SINGAMAS

SINGAMAS CONTAINER HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

Stock code: 716

Websites: http://www.singamas.com, http://www.irasia.com/listco/hk/singamas and http://www.quamir.com/quamir/ircompanydetail.action?coId=617&isIr=Y

2009 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS

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

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	2	**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	7	**(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	3	**(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	5		
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	6	**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		**2,785**	-
		285,141	289,137
Current assets			
Inventories	7	**261,881**	300,441
Trade receivables	8	**36,416**	94,706
Prepayments and other receivables	9	**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		**7,425**	7,425
		436,544	617,946
Current liabilities			
Trade payables	10	**37,069**	86,670
Accruals and other payables		**55,429**	46,887
Bills payable	11	**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		**5,901**	13,000
Deferred payable		**165**	165
Bank borrowings		**195,032**	346,522
		320,499	515,227
Net current assets		**116,045**	102,719
Total assets less current liabilities		**401,186**	391,856

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2009

	Notes	**As at 30 June 2009 (unaudited) US$'000**	As at 31 December 2008 (audited) US$'000
Capital and reserves			
Share capital	*12*	**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		**5,489**	25,487
Deferred tax liabilities		**394**	-
		7,528	27,132
		401,186	391,856

Notes:

1. 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 Hong Kong Institute of Certified Public Accountants ("HKICPA"), which 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 2), 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	*Transfer 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 1January 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 or revised standards, amendments or interpretations will not have any material impact on the results and financial position of the Group.

2. *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 result***	
	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 result represents 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.

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

3. *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

4. *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.

5. (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.

6. 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.

7. 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.

8. 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

9. 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.

10. 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

11. 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

12. 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. The 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.

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 People's Republic of China ("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.

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.

As all the conditions set out in the underwriting agreement dated 3 March 2009 ("Underwriting Agreement") entered into among the Company, Pacific International Lines (Private) Limited 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 of Hong Kong Limited (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 granted pursuant to the share option scheme adopted by the Company on 1 June 2007.

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 statements 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 Engagement 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

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

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

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$66,000 and US$20,000 have been transferred to general reserve and development reserve of the Group, respectively during the period.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERANCE PRACTICES

Save for the non-compliance with Rule 3.10(1) of the Rules Governing the Listing of Securities on the Stock Exchange (“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 corporate governance practices 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 Man Kit, Alexander ("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.

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 Interim Report, the required standard set out in the Model Code.

On Behalf of the Board
Chang Yun Chung
Chairman

Hong Kong, 3 September 2009

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, Mr. Jin Xu Chu and Mr. Teo Tiou Seng as executive Directors, Mr. Kuan Kim Kin as non-executive Director and Mr. Lau Ho Man, Mr. Ong Ka Thai and Mr. Yang, Victor as independent non-executive Directors.