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

2013 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS

The board of directors (the "Board" / "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 2013, which have been reviewed by our auditor, Deloitte Touche Tohmatsu, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
		(unaudited)	(unaudited)
	Notes	***US$'000***	*US$'000*
Revenue	*2*	**580,854**	886,233
Other income		**13,930**	1,433
Changes in inventories of finished goods and work in progress		**70,373**	(11,019)
Raw materials and consumables used		**(494,382)**	(676,631)
Staff costs		**(43,128)**	(60,155)
Depreciation and amortisation expense		**(10,143)**	(10,265)
Exchange (loss) gain		**(5,940)**	4,252
Other expenses		**(69,453)**	(63,360)
Finance costs		**(7,984)**	(10,350)
Investment income		**2,131**	1,869
Reclassification of fair value gain (loss) of derivative financial instruments designated as hedging instruments from hedge reserve		**4,614**	(852)
Share of results of associates		**512**	279
Share of results of joint ventures		**(95)**	(357)
Profit before taxation		**41,289**	61,077
Income tax expense	*3*	**(11,055)**	(18,535)
Profit for the period		**30,234**	42,542

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*
For the six months ended 30 June 2013

	Notes	Six months ended 30 June 2013 (unaudited) US$'000	2012 (unaudited) US$'000
Other comprehensive expense			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation		**891**	(346)
Fair value adjustments on forward contracts designated as cash flow hedges		**4,939**	(712)
Reclassification of exchange differences from exchange translation reserve to profit or loss upon loss of control of a subsidiary		**(4,462)**	-
Reclassification of fair value (gain) loss from hedge reserve to profit or loss		**(4,614)**	852
Other comprehensive expense for the period		**(3,246)**	(206)
Total comprehensive income for the period		**26,988**	42,336
Profit for the period attributable to:			
Owners of the Company		**27,492**	38,202
Non-controlling interests		**2,742**	4,340
		30,234	42,542
Total comprehensive income attributable to:			
Owners of the Company		**24,201**	38,071
Non-controlling interests		**2,787**	4,265
		26,988	42,336
Earnings per share	*5*		
Basic		**US1.14 cents**	US1.58 cents
Diluted		**US1.14 cents**	US1.58 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	**As at 30 June 2013 (unaudited) *US$'000***	As at 31 December 2012 (audited) *US$'000*
Non-current assets			
Property, plant and equipment	*6*	**342,721**	343,159
Goodwill		**6,246**	6,246
Interests in associates		**5,655**	5,314
Interests in joint ventures		**24,719**	6,812
Available-for-sale investment		**1,614**	1,614
Prepaid lease payments		**71,877**	79,004
Deposits for non-current assets		**16,585**	20,127
		469,417	462,276
Current assets			
Inventories	*7*	**346,912**	253,284
Trade receivables	*8*	**214,066**	181,785
Prepayments and other receivables	*9*	**130,763**	144,767
Amount due from ultimate holding company		**-**	90
Amounts due from fellow subsidiaries		**649**	519
Tax recoverable		**2,121**	2,212
Prepaid lease payments		**1,617**	1,842
Bank balances and cash		**288,979**	418,430
		985,107	1,002,929
Current liabilities			
Trade payables	*10*	**171,738**	127,047
Bills payable	*11*	**60,098**	118,949
Accruals and other payables		**195,549**	176,696
Amount due to ultimate holding company		**4**	10
Amounts due to associates		**241**	1,990
Amounts due to joint ventures		**138**	12
Tax payable		**6,677**	7,725
Notes		**222,656**	-
Derivative financial instruments designated as hedging instruments		**3,972**	-
Bank borrowings		**49,562**	50,554
		710,635	482,983
Net current assets		**274,472**	519,946
Total assets less current liabilities		**743,889**	982,222
		=========	=========

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2013

	Notes	**As at 30 June 2013 (unaudited)** *US$'000*	As at 31 December 2012 (audited) *US$'000*
Capital and reserves			
Share capital	*12*	**31,184**	31,181
Share premium		**236,941**	236,897
Accumulated profits		**287,612**	262,056
Other reserves		**41,451**	49,028
Equity attributable to owners of the Company		**597,188**	579,162
Non-controlling interests		**56,059**	69,868
Total equity		**653,247**	649,030
Non-current liabilities			
Bank borrowings		**82,500**	97,500
Notes		**-**	218,426
Derivative financial instruments designated as hedging instruments		**-**	8,962
Deferred tax liabilities		**8,142**	8,304
		90,642	333,192
		743,889	982,222

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.

Except as disclosed below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"):

- *HKFRS 10 Consolidated Financial Statements;*
- *HKFRS 11 Joint Arrangements;*
- *HKFRS 12 Disclosure of Interests in Other Entities;*
- *Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance;*
- *HKFRS 13 Fair Value Measurement;*
- *HKAS 19 (as revised in 2011) Employee Benefits;*
- *HKAS 28 (as revised in 2011) Investments in Associates and Joint Ventures;*
- *Amendments to HKFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities;*
- *Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income;*
- *Amendments to HKFRSs Annual Improvements to HKFRSs 2009 – 2011 Cycle; and*
- *HK(IFRIC) – Int 20 Stripping Costs in the Production Phase of a Surface Mine.*

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) - Int 12 Consolidation – Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. The application of HKFRS 10 has not had any material impact to the Group.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures, and the guidance contained in a related interpretation, HK(SIC) - Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards. The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that the Group's interests in jointly controlled entities accounted for using equity method under HKAS 31 should be classified as joint ventures under HKFRS 11. The application of HKFRS 11 has not had any material impact on the amount recognised in the Group's condensed consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. The Group has provided these disclosures in accordance with the consequential amendments of HKAS 34. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amount recognised in the Group's condensed consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income'. In addition, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 Interim Financial Reporting

The Group has applied the amendments to HKAS 34 Interim Financial Reporting as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since there is no material change from the amounts disclosed in the Group's last annual financial statements for any reportable segment, the Group has not included total asset and liability information as part of segment information.

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

2. Revenue and Segment information

The Group's reportable and 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. These divisions are the basis on which the Group reports its segment information under HKFRS 8.

Principal activities are as follows:

Manufacturing	-	*manufacturing of marine dry freight containers, refrigerated containers, collapsible flatrack containers, tank containers, US domestic 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 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 2013

	Manufacturing US$'000	***Logistics services US$'000***	***Sub-total US$'000***	***Eliminations US$'000***	***Total US$'000***
REVENUE					
External sales	***567,284***	***13,570***	***580,854***	***-***	***580,854***
Inter-segment sales	***-***	***1,768***	***1,768***	***(1,768)***	***-***
Total	***567,284***	***15,338***	***582,622***	***(1,768)***	***580,854***
	Inter-segment sales are charged at prevailing market prices.				
SEGMENT RESULTS	***34,083***	***8,028***	***42,111***	***-***	***42,111***
Finance costs					***(7,984)***
Investment income					***2,131***
Reclassification of fair value gain of derivative financial instruments designated as hedging instruments from hedge reserve					***4,614***
Share of results of associates					***512***
Share of results of joint ventures					***(95)***
Profit before taxation					***41,289***

For the six months ended 30 June 2012

	Manufacturing US$'000	***Logistics services US$'000***	***Sub-total US$'000***	***Eliminations US$'000***	***Total US$'000***
REVENUE					
External sales	*870,527*	*15,706*	*886,233*	*-*	*886,233*
Inter-segment sales	*7*	*344*	*351*	*(351)*	*-*
Total	*870,534*	*16,050*	*886,584*	*(351)*	*886,233*
	Inter-segment sales are charged at prevailing market prices.				
SEGMENT RESULTS	*69,094*	*1,394*	*70,488*	*-*	*70, 488*
Finance costs					*(10,350)*
Investment income					*1,869*
Reclassification of fair value loss of derivative financial instruments designated as hedging instruments from hedge reserve					*(852)*
Share of results of associates					*279*
Share of results of joint ventures					*(357)*
Profit before taxation					*61,077*

Segment results represent the profit earned by each segment without allocation of finance costs, investment income, reclassification of fair value change of derivative financial instruments designated as hedging instruments from hedge reserve, share of results of associates and share of results of joint ventures. This is the measure reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance.

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% for both periods.

PRC Enterprise Income Tax has been 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	
	2013	2012
	US$'000	US$'000
Current tax:		
Hong Kong Profits Tax		
- *Current period*	***54***	*12*
PRC Enterprise Income Tax		
- *Current period*	***11,104***	*18,118*
- *Underprovision in prior year*	***59***	*-*
	11,163	*18,118*
Deferred tax:		
Current period (credit) charge	***(162)***	*405*
	11,055	*18,535*

4. *Dividends*

No dividends were paid during the six months ended 30 June 2013. A final dividend of HK2 cents per ordinary share in respect of the year ended 31 December 2012 (2012: HK5 cents per ordinary share in respect of the year ended 31 December 2011), total of which equivalent to HK$48,400,000 (equivalent to US$6,241,000) (2012: HK$120,964,000 (equivalent to US$15,582,000)) were proposed and approved by the shareholders in the annual general meeting held on 27 May 2013 and was distributed on 31 July 2013.

The Directors have determined that an interim dividend of HK3 cents (2012: HK4 cents) per ordinary share, total of which equivalent to approximately HK$72,610,000 (equivalent to US$9,369,000) (2012: HK$96,775,000 (equivalent to US$12,407,000)) will be paid to the owners of the Company whose names appear in the register of members on 18 October 2013.

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	
	2013	*2012*
	US$'000	*US$'000*
Earnings:		
Earnings for the purposes of calculating basic and diluted earnings per share	***27,492***	*38,202*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	***2,420,190,548***	*2,418,187,976*
Effect of dilutive potential ordinary shares for share options	***1,334,916***	*1,774,157*
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	***2,421,525,464***	*2,419,962,133*

Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have a dilutive effect to the Company's earnings per share during the six months ended 30 June 2013 and 2012 because the exercise prices of these Company's share options were higher than the average market prices of the Company's shares during the six months ended 30 June 2013 and 2012.

6. *Movements in property, plant and equipment*

During the period, the Group spent US$28,297,000 (six months ended 30 June 2012: US$56,728,000) for upgrading its existing manufacturing and logistics services facilities and for the construction of two new plants in Qidong, the PRC.

7. *Inventories*

	As at 30 June 2013	*As at 31 December 2012*
	US$'000	*US$'000*
Raw materials	***158,383***	*135,128*
Work in progress	***40,152***	*25,199*
Finished goods	***148,377***	*92,957*
	346,912	*253,284*

The cost of sales recognised during the period included US$506,322,000 (six months ended 30 June 2012: US$ 780,276,000) 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 2012: 30 days to 120 days).

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

	As at 30 June 2013 US$'000	As at 31 December 2012 US$'000
0 to 30 days	**142,959**	136,860
31 to 60 days	**48,793**	23,657
61 to 90 days	**15,936**	8,600
91 to 120 days	**2,338**	6,391
Over 120 days	**4,040**	6,277
	214,066	181,785

9. *Prepayments and other receivables*

At 30 June 2013, prepayments and other receivables included advance of US$55,782,000 (31 December 2012: US$79,672,000) to certain suppliers as deposits for raw materials purchases. The remaining balance mainly included refundable value added tax and other temporary payments. The entire amount is expected to be recovered within the next twelve months.

10. *Trade payables*

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

	As at 30 June 2013 US$'000	As at 31 December 2012 US$'000
0 to 30 days	**80,158**	59,339
31 to 60 days	**39,484**	38,387
61 to 90 days	**25,585**	11,273
91 to 120 days	**19,277**	8,409
Over 120 days	**7,234**	9,639
	171,738	127,047

11. Bills payable

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

	As at 30 June 2013 US$'000	As at 31 December 2012 US$'000
0 to 30 days	**28,211**	49,973
31 to 60 days	**12,993**	37,120
61 to 90 days	**17,213**	27,873
91 to 120 days	**1,681**	3,983
	60,098	118,949

12. Share capital

	Number of shares	Share Capital US$'000	Share Capital HK$'000
Ordinary shares of HK$0.10 each			
Authorised:			
At 1 January 2012, 30 June 2012, 31 December 2012 and 30 June 2013	3,000,000,000	38,649	300,000
Issued and fully paid:			
At 1 January 2012	2,417,833,300	31,151	241,783
Exercise of share options (Note)	1,445,110	19	145
At 30 June 2012	2,419,278,410	31,170	241,928
Exercise of share options (Note)	872,582	11	87
At 31 December 2012	2,420,150,992	31,181	242,015
Exercise of share options (Note)	176,666	3	18
At 30 June 2013	2,420,327,658	31,184	242,033

Note:

During the period, the Company issued and allotted 176,666 (for the year ended 31 December 2012: 2,317,692) ordinary shares of HK$0.10 each upon exercise of share options. The exercise prices of those share options exercised during the period ranged from HK$1.38 to HK$1.48 (for the year ended 31 December 2012: ranged from HK$1.38 to HK$1.48) per share. The new ordinary shares rank pari passu with all existing shares in all respects.

BUSINESS REVIEW

The eurozone's stagnant economic conditions and China's weaker export performance were among the factors that led to ongoing softness in new container demand in the first half of 2013. Correspondingly, demand for new containers during the second quarter of 2013 also failed to pick up.

One positive development of note was a rise in demand for US domestic containers. This is consistent with modest economic growth reported in the US towards the end of the first half of 2013. Despite encouraging uptake of such containers, their demand could not offset the overall lethargic container market, and the Group's results were lower than expectation although remained profitable.

The Group recorded consolidated revenue of US$580,854,000 for the six months ended 30 June 2013 ("the review period"), representing a decline of 34.5% against revenue of US$886,233,000 recorded for the same period last year. Consolidated net profit attributable to owners of the Company amounted to US$27,492,000 (1H2012: US$38,202,000), while basic earnings per share were US1.14 cents (1H2012: US1.58 cents).

Despite the challenges faced during the first half of 2013, the Group remains in a healthy financial position, with a reasonable gearing ratio and sufficient cash in hand. The Group will continue to employ proven cost control measures, as well as further rationalise operations where possible to raise efficiency and enhance profitability.

MANUFACTURING

With soft demand for new containers, the Group's manufacturing business recorded revenue of US$567,284,000, compared with US$870,527,000 for the same period in 2012. This included the lower average selling price ("ASP") of dry freight containers resulting from a decline in the cost of raw materials. The manufacturing segment remained the Group's principal revenue earner, accounting for 97.7% of consolidated revenue for the review period (1H2012: 98.2%). For the six months ended 30 June 2013, the Group produced 274,519 twenty-foot equivalent units ("TEUs") (1H2012: 325,279 TEUs) and sold 244,070 TEUs (1H2012: 329,243 TEUs). The segment's profit before taxation and non-controlling interests amounted to US$33,090,000, down 44.5% from US$59,645,000 for the same period last year.

As a result of the decline in the cost of raw materials, the price of a 20-foot dry freight container slipped to US$2,287 on average, down from US$2,451 for the same period last year. Though the price of corten steel experienced a 10.8% decline as compared with the same period last year, its price along with other raw material prices are expected to stabilise in the coming months.

With regards to revenue contributions based on container type, the dry freight container continues to account for the majority of the Group's manufacturing revenue, rising to 78.0% (1H2012: 71.1%) in the first half of 2013, with specialised container accounting for 22.0% (1H2012: 28.9%). Driven by the recovering US economy, the Group has a good order book for US domestic container. Besides, most of the old US domestic containers which are produced by aluminium have reached the replacement age and are expected to be replaced by steel structured containers. This will further increase the demand for US domestic containers in next few years.

Fully aware that adequate and flexible production is of paramount importance to the Group, the two eco-friendly container factories in Qidong that began construction back in 2010 have continued to meet their respective development milestones. Phase 1 of the plant, which is dedicated to dry freight and specialised container production, achieved operational breakeven point during the review period. Phase 2 subsequently completed producing several batches of refrigerated containers from April 2013 onwards, and the plant is expected to begin contributing to the Group in 2014.

As a means of streamlining operations while concurrently generate cash to further strengthen the Group's financial position, the Group entered into a share transfer agreement with Foshan Shunde Kanghong Investment Co., Ltd. on 31 May 2013. This has resulted in the disposal of its 100% equity interest in Guangdong Shun An Da Pacific Container Co., Ltd., a company principally engaged in dry freight and specialised container manufacturing. Completion of the transaction is expected in the second half of 2013. After the completion of the transaction, orders from Guangdong Province will be centrally produced in our factory located in Huizhou.

LOGISTICS SERVICES

With the industry downturn causing the decline in handling and storage requirements, the performance of the Group's logistics business in the PRC and Hong Kong was directly affected. Revenue from logistics services fell to US$13,570,000 from US$15,706,000 for the same period last year. However, profit before taxation and non-controlling interests increased significantly to US$8,199,000 (1H2012: US$1,432,000), which included a gain on disposal of a terminal in Shunde. On the other hand, the group had disposed of a loss making depot in 2012, this result in improving overall profitability of this segment in 2013. A total of 1,505,447 TEUs were handled during the review period as compared to 1,514,972 TEUs in 2012. Average daily container storage reached 97,630 TEUs against 105,942 TEUs in the preceding year.

The acquisition of Shanghai Huasing International Container Freight Transportation Co., Ltd. ("Huasing") (the "Acquisition"), a company that provides container depot and related logistics services, was completed in March 2013. The Acquisition has resulted in the Group having a 40% indirect interest in Huasing, which will help further bolster its logistics business and potentially generate greater profit for the Group as a whole.

PROSPECTS

The extended lull in demand for containers, which stretched from the first to second quarter of 2013, highlights the fact that the global economy has yet to overcome a number of difficulties. However, there are signs suggesting that the US economy is making a continuous recovery, including the modest improvement in consumer confidence, which will be essential for spurring trade and promoting stability in the world economy.

In respect of the container industry, there are reasons for cautious optimism. Scheduled vessel deliveries will peak from 2013 to 2014, which will drive new container demand. Furthermore, the presently very low replacement trend suggests that replacement of existing containers is being delayed, and will become increasingly necessary in the future. Given that both phases of the Qidong manufacturing plant are now completed, the Group is well poised to satisfy new demand and replacement demand, with greater orders anticipated in 2014 onwards.

INTERIM DIVIDEND

The Directors are pleased to declare an interim dividend of HK3 cents per ordinary share for the six months ended 30 June 2013 (six months ended 30 June 2012: HK4 cents per ordinary share), payable on or before Thursday, 31 October 2013 to shareholders whose names appear on the register of members of the Company at close of business on Friday, 18 October 2013.

This interim dividend represents a payout ratio of 34%.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 16 October 2013 to Friday, 18 October 2013, both days inclusive, during which period no transfer of shares will be affected.

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, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 15 October 2013.

AUDIT COMMITTEE

The Audit Committee of the Company 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 2013 ("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 joint ventures, aggregate amount of US$133,000 have been transferred to general reserve of the Group during the period.

CORPORATE GOVERNANCE

Save as disclosed below, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited and also adopted certain recommended best practices of the Code throughout the review period. The Code adopted for the six months ended 30 June 2013 are consistent with those disclosed and outlined in the Group's 2012 Annual Report.

(1) Code Provision A.2.1 - As Mr. Teo Siong Seng took up both roles as the Chairman of the Board and the Chief Executive Officer of the Company, the roles of chairman and chief executive are not separated. The Board considers that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions efficiently and consistently; and

(2) Code Provision A.6.7 - Due to other commitments, a Non-executive Director and an Independent Non-executive Director of the Company had not attended the 2013 AGM.

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
Teo Siong Seng
Chairman and Chief Executive Officer

Hong Kong, 27 August 2013

The Directors as at the date of this announcement are Mr. Teo Siong Seng, Mr. Chan Kwok Leung and Mr. Teo Tiou Seng as executive directors, Mr. Kuan Kim Kin and Mr. Tan Chor Kee as non-executive directors and Mr. Cheng Fu Kwok, David, Mr. Lau Ho Kit, Ivan, Mr. Ong Ka Thai and Mr. Yang, Victor as independent non-executive directors.