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

2011 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS

The Board of Directors (the "Directors") of Singamas Container Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2011, which have been reviewed by our auditor, Deloitte Touche Tohmatsu, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

		Six months ended 30 June	
		2011	2010
		(unaudited)	(unaudited)
	Notes	***US$'000***	*US$'000*
Revenue	*2*	**1,023,991**	488,406
Other income		**1,920**	668
Changes in inventories of finished goods and work in progress		**44**	(1,844)
Raw materials and consumables used		**(736,342)**	(386,928)
Staff costs		**(57,618)**	(29,498)
Depreciation and amortisation expense		**(9,081)**	(8,859)
Exchange (loss) gain		**(3,018)**	407
Other expenses		**(72,602)**	(42,867)
Finance costs		**(9,722)**	(4,806)
Investment income		**1,765**	363
Changes in fair value of derivative financial instruments classified as held for trading		**931**	(1,683)
Share of results of associates		**234**	199
Share of results of jointly controlled entities		**4,350**	884
Profit before taxation		**144,852**	14,442
Income tax expense	*3*	**(33,026)**	(1,469)
Profit for the period		**111,826**	12,973

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2011

	Notes	Six months ended 30 June **2011** **(unaudited)** ***US$'000***	2010 (unaudited) *US$'000*
Other comprehensive (expense) income			
Exchange differences arising on translation		**1,725**	317
Fair value adjustment on forward contracts designated in cash flow hedges		**(4,904)**	-
Other comprehensive (expense) income for the period		**(3,179)**	317
Total comprehensive income for the period		**108,647**	13,290
Profit for the period attributable to:			
Owners of the Company		**101,900**	10,192
Non-controlling interests		**9,926**	2,781
		111,826	12,973
Total comprehensive income attributable to:			
Owners of the Company		**98,303**	10,449
Non-controlling interests		**10,344**	2,841
		108,647	13,290
Earnings per share	*5*		
Basic		**US4.22cents**	US0.42cent
Diluted		**US4.21cents**	US0.42cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	As at 30 June 2011 (unaudited) US$'000	As at 31 December 2010 (audited) US$'000
Non-current assets			
Property, plant and equipment	*6*	**204,518**	186,179
Patents		**216**	336
Goodwill		**5,280**	5,280
Interests in associates		**5,913**	5,241
Interests in jointly controlled entities		**32,081**	27,634
Available-for-sale investments		**1,614**	1,614
Prepaid lease payments		**64,338**	64,389
Deposits for property, plant and equipment and prepaid lease payments		**16,634**	-
		330,594	290,673
Current assets			
Inventories	*7*	**388,305**	260,424
Trade receivables	*8*	**267,565**	226,428
Prepayments and other receivables	*9*	**201,977**	230,498
Amount due from ultimate holding company		**1,491**	2,433
Amounts due from fellow subsidiaries		**322**	378
Amounts due from jointly controlled entities		**6,198**	7,118
Amount due from a related company		**760**	525
Tax recoverable		**207**	2,028
Prepaid lease payments		**1,525**	1,506
Bank balances and cash		**445,280**	229,279
		1,313,630	960,617
Current liabilities			
Trade payables	*10*	**203,572**	193,334
Bills payable	*11*	**122,861**	131,582
Accruals and other payables		**165,833**	97,934
Amount due to ultimate holding company		**73**	210
Amounts due to associates		**2,216**	2,683
Amounts due to jointly controlled entities		**52**	1,218
Tax payable		**18,489**	10,216
Derivative financial instruments		**-**	1,226
Deferred payable		**86**	86
Bank borrowings		**169,613**	297,778
		682,795	736,267
Net current assets		**630,835**	224,350
Total assets less current liabilities		**961,429**	515,023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2011

	Notes	As at 30 June 2011 (unaudited) US$'000	As at 31 December 2010 (audited) US$'000
Capital and reserves			
Share capital	*12*	**31,117**	31,084
Share premium		**235,648**	235,026
Accumulated profits		**238,672**	161,560
Other reserves		**28,917**	32,443
Equity attributable to owners of the Company		**534,354**	460,113
Non-controlling interests		**58,798**	48,454
Total equity		**593,152**	508,567
Non-current liabilities			
Deferred payable		**853**	853
Bank borrowings		**145,637**	3,730
Notes		**213,239**	-
Derivative financial instruments designated as hedging instruments		**4,904**	-
Deferred tax liabilities		**3,644**	1,873
		368,277	6,456
		961,429	515,023

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 and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010. In addition, the following new accounting policies were adopted during the period:

Hedge accounting

The Group uses derivative financial instruments (primarily foreign currency forward contracts) as hedges of foreign currency risk of the Notes issued. Such hedges are designated and accounted for as cash flow hedges.

At the inception of the hedging relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in other comprehensive income. The gain or loss relation to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedge reserve) are reclassified to profit or loss in the periods when the risk associated with hedged items affect profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss accumulated in equity at that time remains in equity and is recognised in profit or loss when the hedged items affect profit or loss.

In the current interim 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 (the "HKICPA").

- *Improvements to HKFRSs issued in 2010*
- *HKAS 24 (as revised in 2009) Related Party Disclosure*
- *Amendments to HK(IFRIC) - Int 14 Prepayments of a Minimum Funding Requirement*
- *HK(IFRIC) - Int 19 Extinguishing Financial Liabilities with Equity Instruments*

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective. The following new or revised HKFRSs have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKFRS 10	*Consolidated Financial Statements*[1]
HKFRS 11	*Joint Arrangements*[1]
HKFRS 12	*Disclosures of Interests in Other Entities*[1]
HKFRS 13	*Fair Value Measurement*[1]
HKAS 27 (as revised in 2011)	*Separate Financial Statement*[1]
HKAS 28 (as revised in 2011)	*Investments in Associates and Joint Ventures*[1]
HKAS 1 (Amendments)	*Presentation of Items of Other Comprehensive Income*[2]
HKAS 19 (Revised 2011)	*Employee Benefits*[1]

[1] *Effective for annual periods beginning on or after 1 January 2013*
[2] *Effective for annual periods beginning on or after 1 July 2012*

HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011) were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these new or revised standards are applied early at the same time. The Directors anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 December 2013.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that *deal with consolidated financial statements. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires extensive use of judgement. The Directors are in the process of assessing the impact from the application of HKFRS 10 on the results and consolidated financial position of the Group.*

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The application of HKFRS 11 might result in changes in the classification of the Group's joint arrangements and their accounting treatment. The Directors are in the process of assessing the impact from the application of HKFRS 11 on the results and consolidated financial position of the Group.

Other than disclosed above, the Directors anticipate that the application of the other new and revised HKFRSs 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 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 reportable and operating segment for the periods under review:

For the six months ended 30 June 2011

	Manufacturing US$'000	***Logistics services US$'000***	***Sub-total US$'000***	***Eliminations US$'000***	***Total US$'000***
REVENUE					
External sales	***1,006,981***	***17,010***	***1,023,991***	***-***	***1,023,991***
Inter-segment sales	***27***	***496***	***523***	***(523)***	***-***
Total	***1,007,008***	***17,506***	***1,024,514***	***(523)***	***1,023,991***
	Inter-segment sales are charged at prevailing market prices.				
SEGMENT RESULTS	***144,215***	***3,079***	***147,294***	***-***	***147,294***
Finance costs					***(9,722)***
Investment income					***1,765***
Changes in fair value of derivative financial instruments					***931***
Share of results of associates					***234***
Share of results of jointly controlled entities					***4,350***
Profit before taxation					***144,852***

For the six months ended 30 June 2010

	Manufacturing	*Logistics services*	*Sub-total*	*Eliminations*	*Total*
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
REVENUE					
External sales	*471,431*	*16,975*	*488,406*	*-*	*488,406*
Inter-segment sales	*7*	*128*	*135*	*(135)*	*-*
Total	*471,438*	*17,103*	*488,541*	*(135)*	*488,406*

Inter-segment sales are charged at prevailing market prices.

SEGMENT RESULTS	*16,208*	*3,277*	*19,485*	*-*	*19,485*
Finance costs					*(4,806)*
Investment income					*363*
Changes in fair value of derivative financial instruments					*(1,683)*
Share of results of associates					*199*
Share of results of jointly controlled entities					*884*
Profit before taxation					*14,442*

Segment results represent the profit earned 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 2011	*As at 31 December 2010*
	US$'000	*US$'000*
Manufacturing	***1,088,478***	*914,001*
Logistics services	***62,642***	*61,564*
Total segment assets	***1,151,120***	*975,565*
Interests in associates	***5,913***	*5,241*
Interests in jointly controlled entities	***32,081***	*27,634*
Corporate assets	***455,110***	*242,850*
Consolidated total assets	***1,644,224***	*1,251,290*

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 2010: 16.5%) for the six months ended 30 June 2011.

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	
	2011	2010
	US$'000	US$'000
Current tax:		
Hong Kong Profits Tax	**149**	67
Overseas taxation	**31,106**	1,351
	31,255	1,418
Deferred tax:		
Current period	**1,771**	51
	33,026	1,469

4. Dividends

No dividends were paid during the six months ended 30 June 2011. Final dividend for the year ended 31 December 2010 of HK8 cents per ordinary share, total of which equivalent to approximately US$24,801,000 (2009: Nil) were proposed and approved by the shareholders in the annual general meeting held on 30 May 2011 and was distributed on 29 July 2011.

The Directors have determined that an interim dividend of HK9 cents per ordinary share, total of which equivalent to approximately US$27,880,000 (2010: Nil) will be paid to the owners of the Company whose names appear in the Register of Members on 26 September 2011.

5. Earnings per share

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

	Six months ended 30 June	
	2011	2010
	US$'000	US$'000
Earnings:		
Earnings for the purposes of calculating basic and diluted earnings per share	**101,900**	10,192
Number of shares:		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**2,414,022,258**	2,408,738,280
Effect of dilutive potential ordinary shares for share options	**6,216,580**	-
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	**2,420,238,838**	2,408,738,280

The computation of diluted earnings per share for 2010 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 that interim period.

6. Movements in property, plant and equipment

During the period, the Group spent US$28,581,000 (six months ended 30 June 2010: US$12,949,000) to upgrade its manufacturing and logistics services facilities.

7. Inventories

	As at 30 June 2011 US$'000	*As at 31 December 2010 US$'000*
Raw materials	***254,256***	*126,419*
Work in progress	***33,779***	*29,251*
Finished goods	***100,270***	*104,754*
	388,305	*260,424*

The cost of sales recognised during the period included US$827,374,000 (six months ended 30 June 2010: US$447,476,000) of costs of finished goods sold.

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 creditworthiness of the customers. The general credit term ranges from 30 days to 120 days (31 December 2010: 30 days to 120 days).

The following is an analysis of trade receivables by age, based on invoice date, net of allowance for doubtful debts:

	As at 30 June 2011 US$'000	*As at 31 December 2010 US$'000*
0 to 30 days	***180,376***	*141,590*
31 to 60 days	***57,948***	*55,949*
61 to 90 days	***18,048***	*16,890*
91 to 120 days	***4,758***	*6,761*
Over 120 days	***6,435***	*5,238*
	267,565	*226,428*

9. Prepayments and other receivables

At 30 June 2011, the Group advanced US$76,325,000 (31 December 2010: US$164,867,000) to certain suppliers as deposits for raw materials purchases.

10. Trade payables

The following is an analysis of trade payables by age, based on invoice date:

	As at 30 June 2011 US$'000	*As at 31 December 2010 US$'000*
0 to 30 days	***92,710***	*92,716*
31 to 60 days	***51,971***	*49,031*
61 to 90 days	***30,391***	*25,051*
91 to 120 days	***21,558***	*18,163*
Over 120 days	***6,942***	*8,373*
	203,572	*193,334*

11. Bills payable

The following is an analysis of bills payable by age, based on invoice date:

	As at 30 June 2011 US$'000	*As at 31 December 2010 US$'000*
0 to 30 days	***34,242***	*60,221*
31 to 60 days	***38,997***	*36,938*
61 to 90 days	***47,366***	*29,549*
91 to 120 days	***2,256***	*-*
Over 120 days	***-***	*4,874*
	122,861	*131,582*

12. Share capital

	Number of shares	*Share Capital US$'000*	*HK$'000*
Ordinary shares of HK$0.10 each			
Authorised:			
At 1 January 2010, 30 June 2010, 31 December 2010 and 30 June 2011	*3,000,000,000*	*38,649*	*300,000*
Issued and fully paid:			
At 1 January 2010 and 30 June 2010	*2,408,738,280*	*31,034*	*240,874*
Exercise of share options (Note)	*3,874,000*	*50*	*387*
At 31 December 2010	*2,412,612,280*	*31,084*	*241,261*
Exercise of share options (Note)	*2,540,000*	*33*	*254*
At 30 June 2011	*2,415,152,280*	*31,117*	*241,515*

Note:

During the period, the Company issued and allotted 2,540,000 (for the year ended 31 December 2010: 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 period was HK$1.48 (for the year ended 31 December 2010: HK$1.48) per share. The new ordinary shares rank pari passu with all existing shares in all respects.

BUSINESS REVIEW

For the six months ended 30 June 2011, the Group achieved a consolidated revenue of US$1,023,991,000, a rise of 109.7% over the revenue of US$488,406,000 obtained in the comparable period last year. Consolidated net profit attributable to owners of the Company increased significantly by 899.8% to US$101,900,000 (1H2010: US$10,192,000) with basic earnings per share rising to US4.22 cents (1H2010: US0.42 cent).

The improved performance was primarily the result of a continuing positive demand for new containers, higher average selling prices, effective cost controls and further improved production efficiency. During the financial crisis of 2008-09, there was virtually no new container order and at the same time, about 1.5 million twenty-foot equivalent units ("TEUs") of old containers were disposed by container owners. This fact together with the recovery of the global export trading activities, especially from the PRC since 2010 have resulted in shortage of containers in the shipping industry. Accordingly, new container demand has lifted both selling prices and profit margins.

The Group's financial position was further strengthened after the issuance of its RMB1.38 billion Notes on 14 April 2011. These Notes bear interest at a rate of 4.75% per annum, and will mature on 14 April 2014. The Group has been applying the net proceeds of this issue for working capital and general corporate purposes in the PRC.

MANUFACTURING

The Group's manufacturing segment has benefited from improved new container demand since the second half of last year. As a result, manufacturing revenue rose to US$1,006,981,000, a sharp increase of 113.6% over the same period last year of US$471,431,000, and overall, this segment continued to be the main contributor to the Group's revenue, accounting for 98.3% of the Group's consolidated revenue in the period under review (1H2010: 96.5%). During the reporting period, the Group produced 397,334 TEUs (1H2010: 230,666 TEUs) and sold 394,210 TEUs (1H2010: 236,190 TEUs). At the same time, the segment's profit before taxation and non-controlling interests increased substantially to US$141,685,000, 1,136.1% higher than the 2010 interim period of US$11,462,000.

Container selling prices remained strong, with the average selling price of a 20-foot dry freight container amounting to US$2,760 for the period under review, higher than the full-year average for 2010 of US$2,403 and much higher than the average selling price of US$2,155 for the first half of 2010. The main contributors to this increase in the selling prices were improved container demand and higher material and labour costs. The Group continues to apply the cost-plus pricing model taking into consideration of all the cost adjustments to set its selling prices.

In the comparable period last year, with the rebound in global export trade which has resulted in the strong recovery of dry freight container demand, the Group's revenue breakdown between dry freight containers and specialised containers reverted to the previous ratio of around 81.2% and 18.8% respectively. With continuous new product development and marketing efforts, demand for specialised containers has been rising at a faster rate than demand for dry freight containers during this reporting period. As a result, the revenue breakdown for these two types of container in the period under review was 72.5% and 27.5% respectively.

The Group's specialised container division continued to perform well, producing a wide range of containers that include refrigerated containers, tank containers, U.S. domestic containers and many others. The Group has seen growing demand for refrigerated containers in particular, with orders increase of 132.2% over the same period last year, and is expected to continue over the next few years. The capacity utilisation for the Group's refrigerated container factory is currently at 100%, so the Group's plan to expand capacity through its Qidong project is essential.

To meet the upturn in container demand, the Group has increased production capacity at its manufacturing facilities. The Group's construction of new manufacturing facilities at Qidong is well on track, with Phase one scheduled for completion by July 2012, and Phase two by the end of 2012.

LOGISTICS SERVICES

As is usually the case in periods of high demand for containers, the Group's logistics services reflected lower levels of idle containers requiring storage. Nevertheless, with more container movements, the Group's self-owned and operated container depots, container terminals and mid-stream operations in major coastal cities of the PRC and Hong Kong performed relatively well in the period under review. Revenue from logistics services amounting to US$17,010,000 has increased by 0.2% against the same period last year, while profit before taxation and non-controlling interests of US$3,167,000 has increased by 6.3% (1H2010: US$16,975,000 and US$2,980,000 respectively).

PROSPECTS

The operating environment has improved in the period under review. The Group expects this to continue in the foreseeable future. One of the major changes over the past 12 months or so has been a significant reduction in seasonality, and this change is something that the Group expects to continue, and to bring positive benefits. Far more orders were placed in what has traditionally been the low season for the Group. This has occurred because the Group's customers have recognised that, as container supply is limited and new containers cannot be obtained during the traditional peak season as easily as in the past, so they must alter their ordering patterns to guarantee a regular supply. In other words, container orders are no longer being tied directly to cargo volumes as they have been in the past, but customers are instead spreading out their orders more evenly over the year to be sure of amassing the container numbers they expect to need.

As a result, the Group expects its revenues for 2011 to be distributed more evenly across the two halves of the year than in the last few years. For the Group, this will bring benefits of better operating conditions, more efficient deployment of labour, and more cost-effective ordering of raw materials.

The Company has considered the impact that may have on the Group's businesses from the concern over the U.S. and Europe economic circumstances happening in the last two weeks. Based on the Group's current business and operating situation, the Group is of the view that this recent market development would not have a significant effect on the Group's performance.

Notwithstanding the recent market development, the three major factors mentioned above—the promising outlook, the influx of working capital from its Notes issuance, and the reduction in demand seasonality—lead the Group to expect that the good achievements of the first half of 2011 can continue into the second half. With its facilities, expertise, marketing network and global reputation to support it, prospects look cautiously optimistic for the Group for the coming six months.

INTERIM DIVIDEND

In the light of its positive results, the Directors are pleased to declare an interim dividend of HK9 cents per ordinary share for the six months ended 30 June 2011 (six months ended 30 June 2010: nil), payable on or before Friday, 30 September 2011 to shareholders whose names appear on the registers of members of the Company at close of business on Monday, 26 September 2011. This interim dividend represents a payout ratio of 27.4%.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 21 September 2011 to Monday, 26 September 2011, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for this interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 20 September 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 unaudited interim financial statements for the six months ended 30 June 2011 ("Interim Report"). At the request of the Directors, the Group's external auditors have carried out a review of the Interim Report in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

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 RESERVE

Pursuant to the legal requirements in the PRC and the appropriation agreed in the subsidiaries, associates and jointly controlled entities, aggregate amounts of US$32,000 has been transferred to general reserve of the Group 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 to 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 2011 are consistent with those disclosed and outlined in the Group's 2010 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 to 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, 16 August 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. Ong Ka Thai and Mr. Yang, Victor as independent non-executive directors.