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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>

2017 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS

The board of directors (the “Board” / “Directors”) of Singamas Container Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (together the “Group”) for the six months ended 30 June 2017, which have been reviewed by our auditor, Deloitte Touche Tohmatsu, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
		(unaudited)	(unaudited)
	<i>Notes</i>	US\$'000	US\$'000
Revenue	2	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	3	(4,953)	(744)
Profit (loss) for the period		17,179	(38,092)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME** *(Continued)*

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
<i>Notes</i>	US\$'000	US\$'000
Other comprehensive income		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation	<u>1,827</u>	<u>151</u>
Total comprehensive income (expense) for the period	19,006	(37,941)
	=====	=====
Profit (loss) for the period attributable to:		
Owners of the Company	16,597	(36,619)
Non-controlling interests	<u>582</u>	<u>(1,473)</u>
	17,179	(38,092)
	=====	=====
Total comprehensive income (expense) attributable to:		
Owners of the Company	18,212	(36,387)
Non-controlling interests	<u>794</u>	<u>(1,554)</u>
	19,006	(37,941)
	=====	=====
Earnings (loss) per share	5	
Basic	<u>US0.69 cent</u>	<u>US(1.52) cents</u>
Diluted	<u>US0.69 cent</u>	<u>US(1.52) cents</u>
	=====	=====

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

		<i>As at 30 June 2017 (unaudited) US\$'000</i>	As at 31 December 2016 (audited) US\$'000
Non-current assets			
Property, plant and equipment	6	352,076	349,195
Goodwill		3,589	3,589
Interests in associates		41,471	41,931
Interests in joint ventures		21,445	20,833
Available-for-sale investment		6,608	6,608
Derivative financial instruments		370	350
Prepaid lease payments		70,636	71,672
Deposits for non-current assets		<u>30,309</u>	<u>19,183</u>
		<u>526,504</u>	<u>513,361</u>
Current assets			
Inventories	7	168,763	136,819
Trade receivables	8	240,494	209,163
Prepayments and other receivables	9	90,074	85,381
Amount due from immediate holding company		331	281
Amounts due from fellow subsidiaries		71,061	55,184
Amounts due from joint ventures		-	3
Amounts due from associates		14,184	13,970
Derivative financial instruments		99	6
Tax recoverable		1,817	756
Prepaid lease payments		1,684	1,694
Bank balances and cash		<u>200,360</u>	<u>209,009</u>
		788,867	712,266
Non-current assets classified as assets held for sale	10	<u>3,462</u>	<u>-</u>
		<u>792,329</u>	<u>712,266</u>
Current liabilities			
Trade payables	11	145,050	131,745
Bills payable	12	109,969	80,701
Accruals and other payables		61,159	57,326
Amount due to immediate holding company		15	-
Amounts due to associates		569	366
Amounts due to joint ventures		26	15
Tax payable		4,816	4,682
Bank borrowings		<u>54,509</u>	<u>274,812</u>
		<u>376,113</u>	<u>549,647</u>
Net current assets		<u>416,216</u>	<u>162,619</u>
Total assets less current liabilities		<u>942,720</u>	<u>675,980</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2017

		<i>As at 30 June 2017 (unaudited) US\$'000</i>	As at 31 December 2016 (audited) US\$'000
Capital and reserves			
Share capital	<i>13</i>	268,149	268,149
Accumulated profits		241,202	221,799
Other reserves		<u>41,875</u>	<u>43,066</u>
Equity attributable to owners of the Company		551,226	533,014
Non-controlling interests		<u>44,777</u>	<u>44,806</u>
Total equity		<u>596,003</u>	<u>577,820</u>
Non-current liabilities			
Bank borrowings		338,456	90,728
Deferred tax liabilities		<u>8,261</u>	<u>7,432</u>
		<u>346,717</u>	<u>98,160</u>
		942,720	675,980
		=====	=====

Notes:

1. Basis of preparation and principal accounting policies

The financial information relating to the year ended 31 December 2016 that is included in this announcement 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 2016 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 (Cap 622).

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant for the preparation of the Group's condensed consolidated financial statements:

<i>Amendments to HKAS 7</i>	<i>Disclosure Initiative;</i>
<i>Amendments to HKAS 12</i>	<i>Recognition of Deferred Tax Assets for Unrealised Losses; and</i>
<i>Amendments to HKFRS 12</i>	<i>As part of Annual Improvements to HKFRSs 2014-2016 Cycle.</i>

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these consolidated financial statements. Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 December 2017.

2. Revenue and Segment information

The Group's reportable and operating segments, based on information reported to the Group's chief operating decision maker (i.e. Chief Executive Officer) for the purposes of resource allocation and performance assessment 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.

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 marine dry freight containers, refrigerated containers, collapsible flatrack containers, tank containers, US domestic 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:

The following is an analysis of the Group's revenue and results by reportable and operating segment for the periods under review:

For the six months ended 30 June 2017

	Manufacturing	Logistics	Sub-total	Eliminations	Total
	US\$'000	services	US\$'000	US\$'000	US\$'000
REVENUE					
<i>External sales</i>	576,566	18,476	595,042	-	595,042
<i>Inter-segment sales</i>	-	2,879	2,879	(2,879)	-
Total	576,566	21,355	597,921	(2,879)	595,042
	<i>Inter-segment sales are charged at prevailing market prices.</i>				
SEGMENT RESULTS	26,539	2,396	28,935	-	28,935
<i>Finance costs</i>					(6,797)
<i>Investment income</i>					867
<i>Fair value gain of derivative financial instruments</i>					113
<i>Share of results of associates</i>					(1,132)
<i>Share of results of joint ventures</i>					146
<i>Profit before taxation</i>					<u>22,132</u>

For the six months ended 30 June 2016

	<i>Manufacturing</i>	<i>Logistics</i>	<i>Sub-total</i>	<i>Eliminations</i>	<i>Total</i>
	<i>US\$'000</i>	<i>services</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
REVENUE					
<i>External sales</i>	393,757	16,520	410,277	-	410,277
<i>Inter-segment sales</i>	-	2,915	2,915	(2,915)	-
Total	<u>393,757</u>	<u>19,435</u>	<u>413,192</u>	<u>(2,915)</u>	<u>410,277</u>

Inter-segment sales are charged at prevailing market prices.

SEGMENT RESULTS	<u>(28,600)</u>	<u>(3,950)</u>	<u>(32,550)</u>	<u>-</u>	<u>(32,550)</u>
<i>Finance costs</i>					(5,205)
<i>Investment income</i>					1,627
<i>Fair value loss of derivative financial instruments</i>					(554)
<i>Share of results of associates</i>					(695)
<i>Share of results of joint ventures</i>					<u>29</u>
<i>Loss before taxation</i>					<u>(37,348)</u>

Segment results represent the profit (loss) earned by each segment without allocation of finance costs, investment income, fair value gain (loss) of derivative financial instruments, 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.

3. Income tax expense

Hong Kong Profits Tax is calculated at 16.5% for both periods.

PRC Enterprise Income Tax has been calculated at the rates of taxation prevailing in the People's Republic of China (the "PRC") in which the Group operates.

	<i>Six months ended 30 June</i>	
	<i>2017</i>	<i>2016</i>
	<i>US\$'000</i>	<i>US\$'000</i>
<i>Current tax:</i>		
<i>Hong Kong Profits Tax</i>		
- <i>Current period</i>	-	38
<i>PRC Enterprise Income Tax</i>		
- <i>Current period</i>	4,125	1,321
- <i>Under provision in prior years</i>	-	118
	<u>4,125</u>	<u>1,439</u>
<i>Deferred tax:</i>		
<i>Current period charge (credit)</i>	<u>828</u>	<u>(733)</u>
	<u>4,953</u>	<u>744</u>

4. Dividends

The directors of the Company have determined that an interim dividend of HK1.5 cents (six months ended 30 June 2016: Nil) per ordinary share, total of which equivalent to approximately HK\$36,254,000 (equivalent to US\$4,648,000) (six months ended 30 June 2016: Nil) will be paid to the owners of the Company whose names appear in the register of members on 20 October 2017.

5. Earnings (loss) per share

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

	Six months ended 30 June	
	2017	2016
	US\$'000	US\$'000
Earnings (loss):		
Earnings (loss) for the purposes of calculating basic and diluted earnings (loss) per share	16,597	(36,619)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	2,416,919,918	2,416,919,918
Effect of dilutive potential ordinary shares for share options	-	-
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share	2,416,919,918	2,416,919,918

During the six months ended 30 June 2017, all (six months ended 30 June 2016: all) outstanding share options of the Company have not been included in the computation of diluted earnings (six months ended 30 June 2016: loss) per share as they did not have a dilutive effect to the Company's earnings (six months ended 30 June 2016: loss) per share because the exercise prices of these Company's share options were higher than the average market prices of the Company's shares during both periods.

6. Movements in property, plant and equipment

During the six months ended 30 June 2017, there was an addition of US\$20,040,000 (six months ended 30 June 2016: US\$11,049,000) in property, plant and equipment for upgrading its existing manufacturing and logistics services facilities.

7. Inventories

	<i>As at 30 June 2017 US\$'000</i>	<i>As at 31 December 2016 US\$'000</i>
<i>Raw materials</i>	99,859	81,285
<i>Work in progress</i>	25,675	24,602
<i>Finished goods</i>	43,229	30,932
	168,763	136,819

The cost of sales recognised during the period included US\$517,690,000 (six months ended 30 June 2016: US\$393,879,000) of costs of finished goods sold.

8. Trade receivables

A defined credit policy is maintained within the Group. The general credit terms are agreed with each of its trade customers depending on the creditworthiness of the customers. The general credit term ranges from 30 days to 120 days (31 December 2016: 30 days to 120 days).

The following is an analysis of trade receivables by age, based on invoice date, which approximated the revenue recognition date, net of allowance for doubtful debts:

	<i>As at 30 June 2017 US\$'000</i>	<i>As at 31 December 2016 US\$'000</i>
<i>0 to 30 days</i>	122,130	114,882
<i>31 to 60 days</i>	52,218	58,222
<i>61 to 90 days</i>	39,264	17,816
<i>91 to 120 days</i>	11,412	2,667
<i>Over 120 days</i>	15,470	15,576
	240,494	209,163

9. Prepayments and other receivables

At 30 June 2017, prepayments and other receivables included advance of US\$52,046,000 (31 December 2016: US\$47,273,000) to certain suppliers as deposits for raw materials purchases. The remaining balance mainly included refundable value added tax and other temporary payments. The entire amount is expected to be recovered within the next twelve months.

10. Non-current assets classified as assets held for sale

The Group has reclassified part of the prepaid lease payment and property and plant located in Huizhou as assets held for sale which are separately presented in the condensed consolidated statement of financial position as the transaction is expected to be completed within twelve months.

The sales proceeds are expected to exceed the net carrying amount of the relevant assets and, accordingly, no impairment loss has been recognised.

11. Trade payables

The following is an analysis of trade payables by age, based on invoice date:

	<i>As at</i> 30 June 2017 US\$'000	<i>As at</i> 31 December 2016 US\$'000
<i>0 to 30 days</i>	58,154	66,684
<i>31 to 60 days</i>	32,296	31,255
<i>61 to 90 days</i>	24,531	16,363
<i>91 to 120 days</i>	18,590	10,169
<i>Over 120 days</i>	11,479	7,274
	145,050	131,745

12. Bills payable

The following is an analysis of bills payable by age, based on issuance date of each bill:

	<i>As at</i> 30 June 2017 US\$'000	<i>As at</i> 31 December 2016 US\$'000
<i>0 to 30 days</i>	40,173	29,241
<i>31 to 60 days</i>	21,710	16,603
<i>61 to 90 days</i>	12,172	12,540
<i>91 to 120 days</i>	11,230	6,474
<i>Over 120 days</i>	24,684	15,843
	109,969	80,701

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 2016,</i>			
<i>31 December 2016</i>			
<i>and 30 June 2017</i>	2,416,919,918	268,149	2,078,513