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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>

2018 INTERIM RESULTS ANNOUNCEMENT

INTERIM RESULTS

The board of directors (the “Board” / “Directors”) of Singamas Container Holdings Limited (the “Company”) would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (together the “Group”) for the six months ended 30 June 2018, 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 2018

		Six months ended 30 June	
		2018	2017
		<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>Notes</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	2	969,217	595,042
Other income		1,507	3,215
Changes in inventories of finished goods and work in progress		(8,947)	13,370
Raw materials and consumables used		(756,237)	(429,302)
Staff costs		(96,782)	(64,174)
Depreciation and amortisation expense		(17,064)	(16,304)
Exchange gain (loss)		3,109	(2,997)
Other expenses		(84,626)	(69,915)
Finance costs		(8,842)	(6,797)
Investment income		3,620	867
Fair value (loss) gain of derivative financial instruments		(4,339)	113
Share of results of associates		(1,547)	(1,132)
Share of results of joint ventures		164	146
(Loss) profit before taxation		(767)	22,132
Income tax expense	3	(1,725)	(4,953)
(Loss) profit for the period		(2,492)	17,179

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

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	<i>(unaudited)</i>	<i>(unaudited)</i>
<i>Notes</i>	US\$'000	US\$'000
Other comprehensive (expense) income		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on equity instruments at fair value through other comprehensive income	(574)	-
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation	<u>(749)</u>	<u>1,827</u>
Other comprehensive (expense) income for the period	<u>(1,323)</u>	<u>1,827</u>
Total comprehensive (expense) income for the period	<u>(3,815)</u>	<u>19,006</u>
(Loss) profit for the period attributable to:		
Owners of the Company	(2,104)	16,597
Non-controlling interests	<u>(388)</u>	<u>582</u>
	<u>(2,492)</u>	<u>17,179</u>
Total comprehensive (expense) income attributable to:		
Owners of the Company	(3,331)	18,212
Non-controlling interests	<u>(484)</u>	<u>794</u>
	<u>(3,815)</u>	<u>19,006</u>
(Loss) earnings per share	5	
Basic	<u>US (0.09) cent</u>	<u>US 0.69 cent</u>
Diluted	<u>US (0.09) cent</u>	<u>US 0.69 cent</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

		<i>As at 30 June 2018 (unaudited) US\$'000</i>	As at 31 December 2017 (audited) US\$'000
Non-current assets			
Property, plant and equipment	6	398,099	387,417
Goodwill		3,589	3,589
Interests in associates		45,546	43,308
Interests in joint ventures		23,033	21,789
Available-for-sale investment		-	6,608
Equity instruments at fair value through other comprehensive income		19,960	-
Derivative financial instruments		1,519	1,014
Prepaid lease payments		88,949	90,302
Deposits for non-current assets		<u>19,277</u>	<u>22,362</u>
		<u>599,972</u>	<u>576,389</u>
Current assets			
Inventories	7	282,812	257,617
Trade receivables	8	386,853	312,870
Prepayments and other receivables	9	162,749	131,007
Amount due from immediate holding company		23,731	543
Amounts due from fellow subsidiaries		76,103	97,122
Amounts due from joint ventures		3	1
Amounts due from associates		17,718	17,397
Tax recoverable		664	1,084
Prepaid lease payments		2,254	2,258
Bank balances and cash		<u>205,452</u>	<u>234,774</u>
		1,158,339	1,054,673
Non-current assets classified as assets held for sale	10	<u>3,324</u>	<u>3,393</u>
		<u>1,161,663</u>	<u>1,058,066</u>
Current liabilities			
Trade payables	11	304,752	256,347
Bills payable	12	233,821	211,833
Accruals and other payables		81,420	102,948
Advances from customers		71,455	-
Amount due to immediate holding company		15	15
Amounts due to associates		315	85
Amounts due to joint ventures		14	9
Derivative financial instruments		4,844	-
Tax payable		4,985	6,160
Bank borrowings		<u>177,406</u>	<u>125,076</u>
		<u>879,027</u>	<u>702,473</u>
Net current assets		<u>282,636</u>	<u>355,593</u>
Total assets less current liabilities		<u>882,608</u>	<u>931,982</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2018

		<i>As at 30 June 2018 (unaudited) US\$'000</i>	As at 31 December 2017 (audited) US\$'000
Capital and reserves			
Share capital	<i>13</i>	268,149	268,149
Accumulated profits		251,860	259,838
Other reserves		<u>55,338</u>	<u>46,212</u>
Equity attributable to owners of the Company		575,347	574,199
Non-controlling interests		<u>38,590</u>	<u>46,394</u>
Total equity		<u>613,937</u>	<u>620,593</u>
Non-current liabilities			
Bank borrowings		261,412	302,684
Deferred tax liabilities		<u>7,259</u>	<u>8,705</u>
		<u>268,671</u>	<u>311,389</u>
		882,608	931,982
		=====	=====

Notes:

1. Basis of preparation and principal accounting policies

The financial information relating to the year ended 31 December 2017 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 2017 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.

Other than changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standard ("HKFRS"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

<i>HKFRS 9</i>	<i>Financial Instruments</i>
<i>HKFRS 15</i>	<i>Revenue from Contracts with Customers and the related Amendments</i>
<i>HK(IFRIC)-Int 22</i>	<i>Foreign Currency Transaction and Advance Consideration</i>
<i>Amendments to HKFRS 2</i>	<i>Classification and Measurement of Share-based Payment Transactions</i>
<i>Amendments to HKFRS 4</i>	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
<i>Amendments to HKAS 28</i>	<i>As part of Annual Improvements to HKFRSs 2014-2016 Cycle</i>
<i>Amendments to HKAS 40</i>	<i>Transfers of Investment Property</i>

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

1.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and related interpretations.

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

<i>Statement of financial position (extracted)</i>	<i>Carrying amount previously reported at 31 December 2017</i>	<i>Reclassification</i>	<i>Carrying amount under HKFRS 15 as at 1 January 2018</i>
	<i>US'000</i>	<i>US'000</i>	<i>US'000</i>
<i>Current liabilities</i>			
<i>Accruals and other payables</i>	102,948	(27,942)	75,006
<i>Advances from customers (Note)</i>	-	27,942	27,942

Note: As at 1 January 2018, advances received from customers of US\$27,942,000 in respect of sales contracts previously included in accruals and other payables were reclassified to advances from customers.

The following tables summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

<i>Statement of financial position (extracted)</i>	<i>As reported</i>	<i>Adjustments</i>	<i>Amounts without application of HKFRS 15</i>
	<i>US'000</i>	<i>US'000</i>	<i>US'000</i>
<i>Current liabilities</i>			
<i>Accruals and other payables</i>	81,420	71,455	152,875
<i>Advances from customers</i>	71,455	(71,455)	-

1.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instrument and the related amendments

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirement to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Available-for-sale investment	Equity instruments at fair value through other comprehensive income	Amount due from immediate holding company	Amounts due from fellow subsidiaries	Amounts due from associates	Accumulated profits	Revaluation reserve
	US'000	US'000	US'000	US'000	US'000	US'000	US'000
Closing balance at 31 December 2017							
- HKAS 39	6,608	-	543	97,122	17,397	259,838	1,361
Effect arising from initial application of HKFRS 9:							
Reclassification							
From available-for-sale investment	(6,608)	6,608	-	-	-	-	-
Remeasurement							
From cost less impairment to fair value	-	13,926	-	-	-	-	13,926
Impairment under ECL model	-	-	(5)	(957)	(55)	(1,017)	-
At 1 January 2018	-	20,534	538	96,165	17,342	258,821	15,287

Except as described above, the application of other amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements

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 2018

	<i>Manufacturing</i> US\$'000	<i>Logistics</i> <i>services</i> US\$'000	<i>Sub-total</i> US\$'000	<i>Eliminations</i> US\$'000	<i>Total</i> US\$'000
REVENUE					
<i>External sales</i>	955,717	13,500	969,217	-	969,217
<i>Inter-segment sales</i>	-	4,289	4,289	(4,289)	-
<i>Total</i>	<u>955,717</u>	<u>17,789</u>	<u>973,506</u>	<u>(4,289)</u>	<u>969,217</u>
	<i>Inter-segment sales are charged at prevailing market prices.</i>				
SEGMENT RESULTS	<u>9,360</u>	<u>817</u>	<u>10,177</u>	<u>-</u>	<u>10,177</u>
<i>Finance costs</i>					(8,842)
<i>Investment income</i>					3,620
<i>Fair value loss of</i> <i>derivative financial</i> <i>instruments</i>					(4,339)
<i>Share of results of</i> <i>associates</i>					(1,547)
<i>Share of results of joint</i> <i>ventures</i>					<u>164</u>
<i>Loss before taxation</i>					<u><u>(767)</u></u>

For the six months ended 30 June 2017

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

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

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

	Six months ended 30 June	
	2018	2017
	US\$'000	US\$'000
Current tax:		
PRC Enterprise Income Tax		
- Current period	3,963	4,125
- Over provision in prior years	(792)	-
	<u>3,171</u>	<u>4,125</u>
Deferred tax:		
Current period (credit) charge	<u>(1,446)</u>	<u>828</u>
	<u><u>1,725</u></u>	<u><u>4,953</u></u>

4. Dividends

The directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: HK1.5 cents).

5. (Loss) earnings per share

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

	Six months ended 30 June	
	2018	2017
	US\$'000	US\$'000
(Loss) earnings :		
(Loss) earnings for the purposes of calculating basic and diluted (loss) earnings per share	(2,104)	16,597
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	2,416,919,918	2,416,919,918
Effect of dilutive potential ordinary shares for share options	20,893	-
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	2,416,940,811	2,416,919,918

During the six months ended 30 June 2017, all outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have a dilutive effect to the Company's earnings 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 the periods.

6. Movements in property, plant and equipment

During the six months ended 30 June 2018, there was an addition of US\$27,766,000 (six months ended 30 June 2017: US\$20,040,000) in property, plant and equipment, in which US\$17,289,000 (six months ended 30 June 2017: US\$5,435,000) was for the construction of a new refrigerated container factory in Qingdao, and the remaining was for upgrading existing manufacturing and logistics services facilities of the Group.

7. Inventories

	<i>As at 30 June 2018 US\$'000</i>	<i>As at 31 December 2017 US\$'000</i>
<i>Raw materials</i>	149,002	115,130
<i>Work in progress</i>	47,048	57,955
<i>Finished goods</i>	86,762	84,532
	282,812	257,617

The cost of sales recognised during the period was US\$912,434,000 (six months ended 30 June 2017: US\$517,690,000).

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 2017: 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 2018 US\$'000</i>	<i>As at 31 December 2017 US\$'000</i>
<i>0 to 30 days</i>	259,143	191,580
<i>31 to 60 days</i>	87,086	81,918
<i>61 to 90 days</i>	14,759	25,673
<i>91 to 120 days</i>	5,182	271
<i>Over 120 days</i>	20,683	13,428
	386,853	312,870

9. Prepayments and other receivables

At 30 June 2018, prepayments and other receivables included advance of US\$108,101,000 (31 December 2017: US\$79,860,000) to certain suppliers as deposits for raw materials purchases. The remaining balances 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

On 4th May 2017, Hui Zhou Pacific Container Co., Ltd. ("HPCL"), a wholly-owned subsidiary of the Group as at 30 June 2018, entered into the Sale and Purchases Agreement ("Sales Agreement") with an independent third party ("Purchaser"), pursuant to which HPCL agreed to sell and Purchaser agreed to purchase a piece of land and property located in Huizhou at a consideration of RMB56,453,000 (equivalent to approximately US\$8,533,000) in cash. Upon the signing of the Sales Agreement, the Group has reclassified part of the prepaid lease payment and property located in Huizhou as assets held for sale which are separately presented in the consolidated statement of financial position. The transaction did not complete within twelve months from the date of signing the Sales Agreement, the management expect such transaction remains highly probable to be completed within twelve months from the date of this announcement and are of the view that it is appropriate to continue classifying a piece of land and property located in Huizhou as assets held for sale in the condensed consolidated statement of financial position as at 30 June 2018.

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 2018 US\$'000	<i>As at</i> 31 December 2017 US\$'000
0 to 30 days	129,011	110,426
31 to 60 days	71,389	59,111
61 to 90 days	53,546	48,117
91 to 120 days	27,453	25,113
Over 120 days	23,353	13,580
	304,752	256,347

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 2018 US\$'000	<i>As at</i> 31 December 2017 US\$'000
0 to 30 days	47,911	44,444
31 to 60 days	51,714	50,742
61 to 90 days	49,113	44,756
91 to 120 days	58,208	27,518
Over 120 days	26,875	44,373
	233,821	211,833

13. Share capital

	<u>Number of shares</u>	<u>Share Capital</u>	
		<u>US\$'000</u>	<u>HK\$'000</u>
<i>Issued and fully paid:</i>			
<i>At 1 January 2017, 31 December 2017 and 30 June 2018</i>	2,416,919,918	268,149	2,078,513