

# SINGAMAS

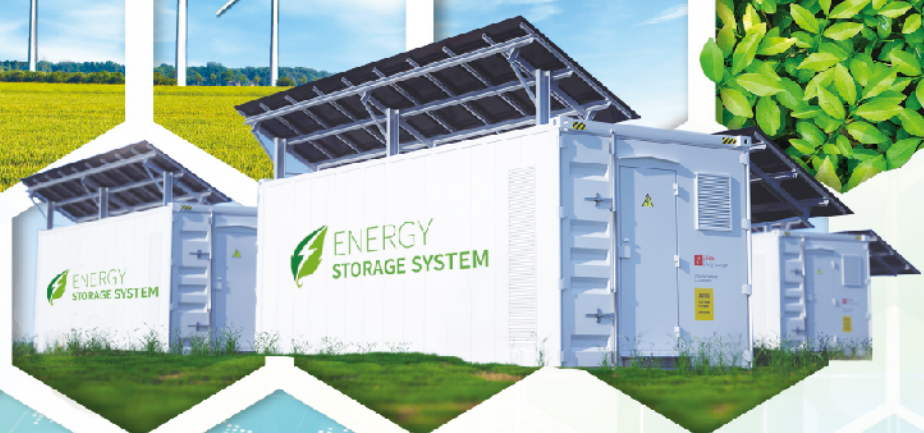
## Singamas Container Holdings Limited

(incorporated in HK with Limited Liability)  
(HKEx stock code: 00716)

## 2022 Annual Results Announcement

15 March 2023

[www.singamas.com](http://www.singamas.com)



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- Corporate Profile
- Industry Dynamics
- Financial Review
- Business Review
- Appendices
  - Consolidated income statement
  - Singamas' comprehensive factory & depot network



# CORPORATE PROFILE



## MANUFACTURING

➤ **Manufactures** a wide range of products:

✓ **ISO Dry Standard & ISO Dry Special Containers**

- 20'GP, 40'HC, 20'FR, 40'DD, 40'OT...
- annual capacity: **310,000 TEUs**<sup>1</sup>

✓ **Specialised & Customised Containers**

- Offshore, Car Rack, Tank...
- storage for Energy Storage System (“ESS”), Water Treatment System, Modular Integrated Construction, Electrical Equipment, ...
- annual capacity: **10,000 units of tanks and 10,000 units of others**

➤ **Operates 5 Factories** in Shanghai, Xiamen and Huizhou, China:

- ✓ **Expansion Plans** for producing **customised containers** being in operation starting from 2022

Factories <sup>3</sup>	Annual Capacity	
	Dry Freight (TEUs)	Customised Container (Units)
SBPC	150,000	2,000
SSCI	0	1,000
SPIC	0	10,000
XPCL	100,000	2,000
HSCL	60,000	5,000

## LOGISTICS & DEPOTS

➤ **Operates 8 Container Depots** at the major ports in China<sup>2</sup>:

- ✓ Dalian
- ✓ Fuzhou
- ✓ Shanghai
- ✓ Ningbo
- ✓ Qingdao
- ✓ Tianjin
- ✓ Xiamen

➤ **Has 1 Logistics Company** in Xiamen, China

Depots <sup>3</sup>	Storage Capacity	Repair Capacity
	(TEUs)	(units/day)
DSIC	16,000	120
FSCL	11,500	130
NVCL	28,000	200-250
QSIL	8,300	150
SLQC	12,000	150
TSCL & SLTC	8,000	200
XSCL	35,000	600
HXYD	11,000	350

Notes:


1. TEU stands for Twenty-foot Equivalent Unit, a standard unit of measurement used for container transportation.
2. The one located in Shanghai is the branch of Xiamen depot.
3. Please see Appendices for more details.

- Dry Freight Container is the major product of Singamas over the years.
  - Singamas' Dry Freight Containers are **strong, durable** and **easy to repair**. They conform to **ISO standard** and are used for the road, rail and sea transportation.
  - A dry freight container is built for use for up to 15 years but major refurbishment is required in year 9 or 10. For some shipping lines, they tend to **retired** containers **between Year 12 and Year 15**.

## Core Competence of Singamas' Dry Freight Containers


### Strong Brand & Good Reputation

- veteran of Dry Freight Container manufacturing industry since 1988
- expertise in producing Dry Freight Containers, with:
  - ✓ ISO standard
  - ✓ good quality
  - ✓ good before and after sales services



### Advanced Robotics & Automation Applications

- strengthen R&D capabilities & engineering excellence
- automate manufacturing activities & upgrade systems



### Agile Operations & Strong Marketing

- strong & active marketing team
- focus on operation excellence & continuous improvements



### Established Customer Base

- leverage on the network of our largest shareholder
- strengthen the bonding with our customer by providing complementary expertise, know-how & industry networks
- expand into emerging markets & growth potential regions

1 Shipping

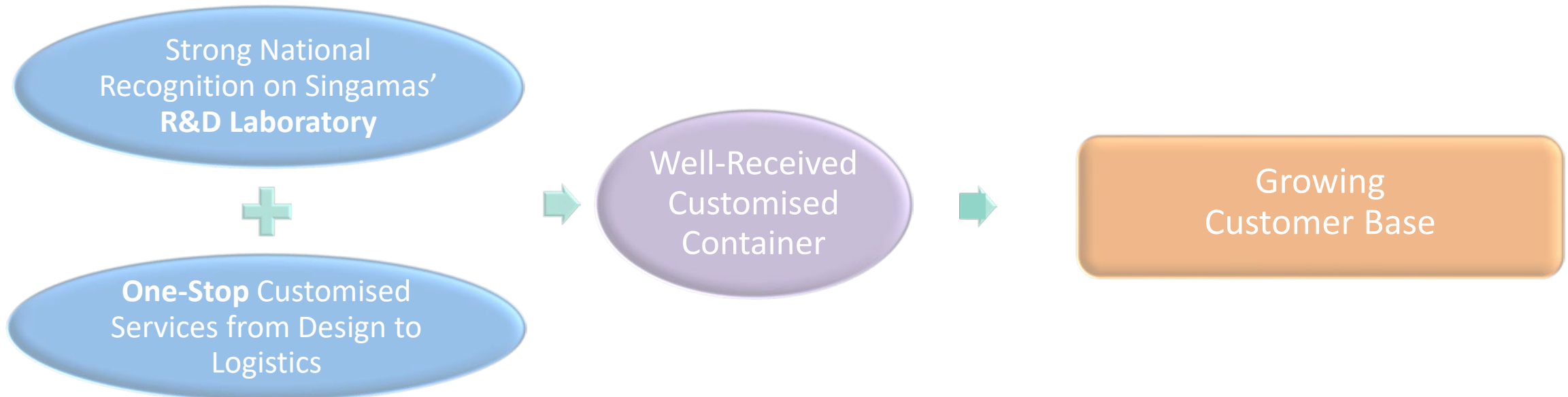


2 Container Leasing



- Singamas cooperates with customers from various background in designing customised containers. These containers served for **different functions** such as Energy Storage System (“ESS”), Water Treatment System, Server Farm, or as building units for Modular Integrated Construction.
- With R&D and craftsmanship advancement, more and more traditional facilities are ready to be containerised. Customised Container has the following **advantages** over traditional building facilities:
  - **Fast Deployment, Low Cost** and **Environmental Friendly**: centralized production in factory enable efficient time management, cost control and waste control
  - **High Mobility**: ready-made customised container avoids on-site construction in remote area, which involves various cost, construction difficulties and pollutions

## Core Competence of Singamas' Customised Containers



## ESS Container Manufacturing and Integration

- **Ningxia Muhe (寧夏穆和) 200MW/400MWh New Energy Storage Project** is a pioneering demonstration project which aims to build a clean, low-carbon, safe and efficient new energy storage station.
- Our Shanghai factory undertook **manufacturing work and integration work on 60 sets of 100MW/200MWh ESS Container**. The products were delivered at the end of August 2022.



## Containerised Quarantine Camp

- Singamas responded quickly and flexibly in producing **Containerised Quarantine Camp** during COVID-19 pandemic.
  - **Covid-19 Quarantine Container Units enable construction of huge magnitude of quarantine camp and temporary hospital at speed.**
  - In February 2022, Hong Kong was hit with the fifth wave of the pandemic and faced acute shortages in quarantine facilities, our Huizhou Factory hence took on the task to produce **2,000 quarantine container units**.
  - In March 2022, the Shanghai government needed quarantine container units to fight against the pandemic. Such rush order was undertaken by our Shanghai Baoshan Factory and **550 quarantine container units with 1,100 rooms equipped were delivered within 2 1/2 days.**





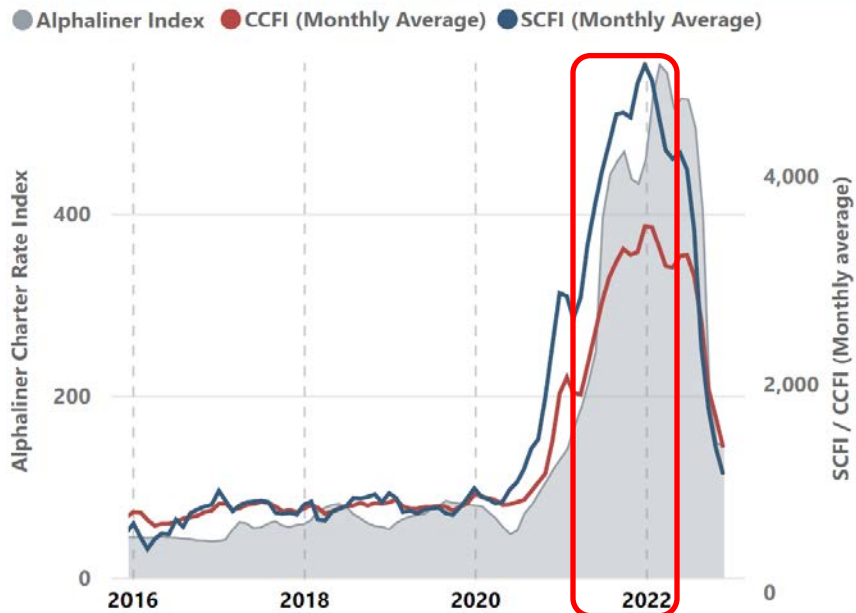
# INDUSTRY DYNAMICS



➤ **Ocean Freight Rates** returned to pre-pandemic levels.<sup>1</sup>

- Freight rates soared in 2021 while cargo took much longer to be delivered as ships queued to gain access to ports and containers were held up.
- Up to 30 December 2022, China Shanghai Containerized Freight Index (SCFI) has dropped 78% since the beginning of the year – from 5,047 to 1,108.<sup>2</sup>

Alphaliner Charter Rate Index and Freight Rate Indices



➤ **Dry Freight Production** returned to pre-pandemic levels.

- Annual production volume had been staying at around 3-4 million TEUs before 2021 – and returned to below 4 million TEUs again in 2022.<sup>3</sup>
- Plant Utilization Rate returned to 60% below in 2022.<sup>3</sup>

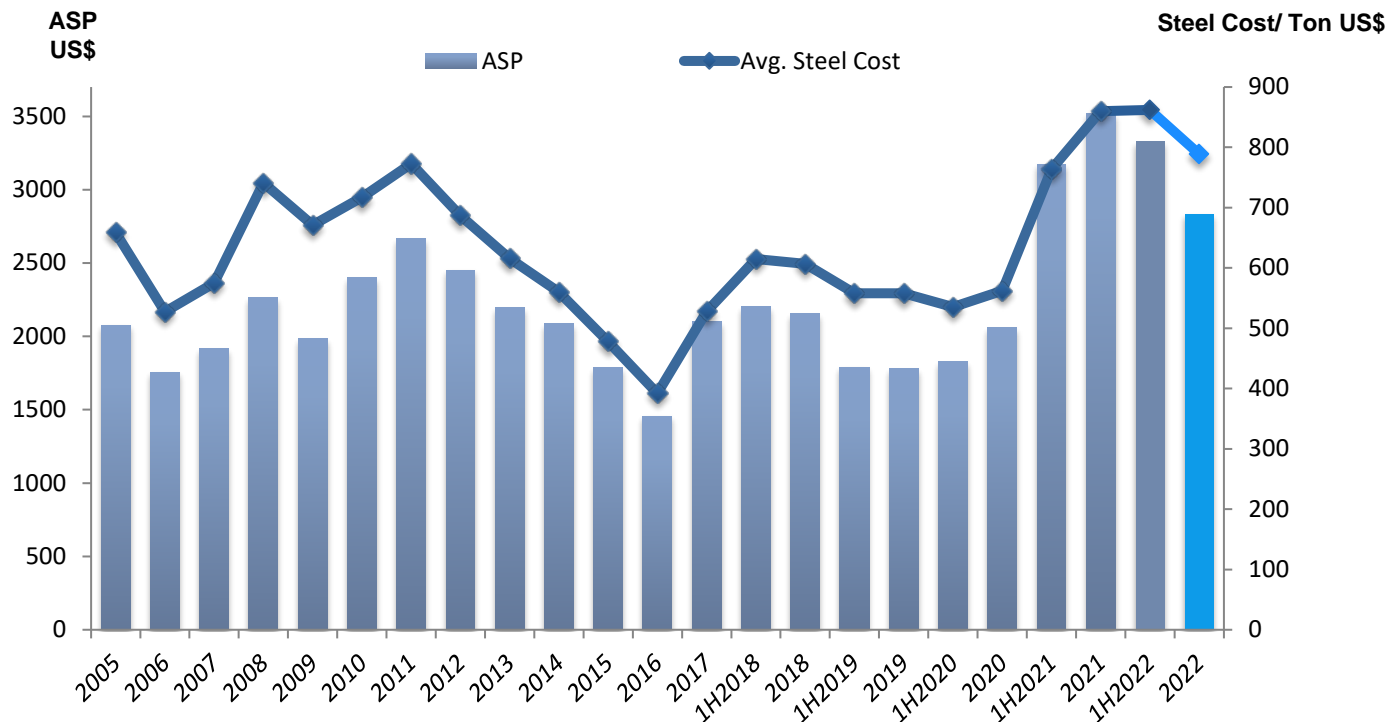
Global Marine Container Capacity, Production and Utilization<sup>3</sup>

	Pre-pandemic years			Pandemic years		
	2017	2018	2019	2020	2021	2022
Capacity - two-shift (m TEU)	5.52	5.65	5.60	5.81	6.50	6.65
Production (m TEU)	3.70	4.43	2.83	3.12	7.13	3.77
Plant utilization	67%	78%	51%	54%	110%	57%

1. Data source: Alphaliner Monthly Monitor - edition 2022 - 12 Month – p.2  
 2. Data source: Shanghai Shipping Exchange (SSE)  
 3. Drewry Annual Report 2022/23 – p.12, 32 & Drewry Container Equipment Forecaster Q4 2022 – p.6

- Singamas leveraged on the **Cost-Plus Pricing Model** to set selling price of Dry Freight Containers.
- in 2H22, due to the over-supply of Dry Freight Containers in the market, ASP experienced a sharp decline. ASP for FY22 hence was dropped by 19.5% yoy, while average steel cost for FY22 decreased at a relatively less extent of 8.3% yoy. As a result, profit margin of Dry Freight Container had declined in FY22.

2005 – 2022 20ft. Dry Freight Container<sup>1</sup> Price (ASP<sup>2</sup>) vs. Average Steel Cost Per Ton



- FY2022 ASP of 20ft dry freight container dropped 19.5% to **US\$2,836** (FY2021: US\$3,521).
- FY2022 average steel cost was **US\$789/ton**, 8.3% lower than FY2021's US\$860/ton.
- Corten steel accounted for 54.6% of total dry freight container production costs in FY2022.

Note:

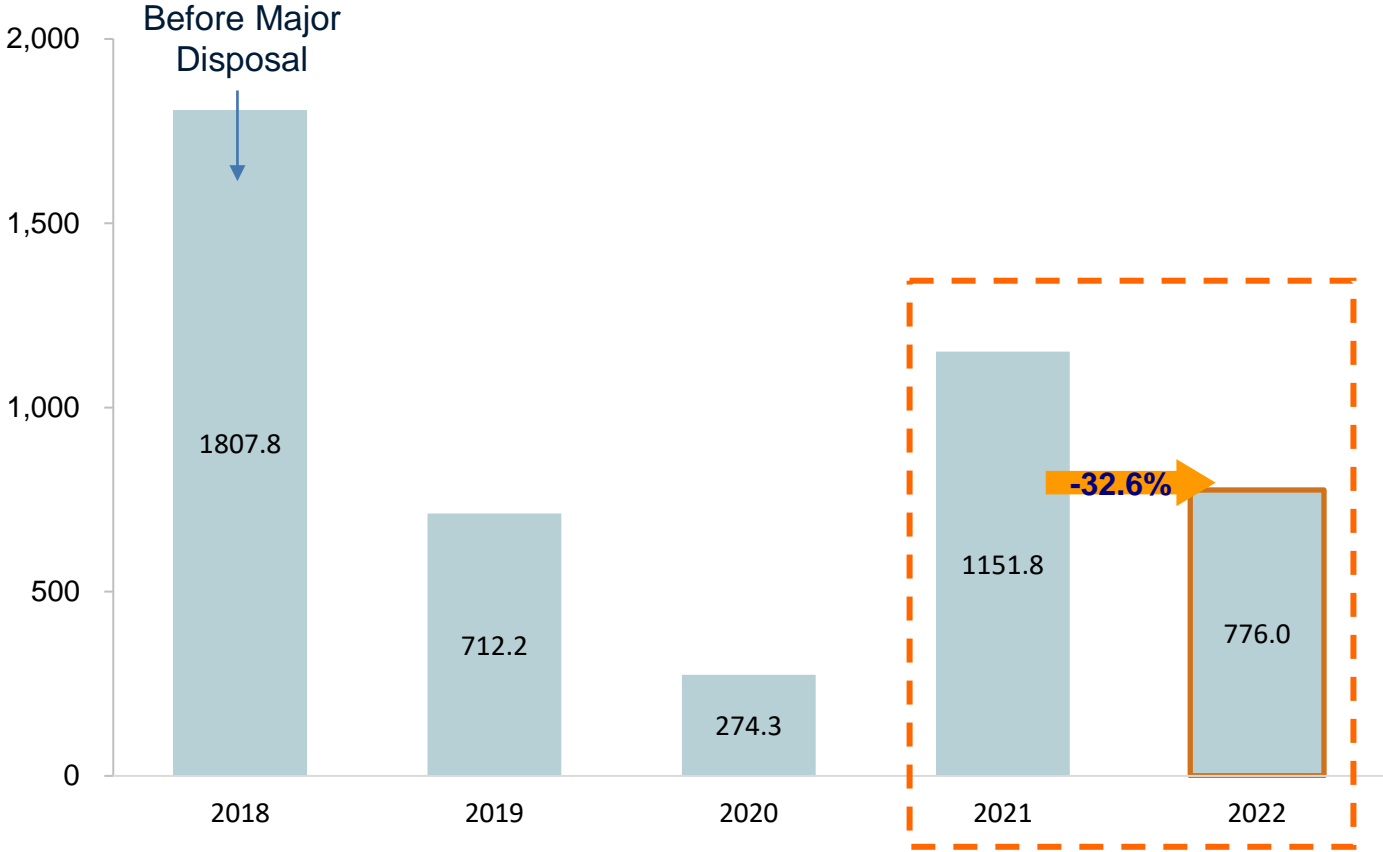
1. one 20' container normally requires 1.7 tons (including wastage) of steel.
2. ASP stands for average selling price of Singamas for 20ft dry freight container.

# FINANCIAL REVIEW



# Consolidated Revenue

US\$'M

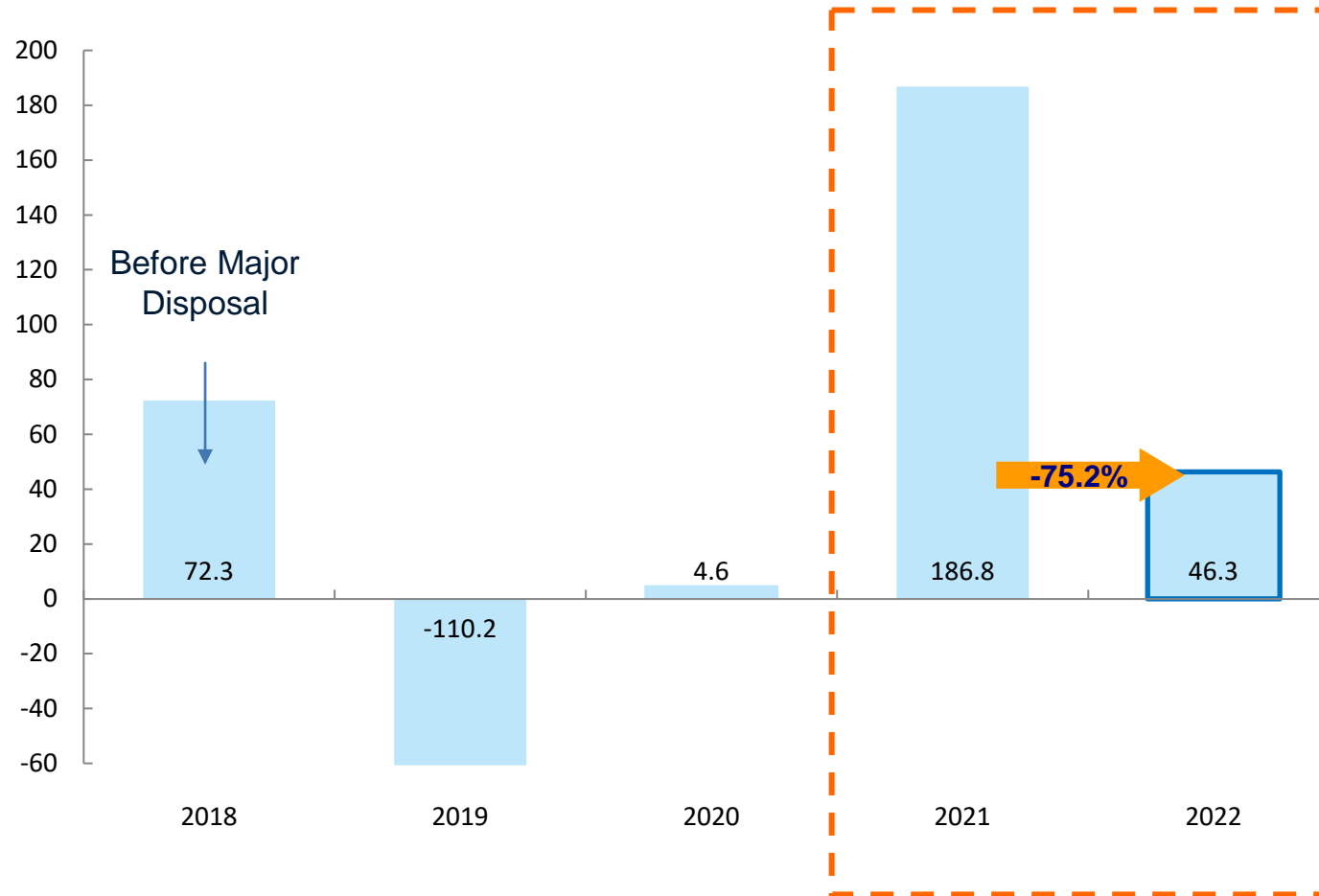


For the year ended 31 December

- Singamas recorded consolidated revenue of US\$776 million in FY2022, a decrease of 32.6% over the revenue of US\$1,152 million in FY2021.
- The decrease was mainly due to the slowdown in the global economy and overproduction of containers by the industry in FY2021.

# Consolidated Net Profit / Loss

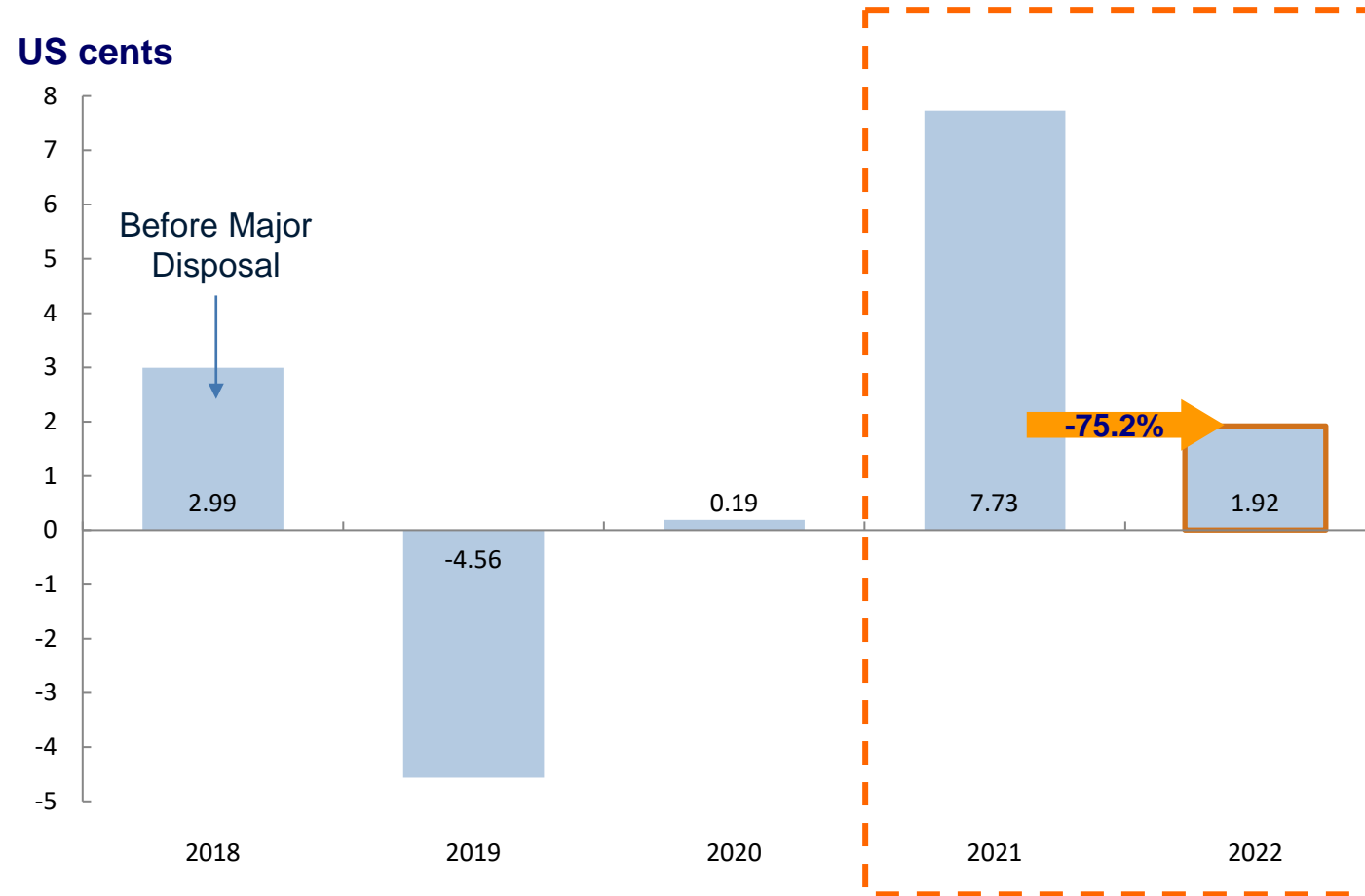
US\$'M



For the year ended 31 December

- Consolidated net profit attributable to owners of the Company totalled US\$46.3 million (FY2021: US\$186.8 million, including a one-time gain of US\$27 million from the derecognition of financial assets).

# Basic Earnings/ Loss per Share

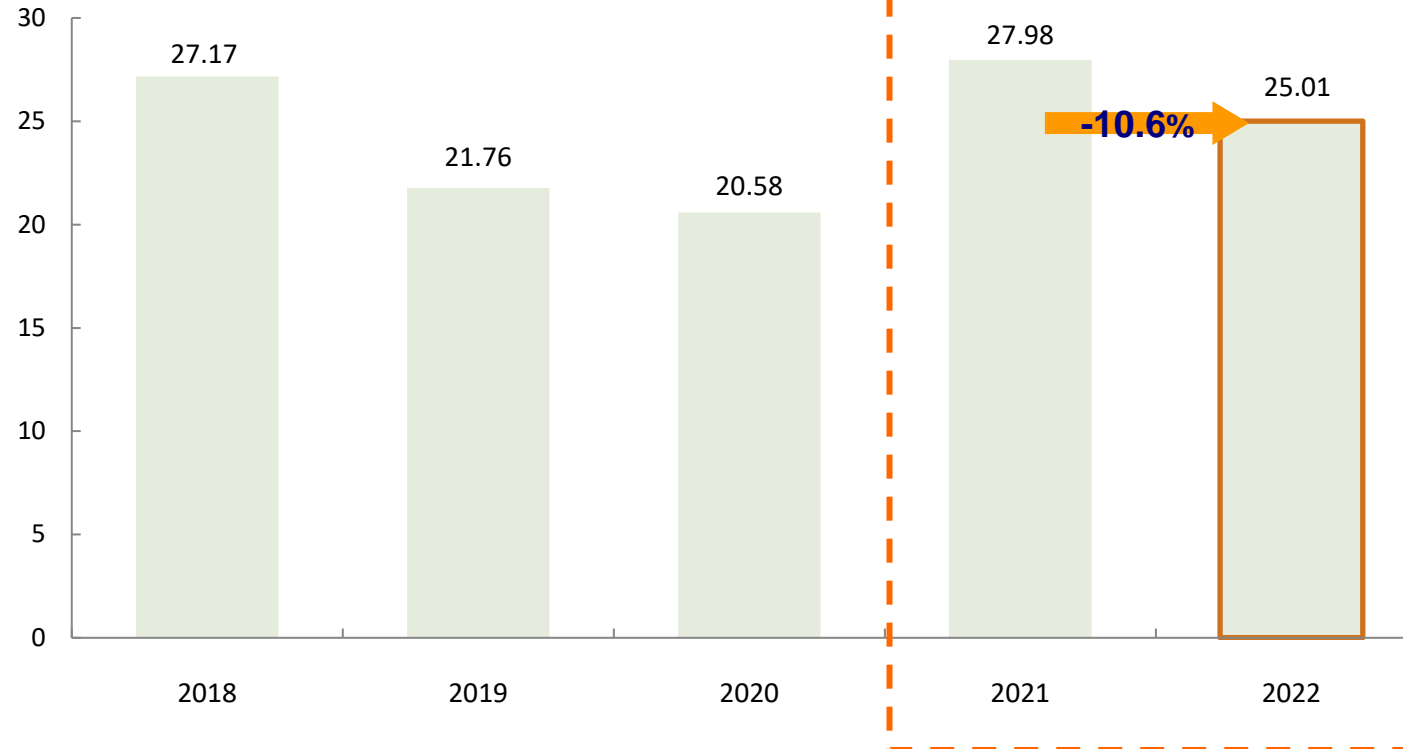


- Basic earnings per share was US1.92 cents, compared with US7.73 cent in FY2021.

*For the year ended 31 December*

# Net Asset Value per Share

US cents



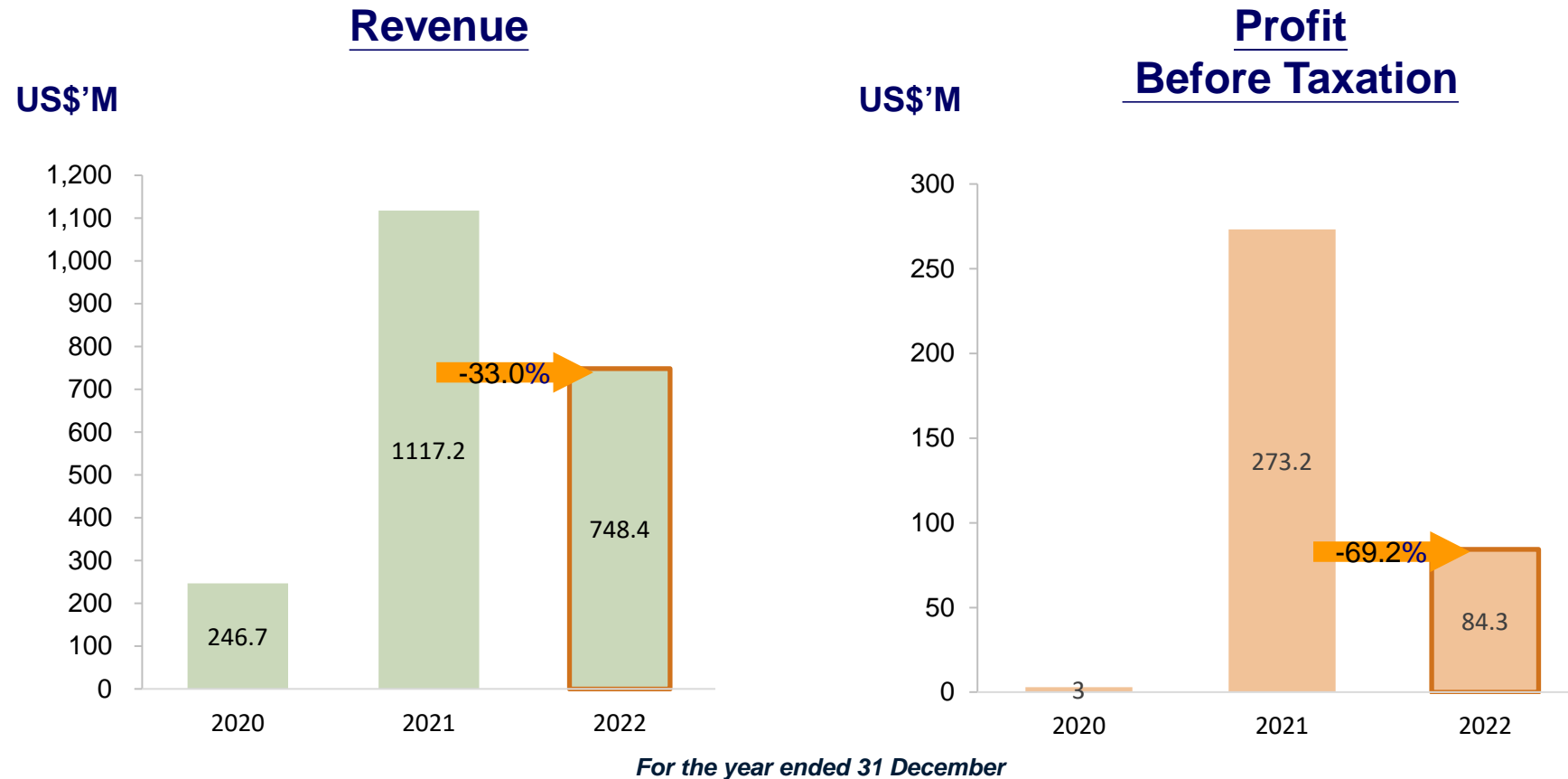
*As at 31 December*

- Net asset value per share decreased from US27.98 cents as at 31 December 2021 to US25.01 cents as at 31 December 2022.
- The drop was mainly due to the distribution of dividends.



# BUSINESS REVIEW





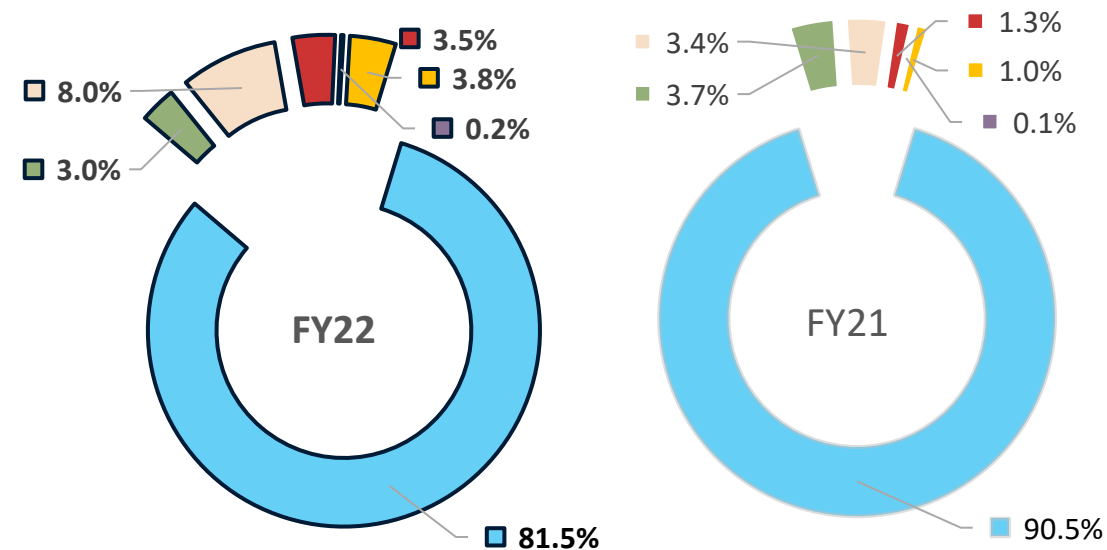
- Manufacturing segment achieved revenue of US\$748,375,000 (FY2021: US\$1,117,195,000), hence accounted for 96.4% of the Group's total revenue.
- Profit before taxation and non-controlling interests for this segment was US\$84,272,000 (FY2021: US\$273,220,000).

## Sales Volume (By Unit)

For the year ended 31 December	FY22	FY21
Dry freight (TEU)	232,179	331,389
ISO Special (TEU)	6,709	13,565
Tank (Unit)	2,760	1,897
Customised – ESS (Unit)	1,591	618
Customised – Offshore (Unit)	137	115
Customised – Others (Unit)	7,042	1,401

Improving Product Mix

## Revenue Breakdown (By Amount)



### Healthier Revenue Structure

- Dry freight
- ISO Special
- Tank
- Customised Special - ESS
- Customised Special - offshore
- Customised Special - others

# Logistics Services Business – Overview and Strategy

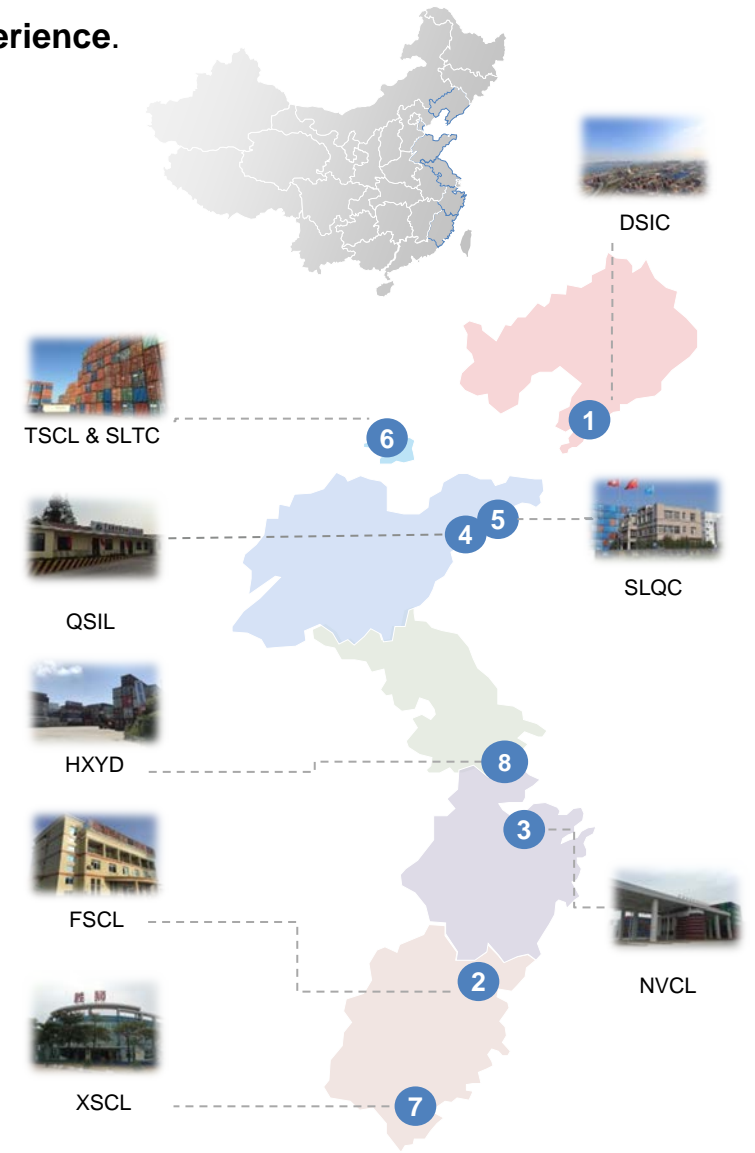
➤ Singamas is a **Major Operator of 8 Container Depots** in China with over **30 years of Industry Experience**.

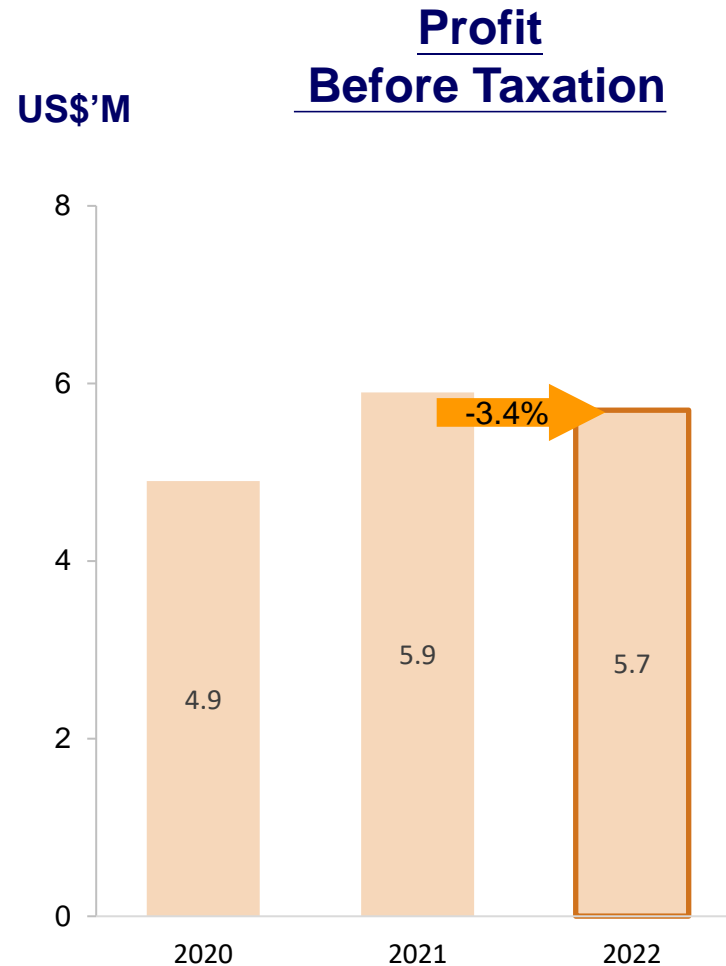
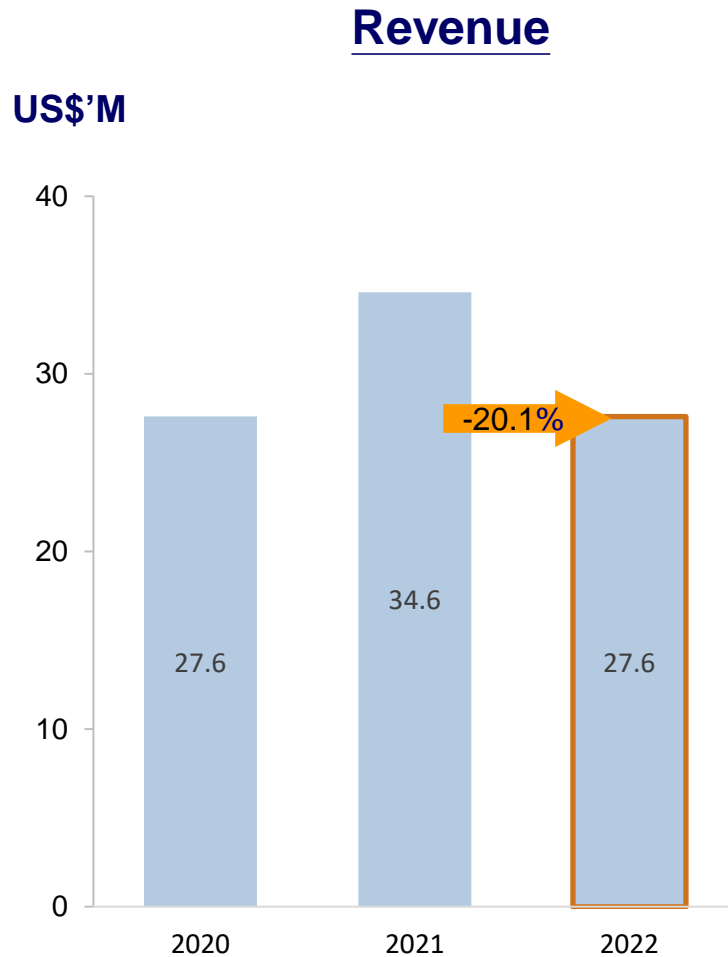
- **Network** with key port operators in China.
- **Customer Relationships** with global major shipping companies and leasing companies:



- Logistics Services Business strive to:
- strengthen its **Warehousing Capacity** and integrate its **Multimodal Transport Resources**;
  - Improve the **Digital Operation** capability to enhance operation efficiency;
  - Cooperate with other services providers to improve / increase the **Network Coverage**.

➤ Logistics Services Business performed steadily and continued to **Deliver Stable Returns** to the Group.





For the year ended 31 December

- The segment revenue decreased to US\$27,608,000 (2021: US\$34,569,000). Profit before taxation and non-controlling interests for the segment slightly decreased to US\$5,653,000, compared with US\$5,851,000 recorded in 2021. The decline was mainly due to a gain on disposal of a subsidiary of approximately US\$412,000 recognized in 2021 was not repeated in 2022.
- Logistics company in Xiamen has continued to deliver stable returns, with dividends of US\$1,926,000 in 2022 (2021: US\$1,864,000).

## Improve Cost Structure and Implement Cost Control

- In face of frozen dry freight market demand, Singamas applied strict cost control and **suspend all capital expenditures that are not of any urgency**. In 2H22, Singamas has already frozen the CAPEX (unless for those necessary for maintaining production efficiency and for environmental protection purposes) in 2H22.
- In 2023, Singamas will continue to prioritize the following CAPEX:
  - On the **maintenance** side:
    - ✓ Safety; and
    - ✓ Environmental protection.
  - On the **growth** side:
    - ✓ Customized container projects with high growth potentials; and
    - ✓ Automation projects with short payback period.
- Renewable Green Energy applied in Singamas' plants for **environmental friendly** and **cost saving** purposes:



Singamas' Xiamen plant uses an **ESS container** to store power during low-consumption periods. This ESS container was the 1<sup>st</sup> user end ESS container in Xiamen.

Singamas' Xiamen plant uses **photovoltaic panels** to generate solar energy for the operation of its machines. The company expects that solar energy will account for between 6-10% of the plant's total electricity consumption in a year.



# Strategies in times of Dry Freight Market Slow Down

## Strengthen our Edge through Competitive R&D

➤ Singamas continued to work on its R&D. During the year, Singamas gained the following recognition on its research center:

Organizers	Awards
Department of Industry and Information Technology of Guangdong Province	Innovative Guangdong SME
	2022 'Specialized and New' SME
The 11th Governor Cup Industrial Design Competition, Department of Industry and Information Technology of Guangdong Province	Recognition Award of Provincial Product Design Group
	Second Prize of Huizhou Product Design Group
	Recognition Award of Huizhou Product Design Group
Department of Science and Technology of Guangdong Province	Guangdong Specialised Container Engineering Technology Research Center
Huizhou Huiyang District Bureau of Industry and Information Technology	Special Fund for Supporting High-quality Development of Real Economy in Huizhou, Guangdong Province
Bureau of Science and Technology of Huizhou Municipality	R&D project was selected as "2022 Huizhou Science and Technology Project in the Field of Social Development"
Shanghai Municipal Commission of Economy and Information	2022 'Specialized and New' SME



*Singamas' technology R&D center is equipped with an industry-leading IPX5 automatic water test laboratory*

# APPENDICES





# Consolidated Income Statement

	For the year ended 31 December	
	2022	2021
	US\$'000	US\$'000
Revenue	775,983	1,151,764
Cost of sales	(629,324)	(826,061)
Gross profit	146,659	325,703
Other income	12,681	10,484
Distribution expenses	(18,361)	(24,841)
Administrative expenses	(34,215)	(59,390)
Finance costs	(366)	(1,083)
Other gains and losses	(17,687)	2,240
Gain from derecognition of financial assets measured at amortised cost	-	27,001
Impairment loss on property, plant and equipment	-	(2,000)
Share of results of associates	1,349	761
Share of results of joint ventures	(135)	196
Profit before taxation	89,925	279,071
Income tax expense	(33,360)	(70,606)
Profit for the year	56,565	208,465
Profit for the year attributable to:		
Owners of the Company	46,340	186,802
Non-controlling interests	10,225	21,663
Profit for the year	56,565	208,465
Basic earnings per share	US1.92 cents	US7.73 cents

# Manufacturing Facilities

- Singamas has five manufacturing facilities in China with total annual capacity of **310,000 TEUs** of dry and ISO specialised containers, **10,000 units** of tank containers and **10,000 units** of offshore and customised special containers.

No.	Factories	Area (m <sup>2</sup> )	Annual capacity	Description
1	Shanghai Baoshan Pacific Container Co. Ltd. ("SBPC")	93,891	150,000 TEUs	<ul style="list-style-type: none"> <li>Main products: 20', 20'HC, 40', 40'HC &amp; 45' ISO dry freight containers, flatrack container, open top, open-side and other specialised containers</li> </ul>
	+ Shanghai Singamas Container Integration Co., Ltd. ("SSCI")	+	3,000 units	
2	Shanghai Pacific International Container Co. Ltd. ("SPIC")	73,323	10,000 units	<ul style="list-style-type: none"> <li>Main products: standard tank containers ranging from 16,200 litres to 26,000 litres, and specialized tank containers</li> </ul>
3	Xiamen Pacific Container Manufacturing Co. Ltd. ("XPCL")	83,523	100,000 TEUs	<ul style="list-style-type: none"> <li>Main products: ISO standard and specialised marine containers and related components</li> <li>Customized containers</li> </ul>
			2,000 units	
4	Huizhou Singamas Energy Equipment Co. Ltd. ("HSCL")	306,999	60,000 TEUs	<ul style="list-style-type: none"> <li>New factory commenced operations in mid-2020</li> <li>Focus on manufacturing of specialised containers</li> <li>Customized containers</li> </ul>
			5,000 units	
	Shanghai Reeferco Container Co. Ltd. ("SRCC")	73,256	N/A	<ul style="list-style-type: none"> <li>Currently as investment property</li> </ul>
	Singamas Container Industry Co. Ltd. ("SCIC")	63,069	N/A	<ul style="list-style-type: none"> <li>Applying new project approval and the quota of VOCs emission for ESS production line (ESS production time: 2023 Q4)</li> </ul>



# Container Depot / Terminals

➤ Singamas operates **8 container depots** in key coastal regions in China.

No. Depots		Area (m <sup>2</sup> )	Storage Capacity (TEU)	Average Turnaround Time of Truck (minute)	Allocated Repair Area (m <sup>2</sup> )	Repair Capacity per Day (unit)
1	Dalian Singamas International Container Co. Ltd. ("DSIC")	160,000	16,000	30	10,000	120
2	Fuzhou Singamas Container Co. Ltd. ("FSCL")					
	- Mawei Depot	25,400	3,500	15	1,500	50
	- Jiangyin Depot	66,100	8,000	15	1,800	80
3	Ningbo Victory Container Co. Ltd. ("NVCL")	173,420	28,000	20	10,000	200-250
4	Qingdao Singamas International Logistics Co. Ltd. ("QSIL")	64,695	8,300	15	8,640	150
5	Singamas Logistics (Qingdao) Co. Ltd. ("SLQC")	128,000	12,000	15	9,000	150
6	Tianjin Singamas Container Co. Ltd. / Singamas Logistics (Tianjin) Co. Ltd. ("TSC & SLTC")	83,000	8,000	10	8,000	200
7	Xiamen Xiangyu Singamas Container Co. Ltd. ("XSCL")					
	- Depot I (Island Depot)	115,200	11,000	10	9,000	250
	- Depot II (Haicang Depot)	120,000	24,000	15-30	11,000	350
8	Xiamen Xiangyu Singamas Container Co. Ltd. – Shanghai Branch ("HXYP")					
	- Luchaogang Depot	32,000	5,300	10-15	2,000	200
	- Waigaoqiao Depot	41,000	5,700	15-30	1,000	150

