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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>

### 2022 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 2022 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 US\$'000	2021 US\$'000
<b>Revenue</b>	2	<b>775,983</b>	1,151,764
Cost of sales		<b>(629,324)</b>	(826,061)
<b>Gross profit</b>		<b>146,659</b>	325,703
Other income	4	<b>12,681</b>	10,484
Distribution expenses		<b>(18,361)</b>	(24,841)
Administrative expenses		<b>(34,215)</b>	(59,390)
Finance costs		<b>(366)</b>	(1,083)
Other gains and losses	5	<b>(17,687)</b>	2,240
Gain from derecognition of financial assets measured at amortised cost		-	27,001
Impairment loss on property, plant and equipment		-	(2,000)
Share of results of associates		<b>1,349</b>	761
Share of results of joint ventures		<b>(135)</b>	196
<b>Profit before taxation</b>	6	<b>89,925</b>	279,071
Income tax expense	7	<b>(33,360)</b>	(70,606)
<b>Profit for the year</b>		<b>56,565</b>	208,465
<b>Profit for the year attributable to:</b>			
Owners of the Company		<b>46,340</b>	186,802
Non-controlling interests		<b>10,225</b>	21,663
		<b>56,565</b>	208,465

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

For the year ended 31 December 2022

	<i>Note</i>	<b>2022</b> <b>US\$'000</b>	2021 US\$'000
<b>Other comprehensive income (expense)</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value gain (loss) on equity instrument at fair value through other comprehensive income ("FVTOCI"), net of tax effect		2,677	(687)
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		(4,190)	1,029
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/>	<hr/>
<b>Other comprehensive (expense) income for the year</b>		<b>(1,513)</b>	<b>13,732</b>
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>55,052</b>	<b>222,197</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		45,365	200,446
Non-controlling interests		9,687	21,751
		<hr/>	<hr/>
		<b>55,052</b>	<b>222,197</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Basic earnings per share</b>	<sup>9</sup>	<b><u>US1.92 cents</u></b>	<b><u>US7.73 cents</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	<b>2022</b> <b>US\$'000</b>	2021 US\$'000
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>86,991</b>	76,399
Right-of-use assets		<b>39,130</b>	40,174
Investment properties		<b>35,330</b>	37,913
Interests in associates		<b>15,768</b>	18,114
Interests in joint ventures		<b>6,302</b>	7,031
Equity instrument at FVTOCI		<b>28,367</b>	25,392
Financial asset at fair value through profit and loss ("FVTPL")		<b>3,044</b>	3,246
Other receivables	<i>13</i>	<b>4,842</b>	15,485
Trade receivables	<i>12</i>	<b>10,798</b>	-
Deposits for non-current assets		<b>94</b>	806
		<hr/> <b>230,666</b>	<hr/> 224,560
<b>Current assets</b>			
Inventories	<i>11</i>	<b>105,662</b>	209,814
Trade receivables	<i>12</i>	<b>80,136</b>	79,082
Prepayments and other receivables	<i>13</i>	<b>24,324</b>	41,820
Amounts due from associates		<b>424</b>	-
Amounts due from joint ventures		<b>995</b>	-
Derivative financial instruments		<b>-</b>	202
Tax recoverable		<b>276</b>	353
Cash and deposits with banks		<b>369,770</b>	438,171
		<hr/> <b>581,587</b>	<hr/> 769,442

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***As at 31 December 2022*

	<i>Notes</i>	<b>2022</b> <b>US\$'000</b>	2021 US\$'000
<b>Current liabilities</b>			
Trade payables	14	40,230	106,211
Lease liabilities		2,664	2,389
Accruals and other payables		50,367	64,361
Advances from customers		37,704	46,171
Amount due to immediate holding company		62	6
Amounts due to associates		473	123
Amounts due to joint ventures		7	5
Derivative financial instruments		461	-
Tax payable		3,161	23,249
		<u>135,129</u>	<u>242,515</u>
<b>Net current assets</b>		<u>446,458</u>	<u>526,927</u>
<b>Total assets less current liabilities</b>		<u>677,124</u>	<u>751,487</u>
<b>Capital and reserves</b>			
Share capital	15	268,149	268,149
Accumulated profits		248,584	340,913
Other reserves		79,093	67,210
		<u>595,826</u>	<u>676,272</u>
Equity attributable to owners of the Company		595,826	676,272
Non-controlling interests		63,051	56,973
		<u>658,877</u>	<u>733,245</u>
<b>Non-current liabilities</b>			
Lease liabilities		3,473	2,740
Deferred tax liabilities		14,774	15,502
		<u>18,247</u>	<u>18,242</u>
		<u>677,124</u>	<u>751,487</u>

Notes:

**1. Basis of preparation and accounting policies**

*The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.*

*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.*

*The expenses presentation of the Group for the year ended 31 December 2022 in the consolidated statement of profit or loss and other comprehensive income has been reclassified from the analysis by nature to the analysis by function. The management of the Group considered that the current presentation is more appropriate for analysing the financial performance of the Group.*

*In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:*

<i>Amendments to HKFRS 3</i>	<i>Reference to the Conceptual Framework</i>
<i>Amendment to HKFRS 16</i>	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
<i>Amendments to HKAS 16</i>	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
<i>Amendments to HKAS 37</i>	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Amendments to HKFRSs</i>	<i>Annual Improvements to HKFRSs 2018-2020</i>

*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 the consolidated financial statements.*

## 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:

	2022 US\$'000	2021 US\$'000
Manufacturing	748,375	1,117,195
Logistics services	27,608	34,569
	<u>775,983</u>	<u>1,151,764</u>

### Disaggregation of revenue from contracts with customers

Types of goods or services	2022 US\$'000	2021 US\$'000
<i>Manufacturing (recognised at a point in time):</i>		
Dry freight containers	610,091	1,011,532
Tank containers	59,639	37,504
Other specialised containers and container parts	78,645	68,159
	<u>748,375</u>	<u>1,117,195</u>
<i>Logistics services (recognised over time):</i>		
Container storage and handling services	4,084	3,835
Repair and drayage services	5,269	4,752
Container freight station services	15,214	10,678
Other container related services	3,041	15,304
	<u>27,608</u>	<u>34,569</u>
	<u>775,983</u>	<u>1,151,764</u>

### 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.

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 2022

	Manufacturing US\$'000	Logistics services US\$'000	Total US\$'000
<b>REVENUE</b>			
External sales	748,375	27,608	775,983
<b>SEGMENT RESULTS</b>	84,125	2,288	86,413
Finance costs			(366)
Investment income			8,276
Fair value loss on derivative financial instruments			(5,686)
Fair value gain on financial asset of FVTPL			74
Share of results of associates			1,349
Share of results of joint ventures			(135)
Profit before taxation			89,925

Year ended 31 December 2021

	<i>Manufacturing</i> US\$'000	<i>Logistics services</i> US\$'000	<i>Total</i> US\$'000
<b>REVENUE</b>			
<i>External sales</i>	1,117,195	34,569	1,151,764
<b>SEGMENT RESULTS</b>	243,564	2,162	245,726
<i>Finance costs</i>			(1,083)
<i>Investment income</i>			5,738
<i>Fair value gain on derivative financial instruments</i>			583
<i>Fair value gain on financial asset of FVTPL</i>			149
<i>Gain from derecognition of financial assets measured at amortised cost</i>			27,001
<i>Share of results of associates</i>			761
<i>Share of results of joint ventures</i>			196
<i>Profit before taxation</i>			279,071

*Segment results represent the profit earned by each segment without allocation of finance costs, investment income, fair value (loss) gain on derivative financial instruments, fair value gain on financial asset at FVTPL, gain from derecognition of financial assets measured at amortised cost, 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, including both the manufacturing division and logistics services division, are located in the People's Republic of China (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:

	<u>Year ended 31 December 2022</u>			<u>Year ended 31 December 2021</u>		
	<i>Manufacturing</i>	<i>Logistics services</i>	<i>Total</i>	<i>Manufacturing</i>	<i>Logistics services</i>	<i>Total</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<i>Hong Kong</i>	<b>230,358</b>	-	<b>230,358</b>	375,822	1,041	376,863
<i>Singapore</i>	<b>144,882</b>	-	<b>144,882</b>	96,562	-	96,562
<i>Europe</i>	<b>106,913</b>	-	<b>106,913</b>	204,515	-	204,515
<i>Middle East</i>	<b>78,663</b>	-	<b>78,663</b>	65,942	-	65,942
<i>PRC</i>	<b>64,949</b>	<b>27,608</b>	<b>92,557</b>	52,356	33,528	85,884
<i>United States of America</i>	<b>46,936</b>	-	<b>46,936</b>	190,555	-	190,555
<i>Taiwan</i>	<b>29,015</b>	-	<b>29,015</b>	106,885	-	106,885
<i>Indonesia</i>	<b>10,272</b>	-	<b>10,272</b>	169	-	169
<i>Korea</i>	<b>9,196</b>	-	<b>9,196</b>	12,738	-	12,738
<i>India</i>	<b>6,992</b>	-	<b>6,992</b>	3,840	-	3,840
<i>Malaysia</i>	<b>4,269</b>	-	<b>4,269</b>	74	-	74
<i>Others</i>	<b>15,930</b>	-	<b>15,930</b>	7,737	-	7,737
<b>Total</b>	<b>748,375</b>	<b>27,608</b>	<b>775,983</b>	1,117,195	34,569	1,151,764

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

	<u>As at 31 December 2022</u>	<u>As at 31 December 2021</u>
	<i>US\$'000</i>	<i>US\$'000</i>
<i>PRC</i>	<b>147,083</b>	150,837
<i>Hong Kong</i>	<b>35,154</b>	27,810
<i>Others</i>	<b>1,378</b>	1,790
	<b>183,615</b>	180,437

## Information about major customers

In 2022, there is one customer contributes over 10% of the total sales (2021: no customer). The customer contributes over 10% of the total sales amounted to US\$106,915,000 in aggregate.

#### 4. Other income

	2022 US\$'000	2021 US\$'000
<i>Interest earned on bank deposits</i>	5,056	794
<i>Interest earned on bank deposit with original maturity over 3 months</i>	218	-
<i>Interest income from immediate holding company</i>	-	1,334
<i>Interest income from a fellow subsidiary</i>	-	357
<i>Interest income from an associate</i>	-	352
<i>Imputed interest income from consideration receivable</i>	604	1,037
<i>Lease interest</i>	472	-
<i>Dividend income from equity instrument at FVTOCI</i>	1,926	1,864
<i>Governments grants</i>	1,432	1,040
<i>Rental income</i>	1,989	1,805
<i>Others</i>	984	1,901
	<u>12,681</u>	<u>10,484</u>

During the year, the Group received US\$1,432,000 (2021: US\$1,040,000) from the local government authorities for the encouragement on economic contribution to the industry development with no specific conditions attached.

#### 5. Other gains and losses

	2022 US\$'000	2021 US\$'000
<i>Exchange (loss) gain</i>	(8,122)	2,249
<i>Fair value (loss) gain on derivative financial instruments</i>	(5,686)	583
<i>Fair value gain on financial assets at FVTPL</i>	74	149
<i>Fair value (loss) gain on investment properties</i>	(909)	142
<i>Adjustment to consideration receivables</i>	(3,360)	-
<i>Impairment losses under expected credit loss model, net of reversal</i>	22	136
<i>Gain on disposal of a subsidiary</i>	-	412
<i>Gain on disposal of an associate</i>	-	1,370
<i>Gain on deregistration of a joint venture</i>	-	769
<i>Gain (loss) on disposal of property, plant and equipment</i>	525	(1,398)
<i>Loss on property, plant and equipment written off</i>	(231)	(2,172)
	<u>(17,687)</u>	<u>2,240</u>

**6. Profit before taxation**

	2022 US\$'000	2021 US\$'000
<i>Profit before taxation has been arrived at after charging (crediting) the following :</i>		
<i>Auditors' remuneration</i>	<u>447</u>	423
<i>Research and development costs</i>		
- <i>Included in cost of sales</i>	4,597	4,061
- <i>Included in administrative expenses</i>	<u>1,861</u>	<u>5,381</u>
	<u>6,458</u>	9,442
<i>Staff costs, including directors' emoluments</i>		
- <i>Salaries and other benefits</i>	89,019	123,412
- <i>Retirement benefit costs</i>	<u>2,805</u>	<u>2,288</u>
	<u>91,824</u>	125,700
<i>Depreciation expense</i>		
- <i>Depreciation of property, plant and equipment</i>	7,780	7,655
- <i>Depreciation of right-of-use assets</i>	<u>3,912</u>	<u>3,432</u>
	<u>11,692</u>	11,087
<i>Share of taxation charge of associates</i>	366	412
<i>Share of taxation charge of joint ventures</i>	<u>4</u>	<u>54</u>
	<u>370</u>	466
<i>Gross rental income from investment properties</i>	(1,871)	(1,540)
<i>Less: direct operating expenses incurred for investment properties that generated rental income during the year</i>	305	390
	<u>(1,566)</u>	<u>(1,150)</u>
<i>Cost of inventories recognised as expense (including provision of inventories US\$1,633,000 (2021: US\$2,998,000))</i>	<u>629,324</u>	826,061

## 7. 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.

	2022 US\$'000	2021 US\$'000
<i>Current tax:</i>		
PRC Enterprise Income Tax		
- Current year	29,818	61,477
- Overprovision in prior year	(8)	-
	<u>29,810</u>	<u>61,477</u>
<i>Deferred tax:</i>		
- Current year (credit) charge	(208)	1,017
- Withholding tax on undistributed profits	3,758	8,112
	<u>3,550</u>	<u>9,129</u>
<i>Income tax expense for the year</i>	<u><u>33,360</u></u>	<u><u>70,606</u></u>

Pursuant to the relevant law and regulations in the PRC, PRC subsidiaries qualified as Hi-Tech Enterprise are entitled to 15% PRC enterprise income tax. The tax rate of the other PRC subsidiaries is 25%.

## 8. Dividends

Dividends recognised as distributions during the year:

	2022 US\$'000	2021 US\$'000
<i>Interim dividend in respect of the current financial year</i>		
- HK4 cents (2021: HK7 cents) per ordinary share	<u>12,317</u>	<u>21,766</u>
<i>Final dividend in respect of the previous financial year</i>		
- HK11 cents (2021: Nil) per ordinary share	<u>33,881</u>	-
<i>Special dividend in respect of the previous financial year</i>		
- HK25 cents (2021: Nil) per ordinary share	<u>77,396</u>	-

An interim dividend of HK4 cents per ordinary share, total of which equivalent to approximately HK\$96,677,000 (equivalent to approximately US\$12,317,000) was declared and paid during the year ended 31 December 2022.

An interim special dividend of HK20 cents per ordinary share, total of which equivalent to approximately HK\$483,384,000 (equivalent to approximately US\$61,996,000) was declared on 10 December 2021 and 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 per ordinary share, total of which equivalent to approximately HK\$265,861,000 and HK\$120,846,000 respectively (equivalent to approximately US\$33,881,000 and US\$15,400,000 respectively) were approved by the shareholders in the annual general meeting held on 29 June 2022 and was distributed on 22 July 2022.

The final dividend of HK2 cents in respect of the year ended 31 December 2022 per ordinary share, total of which equivalent to approximately HK\$47,644,000 (equivalent to approximately US\$6,108,000) has been proposed by the board of directors and is subject to approval by the shareholders in forthcoming annual general meeting.

## 9. Basic earnings per share

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

	2022 US\$'000	2021 US\$'000
<i>Earnings:</i>		
<i>Profit for the purposes of calculating basic earnings per share</i>	<u>46,340</u>	<u>186,802</u>
<i>Number of shares:</i>		
<i>Weighted average number of ordinary shares for the purpose of calculating basic earnings per share</i>	<u>2,411,359,693</u>	<u>2,416,919,918</u>

No diluted earnings per share for the year ended 31 December 2022 and 2021 was presented as the Company has no potential ordinary shares in issue in both years.

## 10. Movements in property, plant and equipment

During the year, there was an addition of US\$19,388,000 (2021: US\$17,807,000) in property, plant and equipment for upgrading existing manufacturing and logistics services facilities of the Group, including transfer of leased assets from inventories amounted to US\$8,891,000 (2021: Nil).

## 11. Inventories

	2022 US\$'000	2021 US\$'000
<i>Raw materials</i>	45,303	119,797
<i>Work in progress</i>	23,210	29,637
<i>Finished goods</i>	37,149	60,380
	<u>105,662</u>	<u>209,814</u>

## 12. Trade receivables

	2022 US\$'000	2021 US\$'000
Trade receivables from third parties	76,697	79,054
Lease receivables from immediate holding company	195	-
Trade receivables from fellow subsidiaries	219	152
Trade receivables from associates	-	44
Less : allowance for credit losses	(146)	(168)
	<hr/>	<hr/>
	76,965	79,082
Finance lease receivables from third parties	13,969	-
Net trade receivables	<hr/>	<hr/>
	90,934	79,082

The aged analysis of trade and lease 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:

	2022 US\$'000	2021 US\$'000
0 to 30 days	46,936	45,306
31 to 60 days	11,403	17,550
61 to 90 days	7,132	8,279
91 to 120 days	6,812	1,100
Over 120 days	4,682	6,847
Classified as current portion	<hr/>	<hr/>
	76,965	79,082

### 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 (2021: 30 days to 120 days).

### Lease receivables from immediate holding company

For lease receivables from immediate holding company, the lease rental shall be settled within 45 days from the invoice date.

The aged analysis of lease receivables from immediate holding company, 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:

	2022 US\$'000	2021 US\$'000
0 to 30 days	99	-
31 to 60 days	96	-
	<hr/>	<hr/>
	195	-

### Trade receivables from fellow subsidiaries

The payment term with fellow subsidiaries is that the transaction amount shall be settled within 10 days (2021: 10 days) from the invoice date.

The aged analysis of trade receivables 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:

	2022 US\$'000	2021 US\$'000
0 to 30 days	200	152
31 to 60 days	19	-
	<u>219</u>	<u>152</u>

### Trade receivables from associates

The general credit terms for trade receivables from associates is 60 days (2021: 60 days).

The aged analysis of trade receivables 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:

	2022 US\$'000	2021 US\$'000
0 to 30 days	-	44

### Finance lease receivables from third parties

	2022 US\$'000	2021 US\$'000
Analyse as:		
Current portion	3,171	-
Non-current portion	10,798	-
	<u>13,969</u>	<u>-</u>

## 13. Prepayments and other receivables

As at 31 December 2022, prepayments and other receivables included consideration receivables in connection with disposal of subsidiaries of US\$9,848,000 (2021: US\$18,679,000), and advanced to suppliers of US\$6,833,000 (2021: US\$15,670,000) as deposits for raw materials purchases. The remaining balances mainly included refundable value added tax and other advance payments.

#### 14. Trade payables

Included in the Group's trade payables as at 31 December 2022 are bills presented by the Group to relevant creditors of US\$350,000 (2021: US\$2,598,000) 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 Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. The following is an analysis of trade payables by age based on invoice date of each transaction.

	2022 US\$'000	2021 US\$'000
0 to 30 days	20,245	63,980
31 to 60 days	10,224	29,530
61 to 90 days	4,890	7,016
91 to 120 days	2,741	2,937
Over 120 days	2,130	2,748
	<u>40,230</u>	<u>106,211</u>

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.

#### 15. Share capital

	Number of shares		Share Capital			
	2022	2021	2022 US\$'000	2022 HK\$'000	2021 US\$'000	2021 HK\$'000
Issued and fully paid:						
At beginning of the year	2,416,919,918	2,416,919,918	268,149	2,078,513	268,149	2,078,513
Share repurchased and cancelled	<u>(34,714,000)</u>	-	-	-	-	-
At end of the year	<u>2,382,205,918</u>	2,416,919,918	<u>268,149</u>	<u>2,078,513</u>	268,149	2,078,513

## BUSINESS REVIEW

Over the past financial year, the Group's business performance was significantly impacted by changing market dynamics, the catalysts of which included the Russia-Ukraine war, slowdown in the global economy resulting from weak consumer sentiment, decline in global trade volume and the overproduction of containers by the industry in 2021. With the rise in empty container inventories, there was a decline in demand for new dry freight containers and drop in their average selling price ("ASP").

In response to the challenging conditions, we decided to intermittently close the Group's dry freight container production facilities from the fourth quarter of 2022 so as to reduce operating costs. As for our specialised container operation, we expanded our Shanghai operation in the second half of last year to better address demand, particularly for energy storage and equipment containers.

For the year ended 31 December 2022, the Group's total consolidated revenue declined by 33% to US\$775,983,000 (2021: US\$1,151,764,000). Consolidated profit attributable to owners of the Company amounted to US\$46,340,000 (2021: US\$186,802,000, including a one-time gain of US\$27,001,000 from the derecognition of financial assets). Erosion in gross profit margin driven by the drop in ASP of dry freight containers, lower production volume and higher overhead costs per unit. Basic earnings per share was US1.92 cents (2021: US7.73 cents). The Group remains in solid financial position, with cash and deposits with banks amounting to US\$369,770,000 as at 31 December 2022 (2021: US\$438,171,000).

## ***Manufacturing***

As at 31 December 2022, the manufacturing segment recorded revenue of US\$748,375,000 (2021: US\$1,117,195,000), which accounted for 96% (2021: 97%) of the Group's total revenue. Segment profit before taxation and non-controlling interests amounted to US\$84,272,000 (2021: US\$273,220,000).

The manufacturing operation achieved a total sales volume of approximately 242,000 twenty-foot equivalent units ("TEUs") (2021: approximately 347,000 TEUs) of dry freight and ISO specialised containers during the review year. The ASP of 20' dry freight container for the year 2022 fell to US\$2,836 (2021: US\$3,521). The depressed ASP was due in part to the drop in steel cost resulting from a slowdown in the Mainland China property sector.

For the year, the manufacturing operation experienced a decline in production volume of approximately 36%. Though dry freight containers accounted for over 80% of segment revenue versus less than 20% for specialised containers, we leveraged the Group's flexible production to increase output of customised and specialised containers as their demand rose appreciably in the second half year. Such demand was driven both locally and abroad, and particularly by renewable energy storage and equipment containers. We believe that renewable energy storage containers possesses tremendous potential given the current environmental protection and renewable energy trends. Other customised containers that the Group views favourably include 5G equipment and digital-data-related containers and modular integrated construction ("MIC") containers.

Both the Group's Huizhou factory and Shanghai factory recently earned the title of "2022 'Specialised and New' SMEs", and Huizhou factory earned the title of "Innovative SMEs in Guangdong Province" as well, it shows the Group's remarkable ability in product innovation and technical skills. Going forward, we will continue to nurture research and development that is focused on engineering and product development.

## ***Logistics Services***

The logistics services operation performed in a stable manner during the review year, generating revenue of US\$27,608,000 (2021: US\$34,569,000), with segment profit before taxation and non-controlling interests of US\$5,653,000 (2021: US\$5,851,000). As at 31 December 2022, the operation handled approximately 703,000 TEUs (2021: 538,000 TEUs) of containers and repaired 119,000 TEUs (2021: 117,000 TEUs). Average daily container storage reached 21,000 TEUs (2021: 18,000 TEUs). As port congestion has eased, a large number of containers have returned to Mainland China, thus boosting revenue from storage and container handling. The decline in segment profit for the review year was mainly due to a gain on disposal of a subsidiary of approximately US\$412,000 recognised in 2021 was not repeated in 2022.

As for our investment in Xiamen Logistics, it contributed dividend income of US\$1,926,000 (2021: US\$1,864,000) to the Group during the review year. We will continue to review its operations in a timely fashion, and when necessary, streamline business to enhance efficiency and bolster its business portfolio, thus ensuring that Xiamen Logistics performs in a steady manner.

## **PROSPECTS**

In the coming year, global growth is expected to further weaken, slowing from 3.2% in 2022 to 2.7% in 2023, according to the International Monetary Fund ("IMF"). This would be the weakest growth profile since 2001, except for the global financial crisis and the acute phase of the COVID-19 pandemic. With respect to Mainland China, the IMF projects real GDP to gradually recover, rising from 3.2% in 2022 to 4.4% in 2023. And with the country reopening its borders, household consumption is expected to grow by approximately 9% in 2023.

The unpredictable conditions over the past two years have nevertheless helped shipping companies improve their financial performance significantly, and the demand for containers is anticipated to improve during the

second half of 2023 as new cargo vessels are launched and replacement containers are sought. Given the tremendous potential that the energy storage and equipment containers hold, the Group will dedicate more resources to capitalise on relevant opportunities and will remain vigilant against cost pressures in face of steel price fluctuation brought by the ups and downs of China's property sector and automobile manufacturing sector. Ahead of this possibility, we will continue to invest in automation to improve efficiency and ensure that the Group remains highly agile.

Although we expect challenges to remain in the upcoming financial year, we also believe that our focus on non-shipping related containers will allow the Group to be more resilient and less vulnerable to volatility in global trade. Moreover, with our healthy financial position, we will be able to actively seek new M&A opportunities which facilitating new synergies to be generated in the long term.

## **DIVIDENDS**

Based on the operating results of the Group, the Board recommended the payment of a final dividend of HK2 cents per ordinary share (2021: HK11 cents per ordinary share) for the year ended 31 December 2022. The Board did not recommend the payment of a final special dividend (2021: HK5 cents per ordinary share) and an interim special dividend (2021: HK20 cents per ordinary share) for the year ended 31 December 2022. Together with an interim dividend of HK4 cents per ordinary share (2021: HK7 cents per ordinary share), total dividend for the year would be HK6 cents per ordinary share (2021: HK43 cents per ordinary share).

## **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 Friday, 23 June 2023 ("2023 AGM"), the Company's register of members will be closed from Monday, 19 June 2023 to Friday, 23 June 2023 (both days inclusive), during which period no transfer of shares will be effected. In order to be entitled to attend and vote at 2023 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 Friday, 16 June 2023. The shareholders whose names appear on the register of members of the Company on Friday, 23 June 2023, the record date of 2023 AGM, will be entitled to attend and vote at 2023 AGM.

For determining the shareholders' entitlement to the proposed final dividend for the year ended 31 December 2022, the register of members of the Company will be closed from Wednesday, 5 July 2023 to Friday, 7 July 2023, 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, 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 Tuesday, 4 July 2023. Subject to the approval by the Company's shareholders at the 2023 AGM, the proposed final dividend is payable on Friday, 21 July 2023 to those shareholders whose names appear on the register of members of the Company on Friday, 7 July 2023 (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 2022 ("Annual Report").

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

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2022, the Company repurchased a total of 34,714,000 ordinary shares on The Stock Exchange of Hong Kong Limited (the "SEHK"), with the aggregate consideration paid (before transaction expenses) amounting to USD2,958,000. All the shares repurchased were subsequently cancelled. As at 31 December 2022, the total number of shares of the Company in issue was 2,382,205,918.

Particulars of the share repurchase are as follows:

Month of repurchase 2022	Number of ordinary shares repurchased	Purchase price per share		Aggregate consideration (before transaction expenses)
		Highest HK\$	Lowest HK\$	
October	16,256,000	0.67	0.62	1,335,000
November	18,238,000	0.72	0.63	1,603,000
December	220,000	0.72	0.72	20,000
	<u>34,714,000</u>			<u>2,958,000</u>

Save as disclosed above, during the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## 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\$12,858,000 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 2021 and 2022 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 2022 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 2021 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 2021. 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 2022 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 and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2022, the Company has consistently adopted and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on SEHK (the “Listing Rules”) as guidelines to reinforce our corporate governance principles, except for the deviation stated below:

### Code provision C.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, 15 March 2023

*The Directors as at the date of this announcement are Mr. Teo Siong Seng, Ms. Siu Wai Yee, Winnie and Ms. Chung Pui King, Rebecca as executive Directors, Mr. Kwa Wee Keng as non-executive Director and Mr. Cheng Fu Kwok, David, Mr. Lau Ho Kit, Ivan and Mr. Ho Teck Cheong as independent non-executive Directors.*