent.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st December, 2007, the interests or short positions of the Directors in the shares, underlying shares or debentures 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 contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(A) ORDINARY SHARES OF HK$0.10 EACH OF THE COMPANY

		Number of Shares/Underlying Shares Held			
Name	**Capacity**	**Personal Interest**	**Corporate Interest**	**Total Interest**	**Percentage of Issued Shares**
Mr. Chang Yun Chung *(Notes 1 & 2)*	Beneficial Owner	600,000	309,136,178	309,736,178	44.06
Mr. Teo Siong Seng *(Note 3)*	Beneficial Owner	19,234,000	–	19,234,000	2.74

Note:

(1) A total of 309,136,178 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.

(2) The personal interest of Mr. Chang Yun Chung represents the interest in 600,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".

(3) The personal interest of Mr. Teo Siong Seng represents the interest in 13,234,000 shares and interest in 6,000,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".

All the interests disclosed above represent long position in the shares and underlying shares of the Company.

(B) SHARE OPTIONS

At the 2007 annual general meeting of the Company held on 1st June, 2007, an ordinary resolution was passed by shareholders to approve the adoption of a share option scheme (the "Scheme"). The board of directors of the Company ("Board") was authorised to grant options to selected grantees of the Group, to subscribe for shares in the Company ("Shares"). The number of underlying shares available under the Scheme shall not, in aggregate, exceed 10% of the issued Shares as at 1st June, 2007. All options shall be unvested options upon grant and unvested options shall vest automatically subject to selected grantees continuing to be a participant and in accordance with the provisions in the Scheme. The exercise price of the options shall be determined and notified by the Board, and shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date (which must be a business day) when an offer of the grant of an option is made to a participant of the Scheme in accordance with the provisions of the Scheme ("Offer Date"); (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the Offer Date; and (iii) the nominal value of the Shares.

(i) Outstanding Options

Details of outstanding options for the underlying shares of the Company at the beginning and at the end of the year which have been granted under the Scheme are as follows:

Options to subscribe for Shares

Name/Category of Participants	Outstanding options at the beginning of the year	Number of options granted during the year	Outstanding options at the end of the year	Date of grant	Exercise period (Note a)	Exercise price per Share HK$
Directors						
Chang Yun Chung	–	200,000	200,000	28/6/2007	28/6/2008 to 27/6/2017	5.14
		200,000	200,000	28/6/2007	28/6/2009 to 27/6/2017	5.14
		200,000	200,000	28/6/2007	28/6/2010 to 27/6/2017	5.14
	–	600,000	600,000			
Teo Siong Seng	–	2,000,000	2,000,000	28/6/2007	28/6/2008 to 27/6/2017	5.14
		2,000,000	2,000,000	28/6/2007	28/6/2009 to 27/6/2017	5.14
		2,000,000	2,000,000	28/6/2007	28/6/2010 to 27/6/2017	5.14
	–	6,000,000	6,000,000			
Hsueh Chao En	–	500,000	500,000	28/6/2007	28/6/2008 to 27/6/2017	5.14
		500,000	500,000	28/6/2007	28/6/2009 to 27/6/2017	5.14
		500,000	500,000	28/6/2007	28/6/2010 to 27/6/2017	5.14
	–	1,500,000	1,500,000			
Jin Xu Chu	–	400,000	400,000	28/6/2007	28/6/2008 to 27/6/2017	5.14
		400,000	400,000	28/6/2007	28/6/2009 to 27/6/2017	5.14
		400,000	400,000	28/6/2007	28/6/2010 to 27/6/2017	5.14
	–	1,200,000	1,200,000			
Teo Tiou Seng	–	100,000	100,000	28/6/2007	28/6/2008 to 27/6/2017	5.14
		100,000	100,000	28/6/2007	28/6/2009 to 27/6/2017	5.14
		100,000	100,000	28/6/2007	28/6/2010 to 27/6/2017	5.14
	–	300,000	300,000			
Kuan Kim Kin	–	100,000	100,000	28/6/2007	28/6/2008 to 27/6/2017	5.14
		100,000	100,000	28/6/2007	28/6/2009 to 27/6/2017	5.14
		100,000	100,000	28/6/2007	28/6/2010 to 27/6/2017	5.14
	–	300,000	300,000			
Ngan Man Kit, Alexander	–	100,000	100,000	28/6/2007	28/6/2008 to 27/6/2017	5.14
		100,000	100,000	28/6/2007	28/6/2009 to 27/6/2017	5.14
		100,000	100,000	28/6/2007	28/6/2010 to 27/6/2017	5.14
	–	300,000	300,000			
Ong Ka Thai	–	100,000	100,000	28/6/2007	28/6/2008 to 27/6/2017	5.14
		100,000	100,000	28/6/2007	28/6/2009 to 27/6/2017	5.14
		100,000	100,000	28/6/2007	28/6/2010 to 27/6/2017	5.14
	–	300,000	300,000			
Soh Kim Soon	–	100,000	100,000	28/6/2007	28/6/2008 to 27/6/2017	5.14
		100,000	100,000	28/6/2007	28/6/2009 to 27/6/2017	5.14
		100,000	100,000	28/6/2007	28/6/2010 to 27/6/2017	5.14
	–	300,000	300,000			
Sub-total	–	10,800,000	10,800,000			
Employees *(Note b)* **In aggregate**						
	–	2,400,000	2,300,000	28/6/2007	28/6/2008 to 27/6/2017	5.14
		2,400,000	2,300,000	28/6/2007	28/6/2009 to 27/6/2017	5.14
		2,400,000	2,300,000	28/6/2007	28/6/2010 to 27/6/2017	5.14
Sub-total	–	7,200,000	6,900,000			
All other employees In aggregate						
	–	766,666	766,666	28/6/2007	28/6/2008 to 27/6/2017	5.14
		766,667	766,667	28/6/2007	28/6/2009 to 27/6/2017	5.14
		766,667	766,667	28/6/2007	28/6/2010 to 27/6/2017	5.14
Sub-total	–	2,300,000	2,300,000			
Total	–	20,300,000	20,000,000			

Notes:

(a) *The options are to be vested and exercisable in three tranches on 28th June, 2008, 2009 and 2010 respectively and up to 27th June, 2017.*

(b) *Employees are working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance.*

During the year under review, 300,000 share options with the exercise price of HK$5.14 were lapsed but there was no options being exercised or cancelled.

(ii) Valuation of Share Options

The Company has used the Binomial option pricing model (the "Model") to value the share options granted during the year under review. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

During the year under review, 20,300,000 share options were granted on 28th June, 2007 to the selected grantees with 20,000,000 remained outstanding as at 31st December, 2007. The fair value of options determined at the date of grant using the Model ranged from HK$1.62 to HK$2.52. Such value will be expensed through the Group's income statement over the vesting period of the options. Share option expense of US$1,877,000 (2006: nil) was recognised for the year ended 31st December, 2007.

The following major assumptions were used to calculate the fair values of share options:

	Date of Grant 28th June, 2007
Closing share price at the date of grant	HK$5.25
Exercise price	HK$5.14
Vesting period: *(Note 1)*	
Tranche 1	From 28th June, 2007 to 27th June, 2008
Tranche 2	From 28th June, 2007 to 27th June, 2009
Tranche 3	From 28th June, 2007 to 27th June, 2010
Risk free rate *(Note 2)*	4.78%
Option life *(Note 3)*	10 years
Expected Volatility *(Note 4)*	48%
Expected dividend per annum *(Note 5)*	1%

Notes:

1. *Vesting period: being the vesting periods of the options.*

2. *Risk free rate: being the approximate yields of 10-year Exchange Fund Notes traded on the date of grant, matching the expected life of each option.*

3. *Option life: being the period of 10 years commencing on the date of grant.*

4. *Expected volatility: being the approximate volatility of closing price of the share of the Company in the past three years immediately before the date of grant.*

5. *Expected dividend yield: being the approximate average semi-annual cash dividend yield for the past financial year.*

Other than those disclosed in note 47 to the consolidated 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 year or at any time during the year.

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

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 and none of Directors, nor their spouse or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31st December, 2007, 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 and Short Positions in Shares, Underlying Shares and Debentures" 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**
DnB NOR Asset Management (Asia) Limited	*(1)*	50,000,000(L)#	–	7.11
Madam Lee Kheng Wah	*(2)*	–	309,736,178 (L)#	44.06
PIL	*(3)*	309,136,178 (L)#	–	43.98
UBS AG		49,312,000(L)# 2,496,000(S)#	– –	7.02 0.36
Y.C. Chang & Sons Private Limited	*(4)*	–	309,136,178 (L)#	43.98

(L)# – Long Position
(S)# – Short Position

Notes:

(1) *The Company noted from the website of the Stock Exchange of such interest.*

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

(3) *A full explanation of these shares is disclosed under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.*

(4) *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 31st December, 2007, 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.

Report of the Directors

DIRECTORS' SERVICE AGREEMENT

Mr. Teo Siong Seng entered into a service agreement with the Company. Unless terminated by cause, the service agreement is valid for an initial term of three years which commenced on 1st January, 2005. Thereafter, the service agreement is valid for a further three years, unless terminated by either party giving at least three months' notice. As 31st December, 2007, no other Directors or proposed directors had any existing service contract or proposed service contract with the Company or any of its subsidiaries which is not terminable by the Company within one year without payment of compensation.

MAJOR CUSTOMERS AND SUPPLIERS

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

	Percentage
Percentage of purchases attributable to the Group's largest supplier	14.1
Percentage of purchases attributable to the Group's five largest suppliers	37.3
Percentage of sales attributable to the Group's largest customer	9.4
Percentage of sales attributable to the Group's five largest customers	37.4

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

MANAGEMENT CONTRACTS

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

RETIREMENT BENEFITS SCHEME

Details of the Retirement Benefits Scheme are set out in note 14 to the consolidated financial statements.

Report of the Directors

PARTICULAR OF DIRECTORS AND SENIOR MANAGEMENT EXECUTIVES

Brief biographical details of the Directors and senior management executives of the Company are set out on pages 16 to 20 under the Directors and Senior Management Profile section of this Annual Report.

REMUNERATION POLICIES AND EMPLOYEE RELATIONS

As at 31st December, 2007, the Group, including its subsidiaries but excluding associates and jointly controlled entities, employed 12,361 (2006: 12,344) full-time employees. Staff costs (including Directors' emoluments) amounted to US$78.1 million (2006: US$51.5 million) for the year. All full-time salaried employees, except for factory workers and contract employees, are being paid on a monthly basis, plus a discretionary performance bonus. Factory workers are being remunerated based on a basic wage plus production incentive. Share options are also being offered to selected grantees of the Group. The Group ensures that the pay levels of its employees are competitive and employees are awarded on a performance related basis within the general framework of the Group's salary and bonus system. To further enhance the capability of its human resource, the Group provides on-the-job training to its employees.

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

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this Annual Report.

DISCLOSURES 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 would 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.

Report of the Directors

AUDITORS

A resolution for the re-appointment of Messrs. Deloitte Touche Tohmatsu as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board
Chang Yun Chung
Chairman

Hong Kong, 8th April, 2008

Audit Committee Report

The Audit Committee comprises of three members, two of whom are independent non-executive Directors appointed by the Board who have extensive experience in financial matters. Neither of them are employed by or otherwise affiliated with the former or existing external auditors of the Company.

The Audit Committee has been established to investigate any activity within its terms of reference and make recommendations to the Board for any necessary improvement. Full terms of reference are available on the Company's website (www.singamas.com).

The Audit Committee is provided with sufficient resources to discharge its duties. The Audit Committee is accountable to the Board and minutes of meetings are circulated to the Board for information.

The following is a summary of the work of the Audit Committee during the year under review:

1. reviewed the Group's consolidated financial reports for the year ended 31st December, 2006 and for the six months ended 30th June, 2007;

2. reviewed the external auditors' statutory audit plan and the letters of representation;

3. reviewed the findings and recommendations of the internal auditors;

4. considered and approved the 2007 audit fees for the external auditors;

5. reviewed the "continuing connected transactions" set forth on pages 43 to 44 of this Annual Report; and

6. reviewed the effectiveness of the internal control system of the Group.

On 7th April, 2008, the Audit Committee met to review the 2007 consolidated financial statements, including the accounting principles and practices adopted by the Group, in conjunction with external auditors. Based on this review and discussions with the management, internal auditors and external auditors, the Audit Committee endorsed the accounting treatment adopted by the Company and had, to the best of its ability, assured itself that the disclosure of the financial information in this report complies with the applicable accounting standards and Appendix 16 of the Listing Rules. The Audit Committee therefore recommended the Board's approval of the consolidated financial statements for the year ended 31st December, 2007 for public release.

The Audit Committee also recommended the re-appointment of Deloitte Touche Tohmatsu as the Group's external auditors for 2008 and that the related resolution shall be put forth for shareholders' consideration and approval at the forthcoming 2008 annual general meeting.

Audit Committee Report

The Audit Committee has regular meetings at least twice a year. In 2007, a total of three meetings were convened and held and the attendance record is 100%.

Members of the Audit Committee
Ong Ka Thai *(Chairman)*
Kuan Kim Kin
Soh Kim Soon

Hong Kong, 8th April, 2008

Remuneration Committee Report

Appointed by the Board, the Remuneration Committee comprises of three members, two of whom are independent non-executive Directors.

Reporting to the Board, the Remuneration Committee has been established to review the Company's hiring policy and remunerations of the Company's Directors and senior managers. Full terms of reference are available on the Company's website (www.singamas.com).

The following is a summary of the work of the Remuneration Committee during the year under review:

1. reviewed and made recommendations to the Board on the Company's Director's fee for the financial year of 2007;

2. reviewed annual salary increment and formulated service contracts for the Company's executive Directors and senior management staff;

3. reviewed and made recommendations to the Board on the Company's annual performance-based bonus policy and payments;

4. finalised the new share option scheme ("Scheme") which was approved and adopted by the shareholders of the Company on 1st June, 2007;

5. proposed to the Board a list of selected grantees to whom share options would be granted under the Scheme.

Details of the remunerations of all Directors are set out in the "Directors' and Five Highest Paid Individuals' Emoluments" section under the notes to the consolidated financial statements on pages 107 to 108.

The Remuneration Committee meets at least once a year. During the year under review, a total of two meetings were convened and held and the attendance record is 100%.

Members of the Remuneration Committee
Ngan Man-Kit, Alexander *(Chairman)*
Kuan Kim Kin
Ong Ka Thai

Hong Kong, 8th April, 2008

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF SINGAMAS CONTAINER HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Singamas Container Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 61 to 146, which comprise the consolidated and Company balance sheets as at 31st December, 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

Independent Auditor's Report

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

DELOITTE TOUCHE TOHMATSU
Certified Public Accountants

Hong Kong
8th April , 2008

Consolidated Income Statement

For the year ended 31st December, 2007

	Notes	**2007 US$'000**	2006 US$'000
Revenue	*7*	**1,546,042**	924,011
Other income	*9*	**3,204**	3,556
Changes in inventories of finished goods and work in progress		**40,986**	22,335
Raw materials and consumables used		**(1,317,626)**	(767,681)
Staff costs		**(78,055)**	(51,516)
Depreciation and amortisation expense		**(16,361)**	(12,589)
Other expenses		**(133,694)**	(87,567)
Finance costs	*10*	**(29,432)**	(17,732)
Investment income	*11*	**1,885**	1,540
Changes in fair value of derivative financial instruments classified as held for trading		**24,881**	7,468
Share of results of associates		**(1,256)**	1,189
Share of results of jointly controlled entities		**420**	(477)
Profit before taxation	*12*	**40,994**	22,537
Income tax expense	*15*	**(6,635)**	(1,219)
Profit for the year		**34,359**	21,318
Attributable to:			
Equity holders of the Company		**33,994**	18,096
Minority interests		**365**	3,222
		34,359	21,318
Earnings per share	*17*		
Basic		**US5.37 cents**	US2.96 cents
Diluted		**US5.37 cents**	N/A

Consolidated Balance Sheet

As at 31st December, 2007

	Notes	2007 US$'000	2006 US$'000
Non-current assets			
Property, plant and equipment	*18*	**178,922**	169,315
Patents	*19*	**1,806**	1,120
Goodwill	*20*	**5,280**	5,598
Interests in associates	*23*	**9,432**	13,261
Interests in jointly controlled entities	*24*	**23,280**	19,664
Available-for-sale investments	*25*	**3,174**	3,174
Prepaid lease payments	*26*	**60,829**	53,992
Deferred tax assets	*41*	**5,697**	1,979
Other assets	*27*	**84**	489
		288,504	268,592
Current assets			
Inventories	*28*	**298,250**	240,875
Trade receivables	*29*	**153,703**	179,884
Prepayments and other receivables	*30*	**197,473**	183,061
Amounts due from fellow subsidiaries		**334**	270
Amounts due from associates		**11**	11
Amounts due from jointly controlled entities		**4,334**	475
Amount due from a related company	*31*	**1,366**	879
Tax recoverable		**74**	185
Derivative financial instruments	*32*	**27,160**	7,535
Prepaid lease payments	*26*	**1,380**	1,221
Bank balances and cash	*33*	**119,048**	80,659
		803,133	695,055

Consolidated Balance Sheet

As at 31st December, 2007

	Notes	2007 US$'000	2006 US$'000
Current liabilities			
Trade payables	*34*	**140,806**	130,788
Accruals and other payables		**83,972**	91,085
Bills payable	*35*	**83,857**	130,427
Amount due to ultimate holding company		**166**	1,611
Amounts due to associates		**2,223**	2,283
Amounts due to jointly controlled entities		**40**	71
Tax payable		**7,490**	3,080
Deferred payable	*36*	**182**	200
Bank borrowings	*40*	**327,723**	233,792
		646,459	593,337
Net current assets		**156,674**	101,718
Total assets less current liabilities		**445,178**	370,310
Capital and reserves			
Share capital	*37*	**9,025**	7,844
Share premium		**145,646**	98,011
Accumulated profits		**129,129**	106,345
Other reserves		**22,055**	13,946
Equity attributable to equity holders of the Company		**305,855**	226,146
Minority interests		**50,013**	43,135
Total equity		**355,868**	269,281
Non-current liabilities			
Deferred payable	*36*	**1,810**	1,992
Bank borrowings	*40*	**87,500**	99,037
		89,310	101,029
		445,178	370,310

The consolidated financial statements on pages 61 to 146 were approved and authorised for issue by the Board of Directors on 8th April, 2008 and are signed on its behalf by:

Teo Siong Seng
Director

Teo Tiou Seng
Director

Balance Sheet

As at 31st December, 2007

	Notes	**2007 US$'000**	2006 US$'000
Non-current assets			
Property, plant and equipment	*18*	**4,248**	4,588
Patents	*19*	**917**	–
Interests in subsidiaries	*21*	**169,791**	164,892
Interests in associates	*23*	**8,757**	8,757
Interests in jointly controlled entities	*24*	**10,265**	6,800
Available-for-sale investments	*25*	**2,229**	2,229
		196,207	187,266
Current assets			
Prepayments and other receivables		**2,644**	10,354
Amounts due from subsidiaries	*22*	**243,782**	116,343
Amount due from a fellow subsidiary		**3,357**	2,702
Amounts due from associates		**11**	11
Amounts due from jointly controlled entities		**605**	502
Derivative financial instruments	*32*	**27,160**	7,535
Bank balances and cash	*33*	**11,893**	36,176
		289,452	173,623

Balance Sheet

As at 31st December, 2007

	Notes	**2007 US$'000**	2006 US$'000
Current liabilities			
Accruals and other payables		**4,069**	2,406
Bills payable		**103**	48
Amounts due to subsidiaries	*22*	**40,214**	80,378
Amount due to ultimate holding company		**166**	1,611
Amounts due to associates		**316**	436
Tax payable		**5,608**	1,287
Deferred payable	*36*	**182**	200
Bank borrowings	*40*	**77,500**	21,400
		128,158	107,766
Net current assets		**161,294**	65,857
Total assets less current liabilities		**357,501**	253,123
Capital and reserves			
Share capital	*37*	**9,025**	7,844
Share premium	*39*	**145,646**	98,011
Share options reserve	*39*	**1,877**	–
Accumulated profits	*39*	**111,643**	47,776
		268,191	153,631
Non-current liabilities			
Deferred payable	*36*	**1,810**	1,992
Bank borrowings	*40*	**87,500**	97,500
		89,310	99,492
		357,501	253,123

Teo Siong Seng
Director

Teo Tiou Seng
Director

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2007

	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	Share options reserve US$'000	Accumulated profits US$'000	Total attributable to equity holders of the Company US$'000	Minority interests US$'000	Total US$'000
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	–	–	1,198	–	–	–	–	–	1,198	378	1,576
Profit for the year	–	–	–	–	–	–	–	18,096	18,096	3,222	21,318
Total recognised income for the year	–	–	1,198	–	–	–	–	18,096	19,294	3,600	22,894
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	–	–	–	–	–	–	–	–	–	(5,178)	(5,178)
Dividend paid to equity holders of the Company	–	–	–	–	–	–	–	(10,223)	(10,223)	–	(10,223)
Transfer from accumulated profits	–	–	–	1,284	455	–	–	(1,739)	–	–	–
At 31st December, 2006	7,844	98,011	2,358	7,701	2,526	1,361	–	106,345	226,146	43,135	269,281
Attributable to:											
– The Company and subsidiaries	7,844	98,011	1,353	6,583	2,084	1,361	–	71,239	188,475	43,135	231,610
– Associates	–	–	375	649	20	–	–	4,101	5,145	–	5,145
– Jointly controlled entities	–	–	630	469	422	–	–	31,005	32,526	–	32,526
At 1st January, 2007	7,844	98,011	2,358	7,701	2,526	1,361	–	106,345	226,146	43,135	269,281

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2007

	Share capital	Share premium	Exchange translation reserve	General reserve	Development reserve	Revaluation reserve	Share options reserve	Accumulated profits	Total attributable to equity holders of the Company	Minority interests	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Exchange differences arising on translation of foreign operations recognised directly in equity	–	–	2,780	–	–	–	–	–	2,780	818	3,598
Profit for the year	–	–	–	–	–	–	–	33,994	33,994	365	34,359
Total recognised income for the year	–	–	2,780	–	–	–	–	33,994	36,774	1,183	37,957
Issue of ordinary shares on placing	1,181	48,865	–	–	–	–	–	–	50,046	–	50,046
Share issue expenses	–	(1,230)	–	–	–	–	–	–	(1,230)	–	(1,230)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	1,877	–	1,877	–	1,877
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	(577)	(577)
Capital contribution from minority interests	–	–	–	–	–	–	–	–	–	410	410
Partial disposal of a subsidiary	–	–	–	–	–	–	–	–	–	10,683	10,683
Dividend paid to minority interests	–	–	–	–	–	–	–	–	–	(4,821)	(4,821)
Dividend paid to equity holders of the Company	–	–	–	–	–	–	–	(7,758)	(7,758)	–	(7,758)
Transfer from accumulated profits	–	–	–	3,154	298	–	–	(3,452)	–	–	–
At 31st December, 2007	9,025	145,646	5,138	10,855	2,824	1,361	1,877	129,129	305,855	50,013	355,868
Attributable to:											
– The Company and subsidiaries	9,025	145,646	3,066	9,711	2,379	1,361	1,877	94,888	267,953	50,013	317,966
– Associates	–	–	637	669	22	–	–	2,823	4,151	–	4,151
– Jointly controlled entities	–	–	1,435	475	423	–	–	31,418	33,751	–	33,751
	9,025	**145,646**	**5,138**	**10,855**	**2,824**	**1,361**	**1,877**	**129,129**	**305,855**	**50,013**	**355,868**

Pursuant to the relevant People's Republic of China ("PRC") (other than Hong Kong, Macau and Taiwan) 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.

Consolidated Cash Flow Statement

For the year ended 31st December, 2007

	Note	**2007 US$'000**	2006 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**40,994**	22,537
Adjustments for:			
Depreciation		**14,396**	10,958
(Gain) loss on disposal of property, plant and equipment		**(114)**	1,078
Gain on disposal of land use right		**(46)**	–
Gain on partial disposal of a subsidiary		**(1,219)**	(172)
Share of results of associates		**1,256**	(1,189)
Share of results of jointly controlled entities		**(420)**	477
Amortisation of patents		**364**	232
Amortisation of prepaid lease payments		**1,196**	1,200
Amortisation of other assets		**405**	199
Allowance for write-down of inventories		**1,185**	–
Allowance for bad and doubtful debts		**256**	20
Recognition of equity-settled share-based payments		**1,877**	–
Increase in fair value of derivative financial instruments		**(19,625)**	(7,468)
Impairment of goodwill		**318**	–
Investment income		**(1,885)**	(1,540)
Interest expense		**28,236**	16,977
Imputed interest on deferred payable		**42**	22
Operating cash flows before movements in working capital		**67,216**	43,331
Increase in inventories		**(58,560)**	(78,218)
Decrease (increase) in trade receivables		**25,925**	(87,522)
Increase in prepayments and other receivables		**(14,412)**	(129,846)
(Increase) decrease in amount due from a related company		**(487)**	193
Increase in trade payables		**10,018**	70,080
(Decrease) increase in accruals and other payables		**(8,776)**	31,518
(Decrease) increase in bills payable		**(46,570)**	97,650
Cash used in operations		**(25,646)**	(52,814)
Interest paid		**(26,191)**	(16,977)
Income tax paid		**(5,832)**	(2,202)
Net cash used in operating activities		**(57,669)**	(71,993)

Consolidated Cash Flow Statement

For the year ended 31st December, 2007

	Note	**2007 US$'000**	2006 US$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase of property, plant and equipment		**(24,208)**	(66,542)
Increase in prepaid lease payments		**(6,727)**	(5,127)
Additions to other assets		**–**	(209)
Increase in investment in associates		**–**	(6,800)
Increase in investment in jointly controlled entities		**(3,465)**	(1,200)
Increase in available-for-sale investments		**–**	(1,560)
Increase in patents		**(1,050)**	(502)
Decrease in deferred payable		**(242)**	(242)
Proceeds on disposal of property, plant and equipment		**518**	1,003
Proceeds on disposal of land use rights		**501**	–
Increase in interest in a subsidiary		**(577)**	–
Proceeds on partial disposal of a subsidiary		**11,902**	4,121
Cash inflow arising on acquisition of subsidiaries	*42*	**–**	5,985
Dividends received from associates and jointly controlled entities		**3,909**	15,664
Interest received		**1,733**	1,323
Dividend income from unlisted equity investment		**152**	217
Increase in amounts due from fellow subsidiaries		**(64)**	(14)
Decrease in amounts due from associates		**–**	365
Increase in amounts due from jointly controlled entities		**(3,859)**	(11,641)
Net cash used in investing activities		**(21,477)**	(65,159)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**536,589**	231,384
Repayment of bank loans		**(454,195)**	(104,321)
Dividends paid to minority interests		**(4,821)**	(5,178)
Capital contributed by minority shareholders		**410**	1,512
Dividends paid to equity holders of the Company		**(7,758)**	(10,223)
Proceeds from issue of shares		**50,046**	–
Share issue expenses		**(1,230)**	–
(Decrease) increase in amount due to ultimate holding company		**(1,445)**	731
(Decrease) increase in amounts due to associates		**(60)**	1,446
Decrease in amounts due to jointly controlled entities		**(31)**	(9)
Net cash from financing activities		**117,505**	115,342
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**38,359**	(21,810)
CASH AND CASH EQUIVALENTS AT 1ST JANUARY		**80,659**	102,604
Effect of foreign exchange rate changes		**30**	(135)
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER		**119,048**	80,659
BALANCE OF CASH AND CASH EQUIVALENTS REPRESENTED BY:			
Bank balances and cash		**119,048**	80,659

1 GENERAL

The Company is a listed public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited ("HKEx"). Its ultimate and immediate holding company is Pacific International Lines (Private) Limited ("PIL"), a company incorporated in the Republic of Singapore. The addresses of the registered office and principal place of business of the Company are disclosed in the section of corporate information of the annual report. The financial statements are presented in United States dollars ("US$"), which is the same as the functional currency of the Company.

The Group is principally engaged in the businesses of manufacturing of containers and other related products and providing logistics services.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("INTs") ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1st January, 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-INT 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-INT 8	Scope of HKFRS 2
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives
HK(IFRIC)-INT 10	Interim Financial Reporting and Impairment

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

The Group has not early applied the following new and revised standards, amendment or INTs that have been issued but are not yet effective. The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other standards, amendment or INTs will have no material impact on the results and the financial position of the Group and the Company.

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations [1]
HKFRS 3 (Revised)	Business Combinations [2]
HKFRS 8	Operating Segments [1]
HK(IFRIC)-INT 11	HKFRS 2 - Group and Treasury Share Transactions [3]
HK(IFRIC)-INT 12	Service Concession Arrangements [4]
HK(IFRIC)-INT 13	Customer Loyalty Programmes [5]
HK(IFRIC)-INT 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction [4]

[1] *Effective for annual periods beginning on or after 1st January, 2009*
[2] *Effective for annual periods beginning on or after 1st July, 2009*
[3] *Effective for annual periods beginning on or after 1st March, 2007*
[4] *Effective for annual periods beginning on or after 1st January, 2008*
[5] *Effective for annual periods beginning on or after 1st July, 2008*

3 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the HKEx and by the Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the principal accounting policies set out below.

(A) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(A) BASIS OF CONSOLIDATION *(Continued)*

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(B) BUSINESS COMBINATIONS

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(C) INVESTMENTS IN SUBSIDIARIES

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(D) ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

When the Group increases its interest in an entity that is already controlled by the Group, goodwill arising on such acquisition represents the difference between the cost of additional interest acquired and the increase in the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities acquired. No revaluation surplus or deficit on revaluing all of the identifiable assets, liabilities and contingent liabilities of the subsidiary is recognised in the consolidated balance sheet. The difference between the consideration paid and the aggregate of goodwill and the book value of the net assets attributable to the additional interest acquired is recognised as a reserve movement. This difference represents the portion of the revaluation difference that arose since the original acquisition date that is attributable to the Group's increased interest in the subsidiary.

(E) INVESTMENTS IN ASSOCIATES

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate) the Group discontinues recognising its share of future losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(F) INTERESTS IN JOINT VENTURES

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities. The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of future losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal and constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with its jointly controlled entities of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

(G) GOODWILL

Goodwill arising on acquisitions prior to 1st January, 2005

Goodwill arising on an acquisition of net assets and operation of another entity for which the agreement date is before 1st January, 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the relevant business at the date of acquisition.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(G) GOODWILL *(Continued)*

Goodwill arising on acquisitions prior to 1st January, 2005 (Continued)

For previously capitalised goodwill arising on acquisitions of net assets and operation of another entity, the Group has discontinued amortisation from 1st January, 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1st January, 2005

Goodwill arising on an acquisition of net assets and operation of another entity for which the agreement date is on or after 1st January, 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of net assets and operation of another entity is presented separately in the consolidated balance sheet.

Impairment testing on capitalised goodwill

For the purpose of impairment testing, goodwill arising from an acquisition of net assets and operation of another entity is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(G) GOODWILL *(Continued)*

Impairment testing on capitalised goodwill (Continued)

On subsequent disposal of the relevant cash-generated unit, the attributable amount of goodwill capitalised but not yet impaired is included in the determination of the amount of profit or loss on disposal.

(H) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, including land and building held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress and freehold land, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	Estimated useful life
Leasehold land and buildings and site improvements outside Hong Kong	
– on medium term lease	20 to 50 years
– on short lease	5 years
Buildings and site improvements in Hong Kong	
– on medium term lease	10 to 50 years
– on short lease	1 to 10 years
Plant and machinery	5 to 15 years
Furniture, fittings and office equipment	5 to 10 years
Motor vehicles	5 to 10 years

Construction in progress including property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress and freehold land are stated at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences where the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included with in the consolidated income statement in the year in which the item is derecognised.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(H) PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Leasehold land and buildings for owner-occupied purpose

When the leasehold land and buildings are in the course of development for production or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

(I) IMPAIRMENT LOSSES ON TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets other than goodwill to determine whether there is any indication that those assets have suffered an impairment loss. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(J) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost, comprises direct materials, and where applicable, direct labour, and those overheads that have been incurred in bringing the inventories to their present location and condition.

Cost is calculated using weighted average method. Net realisable value represents the estimated selling price less estimated cost of completion and costs to be incurred in marketing, selling and distribution.

(K) PATENTS

Patents represent the cost of acquiring rights to technical know-how for the production and sale of new products. Patents are measured initially at purchase cost and are amortised on a straight-line basis over the shorter of contractual life or estimated useful lives of 5 to 10 years.

(L) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the consolidated balance sheet and the Company's balance sheet when the Group and the Company become a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(L) FINANCIAL INSTRUMENTS *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

A financial assets is classified as held for trading if:

– it has been acquired principally for the purpose of selling in the near future; or

– it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

– it is a derivative that is not designated and effective as hedging instruments.

Financial assets at fair value through profit or loss include held-for-trading derivative financial instruments that are not designated and effective as hedging instruments. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, amounts due from fellow subsidiaries, associates, jointly controlled entities and a related company and cash and cash equivalents) are carried at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy on impairment loss on financial assets below).

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(L) FINANCIAL INSTRUMENTS *(Continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets as FVTPL, loans and receivables or held-to-maturity investments. The Group designated the unquoted equity investments as available-for-sale financial assets.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition or the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(L) FINANCIAL INSTRUMENTS *(Continued)*

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including bank borrowings, trade payables, other payables, bills payable, amounts due to ultimate holding company, associates and jointly controlled entities and deferred payable are subsequently measured at amortised cost, using the effective interest method.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(L) FINANCIAL INSTRUMENTS *(Continued)*

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(L) FINANCIAL INSTRUMENTS *(Continued)*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial assets, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(M) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold or services provided in the normal course of business net of discounts and sales related taxes.

Revenue from manufacturing operations is recognised either at the containers being delivered and title has passed to customers or acceptance notes being issued by customers; depending on the terms of the underlying sales contracts.

Revenue from logistics services operations is recognised when the services are rendered.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment has been established.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(N) GOVERNMENT GRANTS

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as a deduction from the carrying amount of the relevant asset and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated income statement and are reported separately as "other income".

(O) LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statements on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rental payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivables as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(P) TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(P) TAXATION *(Continued)*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit and loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(Q) FOREIGN CURRENCIES

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the group entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in US$, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements and the income statement.

In preparing the financial statements of the individual entities, transactions in currencies other than the group entity's functional currency ("foreign currencies") are recorded in the respective functional currency at the rates of exchange prevailing on the dates of transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(Q) FOREIGN CURRENCIES *(Continued)*

Exchange difference arising on the settlement of monetary items, and on retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations including comparatives are expressed in US$ using exchange rate prevailing on the balance sheet date. Income and expense items including comparatives are translated at monthly average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisitions of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(R) RETIREMENT BENEFIT COSTS

In respect of the subsidiaries in the PRC, the Group contributes to a State-sponsored retirement benefit schemes operated by the PRC government. Contribution payable by the Group to the schemes is charged to the income statement when employees have rendered services entitling them to the contributions.

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

Effective from 1st December, 2000, the Group operates and contributes to Mandatory Provident Fund ("MPF") schemes which are available to all employees of Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. Contribution payable by the Group to the MPF scheme is charged to the income statement when employees have rendered services entitling them to the contributions.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(S) BORROWING COSTS

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

(T) SHARE-BASED PAYMENTS

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

ESTIMATED ALLOWANCE FOR DOUBTFUL DEBTS

The Group makes allowance for doubtful debts based on an assessment of the recoverability of trade and other receivables taking into consideration the estimation of future cash flows. The allowance is measured as the difference between the carrying amount of the assets and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation on the recoverability of trade and other receivables is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the years in which such estimate has been changed. As at 31st December, 2007, the carrying amount of trade receivables was US$153,703,000 (net of allowance for doubtful debts of US$289,000).

ESTIMATED IMPAIRMENT OF GOODWILL

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amount of goodwill at 31st December, 2007 was US$5,280,000 net of accumulated impairment loss of US$1,198,000 (2006: US$5,598,000 net of accumulated impairment loss of US$880,000), impairment loss of US$318,000 (2006: nil) was recognised for the year ended 31st December, 2007.

RECOGNITION OF DEFERRED TAX ASSET IN RESPECT OF UNUSED TAX LOSSES

At the balance sheet date, the Group has unused tax losses of US$41,344,000 (2006: US$32,672,000) available for offset against future profits, tax losses of US$26,907,000 (2006: US$21,329,000) has been recognised as deferred tax assets in the Group's balance sheet as set out in note 41. No deferred tax asset has been recognised on the tax losses of US$14,437,000 (2006: US$11,343,000) due to the unpredictability of future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which such a reversal takes place.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

FAIR VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

As described in note 6C, the directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted equity instruments includes some assumptions not supported by observable market prices or rates. The carrying amount of the equity instruments is US$3,174,000 (2006:US$3,174,000). Details of assumptions used are disclosed in note 6C.

5 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 40, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earning.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

6 FINANCIAL INSTRUMENTS

A. CATEGORIES OF FINANCIAL INSTRUMENTS

	Group		Company	
	2007	2006	**2007**	2006
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Fair value through profit or loss (FVTPL)				
Derivative financial instruments held for trading	**27,160**	7,535	**27,160**	7,535
Loans and receivables (including cash and cash equivalents)	**335,323**	297,171	**260,380**	163,300
Available-for-sale financial assets	**3,174**	3,174	**2,229**	2,229
Financial liabilities				
Amortised cost	**657,751**	619,459	**207,791**	203,807

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The Group's major financial instruments include equity, bank borrowings, available-for-sale investments, derivative financial instruments, trade receivables, other receivables, trade payables, bills payable, other payables, deferred payable and current account with ultimate holding company, associates and jointly controlled entities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6 FINANCIAL INSTRUMENTS *(Continued)*

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES *(Continued)*

Market risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 31% of the Group's cost of sales and expenses are denominated in currencies other than the functional currency of the relevant group entity making the sales, whilst almost 98% of sales are denominated in the group entity's functional currency.

Most of the monetary assets and monetary liabilities of the Company are denominated in US$.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2007	2006	**2007**	2006
	US$'000	US$'000	**US$'000**	US$'000
Currency of PRC	**248,536**	374,012	**97,787**	61,353
Currency of Hong Kong	**1,575**	2,022	**6,166**	5,735
Other	**–**	68	**506**	185

In addition, the Company has entered into certain swap derivatives, partly to reduce the currency exposures of the Group. As at 31st December, 2007 the Company has outstanding swap contracts with an aggregate notional amount of US$159,000,000 (2006:US$77,500,000) in relation to Renminbi. As Hong Kong Dollar ("HK$") is pegged with US$, the currency risk exposed to HK$ is considered minimal, no currency swap contract was entered into to manage the exposure of HK$ currency risk.

6 FINANCIAL INSTRUMENTS *(Continued)*

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES *(Continued)*

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the currency of PRC (Renminbi).

The following table details the Group's sensitivity to a 5% increase and decrease in Renminbi against US$ and to increased/decreased volatility of Constant Maturity Swap ("CMS") due to a 5 basis point higher/lower of CMS in the relevant swap contracts. Five per cent. and 5 basis point are the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the reasonably possible change in foreign exchange rates and the relevant CMS risk variables. The sensitivity analyses include only outstanding foreign currency denominated monetary items and swap derivatives; and adjust at the year end for a 5% change in foreign currency rates and expected volatility due to change in CMS by 5 basis point if applicable, holding other variables constant. The sensitivity analyses include external loans where the denomination of the loan is in a currency other than the currency of the lender or the borrower. The numbers below indicate the increase (decrease) in profit where Renminbi is 5% higher/lower against the US$ and CMS is 5 basis point higher/ lower in the relevant swap contracts, and all other variables were held constant.

	Renminbi and CMS Impact			
	2007		**2006**	
	higher US$'000	**lower US$'000**	higher US$'000	lower US$'000
Profit or loss – swap derivatives (for the Group and the Company)	**10,015**	**(11,676)**	4,162	(3,766)
– monetary assets and liabilities (for Group) (Note)	**(7,179)**	**7,179**	(14,888)	14,888

Note: *This is mainly attributable to the exposure outstanding on Renminbi bank borrowings and payables net of receivables at year end in the Group.*

In management's opinion, the sensitivity analyses are unrepresentative of the inherent market risk as the pricing model used in the fair value valuation of the derivative financial instruments involves multiple variables and certain variables are interdependent.

6 FINANCIAL INSTRUMENTS *(Continued)*

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES *(Continued)*

Market risk (Continued)

(ii) Cash flow interest rate risk

The Group's and the Company's cash flow interest rate risk primarily relates to floating rate borrowings and variable rate bank balances. Interest rate risk on bank balance is considered immaterial due to short maturity. In order to manage the interest rate risk, the Company has entered into certain swap transactions to manage the floating rate interest risk for a term loan granted for the financing of various business acquisitions of the Company. In addition, the Company's treasury policy is in place to monitor and manage its exposure to fluctuation in interest rates.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note and in note 32 to the consolidated financial statements. The Group and the Company cash flow interest rate risk is mainly concentrated on the fluctuation of London Interbank Offered Rate ("LIBOR") and borrowing rates offered by the People's Bank of China arising from the Group's and the Company's US$ and Renminbi denominated borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for derivatives and non-derivative instruments and bank borrowings at the balance sheet date. For floating rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease in interest rate and the increased/decreased expected volatility of CMS due to 5 basis point higher/lower in CMS are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonably possible change in interest rates and the relevant risk variables.

The numbers below indicate the increase (decrease) in profit where interest rate is 50 basis point higher/lower and CMS is 5 basis point higher/lower in the relevant swap contracts, and all other variables were held constant.

6 FINANCIAL INSTRUMENTS *(Continued)*

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES *(Continued)*

Market risk (Continued)

(ii) Cash flow interest rate risk (Continued)

	2007		2006	
	higher US$'000	**lower US$'000**	higher US$'000	lower US$'000
Profit or loss – swap derivatives (for the Group and the Company)	**1,097**	**(1,054)**	13	(13)
– other financial liabilities (for the Group)	**(2,473)**	**2,473**	(1,427)	1,427

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in floating rate bank borrowings and swap contracts on hand.

In management's opinion, the sensitivity analyses are unrepresentative of the inherent market risk as the pricing model used in the fair value valuation of the derivative financial instruments invoices multiple variables and certain variables are interdependent.

(iii) Other price risk

The Group is exposed to equity price risk through its investments in unquoted equity securities. The management manages this exposure by closely monitoring the price movements and taking appropriate actions when it is required. The Group's equity price risk is mainly concentrated on equity instruments operating in logistic industry sector. The Group has monitored the price risk and will consider hedging the risk exposure should the need arise.

6 FINANCIAL INSTRUMENTS *(Continued)*

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES *(Continued)*

Credit risk

As at 31st December, 2007, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group and the Company is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet and the amount of contingent liabilities in relation to financial guarantee issued by the Group and the Company as disclosed in note 44. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure the adequate impairment losses are made for irrecoverable amounts. With respect to financial guarantees provided to subsidiaries by the Company, the directors consider the credit risk is limited because the subsidiaries have strong financial positions. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

With respect to amounts due from subsidiaries, amounts due from jointly controlled entities, amounts due from associates, amount due from a fellow subsidiary, the directors of the Company consider the credit risk is limited because they have strong financial positions.

The credit risk on bank deposits and derivative financial instruments is limited because the counterparties are banks or financial institutions with high credit-rating assigned by international credit-rating agencies or state-owned banks in the PRC.

The Group has concentration of credit risk as 19.17% (2006: 30.95%) and 53.49% (2006: 76.87%) of the total trade receivables was due from the Group largest customer and the five largest customer respectively within the business segment. The Group has assessed the creditworthiness of these customers, all of these customers have strong financial backgrounds and high credit-rating within the industry. In this regard, the directors of the Company considered that the credit risk is low.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

6 FINANCIAL INSTRUMENTS *(Continued)*

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES *(Continued)*

Liquidity and interest risk tables

Group

2007

	Weighted average effective interest rate %	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	1-5 years US$'000	5 years+ US$'000	Total undiscounted cash flows US$'000	Carrying amount at 31/12/2007 US$'000
Non-derivative financial liabilities								
Trade payables	–	52,763	88,043	–	–	–	140,806	140,806
Other payables	–	5,274	286	7,884	–	–	13,444	13,444
Bills payable	–	20,227	56,564	7,066	–	–	83,857	83,857
Amount due to ultimate holding company	–	166	–	–	–	–	166	166
Amounts due to associates	–	2,223	–	–	–	–	2,223	2,223
Amounts due to jointly controlled entities	–	40	–	–	–	–	40	40
Bank loans								
– interest bearing borrowings*	5.71%	94,347	95,294	147,698	99,510	–	436,849	415,223
Deferred payable	10%	–	–	242	968	11,837	13,047	1,992
		175,040	240,187	162,890	100,478	11,837	690,432	657,751

2006

	Weighted average effective interest rate %	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	1-5 years US$'000	5 years+ US$'000	Total undiscounted cash flows US$'000	Carrying amount at 31/12/2006 US$'000
Non-derivative financial liabilities								
Trade payables	–	46,684	84,104	–	–	–	130,788	130,788
Other payables	–	3,948	7,439	7,871	–	–	19,258	19,258
Bills payable	–	29,807	88,876	11,744	–	–	130,427	130,427
Amount due to ultimate holding company	–	1,611	–	–	–	–	1,611	1,611
Amounts due to associates	–	2,283	–	–	–	–	2,283	2,283
Amounts due to jointly controlled entities	–	71	–	–	–	–	71	71
Bank loans								
– interest bearing borrowings*	5.95%	32,551	35,378	176,452	117,968	–	362,349	332,829
Deferred payable	10%	–	–	242	968	12,079	13,289	2,192
		116,955	215,797	196,309	118,936	12,079	660,076	619,459

6 FINANCIAL INSTRUMENTS *(Continued)*

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES *(Continued)*

Liquidity and interest risk tables (Continued)

Company

2007

	Weighted average effective interest rate %	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	1-5 years US$'000	5 years+ US$'000	Total undiscounted cash flows US$'000	Carrying amount at 31/12/2007 US$'000
Non-derivative financial liabilities								
Bills payable	–	103	–	–	–	–	103	103
Amount due to ultimate holding company	–	166	–	–	–	–	166	166
Amounts due to subsidiaries	–	40,214	–	–	–	–	40,214	40,214
Amounts due to associates	–	316	–	–	–	–	316	316
Bank loans								
– interest bearing borrowings*	5.22%	62,634	–	15,783	98,441	–	176,858	165,000
Deferred payable	10%	–	–	242	968	11,837	13,047	1,992
		103,433	–	16,025	99,409	11,837	230,704	207,791

2006

	Weighted average effective interest rate %	Less than 1 month US$'000	1-3 months US$'000	3 months to 1 year US$'000	1-5 years US$'000	5 years+ US$'000	Total undiscounted cash flows US$'000	Carrying amount at 31/12/2006 US$'000
Non-derivative financial liabilities								
Other payables	–	242	–	–	–	–	242	242
Bills payable	–	48	–	–	–	–	48	48
Amount due to ultimate holding company	–	1,611	–	–	–	–	1,611	1,611
Amounts due to subsidiaries	–	80,378	–	–	–	–	80,378	80,378
Amounts due to associates	–	436	–	–	–	–	436	436
Bank loans								
– interest bearing borrowings*	5.95%	–	–	22,673	116,299	–	138,972	118,900
Deferred payable	10%	–	–	242	968	12,079	13,289	2,192
		82,715	–	22,915	117,267	12,079	234,976	203,807

* *For the Group's interest bearing borrowings, the weighted average effective interest rate at the reporting date is used for undiscounted cash flows analysis.*

6 FINANCIAL INSTRUMENTS *(Continued)*

C. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities are determined as follows:

– the fair value of other financial assets and financial liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions as input; and

– the fair value of derivative financial instruments, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the application yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7 REVENUE

Revenue represents sales of goods or services from manufacturing and logistics services operations, less returns, discount and sales related taxes, and is analysed as follows:

	2007 US$'000	2006 US$'000
Manufacturing	**1,511,902**	890,376
Logistics services	**34,140**	33,635
	1,546,042	924,011

8 BUSINESS AND GEOGRAPHICAL SEGMENTS

BUSINESS SEGMENTS

For management purpose, the Group is currently organised into two operating divisions - manufacturing and logistics services. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Manufacturing – manufacturing of marine dry freight containers, refrigerated containers, collapsible flatrack containers, tank containers, other specialised containers, container parts and container chassis.

Logistics services – provision of container storage, repair and trucking services, serving as a freight station, container/cargo handling, mid-stream services and other container related services.

8 BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

BUSINESS SEGMENTS *(Continued)*

Segment information about these businesses is presented below.

2007

	Manufacturing US$'000	Logistics services US$'000	Eliminations US$'000	Total US$'000
REVENUE				
External sales	1,511,902	34,140	–	1,546,042
Inter-segment sales	–	1,132	(1,132)	–
Total	1,511,902	35,272	(1,132)	1,546,042

Inter-segment sales are charged at prevailing market prices.

	Manufacturing US$'000	Logistics services US$'000	Eliminations US$'000	Total US$'000
SEGMENT RESULTS	33,809	10,687		44,496
Finance costs				(29,432)
Investment income				1,885
Changes in fair value of derivative financial instruments				24,881
Share of results of associates	(2,246)	990		(1,256)
Share of results of jointly controlled entities	(102)	522		420
Profit before taxation				40,994
Income tax expense				(6,635)
Profit for the year				34,359

8 BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

BUSINESS SEGMENTS *(Continued)*

2007 *(Continued)*

	Manufacturing US$'000	Logistics services US$'000	Total US$'000
BALANCE SHEET			
ASSETS			
Segment assets	840,632	58,461	899,093
Interests in associates	5,734	3,698	9,432
Interests in jointly controlled entities	10,596	12,684	23,280
Unallocated corporate assets			159,832
Consolidated total assets			1,091,637
LIABILITIES			
Segment liabilities	297,846	12,781	310,627
Unallocated corporate liabilities			425,142
Consolidated total liabilities			735,769
OTHER INFORMATION			
Additions of capital expenditure	21,642	9,961	31,603
Depreciation and amortisation	13,009	3,352	16,361
Allowance for write down of inventories	1,185	–	1,185
Allowance for bad and doubtful debts	256	–	256
Gain on disposal of property, plant and equipment	78	36	114
Gain on disposal of land use rights	–	46	46

8 BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

BUSINESS SEGMENTS *(Continued)*

2006

	Manufacturing US$'000	Logistics services US$'000	Eliminations US$'000	Total US$'000
REVENUE				
External sales	890,376	33,635	–	924,011
Inter-segment sales	–	1,182	(1,182)	–
Total	890,376	34,817	(1,182)	924,011

Inter-segment sales are charged at prevailing market prices.

	Manufacturing US$'000	Logistics services US$'000	Eliminations US$'000	Total US$'000
SEGMENT RESULTS	20,834	9,715		30,549
Finance costs				(17,732)
Investment income				1,540
Changes in fair value of derivative financial instruments				7,468
Share of results of associates	(161)	1,350		1,189
Share of results of jointly controlled entities	(1,239)	762		(477)
Profit before taxation				22,537
Income tax expense				(1,219)
Profit for the year				21,318

8 BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

BUSINESS SEGMENTS *(Continued)*

2006 *(Continued)*

	Manufacturing US$'000	Logistics services US$'000	Total US$'000
BALANCE SHEET			
ASSETS			
Segment assets	788,930	47,504	836,434
Interests in associates	8,080	5,181	13,261
Interests in jointly controlled entities	7,233	12,431	19,664
Unallocated corporate assets			94,288
Consolidated total assets			963,647
LIABILITIES			
Segment liabilities	341,374	13,118	354,492
Unallocated corporate liabilities			339,874
Consolidated total liabilities			694,366
OTHER INFORMATION			
Additions of captial expenditure	67,684	4,487	72,171
Depreciation and amortisation	9,839	2,750	12,589
Allowance for bad and doubtful debt	20	–	20
(Loss) gain on disposal of property, plant and equipment	(1,093)	15	(1,078)

8 BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

GEOGRAPHICAL SEGMENTS

The Group's operations are located in Hong Kong, the PRC, Indonesia and Thailand. The Group's manufacturing division is located in the PRC and Indonesia. Logistics services division is located in Hong Kong, the PRC and Thailand.

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

	Revenue	
	2007	2006
	US$'000	US$'000
United States	**481,777**	253,456
Europe	**385,167**	201,415
Hong Kong	**265,900**	159,024
Taiwan	**103,286**	67,889
South Korea	**89,868**	55,734
PRC	**83,067**	64,398
Others	**136,977**	122,095
	1,546,042	924,011

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

	Carrying amount of segment assets		Additions to property, plant and equipment, prepaid lease payments and intangible assets	
	2007	2006	**2007**	2006
	US$'000	US$'000	**US$'000**	US$'000
PRC	**837,373**	803,902	**30,433**	71,179
Hong Kong	**50,320**	21,195	**1,122**	815
Others	**11,400**	11,337	**48**	177
	899,093	836,434	**31,603**	72,171

9 OTHER INCOME

Other income included US$1,219,000 (2006: US$172,000) being gain on partial disposal of subsidiary recognised for the year ended 31st December, 2007. In 2006, other income included US$1,402,000 being tax refund on capital investment in a subsidiary in the PRC.

10 FINANCE COSTS

	2007 **US$'000**	2006 US$'000
Interest on bank loans and overdrafts wholly repayable within five years	**28,236**	16,977
Imputed interest on deferred payable	**42**	22
Bank charges	**1,154**	733
	29,432	17,732

11 INVESTMENT INCOME

	2007 **US$'000**	2006 US$'000
Interest earned on bank deposits	**1,733**	1,323
Dividend income from unlisted equity investment	**152**	217
	1,885	1,540

12 PROFIT BEFORE TAXATION

	2007 US$'000	2006 US$'000
Profit before taxation has been arrived at after charging (crediting) the following:		
Auditors' remuneration	**533**	407
Staff costs, including directors' emoluments		
– Salaries and other benefits	**73,315**	49,771
– Retirement benefit costs *(note 14)*	**2,863**	1,745
– Share-based payment	**1,877**	–
	78,055	51,516
Depreciation and amortisation		
Depreciation of property, plant and equipment	**14,396**	10,958
Amortisation		
– Patents	**364**	232
– Other assets	**405**	199
– Prepaid lease payments in respect of leasehold land	**1,196**	1,200
	16,361	12,589
Operating lease charges		
– Land and buildings	**3,970**	2,541
– Plant and machinery	**171**	85
	4,141	2,626
Impairment loss on goodwill including in other expenses	**318**	–
Allowance for bad and doubtful debts	**256**	20
Share of taxation of associates	**219**	257
Share of taxation of jointly controlled entities	**(176)**	223
	43	480
Cost of inventories recognised as expense (including allowance for write-down of inventories of US$1,185,000 (2006: nil))	**1,426,798**	848,079
Gain on partial disposal of a subsidiary	**(1,219)**	(172)
(Gain) loss on disposal of property, plant and equipment	**(114)**	1,078
Gain on disposal of land use rights	**(46)**	–
Net foreign exchange loss	**4,013**	1,962

13 DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

The emoluments paid or payable to each of the 9 (2006: 9) directors were as follows:

2007

	Chang Yun Chung US$'000	Teo Siong Seng US$'000	Hsueh Chao En US$'000	Jin Xu Chu US$'000	Teo Tiou Seng US$'000	Kuan Kim Kin US$'000	Ngan Man Kit, Alexander US$'000	Ong Ka Thai US$'000	Soh Kim Soon US$'000	Total US$'000
Fees	38	26	23	23	23	28	26	28	26	241
Other emoluments:										
Salaries and other benefits	–	308	203	114	39	–	–	–	–	664
Contributions to retirement benefits scheme	–	15	–	–	2	–	–	–	–	17
Performance related incentive payments *(note)*	–	–	17	10	–	–	–	–	–	27
Share-based payments	63	629	157	126	31	31	31	31	31	1,130
	101	978	400	273	95	59	57	59	57	2,079

2006

	Chang Yun Chung US$'000	Teo Siong Seng US$'000	Hsueh Chao En US$'000	Jin Xu Chu US$'000	Teo Tiou Seng US$'000	Kuan Kim Kin US$'000	Ngan Man Kit, Alexander US$'000	Ong Ka Thai US$'000	Soh Kim Soon US$'000	Total US$'000
Fees	39	26	23	23	23	28	26	28	26	242
Other emoluments:										
Salaries and other benefits	–	301	195	109	37	–	–	–	–	642
Contributions to retirement benefits scheme	–	15	–	–	2	–	–	–	–	17
Performance related incentive payments *(note)*	–	–	17	9	–	–	–	–	–	26
Share-based payments	–	–	–	–	–	–	–	–	–	–
	39	342	235	141	62	28	26	28	26	927

Note: The performance related incentive payments are determined as a percentage of the net profit of the Group for the respective years.

13 DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS *(Continued)*

The above analysis includes 3 (2006: 3) 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:–

	2007 US$'000	2006 US$'000
Salaries and other benefits	**337**	319
Retirement benefit costs	**16**	15
Share-based payments	**187**	–
	540	334

Their emoluments were within the following band:

	2007 Number of individuals	2006 Number of individuals
US$128,211 - US$192,316 (HK$1,000,001 - HK$1,500,000)	**–**	2
US$256,422 - US$320,527 (HK$2,000,001 - HK$2,500,000)	**2**	–

No waiver of future emoluments, compensation loss and inducement to join or upon jointly the Group was paid during the year.

14 RETIREMENT BENEFIT COSTS

Prior to 1st December, 2000, the Group operated defined contribution retirement schemes for certain employees in Hong Kong. These schemes are registered under the Occupational Retirement Scheme Ordinance. 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. Any amount unvested upon an employee ceasing to be a member shall be used to offset subsequent employer's contributions.

With effect from 1st December, 2000, the Group has joined MPF 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.

14 RETIREMENT BENEFIT COSTS *(Continued)*

Under the rules of the MPF scheme, the employer and its employees are each required to make contributions to the MPF scheme 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 State-sponsored retirement benefit schemes operated by the government in the PRC. Subsidiaries are required to contribute a certain percentage of relevant payroll to the retirement benefit schemes. Obligations under the scheme are borne by the PRC Government.

Retirement benefits are provided for all local permanent employees of a subsidiary in Indonesia based on the Indonesian Labour Law No. 13/2003 concerning the settlement of labour dismissal and the stipulation of severance pay, gratuity and compensation in companies.

The retirement benefit costs charged to the income statement representing contributions payable by the Group to the MPF Scheme operated in Hong Kong, the retirement benefit schemes in the PRC and the retirement benefits provided for the employees of a subsidiary in Indonesia amounted to US$2,863,000 (2006: US$1,745,000). At the balance sheet date, contributions payable to the retirement schemes totalling US$64,000 (2006: US$147,000) and retirement benefit provision made for the local employees in Indonesia totalling US$845,000 (2006: US$900,000) are included in accruals and other payables.

No forfeited contributions of the Group's defined contribution retirement schemes was 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.

15 INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided for at the rate of 17.5% (2006: 17.5%) of 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 PRC and Indonesia in which the Group operates.

15 INCOME TAX EXPENSE *(Continued)*

On 16th March, 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6th December, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations provide a five-years transitional period from its effective date for those enterprises which were established before the promulgation date of the New Law and which were entitled to a preferential lower tax rate under the then effective tax laws or regulations. Based on New Law, certain subsidiaries of the Group that were entitled to preferential treatment in the form of enterprise income tax reduction or exemption, but has not been profitable and, therefore has not enjoyed such preferential treatment, would have to begin its tax holiday in the same year that the New Law comes into effect. The deferred tax balance has already reflected the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

	2007 US$'000	2006 US$'000
Current tax:		
Hong Kong Profits Tax		
– Current year	**6,493**	1,638
Overseas taxation:		
– Current year	**3,878**	1,623
– Prior year overprovision	**(18)**	(306)
	10,353	2,955
Deferred tax:		
Current year credit	**(1,860)**	(1,736)
Attributable to a change in tax rate	**(1,858)**	–
Income tax expense for the year	**6,635**	1,219

15 INCOME TAX EXPENSE *(Continued)*

Tax charge for the year can be reconciled to the profit before taxation per income statement as follows:

	2007		2006	
	US$'000	%	US$'000	%
Profit before taxation	**40,994**		22,537	
Tax at the Hong Kong Profits Tax rate of 17.5% (2006: 17.5%)	**7,174**	**17.50**	3,944	17.50
Tax effect of share of results of associates	**220**	**0.54**	(208)	(0.92)
Tax effect of share of results of jointly controlled entities	**(74)**	**(0.18)**	83	0.37
Tax effect of expenses that are not deductible in determining taxable profit	**2,273**	**5.54**	1,064	4.72
Tax effect of income that are not taxable in determining taxable profit	**(2,453)**	**(5.98)**	(1,606)	(7.12)
Tax effect on tax losses arising in the current year not recognised	**1,402**	**3.42**	1,786	7.92
Tax effect of utilisation of tax losses previously not recognised	**(809)**	**(1.97)**	(3,038)	(13.48)
Overprovision in previous years	**(18)**	**(0.04)**	(306)	(1.36)
Tax effect on income tax on concessionary rate	**–**	**–**	(1,955)	(8.67)
Tax effect on changes in tax rate	**(947)**	**(2.31)**	–	–
Increase in opening deferred tax assets resulting from increase in applicable tax rate	**(1,858)**	**(4.53)**	–	–
Effect of different tax rates of subsidiaries, operating in other jurisdictions	**1,314**	**3.21**	1,517	6.73
Others	**411**	**1.00**	(62)	(0.28)
Tax charge and effective rate for the year	**6,635**	**16.20**	1,219	5.41

16 DIVIDENDS

	2007 US$'000	2006 US$'000
Dividends recognised as distributions during the year:		
Interim in respect of current financial year, paid – HK6 cents (2006: HK4 cents) per ordinary share	**5,408**	3,141
Final in respect of the previous financial year, paid – HK3 cents (2006: HK9 cents) per ordinary share	**2,350**	7,082
	7,758	10,223

The final dividend of HK5 cents (2006: HK3 cents) per ordinary share, total of which equivalent to US$4,505,000 (2006: US$2,350,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in forthcoming general meeting.

17 EARNINGS PER SHARE

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

	2007 US$'000	2006 US$'000
Earnings:		
Earnings for the purposes of calculating basic and diluted earnings per share	**33,994**	18,096
Number of shares:		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share	**632,579,828**	611,228,760

The computation of diluted earnings per share for 2007 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for the period from date of grant to 31st December, 2007.

No diluted earnings per share for 2006 was presented as the Company had no dilutive potential shares for 2006.

18 PROPERTY, PLANT AND EQUIPMENT

	Freehold land US$'000	Leasehold land and buildings and site improvements US$'000	Plant and machinery US$'000	Furniture, fittings and office equipment US$'000	Motor vehicles US$'000	Construction in progress US$'000	Total US$'000
Group							
Cost							
At 1st January, 2006	3,283	56,934	77,460	5,507	6,701	17,238	167,123
Additions	–	1,039	4,397	813	1,099	59,194	66,542
Disposals	–	(2,503)	(8,100)	(172)	(735)	–	(11,510)
Acquisition of subsidiaries	–	6,291	8,213	138	179	679	15,500
Transfer	–	30,243	30,040	–	–	(60,283)	–
Translation differences	–	426	319	32	24	156	957
At 31st December, 2006	3,283	92,430	112,329	6,318	7,268	16,984	238,612
Additions	–	420	1,307	988	462	19,636	22,813
Disposals	–	(300)	(485)	(37)	(190)	–	(1,012)
Transfer	–	14,170	13,205	–	–	(27,375)	–
Translation differences	–	980	737	84	43	339	2,183
At 31st December, 2007	3,283	107,700	127,093	7,353	7,583	9,584	262,596
Accumulated depreciation							
At 1st January, 2006	–	14,471	45,774	3,978	3,343	–	67,566
Charge for the year	–	2,904	6,624	573	857	–	10,958
Eliminated on disposals	–	(1,696)	(6,953)	(151)	(630)	–	(9,430)
Translation differences	–	57	116	18	12	–	203
At 31st December, 2006	–	15,736	45,561	4,418	3,582	–	69,297
Charge for the year	–	4,133	8,779	693	791	–	14,396
Eliminated on disposals	–	(78)	(383)	(29)	(118)	–	(608)
Translation differences	–	191	323	53	22	–	589
At 31st December, 2007	–	19,982	54,280	5,135	4,277	–	83,674
Carrying values							
At 31st December, 2007	3,283	87,718	72,813	2,218	3,306	9,584	178,922
At 31st December, 2006	3,283	76,694	66,768	1,900	3,686	16,984	169,315

At 31st December, 2006, plant and machinery with an aggregate net book value of US$487,000 were pledged as security for loan facilities granted by banks to subsidiaries in the PRC. No amount of facilities was utilised as at 31st December, 2006. No plant and machinery was pledged as security for loan facilities grant by banks to subsidiaries in the PRC as at 31st December, 2007.

18 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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

	Freehold land	Leasehold land and buildings	Site improvements	Total
	US$'000	US$'000	US$'000	US$'000
Group				
At 31st December, 2007				
Held in Hong Kong				
On short lease				
(less than 10 years)	–	–	88	88
Held outside Hong Kong				
On medium term lease				
(20 to 50 years)	–	5,454	82,176	87,630
Freehold land	3,283	–	–	3,283
	3,283	5,454	82,264	91,001
At 31st December, 2006				
Held in Hong Kong				
On short lease				
(less than 10 years)	–	–	113	113
Held outside Hong Kong				
On medium term lease				
(20 to 50 years)	–	5,746	70,835	76,581
Freehold land	3,283	–	–	3,283
	3,283	5,746	70,948	79,977

18 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Leasehold land and buildings US$'000	Furniture, fittings and office equipment US$'000	Motor vehicles US$'000	Total US$'000
Company				
Cost				
At 1st January, 2006	4,287	1,439	246	5,972
Additions	–	143	–	143
Disposals	–	(9)	–	(9)
At 31st December, 2006	4,287	1,573	246	6,106
Additions	–	24	–	24
Disposals	–	(8)	–	(8)
At 31st December, 2007	4,287	1,589	246	6,122
Accumulated depreciation				
At 1st January, 2006	56	948	160	1,164
Charge for the year	113	209	37	359
Eliminated on disposals	–	(5)	–	(5)
At 31st December, 2006	169	1,152	197	1,518
Charge for the year	113	213	37	363
Eliminated on disposals	–	(7)	–	(7)
At 31st December, 2007	282	1,358	234	1,874
Carrying values				
At 31st December, 2007	4,005	231	12	4,248
At 31st December, 2006	4,118	421	49	4,588

	2007 US$'000	2006 US$'000
Company		
Leasehold land and buildings held outside Hong Kong on medium term lease (20 to 50 years)	**4,005**	4,118

The land and building elements of a lease of land and building cannot be allocated reliably between the land and building elements, the entire lease is treated as property, plant and equipment.

19 PATENTS

Group

	US$'000
Cost	
At 1st January, 2006	3,031
Addition	502
At 31st December, 2006	3,533
Addition	1,050
At 31st December, 2007	4,583
Amortisation	
At 1st January, 2006	2,181
Charge for the year	232
At 31st December, 2006	2,413
Charge for the year	364
At 31st December, 2007	2,777
Carrying values	
At 31st December, 2007	1,806
At 31st December, 2006	1,120

19 PATENTS *(Continued)*

Company

	US$'000
Cost	
At 1st January, 2006 and 31st December, 2006	–
Addition	1,000
At 31st December, 2007	1,000
Amortisation	
At 1st January, 2006 and 31st December, 2006	–
Charge for the year	83
At 31st December, 2007	83
Carrying value	
At 31st December, 2007	917
At 31st December, 2006	–

20 GOODWILL

Group

	US$'000
Cost	
At 1st January, 2006	2,571
Acquisition of subsidiaries	3,907
At 31st December, 2006 and 31st December, 2007	6,478
Impairment	
At 1st January, 2006 and 31st December, 2006	880
Impairment loss recognised	318
At 31st December, 2007	1,198
Carrying values	
At 31st December, 2007	5,280
At 31st December, 2006	5,598

As explained in note 3, the Group uses business segment as its primary segment for reporting segment information. For the purpose of impairment testing, goodwill have been allocated to two individual cash generating units ("CGUs"), including three subsidiaries in manufacturing segment. The carrying amounts of goodwill (net of accumulated impairment losses) as at 31st December, 2007 allocated to these units are as follows:

	2007 US$'000	2006 US$'000
Manufacturing of container	**5,280**	5,280
Manufacturing of container chassis	**–**	318
	5,280	5,598

20 GOODWILL *(Continued)*

During the year ended 31st December, 2007, the Group recognised an impairment loss of US$318,000 in relation to goodwill on the acquisition of Qingado Singamas Industrial Vehicle Co., Ltd. due to the decrease in expected future cash inflow from the manufacturing of container chassis business.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate of 2%. The rate used to discount the forecast cash flows is 10%.

21 INTERESTS IN SUBSIDIARIES

	Company	
	2007	2006
	US$'000	US$'000
Unlisted shares and investments, at cost	**169,791**	164,892

21 INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of principal subsidiaries as at 31st December, 2007 are set out below: –

Name	Place of incorporation/ registration	Group equity interest	Issued and fully paid share/ contributed capital	Principal activities
DY Terminal Ltd.	Hong Kong	100%	Ordinary HK$1,000,000	Provision of container storage and repair services
Eng Kong Container & Warehousing Ltd.	Hong Kong	73.3%	Ordinary HK$300,000	Investment holding
Eng Kong Container Services Ltd.	Hong Kong	73.3%	Ordinary HK$3,000,000	Provision of container storage, drayage and repair services
Foshan Shunde Leliu Wharf & Container Co., Ltd. #	PRC	59%	US$21,000,000	Provision of container terminal services
Guangdong Shun An Da Pacific Container Co., Ltd. *	British Virgin Islands	100%	US$1,000	Marketing dry freight and specialised containers in the PRC
Guangdong Shun An Da Pacific Container Co., Ltd. * △	PRC	100%	US$27,900,000	Manufacturing of dry freight and specialised containers
Hong Kong Transportation and Machinery Co., Ltd. *	Samoa	100%	US$1,000	Provision of management services in the PRC

21 INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration	Group equity interest	Issued and fully paid share/ contributed capital	Principal activities
Hui Zhou Pacific Container Co., Ltd. * △	PRC	71%	US$40,000,000	Manufacturing of dry freight containers
Ningbo Pacific Container Co., Ltd. *#	PRC	80%	US$20,000,000	Manufacturing of dry freight and specialised containers
P.T. Java Pacific	Indonesia	72%	US$10,000,000	Manufacturing of dry freight containers
Qingdao Pacific Container Co., Ltd.*#	PRC	97.22% *(note 1 & 2)*	US$21,605,700	Manufacturing of dry freight and specialised containers
Qingdao Singamas Industrial Vehicle Co., Ltd.*#	PRC	49.5% *(note 2)*	RMB20,000,000	Manufacturing of container chassis
Shanghai Baoshan Pacific Container Co., Ltd. #	PRC	74%	US$25,300,000	Manufacturing of dry freight and specialised containers
Shanghai Pacific International Container Co., Ltd. * #	PRC	60%	US$18,000,000	Manufacturing of dry freight containers
Shanghai Reeferco Container Co., Ltd. #	PRC	90.91% *(note 3)*	US$22,000,000	Manufacturing of refrigerated containers

21 INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration	Group equity interest	Issued and fully paid share/ contributed capital	Principal activities
Singamas Container Holdings Ltd. *	Bahamas	100%	US$7,200,000	Investment holding and marketing of dry freight containers in Indonesia
Singamas Container Industry Co., Ltd. * #	PRC	75%	US$5,100,000	Manufacturing of collapsible flatrack and specialised containers
Singamas Depots (Holdings) Ltd. *	Hong Kong	100%	Ordinary HK$10,000	Investment holding
Singamas Logistics (Qingdao) Co., Ltd. #	PRC	60%	US$2,000,000	Provision of container storage and repair services
Singamas Logistics (Tianjin) Co., Ltd. * ▵	PRC	100%	US$6,500,000	Provision of container storage and repair services
Singamas Management Services Ltd. *	British Virgin Islands	100%	US$1,000	Provision of management services and marketing containers in the PRC

21 INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration	Group equity interest	Issued and fully paid share/ contributed capital	Principal activities
Singamas Refrigerated Container Ltd. *	British Virgin Islands	100%	Ordinary US$100,000	Investment holding
		100%	Redeemable preferred US$19,400,000	
Singamas Terminals (China) Ltd.	British Virgin Islands	100%	US$1,000	Investment holding and marketing of container depot services in the PRC
Singamas Terminals Holdings Ltd. *	British Virgin Islands	100%	US$1,000	Investment holding
Singamas Terminals (HK) Ltd.	British Virgin Islands	100%	US$1,000	Investment holding
Singamas Terminals (Hong Kong) Ltd.	Hong Kong	100%	Ordinary HK$5,000,000	Provision of mid-stream services
Singamas Warehouse (Shanghai) Company Ltd.	British Virgin Islands	100%	US$1,000	Investment holding
Tianjin Pacific Container Co., Ltd. * #	PRC	97%	US$25,700,000	Manufacturing of dry freight and specialised containers

21 INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ registration	Group equity interest	Issued and fully paid share/ contributed capital	Principal activities
Tianjin Singamas Container Co., Ltd. * △	PRC	100%	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
Yixing Singamas Metal Products Co., Ltd. * #	PRC	95%	US$200,000	Manufacturing of container parts

* *Subsidiaries held directly by the Company.*
# *Equity joint venture established in the PRC in accordance with relevant laws and regulations.*
△ *Wholly owned foreign enterprise established in the PRC in accordance with relevant laws and regulations.*

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

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

None of the subsidiaries had any debt securities outstanding at the end of the year.

Notes:

1. *During the year, the Company made further capital contribution to Qingdao Pacific Container Co., Ltd. ("Qingdao Pacific") by re-investing entitled dividend to the equity interest of Qingdao Pacific.*

2. *In 2006, the Company entered into an agreement to acquire an additional 40% equity interest in 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 Singamas 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.*

3. *During the year, the Company acquired an additional 2.27% equity interest in Shanghai Reeferco Container Co., Ltd. ("Shanghai Reeferco"), a subsidiary of the Company. Upon completion of this share transfer, the Company's effective interest in Shanghai Reeferco has increased to 90.91%.*

22 AMOUNTS DUE FROM/TO SUBSIDIARIES

COMPANY

The amounts due from subsidiaries are unsecured and repayable on demand. Included in the amounts due from subsidiaries is an amount of approximately US$197,289,000 (2006: US$64,607,000) which bears variable interest at a spread of no more than 0.25% per annum over the cost of bank borrowings of the Company.

The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

23 INTERESTS IN ASSOCIATES

	Group		Company	
	2007	2006	**2007**	2006
	US$'000	US$'000	**US$'000**	US$'000
Unlisted shares and investments:				
At cost	**10,909**	10,909	**8,757**	8,757
Share of post-acquisition reserves, net of dividend received	**(1,477)**	2,352	**–**	–
	9,432	13,261	**8,757**	8,757

23 INTERESTS IN ASSOCIATES *(Continued)*

Particulars of principal associates as at 31st December, 2007 and 2006 are set out below: –

Name	Form of business structure	Place of incorporation/ registration and operation	Group equity interest	Proportion of voting power held	Principal activities
Dong Fang International Container (Guang Zhou) Co., Ltd. * #	Incorporated	PRC	20%	20%	Manufacturing of dry freight containers
Dong Fang International Container (Jin Zhou) Co., Ltd. * #	Incorporated	PRC	20%	16.7%	Manufacturing of dry freight containers
Ningbo Victory Container Co., Ltd. #	Incorporated	PRC	40%	40%	Provision of container storage and repair services
Singamas Thai Logistics Co., Ltd. *	Incorporated	Thailand	25%	25%	Provision of container storage and repair services
Xiamen Xiangyu Singamas Container Co., Ltd. #	Incorporated	PRC	28%	28.6%	Provision of container storage, repair and trucking services, and serving as a freight station
Yixing Goldrich Welding Metal Co., Ltd. * #	Incorporated	PRC	30%	33.3%	Manufacturing of welding parts

* *Held directly by the Company.*
\# *Equity joint venture established in the PRC in accordance with relevant laws and regulations.*

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

23 INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information in respect of the Group's associates is set out below:

	2007 US$'000	2006 US$'000
Total assets	**268,453**	127,660
Total liabilities	**(228,690)**	(71,647)
Net assets	**39,763**	56,013
Group's share of associates' net assets	**9,432**	13,261

	2007 US$'000	2006 US$'000
Revenue	**255,861**	62,949
(Loss) profit for the year	**(8,292)**	3,064
Group's share of associates' (loss) profit for the year	**(1,256)**	1,189

24 INTERESTS IN JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000
Unlisted shares and investments:				
At cost	**21,752**	18,287	**10,265**	6,800
Share of post-acquisition reserves, net of dividend received	**1,528**	1,377	**–**	–
	23,280	19,664	**10,265**	6,800

24 INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

Particulars of principal jointly controlled entities which are established in the PRC, except for Singamas North America, Inc., which is incorporated in the United States of America ("USA"), as at 31st December, 2007 are set out below: –

Name	Group equity interest	Proportion of voting power	Principal activities
Dalian Singamas International Container Co., Ltd. #	30%	33.3%	Provision of container storage and repair services
Fuzhou Singamas Container Co., Ltd. #	40%	40%	Provision of container storage and repair services
Guangzhou Singamas Timber Co., Ltd #	52%	60%	Manufacturing of container floorboard
Shanghai Jifa Logistics Co., Ltd. #	25%	22.2%	Provision of container storage, repair and logistics services
Singamas North America, Inc.	50%	50%	Marketing containers in the USA
Xiamen Pacific Container Manufacturing Co., Ltd. * #	44.14%	42.9%	Manufacturing of dry freight containers

* *Held directly by the Company.*
# *Equity joint venture established in the PRC in accordance with relevant laws and regulations.*

24 INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

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

The voting power of the Group in respective jointly controlled entities is determined by the proportion of the Group's representatives in the board of directors of respective jointly controlled entities.

During the year, the Company formed Guangzhou Singamas Timber Co., Ltd. ("Singamas Timber") with an independent third party to manufacture container floorboard. According to the Articles of Association of Singamas Timber, 66.67% voting power is required to govern the significant financial and operating policies of Singamas Timber. Since the Company or the joint venture partner is not in a position to control unilaterally the significant financial and operating policies of Singamas Timber, Singamas Timber is regarded as jointly controlled entity of the Company.

At 31st December, 2007, the aggregate amount of assets and liabilities recognised in the consolidated financial statements in relation to interests in jointly controlled assets are as follows:

	2007 **US$'000**	2006 US$'000
Assets	**52,566**	39,623
Liabilities	**29,286**	19,959
Income	**67,077**	77,979
Expenses	**66,657**	78,456

25 AVAILABLE-FOR-SALE INVESTMENTS

	Group		**Company**	
	2007 **US$'000**	2006 US$'000	**2007** **US$'000**	2006 US$'000
Unlisted securities – Equity securities	**3,174**	3,174	**2,229**	2,229

The above unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in the PRC. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimate is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

The unquoted equity investments included 14.02% (2006: 14.02%) equity interest of Xiamen Superchain Logistics Development Co., Ltd, a logistic company in PRC; and 10% (2006: 10%) equity interest of Lianyungang Universal Special Purpose Vehicle Manufacturing Co., Ltd, a company involved in manufacturing of container chassis.

26 PREPAID LEASE PAYMENTS

	Group	
	2007	2006
	US$'000	US$'000
The Group's prepaid lease payments comprise:		
Leasehold land in Hong Kong:		
Medium-term lease	**–**	69
Leasehold land outside Hong Kong:		
Medium-term lease	**62,209**	55,144
	62,209	55,213
Analysed for reporting purpose as:		
Amount shown under non-current assets	**60,829**	53,992
Amount shown under current assets	**1,380**	1,221
	62,209	55,213

27 OTHER ASSETS

	Group	
	2007	2006
	US$'000	US$'000
At 1st January	**489**	452
Amount capitalised	**–**	209
Acquisition of subsidiaries	**–**	27
Amount amortised	**(405)**	(199)
At 31st December	**84**	489

28 INVENTORIES

	Group	
	2007	2006
	US$'000	US$'000
Raw materials	**166,063**	149,674
Work in progress	**17,546**	16,286
Finished goods	**114,641**	74,915
	298,250	240,875

29 TRADE RECEIVABLES

	Group 2007 US$'000	Group 2006 US$'000
Trade receivables	**153,992**	179,946
Less: allowance for doubtful debts	**(289)**	(62)
Total trade receivables	**153,703**	179,884

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 aged analysis of trade receivables net of allowance for doubtful debts, which is prepared based on invoice date of each transaction, at 31st December is as follows:

	2007 US$'000	2006 US$'000
0 to 30 days	**84,555**	100,506
31 to 60 days	**36,799**	45,329
61 to 90 days	**19,741**	19,410
91 to 120 days	**8,553**	12,951
Over 120 days	**4,055**	1,688
	153,703	179,884

The Group assessed the credit quality of trade receivables based on historical default rates and the creditworthiness of the customers.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of US$20,993,000 (2006: US$27,061,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The Group has assessed the creditworthiness and historical default rates of these customers, trade receivables that are past due but not impaired have very low historical default rates and have high credit-rating within the industry. In this regard, the directors of the Company considered that the default risk is low. Accordingly, no impairment has been provided.

29 TRADE RECEIVABLES *(Continued)*

The aged analysis, based on invoice date of each transaction, of trade receivables which are past due but not impaired is as follows:

	2007 US$'000	2006 US$'000
31-60 days	**5,835**	9,819
61-90 days	**5,495**	5,063
91-120 days	**5,608**	10,515
over 120 days	**4,055**	1,664
	20,993	27,061

Movement in the allowance for doubtful debts:

	2007 US$'000	2006 US$'000
Balance at beginning of the year	**62**	145
Impairment losses recognised on receivables	**256**	20
Amounts recovered during the year	**(29)**	(103)
Balance at end of the year	**289**	62

30 PREPAYMENTS AND OTHER RECEIVABLES

As at 31st December, 2007, the Group advanced US$112,284,000 (2006: US$105,595,000) to certain suppliers as deposits for raw materials purchases.

31 AMOUNT DUE FROM A RELATED COMPANY

Particulars of the amount due from a related company is as follows:

	Group		
Name	**Balance as at 31.12.2007 US$'000**	Balance as at 1.1.2007 US$'000	Maximum amount outstanding during the year US$'000
Pacific International Lines (H.K.) Limited	**1,366**	879	2,629

31 AMOUNT DUE FROM A RELATED COMPANY *(Continued)*

The aged analysis of amount due from a related company, which is prepared based on invoice date of each transaction, at 31st December is as follows:

	Group	
	2007	2006
	US$'000	US$'000
0 to 30 days	**688**	634
31 to 60 days	**254**	245
61 to 90 days	**181**	–
over 90 days	**243**	–
	1,366	879

The aged analysis, based on invoice date of each transaction, of amount due from a related company which is past due but not impaired is as follows:

	Group	
	2007	2006
	US$'000	US$'000
31 to 60 days	**254**	245
61 to 90 days	**181**	–
over 90 days	**243**	–
	678	245

Amount due from a related company represents trade receivable balances due from Pacific International Lines (H.K.) Limited ("PILHK"), 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 of 30 days. US$953,000 was subsequently settled in 2008.

32 DERIVATIVE FINANCIAL INSTRUMENTS

	2007	2006
	US$'000	US$'000
Swap derivative financial instruments	**27,160**	7,535

32 DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

The amount represents the fair value of outstanding swap derivative financial instruments entered into by the Group with financial institutions.

The Company enters certain swap derivative financial instruments to manage its exposure to interest rate and foreign currency movements. As at 31st December, 2007, the Company has outstanding derivative contracts with an aggregate notional amount of US$421.5 million (2006: US$215 million). The fair value of the swap contracts as at 31st December, 2007 was estimated at US$27,160,000 (2006: US$7,535,000).

The fair values of swaps contracts are determined using a valuation technique to calculate the present value of estimated future cash flow and discounted based on the applicable yield curves derived from quoted interest rates.

The fair value amount was determined based on valuation carried out by the independent third party.

Major terms of the swaps contracts are set out below:

Notional amount		**Starting**	**Maturity**
(i)	US$50,000,000	3/7/2006	03/07/2011
(ii)	US$62,500,000	20/11/2006	20/05/2010
(ii)	US$30,000,000	2/7/2007	02/07/2012
(iv)	US$60,000,000	21/9/2007	21/09/2012
(v)	US$60,000,000	18/10/2007	18/10/2012
(vi)	US$35,000,000	17/8/2006	17/08/2009
(vii)	US$40,500,000	16/3/2007	16/03/2010
(viii)	US$45,000,000	2/4/2007	02/04/2010
(ix)	US$38,500,000	3/7/2007	03/07/2010

32 DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Under the terms of the derivatives referred to in (i) to (v) above, the Group has contracted to pay LIBOR (or LIBOR minus certain agreed basis points in some of the cases) and the counterparties have contracted to pay LIBOR (or LIBOR plus certain agreed basis points, in some of the cases) multiplied by a specified factor which is determined based on the actual volatility of CMS, or LIBOR, during each payment period. The payments under these swap derivatives are subject to quarterly or semi-annually net settlement up to the stipulated maturity dates.

Under the terms of the derivatives referred to in (vi) to (ix) above, the Group has contracted to pay notional amount multiplied by a specified factor which is determined based on the actual volatility of CMS during the payment period and the counterparties have contracted to pay notional amount multiplied a specified ratio which is determined based on a fixed exchange rate divided by spot exchange rate. The payments under these swap derivatives are subject to quarterly net settlement up to the stipulated maturity dates.

33 BANK BALANCES

Bank balances carry interest at market rates which range from 0.75% to 3% (2006: 1.5% to 4.5%).

34 TRADE PAYABLES

The aged analysis of trade payables at 31st December, 2007 is as follows:

	Group	
	2007	2006
	US$'000	US$'000
0 to 30 days	**61,002**	61,252
31 to 60 days	**27,042**	22,851
61 to 90 days	**19,499**	18,280
91 to 120 days	**15,850**	16,085
Over 120 days	**17,413**	12,320
	140,806	130,788

The average credit period on purchases of goods is 51 days. The Group has financial risk management policies in place to ensure that all payables within the credit timeframe.

35 BILLS PAYABLE

The aged analysis of bills payable at 31st December, 2007 is as follows:

	Group	
	2007	2006
	US$'000	US$'000
0 to 30 days	**33,092**	61,407
31 to 60 days	**26,456**	38,777
61 to 90 days	**18,046**	22,180
91 to 120 days	**5,839**	4,708
Over 120 days	**424**	3,355
	83,857	130,427

36 DEFERRED PAYABLE

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. All future guarantee payments are discounted at the prevailing market interest rate on the date of acquisition and accounted for as deferred payable.

	Group and Company
	US$'000
At 1st January, 2006	–
Acquisition of subsidiaries	2,412
Imputed interest on deferred payable	22
	2,434
Payment for the year	(242)
At 31st December, 2006	2,192
Imputed interest on deferred payable	42
	2,234
Payment for the year	(242)
At 31st December, 2007	1,992
Analysed for reporting purpose as:	
For 2007:	
Amount shown under non-current liabilities	1,810
Amount shown under current liabilities	182
	1,992
For 2006:	
Amount shown under non-current liabilities	1,992
Amount shown under current liabilities	200
	2,192

37 SHARE CAPITAL

	Number of shares 2007	Number of shares 2006	2007 US$'000	2007 HK$'000	2006 US$'000	2006 HK$'000
Ordinary shares of HK$0.10 each						
Authorised:						
At beginning of the year	**750,000,000**	750,000,000	**9,637**	**75,000**	9,637	75,000
Increase on 1st June, 2007	**250,000,000**	–	**3,206**	**25,000**	–	–
At end of year	**1,000,000,000**	750,000,000	**12,843**	**100,000**	9,637	75,000
Issued and fully paid:						
At beginning of the year	**611,228,760**	611,228,760	**7,844**	**61,123**	7,844	61,123
Issue of ordinary shares on placing	**91,684,000**	–	**1,181**	**9,168**	–	–
At end of year	**702,912,760**	611,228,760	**9,025**	**70,291**	7,844	61,123

Notes:

(a) On 1st June, 2007, an ordinary resolution of the Company was passed to increase the authorised share capital of the Company from HK$75,000,000 to HK$100,000,000 by the creation of 250,000,000 new ordinary shares of HK$0.10 each. Such new shares rank pari passu in all respects with the existing shares of the Company.

(b) On 8th October, 2007, 91,684,000 ordinary shares were issued at HK$4.24 per share in relation to a share placement. These new shares were issued under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 1st June, 2007 and rank pari passu with other shares in issue in all respects. The net proceeds from the placement are largely intended to use for (a) the relocation and expansion of two dry freight container factories located in Xiamen and Shanghai; (b) the establishment of a new tank container factory in the PRC; and (c) the establishment of a new tank container cleaning facility in the PRC.

38 SHARE-BASED PAYMENTS

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 1st June, 2007 for the primary purpose of providing incentives to directors and eligible employees of the Group, and may be terminated by resolution in general meeting. Under the Scheme, the directors of the Company may grant options to qualifying grantees, including employees or directors of the Group.

As 31st December, 2007 the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 20,000,000 (2006: nil), representing approximately 2.85% (2006: nil) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at 1st June, 2007 without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at 1st June, 2007 without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 28 days from the date of offer. An aggregate of HK$1 is payable by each qualifying grantee on acceptance of the offer. Options may be exercised within the option period (must not exceed 10 years from the date of grant of the relevant option) which shall be determined by the board of directors of the Company in its absolute discretion at the time of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Share options of 20,300,000 underlying shares were granted on 28th June, 2007 at the exercise price of HK$5.14.

Details are as follows:

Number of options	Vesting period	Exercise period
6,766,666	28th June, 2007 to 27th June, 2008	28th June, 2008 to 27th June, 2017
6,766,667	28th June, 2007 to 27th June, 2009	28th June, 2009 to 27th June, 2017
6,766,667	28th June, 2007 to 27th June, 2010	28th June, 2010 to 27th June, 2017

38 SHARE-BASED PAYMENTS *(Continued)*

The following table discloses the Company's share options held by employees (including directors):

	Outstanding at 1st January, 2007 '000	Granted on 28th June, 2007 '000	Exercised during the year '000	Forfeited during the year '000	Outstanding at 31st December, 2007 '000
Directors	–	10,800	–	–	10,800
Employees	–	9,500	–	300	9,200
	–	20,300	–	300	20,000

The following table discloses movements of the Company's share options by the vesting period during the year.

Option type	Outstanding at 1st January, 2007 '000	Granted on 28th June, 2007 '000	Exercised during the year '000	Forfeited during the year '000	Outstanding at 31st December, 2007 '000
Granted on 28th June, 2007					
– with vesting period of 28th June, 2007 to 27th June, 2008	–	6,766	–	100	6,666
– with vesting period of 28 June, 2007 to 27th June, 2009	–	6,767	–	100	6,667
– with vesting period of 28 June, 2007 to 27th June, 2010	–	6,767	–	100	6,667
	–	20,300	–	300	20,000
Exercisable at the end of the year	–				–

The fair value of the options determined at the date of grant using the Binomial option pricing model ranged from HK$1.62 to HK$2.52. Share option expense of US$1,877,000 (2006: nil) was recognised for the year ended 31st December, 2007.

38 SHARE-BASED PAYMENTS *(Continued)*

The following assumptions were used to calculate the fair values of share options:

Closing share price at the date of grant	HK$5.25
Exercise price	HK$5.14
Option life	10 years
Expected volatility	48%
Semi-annual dividend yield	1%
Risk-free interest rate	4.78%

The Binomial option pricing model has been used to estimate the fair values of the options. The variables and assumptions used in computing the fair values of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

39 RESERVES

	Share premium US$'000	**Share options reserve** US$'000	**Accumulated profits** US$'000	**Total** US$'000
Company				
At 1st January, 2006	98,011	–	8,390	106,401
Profit for the year	–	–	49,609	49,609
Dividend paid	–	–	(10,223)	(10,223)
At 1st January, 2007	98,011	–	47,776	145,787
Issue of ordinary shares on placing	48,865	–	–	48,865
Share issue expenses	(1,230)	–	–	(1,230)
Recognition of equity-settled share-based payments	–	1,877	–	1,877
Profit for the year	–	–	71,625	71,625
Dividend paid	–	–	(7,758)	(7,758)
At 31st December, 2007	145,646	1,877	111,643	259,166

Distributable reserves of the Company at 31st December, 2007, calculated under section 79B of the Companies Ordinance, amounted to US$111,643,000 (2006: US$47,776,000).

40 BANK BORROWINGS

	Group		Company	
	2007 **US$'000**	2006 US$'000	**2007** **US$'000**	2006 US$'000
Bank borrowings comprise the followings:				
Bank loans				
Unsecured				
– due within 1 year	**327,723**	233,792	**77,500**	21,400
– due more than 1 year, but not exceeding 2 years	**15,000**	15,000	**15,000**	15,000
– due more than 2 years, but not exceeding 5 years	**72,500**	84,037	**72,500**	82,500
	415,223	332,829	**165,000**	118,900
Less: Amount shown under current liabilities	**(327,723)**	(233,792)	**(77,500)**	(21,400)
Amount due after one year	**87,500**	99,037	**87,500**	97,500

The Group's bank borrowings are principally on a floating rate basis which carry interest at either LIBOR or borrowing rate offered by the People's Bank of China plus certain basis points. Interest is repriced every one to six months.

The ranges of effective annual interest rates for the year 2007 on the Group's bank borrowings were 4.4% to 7% (2006: 4% to 6.7%).

On 20th May, 2005, the Company entered into a facility agreement with a syndicate of banks in request of the US$100 million term loan and revolving credit facilities for a term of five years. Repayments commenced on 20th November, 2006 and will continue until 20th May, 2010. The bank loan carries floating rate interest of LIBOR plus 0.625% per annum.

40 BANK BORROWINGS *(Continued)*

At the balance sheet date, the Group's bank borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2007 **US$'000**	2006 US$'000
Renminbi	**43,726**	130,977

41 DEFERRED TAX ASSETS

Group

The following are the major deferred tax assets recognised by the Group and movements thereon during the current year:

	Accelerated tax depreciation US$'000	**Tax losses** US$'000	**Other assets** US$'000	**Total** US$'000
At 1st January, 2006	120	–	123	243
(Charge) credit to income	(238)	2,067	(93)	1,736
At 31st December, 2006	(118)	2,067	30	1,979
(Charge) credit to income	314	1,454	92	1,860
Effect of change in tax rate	(72)	1,898	32	1,858
At 31st December, 2007	124	5,419	154	5,697

At 31st December, 2007, the Group has unused tax losses of US$41,344 000 (2006: US$32,672,000) available for offset against future profits. Tax losses of US$26,907,000 (2006: US$21,329,000) has been recognised as deferred tax assets. No deferred tax asset has been recognised on the remaining tax losses of US$14,437,000 (2006: US$11,343,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of US$175,000, US$597,000 and US$46,000 that will expire in 2008, 2010 and 2011 (2006: US$295,000, US$16,000 and US$597,000 in 2007, 2009 and 2010 respectively) respectively. Other losses may be carried forward for a period of no more than five years.

42 ACQUISITION OF SUBSIDIARIES

In 2006, the Company entered into an agreement to acquire an additional 40% equity interest in 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 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:

	Acquiree's carrying amount before combination US$'000	**Fair value adjustments** US$'000	**Fair value** 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	(18,923)	–	(18,923)
Bill payable	(19,766)	–	(19,766)
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			(3,542)
valuation increase on interests previously held by the Group			(1,361)
			(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 acquired			11,739
			5,985

42 ACQUISITION OF SUBSIDIARIES *(Continued)*

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

For the year ended 31st December, 2006, Qingdao Pacific contributed US$116,283,000 to the Group's revenue and a profit of US$138,000 to the Group's profit from operations. Qingdao Singamas contributed US$16,468,000 to the Group's revenue and a loss of US$957,000 to the Group's profit from operations.

If the acquisition had been completed on 1st January, 2006, total group revenue for the year would have been US$957,841,000 and profit for the year would have been US$20,603,000. 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.

43 PARTIAL DISPOSAL OF A SUBSIDIARY

On 5th January, 2007, the Company completed its disposal of 20%, 7% and 2% equity interest of Hui Zhou Pacific Container Co., Ltd. to China Shipping Investment Co., Ltd., Mitsubishi Corporation and Mitsubishi Corporation (Hong Kong) Limited, respectively. Gain on partial disposal of a subsidiary of US$1,219,000 was recognised for the year ended 31st December, 2007.

44 CONTINGENT LIABILITIES

	Group and Company	
	2007	2006
	US$'000	US$'000
Guarantees for bank facilities utilised by a jointly controlled entity	**4,000**	2,240

45 CAPITAL COMMITMENTS

	Group	
	2007	2006
	US$'000	US$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for	**4,002**	11,781

The Company has no capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for, for both year ended 31st December, 2007 and 2006.

46 OPERATING LEASE COMMITMENTS

THE GROUP AS LESSEE

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

	Group		Company	
	2007 US$'000	2006 US$'000	**2007 US$'000**	2006 US$'000
Land and buildings				
– in the 1st year	**1,408**	1,674	**126**	378
– in the 2nd to 5th year inclusive	**1,008**	1,313	**–**	126
– beyond 5th year	**547**	1,127	**–**	–
	2,963	4,114	**126**	504

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

THE GROUP AS LESSOR

At the balance sheet date, certain leasehold land and buildings of the Company with an aggregate carrying amount of US$1,084,000 (2006: US$1,360,000) were rented out under operating leases. Property rental income earned during the year was US$76,000 (2006: US$79,000). These properties have committed tenants for the next year.

At the balance sheet date, the Company had contracted with tenants for the following future minimum payments under non-cancelable operating leases:

	Group and Company	
	2007 US$'000	2006 US$'000
– in the 1st year	**56**	73
– in the 2nd to 5th year inclusive	**–**	56
	56	129

47 RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

During the year, the Group entered into the following trading transactions with related parties that are not members of the Group:

	2007 **US$'000**	2006 US$'000
Sales to ultimate holding company *(note)*	**27,518**	45,063
Sales to fellow subsidiaries *(note)*	**3,664**	2,264
Sales to a related company *(note)*	**7,613**	6,867
Rental income received from a fellow subsidiary *(note)*	**60**	65

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

The balances with the related parties are disclosed in the consolidated balance sheet and note 31. All such balances are subject to normal credit terms of 30 days to 90 days.

The current accounts with subsidiaries, jointly controlled entities and associates are unsecured, interest free and repayable on demand.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

	2007 **US$'000**	2006 US$'000
Short-term benefits	**1,496**	1,308
Post-employment benefits	**33**	36
Share-based payments	**1,435**	–
	2,964	1,344

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

Five Year Financial Summary

	For the year ended 31st December				
	2007	2006	2005	2004	2003
	%	%	%	%	%
Sales Mix (as a percentage of sales)					
Manufacturing:					
Dry freight	**78**	86	86	82	82
Collapsible flatracks, other specialised containers, container chassis and container parts	**9**	3	1	2	1
Refrigerated containers	**9**	7	9	9	9
Tank containers	**2**	–	–	–	–
	98	96	96	93	92
Logistics services:					
Hong Kong	**1**	3	3	5	5
PRC (other than Hong Kong, Macau and Taiwan)	**1**	1	1	2	3
	2	4	4	7	8
Total	**100**	100	100	100	100
	TEUs	TEUs	TEUs	TEUs	TEUs
Production volume					
20-foot containers	**342,064**	247,204	179,271	206,507	146,059
40-foot containers	**142,144**	80,896	114,404	122,776	67,056
40-foot high cube containers	**327,260**	222,292	199,540	286,810	247,454
45-foot high cube containers	**5,262**	13,467	1,067	2,743	5,954
Others	**21,908**	19,684	–	–	–
	838,638	583,543	494,282	618,836	466,523

Five Year Financial Summary

	For the year ended 31st December				
	2007	2006	2005	2004	2003
	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	**1,546,042**	924,011	842,936	532,793	450,712
Profit from operations	**44,496**	30,549	57,404	32,538	29,723
Finance costs	**(29,432)**	(17,732)	(9,397)	(5,193)	(4,105)
Investment income	**1,885**	1,540	1,186	1,221	299
Changes in fair value of derivative financial instruments	**24,881**	7,468	67	–	–
Share of results of associates	**(1,256)**	1,189	1,208	1,065	1,517
Share of results of jointly controlled entities	**420**	(477)	9,683	20,828	4,833
Profit before taxation	**40,994**	22,537	60,151	50,459	32,267
Income tax expense	**(6,635)**	(1,219)	(6,146)	(3,116)	(2,036)
Profit for the year	**34,359**	21,318	54,005	47,343	30,231
Attributable to:					
Equity holders of the Company	**33,994**	18,096	44,899	39,636	20,370
Minority interests	**365**	3,222	9,106	7,707	9,861
	34,359	21,318	54,005	47,343	30,231
Earnings per share	**US5.37 cents**	US2.96 cents	US7.35 cents	US7.37 cents	US4.07 cents
Assets and Liabilities					
Total assets	**1,091,637**	963,647	512,477	543,114	428,215
Total liabilities	**(735,769)**	(694,366)	(257,511)	(328,602)	(274,596)
	355,868	269,281	254,966	214,512	153,619
Equity attributable to equity holders of the Company	**305,855**	226,146	215,714	180,737	104,378
Minority interests	**50,013**	43,135	39,252	33,775	49,241
Total equity	**355,868**	269,281	254,966	214,512	153,619