SINGAMAS

勝獅貨櫃企業有限公司
SINGAMAS CONTAINER HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

Stock code: 716

Websites: http://www.singamas.com and http://www.irasia.com/listco/hk/singamas

2010 ANNUAL RESULTS ANNOUNCEMENT

ANNUAL RESULTS

The Board of Directors (the "Board"/ "Directors") of Singamas Container Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Notes	**2010** *US$'000*	2009 *US$'000*
Revenue	2	**1,373,173**	274,647
Other income		**4,137**	1,945
Changes in inventories of finished goods and work in progress		**70,640**	(17,532)
Raw materials and consumables used		**(1,099,908)**	(191,775)
Allowance for write-down of inventory		**-**	(18,013)
Staff costs		**(89,359)**	(30,146)
Depreciation and amortisation expense		**(17,902)**	(16,352)
Exchange (loss) gain		**(4,806)**	2,587
Other expenses		**(114,188)**	(54,994)
Finance costs		**(11,503)**	(10,027)
Investment income		**1,350**	971
Changes in fair value of derivative financial instruments classified as held for trading		**(1,882)**	5,818
Share of results of associates		**569**	665
Share of results of jointly controlled entities		**6,940**	(6,813)
Profit (loss) before taxation		**117,261**	(59,019)
Income tax expense	4	**(14,467)**	(2,896)
Profit (loss) for the year		**102,794**	(61,915)
Other comprehensive income (expense)			
Exchange differences arising on translation		**2,181**	(39)
Total comprehensive income (expense) for the year		**104,975**	(61,954)
Profit (loss) for the year attributable to:			
Owners of the Company		**92,541**	(51,914)
Non-controlling interests		**10,253**	(10,001)
		102,794	(61,915)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**94,228**	(51,930)
Non-controlling interests		**10,747**	(10,024)
		104,975	(61,954)
Earnings (loss) per share	6		
Basic		**US3.84 cents**	US(2.97)cents
Diluted		**US3.84 cents**	US(2.97)cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Notes	**2010** **US$'000**	2009 US$'000
Non-current assets			
Property, plant and equipment	*7*	**186,179**	178,822
Patents		**336**	826
Goodwill		**5,280**	5,280
Interests in associates		**5,241**	4,887
Interests in jointly controlled entities		**27,634**	20,398
Available-for-sale investment		**1,614**	1,614
Prepaid lease payments		**64,389**	65,083
		290,673	276,910
Current assets			
Inventories	*8*	**260,424**	203,683
Trade receivables	*9*	**226,428**	91,698
Prepayments and other receivables	*10*	**230,498**	63,320
Amount due from ultimate holding company		**2,433**	-
Amounts due from fellow subsidiaries		**378**	306
Amount due from an associate		**-**	1
Amounts due from jointly controlled entities		**7,118**	5,791
Amount due from a related company		**525**	719
Tax recoverable		**2,028**	709
Prepaid lease payments		**1,506**	1,522
Bank balances and cash		**229,279**	92,533
		960,617	460,282

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2010

	Notes	2010 US$'000	2009 US$'000
Current liabilities			
Trade payables	11	**193,334**	55,207
Bills payable	12	**131,582**	33,233
Accruals and other payables		**97,934**	55,434
Amount due to ultimate holding company		**210**	190
Amounts due to associates		**2,683**	1,207
Amounts due to jointly controlled entities		**1,218**	1,135
Tax payable		**10,216**	809
Derivative financial instrument		**1,226**	2,600
Deferred payable		**86**	95
Bank borrowings		**297,778**	178,124
		736,267	328,034
Net current assets		**224,350**	132,248
Total assets less current liabilities		**515,023**	409,158
Capital and reserves			
Share capital	13	**31,084**	31,034
Share premium		**235,026**	234,087
Accumulated profits		**161,560**	72,694
Other reserves		**32,443**	26,669
Equity attributable to owners of the Company		**460,113**	364,484
Non-controlling interests		**48,454**	39,587
Total equity		**508,567**	404,071
Non-current liabilities			
Deferred payable		**853**	939
Bank borrowings		**3,730**	3,662
Deferred tax liabilities		**1,873**	486
		6,456	5,087
		515,023	409,158

Notes:

1. Significant accounting policies

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instrument, which is measured at fair value.

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("INTs") ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 2 (Amendments)	*Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (as revised in 2008)	*Business Combinations*
HKAS 27 (as revised in 2008)	*Consolidated and Separate Financial Statements*
HKAS 39 (Amendments)	*Eligible Hedged Items*
HKFRSs (Amendments)	*Improvements to HKFRSs issued in 2009*
HKFRSs (Amendments)	*Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008*
HK(IFRIC) – INT 17	*Distributions of Non-cash Assets Owners*
HKINT 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statement.

Amendments to HKAS 7 Statement of Cash Flows (as part of Improvements to HKFRSs issued in 2009)

The amendments to HKAS 7 specify that changes in ownership interests in a subsidiary that do not result in a loss of control, such as the subsequent purchase or sale by a parent of a subsidiary's equity instruments, are accounted for as equity transactions. Accordingly, the resulting cash flows are classified as financing activity. The application of the amendments to HKAS 7 has resulted in a change in the presentation of cash outflows in 2009. Specifically, the capital contributions in the acquisition of additional interests in subsidiaries paid in 2009 have been reclassified from investing to financing activities in the consolidated statement of cash flows for the year ended 31 December 2009.

HKFRS 3 (as revised in 2008) Business Combinations

HKFRS 3(as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

- *HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree.*

- *HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under this revised standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.*

- *HKFRS 3 (as revised in 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.*

- *HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.*

The adoption of HKFRS 3 (as revised in 2008) has had no material impact on the reported results or financial position of the Group for the current accounting period.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries, goodwill or gain on bargain purchase would be recognised representing 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. The identifiable assets, liabilities and contingent liabilities of the subsidiary at the time of the acquisition of additional interest continue to be carried at their then book value in the consolidated statement of financial position. The difference between the fair value of the net assets and the book value of the net assets attributable to the additional interest acquired is recognised as reserve. This reserve 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. For decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, this revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

In addition, under HKAS 27 (as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under this revised standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent.

The adoption of HKAS 27 (as revised in 2008) has had no material impact on the reported results or financial position of the Group for the current or prior accountings periods.

HKAS 28 (as revised in 2008) Investments in Associates

The principle adopted under HKAS 27 (as revised in 2008) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to HKAS 28. Therefore, when significant influence over an associate is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss. In addition, as part of Improvements to HKFRSs issued in 2010, HKAS 28 (as revised in 2008) has been amended to clarify that the consequential amendments to HKAS 28 in relation to transactions where the investor loses significant influence over an associate should be applied prospectively. The Group has applied the amendments to HKAS 28 (as revised in 2008) as part of Improvements to HKFRSs issued in 2010 in advance of their effective dates (annual periods beginning on or after 1 July 2010). The adoption of HKAS 28 (as revised in 2008) has had no material impact on the reported results or financial position of the Group for the current or prior accountings periods.

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases, and considered that the application of which had no material impact on the reported results or financial position of the Group for the current or prior accountings periods.

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HKINT 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HKINT 5 for the first time in the current year. HKINT 5 requires retrospective application.

In order to comply with the requirements set out in HKINT 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HKINT 5, term loans with a repayment on demand clause are classified as current liabilities.

The Group reassessed the repayment clauses of outstanding term loan as at 1 January 2009, 31 December 2009 and 31 December 2010, and considered that the application of which had no material impact on the reported results or financial position of the Group for the current or prior accountings periods.

New and revised Standards and Interpretations issued but not yet effective

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

HKFRSs (Amendments)	*Improvements to HKFRSs issued in 2010 except for the amendment to HKFRS 3 (as revised in 2008), HKFRS 7, HKAS 1 and HKAS 28*[1]
HKFRS 7 (Amendments)	*Disclosures – Transfers of Financial Assets*[3]
HKFRS 9	*Financial Instruments*[4]
HKAS 12 (Amendments)	*Deferred Tax: Recovery of Underlying Assets*[5]
HKAS 24 (as revised in 2009)	*Related Party Disclosures*[3]
HK(IFRIC) – INT 14 (Amendments)	*Prepayments of a Minimum Funding Requirement*[3]
HK(IFRIC) – INT 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]

[1] *Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate*
[2] *Effective for annual periods beginning on or after 1 July 2010*
[3] *Effective for annual periods beginning on or after 1 January 2011*
[4] *Effective for annual periods beginning on or after 1 January 2013*
[5] *Effective for annual periods beginning on or after 1 January 2012*

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- *Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.*

- *In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.*

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 and that the application of this new standard may impact on *the amounts reported in respect of the Group's available-for-sale investment, which is currently stated at cost less impairment and will be measured at fair value upon adoption.*

The Directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

2. Revenue

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

	2010	*2009*
	US$'000	*US$'000*
Manufacturing	***1,336,175***	*237,440*
Logistics services	***36,998***	*37,207*
	1,373,173	*274,647*

3. Segment information

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. These divisions are the basis on which the Group reports its segment information under HKFRS 8.

Principal activities are as follows:

Manufacturing	-	*manufacturing of marine dry freight containers, refrigerated containers, collapsible flatrack containers, tank containers, other specialised containers and container parts.*
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:

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

2010	***Manufacturing US$'000***	***Logistics services US$'000***	***Sub-total US$'000***	***Eliminations US$'000***	***Total US$'000***
REVENUE					
External sales	***1,336,175***	***36,998***	***1,373,173***	***-***	***1,373,173***
Inter-segment sales	***45***	***545***	***590***	***(590)***	***-***
Total	***1,336,220***	***37,543***	***1,373,763***	***(590)***	***1,373,173***
	Inter-segment sales are charged at prevailing market prices.				
SEGMENT RESULTS	***115,402***	***6,385***	***121,787***	***-***	***121,787***
Finance costs					***(11,503)***
Investment income					***1,350***
Changes in fair value of derivative financial instruments					***(1,882)***
Share of results of associates					***569***
Share of results of jointly controlled entities					***6,940***
Profit before taxation					***117,261***
Income tax expense					***(14,467)***
Profit for the year					***102,794***

2009	***Manufacturing US$'000***	***Logistics services US$'000***	***Sub-total US$'000***	***Eliminations US$'000***	***Total US$'000***
REVENUE					
External sales	*237,440*	*37,207*	*274,647*	*-*	*274,647*
Inter-segment sales	*39*	*209*	*248*	*(248)*	*-*
Total	*237,479*	*37,416*	*274,895*	*(248)*	*274,647*
	Inter-segment sales are charged at prevailing market prices.				
SEGMENT RESULTS	*(57,178)*	*7,545*	*(49,633)*	*-*	*(49,633)*
Finance costs					*(10,027)*
Investment income					*971*
Changes in fair value of derivative financial instruments					*5,818*
Share of results of associates					*665*
Share of results of jointly controlled entities					*(6,813)*
Loss before taxation					*(59,019)*
Income tax expense					*(2,896)*
Loss for the year					*(61,915)*

Segment results represent the profit earned or loss incurred 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.

Segment assets and liabilities

The following is an analysis of the Group's total assets and total liabilities by reportable segments:

2010	***Manufacturing US$'000***	***Logistics services US$'000***	***Total US$'000***
ASSETS			
Segment assets	***914,001***	***61,564***	***975,565***
Interests in associates			***5,241***
Interests in jointly controlled entities			***27,634***
Unallocated corporate assets			***242,850***
Consolidated total assets			***1,251,290***
LIABILITIES			
Segment liabilities	***408,874***	***14,915***	***423,789***
Unallocated corporate liabilities			***318,934***
Consolidated total liabilities			***742,723***
OTHER INFORMATION			
Additions of capital expenditure	***28,482***	***736***	***29,218***
Depreciation and amortisation	***13,994***	***3,908***	***17,902***
(Loss) gain on disposal of property, plant and equipment	***(424)***	***32***	***(392)***
Loss on property, plant and equipment written off	***1,695***	***5***	***1,700***

2009	***Manufacturing US$'000***	***Logistics services US$'000***	***Total US$'000***
ASSETS			
Segment assets	*545,547*	*65,406*	*610,953*
Interests in associates			*4,887*
Interests in jointly controlled entities			*20,398*
Unallocated corporate assets			*100,954*
Consolidated total assets			*737,192*
LIABILITIES			
Segment liabilities	*136,278*	*8,630*	*144,908*
Unallocated corporate liabilities			*188,213*
Consolidated total liabilities			*333,121*
OTHER INFORMATION			
Additions of capital expenditure	*2,754*	*2,962*	*5,716*
Depreciation and amortisation	*12,623*	*3,729*	*16,352*
Gain on disposal of property, plant and equipment	*144*	*5*	*149*
Allowance for write-down of inventory	*18,013*	*-*	*18,013*

The amounts included in other information are part of the reportable segments.

For the purposes of monitoring segment performances and allocating resources between segments:

- *all assets are allocated to reportable segments other than interests in associates, interests in jointly controlled entities and unallocated corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segments; and*

- *all liabilities are allocated to reportable segments other than current and deferred tax liabilities and unallocated corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.*

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services (after elimination of inter-segment sales):

	2010	2009
	US$'000	US$'000
Manufacturing:		
Dry freight containers	***1,075,704***	*95,985*
Refrigerated containers	***113,686***	*59,265*
Tank containers	***49,890***	*29,827*
Other specialised containers and container parts	***96,895***	*52,363*
Logistics services	***36,998***	*37,207*
	1,373,173	*274,647*

Geographical information

The Group's operations are located in Hong Kong, the People's Republic of China (the "PRC") and Thailand. The Group's manufacturing division is located in the PRC. 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	
	2010	2009
	US$'000	US$'000
United States of America	***563,788***	*85,904*
Europe	***266,475***	*63,089*
Hong Kong	***233,422***	*50,694*
PRC	***128,128***	*41,369*
South Korea	***60,599***	*12,707*
Others	***120,761***	*20,884*
	1,373,173	*274,647*

The following is an analysis of the carrying amount of segment assets and non-current assets, other than available-for-sale investment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		**Carrying amount of non-current assets other than available-for-sale investment**	
	2010	2009	**2010**	2009
	US$'000	US$'000	**US$'000**	US$'000
PRC	***932,822***	*583,527*	***282,189***	*264,098*
Hong Kong	***42,743***	*23,041*	***5,416***	*5,388*
Others	**-**	*4,385*	***1,454***	*5,810*
	975,565	*610,953*	***289,059***	*275,296*

Information about major customers

Revenues from customers contributing over 10% of the total sales of the Group are mainly derived from the manufacturing segment in both years. For the year 2010, there is one customer contributing over 10% of the total sales amounting to US$256,546,000. For the year 2009, there were two customers individually contributing over 10% of the total sales amounting to US$28,244,000 and US$27,579,000, respectively.

4. Income tax expense

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC in which the Group operates.

	2010 US$'000	2009 US$'000
Current tax:		
Hong Kong Profits Tax		
- Current year	***327***	*312*
Overseas taxation		
- Current year	***12,570***	*1,435*
- Prior years underprovision	***183***	*89*
	12,753	*1,524*
Deferred tax:		
Current year charge	***1,387***	*1,060*
Income tax expense for the year	***14,467***	*2,896*

5. *Dividends*

No dividends were paid or declared during the year (2009: Nil). The final dividend of HK8 cents (2009: Nil) per ordinary share, total of which equivalent to approximately US$24,745,000 (2009: Nil), has been proposed by the Directors and is subject to approval by the shareholders in forthcoming general meeting.

6. *Earnings (loss) per share*

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

	2010 US$'000	2009 US$'000
Earnings (loss):		
Earnings (loss) for the purposes of calculating basic and diluted earnings (loss) per share	***92,541***	*(51,914)*
Number of shares:		
Weighted average number of ordinary shares for the purposes of calculating basic earnings (loss) per share	***2,409,831,453***	*1,750,513,935*
Effect of dilutive potential ordinary shares for share options	***937,206***	*-*
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	***2,410,768,659***	*1,750,513,935*

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 had been included in the calculation of basic and diluted loss per share for the year ended 31 December 2009.

The computation of diluted loss per share for 2009 did not assume the exercise of the Company's outstanding share options as the exercise price of those share options is higher than the average market price of shares for 2009.

7. *Movements in property, plant and equipment*

During the year, the Group spent US$29,218,000 (2009: US$5,716,000) for upgrading its existing manufacturing and logistics services facilities.

8. *Inventories*

	2010 US$'000	2009 US$'000
Raw materials	***126,419***	*140,318*
Work in progress	***29,251***	*10,210*
Finished goods	***104,754***	*53,155*
	260,424	*203,683*

The entire carrying amounts of inventories as at 31 December 2010 and 2009 are expected to be recovered within the next twelve months.

9. *Trade receivables*

	2010	2009
	US$'000	*US$'000*
Trade receivables	***226,428***	*92,040*
Less : allowance for doubtful debts	***-***	*(342)*
Total trade receivables	***226,428***	*91,698*

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 (2009:30 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:

	2010	2009
	US$'000	*US$'000*
0 to 30 days	***141,590***	*60,058*
31 to 60 days	***55,949***	*17,614*
61 to 90 days	***16,890***	*3,487*
91 to 120 days	***6,761***	*3,912*
Over 120 days	***5,238***	*6,627*
	226,428	*91,698*

The Group assessed the credit quality of trade receivables based on historical default rates and the creditworthiness of the customers. An aggregate amount of US$199,432,000 was subsequently settled.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of US$26,984,000 (2009: US$21,337,000) 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 considered that the default risk is low. Accordingly, no impairment has been provided.

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

	2010	2009
	US$'000	*US$'000*
31 to 60 days	***7,198***	*8,858*
61 to 90 days	***7,813***	*3,058*
91 to 120 days	***6,749***	*3,545*
Over 120 days	***5,224***	*5,876*
	26,984	*21,337*

Movement in the allowance for doubtful debts:

	2010	2009
	US$'000	*US$'000*
Balance at the beginning of the year	***342***	*11*
Impairment losses recognised on receivables	***-***	*331*
Amounts written off as uncollectible	***(342)***	*-*
Balance at the end of the year	***-***	*342*

10. *Prepayments and other receivables*

As at 31 December 2010, the Group advanced US$164,867,000 (2009: US$30,952,000) to certain suppliers as deposits for raw material purchases, the entire amount is expected to be recovered within the next twelve months.

11. *Trade payables*

The aged analysis, based on the invoice date of each transaction, of trade payables at the end of the reporting period is as follows:

	2010	2009
	US$'000	US$'000
0 to 30 days	**92,716**	26,130
31 to 60 days	**49,031**	6,128
61 to 90 days	**25,051**	5,572
91 to 120 days	**18,163**	4,590
Over 120 days	**8,373**	12,787
	193,334	55,207

The average credit period on purchases of goods is 59 (2009: 56) days. The Group has financial risk management policies in place to ensure that all payables within the credit timeframe.

12. *Bills payable*

The aged analysis of bills payable at the end of the reporting period is as follows:

	2010	2009
	US$'000	US$'000
0 to 30 days	**60,221**	18,190
31 to 60 days	**36,938**	9,798
61 to 90 days	**29,549**	3,723
91 to 120 days	**-**	127
Over 120 days	**4,874**	1,395
	131,582	33,233

13. *Share capital*

	Number of shares		**Share Capital**			
	2010	2009	**2010**	**2010**	2009	2009
			US$'000	**HK$'000**	US$'000	HK$'000
Ordinary shares of HK$0.10 each						
Authorised:						
At beginning of the year	**3,000,000,000**	1,000,000,000	**38,649**	**300,000**	12,843	100,000
Increase on 3 April 2009 (note a)	**-**	2,000,000,000	**-**	**-**	25,806	200,000
At end of the year	**3,000,000,000**	3,000,000,000	**38,649**	**300,000**	38,649	300,000
Issued and fully paid:						
At beginning of the year	**2,408,738,280**	702,912,760	**31,034**	**240,874**	9,025	70,291
Exercise of share options (note b)	**3,874,000**	-	**50**	**387**	-	-
Issue of ordinary shares on rights issue (note c)	**-**	1,405,825,520	**-**	**-**	18,139	140,583
Issue of ordinary shares by private placement (note d)	**-**	300,000,000	**-**	**-**	3,870	30,000
At end of the year	**2,412,612,280**	2,408,738,280	**31,084**	**241,261**	31,034	240,874

Notes:

(a) 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.

(b) During the year, the Company issued and allotted 3,874,000 ordinary shares of HK$0.10 each upon exercise of share options. The exercise price of those share options exercised during the year was HK$1.48 per share. The new ordinary shares rank pari passu with all existing shares in all respects.

(c) 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 on the basis of two rights shares for every one existing share. The issuance of these new shares was approved by the independent shareholders of the Company at the extraordinary 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.

(d) On 18 November 2009, 300,000,000 ordinary shares were issued at HK$1.30 per share in relation to a share placement. The issue price of HK$1.30 per share representing a discount of approximately 14.47% to the closing market price of the Company's share on 17 November, 2009. These new shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 5 June 2009 and rank pari passu with other shares in issue in all respects. The net proceeds from the placement were used for existing and future business developments and as general working capital of the Group.

BUSINESS REVIEW

The Group recorded consolidated revenue of US$1,373,173,000 in the year under review, surging by 400% over the comparable figure for 2009. As a result, the Group achieved a record consolidated net profit of US$92,541,000 attributable to owners of the Company in 2010 against a net loss of US$51,914,000 recorded in 2009. Earnings per share amounted to US3.84 cents, as compared to a loss per share of US2.97 cents in 2009.

The Group's strong performance in 2010, following a difficult spell in 2009, is primarily attributable to an across-the-board turnaround in global trade as the world worked its way out of the financial crisis that struck in 2008. With higher levels of export trade especially from the PRC, came strong demand for new dry freight containers. We saw the beginnings of this turnaround in the second quarter of the year, and the second half has seen demand picked up significantly, filling the Group's order books. The Group's consolidated revenue rose by 400% over 2009, with the bulk of that rise occurring in the second half of the year. More importantly, rising container demand, higher selling prices and improved production efficiency lifted the Group's gross margins and operating margins, particularly for its dry freight containers.

Orders remain strong and show no signs of slowing; we are expecting current levels of demand to continue right into 2012 as global trading sentiment remains positive. The Group's position has been strengthened by the aftermath of 2009's financial crisis, when a number of small manufacturers were forced to close down. The resulting industry shake-up has seen the emergence of a new and better industry landscape.

For the coming year, we expect the main issue to be ensuring we have sufficient capacity to meet growing demand. We are happy to report the Group's acquisition of a large plot of land near Shanghai on which we intend to site two new factories. Once they become operational, from 2012, they should not only boost our manufacturing capacity, but will also bring us valuable new synergies and efficiencies.

Manufacturing

The year under review has proved a very good one for the Group's manufacturing business, with the early sign of good demand in the first half being followed up by an exceptional second half performance. Manufacturing revenue amounted to US$1,336,175,000, a sharp rise of 462.7% over last year's figure, and overall this segment contributed around 97.3% of the Group's total revenue in 2010 (2009: 86.5%). In terms of container production, its total container output for the year was 636,306 twenty-foot equivalent units ("TEUs"), compared with just 86,600 TEUs produced in 2009. Actual sales volume amounted to 612,132 TEUs (2009: 90,282 TEUs). The bulk of these were dry freight containers totalled 542,214 TEUs versus 69,918 TEUs of specialised containers. This ratio, of 88.6% dry freight against 11.4% specialised containers, saw the Group revert to a more normal situation than in 2009, when 41.7% of its container sales were for specialised containers.

Strong demand, rising raw material costs (especially Corten steel) and labour costs increased the average selling price of a 20-foot dry freight container gradually to around US$2,403 in the year under review. The improvements in revenue, margins, and container output were all factors that helped the Group's manufacturing business segment to achieve a profit before taxation and non-controlling interests of US$111,162,000 (2009: loss before taxation and non-controlling interests of US$66,734,000).

During the year, the Group's manufacturing business was operated with a total of eleven factories along all major coastal port cities in the PRC. In light of particularly strong demand in the Shanghai region, the Group looked closely at its resources in this area and recognised the need to expand its production capacity. In December 2010, it acquired a piece of land in Qidong of the Nantong City, right across from Chong Ming Island in Shanghai, alongside the Yangtze River. The land, which is excellently located with good river access, will be the site of two new factories planned by the Group. This land is also near to the Chongqi Bridge, which is connecting Qidong to Chong Ming Island and is expected to complete by mid-2011. The driving time from Qidong to Shanghai will only be one hour after completion of this bridge. Further details of construction plans and expansion of production capabilities are discussed in the 'Prospects' section below.

Logistics Services

Through its ownership of a network of container depots and terminals and mid-stream operations along the coast of the PRC and in Hong Kong, the Group is able to offer its clients a wide range of logistics services that help to simplify and streamline the operation of storage, handling, repairs and trucking that arise with container ownership. Historically, when global trade is strong and new container demand is high, the Group's logistics services tend to be in lower demand because there are far fewer idle containers requiring storage. Such has been the case in 2010, a slower year for this segment after last year's surge in idle containers due to the downturn in global trade. Year on year, therefore, the Group's logistics services segment has experienced a fall in storage business which is to be expected and, from the Group's point of view, is quite acceptable when set against the big rise in its manufacturing business.

During 2010, although handling volume of the Group's logistics services segment increased by 9.6% from around 3,576,000 TEUs of 2009 to 3,921,000 TEUs, its daily storage volume dropped significantly by 38.7% from around 168,000 TEUs to 103,000 TEUs. Overall, the Group's logistics services segment generated revenue of US$36,998,000, a fall of 0.6% from the 2009's revenue of US$37,207,000. As the operating costs of this segment's storage business are largely fixed costs, the significant drop in storage revenue affected this segment's profitability. As a result, profit before taxation and non-controlling interests fell to US$6,099,000, from US$7,715,000 in 2009.

PROSPECTS

There was virtually no new container order for 1.5 years from mid-2008 to end of 2009 and about 1.5 million TEUs of old containers were sold during this period. As the global economy has been gradually reviving, we have witnessed improving global trade throughout 2010 accompanied by a significant rise in the PRC exports. With this trend well underway, demand for new containers is expected to rise further and remain high throughout 2011. The shortage of containers happened in 2010 is expected to continue into 2012. Accordingly, many existing old containers could not be replaced as these containers would be required to meet the rising trade. Also many container owners have postponed the replacement of their old containers due to the economic downturn from mid-2008 to the end of 2009. The container industry is thus expecting a further boost of momentum in 2012 when replacement demand is expected to resume.

With analysts predicting global demand for over 3 million TEUs of containers in 2011, a priority for the Group has been to assure its ability to meet the requirements of existing and new customers, especially in high growth areas such as the Shanghai region. Shanghai Pacific International Container Co., Ltd. ("Shanghai Pacific") was one of the Group's two dry freight container factories in Shanghai. In 2007, it was requested by the local government to relocate the factory to further North of Jiading District, Shanghai. As part of the Group's long term objective to enlarge its product range, the Group decided to upgrade the dry freight factory operated by Shanghai Pacific into producing tank containers at its new location. The plant relocation was completed in December 2010 resulting in less production capacity for dry freight containers in the Shanghai area starting from 2011. Also, the Group's refrigerated container factory in Shanghai though has increased her production capacity, may have problem meeting the increasing demand in future.

The Group is expanding the production capacity of its other dry freight container factories in Shanghai and nearby area but in view of the strong demand, other capacity expansion plan is underway.

In a major proactive step to transform the situation, in December 2010 the Group acquired a large plot of land in Qidong, with the intention of building two adjacent environmentally friendly and energy saving container factories on the site. The site, being located near to the Chongqi Bridge, represents a rare opportunity to acquire prime riverfront land in close proximity to Shanghai. The first factory to be built could produce both dry freight and specialised containers, and we expect this factory to commence operation in the first half of 2012. Phase two of the project will involve the construction of an environmentally friendly refrigerated container factory that could meet the international requirements next door, with planned completion being some six months later, by end of 2012. This Qidong project could increase the Group's production capacity to meet the rising container demand and at the same time, in response to the shifting of the industrial centres to the inland of the PRC, the location of these two new factories could take advantage of the Yangtze River to satisfy the container demand in the Central and Western PRC, maintaining the Group's competitiveness in the region.

Apart from meeting capacity, the new factories will benefit from many synergies, such as shared facilities, streamlined management, improved logistics, and valuable economies of scale. A terminal will be built that will serve both facilities and transport costs are expected to be significantly lowered, helping improve margins.

Apart from this major new project, we are expecting our current capacity at other sites to be sufficient to cope with the upswing in demand, and will be focusing on ensuring our operations remain efficient and our products continue to meet the quality expectations of our customers. The trend in prices for both raw materials and labour remains upward, and consequently we expect container prices to rise gradually in the coming year to reflect both increased production costs and heightened demand.

In summary, the business outlook is good and the Company, after riding out a tough year in 2009, is once again doing what it does best and looking forward to a robust and active year ahead. Barring any unexpected global events, the year of 2011 should be a very positive one for the Group, and its Qidong project represents a further positive development for the medium term. The Group will continue to look out for opportunities for business co-operation that might enable it to further enhance its services, in particular by expanding its product range.

DIVIDENDS

In line with its consistent policy of paying dividends when profitable, the Board has proposed to pay a dividend of HK8 cents per ordinary share (2009: nil) for the year ended 31 December 2010 to members whose names appear on the register of members of the Company on Monday, 30 May 2011. The annual dividend payout ratio remains at a stable level of around 26.7%. Subject to approval at the forthcoming annual general meeting, the proposed final dividend will be paid to shareholders on or before 31 July, 2011.

The register of members of the Company will be closed from Wednesday, 25 May 2011 to Monday, 30 May 2011, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for this final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration by not later than 4:30 p.m. on Tuesday, 24 May 2011.

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 annual financial statements for the year ended 31 December 2010 ("Annual Report"). During the year under review, the Committee met four times.

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 year.

TRANSFER TO RESERVES

Pursuant to the legal requirements in the PRC and the appropriation agreed in the subsidiaries, associates and jointly controlled entities, aggregate amounts of US$2,521,000 and US$1,162,000 have been transferred to general reserve and development reserve of the Group, respectively during the year.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2010 as set out in this preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERANCE PRACTICES

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 on The Stock Exchange of Hong Kong Limited ("Listing Rules") and also adopted certain recommended best practices of the Code throughout the year.

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 as the code of conduct regarding Directors' securities transactions. Having made specific enquiry of the Directors, all of the Directors have complied with, for any part of the accounting period covered by the Annual Report, the required standard set out in the Model Code.

On Behalf of the Board
Chang Yun Chung
Chairman

Hong Kong, 9 March 2011

The Directors as at the date of this announcement are Mr. Chang Yun Chung (also known as Mr. Teo Woon Tiong), Mr. Teo Siong Seng, Mr. Hsueh Chao En and Mr. Teo Tiou Seng as executive Directors, Mr. Jin Xu Chu and Mr. Kuan Kim Kin as non-executive Directors and Mr. Lau Ho Kit, Ivan, Mr. Lau Ho Man, Mr. Ong Ka Thai and Mr. Yang, Victor as independent non-executive Directors.