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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>

2021 ANNUAL RESULTS ANNOUNCEMENT

ANNUAL RESULTS

The Board of Directors (the “Board”/ “Directors”) of Singamas Container Holdings Limited (the “Company”) would like to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 US\$'000	2020 US\$'000
Revenue	2	1,151,764	274,305
Other income		4,747	3,420
Changes in inventories of finished goods and work in progress		65,358	(4,827)
Raw materials and consumables used		(733,946)	(166,342)
Staff costs		(125,700)	(41,963)
Depreciation expense		(11,087)	(12,814)
Impairment losses under expected credit loss model, net of reversal		136	(17,407)
Impairment loss on property, plant and equipment		(2,000)	(2,400)
Other expenses		(101,920)	(43,943)
Finance costs		(1,083)	(799)
Investment income		5,738	7,381
Other gains and losses		(1,306)	2,743
Gain from derecognition of financial assets measured at amortised cost		27,001	-
Gain on disposal of a subsidiary		412	8,457
Share of results of associates		761	1,651
Share of results of joint ventures		196	408
Profit before taxation		279,071	7,870
Income tax expense	4	(70,606)	(3,120)
Profit for the year		208,465	4,750
Profit for the year attributable to:			
Owners of the Company		186,802	4,576
Non-controlling interests		21,663	174
		208,465	4,750

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the year ended 31 December 2021

	<i>Note</i>	2021 US\$'000	2020 US\$'000
Other comprehensive income (expenses)			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value (loss) gain on equity instrument at fair value through other comprehensive income (“FVTOCI”), net of tax effect		(687)	5,204
Surplus on revaluation of property, plant and equipment upon transfer to investment properties		6,627	-
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		1,029	2,635
Release of exchange translation reserve and other reserve upon disposal of an associate		6,778	-
Release of exchange translation reserve upon deregistration of a joint venture		(15)	-
		<hr/> 13,732	<hr/> 7,839
Other comprehensive income for the year			
		<hr/> 222,197	<hr/> 12,589
Total comprehensive income for the year			
Total comprehensive income attributable to:			
Owners of the Company		200,446	12,051
Non-controlling interests		21,751	538
		<hr/> 222,197	<hr/> 12,589
Earnings per share	6		
Basic		<hr/> US7.73 cents	<hr/> US0.19 cent
Diluted		<hr/> N/A	<hr/> US0.19 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 US\$'000	2020 US\$'000
Non-current assets			
Property, plant and equipment	7	76,399	84,185
Right-of-use assets		40,174	38,755
Investment properties		37,913	18,866
Interests in associates		18,114	44,812
Interests in joint ventures		7,031	7,681
Equity instrument at FVTOCI		25,392	26,156
Financial asset at fair value through profit and loss ("FVTPL")		3,246	3,027
Other receivables	10	15,485	31,678
Deposits for non-current assets		806	299
Trade receivables from immediate holding company	9	-	91,847
Trade receivables from fellow subsidiaries	9	-	28,276
Amounts due from associates		-	13,727
		<hr/>	<hr/>
		224,560	389,309
Current assets			
Inventories	8	209,814	59,907
Trade receivables	9	79,082	68,802
Prepayments and other receivables	10	41,820	89,631
Derivative financial instruments		202	109
Tax recoverable		353	804
Bank balances and cash		438,171	48,787
		<hr/>	<hr/>
		769,442	268,040

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 31 December 2021*

	<i>Notes</i>	2021 US\$'000	2020 US\$'000
Current liabilities			
Trade payables	<i>11</i>	106,211	50,980
Lease liabilities		2,389	1,345
Accruals and other payables		64,361	19,364
Advances from customers		46,171	11,352
Amount due to immediate holding company		6	189
Amounts due to associates		123	112
Amounts due to joint ventures		5	12
Tax payable		23,249	3,599
Bank borrowings		-	27,584
		242,515	114,537
Net current assets		526,927	153,503
Total assets less current liabilities		751,487	542,812
Capital and reserves			
Share capital	<i>12</i>	268,149	268,149
Accumulated profits		340,913	183,801
Other reserves		67,210	45,642
Equity attributable to owners of the Company		676,272	497,592
Non-controlling interests		56,973	36,094
Total equity		733,245	533,686
Non-current liabilities			
Lease liabilities		2,740	1,421
Deferred tax liabilities		15,502	7,705
		18,242	9,126
		751,487	542,812

Notes:

1. Basis of preparation and accounting policies

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, equity instrument at FVTOCI, financial asset at FVTPL and investment properties, that are measured at fair values at the end of each reporting period.

In order to better reflect the nature of amounts due from (to) immediate holding company, fellow subsidiaries and associates are in trade nature, certain amounts of amounts due from immediate holding company, fellow subsidiaries and associates in the prior year's consolidated financial statements have been reclassified to trade receivables, and certain amounts of amounts due to fellow subsidiaries and associates in the prior year's consolidated financial statements have been reclassified to advances from customers.

In the current year, the Group has applied the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform - Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures.

As at 1 January 2021, the Group's bank borrowings, the interest of which are indexed to benchmark rates that was subject to interest rate benchmark reform.

The following table shows the total amounts of outstanding contracts as at 1 January 2021 and the amounts of financial liabilities are shown at their carrying amounts.

	Hong Kong Interbank Offered Rate ("HIBOR") US\$'000	London Interbank Offered Rate ("LIBOR") US\$'000
Financial liabilities		
Bank Borrowings	8,384	19,200

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group has repaid all the bank borrowings during the year ended 31 December 2021 and no outstanding amount as at year end date.

Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

2. Revenue

Revenue represents sales of goods from manufacturing and services income from logistics services operations, less sales related taxes, and is analysed as follows:

	2021	2020
	US\$'000	US\$'000
Manufacturing	1,117,195	246,677
Logistics services	34,569	27,628
	1,151,764	274,305

Disaggregation of revenue from contracts with customers

	2021	2020
	US\$'000	US\$'000
Types of goods or services		
<i>Manufacturing (recognised at a point in time):</i>		
Dry freight containers	1,011,532	187,036
Tank containers	37,504	16,886
Other specialised containers and container part	68,159	42,755
	1,117,195	246,677
<i>Logistics services (recognised over time):</i>		
Container storage and handling services	3,835	6,042
Repair and drayage services	4,752	6,316
Container freight station services	10,678	7,880
Other container related services	15,304	7,390
	34,569	27,628
	1,151,764	274,305

3. Segment information

Information reported to the Group's chief operating decision maker (i.e. Chief Executive Officer) for the purpose of resource allocation and assessment of segment performance 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 Operating Segments.

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Principal activities are as follows:

- Manufacturing - manufacturing of dry freight containers, tank containers, other specialised containers (including but not limited to collapsible flatrack containers and offshore 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:

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

Year ended 31 December 2021

	Manufacturing	Logistics services	Total
	US\$'000	US\$'000	US\$'000
REVENUE			
External sales	<u>1,117,195</u>	<u>34,569</u>	<u>1,151,764</u>
SEGMENT RESULTS	<u>243,564</u>	<u>1,750</u>	<u>245,314</u>
Finance costs			(1,083)
Investment income			5,738
Fair value gain on derivative financial instruments			583
Fair value gain on financial asset at FVTPL			149
Gain from derecognition of financial assets measured at amortised cost			27,001
Gain on disposal of a subsidiary			412
Share of results of associates			761
Share of results of joint ventures			<u>196</u>
Profit before taxation			<u><u>279,071</u></u>

Year ended 31 December 2020

	Manufacturing US\$'000	Logistics services US\$'000	Total US\$'000
REVENUE			
<i>External sales</i>	246,677	27,628	274,305
SEGMENT RESULTS	(8,003)	1,510	(6,493)
<i>Finance costs</i>			(799)
<i>Investment income</i>			4,575
<i>Fair value gain on derivative financial instruments</i>			109
<i>Fair value loss on financial asset at FVTPL</i>			(38)
<i>Gain on disposal of a subsidiary</i>			8,457
<i>Share of results of associates</i>			1,651
<i>Share of results of joint ventures</i>			408
<i>Profit before taxation</i>			7,870

Segment results represent the profit earned by each segment without allocation of finance costs, investment income, fair value gain on derivative financial instruments, fair value gain (loss) on financial asset at FVTPL, gain from derecognition of financial assets measured at amortised cost, gain on disposal of a subsidiary, 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.

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC"). The Group's manufacturing division is located in the PRC. Logistics services division is located in Hong Kong and the PRC.

The following table provides an analysis of the Group's revenue by geographical market, based on the location of customers for manufacturing segment and based on the origin of the goods/services for logistics services segment:

	Year ended 31 December 2021			Year ended 31 December 2020		
	Manufacturing US\$'000	Logistics services US\$'000	Total US\$'000	Manufacturing US\$'000	Logistics services US\$'000	Total US\$'000
<i>Hong Kong</i>	375,822	1,041	376,863	78,952	4,677	83,629
<i>Europe</i>	204,515	-	204,515	53,167	-	53,167
<i>United States of America</i>	190,555	-	190,555	41,118	-	41,118
<i>Taiwan</i>	106,885	-	106,885	11,692	-	11,692
<i>Singapore</i>	96,562	-	96,562	15,751	-	15,751
<i>Middle East</i>	65,942	-	65,942	4,590	-	4,590
<i>PRC</i>	52,356	33,528	85,884	26,224	22,951	49,175
<i>Korea</i>	12,738	-	12,738	2,220	-	2,220
<i>Others</i>	11,820	-	11,820	12,963	-	12,963
Total	1,117,195	34,569	1,151,764	246,677	27,628	274,305

The following is an analysis of the carrying amount of non-current assets other than financial instruments, analysed by the geographical area in which the assets are located:

	<i>As at 31 December 2021</i>	As at 31 December 2020
	<i>US\$'000</i>	US\$'000
PRC	<i>150,837</i>	143,426
Hong Kong	<i>27,810</i>	22,120
Others	<i>1,790</i>	29,052
	<u><i>180,437</i></u>	<u>194,598</u>

Information about major customers

Revenue from customers contributing over 10% of the total sales of the Group are mainly derived from the manufacturing segments. In 2021, no customer (2020: one) contributes over 10% of the total sales.

4. Income tax expense

No Hong Kong Profits Tax has been provided as there was no taxable profit during both years.

PRC Enterprise Income Tax has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC in which the Group operates.

	2021	2020
	US\$'000	US\$'000
Current tax:		
PRC Enterprise Income Tax		
- Current year	<u>61,477</u>	3,541
Deferred tax:		
- Current year charge (credit)	1,017	(1,102)
- Withholding tax on undistributed profits	<u>8,112</u>	681
	<u>9,129</u>	(421)
Income tax expense for the year	<u>70,606</u>	<u>3,120</u>

5. Dividends

Dividends recognised as distributions during the year:

	2021	2020
	US\$'000	US\$'000
Interim dividend in respect of current financial year, – HK7 cents (2020: nil) per ordinary share	<u>21,766</u>	-
Special dividend in respect of current financial year, – nil (2020: HK13 cents) per ordinary share	<u>-</u>	<u>40,537</u>

No final dividend in respect of previous financial years was paid during the year 2021 and 2020.

An interim dividend of HK7 cents per ordinary share, total of which equivalent to approximately HK\$169,184,000 (equivalent to approximately US\$21,766,000) was declared and paid during the year ended

31 December 2021.

A special dividend in respect of the disposal of subsidiaries of HK13 cents per ordinary share, total of which equivalent to approximately HK\$314,200,000 (equivalent to approximately US\$40,537,000) for the year ended 31 December 2019, was declared and paid during the year ended 31 December 2020.

An interim special dividend of HK20 cents per ordinary share, total of which equivalent to approximately HK\$483,384,000 (equivalent to approximately US\$61,988,000) was declared on 10 December 2021. The amount was subsequently paid on 27 January 2022.

The final dividend of HK11 cents and a final special dividend of HK5 cents in respect of the year ended 31 December 2021 (2020: nil) per ordinary share, total of which equivalent to approximately HK\$265,861,000 and HK\$120,846,000 respectively (equivalent to approximately US\$34,085,000 and US\$15,493,000 respectively) (2020: nil) has been proposed by the board of directors and is subject to approval by the shareholders in forthcoming annual general meeting.

6. Earnings per share

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

	2021 US\$'000	2020 US\$'000
Earnings:		
Profit for the purposes of calculating basic and diluted earnings per share	<u>186,802</u>	<u>4,576</u>
Number of shares:		
Number of ordinary shares for the purpose of calculating basic and diluted earnings per share	<u>2,416,919,918</u>	<u>2,416,919,918</u>

No diluted earnings per share for the year ended 31 December 2021 was presented as the Company has no potential ordinary shares in issue during the year.

The computation of diluted earnings per share for the year ended 31 December 2020 did not assume the exercise of the Company's outstanding share options, as the exercise price of those options were higher than the average market price per share for the year, and therefore, was antidilutive to the earnings per share.

7. Movements in property, plant and equipment

During the year, there was an addition of US\$17,807,000 (2020: US\$9,932,000) in property, plant and equipment for upgrading existing manufacturing and logistics services facilities of the Group. In addition, there was a transfer of property, plant and equipment of US\$11,839,000 (2020: nil) to investment properties. An impairment loss of US\$2,000,000 (2020: US\$2,400,000) has been recognised on the plant and machinery of a subsidiary.

8. Inventories

	2021 US\$'000	2020 US\$'000
Raw materials	119,797	35,249
Work in progress	29,637	11,234
Finished goods	<u>60,380</u>	<u>13,424</u>
	<u>209,814</u>	<u>59,907</u>

9. Trade receivables

	2021 US\$'000	2020 US\$'000
Trade receivables from third parties	79,054	62,710
Trade receivables from immediate holding company	-	115,121
Trade receivables from fellow subsidiaries	152	34,503
Trade receivables from associates	44	3,721
Less: allowance for credit losses	(168)	(27,130)
Net trade receivables	<u>79,082</u>	<u>188,925</u>

The aged analysis of trade receivables, net of allowance for credit losses, which is prepared based on invoice date of each transaction which approximated the respective revenue recognition dates or date of rendering of services, at the end of the reporting period is as follows:

	2021 US\$'000	2020 US\$'000
0 to 30 days	45,306	40,850
31 to 60 days	17,550	14,824
61 to 90 days	8,279	6,048
91 to 120 days	1,100	102
Over 120 days	6,847	127,101
	<u>79,082</u>	<u>188,925</u>

Trade receivables from third parties

A defined credit policy is maintained within the Group. The credit terms are agreed with each of its trade customers depending on the creditworthiness of the customers ranging from 30 days to 120 days (2020: 30 days to 120 days).

The Group assessed the credit quality of trade receivables from third parties based on historical default rates and the creditworthiness of the customers.

Trade receivables from immediate holding company

During the year ended 31 December 2021, the payment term with immediate holding company is that the transaction amount shall be settled before delivery or 15 days after technical acceptance has been issued, whenever is earlier.

The general credit term for trade balances with immediate holding company was 60 days for 2020.

As at 31 December 2020, the aged analysis of amount due from immediate holding company, net of allowance for credit losses, which was prepared based on invoice date of each transaction, which approximated the respective revenue recognition dates, was as follows:

	2021 US\$'000	2020 US\$'000
Over 120 days	-	94,347

Trade receivables from fellow subsidiaries

The payment term with fellow subsidiaries is that the transaction amount shall be settled within 10 days (2020: 10 days) from the invoice date.

The aged analysis of amounts due from fellow subsidiaries, net of allowance for credit losses, which is prepared based on invoice date of each transaction, which approximated the respective revenue recognition dates, at the end of the reporting period is as follows:

	2021 US\$'000	2020 US\$'000
0 to 30 days	152	196
31 to 60 days	-	35
61 to 90 days	-	1
91 to 120 days	-	1
Over 120 days	-	28,043
	152	28,276

Trade receivables from associates

The general credit terms for trade balance with associates is 60 days (2020: 30 to 90 days).

The aged analysis of amounts due from associates, net of allowance for credit losses, which is prepared based on invoice date of each transaction, which approximated the respective revenue recognition dates, at the end of the reporting period is as follows:

	2021 US\$'000	2020 US\$'000
0 to 30 days	44	310
31 to 60 days	-	52
61 to 90 days	-	6
91 to 120 days	-	14
Over 120 days	-	3,296
	44	3,678

10. Prepayments and other receivables

As at 31 December 2021, prepayments and other receivables included consideration receivables in connection with disposal of subsidiaries of US\$18,679,000 (2020: US\$53,432,000), consideration receivables in connection with disposal of a joint venture of nil (2020:6,319,000), and advance of US\$15,670,000 (2020: US\$47,451,000) to certain suppliers as deposits for raw materials purchases. The remaining balances mainly included refundable value added tax and other advance payments.

11. Trade payables

Included in the Group's trade payables as at 31 December 2021 are bills presented by the Group to relevant creditors of US\$2,598,000 (2020: US\$5,422,000) which are for future settlement. All bills presented by the Group are aged within 365 days and not yet due at the end of the reporting period. The following is an analysis of trade payables by age based on invoice date of each transaction.

	2021 US\$'000	2020 US\$'000
0 to 30 days	63,980	24,767
31 to 60 days	29,530	12,150
61 to 90 days	7,016	4,903
91 to 120 days	2,937	2,691
Over 120 days	2,748	6,469
	106,211	50,980

The average credit period on purchases of materials is 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

12. Share capital

	Number of shares		Share Capital			
	2021	2020	2021 US\$'000	2021 HK\$'000	2020 US\$'000	2020 HK\$'000
Issued and fully paid: At beginning and end of the year	2,416,919,918	2,416,919,918	268,149	2,078,513	268,149	2,078,513

BUSINESS REVIEW

During the year, the Group's performance improved significantly, particularly in the second half year. This improvement was largely driven by an upsurge in demand for dry freight containers and the increase in average selling price ("ASP"), the consequence of supply chain disruption globally. At the same time, another catalyst was robust consumption in the United States, which included the strong demand for imported goods as reflected by a record-high trade deficit of US\$861.4 billion in 2021. With regard to the Group, apart from dry freight containers, our specialised container operation has also been going well. Our strategic plans to diversify business and improve product mix have enabled us to benefit from production flexibility, and thus allow the Group to better weather whatever market challenges that may arise.

For the year ended 31 December 2021, the Group posted total consolidated revenue of US\$1,151,764,000 (2020: US\$274,305,000) and consolidated profit attributable to owners of the Company of US\$186,802,000 (2020: US\$4,576,000). Excluding the gain on derecognition of financial assets of US\$27,001,000, net profit from ordinary course of business amounts to US\$159,801,000 (Excluding the extraordinary items, net profits from ordinary course of business in 2020 was US\$13,569,000). Basic earnings per share was US7.73 cents (2020: US0.19 cent). The Group continues to be in sound financial health, with bank balances and cash amounting to US\$438,171,000 as at year end 2021 (2020: US\$48,787,000).

Manufacturing

The strong demand for dry freight containers combined with encouraging uptake of customised containers, particularly energy storage containers, enabled the manufacturing segment to record revenue of

US\$1,117,195,000 for the review year (2020: US\$246,677,000), which accounted for 97% (2020: 89.9%) of the Group's total revenue. Segment profit before taxation and non-controlling interests amounted to US\$273,220,000 (2020: US\$3,009,000).

As at 31 December 2021, the manufacturing operation achieved a total sales volume of approximately 347,000 twenty-foot equivalent units ("TEUs") (2020: approximately 112,000 TEUs) for dry freight and ISO specialised containers. ASP of a 20' dry freight container rose sharply to US\$ 3,521, or approximately 1.71 times of the ASP in the preceding year. The price increase can also be attributed partly to an appreciable rise in material costs, including corten steel and plywood as used for container floors. However, such prices began to moderate by the fourth quarter of the financial year in line with slower container demand. Still, labour cost has remained high as the skilled labour pool continues to be limited.

It is worth noting that the manufacturing operation exceeded its original design capacity during the review year. This achievement was the result of increased investment in automation and greater efficiency. While production capacity was dedicated largely to the manufacturing of dry freight containers to address strong demand during the year, such capacity is highly flexible and can be adjusted to meet specialised container demand should the market dictates in the future.

The customised container business continued to grow healthily in 2021, driven largely by the demand for renewable energy related containers. To facilitate this segment's ongoing development, the Group will tap its newly established research and development ("R&D") department to develop more container solutions that capitalise on the environmental protection and renewable energy trends. Other customised containers that the Group has developed include medical-related containers which supported the country greatly especially during the early days of the COVID-19 outbreak; 5G equipment containers for data network and infrastructure support, as well as other digital-data-related containers.

In addition to allocating resources to the research and development of customised containers, we see the need to increase its production capacity given the rising demand, the new facility in Shanghai has been in operation since the fourth quarter of 2021.

Logistics Services

Continuing to be a stable source of income, the logistics operation recorded revenue of US\$34,569,000 (2020: US\$27,628,000), with segment profit before taxation and non-controlling interests amounting to US\$5,851,000 (2020: US\$4,861,000) for the year. During the review year, approximately 538,000 TEUs (2020: 510,000 TEUs) of containers were handled and 117,000 TEUs (2020: 112,000 TEUs) of containers were repaired by the operation. Given strong export demands, average daily container storage dropped to 18,000 TEUs (2020: 32,000 TEUs).

With respect to the Group's interest in Xiamen Logistics, the investment generated dividend income totalling US\$1,864,000 (2020: US\$1,817,000) during the review year. We remain confident in Xiamen Logistics and its ability to perform in a stable manner going forward. The management will continue to closely monitor our logistics business with a view to streamlining operations so as to increase efficiency and optimise our business portfolio.

PROSPECTS

In 2022, we anticipate dry freight container demand to remain stable as global supply chain disruption gradually eases and container production is able to satisfy demand. Already, the ASP of dry freight containers started to retreat in the fourth quarter of 2021, as high production during last year has led to rising inventory and the recent drop in material costs. However, with new container vessel deliveries expected around 2023 and 2024, the management believes container demand shall go up thereafter.

While we remain cautiously optimistic about the Group's performance, we will continue to actively optimise and bolster all facets of operation. With respect to customised containers in particular, and specifically renewable energy related containers, we remain bullish about their prospects, hence greater resources will be dedicated to both R&D and business development to seize relevant opportunities. With a strengthened financial position, the Group will internally further develop new products for various applications, and externally seeking new business development opportunities, with the objective of creating synergies and improving overall profitability.

As mentioned in the 2021 Interim Report, the investment by Heliconia Capital Management Pte. Ltd. (an independently managed wholly-owned subsidiary of Temasek Holdings (Private) Limited) to PIL Pte. Ltd., the holding company of Pacific International Line (Private) Limited, the controlling shareholder of Singamas has been completed. The Group does not foresee any significant changes in the operation of Singamas moving forward.

DIVIDENDS

Based on the operating results of the Group, the Board recommended the payment of a final dividend of HK11 cents and a final special dividend of HK5 cents per ordinary share for the year ended 31 December 2021 (2020: nil). Together with an interim dividend of HK7 cents per ordinary share (2020: nil) and an interim special dividend of HK20 cents per ordinary share (2020: nil), total dividend for the year would be HK43 cents per ordinary share (2020: nil).

CLOSURE OF THE REGISTER OF MEMBERS

To determine the eligibility of the shareholders of the Company to attend the annual general meeting to be held on Wednesday, 29 June 2022 ("2022 AGM"), the Company's register of members will be closed from Friday, 24 June 2022 to Wednesday 29 June 2022 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to be entitled to attend and vote at 2022 AGM, all transfers of shares of the Company, duly accompanied by the completed transfer forms and all 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, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Thursday, 23 June 2022. The shareholders whose names appear on the register of members of the Company on Wednesday, 29 June 2022, the record date of 2022 AGM, will be entitled to attend and vote at 2022 AGM.

For determining the shareholders' entitlement to the proposed final dividend and final special dividend for the year ended 31 December 2021, the register of members of the Company will be closed from Friday, 8 July 2022 to Tuesday, 12 July 2022, both days inclusive, and no transfer of the shares of the Company will be effected during such period. In order for a shareholder of the Company to qualify for the proposed final dividend and final special dividend, all transfers of shares of the Company, duly accompanied by the completed transfer forms and all 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, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Thursday, 7 July 2022. Subject to the approval by the Company's shareholders at the 2022 AGM, the proposed final dividend and final special dividend are payable on Friday, 22 July 2022 to those shareholders whose names appear on the register of members of the Company on Tuesday, 12 July 2022 (the record date).

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal controls and financial reporting matters including a review of the annual financial statements for the year ended 31 December 2021 (“Annual Report”).

During the year under review, the Committee met three times.

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 year.

TRANSFER TO RESERVES

Pursuant to the legal requirements in the PRC and the appropriation agreed in the subsidiaries, associates and joint ventures, aggregate amount of US\$7,924,000 has been transferred to PRC statutory reserve of the Group during the year.

FINANCIAL INFORMATION

The financial information relating to the years ended 31 December 2020 and 2021 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. The financial statements for the year ended 31 December 2021 have yet to be reported by the Company's auditor and will be delivered to the Registrar of Companies in due course. The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by the Hong Kong Companies Ordinance. The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2020. The auditor's report was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not include a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap 622).

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE CODE

For the year ended 31 December 2021, the Company has consistently adopted and complied with the applicable code provisions of the Corporate Governance Code (the “Code”) as set out in Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited as guidelines to reinforce our corporate governance principles, except for the deviation stated below:

Code Provision A.2.1

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 Officer 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.

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 Annual Report, the required standard as set out in the Model Code.

By Order of the Board
Singamas Container Holdings Limited
Teo Siong Seng
Chairman and Chief Executive Officer

Hong Kong, 29 March 2022

The Directors as at the date of this announcement are Mr. Teo Siong Seng and Ms. Chung Pui King, Rebecca as executive Directors, Mr. Tan Chor Kee, Mr. Kwa Wee Keng and Mr. Chan Kwok Leung as non-executive Directors and Mr. Cheng Fu Kwok, David, Mr. Lau Ho Kit, Ivan and Mr. Ho Teck Cheong as independent non-executive Directors.