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

2020 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 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	***2020*** ***US$'000***	*2019* *US$'000*
Revenue	*2*	***274,305***	712,209
Other income		***3,420***	4,613
Changes in inventories of finished goods and work in progress		***(4,827)***	(10,469)
Raw materials and consumables used		***(166,342)***	(545,580)
Staff costs		***(41,963)***	(98,615)
Depreciation expense		***(12,814)***	(29,434)
Impairment losses under expected credit loss model, net of reversal		***(17,407)***	(7,961)
Impairment loss on property, plant and equipment		***(2,400)***	-
Other expenses		***(43,943)***	(97,143)
Finance costs		***(799)***	(14,515)
Investment income		***7,381***	9,629
Other gains and losses		***2,743***	(23,962)
Gain on disposal of subsidiaries		***8,457***	7,771
Share of results of associates		***1,651***	(829)
Share of results of joint ventures		***408***	127
Profit (loss) before taxation		***7,870***	(94,159)
Income tax expense	*4*	***(3,120)***	(16,638)
Profit (loss) for the year		***4,750***	(110,797)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
For the year ended 31 December 2020

	Notes	***2020*** ***US$'000***	*2019* *US$'000*
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Fair value gain on equity instrument at fair value through other comprehensive income ("FVTOCI"), net of tax effect		***5,204***	1,515
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		***2,635***	(2,023)
Release of exchange translation reserve upon disposal of a joint venture		**-**	1,467
Other comprehensive income for the year		***7,839***	959
Total comprehensive income (expense) for the year		***12,589***	(109,838)
Profit (loss) for the year attributable to:			
Owners of the Company		***4,576***	(110,230)
Non-controlling interests		***174***	(567)
		4,750	(110,797)
Total comprehensive income (expense) attributable to:			
Owners of the Company		***12,051***	(109,245)
Non-controlling interests		***538***	(593)
		12,589	(109,838)
Earnings (loss) per share	*6*		
Basic		***US0.19 cent***	US(4.56) cents
Diluted		***US0.19 cent***	US(4.56) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	***2020 US$'000***	*2019 US$'000*
Non-current assets			
Property, plant and equipment	*7*	***84,185***	84,200
Right-of-use assets		***38,755***	43,986
Investment properties		***18,866***	18,504
Interests in associates		***44,812***	43,782
Interests in joint ventures		***7,681***	7,355
Equity instrument at FVTOCI		***26,156***	18,997
Financial asset at fair value through profit and loss ("FVTPL")		***3,027***	-
Other receivables	*10*	***31,678***	29,090
Deposits for non-current assets		***299***	775
Amount due from immediate holding company	*11*	***91,847***	105,602
Amounts due from fellow subsidiaries	*12*	***28,276***	32,269
Amounts due from associates		***13,727***	13,003
		389,309	397,563
Current assets			
Inventories	*8*	***59,907***	76,136
Trade receivables	*9*	***62,624***	33,350
Prepayments and other receivables	*10*	***89,631***	38,152
Amount due from immediate holding company	*11*	***2,500***	-
Amounts due from associates	*13*	***3,678***	8,421
Derivative financial instruments		***109***	41
Tax recoverable		***804***	717
Bank balances and cash		***48,787***	119,032
		268,040	275,849

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 December 2020

	Notes	2020 US$'000	2019 US$'000
Current liabilities			
Trade payables	14	***50,980***	24,848
Lease liabilities		***1,345***	2,270
Accruals and other payables		***19,364***	22,490
Advances from customers		***11,170***	18,259
Amount due to immediate holding company		***189***	103
Amount due to a fellow subsidiary		***53***	14
Amounts due to associates		***241***	265
Amounts due to joint ventures		***12***	76
Tax payable		***3,599***	11,112
Bank borrowings		***27,584***	23,584
		114,537	103,021
Net current assets		***153,503***	172,828
Total assets less current liabilities		***542,812***	570,391
Capital and reserves			
Share capital	15	***268,149***	268,149
Accumulated profits		***183,801***	216,655
Other reserves		***45,642***	41,006
Equity attributable to owners of the Company		***497,592***	525,810
Non-controlling interests		***36,094***	36,897
Total equity		***533,686***	562,707
Non-current liabilities			
Lease liabilities		***1,421***	1,196
Deferred tax liabilities		***7,705***	6,488
		9,126	7,684
		542,812	570,391

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 FVTOCI, financial asset at FVTPL and investment properties, that are measured at fair values at the end of each reporting period.

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	*Definition of Material*
Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform in the current year 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.

Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

Impacts on application of Amendments to HKFRS 3 Definition of a Business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The Group has elected to apply the optional concentration test on the acquisition of a subsidiary and concluded that such acquisition does not constitute a business. The application of the amendments in the current year had no material impact on the consolidated financial statements as similar conclusion would have been reached without applying the optional concentration test.

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:

	2020	2019
	US$'000	US$'000
Manufacturing	***246,677***	683,925
Logistics services	***27,628***	28,284
	274,305	712,209

Disaggregation of revenue from contracts with customers

	2020	*2019*
Types of goods or services	***US$'000***	*US$'000*
Manufacturing (recognised at a point in time):		
Dry freight containers	***187,036***	453,949
Tank containers	***16,886***	33,830
Other specialised containers and container parts	***42,755***	78,498
Refrigerated containers	**-**	92,335
US domestic containers	**-**	25,313
	246,677	683,925
Logistics services (recognised over time):		
Container storage and handling services	***6,042***	6,547
Repair and drayage services	***6,316***	6,313
Container freight station services	***7,880***	9,615
Other container related services	***7,390***	5,809
	27,628	28,284
	274,305	712,209

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, collapsible flatrack containers, tank 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:

Year ended 31 December 2020	***Manufacturing US$'000***	***Logistics services US$'000***	***Sub-total US$'000***	***Eliminations US$'000***	***Total US$'000***
REVENUE					
External sales	***246,677***	***27,628***	***274,305***	***-***	***274,305***
SEGMENT RESULTS	***(8,003)***	***1,510***	***(6,493)***	***-***	***(6,493)***
Finance costs					***(799)***
Investment income					***4,575***
Fair value gain on derivative financial instruments					***109***
Fair value loss on financial asset at FVTPL					***(38)***
Gain on disposal of a subsidiary					***8,457***
Share of results of associates					***1,651***
Share of results of joint ventures					***408***
Profit before taxation					***7,870***

Year ended 31 December 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 (Note)	-	3,281	3,281	(3,281)	-
Total	683,925	31,565	715,490	(3,281)	712,209
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)

Note: Inter-segment sales are charged at prevailing market prices.

Segment results represent the profit earned (loss incurred) by each segment without allocation of finance costs, certain investment income, fair value gain (loss) on derivative financial instruments, fair value loss on financial asset at FVTPL, 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 resources 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 2020			*Year ended 31 December 2019*		
	Manufacturing US$'000	***Logistics services US$'000***	***Total US$'000***	*Manufacturing US$'000*	*Logistics services US$'000*	*Total US$'000*
Hong Kong	***78,952***	***4,677***	***83,629***	103,854	4,476	108,330
Europe	***53,167***	***-***	***53,167***	80,957	-	80,957
United States of America	***41,118***	***-***	***41,118***	169,363	-	169,363
PRC	***26,224***	***22,951***	***49,175***	32,826	23,808	56,634
Singapore	***15,751***	***-***	***15,751***	92,747	-	92,747
Taiwan	***11,692***	***-***	***11,692***	52,363	-	52,363
Korea	***2,220***	***-***	***2,220***	108,878	-	108,878
Others	***17,553***	***-***	***17,553***	42,937	-	42,937
Total	***246,677***	***27,628***	***274,305***	683,925	28,284	712,209

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:

	As at 31 December 2020 US$'000	*As at 31 December 2019 US$'000*
PRC	***143,426***	156,451
Hong Kong	***22,120***	13,304
Others	***29,052***	28,847
	194,598	198,602

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 2020, one customer (2019: nil) contributes over 10% of the total sales amounting to US$40,575,000.

4. *Income tax expense*

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

	2020	*2019*
	US$'000	*US$'000*
Current tax:		
PRC Enterprise Income Tax		
- Current year	***3,545***	18,284
- Prior years overprovision	***-***	(2)
	3,545	18,282
Deferred tax:		
- Current year credit	***(1,106)***	(6)
- Withholding tax on undistributed profits	***681***	(1,638)
	(425)	(1,644)
Income tax expense for the year	***3,120***	16,638

5. *Dividends*

	2020	*2019*
	US$'000	*US$'000*
Dividends recognised as distributions during the year:		
Final dividend in respect of the previous financial year, nil (2019: HK7 cents) per ordinary share	***-***	21,654
Special dividend in respect of the disposal of subsidiaries, HK13 cents (2019: nil) per ordinary share	***40,537***	-

No final dividend in respect of previous financial years was paid during the year. A special dividend in respect of the disposal of subsidiaries of HK13 cents per ordinary share, amounted to US$40,537,000 for the year ended 31 December 2019, was paid during the year.

No final dividend for the year ended 31 December 2020 was proposed by the directors of the Company, nor has any dividend been proposed since the end of the reporting period.

6. Earnings (loss) per share

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

	2020	*2019*
	US$'000	*US$'000*
Earnings (loss):		
Profit (loss) for the purposes of calculating basic and diluted earnings (loss) per share	***4,576***	(110,230)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings (loss) per share	***2,416,919,918***	2,416,919,918

The computation of diluted earnings per share for the year ended 31 December 2020 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 the year, and therefore, was anti-dilutive to the earnings per share.

The computation of diluted loss per share for the year ended 31 December 2019 did not assume the exercise of the Company's outstanding share options as the exercise would result in a decrease in loss per share.

7. Movements in property, plant and equipment

During the year, there was additions of US$9,932,000 (2019: US$33,159,000) in property, plant and equipment for upgrading existing manufacturing and logistics services facilities of the Group and US$9,392,000 (2019: nil) through the acquisition of a subsidiary. In addition, there was a disposal of property, plant and equipment with carrying value of US$7,977,000 (2019: US$271,069,000) through disposal of subsidiaries. An impairment loss of US$2,400,000 has been provided on the plant and machinery of a subsidiary.

8. Inventories

	2020	*2019*
	US$'000	*US$'000*
Raw materials	***35,249***	46,651
Work in progress	***11,234***	8,288
Finished goods	***13,424***	21,197
	59,907	76,136

The entire carrying amounts of inventories as at 31 December 2020 and 31 December 2019 are expected to be recovered within the next twelve months.

9. Trade receivables

	2020	*2019*
	US$'000	*US$'000*
Trade receivables	***62,710***	34,049
Less: allowance for credit losses	***(86)***	(699)
Net trade receivables	***62,624***	33,350

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 (2019: 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:

	2020	*2019*
	US$'000	*US$'000*
0 to 30 days	***40,344***	21,055
31 to 60 days	***14,737***	7,337
61 to 90 days	***6,041***	3,293
91 to 120 days	***87***	832
Over 120 days	***1,415***	833
	62,624	33,350

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 2020, prepayments and other receivables included consideration receivables in connection with disposal of subsidiaries of US$53,432,000 (2019: US$39,456,000), consideration receivables in connection with disposal of a joint venture of US$6,319,000 (2019: US$6,811,000), and advance of US$47,451,000 (2019: US$8,594,000) to certain suppliers as deposits for raw materials purchases.

11. Amount due from immediate holding company

The general credit term for trade balances with immediate holding company is 60 days (2019: 60 days).

The aged analysis of amount due 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:

	2020	*2019*
	US$'000	*US$'000*
0 to 30 days	***-***	2,072
Over 120 days	***94,347***	103,530
	94,347	105,602

12. Amounts due from fellow subsidiaries

The general credit term for trade balances with fellow subsidiaries is 30 to 60 days (2019: 30 to 60 days).

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:

	2020	*2019*
	US$'000	*US$'000*
0 to 30 days	***196***	838
31 to 60 days	***35***	214
61 to 90 days	***1***	635
91 to 120 days	***1***	157
Over 120 days	***28,043***	30,425
	28,276	32,269

13. Amounts due from associates

The general credit terms are 30 to 90 days (2019: 30 to 90 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:

	2020	*2019*
	US$'000	*US$'000*
0 to 30 days	***310***	505
31 to 60 days	***52***	69
61 to 90 days	***6***	540
91 to 120 days	***14***	306
Over 120 days	***3,296***	7,001
	3,678	8,421

14. Trade payables

Bills payables of US$5,422,000 (2019: US$1,608,000) was included in the Group's trade payables as at 31 December 2020. The following is an analysis of trade payables by age based on invoice date of each transaction:

	2020	*2019*
	US$'000	*US$'000*
0 to 30 days	***24,767***	12,667
31 to 60 days	***12,150***	4,455
61 to 90 days	***4,903***	1,851
91 to 120 days	***2,691***	433
Over 120 days	***6,469***	5,442
	50,980	24,848

The average credit period on purchases of materials is 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

15. Share capital

	Number of shares		*Share Capital*			
	2020	*2019*	***2020***	***2020***	*2019*	*2019*
			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

The last twelve months have been truly transformative for Singamas. Following the very substantial disposal in mid-2019 (the "Disposal"), the Group saw a turnaround during 2020, a reflection of our successful shift towards the "New Singamas". While the Disposal inevitably led to revenue drops year-on-year, solid performance during the second half of 2020 compensated for losses during the first half, and overall, the Group has been able to achieve a positive bottom line result for the whole year despite the COVID Pandemic.

COVID-19 caused production to be abruptly suspended in early 2020, China recovered relatively quickly from the outbreak of the virus, and we made sure to resume production as quickly as was possible in order to satisfy the strong export demand. This demand increased considerably from mid-2020 onwards, owing to port congestions at numerous countries around the world caused by the COVID outbreak. With a large number of containers held at overseas ports, domestic demand for new boxes increased significantly, and has continued to date. This strong demand is expected to continue through to the latter part of the year. With these positive market conditions, along with the advantages of the streamlined business model, the Group is looking forward to a favourable 2021.

For the year ended 31 December 2020, the Group recorded total consolidated revenue of US$274,305,000 (2019: US$712,209,000). This significant decrease was the result of the aforementioned Disposal, along with a production suspension early this year owing to the outbreak of COVID-19. Consolidated profit attributable to owners of the Company totalled US$4,576,000 (2019: loss of US$110,230,000). Excluding the extraordinary items recorded during the year, namely a gain on disposal of US$8,457,000 related to the disposal of Tianjin Pacific Container Company Limited in mid-2020 and an expected credit loss of US$17,450,000 in relation to the receivables from immediate holding company and its subsidiaries, net profit from core operations amounted to US$13,569,000, reflecting the positive impact of the 'New Singamas' business model on the Group's business operations. Basic earnings per share was US0.19 cent, compared with basic loss per share of US4.56 cents in 2019.

Manufacturing

The second half of 2020 brought a stronger demand for dry freight containers. This, along with promising growth from the specialised container business, including product diversification and a rise in demand in clean energy, modular housing, medical and health related products, resulted in a turnaround in the latter half year. For the year ended 31 December 2020, manufacturing business recorded revenue of US$246,677,000 (2019: US$683,925,000), accounting for 89.9% of the Group's total revenue (2019: 96.0%). Segment profit before taxation and non-controlling interests amounted to US$3,009,000 (2019: segment loss of US$99,622,000).

The average selling price of a 20' dry freight container increased to US$2,059 (2019: US$1,779); a reflection of the increase in market demand, which have also led to an increase in the costs of raw materials such as corten steel and floorboard. Labour costs also rose, with skilled workers required for production in short supply due to the exceptional circumstances. Although the "New Singamas" business model centres around the specialised container segment, the Group has taken advantage of the extraordinarily strong demand for dry freight containers during the year, and therefore the majority of revenue was still derived from this segment

(75.8% dry freight vs 24.2% specialised).

The Group's specialised container business continues to improve. Demand has continued to show healthy growth as more customers become aware of the versatility that the Group can offer. Among the most popular conventional products are energy storage containers, power generator containers and electrical equipment containers. The Group's in-house R&D team remains committed to innovation and in 2020, together with experts from the Chinese Academy of Sciences and China Customs, developed a mobile Polymerase Chain Reaction ("PCR") laboratory for COVID-19 testing. A total of ten laboratories have already been produced and delivered to hospitals and customs in Shanghai and Qingdao. Other recently developed specialised containers include 5G equipment containers created to support data network infrastructure, environmental containers for sewage treatment, and different types of modular housing products which are able to serve specific purposes.

Logistics Services

The logistics services business performed relatively stable during the review year. Although throughput remained robust, strong exports in China resulted in fast turnaround in boxes and less repair items performed. Revenue amounted to US$27,628,000, representing a decline of 2.3% from the previous year (2019: US$28,284,000). Segment profit before taxation and non-controlling interests amounted to US$4,861,000 (2019: US$5,463,000). In regard to the number of containers handled, approximately 510,000 TEUs were handled (2019: 660,000 TEUs), while repairs totalled 112,000 TEUs (2019: 147,000 TEUs) and average daily storage was 32,000 TEUs (2019: 25,000 TEUs).

The Group's investment in Xiamen logistics, meanwhile, continued to deliver stable returns, with dividends of US$1,817,000 in 2020 (2019: US$1,872,000). The Group will continue to review its operations and streamline the business in order to maximise efficiency and enhance its business portfolio, with the aim of maintaining stable returns in this segment.

PROSPECTS

Entering the new year, Singamas will continue to seize opportunities based on the surge in demand for dry freight and specialised containers, particularly in relation to dry freight containers owing to continued port congestion issues. The Group remains committed to fully realising its transformation into the "New Singamas", leveraging its knowledge and expertise in the production of specialised containers in order to create a more robust business. With container usage becoming more widespread across a variety of sectors, the Group will continue to diversify its products and customer base, with a particular focus on three key areas: i) renewable energy; creating solutions for solar, wind and hydro power generation, ii) environmental protection; as an area that has seen much encouragement from the PRC government, the Group has endeavoured to develop containers addressing these concerns, and iii) medical application; as well as providing mobile laboratories for use in the COVID-19 pandemic, the Group has been developing mobile laboratories with medical capabilities for functions such as CT scans and negative pressure isolation, enabling rapid response from frontline medical staff.

Alongside the development of its three principal areas of interest, the Group will further enhance its specialised containers business by actively seeking out new avenues for collaboration. Such arrangements will primarily see the involvement of well-established industry partners and will allow us to further enhance our product offerings and capacity to innovate.

DIVIDENDS

Based on the operating results of the Group, the Board did not recommend the payment of a final dividend (2019: nil) or special dividend (2019: HK13 cents per ordinary share) for the year ended 31 December 2020.

CLOSURE OF THE REGISTER OF MEMBERS

To determine the eligibility of the shareholders of the Company to attend the annual general meeting to be held on Friday, 18 June 2021 (“2021 AGM”), the Company’s register of members will be closed from Tuesday, 15 June 2021 to Friday, 18 June 2021 (both days inclusive), during which period no transfer of shares will be effected. In order to be entitled to attend and vote at 2021 AGM, all transfers of shares of the Company, duly accompanied by the completed transfer forms and all relevant share certificates, must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on, Friday, 11 June 2021. The shareholders whose names appear on the register of members of the Company on Friday, 18 June 2021, the record date of 2021 AGM, will be entitled to attend and vote at 2021 AGM.

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 2020 (“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$169,000 has been transferred to general reserve of the Group during the year.

FINANCIAL INFORMATION

The financial information relating to the years ended 31 December 2019 and 2020 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 2020 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 2019 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 2019. 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 2020 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 2020, 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 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:

<u>Code Provision A.2.1</u>

Mr. Teo Siong Seng took up both roles as the Chairman of the Board and the Chief Executive Officer of the Company, the roles of Chairman and Chief Executive Officer are not separated. The Board considers that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions efficiently and consistently.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry of the directors, all of the directors have complied with, for any part of the accounting period covered by the Annual Report, the required standard as set out in the Model Code.

By Order of the Board
Singamas Container Holdings Limited
Teo Siong Seng
Chairman and Chief Executive Officer

Hong Kong, 26 March 2021

The Directors as at the date of this announcement are Mr. Teo Siong Seng, Mr. Chan Kwok Leung 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.