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# SINGAMAS

## 勝獅貨櫃企業有限公司 SINGAMAS CONTAINER HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

**Stock code: 716**

Websites: <http://www.singamas.com> and <http://www.irasia.com/listco/hk/singamas>

### 2021 ANNUAL RESULTS ANNOUNCEMENT

#### ANNUAL RESULTS

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

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

For the year ended 31 December 2021

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

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

For the year ended 31 December 2021

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

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

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

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

Notes:

## 1. Basis of preparation and accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 2. Revenue

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

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

### **Disaggregation of revenue from contracts with customers**

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

### 3. Segment information

Information reported to the Group's chief operating decision maker (i.e. Chief Executive Officer) for the purpose of resource allocation and assessment of segment performance are organised into two operating divisions – manufacturing and logistics services. These divisions are the basis on which the Group reports its segment information under HKFRS 8 Operating Segments.

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

Principal activities are as follows:

- Manufacturing - manufacturing of dry freight containers, tank containers, other specialised containers (including but not limited to collapsible flatrack containers and offshore containers) and container parts.
- Logistics services - provision of container storage, repair and trucking services, serving as a freight station, container / cargo handling and other container related services.

Information regarding these segments is presented below:

#### Segment revenue and results

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

#### Year ended 31 December 2021

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

Year ended 31 December 2020

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

Segment results represent the profit earned by each segment without allocation of finance costs, investment income, fair value gain on derivative financial instruments, fair value gain (loss) on financial asset at FVTPL, gain from derecognition of financial assets measured at amortised cost, gain on disposal of a subsidiary, share of results of associates and share of results of joint ventures. This is the measure reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of segment performance.

### Geographical information

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

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

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



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

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

#### **Information about major customers**

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

#### **4. Income tax expense**

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

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

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

#### **5. Dividends**

Dividends recognised as distributions during the year:

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

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

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

31 December 2021.

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

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

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

## 6. Earnings per share

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

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

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

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

## 7. Movements in property, plant and equipment

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

## 8. Inventories

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

## 9. Trade receivables

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

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

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

### Trade receivables from third parties

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

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

### Trade receivables from immediate holding company

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

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

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

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

### Trade receivables from fellow subsidiaries

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

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

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

### Trade receivables from associates

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

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

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

## **10. Prepayments and other receivables**

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

## 11. Trade payables

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

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

## 12. Share capital

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