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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>

2022 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 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	<i>Notes</i>	Six months ended 30 June	2022	2021
		<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
		US\$'000	US\$'000	US\$'000
Revenue	2	472,449	455,892	
Other income		1,822	1,526	
Changes in inventories of finished goods and work in progress		(24,047)	3,905	
Raw materials and consumables used		(278,200)	(276,343)	
Staff costs		(50,530)	(57,241)	
Depreciation expense		(5,735)	(5,627)	
Impairment losses under expected credit loss model, net of reversal		(92)	(47)	
Impairment loss on property, plant and equipment		-	(2,000)	
Other expenses	4	(45,663)	(31,198)	
Finance costs		(193)	(655)	
Investment income		3,467	4,594	
Other gains and losses		(3,946)	(1,741)	
Share of results of associates		733	196	
Share of results of joint ventures		(89)	101	
Profit before taxation		69,976	91,362	
Income tax expense	5	(24,679)	(24,855)	
Profit for the period		45,297	66,507	
Profit for the period attributable to:				
Owners of the Company		38,002	59,293	
Non-controlling interests		7,295	7,214	
		45,297	66,507	

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME** *(Continued)*
For the six months ended 30 June 2022

	<i>Note</i>	Six months ended 30 June 2022 (unaudited) US\$'000	2021 (unaudited) US\$'000
Other comprehensive (expense) income			
<i>Item 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		(4,993)	9,966
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation		(2,728)	674
Other comprehensive (expense) income for the period		(7,721)	10,640
Total comprehensive income for the period		<u>37,576</u>	<u>77,147</u>
Total comprehensive income attributable to:			
Owners of the Company		30,603	69,881
Non-controlling interests		6,973	7,266
		<u>37,576</u>	<u>77,147</u>
Basic earnings per share	7	<u>US1.57 cents</u>	<u>US2.45 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	<i>As at 30 June 2022 (unaudited) US\$'000</i>	As at 31 December 2021 (audited) US\$'000
Non-current assets			
Property, plant and equipment	8	85,158	76,399
Right-of-use assets		40,461	40,174
Investment properties		36,697	37,913
Interests in associates		16,108	18,114
Interests in joint ventures		6,590	7,031
Equity instrument at FVTOCI		19,845	25,392
Financial asset at fair value through profit or loss ("FVTPL")		3,137	3,246
Other receivables	11	9,623	15,485
Trade receivables	10	11,367	-
Deposits for non-current assets		1,392	806
		230,378	224,560
Current assets			
Inventories	9	143,971	209,814
Trade receivables	10	105,582	79,082
Prepayments and other receivables	11	48,593	41,820
Amounts due from associates		383	-
Amounts due from joint ventures		1,051	-
Derivative financial instruments		-	202
Tax recoverable		228	353
Bank balances and cash		374,347	438,171
		674,155	769,442

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)**As at 30 June 2022*

	<i>Notes</i>	<i>As at 30 June 2022 (unaudited) US\$'000</i>	<i>As at 31 December 2021 (audited) US\$'000</i>
Current liabilities			
Trade payables	12	67,909	106,211
Lease liabilities		2,283	2,389
Accruals and other payables		57,872	64,361
Advances from customers		32,005	46,171
Amount due to immediate holding company		9	6
Amounts due to associates		691	123
Amounts due to joint ventures		20	5
Derivative financial instruments		1,748	-
Tax payable		11,215	23,249
Dividend payable		49,275	-
		<hr/>	<hr/>
		223,027	242,515
		<hr/>	<hr/>
Net current assets		451,128	526,927
Total assets less current liabilities		<hr/>	<hr/>
		681,506	751,487
		<hr/>	<hr/>
Capital and reserves			
Share capital	13	268,149	268,149
Accumulated profits		267,524	340,913
Other reserves		59,931	67,210
		<hr/>	<hr/>
Equity attributable to owners of the Company		595,604	676,272
Non-controlling interests		63,946	56,973
		<hr/>	<hr/>
Total equity		659,550	733,245
		<hr/>	<hr/>
Non-current liabilities			
Lease liabilities		4,334	2,740
Deferred tax liabilities		17,622	15,502
		<hr/>	<hr/>
		21,956	18,242
		<hr/>	<hr/>
		681,506	751,487
		<hr/>	<hr/>

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 2021 that is included in the 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 2021 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 investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Other than application of accounting policies for classification and measurement of leases as a lessor which became relevant to the Group during the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2021.

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivable at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

At the commencement date, the Group as a manufacturer or dealer lessor should recognise: i) revenue, which is the fair value of the underlying asset, or, if lower, the present value of the lease payments accruing to the lessor, discounted using a market rate of interest; ii) the cost of sale, which is the cost (or carrying amount if different) of the underlying asset less the present value of the unguaranteed residual value. Initial direct costs for leases in which the Group is the manufacturer or dealer lessor are recognised in costs of sales at the commencement date of the finance leases; and iii) selling profit or loss (which is the difference between revenue and the cost of sale) in accordance with its policy for outright sales to which HKFRS 15 Revenue from Contracts with Customers applies. The selling profit or loss on a finance lease should be recognised at the commencement date, regardless of whether the lessor transfers the underlying asset as described in HKFRS 15.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

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

The application of the amendments to HKFRSs in the current 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 the 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	
	2022	2021
	US\$'000	US\$'000
Manufacturing	459,885	442,418
Logistics services	12,564	13,474
	<u>472,449</u>	<u>455,892</u>

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
Types of goods or services		
<i>Manufacturing (recognised at a point in time):</i>		
Dry freight containers	400,791	393,792
Tank containers	21,478	13,576
Other specialised containers and container parts	37,616	35,050
	<u>459,885</u>	<u>442,418</u>
<i>Logistics services (recognised over time):</i>		
Container storage and handling services	2,164	1,883
Repair and drayage services	2,282	2,462
Container freight station services	7,179	4,892
Other container related services	939	4,237
	<u>12,564</u>	<u>13,474</u>
	<u>472,449</u>	<u>455,892</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 reportable segments:

Six months ended 30 June 2022

	Manufacturing	Logistics	Total
	US\$'000	services	US\$'000
		US\$'000	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			69,976

Six months ended 30 June 2021

	Manufacturing	Logistics	Total
	US\$'000	services	US\$'000
		US\$'000	US\$'000
REVENUE			
External sales	442,418	13,474	455,892
SEGMENT RESULTS	86,856	(209)	86,647
Finance costs			(655)
Investment income			4,594
Fair value gain on derivative financial instruments			381
Fair value gain on financial asset at FVTPL			98
Share of results of associates			196
Share of results of joint ventures			101
Profit before taxation			91,362

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

	<i>Six months ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
	<i>US\$'000</i>	<i>US\$'000</i>
<i>Manufacturing overhead</i>	<i>20,404</i>	<i>11,254</i>
<i>Repositioning and logistic expenses</i>	<i>12,106</i>	<i>11,363</i>
<i>Repair and maintenance</i>	<i>5,320</i>	<i>2,247</i>
<i>Container inspection and testing</i>	<i>745</i>	<i>687</i>
<i>Container storage charges</i>	<i>2,643</i>	<i>1,801</i>
<i>Subcontracting fee</i>	<i>698</i>	<i>1,154</i>
<i>Insurance expenses</i>	<i>341</i>	<i>262</i>
<i>Professional fees</i>	<i>499</i>	<i>147</i>
<i>Forklift, crane and motor vehicle maintenance and fuel expenses</i>	<i>686</i>	<i>417</i>
<i>Entertainment expenses</i>	<i>445</i>	<i>463</i>
<i>Others</i>	<i>1,776</i>	<i>1,403</i>
	<hr/> <i>45,663</i> <hr/>	<hr/> <i>31,198</i> <hr/>

5. Income tax expense

People's Republic of China (the "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>	
	<i>2022</i>	<i>2021</i>
	<i>US\$'000</i>	<i>US\$'000</i>
<i>Current tax:</i>		
<i>PRC Enterprise Income Tax</i>		
<i>- Current period</i>	<i>21,747</i>	<i>21,484</i>
<i>- Under provision in prior years</i>	<i>7</i>	<i>-</i>
<i>Deferred tax:</i>		
<i>- Current period (credit) charge</i>	<i>(118)</i>	<i>1,101</i>
<i>- Withholding tax on undistributed profits</i>	<i>3,043</i>	<i>2,270</i>
	<hr/> <i>24,679</i> <hr/>	<hr/> <i>24,855</i> <hr/>

6. Dividends

An interim special dividend of HK20 cents per ordinary share, total of which equivalent to approximately HK\$483,384,000 (equivalent to approximately US\$61,996,000) was declared on 10 December 2021 and paid on 27 January 2022.

The final dividend of HK11 cents and a final special dividend of HK5 cents in respect of the year ended 31 December 2021 per ordinary share, total of which equivalent to approximately HK\$265,861,000 and HK\$120,846,000 respectively (equivalent to approximately US\$33,876,000 and US\$15,399,000 respectively) were proposed by the board of directors and approved by the shareholders in the annual general meeting held on 29 June 2022 and was distributed on 22 July 2022.

The directors of the Company have determined that an interim dividend of HK4 cents (six months ended 30 June 2021: HK7 cents) per ordinary share, total of which equivalent to approximately HK\$96,677,000 (equivalent to approximately US\$12,394,000) (six months ended 30 June 2021: HK\$169,184,000 (equivalent to approximately US\$21,766,000)) will be paid to owners of the Company whose names appear in the register of members on 16 September 2022.

7. Basic earnings per share

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

	<i>Six months ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
	<i>US\$'000</i>	<i>US\$'000</i>
<i>Earnings:</i>		
<i>Profit for the purposes of calculating basic earnings per share</i>	<u>38,002</u>	<u>59,293</u>
<i>Number of shares:</i>		
<i>Number of ordinary shares for the purpose of calculating basic earnings per share</i>	<u>2,416,919,918</u>	<u>2,416,919,918</u>

No diluted earnings per share for the six months ended 30 June 2022 and 2021 was presented as the Company has no potential ordinary shares in issue during both periods.

8. Movements in property, plant and equipment

During the six months ended 30 June 2022, there was an addition of US\$4,295,000 (six months ended 30 June 2021: US\$6,430,000) in property, plant and equipment for upgrading existing manufacturing and logistics services facilities of the Group, and transfer of leased assets from inventories amounted to US\$8,891,000 (six months ended 30 June 2021: Nil).

9. Inventories

	<i>As at</i> 30 June 2022 <i>US\$'000</i>	<i>As at</i> 31 December 2021 <i>US\$'000</i>
<i>Raw materials</i>	86,892	119,797
<i>Work in progress</i>	16,103	29,637
<i>Finished goods</i>	40,976	60,380
	143,971	209,814

10. Trade receivables

	<i>As at</i> 30 June 2022 <i>US\$'000</i>	<i>As at</i> 31 December 2021 <i>US\$'000</i>
<i>Trade receivables from third parties</i>	56,331	79,054
<i>Trade receivables from immediate holding company</i>	38,634	-
<i>Trade receivables from fellow subsidiaries</i>	657	152
<i>Trade receivables from associates</i>	-	44
<i>Lease receivables from immediate holding company</i>	253	-
<i>Less: allowance for credit losses</i>	(264)	(168)
	95,611	79,082
<i>Finance lease receivables from third parties</i>	21,338	-
<i>Net trade receivables</i>	116,949	79,082

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

	<i>As at</i> 30 June 2022 <i>US\$'000</i>	<i>As at</i> 31 December 2021 <i>US\$'000</i>
<i>0 to 30 days</i>	54,825	45,306
<i>31 to 60 days</i>	18,531	17,550
<i>61 to 90 days</i>	6,402	8,279
<i>91 to 120 days</i>	10,659	1,100
<i>Over 120 days</i>	5,194	6,847
<i>Classified as current portion</i>	95,611	79,082

Trade receivables from third parties

A defined credit policy is maintained within the Group. The credit terms are agreed with each of its trade customers depending on the creditworthiness of the customers ranging from 30 days to 120 days (31 December 2021: 30 days to 120 days).

Trade and lease receivables from immediate holding company

The general credit term of trade receivables from immediate holding company is 60 days (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). For lease receivables from immediate holding company, the lease rental shall be settled within 45 days from the invoice date.

Trade receivables from fellow subsidiaries

The payment term with fellow subsidiaries is that the transaction amount shall be settled within 10 days (31 December 2021: 10 days) from the invoice date.

Trade receivables from associates

The general credit term for trade balance with associates was 60 days.

Finance lease receivables from third parties

	<i>As at</i> 30 June 2022 US\$'000	<i>As at</i> 31 December 2021 US\$'000
Analyse as:		
Current portion	9,971	-
Non-current portion	11,367	-
	<hr/> 21,338 <hr/>	-

11. Prepayments and other receivables

As at 30 June 2022, prepayments and other receivables included consideration receivables in connection with disposal of subsidiaries of US\$14,885,000 (31 December 2021: US\$18,679,000) and advance to suppliers of US\$29,529,000 (31 December 2021: US\$15,670,000) as deposits for raw materials purchases. The remaining balances mainly included refundable value added tax and other advance payments.

12. Trade payables

Included in the Group's trade payables at 30 June 2022 are bills presented by the Group to relevant creditors of US\$1,253,000 (31 December 2021: US\$2,598,000) 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.

	<i>As at 30 June 2022 US\$'000</i>	<i>As at 31 December 2021 US\$'000</i>
<i>0 to 30 days</i>	<i>43,766</i>	<i>63,980</i>
<i>31 to 60 days</i>	<i>11,874</i>	<i>29,530</i>
<i>61 to 90 days</i>	<i>3,808</i>	<i>7,016</i>
<i>91 to 120 days</i>	<i>5,731</i>	<i>2,937</i>
<i>Over 120 days</i>	<i>2,730</i>	<i>2,748</i>
	<u><i>67,909</i></u>	<u><i>106,211</i></u>

13. Share capital

	<i>Number of shares</i>	<i>Share Capital</i>	
		<i>US\$'000</i>	<i>HK\$'000</i>
<i>Issued and fully paid:</i>			
<i>At 1 January 2021, 31 December 2021 and 30 June 2022</i>	<u><i>2,416,919,918</i></u>	<u><i>268,149</i></u>	<u><i>2,078,513</i></u>