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 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS

The Board of Directors (the "Directors") of Singamas Container Holdings Limited (the "Company") 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 2010 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

		Six months ended 30 June	
		2010	2009
		(unaudited)	(unaudited)
	Notes	***US$'000***	*US$'000*
Revenue	*2*	**488,406**	99,460
Other income		**668**	950
Changes in inventories of finished goods and work in progress		**(1,844)**	(13,633)
Raw materials and consumables used		**(386,928)**	(54,620)
Allowance for write-down of inventory	*7*	**-**	(12,368)
Staff costs		**(29,498)**	(13,857)
Depreciation and amortisation expense		**(8,859)**	(8,389)
Exchange gain		**407**	570
Other expenses		**(42,867)**	(24,814)
Finance costs		**(4,806)**	(6,506)
Investment income		**363**	376
Changes in fair value of derivative financial instruments classified as held for trading		**(1,683)**	4,512
Share of results of associates		**199**	265
Share of results of jointly controlled entities		**884**	(3,567)
Profit (loss) before taxation		**14,442**	(31,621)
Income tax expense	*3*	**(1,469)**	(1,384)
Profit (loss) for the period		**12,973**	(33,005)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*
For the six months ended 30 June 2010

		Six months ended 30 June	
		2010	2009
		(unaudited)	(unaudited)
	Notes	***US$'000***	*US$'000*
Other comprehensive income			
Exchange differences arising on translation		**317**	15
Other comprehensive income for the period		**317**	15
Total comprehensive income (expense) for the period		**13,290**	(32,990)
Profit (loss) for the period attributable to:			
Owners of the Company		**10,192**	(27,365)
Non-controlling interests		**2,781**	(5,640)
		12,973	(33,005)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**10,449**	(27,350)
Non-controlling interests		**2,841**	(5,640)
		13,290	(32,990)
Earnings (loss) per share	*5*		
Basic and Diluted		**US0.42cent**	US(2.09)cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Notes	**As at 30 June 2010 (unaudited) *US$'000***	As at 31 December 2009 (audited) *US$'000*
Non-current assets			
Property, plant and equipment	*6*	**183,737**	178,822
Patents		**582**	826
Goodwill		**5,280**	5,280
Interests in associates		**5,107**	4,887
Interests in jointly controlled entities		**21,269**	20,398
Available-for-sale investments		**1,614**	1,614
Prepaid lease payments		**64,584**	65,083
		282,173	276,910
Current assets			
Inventories	*7*	**237,196**	203,683
Trade receivables	*8*	**283,290**	91,698
Prepayments and other receivables	*9*	**199,794**	63,320
Amounts due from fellow subsidiaries		**738**	306
Amounts due from associates		**-**	1
Amounts due from jointly controlled entities		**8,212**	5,791
Amount due from a related company		**1,570**	719
Tax recoverable		**656**	709
Prepaid lease payments		**1,493**	1,522
Bank balances and cash		**120,976**	92,533
		853,925	460,282
Current liabilities			
Trade payables	*10*	**149,143**	55,207
Accruals and other payables	*11*	**105,581**	55,434
Bills payable	*12*	**87,692**	33,233
Amount due to ultimate holding company		**203**	190
Amounts due to associates		**3,622**	1,207
Amounts due to jointly controlled entities		**2,279**	1,135
Tax payable		**1,436**	809
Derivative financial instruments		**3,851**	2,600
Deferred payable		**95**	95
Bank borrowings		**360,535**	178,124
		714,437	328,034
Net current assets		**139,488**	132,248
Total assets less current liabilities		**421,661**	409,158
		=========	=========

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2010

	Notes	As at 30 June 2010 (unaudited) US$'000	As at 31 December 2009 (audited) US$'000
Capital and reserves			
Share capital	*13*	**31,034**	31,034
Share premium		**234,087**	234,087
Accumulated profits		**82,567**	72,694
Other reserves		**27,643**	26,669
Equity attributable to owners of the Company		**375,331**	364,484
Non-controlling interests		**40,569**	39,587
Total equity		**415,900**	404,071
Non-current liabilities			
Deferred payable		**939**	939
Bank borrowings		**4,285**	3,662
Deferred tax liabilities		**537**	486
		5,761	5,087
		421,661	409,158

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.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except as described below.

In the current period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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 amendment 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 condensed consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires 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 amendment to HKAS 17 Lease, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of these leases, and considered that the application of which had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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)	*Improvements to HKFRSs issued in 2010*[1]
HKAS 24 (Revised)	*Related Party Disclosures*[3]
HKFRS 1 (Amendment)	*Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[2]
HKFRS 9	*Financial Instruments*[4]
HK(IFRIC) – Int 14 (Amendment)	*Prepayments of a Minimum Funding Requirments*[3]
HK(IFRIC) – Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]

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

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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

2. Revenue and Segment information

The Group's operating segments, based on information reported to the Group's chief operating decision maker (i.e. Chief Executive Officer) for the purposes of resource allocation and performance assessment are organised into two operating divisions - manufacturing and logistics services.

Principal activities are as follows:

Manufacturing	-	*manufacturing of a wide range of products, including 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:

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			
	2010	*2009*	***2010***	*2009*
	US$'000	*US$'000*	***US$'000***	*US$'000*
Manufacturing	***471,438***	*80,866*	***16,208***	*(30,524)*
Logistics services	***17,103***	*18,743*	***3,277***	*3,823*
	488,541	*99,609*	***19,485***	*(26,701)*
Inter-segment sales (Note)	***(135)***	*(149)*	***-***	*-*
Total	***488,406***	*99,460*	***19,485***	*(26,701)*
Finance costs			***(4,806)***	*(6,506)*
Investment income			***363***	*376*
Changes in fair value of derivative financial instruments classified as held for trading			***(1,683)***	*4,512*
Share of results of associates			***199***	*265*
Share of results of jointly controlled entities			***884***	*(3,567)*
Profit (loss) before taxation			***14,442***	*(31,621)*
Income tax expense			***(1,469)***	*(1,384)*
Profit (loss) for the period			***12,973***	*(33,005)*

Note: Inter-segment sales are charged at prevailing market prices.

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 classified as held for trading, 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 2010 US$'000	As at 31 December 2009 US$'000
Manufacturing	**914,820**	545,547
Logistics services	**62,753**	65,406
Total segment assets	**977,573**	610,953
Interests in associates	**5,107**	4,887
Interests in jointly controlled entities	**21,269**	20,398
Corporate assets	**132,149**	100,954
Consolidated total assets	**1,136,098**	737,192

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to operating segments other than interests in associates, interests in jointly controlled entities and unallocated corporate assets. Assets used jointly by operating segments are allocated on the basis of the revenue earned by individual operating segments.

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 2009: 16.5%) for the six months ended 30 June 2010.

Taxation on overseas operations is calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the People's Republic of China (the "PRC") in which the Group operates.

	Six months ended	
	30 June 2010 US$'000	30 June 2009 US$'000
Current tax:		
Hong Kong Profits Tax	**67**	196
Overseas taxation	**1,351**	220
	1,418	416
Deferred tax:		
Current period	**51**	968
	1,469	1,384

4. Dividends

No dividends were paid, declared or proposed during the period (2009: Nil). The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010 and 2009.

5. Earnings (loss) per share

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

	Six months ended	
	30 June 2010 US$'000	*30 June 2009 US$'000*
Earnings (loss):		
Earnings (loss) for the purposes of calculating basic and diluted earnings (loss) per share	***10,192***	*(27,365)*
Number of shares:		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings (loss) per share	***2,408,738,280***	*1,306,684,042*

The computation of diluted earnings (loss) per share for both 2010 and 2009 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 respective interim periods.

6. Movements in property, plant and equipment

During the period, the Group spent US$12,949,000 (six months ended 30 June 2009: US$5,805,000) to upgrade its manufacturing and logistics services facilities.

7. Inventories

	As at 30 June 2010 US$'000	*As at 31 December 2009 US$'000*
Raw materials	***175,675***	*140,318*
Work in progress	***23,561***	*10,210*
Finished goods	***37,960***	*53,155*
	237,196	*203,683*

The cost of sales recognised during the period included US$447,476,000 of costs of finished goods sold.

For the six months ended 30 June 2009, the cost of sales recognised included US$91,494,000 of costs of finished goods sold and US$12,368,000 of 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 (31 December 2009: 30 days to 120 days).

The aging 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 2010 US$'000	*As at 31 December 2009 US$'000*
0 to 30 days	***143,060***	*60,058*
31 to 60 days	***77,388***	*17,614*
61 to 90 days	***39,486***	*3,487*
91 to 120 days	***5,511***	*3,912*
Over 120 days	***17,845***	*6,627*
	283,290	*91,698*

9. Prepayments and other receivables

At 30 June 2010, the Group advanced US$144,476,000 (31 December 2009: US$30,952,000) to certain suppliers as deposits for raw materials purchases.

10. Trade payables

The following is an aging analysis of trade payables, which is prepared based on invoice date of each transaction, at the end of the reporting period:

	As at 30 June 2010 US$'000	*As at 31 December 2009 US$'000*
0 to 30 days	***77,467***	*26,130*
31 to 60 days	***31,202***	*6,128*
61 to 90 days	***17,415***	*5,572*
91 to 120 days	***10,330***	*4,590*
Over 120 days	***12,729***	*12,787*
	149,143	*55,207*

11. Accruals and other payables

At 30 June 2010, the Group received US$67,149,000 (31 December 2009: US$38,269,000) from certain customers as container sales deposits.

12. *Bills payable*

The following is an aging analysis of bills payable, which is prepared based on invoice date of each transaction, at the end of the reporting period:

	As at 30 June 2010 US$'000	As at 31 December 2009 US$'000
0 to 30 days	**32,037**	18,190
31 to 60 days	**23,969**	9,798
61 to 90 days	**27,048**	3,723
91 to 120 days	**1,594**	127
Over 120 days	**3,044**	1,395
	87,692	33,233

13. *Share capital*

	Number of shares	Share Capital US$'000	HK$'000
Ordinary shares of HK$0.10 each			
Authorised:			
At 1 January 2009	1,000,000,000	12,843	100,000
Increase on 3 April 2009 (Note a)	2,000,000,000	25,806	200,000
At 30 June 2009, 31 December 2009 and 30 June 2010	3,000,000,000	38,649	300,000
Issued and fully paid:			
At 1 January 2009	702,912,760	9,025	70,291
Issue of ordinary shares on rights issue (Note b)	1,405,825,520	18,139	140,583
At 30 June 2009	2,108,738,280	27,164	210,874
Issue of ordinary shares by private placement (Note c)	300,000,000	3,870	30,000
At 31 December 2009 and 30 June 2010	2,408,738,280	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) 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.

(c) 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 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 for the Group.

BUSINESS REVIEW

For the six months ended 30 June 2010, the Group's consolidated revenue amounted to US$488,406,000, a significant rise of 391.1% over the revenue of US$99,460,000 obtained in the comparable period last year. The Group also achieved a consolidated net profit of US$10,192,000 attributable to owners of the Company, against a net loss of US$27,365,000 for the same period in 2009. Taking into account the diluting effect of the Group's share placement and rights issue last year, earnings per share amounted to US0.42 cent (1H2009: loss per share US2.09 cents).

Positive results were primarily due to increase in new container demand and improved selling prices, following a recovery of the world economy and turnaround in the global export trading activities. In addition, last year's share placement and rights issue have strengthened the Group's financial position. These two fund-raising exercises provided the Group with additional working capital, helped it to reduce gearing level, and significantly improved its flexibility in banking and loan arrangements. Currently the Group enjoys a healthy financial position with a net gearing ratio of 65.0%.

The Group does not intend to declare an interim dividend and that the profit for the period be retained to finance the Group's rising working capital requirements as a result of growing new container demand. However, the Group remains committed to its policy of aiming at an annual dividend payout ratio of 25%-30%, and expects to declare an appropriate dividend at year end.

MANUFACTURING

By comparison with the same period last year, the Group's manufacturing operations have done exceptionally well in the past six months. From August 2008 up to end of 2009, there was no new container order in large quantity. On the other hand, the global trading environment has improved since the end of 2009. All these factors have led directly to an increase in new container demand. When the financial crisis hit in 2008-09, demand for new containers dropped dramatically. Now that demand is on the rise, the Group is in an ideal position to gain market share.

The Group's manufacturing segment has returned to profitability during the reporting period mainly due to strong container demand, higher selling prices, improved production efficiency and enhanced profit margins. The segment achieved profit before taxation and non-controlling interests of US$11,462,000, against a loss in the 2009 interim period of US$35,935,000. In total, the manufacturing segment contributed 96.5% of the Group's revenues in the period under review (1H2009: 81.3%), and achieved a total production output of 230,666 twenty-foot equivalent units ("TEUs") (1H2009:18,243 TEUs) and a total sales volume of 236,190 TEUs (1H2009: 23,613 TEUs).

The average selling price of a 20-foot dry freight container in the review period has increased to US$2,155, 8.5% higher than the 2009 full year's average of US$1,986, mainly due to growing container demand and higher raw material costs. Raw materials, comprising mainly Corten steel and floorboards, have experienced good demand which has pushed prices gradually upwards. However, with the recent measures implemented by the PRC government to control fixed assets spending, Corten steel prices have been stabilised since June of this year.

In the fourth quarter of 2008, when the global export trade was severely depressed, the Group cut back on its production capacity and retrenched more than half of its workers. With the global export trade and demand for dry freight containers bouncing back, the Group started hiring and training workers in late February 2010 after the Chinese New Year holiday, to ramp up its production capacity. As a result of the strong recovery of dry freight container demand, the Group's revenue breakdown between dry freight and specialised containers has shifted markedly in the period compared with last year, to 81.2% dry freight and 18.8% specialised from 34.1% dry freight and 65.9% specialised in the first six months of 2009.

Although the Group has focused on capturing the swell of demand for dry freight containers in the period under review, it has not neglected its strengths in the development and production of specialised containers, which command higher selling prices and profit margins. It continued to develop new products for customers. Its key specialised products, which include refrigerated containers, tank containers, fresh seafood containers, Complete Knock Down (CKD) container houses and environmentally-friendly trash containers, are well on track.

LOGISTICS SERVICES

The Group owns and operates container depots/terminals and mid-stream operations along the major coastal cities in the PRC and Hong Kong. In the period under review, the high demand for containers and the upswing in global container traffic resulted in there being historically low levels of idle containers in the PRC. This meant an inevitable drop in revenue for this segment, as storage revenue for empty containers fell. By comparison with the same period in 2009, revenue from logistics decreased by 8.8% and profit before taxation and non-controlling interests by 30.9% (2009: US$18,614,000 and US$4,314,000 respectively). Despite such falls, lower storage revenue means cargo traffic was busy, the downturn in its logistics business is a situation that the Group is quite satisfied with.

PROSPECTS

The past few months have seen evidence of a dramatic upturn in global demand for new containers that is expected to continue in the near future. One of the clearest indicators is the fact that the number of idle containers in the PRC currently stands at a historic low of below one million TEUs, against a norm of around two and a half million TEUs and the utilisation of container leasing companies is very high. With higher demand from exporters for new containers and fewer container manufacturers available to meet demand, the Group is well-placed to capture the rising container demand, and expects to see better container selling prices in the near term.

In addition to economic improvements, the process of replacing old containers looks set to provide a boost for the Group. This is because container replacement has virtually ceased in the past two years in line with the global economic downturn. Currently, replacement rates are exceptionally low as most old containers are used to cope with the prevailing container shortage situation. Since containers have limited working lives, the Group expects container replacement to resume in later part of 2011 with the replacement rates expected to at least return to normal levels of 5% to 7% per annum. Besides, about 1.5 million TEUs of old containers were sold from mid-2008 to end of 2009 during the financial crisis which are required to be replaced in the near term.

The Group also expects raw materials prices to remain relatively stable over coming months. Steel prices may drift upwards due to recent rises in the price of iron ore, but should be kept in check by the PRC government's control measures. The Group continues to employ the cost-plus strategy, passing any increased costs in raw materials directly on to customers as they arise.

The Group's focus in the coming six months will be on fully capturing the upswing in demand for dry freight containers. It will however continue to invest in R&D for specialised containers, and explore new materials and container types for future development. It will also pursue any business opportunities likely to expand its business, whether by M&A or strategic alliances.

The Group's emphasis on product quality and production efficiency remains unchanged. At the same time, further attention is placed on the overall welfare, training and upgrading of its workers for the future growth of the Group.

The Group has also benefited greatly from its share placement and rights issue exercises last year. These two exercises generated adequate working capital for the Group along with strengthened financial position that are proving invaluable in boosting rapid growth and capturing new opportunities as they arise.

The worst is over and thanks for everyone who supported the Group during the last one and a half years of very difficult times, especially for the sacrifices made by the Group's colleagues. Given the new resources from the two fund raising exercises completed last year, and the new global export environment, the Group is confident of performing well in the coming six months.

INTERIM DIVIDEND

The Directors do not propose the payment of interim dividend for the six months ended 30 June 2010 (2009: nil).

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 2010 ("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 has 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$304,000 and US$23,000 have been transferred to general reserve and development reserve of the Group, respectively during the period.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERANCE PRACTICES

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 review period. The Code adopted for the six months ended 30 June 2010 are consistent with those disclosed and outlined in the Group's 2009 Annual Report.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules 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, 18 August 2010

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