



SINGAMAS

Singamas Container Holdings Limited

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

2019 Interim Results Announcement
21 August 2019

www.singamas.com

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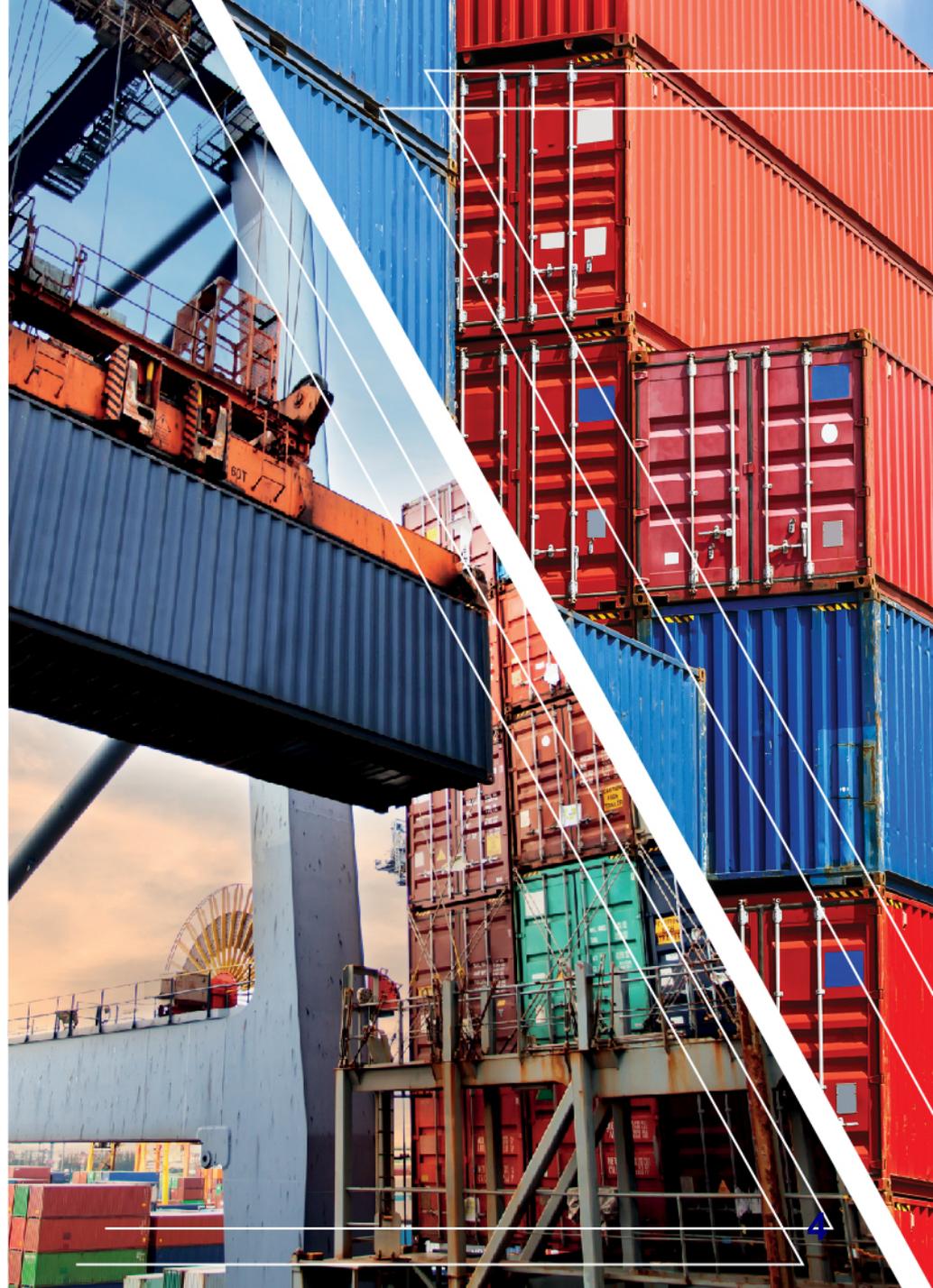
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- Corporate Profile
- Industry Dynamics
- Financial Review
- Business Review
- Future Plans
- Appendices
 - Consolidated income statements
 - Singamas' comprehensive factory & depot network – post transaction



CORPORATE PROFILE



- Singamas is **the world's major container manufacturer** and **operator of container depots**.
- Listed on the Hong Kong Stock Exchange since 1993.
- Completed the disposal of five of its wholly-owned subsidiaries on 2 August 2019.

Manufacturing Business

- manufactures a wide range of products including dry freight containers and specialised containers.
- 5 factories located in the PRC.
- total annual capacity of around 210,000 TEUs¹ of dry and specialised containers (based on one extended shift) and 5,000 units of offshore containers.

Logistics Services Business

- includes container depots and a logistics company.
- 8 container depots 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.

- Besides traditional containers, Singamas cooperates with customers to offer tailor-made design and production of containers to suit customers' requirements.
- Singamas will focus on its investment and efforts on marketing and product development in customised specialised containers

Singamas' Standardised Specialised Containers



Tank Containers



FlatRack & Open Top Containers



Bulk (Food) Containers



Platform Containers



Bitutainer

Singamas' Customised Specialised Containers



Power Generator Containers



Energy Storage Containers



Data Centre Containers



Terminal Electrical Equipment Containers



Offshore Containers



House Containers



Arctic Expenditure Containers



Breeding and Farming Containers

Diverse Container Customer Base

- Singamas' diverse global customer base covers various industries including shipping, container leasing, energy, electrical equipment and industrial, etc.
- Innovative, high quality and out-of-the-box container solutions attract more non- traditional shipping and leasing companies to place orders.

1 Shipping



2 Container Leasing



3 Electrical



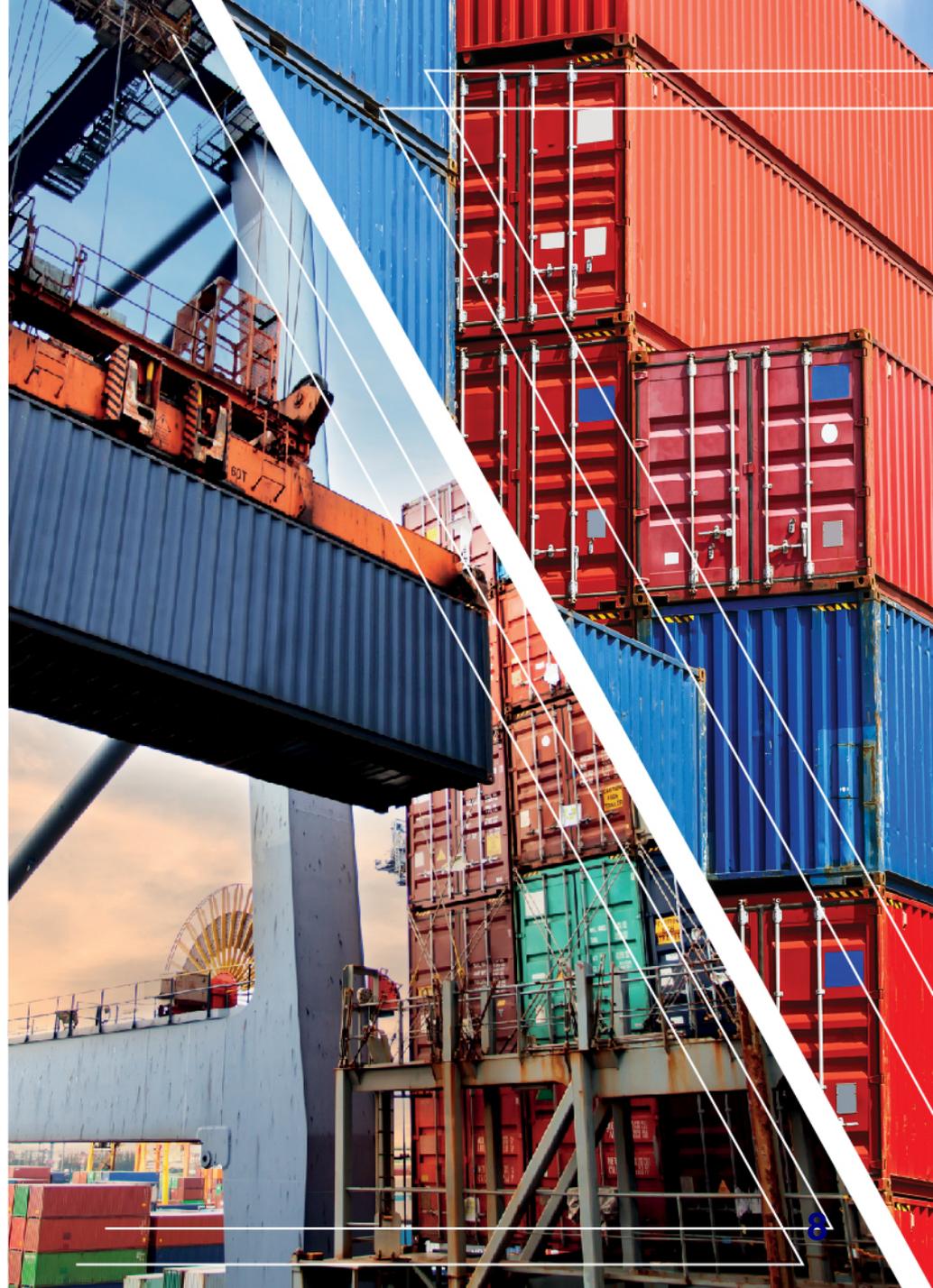
4 Energy



5 Industrial and Others



INDUSTRY DYNAMICS



Dry freight container demand is driven by trade / export volumes, not freight rates.

- ↓ Global economic growth estimate would lower to 2.9% in 2019 (Source: The World Bank).
- ↓ Prolonged trade disputes between China and the USA affect trade volume between the two countries in 2019.

Concentrated market with a few large-scale players.

- ↓ CIMC and COSCO combined around 60% of the global market share prior to the transaction.

Cost-plus pricing model to set selling price.

- Material cost is the major determinant of container price.
- Risks of rising input prices as steel prices recover in 2019.
- Corten steel, a high-grade hot-rolled steel product, accounts for 51% of total dry freight container production costs.
- Direct labour cost accounted for 7% of total production costs in 1H19, slightly higher than 6.5% in 1H2018 due to a decrease in production volume.

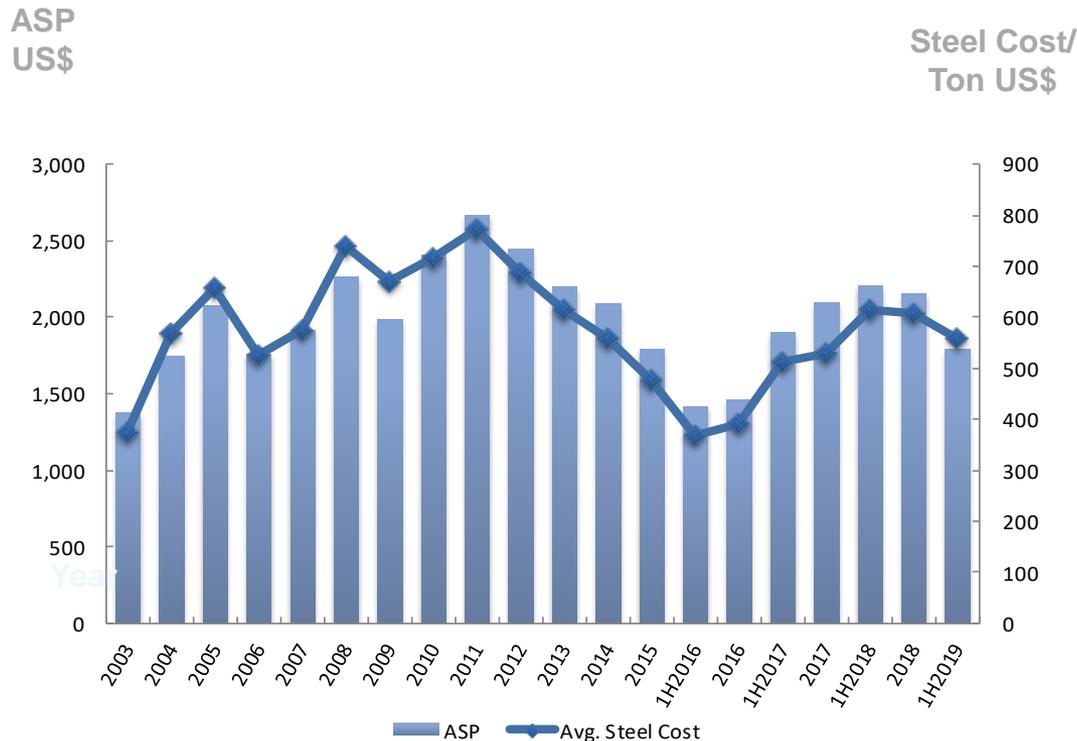
Increasing size of global container fleet.

- ↑ Shipping capacity is projected to increase to 24.01 million TEUs by December 2021 from 22.32 million in December 2018.

Increasingly competitive and difficult environment in the traditional dry freight containers market

Container Prices vs. Steel Prices

2003 – 2019 20ft. Dry Freight Container¹ Price (ASP²) vs. Average Steel Cost Per Ton



- 1H 2019 ASP of 20ft dry freight container dropped to US\$1,791, 18.7% lower than 1H2018's US\$2,203 and 17.0% lower than FY2018's US\$2,157.
- 1H2019 average steel cost was US\$558/ton, 9.3% lower than US\$615/ton in 1H2018 and 8.1% lower than FY2018's US\$607/ton.

Note:

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

Container Industry Dynamics – Specialised Container

Applications of specialised containers that generate and store electricity from renewable and “green” energy.

- ↑ Increasing regional demand for electricity (e.g. Power supply shortages in Eastern and Southern China).
- ↑ Rapid growth in electricity generation through renewable energies in China.

Faster installation, shorter construction period and lower up-front capital costs compared to traditional power plants.

- Solar companies are searching for higher efficiency solutions in light of the growth in solar installed volume in China.

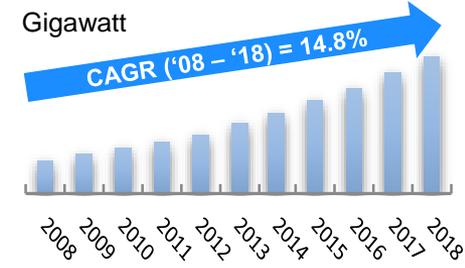
Growth potential of data centre due to rise of big data industry in China.

- The Chinese government has launched the "Big Data Industry Development Plan".

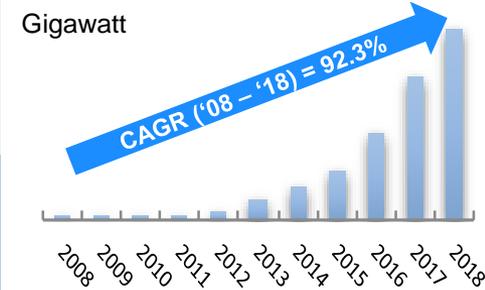
Cater for diversity in goods size, mass, shape and nature, requiring more comprehensive and customized design and manufacturing processes.

- More complex requirements for containers in international trade and higher variety of transportation channels.

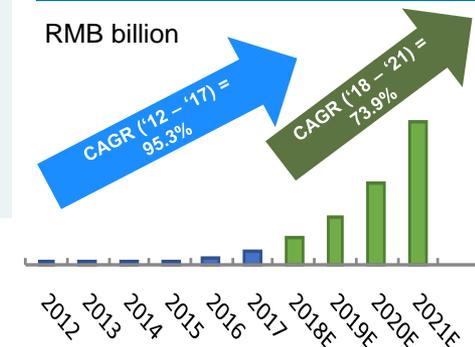
Electricity Capacity from Total Renewable Energy in China



Electricity Capacity from Solar Energy in China



Big Data Service Industry Revenue

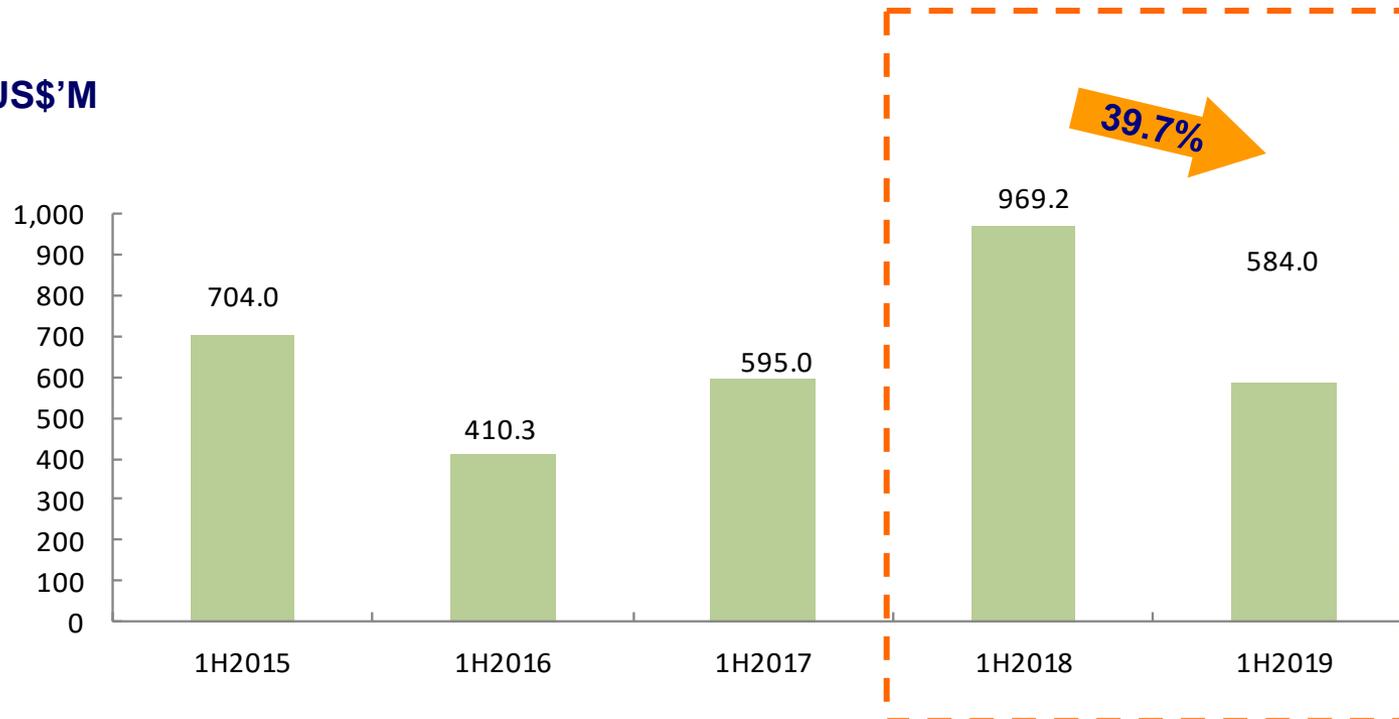


Unique characteristics of specialised containers with favorable industry environment.

FINANCIAL REVIEW



US\$'M

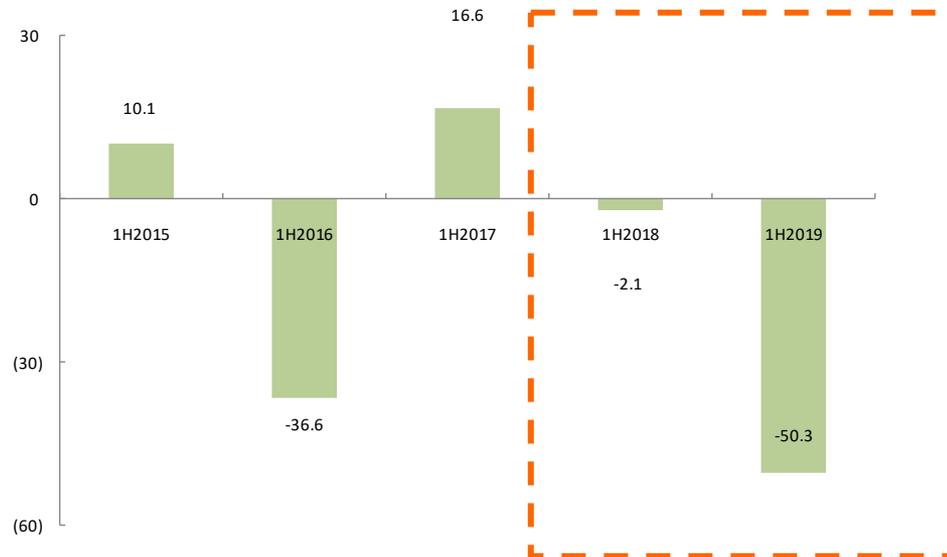


For the six months ended 30 June

- Fierce competition of the container manufacturing industry in 1H2019 led to a tough period.
- We recorded consolidated revenue of US\$584 million in 1H2019, a decrease of 39.7% over the revenue of US\$969.2 million in 1H2018.

Consolidated Net Profit / Loss Attributable to Owners of the Company

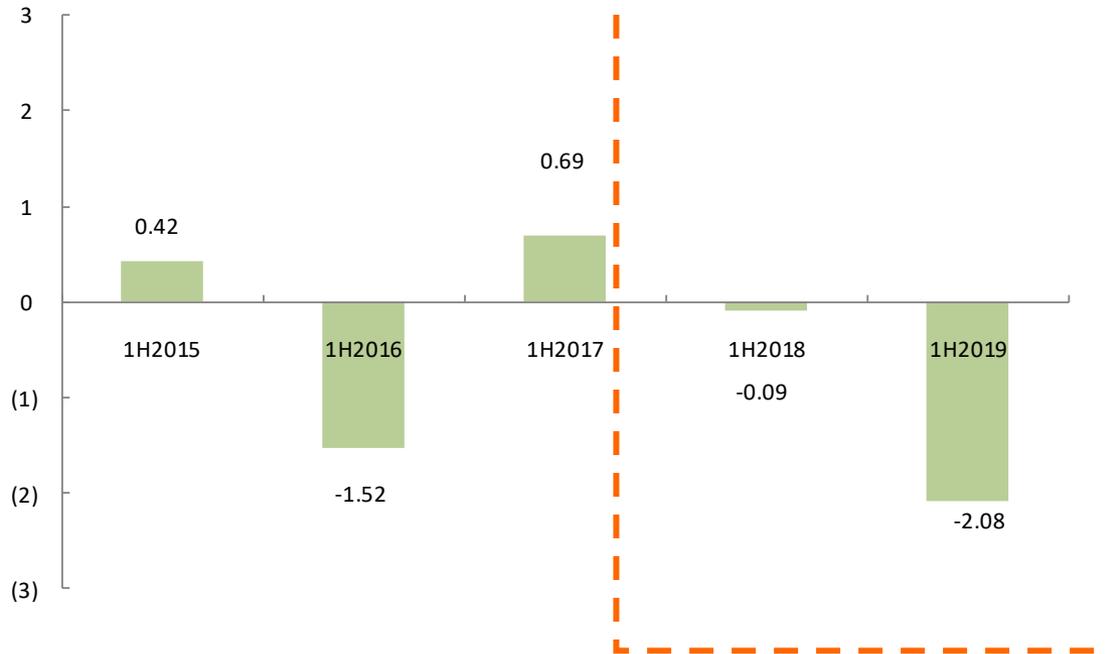
US\$'M



For the six months ended 30 June

- Consolidated net loss attributable to owners of the Company was US\$50.3 million (1H2018: net loss of US\$2.1 million), including a provision of deferred tax charge of US\$8.8 million for the Disposal transaction.
- The decrease was owing to the slowdown of global trade growth and tumble in business confidence which led to decline in both the sales volume and the average selling price.

US cents



For the six months ended 30 June

- Basic loss per share was US2.08 cents (1H2018: loss per share of US0.09 cent).
- The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2019 (1H2018: Nil)

Net Assets Value per Share

US cents



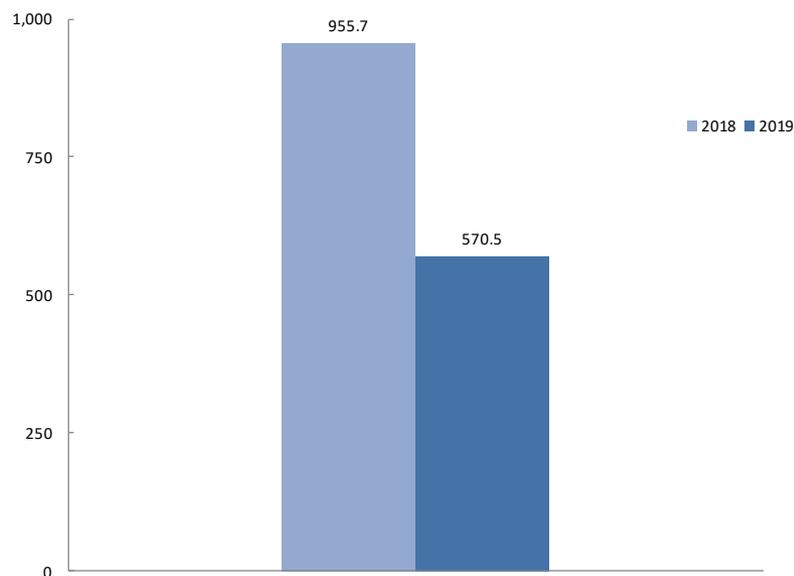
BUSINESS REVIEW



Manufacturing Business – Revenue and Profit Analysis

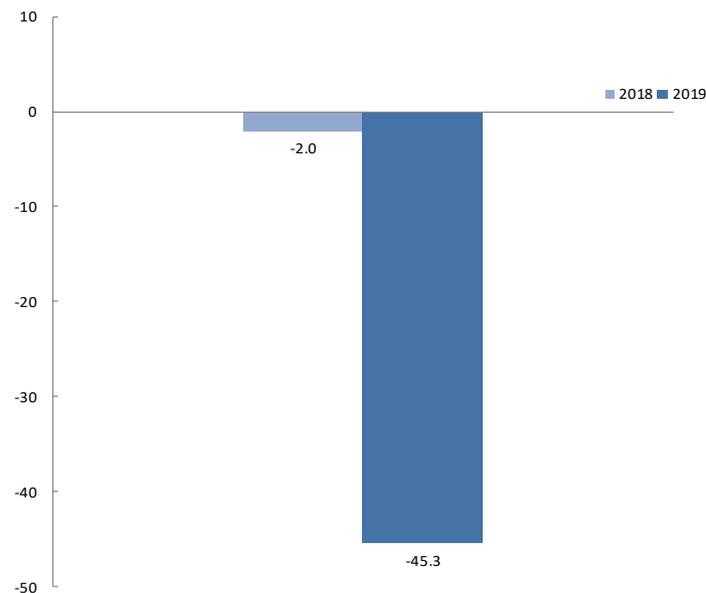
Revenue

US\$'M



Profit / Loss Before Taxation

US\$'M



For the six months ended 30 June

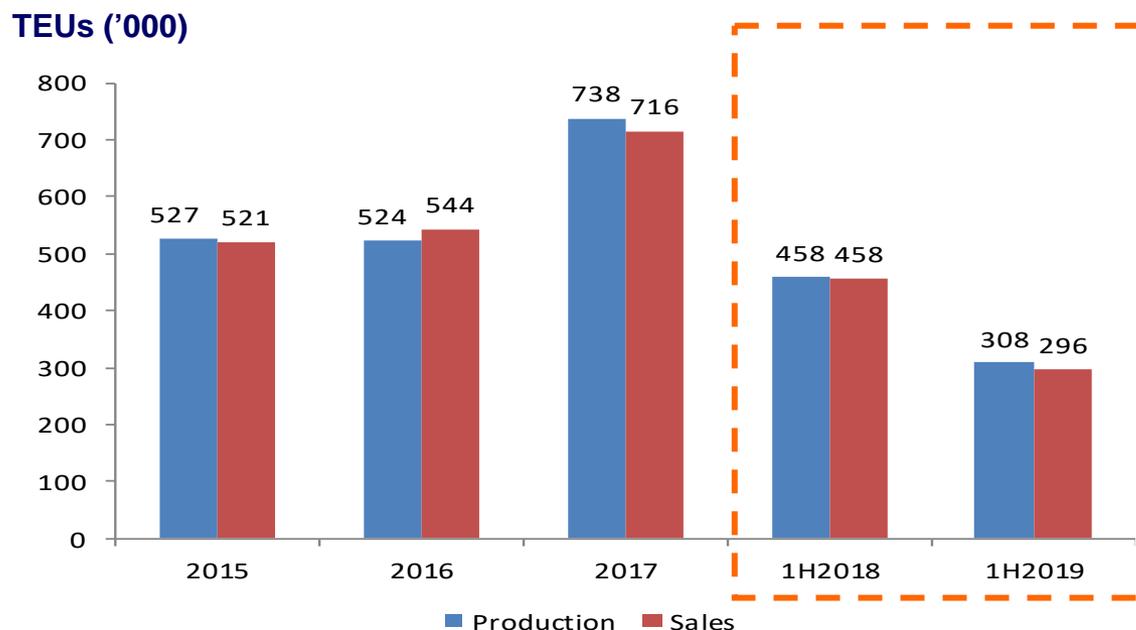
- Although material costs having dropped, the extent of the fell in ASP of a 20' dry freight container was higher because of the low demand, a saturated market and keen competition.
- Revenue of this segment lost to US\$570,536,000 (1H2018: US\$955,717,000), which accounted for 97.7% of the Group's total revenue.
- Pretax loss for this segment amounting to US\$45,261,000 (1H2018 loss of: US\$2,043,000).

Manufacturing Business – Production Output and Sales Volume

Well Managed Production Output and Sales Volume:

- For the six months ended 30 June 2019, the Group produced 308,163TEUs (1H2018: 458,374 TEUs) and sold 296,315TEUs (1H2018: 457,610 TEUs).

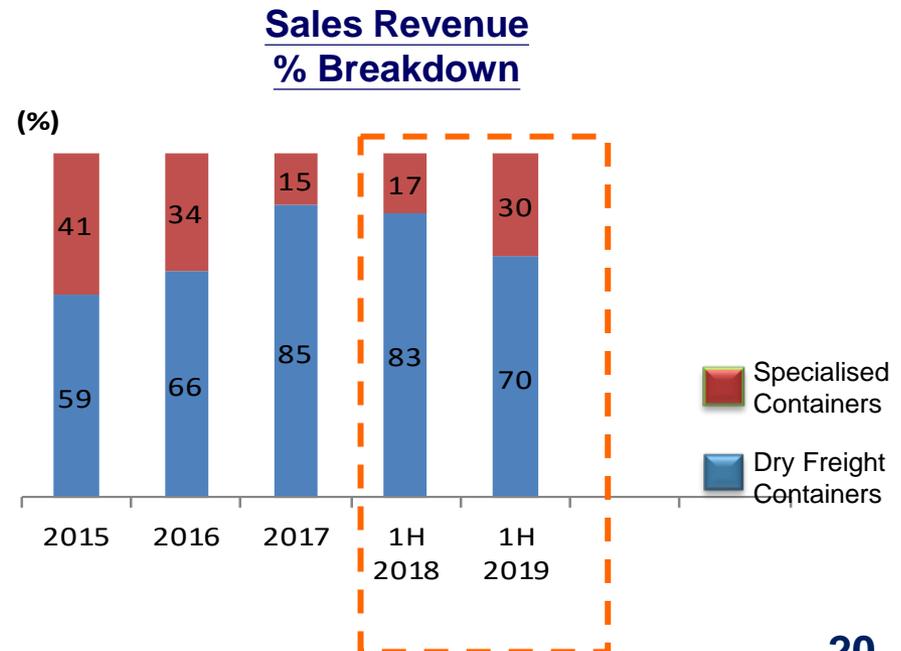
Production Output and Sales Volume



Manufacturing Business – Manufacturing Volume and Sales Revenue Breakdown

Diversifying Product Mix :

- Following the disposal of five subsidiaries, more resource will be placed on developing specialised containers, especially customised specialised containers, to enhance competitiveness.
- Adjustments were made to certain production facilities to better tap the specialised containers market.
- Revenue breakdown for dry freight and specialised containers was 70% and 30% respectively in 1H2019.

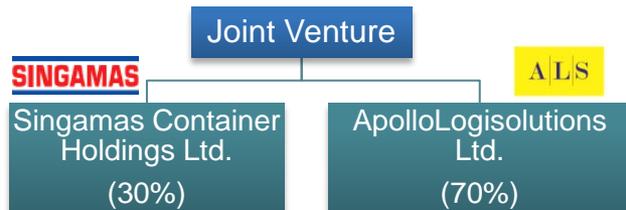


Singamas is a major operator of container depots in China with over 30 years of industry experience and exposure

- Long established network and relationships with major port operators and shipping companies.
 - Network with key port operators in China.
 - Customer relationships with global major shipping companies.



Liquid tank logistics business in India



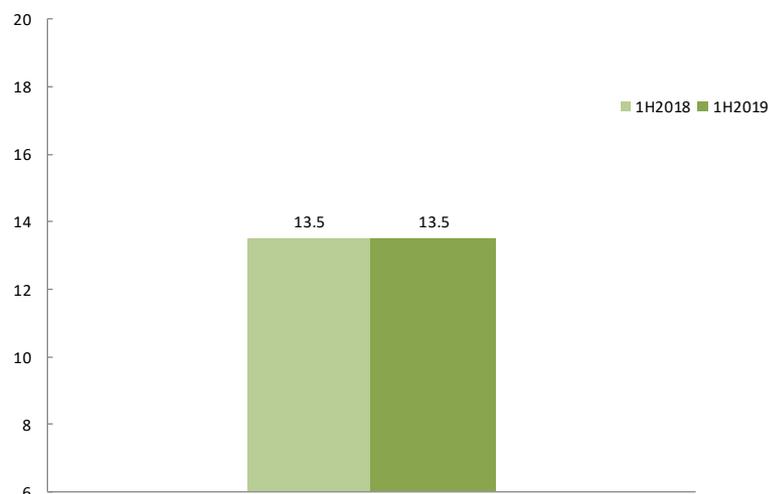
Logistics company in Xiamen



- One of the top 100 logistics companies in China with operations in the USA, and New Zealand.

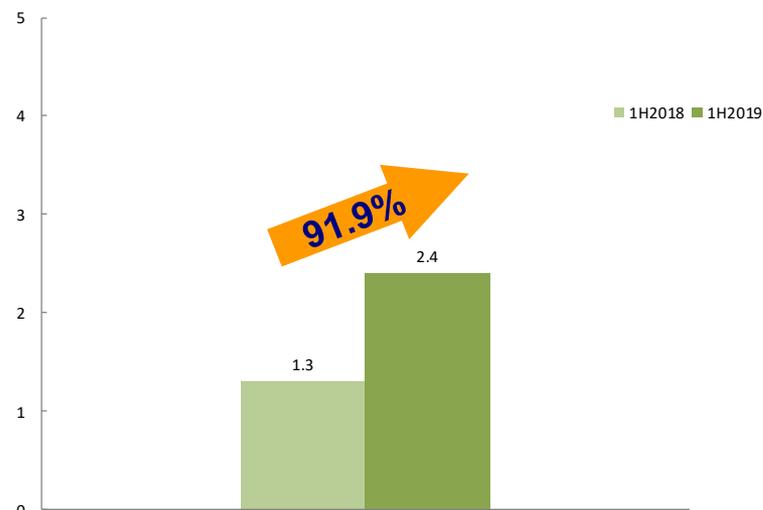
Revenue

US\$'M



Profit / Loss Before Tax

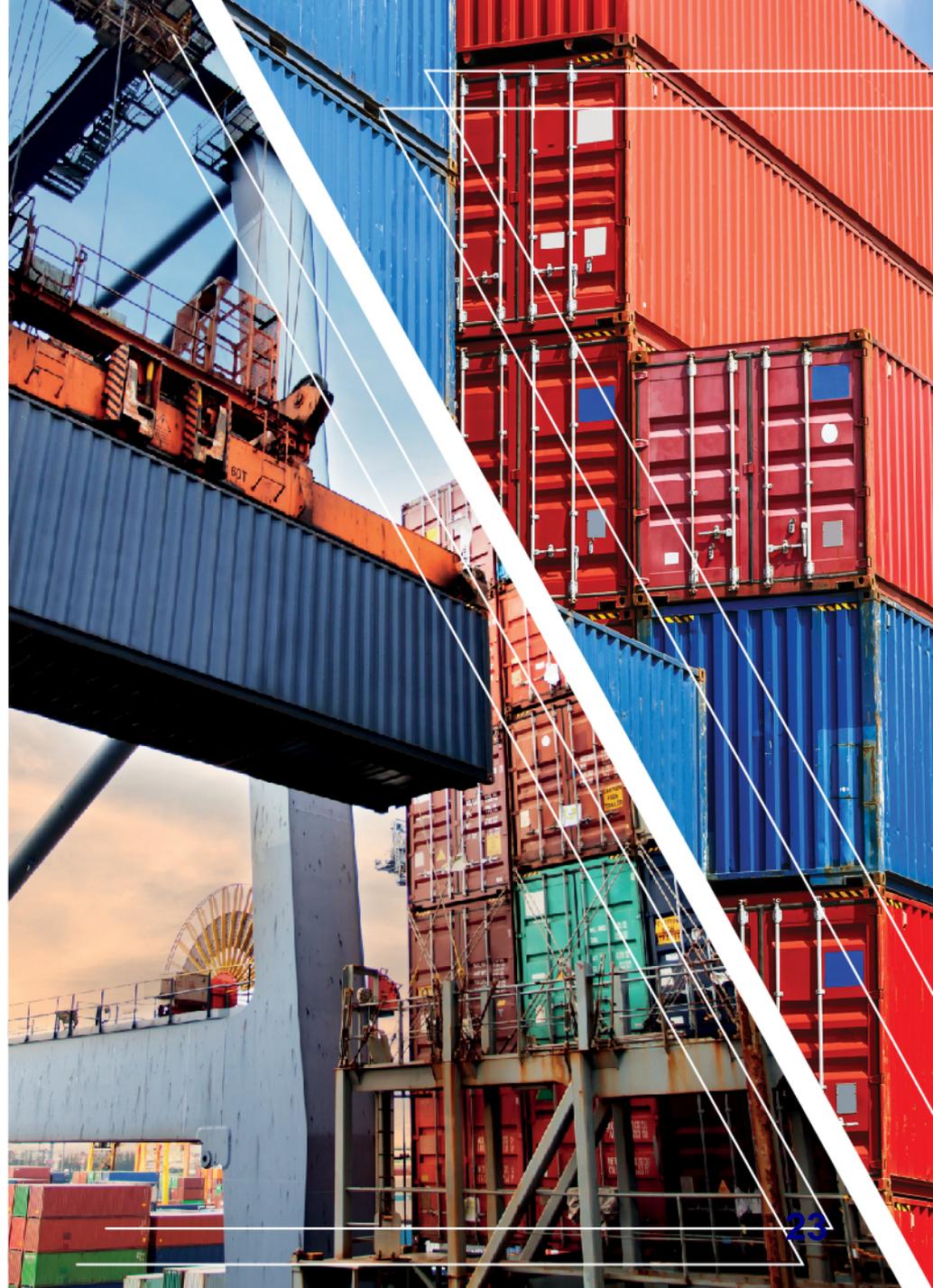
US\$'M



Revenue and Pretax Profit

- Decline in export volume had no adverse effect to the demand of the logistics services, the segment revenue was US\$13,489,000 (1H2018: US\$13,500,000).
- Pretax profit for the segment amounting to US\$2,448,000, compared with US\$1,276,000 recorded in 1H2018 due to the growing of logistics businesses in Xiamen and other associate depots.

FUTURE PROSPECTS



Recent Development

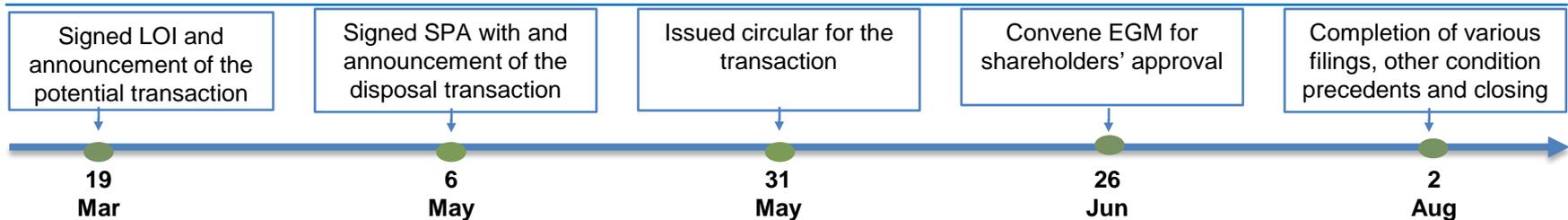
- Decisive actions to advance Singamas' development into the "New Singamas"

Very Substantial Disposal of Singamas' subsidiaries

- **Agreement Date:** 6 May 2019.
- **Purchaser:** COSCO SHIPPING Financial Holdings Co. 
- **Consideration:** RMB3,800 million (subject to adjustments).
- **Target Companies:** Five of Singamas' wholly-owned subsidiaries.



Key Transaction Milestones



Qidong Singamas Energy Equipment Co., Ltd.
啓東勝獅 能源裝備有限公司



Ningbo Pacific Container Co., Ltd.
寧波太平貨櫃有限公司



Qingdao Pacific Container Co., Ltd.
青島太平貨櫃有限公司



Qidong Pacific Port Co., Ltd.
啓東太平港務有限公司



Singamas Container Holdings (Shanghai) Ltd
勝獅 貨櫃管理(上海)有限公司

Growth Strategies – The “New Singamas”

1 Niche player focusing on specialised container sector

- Used in a wide-range of industries and less driven by trade volumes.
- High unit price, high added value, and high margin.
- Tailor-made products to attract and retain customers.
- Environmentally friendly and efficient power generator containers through the use of “green” energy.
- Less affected by trade conflicts and the slow down in trade volume.



Power Generator Container



Arctic Expenditure Container



Breeding and Farming Container

2 Offers tailor-made sophisticated products and services to customers through technological upgrade

- Continue to bolster R&D capabilities.
- Automation of manufacturing activities and system upgrade.
- Develop new specialised containers with higher technological requirements.
- Strategic cooperation.



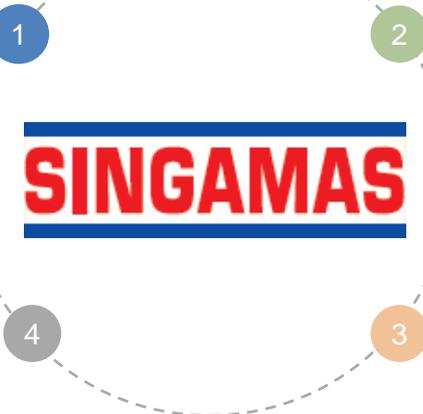
Remote Monitoring Technology



Portable Medical Container

4 Build on expertise on logistic, depot businesses and expand presence in high growth regions

- Over 30 years of experience in the container depot business.
- Sector expertise, know-how and industry connections.
- High growth potentials in Southeast Asia regions .
- First-mover advantage with support from large shareholder.



3 Nimble, efficient operations focusing on margins and returns to shareholders

- Improve cost structure and implement stringent cost controls.
- Streamline operations to improve efficiency.
- Higher margins and returns to shareholders.





Strategic transformation to the “New Singamas” by shifting focus to specialised container industry & logistics services.



Enhance competitiveness in specialised container market.

- Work closely with customers to deliver bespoke design and production services
- Further bolster R&D capabilities for developing new customized specialised containers with higher technological requirements.
- New factory for specialised containers in Huizhou under construction and target to commence operation in first half of 2020
- Shedding of various assets and bolster of different facets of operation to become nimbler and more capable of adapting to the industry

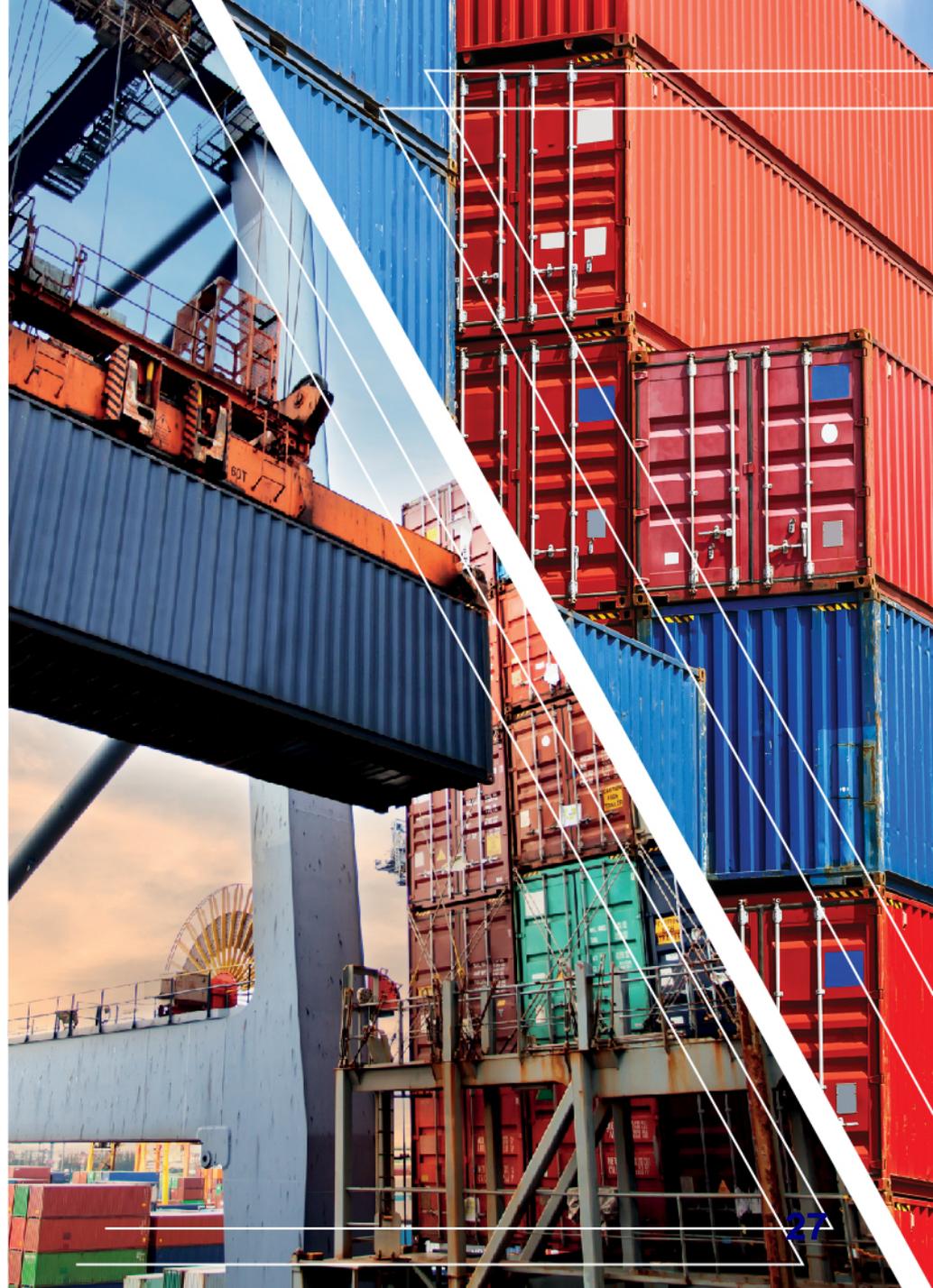


Explore business avenues outside of the sea-freight segment to widen revenue streams and enjoy higher margins.



Actively participate in industry exhibitions to showcase 30 years of industry experience and capabilities.

APPENDICES



Consolidated Income Statement I

(Classification Of Expenses By Nature)



	<i>Six months ended 30 June</i>	
	<i>2019</i>	<i>2018</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	584,025	969,217
<i>Other income</i>	2,549	1,507
<i>Changes in inventories of finished goods and work in progress</i>	3,541	(8,947)
<i>Raw materials and consumables used</i>	(470,921)	(756,237)
<i>Staff costs</i>	(70,147)	(96,782)
<i>Depreciation and amortisation expense</i>	(19,446)	(17,064)
<i>Impairment losses, net of reversal</i>	(23)	-
<i>Exchange gain</i>	93	3,109
<i>Other expenses</i>	(66,779)	(84,626)
Finance costs	(10,046)	(8,842)
Investment income	5,178	3,620
Fair value loss of derivative financial instruments	(396)	(4,339)
Share of results of associates	(510)	(1,547)
Share of results of joint ventures	69	164
Loss before taxation	(42,813)	(767)
Income tax expense	(7,836)	(1,725)
Loss for the period	(50,649)	(2,492)
Attributable to:		
Owners of the Company	(50,327)	(2,104)
Non-controlling interests	(322)	(388)
	(50,649)	(2,492)
Loss per share		
Basic	US(2.08) cents	US(0.09) cent
Diluted	US(2.08) cents	US(0.09) cent

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



Six months ended 30 June

	2019 US\$'000	2018 US\$'000
Revenue	584,025	969,217
<i>Cost of sales</i>	580,093	912,434
Gross Profit	3,932	56,783
<i>Other income</i>	2,549	1,507
<i>Selling and distribution expenses</i>	(11,103)	(18,190)
<i>General and administrative expenses</i>	(32,579)	(33,032)
<i>Exchange gain</i>	93	3,109
Profit from operations	(37,108)	10,177
Finance costs	(10,046)	(8,842)
Investment income	5,178	3,620
Fair value loss of derivative financial instruments	(396)	(4,339)
Share of results of associates	(510)	(1,547)
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Manufacturing Facilities - Container Factories (Before The Disposal)

SINGAMAS

Location	Factories (effective equity stake)	Location	Date of Commercial Operations	No. of Production Lines	Annual Production Capacity TEUs (Note 1)		Products
					2017	2018	
The PRC	Tianjin Pacific (97%)	Tianjin	2002	-	-	-	■ Suspended production
	Qingdao Pacific (100%) (Note 2)	Qindao	2004	3	170,000	170,000	■ Dry freight, Refrigerated, US domestic containers and other specialised containers
	Singamas Container Industry (75%)	Yixing	1994	1	10,000	10,000	■ 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	90,000	90,000	■ Dry freight, flatracks and other specialised containers
	Xiamen Pacific (100%)	Xiamen	1998	1	70,000	70,000	■ Dry freight containers
	Hui Zhou Pacific (100%)	Hui Zhou	2006	1	110,000	110,000	■ Dry freight, US domestic containers and other specialised containers
	Ningbo Pacific (100%)	Ningbo	2006	1	110,000	110,000	■ Dry freight containers
Qidong Singamas (100%) (Note 3)	Qidong	2012	3	280,000	280,000	■ Dry freight, Refrigerated, US domestic containers and other specialised containers	
Total Container Manufacturing (Note 1)				13	850,000	850,000	

Location	Factories (effective equity stake)	Location	Date of Commercial Operations	No. of Production Lines	Annual Production Capacity (units) (Note 4)		Products
					2017	2018	
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. From April 2017 onwards, all dry freight containers and part of the specialised containers are required to apply water-borne paint.
2. Production capacity of Qingdao Pacific including the capacity to produce 110,000 TEUs of dry and specialised containers and 60,000 TEUs of refrigerated containers.
3. 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.
4. Production capacity of Qidong Offshore is based on units, not TEUs.

Container Depots / Terminals (Before the Disposal)

	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	123,000 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	173,420 sq. m	28,000 TEUs	
	Xiamen (35%)	1996	217,000 sq. m	31,500 TEUs	
	Fuzhou (40%)	2003	91,500 sq. m	11,500 TEUs	
	Guangxi (55%)	2017	10,000 sq. m.	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			1,248,020 sq.m	186,770 TEUs	

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

Manufacturing Facilities - Container Factories (After The Disposal)

- Following the disposal transaction, Singamas will have five manufacturing facilities in China with total annual capacity of 210,000 TEUs of dry and specialised containers and 5,000 units of offshore containers.

No.	Factories	Area (m ²)	Annual capacity	Description
1	Shanghai Baoshan Pacific Container Co. Ltd. ("SBPC")	93,891	90,000 TEUs	<ul style="list-style-type: none"> Main products: 20', 20'HC, 40', 40'HC & 45' ISO dry freight containers, flatrack container, open top, open-side and other specialised containers
	Qidong Singamas Offshore Equipment Co. Ltd. ("QSOE")	~28,000	5,000 units	<ul style="list-style-type: none"> Focus on manufacturing of offshore containers
2	Singamas Container Industry Co. Ltd. ("SCIC")	63,069	10,000 TEUs	<ul style="list-style-type: none"> Main products: specialised containers including side-door, flatrack container, house container, bulker, open top, platform, bitumen container, bitutainer tank, diesel tank, container parts and container lashing gears
3	Shanghai Pacific International Container Co. Ltd. ("SPIC")	79,407	10,000 TEUs	<ul style="list-style-type: none"> Main products: standard tank containers ranging from 2,600 litres to 38,000 litres
4	Xiamen Pacific Container Manufacturing Co. Ltd. ("XPCL")	83,523	70,000 TEUs	<ul style="list-style-type: none"> Main products: ISO standard and non-ISO standard marine containers and related components
5	Huizhou Singamas Energy Equipment Co. Ltd. ("HSCL")	~300,000	30,000 TEUs	<ul style="list-style-type: none"> New factory to commence operations in mid-2020 Focus on manufacturing of specialised containers
	Tianjin Pacific Container Co. Ltd.	155,235	N/A	<ul style="list-style-type: none"> Currently no operation
	Shanghai Reeferco Container Co. Ltd.	73,256	N/A	<ul style="list-style-type: none"> Currently as investment property



Container Depot / Terminals – (After The Disposal)

➤ Singamas will continue to operate its 10 container depots in at key coastal regions in China.

No.	Depots	Area (m ²)	Storage Capacity (TEU)	Average Turnaround Time of Truck (minute)	Allocated Repair Area (m ²)	Repair Capacity per Day (unit)
1	Dalian Singamas International Container Co. Ltd. ("DSIC")	160,000	16,000	30	10,000	120
2	DY Terminal Limited ("DYTL")	10,500	1,575	15	1,500	30
3	Eng Kong Container Services Ltd. ("EKCS")	58,000	8,925	15	8,800	170
4	Fuzhou Singamas Container Co. Ltd. ("FSCL")					
	- Mawei Depot	25,400	3,500	15	1,500	50
	- Jianguyin Depot	66,100	8,000	15	1,800	80
5	Guangxi Singamas Container Co. Ltd. ("GSCL")	10,000	N/A	20	N/A	N/A
6	Ningbo Victory Container Co. Ltd. ("NVCL")	173,420	28,000	20	10,000	200-250
7	Shanghai Huasing International Container Freight Transportation Co. Ltd. ("SHIC")					
	- Pu Xi Depot	79,600	7,100	15	4,000	70-130
	- Pu Dong Depot	57,000	6,600	15	2,500	60-110
8	Singamas Logistics (Qingdao) Co. Ltd. ("SLQC")	144,000	17,000	15	9,000	150
9	Tianjin Singamas Container Co. Ltd. / Singamas Logistics (Tianjin) Co. Ltd. ("TSCL & SLTC")	123,000	17,000	10	15,000	200
10	Xiamen Xiangyu Singamas Container Co. Ltd. ("XSCL")					
	- Depot I (Island Depot)	115,200	11,000	10	9,000	250
	- Depot II (Haicang Depot)	101,800	20,500	15-30	11,000	350

