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

2019 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 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	***2019 US$'000***	*2018 US$'000*
Revenue	2	***712,209***	1,807,819
Other income		***5,049***	2,902
Changes in inventories of finished goods and work in progress		***(10,469)***	(21,483)
Raw materials and consumables used		***(545,580)***	(1,377,444)
Staff costs		***(98,615)***	(193,956)
Depreciation and amortisation expense		***(29,434)***	(34,542)
Allowance for credit losses, net of reversal		***(7,961)***	(924)
Exchange (loss) gain		***(2,282)***	4,452
Other expenses		***(118,877)***	(151,793)
Finance costs		***(14,515)***	(18,549)
Investment income		***9,629***	7,515
Fair value (loss) gain on derivative financial instruments		***(382)***	47
Gain on disposal of subsidiaries		***7,771***	65,604
Share of results of associates		***(829)***	(2,512)
Share of results of joint ventures		***127***	37
(Loss) profit before taxation		***(94,159)***	87,173
Income tax expense	4	***(16,638)***	(13,791)
(Loss) profit for the year		***(110,797)***	73,382

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

For the year ended 31 December 2019

	Note	***2019 US$'000***	*2018 US$'000*
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Fair value gain (loss) on equity instrument at fair value through other comprehensive income		***1,515***	(3,052)
Gain on revaluation of prepaid lease payments and property, plant and equipment upon transfer to investment properties		-	16,297
Deferred tax liability on recognition of revaluation of prepaid lease payments and property, plant and equipment upon transfer to investment properties		-	(4,783)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		***(2,023)***	(3,300)
Release of exchange translation reserve upon disposal of a joint venture		***1,467***	-
Other comprehensive income for the year		***959***	5,162
Total comprehensive (expense) income for the year		***(109,838)***	78,544
(Loss) profit for the year attributable to:			
Owners of the Company		***(110,230)***	72,252
Non-controlling interests		***(567)***	1,130
		(110,797)	73,382
Total comprehensive (expense) income attributable to:			
Owners of the Company		***(109,245)***	77,660
Non-controlling interests		***(593)***	884
		(109,838)	78,544
(Loss) earnings per share	*6*		
Basic		***US(4.56) cents***	US2.99 cents
Diluted		***US(4.56) cents***	US2.99 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	***2019*** ***US$'000***	*2018* *US$'000*
Non-current assets			
Property, plant and equipment	*7*	***84,200***	362,708
Right-of-use assets		***43,986***	-
Investment properties		***18,504***	18,068
Goodwill		-	3,589
Interests in associates		***43,782***	44,509
Interests in joint ventures		***7,355***	21,671
Equity instrument at fair value through other comprehensive income		***18,997***	17,482
Derivative financial instruments		-	1,061
Prepaid lease payments		-	88,415
Other receivables	*10*	***29,090***	-
Deposits for non-current assets		***775***	19,077
Amount due from immediate holding company		***105,602***	-
Amounts due from fellow subsidiaries		***32,269***	-
Amounts due from associates		***13,003***	-
		397,563	576,580
Current assets			
Inventories	*8*	***76,136***	222,039
Trade receivables	*9*	***33,350***	191,069
Prepayments and other receivables	*10*	***38,152***	128,076
Amount due from immediate holding company		-	108,234
Amounts due from fellow subsidiaries		-	33,325
Amounts due from joint ventures		-	2
Amounts due from associates	*11*	***8,421***	18,538
Derivative financial instruments		***41***	-
Tax recoverable		***717***	694
Prepaid lease payments		-	1,547
Bank balances and cash		***119,032***	119,879
		275,849	823,403

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2019

	Notes	***2019 US$'000***	*2018 US$'000*
Current liabilities			
Trade payables	*12*	***23,240***	122,264
Bills payable	*13*	***1,608***	80,216
Lease liabilities		***2,270***	-
Accruals and other payables		***22,490***	60,178
Advances from customers		***18,259***	43,114
Amount due to immediate holding company		***103***	-
Amount due to a fellow subsidiary		***14***	-
Amounts due to associates		***265***	63
Amounts due to joint ventures		***76***	9
Tax payable		***11,112***	5,137
Bank borrowings		***23,584***	169,796
		103,021	480,777
Net current assets		***172,828***	342,626
Total assets less current liabilities		***570,391***	919,206
Capital and reserves			
Share capital	*14*	***268,149***	268,149
Accumulated profits		***216,655***	327,270
Other reserves		***41,006***	61,278
Equity attributable to owners of the Company		***525,810***	656,697
Non-controlling interests		***36,897***	39,082
Total equity		***562,707***	695,779
Non-current liabilities			
Bank borrowings		-	210,640
Lease liabilities		***1,196***	-
Deferred tax liabilities		***6,488***	12,787
		7,684	223,427
		570,391	919,206

Notes:

1. *Significant accounting policies*

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

The Group has applied the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

HKFRS 16	*Leases*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2015-2017 Cycle*

Except as described below, the application of the new and 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.

<u>HKFRS 16 Leases</u>

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease by lease basis, to the extent relevant to the respective lease contracts:

- *i.* *relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;*
- *ii.* *excluded initial direct costs from measuring the right-of-use assets at the date of initial application;*

iii. *applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of leasehold land and buildings in the PRC and Hong Kong was determined on a portfolio basis; and*

iv. *used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.*

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5%.

		At 1 January 2019
		US$'000
Operating lease commitments disclosed as at 31 December 2018		*4,739*
Add:	*Early termination options reasonably certain not to be exercised*	*5,529*
Less:	*Recognition exemption – leases with remaining lease term within 12 months from 1 January 2019*	*(491)*
Less:	*Discount at incremental borrowing rates*	*(675)*
Lease liabilities discounted at relevant incremental borrowing rates		*9,102*
Analysed as:		
Current		*3,429*
Non-current		*5,673*
		9,102

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Note	***Right-of-use assets***
		US$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		*9,102*
Reclassified from prepaid lease payments	*a*	*89,962*
		99,064
By class:		
Leasehold land and buildings		*99,064*

Note:

a *Upfront payments for leasehold land and buildings in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to US$1,547,000 and US$88,415,000 respectively were reclassified to right-of-use assets.*

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(b) Effective on 1 January 2019, the Group has applied HKFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease components.

The change in accounting policies in which the Group is a lessor upon application of HKFRS 16 has had no material impact on the consolidated financial statements of the Group for the current year.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
	US$'000	US$'000	US$'000
Non-current assets			
Prepaid lease payments	88,415	(88,415)	-
Right-of-use assets	-	99,064	99,064
Current assets			
Prepaid lease payments	1,547	(1,547)	-
Current liabilities			
Lease liabilities	-	(3,429)	(3,429)
Non-current liabilities			
Lease liabilities	-	(5,673)	(5,673)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective.

HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 3	*Definition of a Business*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[4]

1 *Effective for annual periods beginning on or after 1 January 2021*

2 *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020*

3 *Effective for annual periods beginning on or after a date to be determined*

4 *Effective for annual periods beginning on or after 1 January 2020*

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- *include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;*
- *replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and*
- *include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.*

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Other than this, the directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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:

	2019	2018
	US$'000	US$'000
Manufacturing	***683,925***	1,780,404
Logistics services	***28,284***	27,415
	712,209	1,807,819

Disaggregation of revenue from contracts with customers

	2019	**2018**
Types of goods or services	***US$'000***	US$'000
Manufacturing (recognised at a point in time):		
Dry freight containers	***453,949***	1,414,658
Refrigerated containers	***92,335***	99,425
Tank containers	***33,830***	67,189
US domestic containers	***25,313***	115,227
Other specialised containers and container parts	***78,498***	83,905
	683,925	1,780,404
Logistics services (recognised over time):		
Container storage and handling services	***6,547***	5,482
Repair and drayage services	***6,313***	6,731
Container freight station services	***9,615***	9,397
Other container related services	***5,809***	5,805
	28,284	27,415
	712,209	1,807,819

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, refrigerated containers, collapsible flatrack containers, tank containers, US domestic containers, offshore containers, other specialised containers and container parts.*
Logistics services	- *provision of container storage, repair and trucking services, serving as a freight station, container / cargo handling and other container related services.*

Information regarding these segments is presented below:

Segment revenue and results

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

2019	***Manufacturing US\$'000***	***Logistics services US\$'000***	***Sub-total US\$'000***	***Eliminations US\$'000***	***Total US\$'000***
REVENUE					
External sales	***683,925***	***28,284***	*712,209*	***-***	***712,209***
Inter-segment sales	***-***	***3,281***	*3,281*	***(3,281)***	***-***
Total	***683,925***	***31,565***	***715,490***	***(3,281)***	***712,209***
	Inter-segment sales are charged at prevailing market prices.				
SEGMENT RESULTS	***(92,352)***	***1,544***	***(90,808)***	***-***	***(90,808)***
Finance costs					***(14,515)***
Investment income					***4,477***
Fair value loss on derivative financial instruments					***(382)***
Gain on disposal of subsidiaries					***7,771***
Share of results of associates					***(829)***
Share of results of joint ventures					***127***
Loss before taxation					***(94,159)***

2018

	Manufacturing US$'000	***Logistics services US$'000***	***Sub-total US$'000***	***Eliminations US$'000***	***Total US$'000***
REVENUE					
External sales	1,780,404	27,415	1,807,819	-	1,807,819
Inter-segment sales	-	8,135	8,135	(8,135)	-
Total	1,780,404	35,550	1,815,954	(8,135)	1,807,819

Inter-segment sales are charged at prevailing market prices.

SEGMENT RESULTS	35,349	2,805	38,154	-	38,154
Finance costs					(18,549)
Investment income					4,392
Fair value gain on derivative financial instruments					47
Gain on disposal of a subsidiary					65,604
Share of results of associates					(2,512)
Share of results of joint ventures					37
Profit before taxation					87,173

Segment results represent the (loss incurred) profit earned by each segment without allocation of finance costs, certain investment income, fair value (loss) gain on derivative financial instruments, gain on disposal of subsidiaries, 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:

	2019			*2018*		
	Manufacturing US$'000	***Logistics services US$'000***	***Total US$'000***	*Manufacturing US$'000*	*Logistics services US$'000*	*Total US$'000*
United States of America	***169,363***	***-***	***169,363***	787,227	-	787,227
Korea	***108,878***	***-***	***108,878***	94,394	-	94,394
Hong Kong	***103,854***	***4,476***	***108,330***	387,059	4,823	391,882
Singapore	***92,747***	***-***	***92,747***	209,463	-	209,463
Europe	***80,957***	***-***	***80,957***	104,197	-	104,197
PRC	***32,826***	***23,808***	***56,634***	39,839	22,592	62,431
Taiwan	***52,363***	***-***	***52,363***	74,839	-	74,839
Others	***42,937***	***-***	***42,937***	83,386	-	83,386
Total	***683,925***	***28,284***	***712,209***	1,780,404	27,415	1,807,819

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:

	Carrying amount of non-current assets other than financial instruments	
	2019	*2018*
	US$'000	*US$'000*
PRC	***156,451***	*511,587*
Hong Kong	***13,304***	*13,992*
Others	***28,847***	*32,458*
	198,602	*558,037*

Information about major customers

In 2019, no customers (2018: two customers) contribute over 10% of the total sales. The customers contribute over 10% of the total sales amounted to US$394,875,000 in aggregate in 2018.

4. Income tax expense

No Hong Kong Profits Tax has been provided as there was no taxable profit during the current year.

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.

	2019	*2018*
	US$'000	*US$'000*
Current tax:		
PRC Enterprise Income Tax		
- Current year	***18,284***	13,634
- Prior years overprovision	***(2)***	(792)
	18,282	12,842
Deferred tax:		
- Current year charge	***(6)***	(45)
- Withholding tax on undistributed profits	***(1,638)***	994
	(1,644)	949
Income tax expense for the year	***16,638***	13,791

5. Dividends

	2019	*2018*
	US$'000	*US$'000*
Dividends recognised as distributions during the year:		
Final in respect of the previous financial year, paid – HK7 cents (2018: HK2.5 cents) per ordinary share	***21,654***	7,702

The board of directors does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: HK7 cents per ordinary share, total of which equivalent to approximately HK$169,184,000 (equivalent to approximately US$21,602,000)).

The board of directors recommends the payment of a special dividend of HK13 cents (2018: nil) per ordinary share for the year ended 31 December 2019, total of which equivalent to approximately HK$314,200,000 (equivalent to approximately US$40,282,000) in respect of the disposal of subsidiaries during the year and is subject to approval by the shareholders in forthcoming annual general meeting.

6. *(Loss) earnings per share*

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

	2019	*2018*
	US$'000	*US$'000*
(Loss) earnings:		
(Loss) earnings for the purposes of calculating basic and diluted (loss) earnings per share	***(110,230)***	72,252
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss) earnings per share	***2,416,919,918***	2,416,919,918

The computation of diluted (loss) earnings per share for the years ended 31 December 2019 and 2018 does not assume the exercise of the Company's outstanding share options, as the exercise price of those options are higher than the average market price per share for both years, and therefore, was anti-dilutive to the (loss) earnings per share.

7. *Movements in property, plant and equipment*

During the year, there was an addition of US$33,159,000 (2018: US$42,185,000) in property, plant and equipment for upgrading existing manufacturing and logistics services facilities of the Group. In addition, there was a disposal of property, plant and equipment of US$271,069,000 (2018: US$22,546,000) through disposal of subsidiaries.

8. *Inventories*

	2019	*2018*
	US$'000	*US$'000*
Raw materials	***46,651***	101,035
Work in progress	***8,288***	46,510
Finished goods	***21,197***	74,494
	76,136	222,039

The entire carrying amounts of inventories as at 31 December 2019 and 2018 are expected to be recovered within the next twelve months.

9. *Trade receivables*

	2019	*2018*
	US$'000	*US$'000*
Trade receivables	***34,049***	192,068
Less : allowance for credit losses	***(699)***	(999)
Net trade receivables	***33,350***	191,069

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 (2018: 30 days to 120 days).

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:

	2019	*2018*
	US$'000	*US$'000*
0 to 30 days	***21,055***	125,636
31 to 60 days	***7,337***	36,406
61 to 90 days	***3,293***	20,294
91 to 120 days	***832***	4,653
Over 120 days	***833***	4,080
	33,350	191,069

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

10. Prepayments and other receivables

As at 31 December 2019, prepayments and other receivables included consideration receivables in connection with disposal of subsidiaries of US$39,456,000 (2018: US$48,653,000), consideration receivables in connection with disposal of a joint venture of US$6,811,000 (2018: nil), and advanced of US$8,594,000 (2018: US$37,823,000) to certain suppliers as deposits for raw materials purchases. The remaining balances mainly included refundable value added tax and other advance payments.

11. Amounts due from associates

The general credit terms are 30 to 90 days (2018: 30 to 60 days).

The aged analysis of trade related 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:

	2019	*2018*
	US$'000	*US$'000*
0 to 30 days	***505***	123
31 to 60 days	***69***	13
61 to 90 days	***540***	139
91 to 120 days	***306***	172
Over 120 days	***7,001***	5,635
	8,421	6,082

12. Trade payables

The aged analysis, based on the invoice date of each transaction, of trade payables at the end of the reporting period is as follows:

	2019	*2018*
	US$'000	*US$'000*
0 to 30 days	***12,306***	54,417
31 to 60 days	***3,638***	30,532
61 to 90 days	***1,851***	15,190
91 to 120 days	***433***	12,598
Over 120 days	***5,012***	9,527
	23,240	122,264

The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

13. Bills payable

The aged analysis, based on issuance date of each bills, of bills payable at the end of the reporting period is as follows:

	2019	*2018*
	US$'000	*US$'000*
0 to 30 days	***361***	21,446
31 to 60 days	***817***	9,194
61 to 90 days	**-**	3,808
91 to 120 days	**-**	5,977
Over 120 days	***430***	39,791
	1,608	80,216

14. Share capital

	Number of shares		***Share Capital***			
	2019	*2018*	***2019***	***2019***	*2018*	*2018*
			US$'000	***HK$'000***	*US$'000*	*HK$'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

Over the past twelve months, we at Singamas have transformed the Group into the "New Singamas", a leading manufacturer of specialised containers. Towards achieving this goal, we entered into an agreement on 6 May 2019 that resulted in the very substantial disposal of several companies of the Group (the "Disposal"). The management trusts that the Disposal, subsequently completed on 2 August 2019, will pave the way for de-risking the Group from the volatile and trade-driven nature of the market, while at the same time enable it to adjust the Group's business model in line with the transformative process underway. Indeed, during the past financial year, the Group was impacted by a decline in global trade volume, owing in large part to trade tensions between the People's Republic of China ("PRC" or "China") and the United States of America ("US"). Furthermore, the combination of soft demand for new dry freight containers and intense competition drove down the average selling price of such containers. These developments all affected the performance of the Group.

As at the year ended 31 December 2019, the Group recorded consolidated revenue totalling US$712,209,000 (2018: US$1,807,819,000), the result of a substantial drop in revenue due to the Disposal compounded by the aforementioned soft demand for dry freight containers. Consolidated net loss attributable to owners of the Company amounted to US$110,230,000 – including a non-recurring loss of approximately US$28,900,000 in relation to gain on the disposal of subsidiaries net of correlated capital gain tax, write down of right-of-use assets and property, plant and equipment and other fixed assets related expenses (2018: consolidated profit of US$72,252,000, including a one-time gain of approximately US$65,604,000 from the disposal of Hui Zhou Pacific Container Co., Ltd. ("HPCL")). Basic loss per share amounted to US4.56 cents versus basic earnings per share of US2.99 cents in 2018.

Manufacturing

Consistent with our goal to transform into the "New Singamas", we sought to significantly pare down our workforce while concurrently retain individuals with the skills required for working on our specialised containers. As efforts progressed towards expediting our transition into a leading specialised container manufacturer, our dry freight manufacturing operation continued to deliver revenue to the Group, though at an appreciably lower level due to the Disposal, as well as generally weaker demand. As at the year ended 31 December 2019, our manufacturing business recorded revenue of US$683,925,000 (2018: US$1,780,404,000), which accounted for 96.0 % of the Group's total revenue (2018: 98.5%). The operation produced 352,166 twenty-foot equivalent units ("TEUs") during the review year (2018: 835,920 TEUs). The average selling price ("ASP") of a 20' dry freight container fluctuated; further dropped from US$1,791 in the first half year, yearly average approximately at US$1,779 (2018: US$2,157) a reflection of a decline in material costs and soft market demand. Total sales volume amounted to 340,304 TEUs (2018: 841,615 TEUs). Segment loss before taxation and non-controlling interests was at US$99,622,000 (2018: Segment profit before taxation and non-controlling interests, excluding one-off gain on disposal of HPCL, of US$ 17,911,000).

With regard to specialised containers, its production is set to be enhanced significantly by the second quarter of 2020, when our new factory in Huizhou commences operation. Before such time, our existing production operations in Shanghai, Yixing and Xiamen have been able to address demand. It is worth noting that during the review year, a number of customised specialised containers enjoyed noticeable pickup, including energy storage containers, power generator containers and electrical equipment containers. Furthermore, our partnership with a UK company involving the manufacturing of car transportation racks has resulted in orders totalling approximately 2,000 sets. In view of the potential of such racks, which allow for the doubling of vehicles transported per container as well as provide greater protection from the elements, a production line at our new Huizhou plant will be dedicated to its manufacturing.

Logistics Services

The logistic services business continued to provide a stable source of revenue to the Group, which amounted to US$28,284,000 as at the review year. With respect to the number of containers handled, approximately 660,000 TEUs (2018: 669,000 TEUs) were shifted during the review year, while average daily storage reached 25,000 TEUs versus 24,000 TEUs in 2018. Furthermore, the number of containers repaired totalled 147,000 TEUs (2018: 160,000 TEUs). The modest though favourable performance of the logistics services business reflects the rise in cargo traffic in the PRC, with cargo throughput at ports climbing by 8.8% year-on-year to 13.95 billion tonnes in 2019, while foreign trade cargo throughput amounted to 4.32 billion tonnes during the same period, a year-on-year increase of 4.8%[1].

Other facets of the logistics services business that have made notable progress include the container freight station business that helps combine shipments for our clients. Also, our investment in Xiamen logistics has delivered good returns, with dividends of approximately US$1,872,000 in 2019 (2018: US$956,000).

PROSPECTS

Going forward, we remain fully committed to the creation of the "New Singamas". As we gear towards the manufacturing of specialised containers, our manufacturing capacity for dry freight containers will invariably be affected (present capacity at approx. 160,000 TEUs per annum for dry freight containers). To mitigate this impact, we will shift our customer focus from traditional shipping and leasing companies to container trading companies that require higher flexibility and production requirements.

[1] http://www.china.org.cn/china/Off_the_Wire/2020-01/27/content_75652012.htm

Furthermore, we will leverage our knowhow and production expertise in specialised containers to capitalise on products that inherently possess higher unit prices and margins owing to their customisable nature. In this way, we will also be able to derive benefit from the wide range of industries that employ specialised containers, which make such products less driven by trade volume and less affected by volatile markets.

To better tap the market, we will bolster all areas of operation, with particular focus on product development. Hence, we will draw on the young, creative minds working at our R&D department to create still more innovative products. Most importantly, to ensure the Group is on the right course, we will leverage our experienced management team. Through their guidance and leadership, the "New Singamas" will become a reality, the benefits of which will include greater value creation for all our shareholders.

DIVIDENDS

Based on the operating results of the Group, the Board did not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: HK7 cents per ordinary share). Subject to approval by the shareholders of the Company at the forthcoming annual general meeting, the Board recommended the payment of a special dividend of HK13 cents per ordinary share for the year ended 31 December 2019 (2018: nil) in respect of the disposal of subsidiaries during the year 2019. As the Board did not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil), the total dividend for the year would be HK13 cents per ordinary share (2018: HK7 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 Tuesday, 30 June 2020 ("2020 AGM"), the Company's register of members will be closed from Wednesday, 24 June 2020 to Tuesday, 30 June 2020 (both days inclusive), during which period no transfer of shares will be effected. In order to be entitled to attend and vote at 2020 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 Tuesday, 23 June 2020. The shareholders whose names appear on the register of members of the Company on Tuesday, 30 June 2020, the record date of 2020 AGM, will be entitled to attend and vote at 2020 AGM.

For determining the shareholders' entitlement to the proposed special dividend for the year ended 31 December 2019, the register of members of the Company will be closed from Tuesday, 7 July 2020 to Thursday, 9 July 2020, 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 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 Monday, 6 July 2020. Subject to the approval by the Company's shareholders at 2020 AGM, the proposed special dividend is payable on or before Friday, 31 July 2020 to those shareholders whose names appear on the register of members of the Company on Thursday, 9 July 2020 (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 2019 ("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$715,000 and US$163,000 has been transferred to general and development reserves of the Group respectively during the year.

FINANCIAL INFORMATION

The financial information relating to the years ended 31 December 2018 and 2019 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 2019 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 2018 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 2018. 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 2019 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 2019, 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 certain deviations which are summarised below:

(1) 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.

(2) Code Provision A.6.5, Mr. Ho Teck Cheong has not participated in continuous professional development activities because his term of appointment as Director of the Company commenced on 2 October 2019.

(3) Code Provision A.6.7, due to other commitments, one non-executive Director had not attended the annual general meeting and extraordinary general meeting held on 26 June 2019.

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, 26 March 2020

The Directors as at the date of this announcement are Mr. Teo Siong Seng, Mr. Chan Kwok Leung, Mr. Teo Tiou Seng and Ms. Chung Pui King, Rebecca as executive Directors, Mr. Tan Chor Kee and Mr. Kwa Wee Keng 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.