Singamas Container Holdings Limited

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

2017 Interim Results Announcement

28 August 2017

www.singamas.com

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Agenda

- Corporate Profile
- Industry Dynamics
- Financial Review
- Business Review
- Future Plans
- Appendix
  - Consolidated income statements
  - Singamas' comprehensive factory & depot network

Corporate Profile

SINGAMAS

- Singamas Container Holdings Limited ("Singamas" or "the Company") is **the world's second largest container manufacturer** and a major operator of container depots and terminals.
- The Company has been listed on the Hong Kong Stock Exchange since 1993.

Manufacturing Business

- Singamas manufactures a wide range of products including dry freight containers and specialised containers.
- 10 factories are located in the PRC, total annual capacity has been adjusted to 750,000 TEUs[1] of dry freight and specialised containers subsequent to the application of waterborne paint (based on one extended shift).
- Designated factory to produce offshore containers with annual production capacity of 5,000 units.

Logistics Business

- Its logistics business includes container depots/terminals and a logistics company.
- 10 container depots/terminals, 8 at the major ports in the PRC and 2 in Hong Kong.
- 1 logistics company in Xiamen.

Notes:
1. TEU stands for Twenty-foot Equivalent Unit, a standard unit of measurement used for container transportation.

Dry Freight Container Industry Dynamics

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- Dry Freight Container demand is driven by trade / export volumes, not freight rates.
- The recovering global economy, rise in international trade and the corresponding pick up of the business of the liner shipping companies favourable for the container industry and led to the improvement of container demand during the review period.
- Materials cost is the major determinant of container price – use cost-plus pricing model to set selling price.
- Corten steel, a high-grade hot-rolled steel product, accounts for 50% of total dry freight container production costs in 1H 2017 vs 42% in 1H2016.
- Direct labour cost accounts for 6.8% of total production costs in 1H2017 vs 9.0% in 1H2016, decrease in proportion to the total production costs was mainly due to substantial increase in direct material cost, especially the corten steel price in the review period.
- To reduce VOC emission, all container production in China employed waterborne paint starting in April 2017 to replace traditional solvent borne paint, which resulted in an increase in average selling price of about US$200 per TEU due to higher paint cost and lower productivity.
- Size of container fleet worldwide by end of 2016 was estimated to be 38 million TEUs (2015: 37.6 million TEUs), supporting 20.27 million TEUs (2015: 19.94 million TEUs) of shipping capacity. (Please refer to slide 12 for more details)

Specialised Container Industry Dynamics

- Specialised containers include 53' US domestic, refrigerated, tank, offshore, flatrack and other non-dry freight containers.
- ASP of specialised containers and their corresponding margins dropped during the review period due to intense competition.
- In reference to the offshore container, demand remained weak due to the decline in oil exploration.

53' US Domestic Container

Refrigerated Container

Tank Container

Offshore Container

Specialised Container Industry Dynamics

Platform Container

Open-side Container

Container House

Singatech (Flatrack) Container

Bitutainer

Gas Pack Container

Open top Container

Bulk Container

20' Waste Container

Half-height Container

45' Container

48' Container

Container Solutions

- Besides traditional containers, Singamas cooperates with customers to offer tailor made design and production to suit customers' requirements.
- Singamas provides innovative, high quality and out-of-boundary container solutions which attract more non traditional shipping and leasing companies to place orders.

Office, staff quarters and canteen construction for a resort in Huizhou

Sulfur container for sulfur transportation in Africa

Container Solutions

Fish Tanks for fish farming anywhere

Container Solutions

Office construction in Zhongshan

Car racks for facilitating new car transportation

Equipment Container for installing power generator

Container Prices vs. Steel Prices

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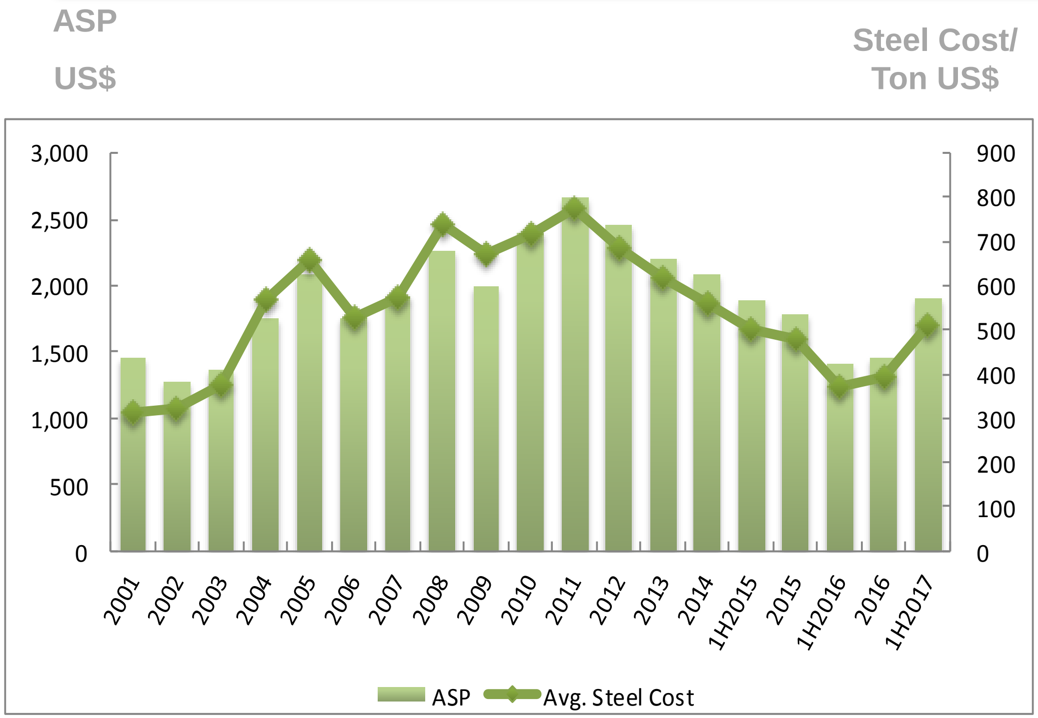
2001 – 2017 20ft. Dry Freight Container[1] Price (ASP[2]) vs. Average Steel Cost Per Ton



Note:

1. one 20' container normally requires 1.7 tons (including wastage) of steel.

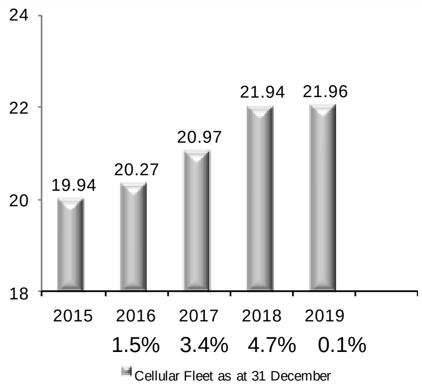
2. ASP stands for average selling price of Singamas.

- 1H 2017 ASP of 20ft dry freight container rose to US$1,902, 34.5% higher than 1H2016's US$1,414 and 30.5% higher than FY2016's US$1,457.
- The rose in ASP was mainly due to the higher demand, higher material cost, including corten steel and waterborne paint, as well as reduced in productivity by applying waterborne paint.
- 1H2017 average steel cost was US$512/ton, 38.8% higher than 1H2016's US$369/ton.

Container Shipping Fleet Projections 2017-2020

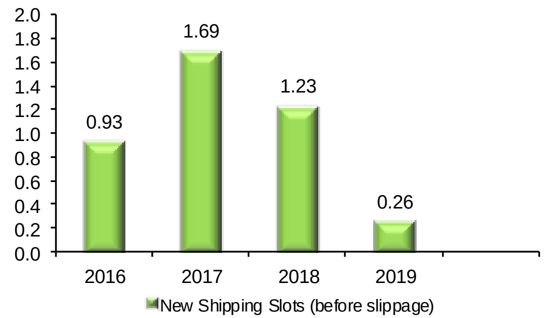
- In normal circumstances, the box to TEU slot ratio is 2x.
- That is, for every one new shipping slot, approximately 2 TEUs of new containers would be required.
- Shipping capacity in December 2015 was 19.94 million TEUs, slightly increased to 20.27million TEUs in December 2016 and projected to increase to 21.96 million TEUs by December 2019 (CAGR: 2.7%).
- New shipping slots supply are expected to reach the peak of 1.69 million TEUs in 2017. However, scrappings and de-cellings are estimated to be in high level for the coming years.
- Among new vessels to be delivered from 2017 to 2019, 173 vessels are with capacity of more than 10,000 TEUs, total shipping slots for these 173 vessels reached 2.61 million TEUs, representing more than half of the new capacity.

Shipping Capacity (in mil of TEUs)



Rise p.a.	1.5%	3.4%	4.7%	0.1%

New Shipping Slots (in mil of TEUs)



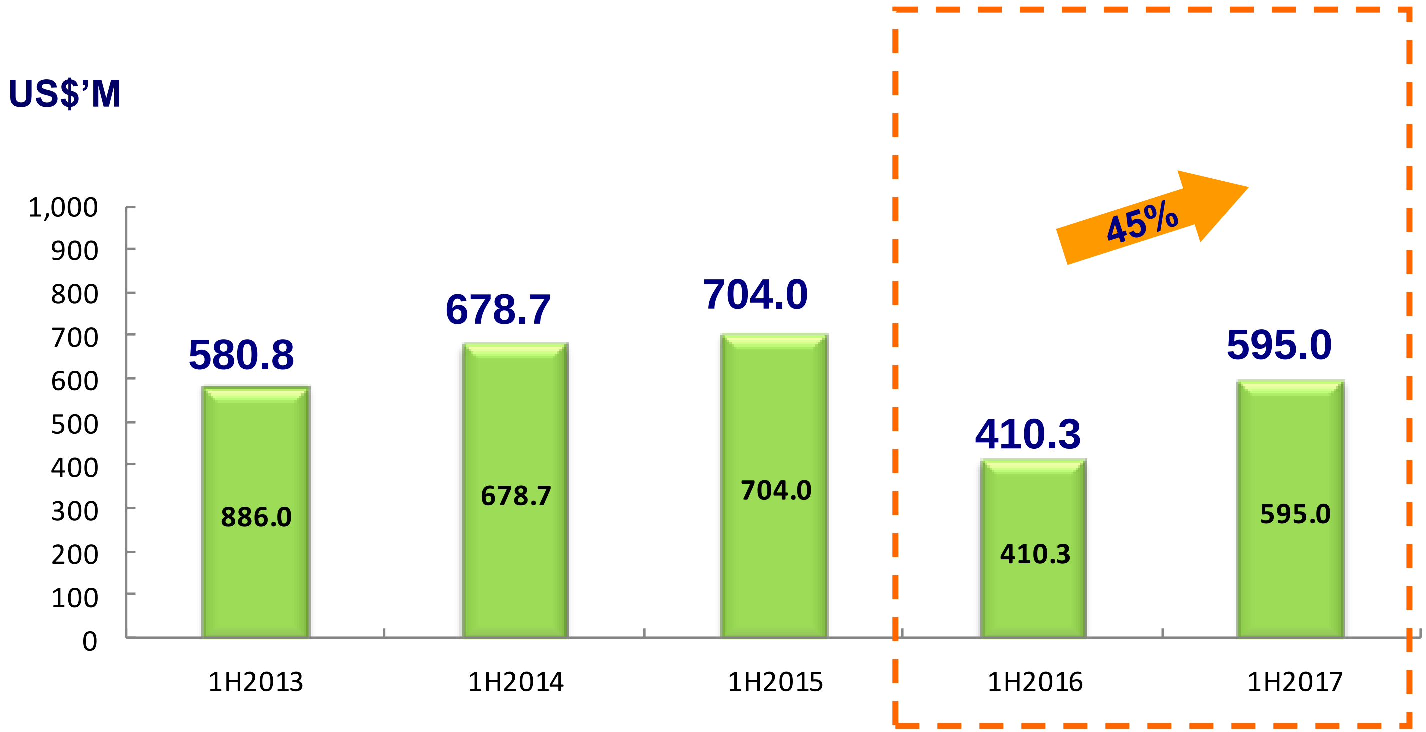
Note: Based on order book as at 1 January 2017. Forecast figures take into account delivery deferrals and slippage. Expected fleet size after provision for future scrappings and delivery slippage is based on the following assumptions:

i) Slippage: 30 ships for 250,000 TEUs planned for delivery in 2017 are assumed to be delayed to the following year; and

ii) Scrappings and de-cellings are estimated to reach 750,000 TEUs in 2017, 500,000 in 2018 and 250,000 TEUs in 2019.

Source: AXS-Alphaliner is a worldwide reference in liner shipping intelligence.

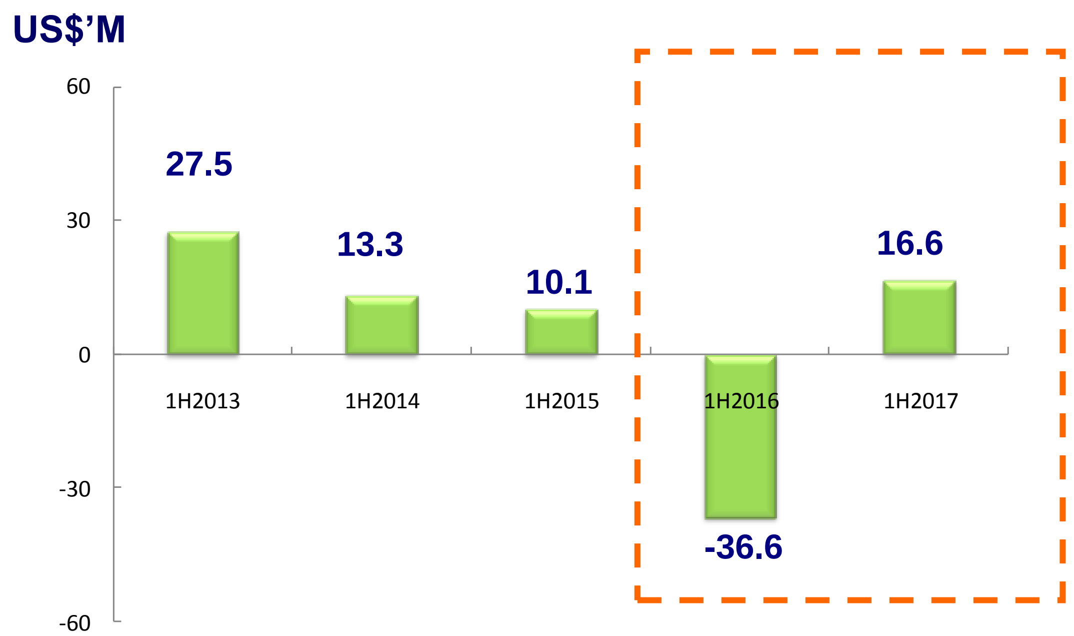
Financial Review: Revenue



For the six months ended 30 June

- Consolidated revenue amounted to US$595.0 million, an increase of 45% over the revenue of US$410.3 million in 1H2016.
- The gradual improvement in global economies and liner shipping business, part of the advanced orders spurred by the policy among major industry players in China to employ waterborne paint for conversion work have driven the growth of demand and ASP of containers.

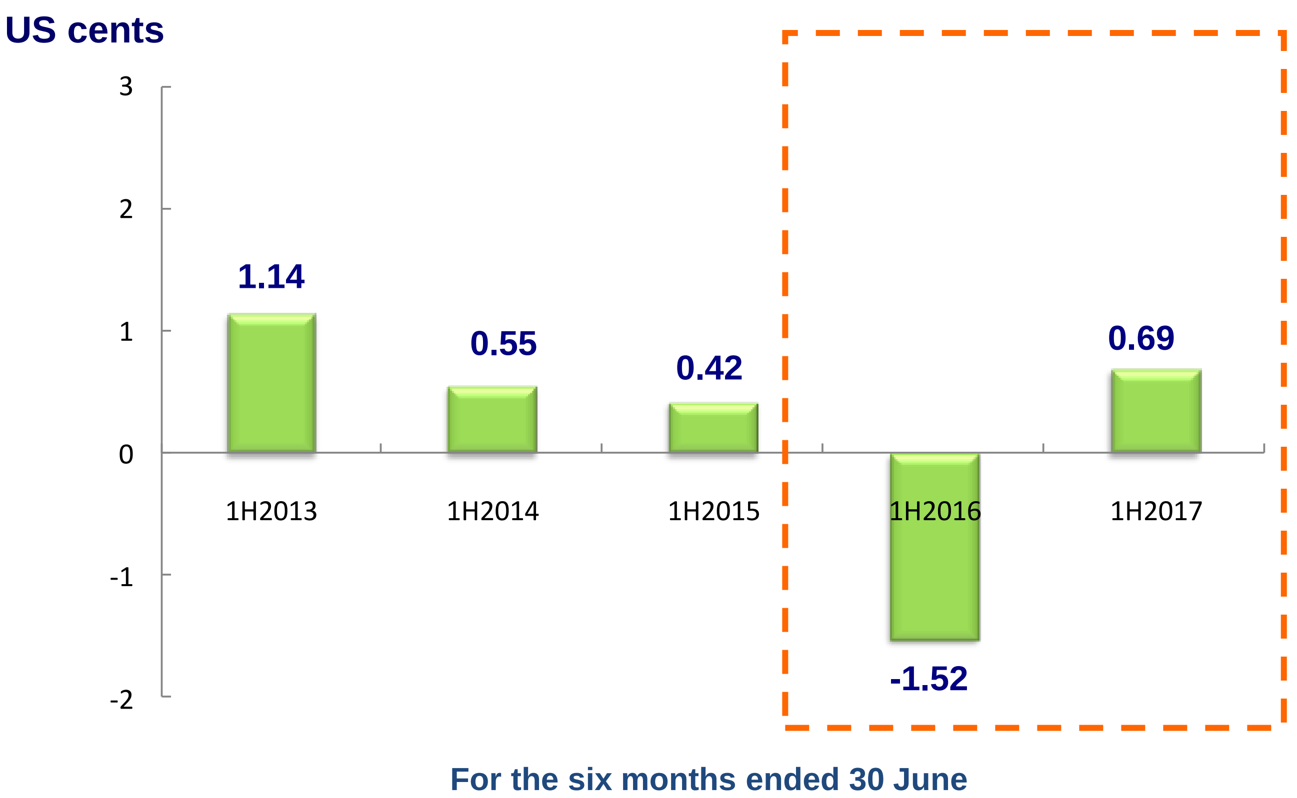
Financial Review: Consolidated Net Profit / Loss Attributable to Owners of the Company



For the six months ended 30 June

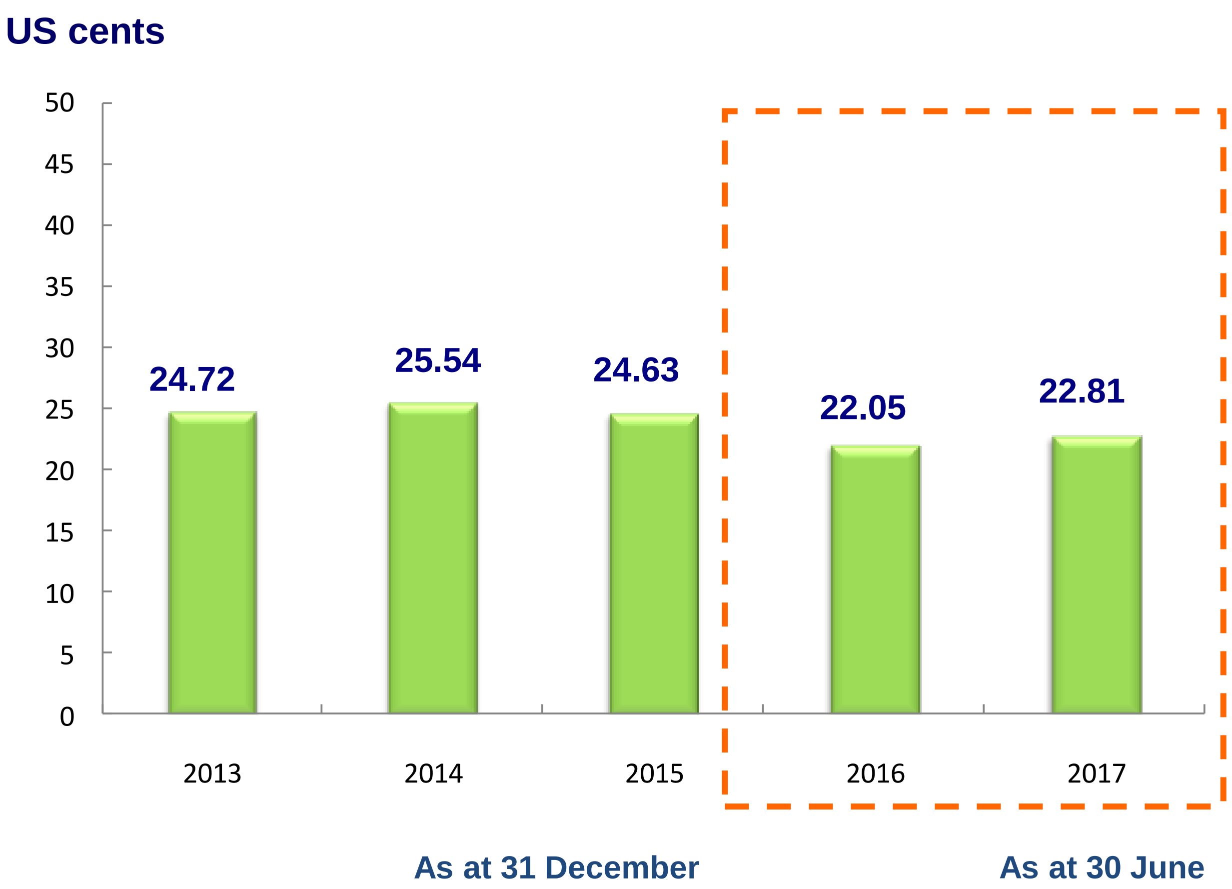
- Consolidated net profit attributable to owners of the Company amounted to US$16.6 million (1H2016: net loss of US$36.6 million). The increase was owing to the rising container demand and improving ASP of dry freight containers.

Financial Review:
Basic Earnings / Loss per Share



- Basic earnings per share was US0.69 cent (1H2016: loss per share of US1.52 cents).
- The Board recommend the payment of an interim dividend of HK1.5 cents for 1H2017 (1H2016: nil), representing a dividend payout of 28%.

Financial Review:
Net Assets Value per Share



Business Review: Manufacturing

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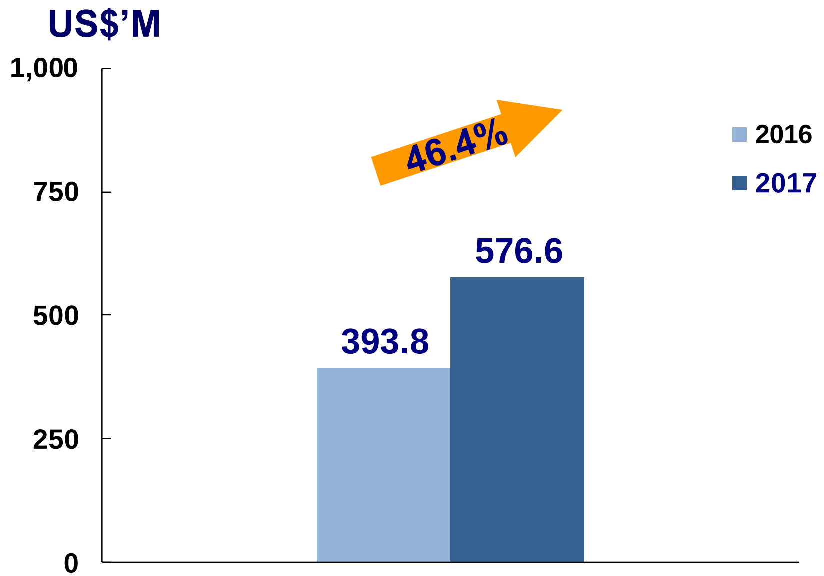
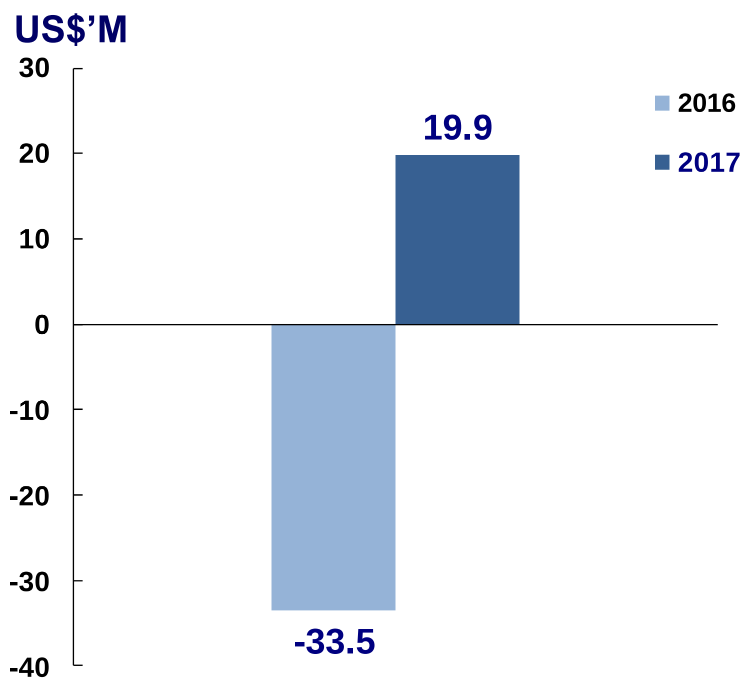
Revenue



Profit / Loss Before Taxation



For the six months ended 30 June

- With rising container demand, the Group's manufacturing business was able to perform favourably , with revenue rising to US$576,566,000 (1H2016: US$393,757,000).
- Pretax profit amounting to US$19,871,000, compared with a pretax loss of US$33,520,000 recorded in 1H2016.

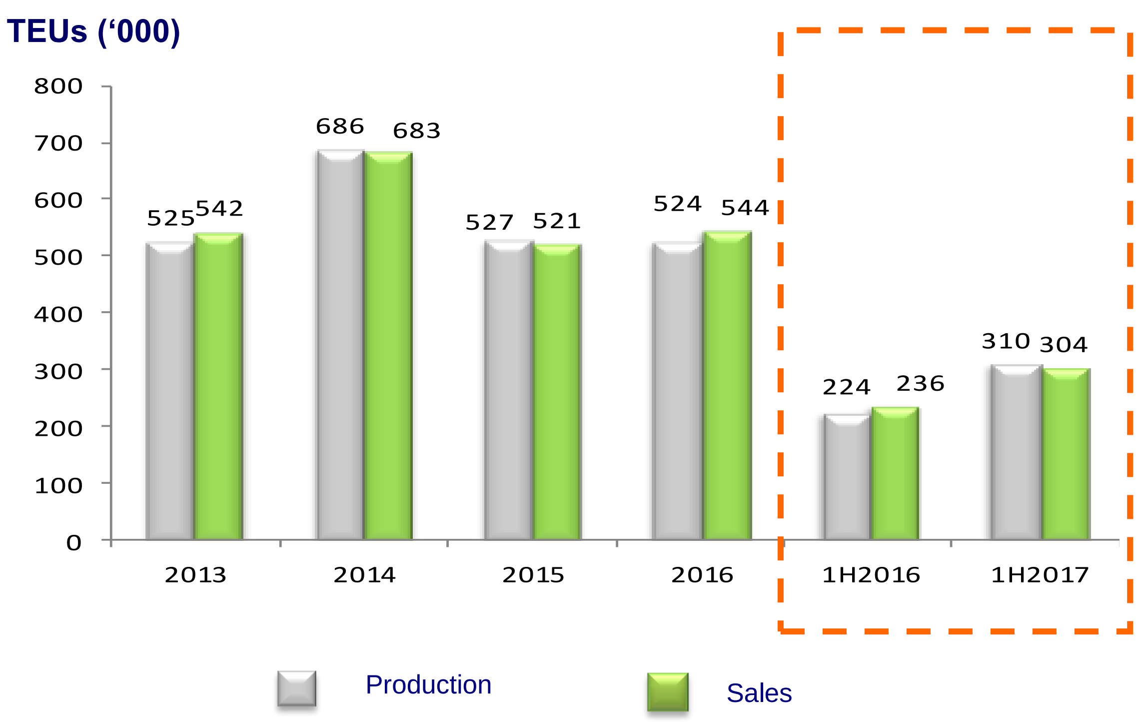
Business Review: Manufacturing

SINGAMAS

Well Managed Production Output and Sales Volume:

- For the six months ended 30 June 2017, the Group produced 310,070TEUs (1H2016: 223,982 TEUs) and sold 303,668 TEUs (1H2016: 236,388 TEUs).

Production Output and Sales Volume



Business Review: Manufacturing

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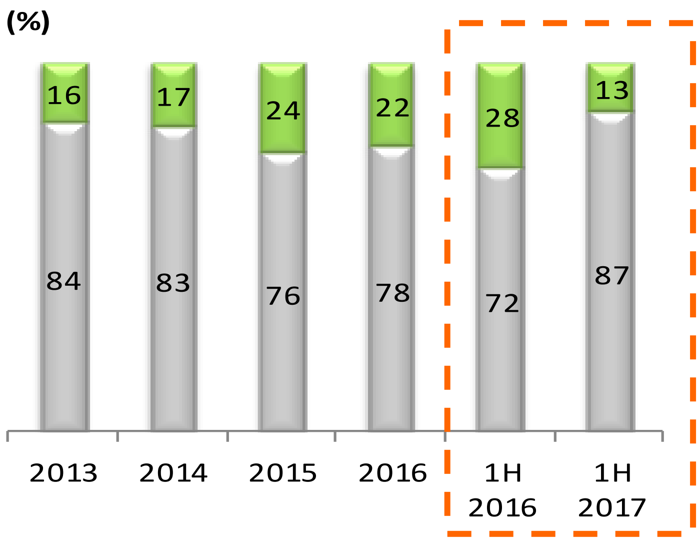
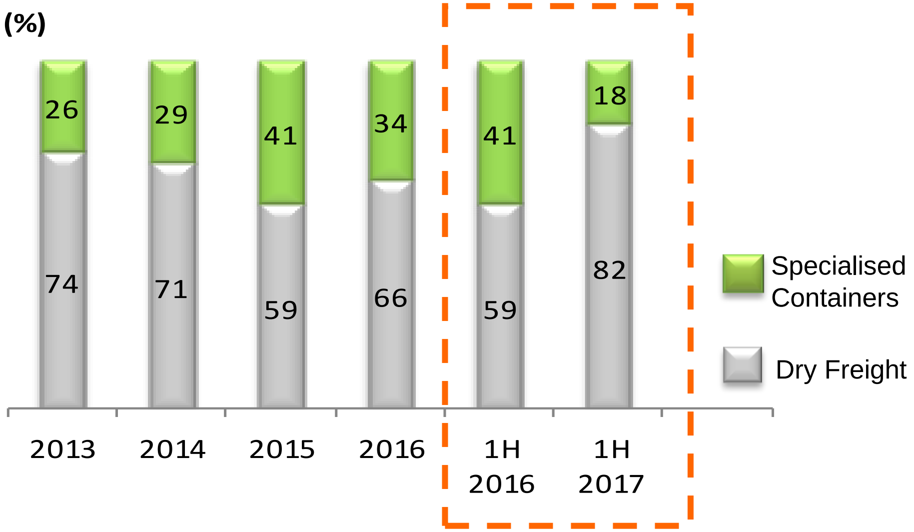
Diversifying Product Mix:

- To further diversify its businesses as well as providing a buffer against the trade driven demand for dry freight containers.
- Despite dampened demand of specialised container during the review period, the Group has leveraged its flexible manufacturing capabilities to introduce different types of tailor-made containers that are currently undergoing testing and marketing.
- Revenue breakdown for dry freight and specialised containers was 82% and 18% respectively in 1H2017 (59% and 41% respectively in 1H2016).

Manufacturing Volume % Breakdown



Sales Revenue % Breakdown



Business Review: Manufacturing

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Completed facilities retooling

- The Group had completed facilities retooling for our dry freight facilities, except Tianjin factory. All of them are in smooth operation and able to produce high grade waterborne paint containers.

Offshore container business at Qidong factory

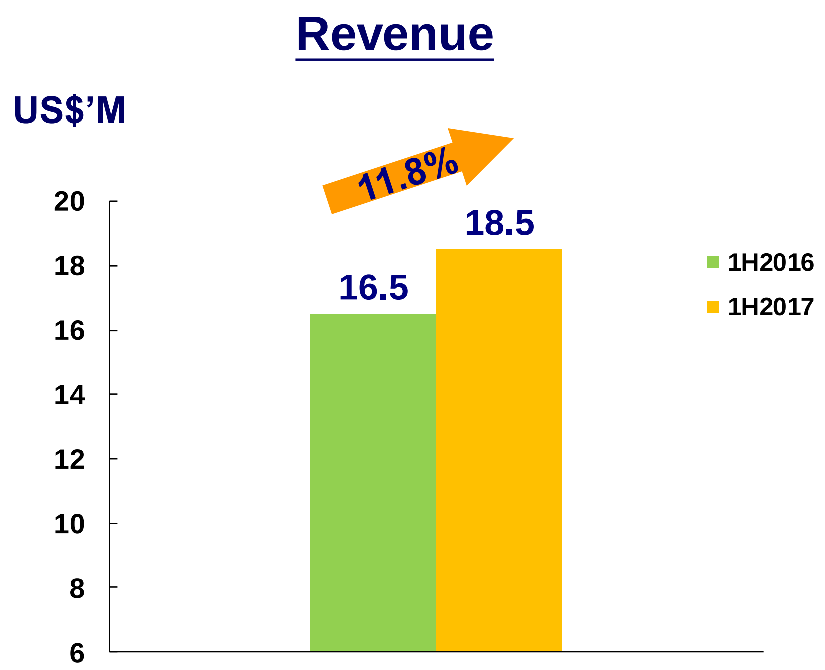
- Construction of the Qidong phase II factory will help address demand resulting from the activities by QSOE – production is expected to commence in the second half of 2017.

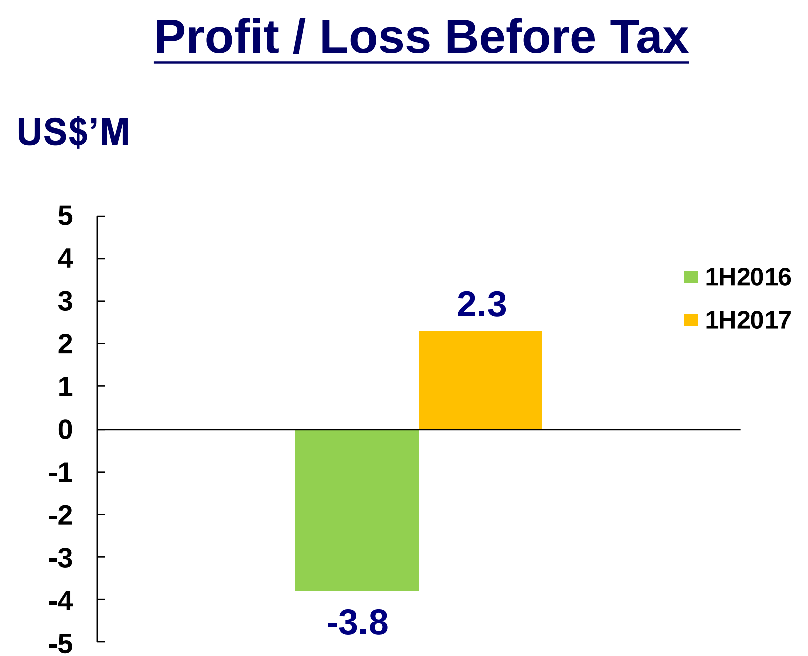
New reefer factory in Qingdao

- The new reefer container factory in Qingdao is meeting construction milestones and will begin trial production by the close of 2017, and thereby support the refrigerated container business in northern China.

Business Review:
Logistics Services – Container Depots & Terminals

SINGAMAS





Revenue and Pretax Profit:

- Revenue increased by 11.8% to US$18,476,000 (2016: US$ 16,520,000) due to higher handling and repair volume.
- With the claims from Tianjin explosion incident now resolved and the depot in Tianjin resumed normal operation at the beginning of this year, the Group reported a pretax profit of US$2,261,000 versus a pretax loss of US$3,828,000 in 1H2016.

Business Review:
Logistics Services – Container Depots & Terminals

Maintained stable handling and storage rate:

- A total of 2,077,918 TEUs were handled (1H2016: 1,709,840 TEUs).
- Average daily container storage decreased to 112,884 TEUs (1H2016: 156,360 TEUs).

Handling, Repair and Storage Volumes

	1H2017			1H2016		
	Total Handling	Total Repair	Daily Storage	Total Handling	Total Repair	Daily Storage
	TEUs	TEUs	TEUs	TEUs	TEUs	TEUs
PRC	2,005,608	357140	105,372	1,626,477	297,464	142,822
Hong Kong	72,310	31,463	7,512	83,363	25,931	13,538
TOTAL	2,077,918	388,603	112,884	1,709,840	323,395	156,360

Business Review:
Logistics Services – Container Depots & Terminals

Investment project in Guangxi:

- The Group, Guangxi Beibu Gulf International Port Group Ltd ("Guangxi Beibu Gulf") (廣西北部灣國際港務集團有限公司) and Port of Singapore hold 55%, 35% and 10% stake respectively in a joint venture for the development of a container freight station in Guangxi. During the review period, reclamation work on a property located in the Guangxi Qinzhou port area continued as part of the joint venture.
- To expedite development of the logistics business, the joint venture company will rent a land in Qinzhou starting the business in November this year.

Liquid tank logistics business in India:

- Singamas is on track to establish a liquid tank logistics operation (for industrial chemical liquid) in India. The Group has signed a joint venture agreement with Apollo Logisolutions Limited, a leading integrated logistics solutions provider in India, in March 2017 to form the joint venture, in which the Group has a 30% stake.
- An order for 270 tank containers has been placed with and produced by the Group, they will be in India by September 2017.

Future Plans

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Industry Leadership Capabilities

- Enhance **Competitiveness and Production Efficiency** through ongoing automation
- Further develop **Higher-margin Specialised Containers** by increasing the product mix
- Continuous effort to develop **New Products** for meeting the ever changing requirements
- Strengthen **Market Network** and **Global Reputation**
- Further enhance **Logistics Business** by exploring opportunities in local and overseas markets
- Maintain **High Product Quality** and sustainable development
- Be a **Responsible Producer** by employing eco friendly Waterborne Paint in production, and to grab **Opportunities** that may bring in

Appendix

Consolidated Income Statement I
(Classification Of Expenses By Nature)

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	Six months ended 30 June 2017 US$'000	2016 US$'000
Revenue	595,042	410,277
Other income	3,215	1,673
Changes in inventories of finished goods and work in progress	13,370	(20,580)
Raw materials and consumables used	(429,302)	(282,065)
Staff costs	(64,174)	(58,700)
Depreciation and amortisation expense	(16,304)	(17,116)
Exchange loss	(2,997)	(285)
Other expenses	(69,915)	(65,754)
Finance costs	(6,797)	(5,205)
Investment income	867	1,627
Fair value gain (loss) of derivative financial instruments	113	(554)
Share of results of associates	(1,132)	(695)
Share of results of joint ventures	146	29
Profit (Loss) before taxation	22,132	(37,348)
Income tax expense	(4,953)	(744)
Profit (Loss) for the period	17,179	(38,092)
Attributable to:		
Owners of the Company	16,597	(36,619)
Non-controlling interests	582	(1,473)
	17,179	(38,092)
Earnings (Loss) per share		
Basic	US0.69 cent	US(1.52)cents
Diluted	US0.69 cent	US(1.52)cents

Consolidated Income Statement II
(Classification Of Expenses By Function)
(For Reference Only)

SINGAMAS

	Six months ended 30 June 2017 US$'000	2016 US$'000
Revenue	595,042	410,277
Cost of sales	517,690	393,879
Gross Profit	77,352	16,398
Other income	3,215	1,673
Selling and distribution expenses	(14,930)	(9,387)
General and administrative expenses	(33,705)	(40,949)
Exchange loss	(2,997)	(285)
Profit (Loss) from operations	28,935	(32,550)
Finance costs	(6,797)	(5,205)
Investment income	867	1,627
Fair value gain (loss) of derivative financial instruments	113	(554)
Share of results of associates	(1,132)	(695)
Share of results of joint ventures	146	29
Profit (Loss) before taxation	22,132	(37,348)
Income tax expense	(4,953)	(744)
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Earnings (Loss) per share		
Basic	US0.69 cent	US(1.52) cents
Diluted	US0.69 cent	US(1.52) cents

Comprehensive Container Factory and Depot Network

- **FACTORIES**
  - Currently the Group has 10 factories with 14 production lines
  - Manufacture of dry freight containers, refrigerated containers, 53’ US domestic containers, tank containers, offshore containers and other specialised containers
  - Qidong Singamas Offshore Equipment Co. Ltd. (“QSOE”) was established for the manufacture of offshore containers and now has begun developing other high-specification containers to enrich its product mix

- **DEPOTS/TERMINALS**
  - Total yard size of approximate 1.3 million m^2
  - Total storage capacity of approximate 189,770 TEUs
  - Container storage and handling services, dry & reefer container maintenance and repair, CFS, cargo stuffing and unstuffing and other container related services

- **LOGISTICS**
  - Xiamen

Manufacturing

Location	Factories (effective equity stake)	Location	Date of Commercial Operations	No. of Production Lines	Annual Production Capacity TEUs *(Note 1)*		Products
					By solvent type paint	By water-borne paint	
The PRC	Tianjin Pacific (97%)	Tianjin	2002	1	80,000	-	■ Suspended production
	Qingdao Pacific (100%)	Qindao	2004	2	120,000	100,000	■ Dry freight, US domestic containers and other specialised containers
	Singamas Container Industry (75%)	Yixing	1994	1	30,000	20,000	■ Flatracks, bitutainers, pallet-wide containers, log carriers, other specialised containers and container components
	Shanghai Pacific (64.9%)	Shanghai	1990	1	10,000	10,000	■ Standard and offshore tank containers
	Shanghai Baoshan (77.2%)	Shanghai	2003	2	120,000	90,000	■ Dry freight, flatracks and other specialised containers
	Xiamen Pacific (100%)	Xiamen	1998	1	80,000	60,000	■ Dry freight containers
	Hui Zhou Pacific (91%)	Hui Zhou	2006	1	120,000	100,000	■ Dry freight, US domestic containers and other specialised containers
	Ningbo Pacific (100%)	Ningbo	2006	1	110,000	90,000	■ Dry freight containers
	Qidong Singamas (100%) *(Note 2)*	Qidong	2012	3	330,000	280,000	■ Dry freight, Refrigerated, US domestic containers and other specialised containers
Total Container Manufacturing (Note 1)				13	1,000,000	750,000	

Location	Factories (effective equity stake)	Location	Date of Commercial Operations	No. of Production Lines	Annual Production Capacity (units) *(Note 3)*		Products
					2016	2017	
The PRC	Qidong Offshore (100%)	Qidong	2014	1	5,000	5,000	■ Offshore containers

Notes:

1. *Annual production capacity is based on extended single shift.*
2. *Production capacity of Qidong Singamas including the capacity to produce 220,000 TEUs of dry freight and specialised containers and 60,000 TEUs of refrigerated containers.*
3. *Production capacity of Qidong Offshore is based on units, not TEUs.*

Container Depots / Terminals

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Location (Effective Equity Stake)		Date of Commencement	Yard size	Storage Capacity**	Services Provided
The PRC	Dalian(36.84%)	2000	160,000 sq. m	16,000 TEUs	Container Depots / Terminals mainly provide container storage, handling, haulage, dry & reefer container maintenance and repair, hanger equipment installation, C.F.S. and etc.
	Tianjin(100%)	1994	160,000 sq. m	17,000 TEUs	
	Qingdao(60%)	1994	144,000 sq. m	17,000 TEUs	
	Shanghai (40%)	2013	136,600 sq. m	13,700 TEUs	
	Qidong (100%)	2012	124,000 sq. m.	41,070 TEUs	
	Ningbo (40%)	1995	148,300 sq. m	25,000 TEUs	
	Xiamen (35%)	1996	282,200 sq. m	38,000 TEUs	
	Fuzhou (40%)	2003	91,500 sq. m	11,500 TEUs	
Hong Kong	- DY Terminal (100%)	1993	10,500 sq. m	1,575 TEUs	
	- Eng Kong (73.3%)	1994	58,000 sq. m	8,925 TEUs	
		Total	**1,315,100 sq.m**	**189,770 TEUs**	

*** Container (for both loaded and empty containers) storage only, excluding bulk cargo and other warehousing space.*