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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>

2023 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS

The Board of Directors (the “Board” / “Directors”) of Singamas Container Holdings Limited (the “Company”) would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (together the “Group”) for the six months ended 30 June 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 <i>(unaudited)</i> US\$'000	2022 <i>(unaudited)</i> US\$'000
Revenue	2	189,125	472,449
Cost of Sales		(163,003)	(369,147)
Gross profit		26,122	103,302
Other income	4	11,389	5,289
Distribution expenses		(5,013)	(12,536)
Administrative expenses		(14,868)	(22,522)
Finance costs		(168)	(193)
Other gains and losses	5	(2,996)	(4,008)
Share of results of associates		708	733
Share of results of joint ventures		76	(89)
Profit before taxation	6	15,250	69,976
Income tax expense	7	(3,660)	(24,679)
Profit for the period		11,590	45,297
Profit for the period attributable to:			
Owners of the Company		9,776	38,002
Non-controlling interests		1,814	7,295
		11,590	45,297

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME** *(Continued)*
For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	<i>Note</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
		US\$'000	US\$'000
Other comprehensive expense			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on equity instrument at fair value through other comprehensive income (“FVTOCI”), net of tax effect		(2,274)	(4,993)
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation		<u>(1,326)</u>	<u>(2,728)</u>
Other comprehensive expense for the period		<u>(3,600)</u>	<u>(7,721)</u>
Total comprehensive income for the period		<u>7,990</u>	<u>37,576</u>
Total comprehensive income attributable to:			
Owners of the Company		6,327	30,603
Non-controlling interests		<u>1,663</u>	<u>6,973</u>
		<u>7,990</u>	<u>37,576</u>
Basic earnings per share	9	<u>US0.41 cent</u>	<u>US1.57 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<i>Notes</i>	<i>As at 30 June 2023 (unaudited) US\$'000</i>	<i>As at 31 December 2022 (audited) US\$'000</i>
Non-current assets			
Property, plant and equipment	<i>10</i>	<i>88,262</i>	86,991
Right-of-use assets		<i>37,128</i>	39,130
Investment properties		<i>34,627</i>	35,330
Interests in associates		<i>15,058</i>	15,768
Interests in joint ventures		<i>6,142</i>	6,302
Equity instrument at FVTOCI		<i>25,840</i>	28,367
Financial asset at fair value through profit and loss ("FVTPL")		<i>2,934</i>	3,044
Other receivables	<i>13</i>	<i>4,578</i>	4,842
Trade receivables	<i>12</i>	<i>9,160</i>	10,798
Deposits for non-current assets		<i>234</i>	94
		<hr/> <i>223,963</i>	230,666
Current assets			
Inventories	<i>11</i>	<i>129,097</i>	105,662
Trade receivables	<i>12</i>	<i>72,325</i>	80,136
Prepayments and other receivables	<i>13</i>	<i>36,785</i>	24,324
Amounts due from associates		<i>364</i>	424
Amounts due from joint ventures		<i>639</i>	995
Tax recoverable		<i>233</i>	276
Bank deposits with original maturity over 3 months		<i>116,285</i>	40,000
Cash and cash equivalents		<i>213,842</i>	329,770
		<hr/> <i>569,570</i>	581,587

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2023

	<i>Notes</i>	<i>As at 30 June 2023 (unaudited) US\$'000</i>	<i>As at 31 December 2022 (audited) US\$'000</i>
Current liabilities			
Trade payables	14	37,421	40,230
Lease liabilities		2,608	2,664
Accruals and other payables		40,506	50,367
Advances from customers		25,811	37,704
Amount due to immediate holding company		-	62
Amounts due to associates		939	473
Amounts due to joint ventures		18	7
Derivative financial instruments		-	461
Tax payable		3,009	3,161
Dividend payable		6,079	-
		116,391	135,129
Net current assets		453,179	446,458
Total assets less current liabilities		677,142	677,124
Capital and reserves			
Share capital	15	268,149	268,149
Accumulated profits		251,990	248,584
Other reserves		75,935	79,093
		596,074	595,826
Equity attributable to owners of the Company		596,074	595,826
Non-controlling interests		63,932	63,051
Total equity		660,006	658,877
Non-current liabilities			
Lease liabilities		2,439	3,473
Deferred tax liabilities		14,697	14,774
		17,136	18,247
		677,142	677,124

Notes:

1. Basis of preparation and principal accounting policies

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2022 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of and Part 3 of Schedule 6 to the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; 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 contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The condensed 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, as appropriate.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2022.

Application of amendments to HKFRSs

In the current period, 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 periods beginning on or after 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendment to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed 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:

	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
Manufacturing	175,436	459,885
Logistics services	13,689	12,564
	<u>189,125</u>	<u>472,449</u>

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
Types of goods or services		
<i>Manufacturing (recognised at a point in time):</i>		
Dry freight containers	90,048	400,791
Tank containers	35,713	21,478
Other specialised containers and container parts	49,675	37,616
	<u>175,436</u>	<u>459,885</u>
<i>Logistics services (recognised over time):</i>		
Container storage and handling services	1,935	2,164
Repair and drayage services	2,434	2,282
Container freight station services	7,668	7,179
Other container related services	1,652	939
	<u>13,689</u>	<u>12,564</u>
	<u>189,125</u>	<u>472,449</u>

3. Segment information

Information reported to the Group's chief operating decision maker (i.e. Chief Executive Officer) for the purposes 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 segments:

Six months ended 30 June 2023

	Manufacturing US\$'000	Logistics services US\$'000	Total US\$'000
REVENUE			
External sales	175,436	13,689	189,125
SEGMENT RESULTS	4,141	1,808	5,949
Finance costs			(168)
Investment income			9,050
Fair value loss on derivative financial instruments			(365)
Share of results of associates			708
Share of results of joint ventures			76
Profit before taxation			<u>15,250</u>

Six months ended 30 June 2022

	Manufacturing US\$'000	Logistics services US\$'000	Total US\$'000
REVENUE			
External sales	459,885	12,564	472,449
SEGMENT RESULTS	66,314	1,438	67,752
Finance costs			(193)
Investment income			3,467
Fair value loss on derivative financial instruments			(1,748)
Fair value gain on financial asset at FVTPL			54
Share of results of associates			733
Share of results of joint ventures			(89)
Profit before taxation			<u>69,976</u>

Segment results represent the profit earned by each segment without allocation of finance costs, investment income, fair value loss on derivative financial instruments, fair value gain on financial asset at FVTPL, 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.

4. Other income

	<i>Six months ended 30 June</i>	
	2023	2022
	US\$'000	US\$'000
<i>Interest earned on bank deposits</i>	1,967	1,391
<i>Interest earned on bank deposits with original maturity over 3 months</i>	4,814	-
<i>Imputed interest income from consideration receivable</i>	172	-
<i>Lease interest</i>	266	150
<i>Dividend income from equity instrument at FVTOCI</i>	1,831	1,926
<i>Government grants</i>	411	571
<i>Rental income</i>	1,015	1,052
<i>Others</i>	913	199
	11,389	5,289

5. Other gains and losses

	<i>Six months ended 30 June</i>	
	2023	2022
	US\$'000	US\$'000
<i>Net exchange loss</i>	(2,641)	(2,029)
<i>Fair value loss on derivative financial instruments</i>	(365)	(1,748)
<i>Fair value gain on financial asset at FVTPL</i>	-	54
<i>Fair value loss on investment properties</i>	-	(127)
<i>Impairment losses under expected credit loss model, net of reversal</i>	75	(92)
<i>Loss on disposal of property, plant and equipment, net</i>	(36)	(30)
<i>Loss on property, plant and equipment written off</i>	(29)	(36)
	(2,996)	(4,008)

6. Profit before taxation

	<i>Six months ended 30 June</i>	
	2023	2022
	US\$'000	US\$'000
<i>Profit before taxation has been arrived at after charging the following:</i>		
<i>Staff costs, including directors' emoluments</i>		
- Salaries and other benefits	36,345	49,236
- Retirement benefit costs	1,384	1,294
<i>Total staff costs</i>	<u>37,729</u>	<u>50,530</u>
<i>Depreciation expense</i>		
- Property, plant and equipment	4,192	3,829
- Right-of-use assets	2,431	1,906
<i>Total depreciation expense</i>	<u>6,623</u>	<u>5,735</u>
<i>Cost of inventories recognised as expenses</i>	<u>163,003</u>	369,147
<i>Share of taxation charge of associates</i>	195	196
<i>Share of taxation charge of joint ventures</i>	17	1
	<u>212</u>	<u>197</u>

7. Income tax expense

People's Republic of China ("PRC") Enterprise Income Tax has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the PRC in which the Group operates.

	<i>Six months ended 30 June</i>	
	2023	2022
	US\$'000	US\$'000
<i>Current tax:</i>		
<i>PRC Enterprise Income Tax</i>		
- Current period	3,289	21,747
- (Over) under provision in prior years	(95)	7
<i>Deferred tax</i>		
- Current period credit	(153)	(118)
- Withholding tax on undistributed profits	619	3,043
	<u>3,660</u>	<u>24,679</u>

8. Dividends

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\$6,079,000) has been approved by the shareholders in the general meeting held on 26 June 2023 and subsequently paid on 21 July 2023.

The directors of the Company have determined that an interim dividend of HK1 cent (six months ended 30 June 2022: HK4 cents) per ordinary share, total of which equivalent to approximately HK\$23,822,000 (equivalent to approximately US\$3,054,000) (six months ended 30 June 2022: HK\$96,677,000 (equivalent to approximately US\$12,394,000)) and an interim special dividend of HK17 cents (six months ended 30 June 2022: Nil) per ordinary share, total of which equivalent to approximately HK\$404,975,000 (equivalent to approximately US\$51,920,000) (six months ended 30 June 2022: Nil) will be paid to owners of the Company whose names appear in the register of members on 15 September 2023.

9. Basic earnings per share

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

	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
Earnings:		
Profit for the purposes of calculating basic earnings per share	<u>9,776</u>	<u>38,002</u>
Number of shares:		
Number of ordinary shares for the purpose of calculating basic earnings per share	<u>2,382,205,918</u>	<u>2,416,919,918</u>

No diluted earnings per share for the six months ended 30 June 2023 and 2022 was presented as the Company has no potential ordinary shares in issue during both periods.

10. Movements in property, plant and equipment

During the six months ended 30 June 2023, there was an addition of US\$1,270,000 (six months ended 30 June 2022: US\$4,295,000) in property, plant and equipment for upgrading existing manufacturing and logistics services facilities of the Group. In addition, inventories amounted to US\$4,845,000 (six months ended 30 June 2022: US\$8,891,000) were transferred to leased assets during the current period.

11. Inventories

	<i>As at</i> 30 June 2023 US\$'000	<i>As at</i> 31 December 2022 US\$'000
<i>Raw materials</i>	57,763	45,303
<i>Work in progress</i>	16,825	23,210
<i>Finished goods</i>	54,509	37,149
	<hr/> 129,097 <hr/>	<hr/> 105,662 <hr/>

12. Trade receivables

	<i>As at</i> 30 June 2023 US\$'000	<i>As at</i> 31 December 2022 US\$'000
<i>Trade receivables from third parties</i>	67,574	76,697
<i>Lease receivables from immediate holding company</i>	195	195
<i>Trade receivables from fellow subsidiaries</i>	1,107	219
<i>Less: allowance for credit losses</i>	(69)	(146)
	<hr/> 68,807 <hr/>	<hr/> 76,965 <hr/>
<i>Finance lease receivables from third parties</i>	12,678	13,969
<i>Net trade receivables</i>	<hr/> 81,485 <hr/>	<hr/> 90,934 <hr/>

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:

	<i>As at</i> 30 June 2023 US\$'000	<i>As at</i> 31 December 2022 US\$'000
<i>0 to 30 days</i>	47,298	46,936
<i>31 to 60 days</i>	7,348	11,403
<i>61 to 90 days</i>	2,070	7,132
<i>91 to 120 days</i>	1,714	6,812
<i>Over 120 days</i>	10,377	4,682
<i>Classified as current portion</i>	<hr/> 68,807 <hr/>	<hr/> 76,965 <hr/>

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 (31 December 2022: 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 (31 December 2022: 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:

	<i>As at</i> 30 June 2023 US\$'000	<i>As at</i> 31 December 2022 US\$'000
0 to 30 days	96	99
31 to 60 days	99	96
	<hr/> 195	<hr/> 195

Trade receivables from fellow subsidiaries

The payment term with fellow subsidiaries is that the transaction amount shall be settled within 60 days (31 December 2022: 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:

	<i>As at</i> 30 June 2023 US\$'000	<i>As at</i> 31 December 2022 US\$'000
0 to 30 days	218	200
31 to 60 days	178	19
61 to 90 days	176	-
91 to 120 days	177	-
Over 120 days	358	-
	<hr/> 1,107	<hr/> 219

Finance lease receivables from third parties

	<i>As at</i> 30 June 2023 US\$'000	<i>As at</i> 31 December 2022 US\$'000
Analyse as:		
Current portion	3,518	3,171
Non-current portion	9,160	10,798
	<hr/> 12,678	<hr/> 13,969

13. Prepayments and other receivables

At 30 June 2023, prepayments and other receivables included consideration receivables in connection with disposal of subsidiaries of US\$9,659,000 (31 December 2022: US\$9,848,000) and advance to suppliers of US\$16,674,000 (31 December 2022: US\$6,833,000) as deposits for raw materials purchases. The remaining balance mainly included refundable value added tax and other temporary payments.

14. Trade payables

Included in the Group's trade payables at 30 June 2023 are bills presented by the Group to relevant creditors of US\$7,718,000 (31 December 2022: US\$350,000) which are for future settlement. All bills presented by the Group are aged within 90 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:

	As at 30 June 2023 US\$'000	As at 31 December 2022 US\$'000
0 to 30 days	18,073	20,245
31 to 60 days	9,559	10,224
61 to 90 days	7,740	4,890
91 to 120 days	397	2,741
Over 120 days	1,652	2,130
	37,421	40,230

15. Share capital

	Number of shares			Share Capital		
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023 US\$'000	As at 30 June 2023 HK\$'000	As at 31 December 2022 US\$'000	As at 31 December 2022 HK\$'000
<i>Issued and fully paid:</i>						
At beginning of the period/year	2,382,205,918	2,416,919,918	268,149	2,078,513	268,149	2,078,513
Share repurchased and cancelled	-	(34,714,000)	-	-	-	-
At end of the period/year	2,382,205,918	2,382,205,918	268,149	2,078,513	268,149	2,078,513

Business Review

Over the past six months, the global economy has faced increasingly strong headwinds arising from high inflation, turmoil in the US financial sector, the ongoing Ukraine war and the aftermath of COVID-19. Correspondingly, the volume of world merchandise trade is expected to stay low, according to the World Trade Organisation, growth is estimated to fall from 2.7% in 2022 to 1.7% in 2023. With respect to the dry freight container manufacturing industry, it has continued to experience the aftereffects of overproduction over the past years, with demand for dry freight containers slumping appreciably. The Group has invariably felt the effects of the aforementioned developments, with overall sales dropped by more than half in the six months ended 30 June 2023 (the “review period”), compared with the same period last year. Nonetheless, the management has implemented strategies for further strengthening the Group in facing an unpredictable market. This has included the temporary closure of the Group’s dry freight container production facilities to minimize operating costs. Moreover, it has continued to develop the specialised container business – particularly renewable energy related containers; promoting a more diversified product mix to combat the effects of market volatility.

For the six months ended 30 June 2023, the Group’s consolidated revenue contracted by 60.0% to US\$189,125,000 (1H2022: US\$472,449,000). Consolidated net profit attributable to owners of the Company fell by 74.3% to US\$9,776,000 (1H2022: US\$38,002,000). Earnings per share were US0.41 cent (1H2022: US1.57 cents). The Group remains in strong financial health with cash and deposits with banks as at 30 June 2023 amounting to US\$330,127,000 (As at 31 December 2022: US\$369,770,000).

Manufacturing

The manufacturing operation performed in a manner consistent with market conditions, generating US\$175,436,000 (1H2022: US\$459,885,000) in revenue, which accounted for 92.7% (1H2022: 97.3%) of the Group’s total revenue for the review period. A segment profit before taxation and non-controlling interests of US\$10,332,000 (1H2022: US\$66,016,000) was recorded, with total sales volume of dry freight and ISO specialised containers of approximately 49,000 twenty-foot equivalent units (“TEUs”) (1H2022: 142,000 TEUs). During the review period, the average selling price (“ASP”) of a 20’ dry freight container dropped to US\$2,078 (1H2022: US\$3,330) amid shrinking demand and low steel prices, the latter driven by overcapacity and a sluggish real estate market in China. In order to better control costs, the Group elected to temporarily close some of its dry freight container facilities during the review period.

The performance decline of the dry freight container segment has further highlighted the importance of the Group’s specialised container business, which accounted for 48.7% (1H2022: 12.8%) of manufacturing operation revenue for the review period. The growth in specialised container business was mainly due to the continuous increase in the demand for renewable energy related containers, both from local and overseas customers. Yet other specialised containers that have performed encouragingly and possess good potential are the Group’s environmental protection containers, which can be used for sewage treatment, 5G equipment containers and digital-data-related containers. The Group has been co-operating with different customers in China and overseas with the objective of developing even more products, creating greater opportunities for the specialised container business. Furthermore, the Group also plans to expand the overseas marketing team to seize opportunities outside its traditional markets.

Logistics Services

The logistics services business continued to deliver a steady flow of revenue to the Group, amounted to US\$13,689,000 (1H2022: US\$12,564,000) for the review period. In addition, profit before taxation and non-controlling interests totalled US\$4,918,000 (1H2022: US\$3,960,000). The operation handled approximately 337,000 TEUs (1H2022: 340,000 TEUs) during the six months ended 30 June 2023, with total number of containers repaired reaching 66,000 TEUs (1H2022: 53,000 TEUs). Furthermore, average daily container storage totalled 24,000 TEUs (1H2022: 18,000 TEUs). The metrics highlighted the general slowdown in

export volume which has driven demand for logistics services during the review period.

Regarding the Group's investment in Xiamen Logistics, the company has continued to perform in a stable manner, generating US\$1,831,000 dividend income for the Group (1H2022: US\$1,926,000) during the review period. The Group will maintain the practice of closely monitoring the Xiamen Logistics operation, with the objective of streamlining business, increasing efficiency and enhancing its business portfolio, leading ultimately to higher profitability.

Prospects

Though the demand for dry freight containers is expected to remain sluggish in the second half year, the Group's specialised container business is anticipated to maintain favourable growth. Encouraged by the development of the latter, still greater resources and effort will be dedicated to capitalising on relevant opportunities. While fortifying its portfolio of specialised containers, the Group will concurrently enhance its resilience to cost pressures, particularly materials and labour. In this regard, the Group will further invest in automation, as it is an effective means of controlling costs and promoting higher efficiencies.

While all dry freight container manufactures will continue to be confronted with both global and industry related challenges, the Group firmly believes that its ongoing focus on specialised containers will better insulate it from such challenges. The management has also been considering opportunities for acquiring companies that align with the Group's present business model. The primary objectives are to facilitate greater synergies and increase profitability. Ultimately, the management is committed to consolidating the Group's businesses so that they are able to overcome external challenges.

Interim Dividend and Interim Special Dividend

The Directors are pleased to declare an interim dividend of HK1 cent per ordinary share for the six months ended 30 June 2023 (six months ended 30 June 2022: HK4 cents per ordinary share). In addition, for celebrating 35th anniversary of the Company, the Directors determined to declare an interim special dividend of HK17 cents per ordinary share for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil), both dividends are payable on Friday, 29 September 2023 to shareholders whose names appear on the register of members of the Company at the close of business on Friday, 15 September 2023.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 13 September 2023 to Friday, 15 September 2023, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the interim dividend and the interim special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 12 September 2023.

Audit Committee

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30 June 2023 ("Interim Report"). At the request of the Directors, the Group's external auditors have carried out a review of the Interim Report in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period.

Transfer to Reserve

Pursuant to the legal requirements in the PRC and the appropriation agreed in the subsidiaries, aggregate amount of US\$291,000 have been transferred to PRC statutory reserve of the Group during the period.

Compliance with the Code of Corporate Governance Code

Throughout the period from 1 January 2023 to 30 June 2023, the Company has consistently adopted and complied with the applicable code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as guidelines to reinforce our corporate governance principles, except for the deviation stated below:

Code Provision C.2.1 – As Mr. Teo Siong Seng took up both roles as the Chairman of the Board and the Chief Executive Officer of the Company, the roles of chairman and chief executive 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 Interim Report, the required standard 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, 17 August 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, Ms. Lau Man Yee, Vanessa 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.