



# Eng Kong Holdings Limited

## Half Year Financial Statements And Dividend Announcement

The Directors are pleased to announce the unaudited half year financial statements on consolidated results for the period ended 30 June 2007.

### 1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

The company has changed the financial year-end from 30 June to 31 December. Accordingly, the first half year results in 2007 are compared with the first half year of 2006 for comparative purpose.

|                                                            | Group                              |                                    |            |
|------------------------------------------------------------|------------------------------------|------------------------------------|------------|
|                                                            | Half Year ended 30/6/07<br>S\$'000 | Half Year ended 30/6/06<br>S\$'000 | Variance % |
| Turnover                                                   | 34,593                             | 31,484                             | 10         |
| Cost of sales                                              | (26,059)                           | (23,731)                           | 10         |
| <b>Gross profit</b>                                        | <b>8,534</b>                       | <b>7,753</b>                       | <b>10</b>  |
| Other income                                               | 646                                | 445                                | 45         |
| Selling & distribution expenses                            | (1,563)                            | (859)                              | 82         |
| Administration expenses                                    | (4,463)                            | (4,340)                            | 3          |
| Other operating expenses                                   | (347)                              | (72)                               | 382        |
| Finance costs                                              | (126)                              | (77)                               | 64         |
| Share of results of associated and joint venture companies | (3)                                | (18)                               | (83)       |
| <b>Profit before income tax</b>                            | <b>2,678</b>                       | <b>2,832</b>                       | <b>(5)</b> |
| Income tax                                                 | (767)                              | (1,723)                            | (55)       |
| <b>Profit after income tax</b>                             | <b>1,911</b>                       | <b>1,109</b>                       | <b>72</b>  |
| Attributable to:                                           |                                    |                                    |            |
| Equity shareholders of the company                         | 2,171                              | 1,119                              | 94         |
| Minority interests                                         | (260)                              | (10)                               | NM         |
|                                                            | <b>1,911</b>                       | <b>1,109</b>                       | <b>72</b>  |

Operation profit is arrived at after charging / (crediting) the following:

|                                                                                  | Half Year ended 30/6/07<br>S\$'000 | Half Year ended 30/6/06<br>S\$'000 | Variance % |
|----------------------------------------------------------------------------------|------------------------------------|------------------------------------|------------|
| (A) Investment income                                                            | -                                  | (1)                                | NM         |
| (B) Other income including interest income                                       | (478)                              | (418)                              | 14         |
| (C) Interest on borrowings                                                       | 126                                | 77                                 | 64         |
| (D) Depreciation and amortisation                                                | 2,300                              | 1,849                              | 24         |
| (E) Writeback of doubtful debts                                                  | (2)                                | (15)                               | (87)       |
| (F) Writeback of provision for stock obsolescence                                | -                                  | 20                                 | NM         |
| (G) Provision for impairment in value of assets                                  | 83                                 | 19                                 | 337        |
| (H) Foreign exchange gain                                                        | (146)                              | (25)                               | 484        |
| (I) Adjustment for underprovision of tax in respect of prior year                | 71                                 | 275                                | (74)       |
| (J) (Gain)/loss on disposal of quoted investments, property, plant and equipment | (23)                               | 20                                 | NM         |

NM – Not meaningful

1(b)(i) A balance sheet together with a comparative statement as at the end of the immediately preceding financial year.

|                                                      | Group              |                     | Company            |                     |
|------------------------------------------------------|--------------------|---------------------|--------------------|---------------------|
|                                                      | 30/6/07<br>S\$'000 | 31/12/06<br>S\$'000 | 30/6/07<br>S\$'000 | 31/12/06<br>S\$'000 |
| <b>Non-current assets</b>                            |                    |                     |                    |                     |
| Property, plant and equipment                        | 28,758             | 28,134              | -                  | -                   |
| Investment in subsidiary companies                   | -                  | -                   | 15,853             | 15,853              |
| Investment in associated and joint venture companies | 1,273              | 130                 | 1,346              | 200                 |
| Intangible assets                                    | 5,810              | 6,141               | -                  | -                   |
| Other investments                                    | 651                | 901                 | 651                | 901                 |
| Deferred tax assets                                  | 213                | 209                 | -                  | -                   |
|                                                      | <u>36,705</u>      | <u>35,515</u>       | <u>17,850</u>      | <u>16,954</u>       |
| <b>Current assets</b>                                |                    |                     |                    |                     |
| Quoted investments                                   | -                  | -                   | -                  | -                   |
| Stocks                                               | 2,630              | 2,758               | -                  | -                   |
| Trade and other receivables                          | 16,299             | 19,999              | 3,537              | 4,264               |
| Amounts due from subsidiaries                        | -                  | -                   | 11,563             | 11,826              |
| Amounts due from associated companies                | 382                | 280                 | 382                | 241                 |
| Fixed deposits                                       | 12,589             | 7,644               | 10,772             | 6,493               |
| Cash and bank balances                               | 8,521              | 9,986               | 2,662              | 3,941               |
|                                                      | <u>40,421</u>      | <u>40,667</u>       | <u>28,916</u>      | <u>26,765</u>       |
| <b>Current liabilities</b>                           |                    |                     |                    |                     |
| Trade and other payables                             | 11,709             | 13,951              | 871                | 1,234               |
| Amounts due to subsidiaries                          | -                  | -                   | 15,418             | 14,199              |
| Finance lease creditors                              | 166                | 141                 | -                  | -                   |
| Provision for income tax                             | 1,251              | 1,045               | 210                | 225                 |
| Current portion of long term loans                   | 697                | 689                 | -                  | -                   |
|                                                      | <u>13,823</u>      | <u>15,826</u>       | <u>16,499</u>      | <u>15,658</u>       |
| <b>Net current assets</b>                            | 26,598             | 24,841              | 12,417             | 11,107              |
| <b>Non-current liabilities</b>                       |                    |                     |                    |                     |
| Finance lease creditors                              | (390)              | (375)               | -                  | -                   |
| Long term loans                                      | (3,420)            | (3,458)             | -                  | -                   |
| Deferred payment                                     | (1,683)            | (1,683)             | (1,683)            | (1,683)             |
| Dividend payable to minority shareholders            | (2,113)            | (2,135)             | -                  | -                   |
| Deferred tax liabilities                             | (4,574)            | (4,570)             | (83)               | (83)                |
|                                                      | <u>(12,180)</u>    | <u>(12,221)</u>     | <u>(1,766)</u>     | <u>(1,766)</u>      |
|                                                      | <u>51,123</u>      | <u>48,135</u>       | <u>28,501</u>      | <u>26,295</u>       |
| <b>Equity</b>                                        |                    |                     |                    |                     |
| Share capital                                        | 26,811             | 25,108              | 26,811             | 25,108              |
| Reserves                                             | 22,012             | 20,499              | 1,690              | 1,187               |
|                                                      | <u>48,823</u>      | <u>45,607</u>       | <u>28,501</u>      | <u>26,295</u>       |
| <b>Minority interests</b>                            | 2,300              | 2,528               | -                  | -                   |
|                                                      | <u>51,123</u>      | <u>48,135</u>       | <u>28,501</u>      | <u>26,295</u>       |

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

Amount repayable in one year or less, or on demand

| As at 30/6/2007 |           | As at 31/12/2006 |            |
|-----------------|-----------|------------------|------------|
| Secured         | Unsecured | Secured          | Unsecured  |
| S\$787,000      | S\$76,000 | S\$546,000       | S\$284,000 |

Amount payable after one year

| As at 30/6/2007 |            | As at 31/12/2006 |              |
|-----------------|------------|------------------|--------------|
| Secured         | Unsecured  | Secured          | Unsecured    |
| S\$2,875,000    | S\$935,000 | S\$2,383,000     | S\$1,450,000 |

Details of any collateral

- Loans of S\$2,232,000 are secured on a leasehold land and building and a leasehold container yard and office.
- Loans of S\$873,000 are secured on three lifting equipments.
- Hire purchase financing of S\$557,000 are secured on six motor vehicles and eight prime movers.

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

|                                                                              | Group                   |                         |
|------------------------------------------------------------------------------|-------------------------|-------------------------|
|                                                                              | Jan - Jun 07<br>S\$'000 | Jan - Jun 06<br>S\$'000 |
| <b>Cash flows from operating activities:</b>                                 |                         |                         |
| Profit before income tax                                                     | 2,678                   | 2,832                   |
| Adjustments for:                                                             |                         |                         |
| Cost of share based payment                                                  | -                       | 29                      |
| Depreciation of property, plant and equipment                                | 2,052                   | 1,849                   |
| Dividend income                                                              | -                       | (1)                     |
| Foreign currency translation adjustments                                     | (177)                   | (764)                   |
| (Gain)/loss on disposal of quoted investments, property, plant and equipment | (23)                    | 20                      |
| Interest expense                                                             | 126                     | 77                      |
| Interest income                                                              | (234)                   | (174)                   |
| Property, plant and equipment written off                                    | 16                      | 34                      |
| Share of results of associated and joint venture companies                   | 3                       | 18                      |
| Impairment loss in leasehold buildings                                       | -                       | 19                      |
| Provision for impairment in value of assets                                  | 83                      | -                       |
| Amortisation of intangible assets                                            | 248                     | -                       |
|                                                                              | <hr/>                   | <hr/>                   |
| <b>Operating income before reinvestment in working capital</b>               | 4,772                   | 3,939                   |
| Decrease in stocks                                                           | 128                     | 178                     |
| Decrease/(increase) in trade and other receivables                           | 3,701                   | (730)                   |
| Increase in amounts due from associated companies                            | (102)                   | (241)                   |
| (Decrease)/increase in trade and other payables                              | (2,242)                 | 1,423                   |
| <b>Cash generated from operations</b>                                        | 6,257                   | 4,569                   |
| Interest paid                                                                | (126)                   | (77)                    |
| Interest received                                                            | 234                     | 174                     |
| Income taxes paid                                                            | (561)                   | (262)                   |
| <b>Net cash provided by operating activities</b>                             | <hr/> 5,804             | <hr/> 4,404             |
| <b>Cash flows from investing activities:</b>                                 |                         |                         |
| Dividends received                                                           | -                       | 1                       |
| Investment in a joint venture company                                        | (1,146)                 | (22)                    |
| Purchase of property, plant and equipment                                    | (2,201)                 | (2,490)                 |
| Proceeds from the disposal of property, plant and equipment                  | 21                      | 115                     |
| Proceeds from disposal of quoted investments                                 | -                       | 705                     |
| Proceeds from disposal of unquoted investments                               | 250                     | -                       |
| Decrease/(increase) in fixed deposits pledged                                | 8                       | (6)                     |
| <b>Net cash used in investing activities</b>                                 | <hr/> (3,068)           | <hr/> (1,697)           |
| <b>Cash flows from financing activities:</b>                                 |                         |                         |
| Repayment of finance lease                                                   | (76)                    | (159)                   |
| Dividends paid                                                               | (574)                   | (502)                   |
| Dividends paid to minority shareholders                                      | -                       | (152)                   |
| Investment by minority shareholders                                          | -                       | 174                     |
| Proceeds from the issue of shares                                            | 1,432                   | 10                      |
| Proceeds from bank loans                                                     | 271                     | -                       |
| Repayment of bank loans                                                      | (301)                   | (258)                   |
| <b>Net cash provided by/(used in) financing activities:</b>                  | <hr/> 752               | <hr/> (887)             |
| Net increase in cash and cash equivalents                                    | 3,488                   | 1,820                   |
| Cash and cash equivalents at 1 January                                       | 17,596                  | 18,268                  |
| <b>Cash and cash equivalent at 30 June</b>                                   | <hr/> <b>21,084</b>     | <hr/> <b>20,088</b>     |

Cash and cash equivalents included in the consolidated statement of cash flows comprise of cash and bank balances and fixed deposits. It excludes fixed deposits pledged to banks as a security of S\$26,000 (30 June 2006: S\$42,000).

1(d)(i) A statement showing either (i) all changes in equity or (ii) changes in other than those arising from capitalisation and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding year.

**GROUP**

|                                                               | Attributable to shareholders |               |                          |                 |                               |                 |                     | Minority interest | Total equity |               |
|---------------------------------------------------------------|------------------------------|---------------|--------------------------|-----------------|-------------------------------|-----------------|---------------------|-------------------|--------------|---------------|
|                                                               | Share capital                | Share premium | Share application monies | Revenue reserve | Employee share option reserve | Capital reserve | Translation reserve |                   |              | Total reserve |
|                                                               | S\$'000                      | S\$'000       | S\$'000                  | S\$'000         | S\$'000                       | S\$'000         | S\$'000             | S\$'000           | S\$'000      |               |
| As at 1 January 2006                                          | 20,879                       | 4,156         | -                        | 18,506          | 28                            | 267             | 77                  | 23,034            | 2,327        | 46,240        |
| Net effect of exchange differences                            | -                            | -             | -                        | -               | -                             | -               | (935)               | (935)             | (76)         | (1,011)       |
| Reclassification of revenue reserve to capital reserve        | -                            | -             | -                        | (2)             | -                             | 2               | -                   | -                 | -            | -             |
| Net income and expenses recognised directly in equity         | -                            | -             | -                        | (2)             | -                             | 2               | (935)               | (935)             | (76)         | (1,011)       |
| Profit for the financial period                               | -                            | -             | -                        | 1,119           | -                             | -               | -                   | 1,119             | (10)         | 1,109         |
| Total recognized income and expenses for the financial period | -                            | -             | -                        | 1,117           | -                             | 2               | (935)               | 184               | (86)         | 98            |
| Transfer of share premium reserve to share capital account    | 4,156                        | (4,156)       | -                        | -               | -                             | -               | -                   | (4,156)           | -            | -             |
| Issue of 50,000 ordinary shares                               | 10                           | -             | -                        | -               | -                             | -               | -                   | -                 | -            | 10            |
| Additional investment                                         | -                            | -             | -                        | -               | -                             | -               | -                   | -                 | 174          | 174           |
| Cost of share-based payment                                   | -                            | -             | -                        | -               | 29                            | -               | -                   | 29                | -            | 29            |
| Dividends on ordinary shares                                  | -                            | -             | -                        | (502)           | -                             | -               | -                   | (502)             | (152)        | (654)         |
| As at 30 June 2006                                            | 25,045                       | -             | -                        | 19,121          | 57                            | 269             | (858)               | 18,589            | 2,263        | 45,897        |

|                                                               | Attributable to shareholders |               |                          |                 |                               |                 |                     | Minority interest | Total equity |               |
|---------------------------------------------------------------|------------------------------|---------------|--------------------------|-----------------|-------------------------------|-----------------|---------------------|-------------------|--------------|---------------|
|                                                               | Share capital                | Share premium | Share application monies | Revenue reserve | Employee share option reserve | Capital reserve | Translation reserve |                   |              | Total reserve |
|                                                               | S\$'000                      | S\$'000       | S\$'000                  | S\$'000         | S\$'000                       | S\$'000         | S\$'000             | S\$'000           | S\$'000      |               |
| As at 1 January 2007                                          | 25,108                       | -             | 520                      | 21,079          | 54                            | 269             | (1,423)             | 20,499            | 2,528        | 48,135        |
| Net effect of exchange differences                            | -                            | -             | -                        | -               | -                             | -               | 187                 | 187               | 32           | 219           |
| Net income and expenses recognised directly in equity         | -                            | -             | -                        | -               | -                             | -               | 187                 | 187               | 32           | 219           |
| Profit for the financial period                               | -                            | -             | -                        | 2,171           | -                             | -               | -                   | 2,171             | (260)        | 1,911         |
| Total recognized income and expenses for the financial period | -                            | -             | -                        | 2,171           | -                             | -               | 187                 | 2,358             | (228)        | 2,130         |
| Issue of 26,782,700 ordinary shares                           | 1,432                        | -             | -                        | -               | -                             | -               | -                   | -                 | -            | 1,432         |
| Issue of 26,084,700 warrants                                  | 261                          | -             | (261)                    | -               | -                             | -               | -                   | (261)             | -            | -             |
| Cost of share-based payment                                   | 10                           | -             | -                        | -               | (10)                          | -               | -                   | (10)              | -            | -             |
| Dividends on ordinary shares                                  | -                            | -             | -                        | (574)           | -                             | -               | -                   | (574)             | -            | (574)         |
| As at 30 June 2007                                            | 26,811                       | -             | 259                      | 22,676          | 44                            | 269             | (1,236)             | 22,012            | 2,300        | 51,123        |

**COMPANY**

|                                                               | Attributable to shareholders |                          |                                     |                            |                                          |                          | Total equity<br>S\$'000 |
|---------------------------------------------------------------|------------------------------|--------------------------|-------------------------------------|----------------------------|------------------------------------------|--------------------------|-------------------------|
|                                                               | Share capital<br>S\$'000     | Share premium<br>S\$'000 | Share application monies<br>S\$'000 | Revenue reserve<br>S\$'000 | Employee share option reserve<br>S\$'000 | Total reserve<br>S\$'000 |                         |
| As at 1 January 2006                                          | 20,879                       | 4,156                    | -                                   | 512                        | -                                        | 4,668                    | 25,547                  |
| Profit for the financial period                               | -                            | -                        | -                                   | 742                        | -                                        | 742                      | 742                     |
| Total recognized income and expenses for the financial period | -                            | -                        | -                                   | 742                        | -                                        | 742                      | 742                     |
| Transfer of share premium reserve to share capital account    | 4,156                        | (4,156)                  | -                                   | -                          | -                                        | (4,156)                  | -                       |
| Issue of 50,000 ordinary shares                               | 10                           | -                        | -                                   | -                          | -                                        | -                        | 10                      |
| Cost of share-based payment                                   | -                            | -                        | -                                   | -                          | 57                                       | 57                       | 57                      |
| Dividends on ordinary shares                                  | -                            | -                        | -                                   | (502)                      | -                                        | (502)                    | (502)                   |
| As at 30 June 2006                                            | 25,045                       | -                        | -                                   | 752                        | 57                                       | 809                      | 25,854                  |
| As at 1 January 2007                                          | 25,108                       | -                        | 520                                 | 613                        | 54                                       | 1,187                    | 26,295                  |
| Profit for the financial period                               | -                            | -                        | -                                   | 1,348                      | -                                        | 1,348                    | 1,348                   |
| Total recognized income and expenses for the financial period | -                            | -                        | -                                   | 1,348                      | -                                        | 1,348                    | 1,348                   |
| Issue of 26,782,700 ordinary shares                           | 1,432                        | -                        | -                                   | -                          | -                                        | -                        | 1,432                   |
| Issue of 26,084,700 warrants                                  | 261                          | -                        | (261)                               | -                          | -                                        | (261)                    | -                       |
| Exercise of employee share options                            | 10                           | -                        | -                                   | -                          | (10)                                     | (10)                     | -                       |
| Dividends on ordinary shares                                  | -                            | -                        | -                                   | (574)                      | -                                        | (574)                    | (574)                   |
| As at 30 June 2007                                            | 26,811                       | -                        | 259                                 | 1,387                      | 44                                       | 1,690                    | 28,501                  |

**1(d)(ii) Details of any changes in the company's share capital arising from rights issues, bonus issue, share buy-backs, exercise of shares options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the financial period, 26,782,700 ordinary shares were issued pursuant to the exercise of share options granted under the Eng Kong Holdings Limited Share Option scheme and exercise of warrants. This gave rise to an increase in the Company's share capital from S\$25,108,000 as at 31 December 2006 to S\$26,811,000 as at 30 June 2007.

As at 30 June 2007, there were 2,229,000 shares (at 31 December 2006: 3,015,000 shares) that could be issued upon the exercise of share options.

As at 30 June 2007, there were 25,871,050 warrants (at 31 December 2006: 51,955,750 warrants) that could be exercised into ordinary shares.

2. **Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or on equivalent standard).**

The figures have not been audited or reviewed.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Section 5, the unaudited financial statements have been prepared applying accounting policies and methods of computation consistent with those used in the preparation of the audited financial statements for the financial period ended 31 December 2006.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There are no material changes in the accounting policies and methods of computation.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

- (i) Based on weighted average number of ordinary shares on issued; and  
(ii) On a fully diluted basis

| Group        |              |
|--------------|--------------|
| Jan – Jun 07 | Jan – Jun 06 |
| 0.99 cents   | 0.54 cents   |
| 0.85 cents   | 0.54 cents   |

Earnings per ordinary share is calculated on the Group profit attributable to shareholders of the Company divided by the weighted average number of ordinary shares of 218,757,891 for 6 months ended 30 June 2007 (6 months ended 30 June 2006: 208,825,333).

Diluted earnings per ordinary share is computed based on the same basis as earnings per share by applying the weighted average number of ordinary shares in issuance during the periods under review and adjusted to include all potential dilutive ordinary shares up to 30 June 2007. The adjusted weighted average number of ordinary shares applicable to diluted earnings per shares was 254,840,843 for 6 months period ended 30 June 2007 (6 months ended 30 June 2006: 209,120,980).

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

Net asset value per ordinary share based on existing issued share capital as at the end of the period

| Group      |            | Company    |            |
|------------|------------|------------|------------|
| 30/6/07    | 31/12/06   | 30/6/07    | 31/12/06   |
| 20.7 cents | 21.8 cents | 12.1 cents | 12.6 cents |

NAV for the Group and Company is based on 236,198,200 shares for the period ended 30 June 2007 (31 December 2006: 209,415,500).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

*Note: In view of the change of financial year from 30 June to 31 December, the Group has presented its 6 month financial period result from 1 January 2007 to 30 June 2007 and compare with its corresponding period from 1 January 2006 to 30 June 2006.*

During the 6-month financial period under review, the Group registered a growth in turnover by 10% to S\$34.6 million as compared to S\$31.5 million in the last corresponding period.

#### **Turnover**

The increase in turnover by S\$3.1 million arose mainly due to:

- i) Higher turnover from Container Depot Operation segment by S\$2.2m mainly due to the acquisition of Ming Fung companies completed on 1 September 2006 of S\$3.5 million and is partially offset by the lower utilization of other depots in Hong Kong, China and Taiwan by S\$1.3m; and
- ii) Higher turnover from the Container Sales, Agencies and Survey by S\$0.7 million mainly due to increased turnover from higher level of used container sales activities.

#### **Costs**

Cost of sales have increased by S\$2.3 million or 10% from S\$23.7 million to S\$ 26.0 million was generally in line with the increase in turnover by 10% and the increased cost of sales arose mainly due to:

- i) Including the costs of sales of S\$2.9 million of Ming Fung companies which were acquired on 1 September 2006;
- ii) Increased costs from Container Sales, Agencies and Survey activities by S\$0.3 million; and
- iii) Partially offset by S\$0.8 million arising from the reduction of short term lease costs.

Selling and distribution expenses have increased by S\$0.7 million or 82% from S\$0.9 million to S\$1.6 million mainly accounted by Ming Fung companies and higher agency commission costs.

Other operating expenses have increased by S\$0.3 million or 382% from S\$0.1 million to S\$0.4 million mainly due to the amortisation and impairment loss on the intangible assets from the acquisition of Ming Fung companies.

Other income has increased by S\$0.2 million or 45% from S\$0.4 million to S\$0.6 million mainly due to increased interest income by S\$0.1 million and exchange gain by S\$0.1 million.

Income tax has reduced by S\$1.0 million primarily due to the deferred tax provision in the previous corresponding period.

#### **Balance sheet and cashflow**

The increase in investment in associated and joint venture companies by S\$1.1 million was mainly due to the Group's 50% share of investment in Shanghai Kongyun Warehousing Co Ltd.

The Group's working capital has strengthened from S\$24.8 million to S\$26.6 million as at 30 June 2007. The Group's cash and cash equivalents were S\$21.1 million as at 30 June 2007, increased by S\$3.5 million from S\$17.6 million as at 31 December 2006.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Regional ports are expected to continue to perform well from improved international and domestic trade. The Directors believe that the Group's container depot utilisation rates will continue to remain healthy in the region.

Following the Group's announcement in October 2006 on its proposed 30% acquisition of Tianjin based logistics service provider, Keyun, via its Hong Kong holding company, Gold Prime Holdings Limited, the Group expects the completion of due diligence by 2H2007.

The Group will commence to provide container depot services in Ho Chi Minh City, Vietnam in 4Q2007.

The Group is also exploring and pursuing every opportunity and alliances to capitalize on its core competencies.

Barring unforeseen circumstances, the Directors expect the Group to remain profitable in this financial year.

## 11. Dividend

### (a) Current Financial Period Reported On

The Directors are pleased to recommend an interim dividend of 0.3 cents per share.

|                           |                                         |
|---------------------------|-----------------------------------------|
| Name of Dividend          | Interim                                 |
| Dividend Type             | Cash                                    |
| Dividend Amount Per Share | 0.3 cents (less tax) per ordinary share |
| Tax Rate                  | 18%                                     |

### (b) Corresponding Period of the Immediately Preceding Financial Year

Dividend declared for the corresponding period of the immediately preceding financial year were as follow:

|                           |                                         |
|---------------------------|-----------------------------------------|
| Name of Dividend          | Final                                   |
| Dividend Type             | Cash                                    |
| Dividend Amount Per Share | 0.3 cents (less tax) per ordinary share |
| Tax Rate                  | 18%                                     |

### (c) Date payable

17 September 2007.

### (d) Books closure date

Registrable Transfers received by the company up to 5.00pm on 27 August 2007 will be registered before entitlements to the dividend are determined.

## 12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

## 13. Confirmation by the Board

The Board of Directors confirms that to the best of its knowledge, nothing has come to its attention which may render the interim financial results to be false or misleading in any material respect.

## BY ORDER OF THE BOARD

Li Hung  
Executive Chairman  
13 August 2007