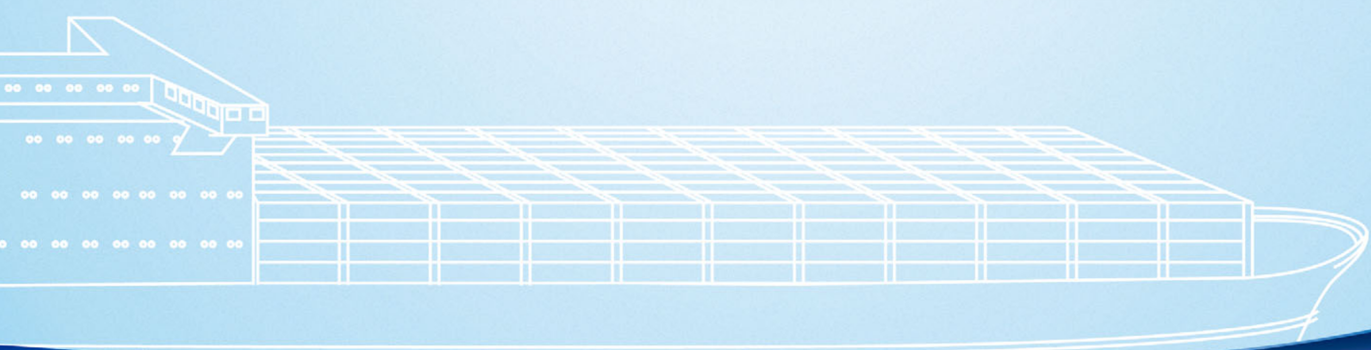
SINGAMAS

SINGAMAS Container Holdings Limited

09 Interim Report



Singamas Container Holdings Limited
勝獅貨櫃企業有限公司
HKEx Stock Code: 716

The Board of Directors (the "Board"/"Directors") of Singamas Container Holdings Limited (the "Company"/ "Singamas") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2009 as follows:

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		For the year ended 31 December			
	2009	2008	2008	2007	2006	2005
	US$	*US$*	*US$*	*US$*	*US$*	*US$*
Revenue	**99,460,000**	761,971,000	1,385,269,000	1,546,042,000	924,011,000	842,936,000
(Loss) profit from operations	**(26,701,000)**	54,318,000	72,869,000	44,496,000	30,549,000	57,404,000
(Loss) profit attributable to owners of the Company	**(27,365,000)**	13,569,000	4,515,000	33,994,000	18,096,000	44,899,000
(Loss) earnings per share	**(2.09) cents**	1.53 cents	0.64 cents	5.37 cents	2.96 cents	7.35 cents
Net assets value per share	**16.26 cents**	45.45 cents	43.79 cents	43.51 cents	37.00 cents	35.29 cents
Equity attributable to owners of the Company	**342,902,000**	319,449,000	307,794,000	305,855,000	226,146,000	215,714,000
Bank balances and cash	**82,810,000**	115,544,000	153,647,000	119,048,000	80,659,000	102,604,000
Total borrowings *(Note)*	**200,521,000**	569,463,000	372,009,000	415,223,000	332,829,000	158,402,000
Current ratio	**1.36 to 1**	1.22 to 1	1.20 to 1	1.24 to 1	1.17 to 1	2.16 to 1
Gearing ratio	**0.58**	1.78	1.21	1.36	1.47	0.73
Net debt to equity ratio	**0.34**	1.42	0.71	0.97	1.12	0.26
Interest coverage ratio	**N/A**	3.56	2.53	3.16	3.24	10.52

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

Deloitte.
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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 3 to 17, which comprises the condensed consolidated statement of financial position of Singamas Container Holdings Limited and its subsidiaries as of 30 June 2009 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
3 September 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
		(unaudited)	(unaudited)
	Notes	***US$'000***	*US$'000*
Revenue	*3*	**99,460**	761,971
Other income		**950**	651
Changes in inventories of finished goods and work in progress		**(13,633)**	5,873
Raw materials and consumables used		**(54,620)**	(616,041)
Staff costs		**(13,857)**	(41,594)
Depreciation and amortisation expense		**(8,389)**	(8,315)
Allowance for write-down of inventory	*8*	**(12,368)**	–
Exchange gain		**570**	6,890
Other expenses		**(24,814)**	(55,117)
Finance costs		**(6,506)**	(15,069)
Investment income		**376**	955
Changes in fair value of derivative financial instruments classified as held for trading		**4,512**	(17,576)
Share of results of associates		**265**	1,070
Share of results of jointly controlled entities		**(3,567)**	1,374
(Loss) profit before taxation		**(31,621)**	25,072
Income tax expense	*4*	**(1,384)**	(5,257)
(Loss) profit for the period		**(33,005)**	19,815
Attributable to:			
Owners of the Company		**(27,365)**	13,569
Minority interests		**(5,640)**	6,246
		(33,005)	19,815
(Loss) earnings per share	*6*		
Basic and Diluted		**US(2.09) cents**	US1.53 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
	US$'000	*US$'000*
(Loss) profit for the period	**(33,005)**	19,815
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**15**	3,870
Total comprehensive (expense) income for the period	**(32,990)**	23,685
Total comprehensive (expense) income attributable to:		
Owners of the Company	**(27,350)**	16,518
Minority interests	**(5,640)**	7,167
	(32,990)	23,685

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Notes	As at 30 June 2009 (unaudited) US$'000	As at 31 December 2008 (audited) US$'000
Non-current assets			
Property, plant and equipment	7	186,101	188,103
Patents		1,071	1,316
Goodwill		5,280	5,280
Interests in associates		5,241	4,962
Interests in jointly controlled entities		22,901	26,461
Available-for-sale investments		1,614	1,614
Prepaid lease payments		60,148	60,827
Deferred tax assets		–	574
Deposit paid for the acquisition of additional interests in subsidiaries	11	2,785	–
		285,141	289,137
Current assets			
Inventories	8	261,881	300,441
Trade receivables	9	36,416	94,706
Prepayments and other receivables	10	38,589	50,052
Amounts due from fellow subsidiaries		268	235
Amounts due from associates		1	1
Amounts due from jointly controlled entities		6,300	8,500
Amount due from a related company		1,449	1,414
Tax recoverable		–	105
Prepaid lease payments		1,405	1,420
Bank balances and cash		82,810	153,647
		429,119	610,521
Assets classified as held for sale	11	7,425	7,425
		436,544	617,946
Current liabilities			
Trade payables	12	37,069	86,670
Accruals and other payables		55,429	46,887
Bills payable	13	25,291	17,022
Amount due to ultimate holding company		504	447
Amounts due to associates		595	1,306
Amounts due to jointly controlled entities		211	2,867
Tax payable		302	341
Derivative financial instruments	14	5,901	13,000
Deferred payable		165	165
Bank borrowings	15	195,032	346,522
		320,499	515,227
Net current assets		116,045	102,719
Total assets less current liabilities		401,186	391,856
Capital and reserves			
Share capital	16	27,164	9,025
Share premium		189,036	145,646
Accumulated profits		97,874	125,251
Other reserves		28,828	27,872
Equity attributable to owners of the Company		342,902	307,794
Minority interests		50,756	56,930
Total equity		393,658	364,724
Non-current liabilities			
Deferred payable		1,645	1,645
Bank borrowings	15	5,489	25,487
Deferred tax liabilities		394	–
		7,528	27,132
		401,186	391,856

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Share capital	Share premium	Exchange translation reserve	General reserve	Development reserve	Revaluation reserve	Share option reserve	Accumulated profits	Total attributable to owners 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*
At 1 January 2008 (audited)	9,025	145,646	5,138	10,855	2,824	1,361	1,877	129,129	305,855	50,013	355,868
Profit for the period	–	–	–	–	–	–	–	13,569	13,569	6,246	19,815
Exchange differences arising on translation of foreign operations	–	–	2,949	–	–	–	–	–	2,949	921	3,870
Total comprehensive income for the period	–	–	2,949	–	–	–	–	13,569	16,518	7,167	23,685
Recognition of equity-settled share-based payments	–	–	–	–	–	–	1,579	–	1,579	–	1,579
Transfer of forfeited option reserves to accumulated profits	–	–	–	–	–	–	(232)	232	–	–	–
Dividends paid to minority interests	–	–	–	–	–	–	–	–	–	(335)	(335)
Dividends recognised as distribution	–	–	–	–	–	–	–	(4,503)	(4,503)	–	(4,503)
Transfer from accumulated profits	–	–	–	205	154	–	–	(359)	–	–	–
At 30 June 2008 (unaudited)	9,025	145,646	8,087	11,060	2,978	1,361	3,224	138,068	319,449	56,845	376,294
At 1 January 2009 (audited)	9,025	145,646	8,181	11,143	3,057	1,361	4,130	125,251	307,794	56,930	364,724
Loss for the period	–	–	–	–	–	–	–	(27,365)	(27,365)	(5,640)	(33,005)
Exchange differences arising on translation of foreign operations	–	–	15	–	–	–	–	–	15	–	15
Total comprehensive income and expense for the period	–	–	15	–	–	–	–	(27,365)	(27,350)	(5,640)	(32,990)
Issue of ordinary shares on rights issue	18,139	45,348	–	–	–	–	–	–	63,487	–	63,487
Share issue expenses	–	(1,958)	–	–	–	–	–	–	(1,958)	–	(1,958)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	929	–	929	–	929
Transfer of forfeited option reserves to accumulated profits	–	–	–	–	–	–	(74)	74	–	–	–
Dividends paid to minority interests	–	–	–	–	–	–	–	–	–	(534)	(534)
Transfer from accumulated profits	–	–	–	66	20	–	–	(86)	–	–	–
At 30 June 2009 (unaudited)	27,164	189,036	8,196	11,209	3,077	1,361	4,985	97,874	342,902	50,756	393,658

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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
	US$'000	*US$'000*
Net cash from (used in) operating activities	**48,628**	(140,057)
Net cash used in investing activities:		
Proceeds from disposal of property, plant and equipment	**400**	295
Purchase of property, plant and equipment	**(5,805)**	(12,181)
Increase in amounts due from fellow subsidiaries	**(33)**	(124)
Decrease (increase) in amounts due from jointly controlled entities	**2,200**	(4,773)
Deposit paid for the acquisition of additional interests in subsidiaries	**(2,785)**	–
Other investing cash flows	**376**	955
	(5,647)	(15,828)
Net cash (used in) from financing activities:		
Proceeds from issue of ordinary shares on rights issue	**63,487**	–
Share issue expenses	**(1,958)**	–
New bank loans raised	**82,682**	435,161
Repayment of bank loans	**(254,196)**	(280,921)
Dividends paid to minority interests	**(534)**	(335)
Increase in amount due to ultimate holding company	**57**	1,010
(Decrease) increase in amounts due to associates	**(711)**	721
(Decrease) increase in amounts due to jointly controlled entities	**(2,656)**	1,345
Other financing cash flows	**–**	(4,503)
	(113,829)	152,478
Net decrease in cash and cash equivalents	**(70,848)**	(3,407)
Cash and cash equivalents at 1 January	**153,647**	119,048
Effect of foreign exchange rate changes	**11**	(97)
Cash and cash equivalents at 30 June	**82,810**	115,544
Balance of cash and cash equivalents represented by:		
Bank balances and cash	**82,810**	115,544

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

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

2 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

A number of new and revised standards, amendments and interpretations issued by HKICPA are effective for the financial year beginning on 1 January 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2008.

HKFRS 8 Operating Segments
(effective for annual periods beginning on or after 1 January 2009)

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments (see note 3), and has had no impact on the reported results or financial position of the Group.

HKAS 1 (revised 2007) Presentation of Financial Statements
(effective for annual periods beginning on or after 1 January 2009)

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

HKAS 23 (revised 2007) Borrowing Costs
(effective for annual periods beginning on or after 1 January 2009)

For those borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset when they are incurred, HKAS 23 (revised 2007) removes the option available under the previous version of the Standard to recognise all borrowing costs as expenses immediately and requires all such borrowing costs to be capitalised as part of the cost of the qualifying asset. The revised Standard is applied prospectively and has had no impact on the reported results or financial position of the Group.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	Additional Exemption for First-time adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[4]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for transfers on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors anticipate that the application of the other new and revised standards, amendments or interpretations will not have material impact on the results and the financial position of the Group.

3 SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

Information reported to the Group's chief operating decision maker (i.e. Chief Executive Officer) for the purpose of resource allocation and assessment of performance are organised into two operating divisions – manufacturing and logistics services. The identification of the Group's reportable segments under HKFRS 8 is consistent with the prior year's presentation of business segments under HKAS 14. These divisions are the basis on which the Group reports its 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.

Information regarding these segments is presented below:

The following is an analysis of the Group's revenue and results by operating segment for the periods under review:

	Revenue		Segment results	
	For the six months ended 30 June			
	2009	2008	**2009**	2008
	US$'000	*US$'000*	***US$'000***	*US$'000*
Manufacturing	**80,866**	743,258	**(30,524)**	48,299
Logistics services	**18,743**	19,095	**3,823**	6,019
Inter-segment sales	**(149)**	(382)	**–**	–
Total	**99,460**	761,971	**(26,701)**	54,318
Finance costs			**(6,506)**	(15,069)
Investment income			**376**	955
Changes in fair value of derivative financial instruments			**4,512**	(17,576)
Share of results of associates			**265**	1,070
Share of results of jointly controlled entities			**(3,567)**	1,374
(Loss) profit before taxation			**(31,621)**	25,072
Income tax expense			**(1,384)**	(5,257)
(Loss) profit for the period			**(33,005)**	19,815

Inter-segment sales are charged at prevailing market prices.

Segment results represent the (loss) profit incurred or earned by each segment without allocation of finance costs, investment income, changes in fair value of derivative financial instruments, share of results of associates and share of results of jointly controlled entities. This is the measure reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance.

3 SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's assets by operating segment:

	As at 30 June 2009 **US$'000**	As at 31 December 2008 *US$'000*
Manufacturing	**524,953**	637,100
Logistics services	**67,389**	66,461
Total segment assets	**592,342**	703,561
Interests in associates	**11,106**	10,827
Interests in jointly controlled entities	**22,901**	26,461
Corporate assets	**95,336**	166,234
Consolidated total assets	**721,685**	907,083

4 INCOME TAX EXPENSE

Hong Kong Profits Tax was recognised based on management's best estimate of the annual income tax rate expected for the full financial year. The estimated annual tax rate used is 16.5% (six months ended 30 June 2008: 16.5%) for the six months ended 30 June 2009.

Taxation on overseas operations is calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the PRC in which the Group operates.

	Six months ended	
	30 June 2009 **US$'000**	30 June 2008 *US$'000*
Current tax:		
Hong Kong Profits Tax	**196**	7
Overseas taxation	**220**	496
	416	503
Deferred tax:		
Current period	**968**	4,754
	1,384	5,257

5 DIVIDENDS

	Six months ended	
	30 June 2009 **US$'000**	30 June 2008 *US$'000*
Dividends recognised as distribution during the period:		
Final dividend approved for the year ended 31 December 2008: nil (for the year ended 31 December 2007: HK5 cents) per ordinary share	**–**	4,503

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009. An interim dividend of HK4 cents per ordinary share for the six months ended 30 June 2008, total of which equivalent to US$3,602,000 was paid on 31 October 2008.

6 (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June 2009 US$'000	30 June 2008 US$'000
(Loss) earnings:		
(Loss) earnings for the purposes of calculating basic and diluted (loss) earnings per share	**(27,365)**	13,569
Number of shares:		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted (loss) earnings per share	**1,306,684,042**	888,807,044

On 29 April 2009, 1,405,825,520 ordinary shares were issued in relation to a rights issue transaction. The effect of the bonus element included within the rights issue has been included in the calculation of basic and diluted (loss) earnings per share. The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share for the six months ended 30 June 2008 had been adjusted accordingly.

The computation of diluted (loss) earnings per share for both 2009 and 2008 does not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price of shares for both periods.

7 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent US$5,805,000 (six months ended 30 June 2008: US$12,181,000) to upgrade its manufacturing and logistics services facilities.

8 INVENTORIES

	As at 30 June 2009 US$'000	As at 31 December 2008 US$'000
Raw materials	**189,769**	213,216
Work in progress	**6,481**	10,930
Finished goods	**65,631**	76,295
	261,881	300,441

The cost of sales recognised during the period included US$91,494,000 (six months ended 30 June 2008: US$687,458,000) of costs of finished goods sold and US$12,368,000 (six months ended 30 June 2008: nil) allowances to reduce the carrying amounts of certain raw materials and finished goods to their net realisable values.

9 TRADE RECEIVABLES

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

The aged analysis of trade receivables net of allowance for doubtful debts, which is prepared based on invoice date of each transaction, at the end of the reporting period is as follows:

	As at 30 June 2009 ***US$'000***	As at 31 December 2008 *US$'000*
0 to 30 days	**13,171**	45,750
31 to 60 days	**6,029**	21,516
61 to 90 days	**4,659**	10,970
91 to 120 days	**3,790**	10,566
Over 120 days	**8,767**	5,904
	36,416	94,706

10 PREPAYMENTS AND OTHER RECEIVABLES

At 30 June 2009, the Group advanced US$12,902,000 (31 December 2008: US$9,791,000) to certain suppliers as deposits for raw materials purchases.

11 ASSETS CLASSIFIED AS HELD FOR SALE AND DEPOSIT PAID FOR THE ACQUISITION OF ADDITIONAL INTERESTS IN SUBSIDIARIES

Assets classified as held for sale comprise:

	As at 30 June 2009 ***US$'000***	As at 31 December 2008 *US$'000*
Interests in associates	**5,865**	5,865
Available-for-sale investment	**1,560**	1,560
	7,425	7,425

On 15 December 2008, the Company entered into five share transfer agreements ("Share Transfer Agreements") with Shanghai Universal Logistics Equipment Co., Ltd. ("Shanghai Universal") to conditionally dispose of its entire 20% equity interest in Dong Fang International Container (Guang Zhou) Co., Ltd. ("Dong Fang (Guang Zhou)") and Dong Fang International Container (Jin Zhou) Co., Ltd. ("Dong Fang (Jin Zhou)"), associates of the Company, and 10% equity interest in Lianyungang Universal Special Purpose Vehicle Manufacturing Co., Ltd. ("Lianyungang"), available-for-sale investment of the Company, to Shanghai Universal at a consideration of approximately US$10,673,000. Shanghai Universal is the substantial shareholders of Dong Fang (Guang Zhou), Dong Fang (Jin Zhou) and Lianyungang. Interests in Dong Fang (Guang Zhou), Dong Fang (Jin Zhou) and Lianyungang are expected to be sold within twelve months, have been classified as assets held for sale.

Under the Share Transfer Agreements, the Company conditionally agreed to acquire from Shanghai Universal 20% equity interest in each of Hui Zhou Pacific Container Co., Ltd. and Ningbo Pacific Container Co., Ltd. at a consideration of approximately US$13,963,000. During the period, a deposit of US$2,785,000 was paid for the acquisition of these additional interests and the amount was classified as non-current assets accordingly.

12 TRADE PAYABLES

The following is an aging analysis of trade payables at the end of the reporting period:

	As at 30 June 2009 *US$'000*	As at 31 December 2008 *US$'000*
0 to 30 days	**7,923**	13,566
31 to 60 days	**4,276**	9,854
61 to 90 days	**3,000**	10,365
91 to 120 days	**1,780**	18,343
Over 120 days	**20,090**	34,542
	37,069	86,670

13 BILLS PAYABLE

The following is an aging analysis of bills payable at the end of the reporting period:

	As at 30 June 2009 *US$'000*	As at 31 December 2008 *US$'000*
0 to 30 days	**5,346**	6,746
31 to 60 days	**1,454**	1,732
61 to 90 days	**3,721**	7,992
91 to 120 days	**12,215**	552
Over 120 days	**2,555**	–
	25,291	17,022

14 DERIVATIVE FINANCIAL INSTRUMENTS

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

As at 30 June 2009, the Company has an outstanding derivative contract with notional amount of US$10.5 million (at 31 December 2008: US$13.5 million). The fair value of the swap contract as at 30 June 2009 was estimated at a liability of US$5,901,000 (at 31 December 2008: liability of US$13,000,000).

The fair value of the swap contract is determined by the management using a valuation technique to calculate the present value of estimated future cash flows, taking into account the applicable yield curves derived from quoted interest rates and their expected volatility; the spot and forward exchange rate; and with reference to valuation provided by the derivative financial instrument counterparty.

During the period ended 30 June 2008, the Company disposed of the majority of its swap derivative financial instruments with an aggregate notional amount of US$371.5 million to Strategic Times Limited ("STL"), a wholly owned subsidiary of Pacific International Lines (Private) Limited ("PIL"), a substantial shareholder of the Company, also the ultimate holding company of the Company, at a total consideration of net payment of US$120,000. The consideration as agreed by both parties was an approximate fair value with reference to the estimated unwinding value provided by the swap derivative financial instruments counterparty as at the date of disposal.

15 BANK BORROWINGS

During the period, the Group obtained new bank loans in the amount of US$82,682,000 (six months ended 30 June 2008: US$435,161,000) and repaid bank loans totalled US$254,196,000 (six months ended 30 June 2008: US$280,921,000). The loans carry interest at market rates and are repayable over a period of four years. The proceeds were used to finance the working capital of the Group during the period.

In respect of certain banking facilities with outstanding balance of US$72,500,000 at 31 December 2008, the Group was unable to meet the required interest coverage ratio stipulated under the respective facility agreements of these facilities. On discovery of this issue, the Directors informed the banks and commenced a renegotiation of the terms of the underlying facility agreements. As at 31 December 2008, those negotiations had not been concluded and the entire outstanding balance was then classified as current liabilities. This renegotiation was subsequently concluded with the relevant covenant term as at 31 December 2008 being amended by the banks in February 2009. The bank loans of US$72,500,000 was subsequently repaid in the current period.

16 SHARE CAPITAL

	Number of shares	Share Capital	
		US$'000	*HK$'000*
Ordinary shares of HK$0.10 each			
Authorised:			
At 1 January 2008, 30 June 2008 and 31 December 2008	1,000,000,000	12,843	100,000
Increase on 3 April 2009	2,000,000,000	25,806	200,000
At 30 June 2009	3,000,000,000	38,649	300,000
Issued and fully paid:			
At 1 January 2008 and 30 June 2008 and 31 December 2008	702,912,760	9,025	70,291
Issue of ordinary shares on rights issue	1,405,825,520	18,139	140,583
At 30 June 2009	2,108,738,280	27,164	210,874

On 3 April 2009, an ordinary resolution of the Company was passed to increase the authorised share capital of the Company from HK$100,000,000 to HK$300,000,000 by the creation of 2,000,000,000 new ordinary shares of HK$0.10 each. Such new shares shall rank pari passu in all respects with the existing shares of the Company.

On 29 April 2009, 1,405,825,520 ordinary shares were issued at HK$0.35 per share in relation to a rights issue transaction. The issuance of these new shares was approved by the independent shareholders of the Company at a general meeting held on 3 April 2009. These new shares rank pari passu with other shares in issue in all respects. The net proceeds from the rights issue were used to partially repay the Group's bank loans in order to save the Group's interest expenses and strengthen the Group's financial position.

17 SHARE-BASED PAYMENTS

The Company has a share option scheme for eligible Directors and employees of the Group. Details of the share options outstanding during the current period are as follows:

	Number of share options
Outstanding at 1 January 2008	20,000,000
Granted during the year	8,860,000
Forfeited during the year	(1,300,000)
Outstanding at 31 December 2008	27,560,000
Forfeited during the period	(420,000)
Adjusted during the period *(note)*	8,318,410
Outstanding at 30 June 2009	35,458,410

For the share options granted on 6 August 2008, the fair value of the options was determined at the date of grant using the Binomial option pricing model ranged from HK$0.53 to HK$0.72.

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

Closing share price at the date of grant	HK$1.83
Exercise price	HK$1.93
Vesting period:	
Tranche 1	from 6 August 2008 to 5 August 2009
Tranche 2	from 6 August 2008 to 5 August 2010
Tranche 3	from 6 August 2008 to 5 August 2011
Option life	10 years
Expected volatility	45%
Semi-annual dividend yield	2.8%
Risk-free interest rate	3.55%

For the share options granted on 28 June 2007, the fair value of the options was determined at the date of grant using the Binomial option pricing model ranged from HK$1.62 to HK$2.52.

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
Vesting period:	
Tranche 1	from 28 June 2007 to 27 June 2008
Tranche 2	from 28 June 2007 to 27 June 2009
Tranche 3	from 28 June 2007 to 27 June 2010
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.

Share option expense of US$929,000 (six months ended 30 June 2008: US$1,579,000) was recognised for the six months ended 30 June 2009.

Note: Immediate after the rights issue became unconditional, adjustments were made to the exercise price and the number of outstanding share options to subscribe for shares granted pursuant to the share option scheme.

17 SHARE-BASED PAYMENTS *(Continued)*

The following table sets out the adjustments on the share option scheme:

	Before adjustments		***After adjustments***	
Date of grant	*Exercise price of each option (HK$)*	*Number of share options*	*Exercise price of each option (HK$)*	*Number of share options*
28 June 2007	*5.14*	*18,400,000*	*3.93*	*24,039,600*
6 August 2008	*1.93*	*8,740,000*	*1.48*	*11,418,810*
Total number of options		*27,140,000*		*35,458,410*

18 CONTINGENT LIABILITIES

	As at 30 June 2009 ***US$'000***	As at 31 December 2008 *US$'000*
Guarantees given to bank, in respect of banking facilities granted to a jointly controlled entity:		
– amount guaranteed	**13,200**	13,000
– amount utilised	**5,123**	12,435

19 CAPITAL COMMITMENTS

	As at 30 June 2009 ***US$'000***	As at 31 December 2008 *US$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for	**1,402**	1,129
Capital expenditure in respect of acquisition of additional interests in subsidiaries contracted but not provided for	**11,178**	–
	12,580	1,129

20 RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June 2009 US$'000	30 June 2008 US$'000
Sales to a fellow subsidiary *(note)*	**1,070**	1,163
Sales to a related company *(note)*	**2,730**	3,404
Rental income received from a fellow subsidiary *(note)*	**30**	30

During the period ended 30 June 2008, the Company disposed of the majority of its swap derivative financial instruments with an aggregate notional amount of US$371.5 million to STL at a total consideration of net payments of US$120,000. The consideration as agreed by both parties was an approximate fair value with reference to the estimated unwinding value provided by the swap derivative financial instruments counterparty as at the date of disposal.

Note: The fellow subsidiaries are Pacific International Lines (China) Ltd. and PIL Logistics (China) Ltd. in which PIL has 100% effective interest. The related company is Pacific International Lines (H.K.) Limited, in which Messrs. Chang Yun Chung, Teo Siong Seng and Teo Tiou Seng, Directors have beneficial interests.

The balances with related parties are disclosed in the condensed consolidated statement of financial position. All trade balances with related parties are subject to normal credit terms of 30 days to 90 days.

Compensation of key management personnel

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

	Six months ended 30 June 2009 US$'000	30 June 2008 US$'000
Short-term benefits	**552**	651
Post-employment benefits	**15**	17
Share-based payments	**740**	1,207
	1,307	1,875

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

BUSINESS REVIEW

For the six months ended 30 June 2009, the Group reported consolidated revenue of US$99,460,000, a decrease of 86.9% compared to the corresponding period last year. A net loss of US$27,365,000 was reported for the period under review, against a consolidated net profit attributable to owners of the Company of US$13,569,000 for the same period last year. Loss per share amounted to US2.09 cents (1H2008: earnings per share US1.53 cents).

Last year's global financial crisis has had a serious impact on global trade at all levels. One of its major effects was rapid reduction in consumer spending around the world, and that in turn has affected cargo movements globally, including exports from the PRC. As one of the world's major manufacturers of containers, Singamas has been directly impacted by this knock-on effect. The Group's focus in the period under review was therefore on continuing its stringent cost controls, managing cash flow more efficiently, seeking further work process improvement and developing specialised container products that offer higher profit margins.

In line with the views of many analysts, the Group believes the worst of the economic turmoil to have passed, and expects to see markets stabilise and gradually improve in the near future.

MANUFACTURING

The Group's container manufacturing operation was scaled back in the period under review in response to the fall in global demand. Consolidated revenue for manufacturing amounted to US$80,846,000, representing 81.3% of the Group's total revenue for the period. By comparison with the US$18,736,000 profit before taxation and minority interests achieved in this period last year, this year the operation recorded a loss of US$35,935,000.

The Group has been quick to respond to the rapid downturn in global trade that began in the second half of last year. As previously reported, the Group reduced its manufacturing output by scaling back to a single production shift in the period under review, with the labour force being adjusted to suit. During the period, the Group continued its training and upgrading of its staff. At this stage, the Group is operating effectively with an essential basic labour force. Following these initiatives, overall production of containers was reduced by 94.8% to 18,243 twenty-foot equivalent units ("TEUs"), in line with reduced demand.

Raw materials costs (specifically Corten steel) began to fall in the fourth quarter of last year, but started rising again in April 2009. This two-way fluctuation has created relatively stable raw materials cost for the Group during the reporting period, but it expects steel cost to rise in the second half of the year.

Production of specialised containers, such as the Group's tank containers, was more stable than dry freight containers. Tank containers sold for an average of US$31,285 in the first half of the year, or around 15 times as much as the selling price of standard 20-foot dry freight containers (US$2,131), and they also provided a higher profit margin. In the period under review, the Group's specialised containers made up around 47.3% of its entire container production output and contributed over 64.9% of its overall manufacturing revenue, following cutbacks in the manufacture of dry freight containers. Demand for these containers was less affected by the global financial turmoil than demand for dry freight containers.

Currently, the Group is developing a specialised container prototype for the transportation of fresh seafood for a major Chinese state-owned enterprise, which promises to give a solid boost to its revenue for this sector. It is also developing a specialised trash container which holds great potential. The trash container offers a number of economic and environmental benefits for users. Able to compact trash with great efficiency, the container is also designed so that it does not leak and hence avoids harming the environment. The Group believes that with the growing importance of environmental protection, the trash containers have wide potential which will generate recurrent orders within the PRC.

The Group is currently developing container houses for two South Pacific Island States. The prototypes were completed at end of August 2009 with mass production expected to start in the fourth quarter of this year. This project is believed to have high potential as it provides a fast and economical housing solution for many countries or governments. The Group also intends to introduce this product to other countries.

BUSINESS REVIEW *(Continued)*

LOGISTICS SERVICES

Many of the world's largest container ports are situated in the PRC. The Group has container depots/terminals and mid-stream operations in some of these top container ports such as Shanghai, Hong Kong, Qingdao, Ningbo and Tianjin. In the period under review, these depots and terminals handled a total of 1,753,000 TEUs, a decrease of 30.9% compared to the same period last year. This downturn resulted directly from the continuing drop in global trade arising from the economic turmoil. However, with more idle containers moving to cheaper storage facilities in the PRC, the Group's revenue from storage of containers actually increased in the period under review.

Consequently, revenue fell slightly by 0.5% to US$18,614,000. Since the profit margin of storage service is lower than that of handling service, the increase in storage income could not make up for shortfall from the handling income, and as a result the Group recorded a decline in its before tax profit and minority interests for its logistics operations to US$4,314,000 (1H2008: US$6,336,000).

PROSPECTS

The unprecedented global turmoil over the past twelve months has directly affected the Group's revenues and profits, particularly because sales of new containers fell sharply. However, this situation is not seen as likely to go on indefinitely. In fact, already in the second half of 2009 there are signs of a gradual market recovery. China has recently increased the Value Added Tax rebate on exports and eased the conditions for trade financing, and this has helped stimulate trade and boost export demand. Analysts are expecting to see the PRC's export market slowly improve through the rest of the current year. The Group anticipates that, by 2010, the container demand should gradually return to normal.

In the meantime, the Group is taking steps to adjust to the new, tougher environment. One simple but effective strategy has been to produce even more customer tailored products. In the field of specialised containers, for example, the Group is branching out to design more such containers in collaboration with individual customers, creating a wider range of products and building up its reputation for offering tailored products to suit the needs of individual businesses.

Various capital projects planned or begun by the Group have been postponed due to the economic downturn. These delays are providing the Group with better control over its cash flow, and the projects will remain on hold until the market recovers. In addition, the Group is taking steps to minimise its purchasing costs by setting up a system to better utilise raw materials between its factories in order to avoid stockpiling of unused raw materials and duplication of raw materials across several plants.

The Group has responded very swiftly to the sudden economic turmoil that has swept the globe. Its prompt measures have minimized the severity of the crisis, and prepared it well for taking advantage of the recovery when it comes. As a result, management is confident that the Group will ride out the year effectively, and emerge as an even stronger company in the long run.

RIGHTS ISSUE

On 3 March 2009, the Company announced a proposal to raise approximately HK$492.0 million in gross proceeds by issuing not less than 1,405,825,520 rights shares ("Rights Shares") at the subscription price of HK$0.35 per Rights Share on the basis of two Rights Shares for every one existing share of the Company in issue (the "Rights Issue"). The Rights Issue was approved by the independent shareholders of the Company at a general meeting held on 3 April 2009 by way of poll.

As at 4:00 p.m. on Wednesday, 22 April 2009, being the latest time for payment and acceptance of the Rights Shares and the application and payment for the excess Rights Shares: (a) a total of 204 valid acceptances in respect of 1,353,564,066 Rights Shares provisionally allotted under the Rights Issue were received, representing 96.3% of the total number of the Rights Shares available under the Rights Issue; and (b) a total of 131 valid applications for 1,662,509,064 excess Rights Shares were received, representing approximately 118.2% of the total number of the Rights Shares available under the Rights Issue. In aggregate, a total of 335 valid acceptances and applications in respect of 3,016,073,130 Rights Shares, representing approximately 214.5% of the total number of the Rights Shares available under the Rights Issue, were received. Accordingly, the Rights Issue was over-subscribed.

RIGHTS ISSUE *(Continued)*

As all the conditions set out in the underwriting agreement dated 3 March 2009 ("Underwriting Agreement") entered into among the Company, PIL and DBS Asia Capital Limited (the "Underwriter") in relation to the Rights Issue were fulfilled and the Underwriting Agreement was not terminated by the Underwriter on or before 4:00 p.m. on Friday, 24 April 2009, the Underwriting Agreement became unconditional after 4:00 p.m. on that same day. Given that the Rights Issue was over-subscribed, the obligations of the Underwriter under the Underwriting Agreement had been fully discharged.

The Rights Shares, in fully-paid form, were allotted and issued on Wednesday, 29 April 2009 and the dealings of the Rights Shares, in fully-paid form, commenced on the Stock Exchange at 9:30 a.m. on Monday, 4 May 2009.

Immediate after the Rights Issue became unconditional, adjustments were made to the exercise price and number of outstanding share options to subscribe for shares of the Company ("Shares") granted pursuant to the share option scheme adopted by the Company on 1 June 2007 (the "Option Scheme").

The following table sets out the adjustments that were made:

	Before adjustments		**After adjustments**	
Date of grant	**Exercise price of each option** *(HK$)*	**Number of share options**	**Exercise price of each option** *(HK$)*	**Number of share options**
28 June 2007	5.14	18,400,000	3.93	24,039,600
6 August 2008	1.93	8,740,000	1.48	11,418,810
Total number of options		27,140,000		35,458, 410

INTERIM DIVIDEND

The Directors do not propose the payment of interim dividend for the six months ended 30 June 2009 (2008: HK4 cents per ordinary share was declared). The decision was made taking into consideration the needs of the Group in the prevailing uncertain business environment expected to linger for the remaining year.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim financial report for the six months ended 30 June 2009 ("Interim Report"). At the request of the Directors, the Group's external auditors have carried out a review of the Interim Report in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2009, the Group had bank balances and cash of US$82,810,000 (31 December 2008: US$153,647,000) and total interest-bearing borrowings of US$200,521,000 (31 December 2008: US$372,009,000). This represented a gearing ratio, calculated on the basis of the Group's total interest-bearing borrowings over equity attributable to owners of the Company, of 0.58 (31 December 2008: 1.21) 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 82,810,000) over equity attributable to owners of the Company, of 0.34 (31 December 2008: 0.71). The decrease in total interest-bearing borrowings was largely attributable to (1) lower working capital requirements as a result from the decline in production output; and (2) the Company used the proceeds raised by the Rights Issue to partially repay the interest-bearing borrowings in May 2009.

The financial economic turmoil continued from the second half of 2008 into 2009 and the market recovery is slower than expected. The global economic downturn adversely affected new dry freight container demand, which led to a drop in the Group's production output.

With losses incurred during the reporting period, the calculation of interest coverage ratio of the Group's profit before interest, tax, depreciation and amortisation (EBITDA) to total net interest expense for the six months ended 30 June 2009 was not relevant (2008: 3.56 times).

TREASURY POLICIES

The Group's treasury policies adopted for the six months ended 30 June 2009 are consistent with those disclosed in the Group's 2008 Annual Report.

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 30 June 2009, the maturity profile spread over a period of four years with US$195,032,000 repayable within one year and US$5,489,000 within four years. The Group's borrowings are principally on a floating rate basis. As at 30 June 2009, the Group has one derivative financial instrument outstanding with a notional amount of US$10.5 million. This remaining derivative financial instrument was initially entered into by the Company to manage the RMB exposure.

CHARGES ON ASSETS

As at 30 June 2009, no asset of the Group (31 December 2008: nil) was pledged as securities to any third parties.

CONTINGENT LIABILITIES

During the period, 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 30 June 2009, total amount of credit facilities of which guarantees were provided, utilised by the jointly controlled entity was US$5,123,000.

REMUNERATION POLICIES AND NUMBER OF EMPLOYEES

The remuneration policies adopted for the six months ended 30 June 2009 are consistent with those disclosed in the Group's 2008 Annual Report. As at 30 June 2009, the Group, including its subsidiaries but excluding associates and jointly controlled entities, employed 5,407 full-time employees.

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

As at 30 June 2009, the interests or short positions of the Directors in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director is taken or deemed to have under such provisions of the SFO); or which (b) were required pursuant to Section 352 of the SFO to be entered into the register maintained by the Company; or which (c) were required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

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

Name	Capacity	Number of Shares/ Underlying Shares Held: Personal Interest	Corporate Interest	Total Interest	Percentage of Issued Shares
Mr. Chang Yun Chung *(Notes 1 & 2)*	Beneficial Owner	1,110,525	944,292,534	945,403,059	44.83
Mr. Teo Siong Seng *(Note 3)*	Beneficial Owner	47,496,250	–	47,496,250	2.25

Notes:

(1) A total of 944,292,534 Shares are held by PIL in which Mr. Chang Yun Chung is interested, in aggregate, in 496,800,000 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 79,275,000 shares and corporate interests in 175,500,000 shares through South Pacific International Holdings Limited, a company in which he holds 1.87% of the issued share capital and 242,025,000 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, both of their interests in shares of PIL comprise personal interests in 3,600,000 shares and 2,400,000 shares respectively and representing 0.65% and 0.43% of the issued share capital of PIL.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

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

Notes: (Continued)

(2) The personal interest of Mr. Chang Yun Chung represents the interest in 1,110,525 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 36,391,000 Shares and interest in 11,105,250 underlying Shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".

(4) Other Directors do not hold any interests in the Company's securities, except for their interests in the 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.

(B) SHARE OPTIONS

Particulars of the Option Scheme are set out in note 17 to the condensed consolidated financial statements.

Movements of the share options under the Option Scheme during the period are as follows:

	Number of Share Options							
Name/Category of Participants	**As at 1 January 2009**	**Granted**	**Exercised**	**Lapsed**	**As at 30 June 2009** *(Note a)*	**Grant Date**	**Exercisable Period** *(Notes b & c)*	**Exercise Price** *HK$* *(Note a)*
Directors								
Chang Yun Chung	200,000	–	–	–	261,300	28/6/2007	28/6/2008-27/6/2017	3.93
	200,000	–	–	–	261,300	28/6/2007	28/6/2009-27/6/2017	3.93
	200,000	–	–	–	261,300	28/6/2007	28/6/2010-27/6/2017	3.93
	83,333	–	–	–	108,875	6/8/2008	6/8/2009-5/8/2018	1.48
	83,333	–	–	–	108,875	6/8/2008	6/8/2010-5/8/2018	1.48
	83,334	–	–	–	108,875	6/8/2008	6/8/2011-5/8/2018	1.48
	850,000	–	–	–	1,110,525			
Teo Siong Seng	2,000,000	–	–	–	2,613,000	28/6/2007	28/6/2008-27/6/2017	3.93
	2,000,000	–	–	–	2,613,000	28/6/2007	28/6/2009-27/6/2017	3.93
	2,000,000	–	–	–	2,613,000	28/6/2007	28/6/2010-27/6/2017	3.93
	833,333	–	–	–	1,088,750	6/8/2008	6/8/2009-5/8/2018	1.48
	833,333	–	–	–	1,088,750	6/8/2008	6/8/2010-5/8/2018	1.48
	833,334	–	–	–	1,088,750	6/8/2008	6/8/2011-5/8/2018	1.48
	8,500,000	–	–	–	11,105,250			
Hsueh Chao En	500,000	–	–	–	653,250	28/6/2007	28/6/2008-27/6/2017	3.93
	500,000	–	–	–	653,250	28/6/2007	28/6/2009-27/6/2017	3.93
	500,000	–	–	–	653,250	28/6/2007	28/6/2010-27/6/2017	3.93
	200,000	–	–	–	261,300	6/8/2008	6/8/2009-5/8/2018	1.48
	200,000	–	–	–	261,300	6/8/2008	6/8/2010-5/8/2018	1.48
	200,000	–	–	–	261,300	6/8/2008	6/8/2011-5/8/2018	1.48
	2,100,000	–	–	–	2,743,650			

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

(B) SHARE OPTIONS *(Continued)*

Name/Category of Participants	Number of Share Options: As at 1 January 2009	Granted	Exercised	Lapsed	As at 30 June 2009 *(Note a)*	Grant Date	Exercisable Period *(Notes b & c)*	Exercise Price HK$ *(Note a)*
Directors *(Continued)*								
Jin Xu Chu	400,000	–	–	–	522,600	28/6/2007	28/6/2008-27/6/2017	3.93
	400,000	–	–	–	522,600	28/6/2007	28/6/2009-27/6/2017	3.93
	400,000	–	–	–	522,600	28/6/2007	28/6/2010-27/6/2017	3.93
	166,666	–	–	–	217,750	6/8/2008	6/8/2009-5/8/2018	1.48
	166,667	–	–	–	217,750	6/8/2008	6/8/2010-5/8/2018	1.48
	166,667	–	–	–	217,750	6/8/2008	6/8/2011-5/8/2018	1.48
	1,700,000	–	–	–	2,221,050			
Teo Tiou Seng	100,000	–	–	–	130,650	28/6/2007	28/6/2008-27/6/2017	3.93
	100,000	–	–	–	130,650	28/6/2007	28/6/2009-27/6/2017	3.93
	100,000	–	–	–	130,650	28/6/2007	28/6/2010-27/6/2017	3.93
	40,000	–	–	–	52,260	6/8/2008	6/8/2009-5/8/2018	1.48
	40,000	–	–	–	52,260	6/8/2008	6/8/2010-5/8/2018	1.48
	40,000	–	–	–	52,260	6/8/2008	6/8/2011-5/8/2018	1.48
	420,000	–	–	–	548,730			
Kuan Kim Kin	100,000	–	–	–	130,650	28/6/2007	28/6/2008-27/6/2017	3.93
	100,000	–	–	–	130,650	28/6/2007	28/6/2009-27/6/2017	3.93
	100,000	–	–	–	130,650	28/6/2007	28/6/2010-27/6/2017	3.93
	40,000	–	–	–	52,260	6/8/2008	6/8/2009-5/8/2018	1.48
	40,000	–	–	–	52,260	6/8/2008	6/8/2010-5/8/2018	1.48
	40,000	–	–	–	52,260	6/8/2008	6/8/2011-5/8/2018	1.48
	420,000	–	–	–	548,730			
Ong Ka Thai	100,000	–	–	–	130,650	28/6/2007	28/6/2008-27/6/2017	3.93
	100,000	–	–	–	130,650	28/6/2007	28/6/2009-27/6/2017	3.93
	100,000	–	–	–	130,650	28/6/2007	28/6/2010-27/6/2017	3.93
	40,000	–	–	–	52,260	6/8/2008	6/8/2009-5/8/2018	1.48
	40,000	–	–	–	52,260	6/8/2008	6/8/2010-5/8/2018	1.48
	40,000	–	–	–	52,260	6/8/2008	6/8/2011-5/8/2018	1.48
	420,000	–	–	–	548,730			
Sub-total	14,410,000	–	–	–	18,826,665			
Employees *(Note e)* **In aggregate**								
	2,000,000	–	–	–	2,613,000	28/6/2007	28/6/2008-27/6/2017	3.93
	2,000,000	–	–	–	2,613,000	28/6/2007	28/6/2009-27/6/2017	3.93
	2,000,000	–	–	–	2,613,000	28/6/2007	28/6/2010-27/6/2017	3.93
	1,176,666	–	–	–	1,537,315	6/8/2008	6/8/2009-5/8/2018	1.48
	1,176,667	–	–	–	1,537,315	6/8/2008	6/8/2010-5/8/2018	1.48
	1,176,667	–	–	–	1,537,315	6/8/2008	6/8/2011-5/8/2018	1.48
Sub-total	9,530,000	–	–	–	12,450,945			

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

(B) SHARE OPTIONS *(Continued)*

Name/Category of Participants	As at 1 January 2009	Granted	Exercised	Lapsed	As at 30 June 2009 *(Note a)*	Grant Date	Exercisable Period *(Notes b & c)*	Exercise Price HK$ *(Note a)*
	Number of Share Options							
All other employees In aggregate								
	733,333	–	–	–	958,100	28/6/2007	28/6/2008-27/6/2017	3.93
	733,334	–	–	–	958,100	28/6/2007	28/6/2009-27/6/2017	3.93
	733,333	–	–	–	958,100	28/6/2007	28/6/2010-27/6/2017	3.93
	333,333	–	–	–	435,500	6/8/2008	6/8/2009-5/8/2018	1.48
	333,333	–	–	–	435,500	6/8/2008	6/8/2010-5/8/2018	1.48
	333,334	–	–	–	435,500	6/8/2008	6/8/2011-5/8/2018	1.48
Sub-total	3,200,000	–	–	–	4,180,800			
Total	27,140,000	–	–	–	35,458,410			

Notes:

(a) Immediate after the Rights Issue became unconditional, adjustments were made to the exercise price and the number of outstanding share options to subscribe for Shares granted pursuant to the Option Scheme.

(b) The share options with the exercise price of HK$3.93 are vested or to be vested and exercisable in three tranches on 28 June 2008, 2009 and 2010 respectively and up to 27 June 2017.

(c) The share options with the exercise price of HK$1.48 are vested or to be vested and exercisable in three tranches on 6 August 2009, 2010 and 2011 respectively and up to 5 August 2018.

(d) Mr. Ngan Man Kit, Alexander ("Mr. Ngan"), a former Director, resigned from office with effect from 1 January 2009. Pursuant to the Option Scheme, the unvested share options (320,000 shares) held by Mr. Ngan were lapsed on the date of his resignation, while the vested share options (100,000 shares) were lapsed one month after the date of his resignation.

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

Other than those disclosed in note 20 to the condensed 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 period or at any time during the period.

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

(B) SHARE OPTIONS *(Continued)*

Save as disclosed above, none of the Directors, had any other interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO); or which (b) were required pursuant to Section 352 of the SFO to be entered into the register maintained by the Company; or which (c) were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company or the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2009, according to the register kept by the Company pursuant to Section 336 of the SFO, and so far as was known to any Director or chief executive of the Company, 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**
Madam Lee Kheng Wah	*(1)*	–	945,403,059(L)#	44.83
PIL	*(2)*	944,292,534(L)#	–	44.78
Y.C. Chang & Sons Private Limited	*(3)*	–	944,292,534(L)#	44.78

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

Notes:

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

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

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

Save as disclosed above, there was no other persons known to the Directors, other than the Directors or chief executive of the Company, who, as at 30 June 2009, had an interest or short position in the Shares and underlying Shares in the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

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

CORPORATE GOVERNANCE PRACTICES

Save for the non-compliance with Rule 3.10(1) of the Listing Rules during January 2009 to April 2009, 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 Listing Rules and also adopted certain recommended best practices of the Code throughout the review period. The Code adopted for the six months ended 30 June 2009 are consistent with those disclosed and outlined in the Group's 2008 Annual Report.

Rule 3.10(1) of the Listing Rules requires that every board of directors of a listed issuer must include at least three independent non-executive directors. Mr. Ngan, who was an independent non-executive Director, was re-designated as executive Director on 15 October 2008. Following the re-designation of Mr. Ngan as executive Director on 15 October 2008, the number of independent non-executive directors of the Company fell to two, below the minimum number required under Rule 3.10(1) of the Listing Rules. On 1 May 2009, Mr. Lau Ho Man was appointed as an independent non-executive Director to fill the causal vacancy of Mr. Ngan.

STATEMENT OF DIRECTOR RESPONSIBILITIES FOR FINANCIAL STATEMENTS

All Directors acknowledge that they are responsible for overseeing the preparation of financial statements. In preparing the financial statements for the six months ended 30 June 2009, the Directors have selected suitable accounting policies and applied them consistently, adopted of all applicable new Hong Kong Financial Reporting Standards which are in conformity to the International Financial Reporting Standards, made judgements and estimates that are prudent and reasonable and prepared the accounts on the going concern basis.

COMPLIANCE WITH THE MODEL CODE

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

On Behalf of the Board
Chang Yun Chung
Chairman

As at the date of the Interim Report, the Board consists of:

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

Non-executive Director:
Mr. Kuan Kim Kin

Independent Non-executive Directors:
Mr. Lau Ho Man
Mr. Ong Ka Thai
Mr. Yang, Victor

Hong Kong, 3 September 2009