Frequently Asked Questions

1. What significant business achievements have Singamas attained in 2005?

A. 2005 was a difficult year for the industry and a challenging year for Singamas. Despite the unfavourable business environment in second half of 2005, we still managed to attain a year-on-year profit attributable to equity holders of the Company growth of 13.3 per cent.

To further enhance our competitiveness and profitability, we have entered into strategic alliance with China Shipping (Group) Company, the world's sixth largest container shipping lines by shipping capacity, during the year. Negotiation is also underway for business cooperation with Mitsubishi Corporation, Japan's largest general trading house. In addition, we have successfully diversified our existing product lines to produce more high value and sophisticated products, such as U.S. domestic containers (45-foot, 48-foot and 53-foot containers), chassis and tank containers and we are launching these new products in 2006.

2. What are your competitive edges that made Singamas one of the world's leading container manufacturers and logistics service providers?

A. Singamas was one of the pioneer container manufacturing groups in the People's Republic of China (the "PRC"). Since the establishment of our first factory in Shanghai, the PRC in 1990, Singamas has been expanding rapidly and today, we own nine factories, eight at major PRC coastal ports and one in Surabaya, Indonesia. Two new factories, located in Hui Zhou, Guangdong Province and Ningbo, Zhejiang Province, the PRC are currently under construction and are expected to commence operations by mid-2006. Besides, we have also established a container depot/terminal network in the PRC.

With a comprehensive container factory and depot/terminal network in place, Singamas is enjoying the following advantages over our competitors:

- Customers are better served as the Group is providing them "one-stop" services;
- The Group's multi-location delivery capability is further enhanced; and
- The Group's competitiveness in the market has been increased.

3. How will the Group further develop its core business - container manufacturing to increase market share?

A. By mid-2006, after completion of our capacity expansion plan, which includes adding two new container factories locating in Hui Zhou and Ningbo respectively and relocating and expanding our Tianjin Pacific, our container factory network would be further extended with a total of eleven factories. Our maximum annual production capacity would also increase to 1.25 million twenty-foot equivalent units ("TEUs") from the current capacity of 850,000 TEUs.

The phasing in of new and bigger container vessels is expected to peak in 2007 and 2008. Growth in container shipping capacity is expected to average at 14.7 per cent. per annum from 2006 to 2009. Besides, according to PRC Government forecast, container throughput of the country is expected to increase at a CAGR rate of 15 per cent. between 2004 to 2010. The business environment appears to be favourable for container manufacturers in 2006 and Singamas, with its capacity expansion plan in place, is well positioned in the market to capture this anticipated rise in new container demand.

4. What will be the major growth drivers for the container manufacturing industry in 2006?
A. Container transportation is expected to continue to grow in 2006, translating into steady demand for new containers. New container vessels deliveries, continuous export and import growth of the PRC and increasing worldwide container traffic are among the major growth drivers for the container manufacturing industry in 2006.

5. What would be the effects of raw material costs on the container prices in 2006?
A. Container prices, which had risen since 2003 until May 2005, are largely cost driven, especially by the cost of steel plates. The price of Corten steel, the major raw material used in container manufacturing, started to increase in 2004 and up to May 2005 due to tight supply. In June 2005, container prices began to drop due largely to the easing of steel supply pressure and declining steel prices. Steel price has further softened in the second half of 2005 but was levelled off at end of 2005. Then after the Chinese New Year holidays in 2006, steel price has been gradually increasing. With the recent increase in steel price, container prices are rebounding and new container demand is back. We expect container prices to be relatively stable in 2006 with upward adjustment if steel price were to further increase as well.

6. The Group's logistics operations have been performing at a satisfactory level. Will the Group step up its effort in lifting the performance of this segment? How?
A. The Group has been actively expanding the business scope of our logistics operations in order to enhance this business segment's profitability. In line with this objective, some of our container depots have also obtained Chinese Class One freight forwarding license.

7. What is the Group's future plan to enlarge its product mix and customer base?
A. The Group will continuously strive to expand its product mix by adding more high value and sophisticated products. Through cooperating with Mitsubishi Corporation, Flax Field Trading B.V. and other professionals with vast experience in the container and container related markets, the Group could extend its marketing coverage with an enlarged customer base.

8. Will the Group continue to form strategic alliances with other companies to strengthen its market position?
A. Yes, the Group will continue seeking strategic alliances with other companies to strengthen its market position.

9. What is the Group's future dividend policy?
A. The Group is still expanding, including adding new products of higher value and more sophistication to our existing product lines. In addition, we strive to maintain our gearing ratios to a healthy level in order to strengthen our financial position and to minimise our financial costs. Accordingly, we need to reserve a portion of our profit to fund our projects as well as to pay down our bank debts. The Company realises the need to provide our shareholders a reasonable return by making a stable stream of dividend payments to them. Our Board's current guideline on future dividend payment is about 25 to 30 per cent. of the Group's profit attributable to equity holders of the Company for the year.

Note: "A" means "Answer".