

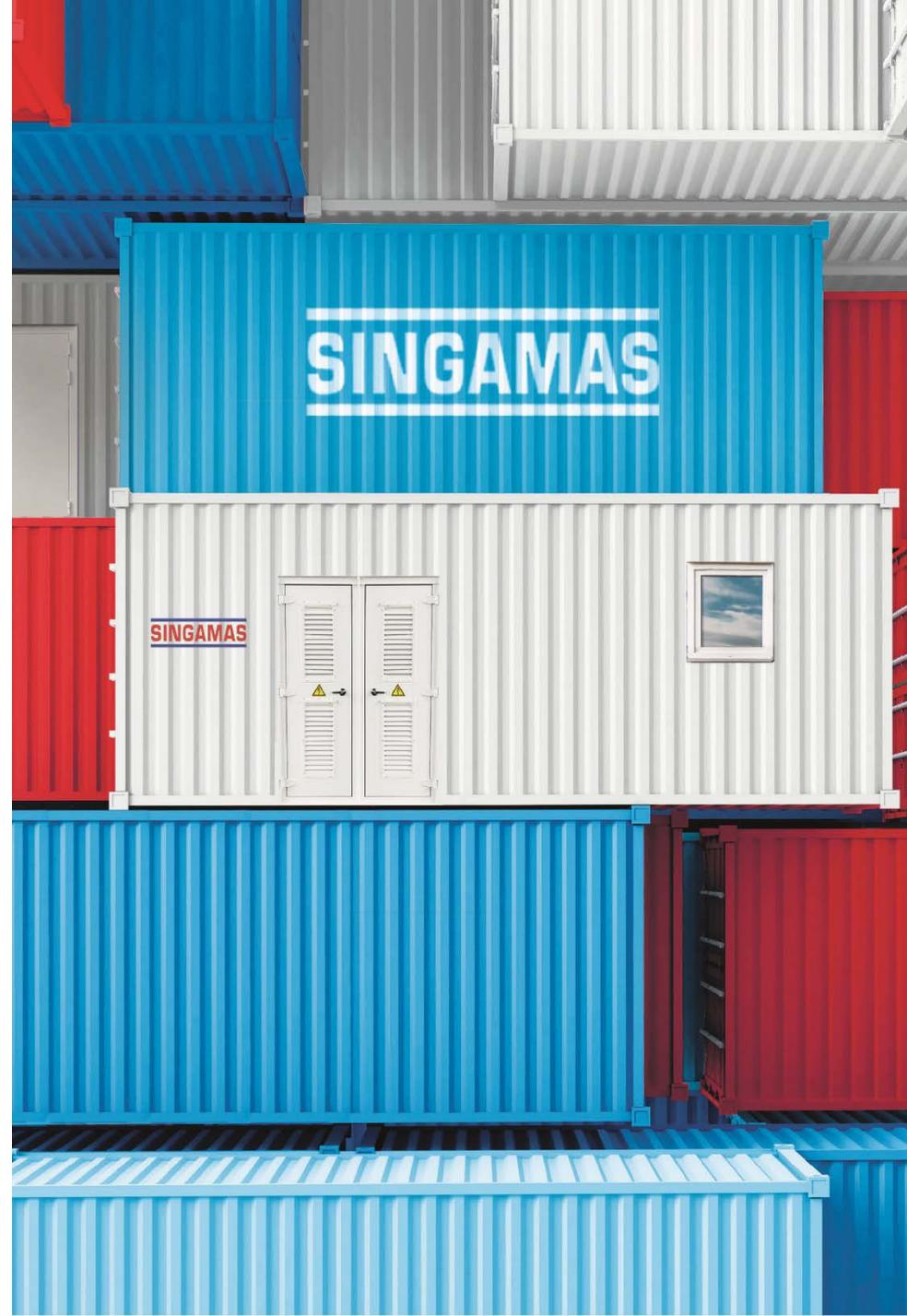
SINGAMAS

Singamas Container Holdings Limited

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

2020 Interim Results Announcement
27 August 2020

www.singamas.com



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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





SINGAMAS



**CORPORATE
PROFILE**

- Singamas is a **world-leading container manufacturer** and **logistics services provider**.
- Listed on the Hong Kong Stock Exchange since 1993.
- Completed the disposal of five of its wholly-owned subsidiaries in August 2019.

Manufacturing Business

- manufactures a wide range of products including dry freight containers and specialised containers.
- 5 factories located in the PRC, including a new Huizhou plant dedicated to specialised containers, having commenced operation in June 2020.
- total annual capacity of around 210,000 TEUs¹ of dry and specialised containers (based on one extended shift), 5,000 units of offshore containers and 6,000 units of customised specialised containers.

Logistics Services Business

- includes container depots and a logistics company.
- 8 container depots at the major ports in Mainland China² 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.
2. The one located in Shanghai is the branch of Xiamen depot.

- Specialised containers including ISO standardised specialised containers and customised specialised containers.
- ISO standardised specialised containers are mainly for transportation, including ISO tanks, open top & open sides containers, flat racks, bulk containers, bitutainers, etc.

Singamas ISO Standardised Specialised Containers



Tank Containers



FlatRack Containers



Bulk (Food) Containers



Platform Containers



Bitutainer



Open sides Containers

- Singamas cooperates with customers to offer tailor-made designs and container solutions accommodating customers' requirements.
- Comprehensive range of innovative designs attracts customers from medical, energy, engineering, environmental technologies, urban development and industrial sectors.

Singamas Customised Specialised Containers



Power Generator Containers



Energy Storage Containers



Data Centre Containers



Terminal Electrical Equipment Containers



Offshore Containers



House Containers



Sewage Treatment Containers



Breeding and Farming Containers

Containers for Medical Use – PCR Laboratory for COVID-19 Testing

- Developed together with experts from Chinese Academy of Sciences (中國科學院) and China Customs a mobile Polymerase Chain Reaction (“PCR”) laboratory for COVID-19 testing that has been delivered to Shanghai Pudong Airport subsequent on 8 July 2020. Official delivery ceremony took place on 7 August 2020 by the government officials.
- Comprising three functional room, the reagent preparation room, specimen room and PCR test room, the laboratory will be able to handle a maximum of 1,500 specimens per day
- It benchmarked the Group’s success in product innovation and superb manufacturing skills.



Automotive Racks

- Singamas develops complimentary products for containers according to customers' demand. The Group partners with a UK company to manufacture car transportation racks which allow for the doubling of vehicles transported per container and provide greater protections to the vehicles.



Temporary Housing Solution

- Singamas cooperates with Humanihut, an Australian company, to provide temporary housing solution. The first set including 4 containers as bathrooms and 32 huts has been delivered and installed in Kangaroo Island, South Australia for firefighters.
- Recently received recurring orders and we believe it would be widely accepted by different countries for various purposes.
- The set can be easily installed and dismantled, moving from one site to another.

Concept:



Actual delivery:



Diverse Container Customer Base

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

1 Shipping

2 Container Leasing

3 Electrical



4 Energy

5 Industrial and Others





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**INDUSTRY
DYNAMICS**

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

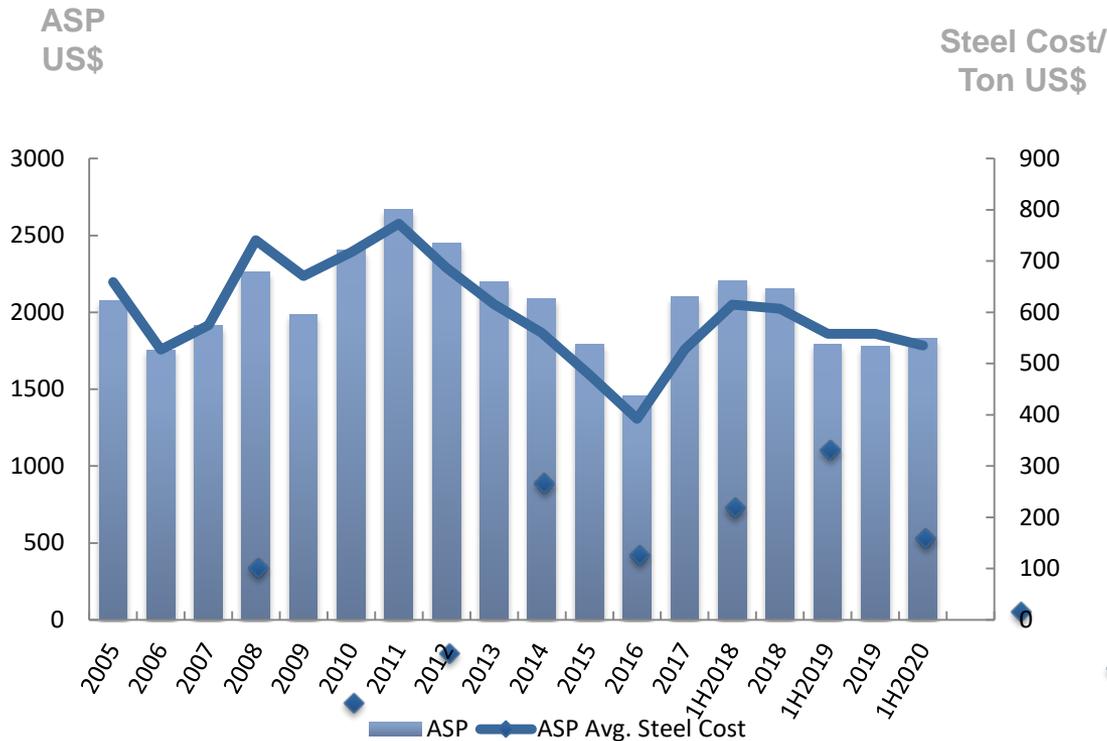
- Global growth is projected at –4.9 % in 2020, 1.9 percentage points below the April 2020 World Economic Outlook forecast. (Source: World Economic Outlook, IMF)
- The IMF further noted that the COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, hence the recovery is projected to be more gradual than previously forecasted.

Cost-plus pricing model to set selling price of dry freight containers.

- Material cost is the major determinant of container price.
- Corten steel, a high-grade hot-rolled steel product, accounts for 50% of total dry freight container production costs.
- Direct labour cost accounted for 7.8% of total production costs in 1H2020, higher than 7% in 1H2019 due to a decrease in production volume.

Container Prices vs. Steel Prices

2005 – 1H 2020 20ft. Dry Freight Container¹ Price (ASP²) vs. Average Steel Cost Per Ton



- 1H2020 ASP of 20ft dry freight container increased to US\$1,830, 2.2% higher than 1H2019's US\$1,791.
- 1H2020 average steel cost was US\$535 /ton, 4.1% lower than 1H2019's US\$558/ton.
- Slight increase in ASP despite the drop in steel cost was due to the pandemic which led to tighter supply from the container manufacturer.

Note:

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

- ↑ **Renewable energy** has been gaining increasing acceptance by nations across the globe, hence the Group will be developing solutions that cater for solar, wind and hydroelectric power generation.
- ↑ **Environmental protection** has been promoted by the PRC government, and is which the Group has sought to address through the development of tailor-made containers in an environmental friendly manner.
- ↑ On **Medical** front, the Group has developed specialised containers and mobile laboratories for addressing the COVID-19 crisis and movable medical laboratories that can provide CT scans, negative pressure isolation and other functions.
- ↑ Growth potential of **data centre** container due to rise of big data industry in China.
- ↑ More complex requirements with higher variety of **transportation** channels, such as automotive racks to present vast opportunity.

Unique product nature of specialised containers with favorable industry environment.

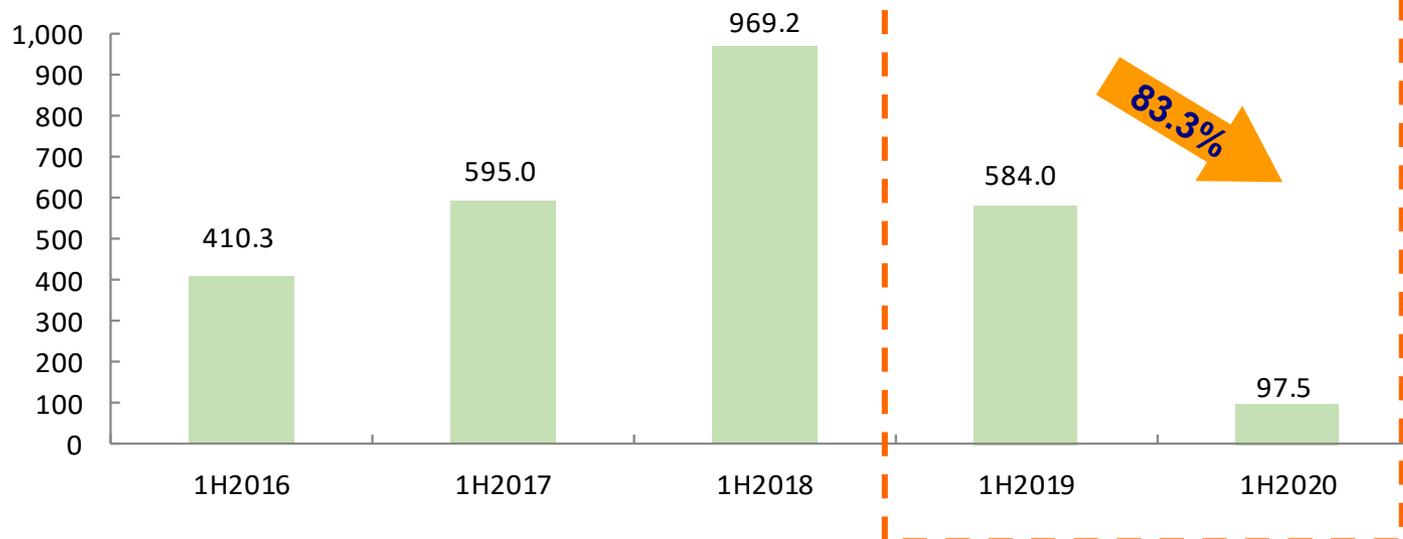


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FINANCIAL REVIEW

US\$'M

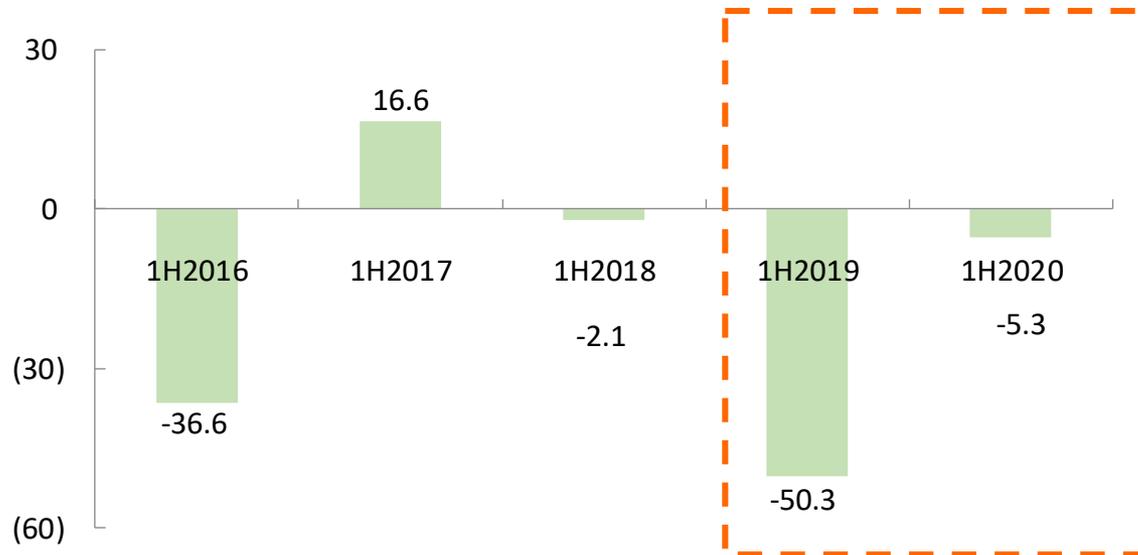


For the six months ended 30 June

- We recorded consolidated revenue of US\$97.5 million in 1H2020, a decrease of 83.3% over the revenue of US\$584 million in 1H2019.
- A combination of factors impacted on the top-line performance of the Group including the very substantial disposal completed in August 2019, decline in global trade volume and outbreak of COVID-19.

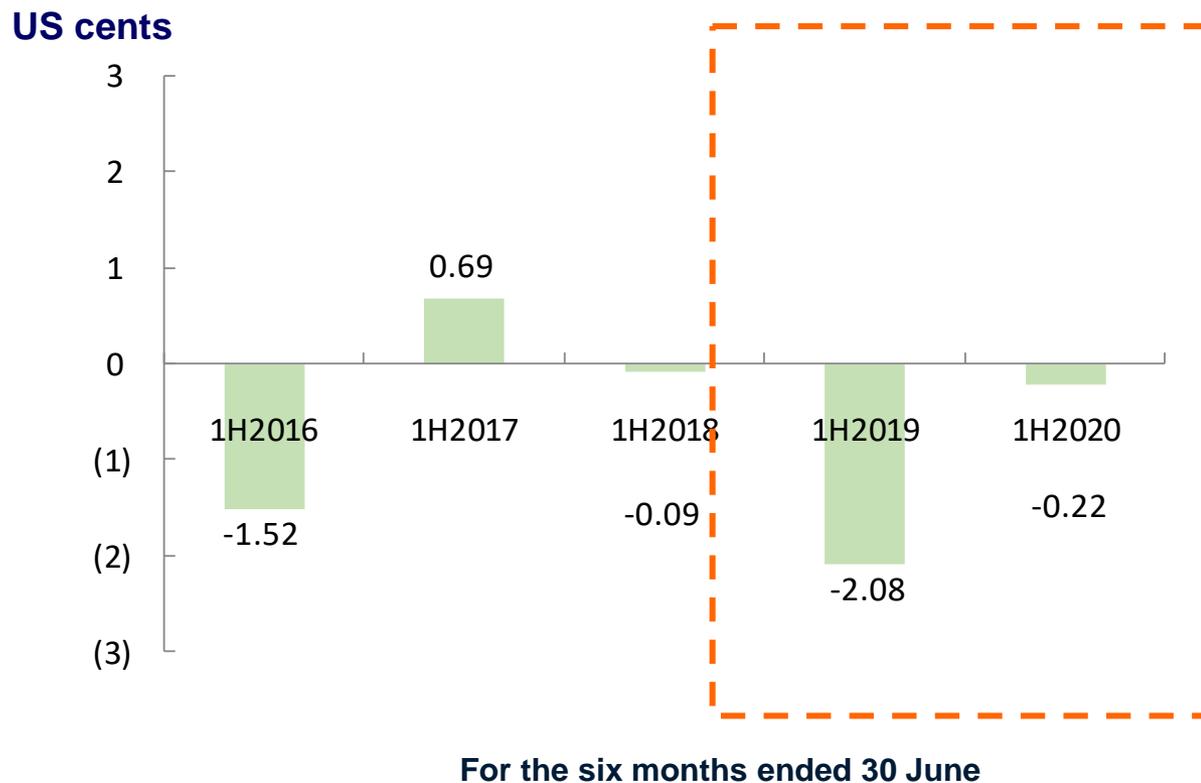
Consolidated Net Profit / Loss Attributable to Owners of the Company

US\$'M



For the six months ended 30 June

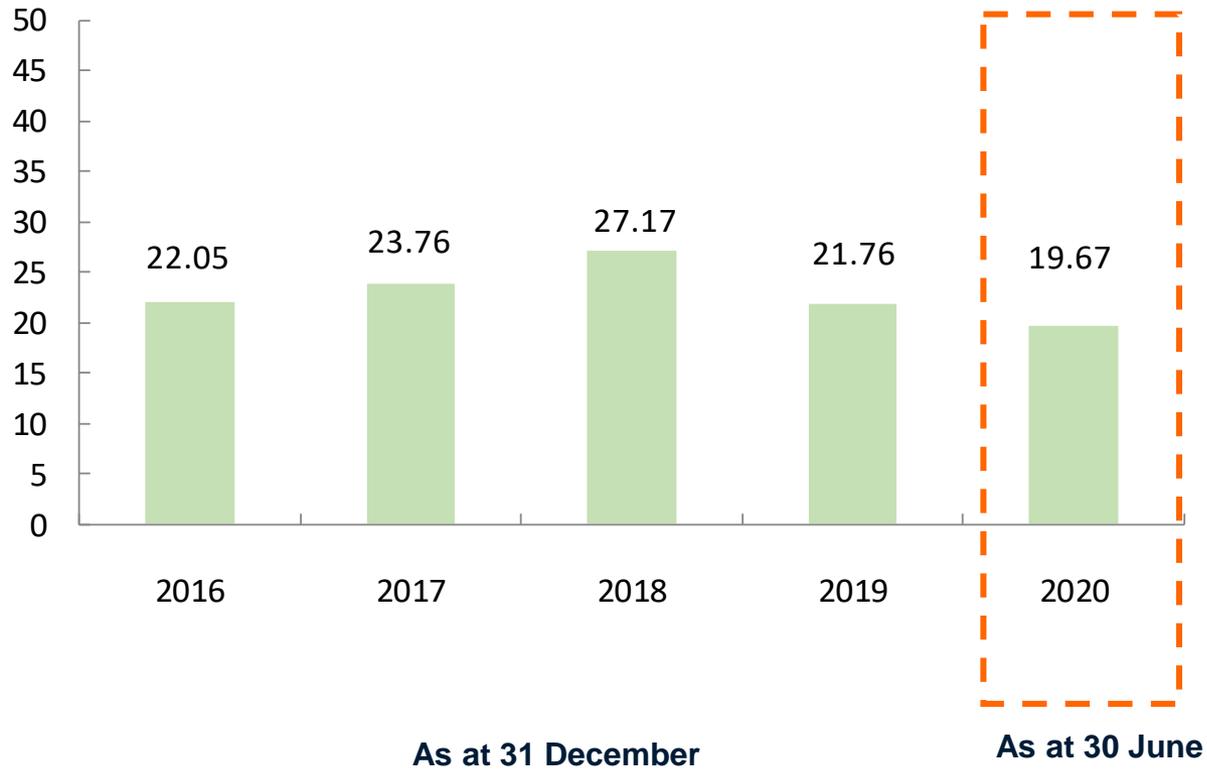
- Consolidated net loss attributable to owners of the Company narrowed to US\$5.3 million (1H2019: net loss of US\$50.3 million).
- Narrowing in net loss mainly due to the streamline of operation resulting in effective cost control and the increase in proportion of customised specialised containers manufactured which achieved better margin.



- Basic loss per share was US0.22 cent (1H2019: loss per share of US2.08 cents).

Net Assets Value per Share

US cents





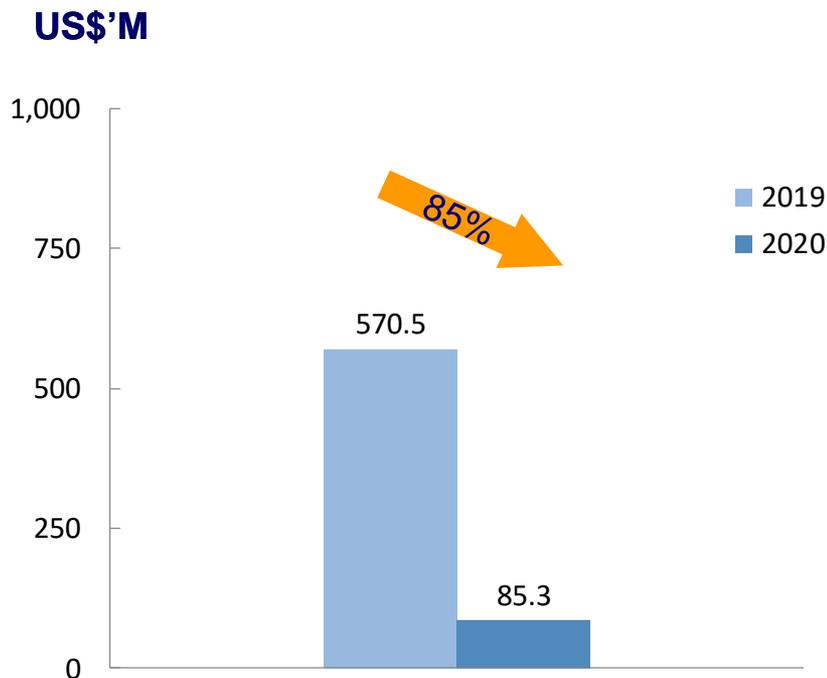
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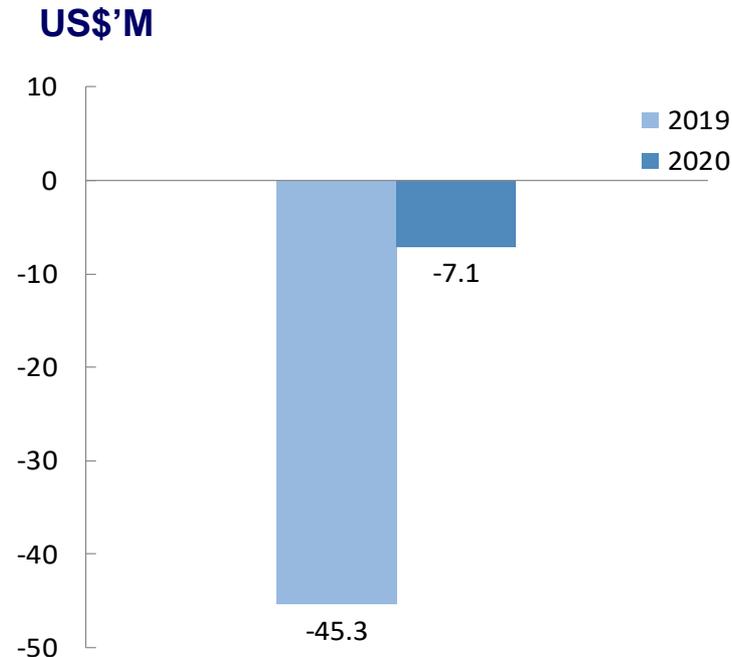
BUSINESS REVIEW

Manufacturing Business – Revenue and Profit Analysis

Revenue



Loss Before Taxation



For the six months ended 30 June

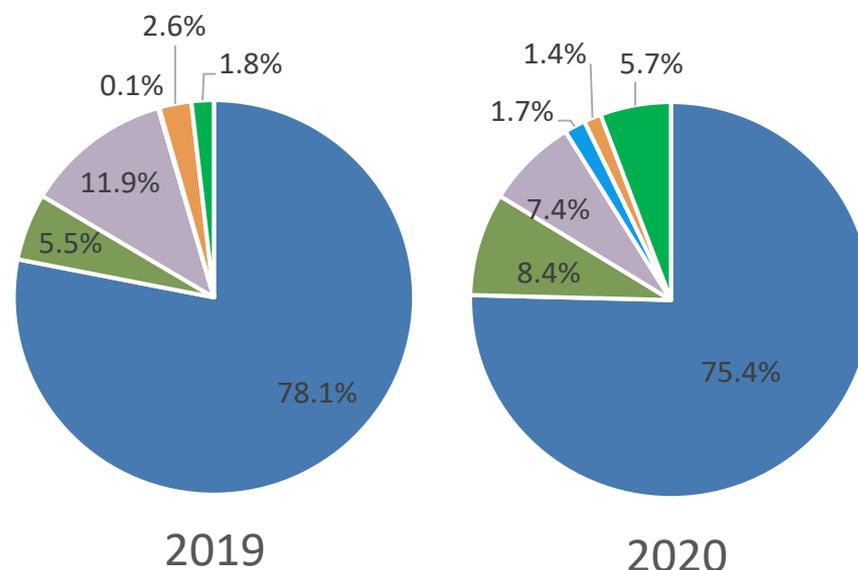
- Average ASP of a 20' dry freight container was US\$1,830, compared to US\$1,791 for the corresponding period last year.
- Revenue of this segment was US\$85,308,000 (1H2019: US\$570,536,000), which accounted for 87.5% of the Group's total revenue.
- Pretax loss for this segment was US\$7,093,000 (1H2019 loss of: US\$45,261,000).

Manufacturing Business – Sales Volume and Sales Revenue Breakdown

Sales Volume (Product Types)

For the six months ended 30 June	2019	2020
Dry freight (TEU)	82,124	37,663
ISO Special (TEU)	7,844	3,222
Tank (Unit)	1,251	356
Car Rack (Unit)	224	2,637
Customised Special – Offshore (unit)	583	140
Customised Special - Others	367	454

Revenue Breakdown (Product Types)



For the six months ended 30 June

- Dry freight
- ISO Special
- Tank
- Car Rack
- Customised Special - offshore
- Customised Special - others

Note: Figures shown in 2019 excludes the disposed entities.

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 and leasing companies.

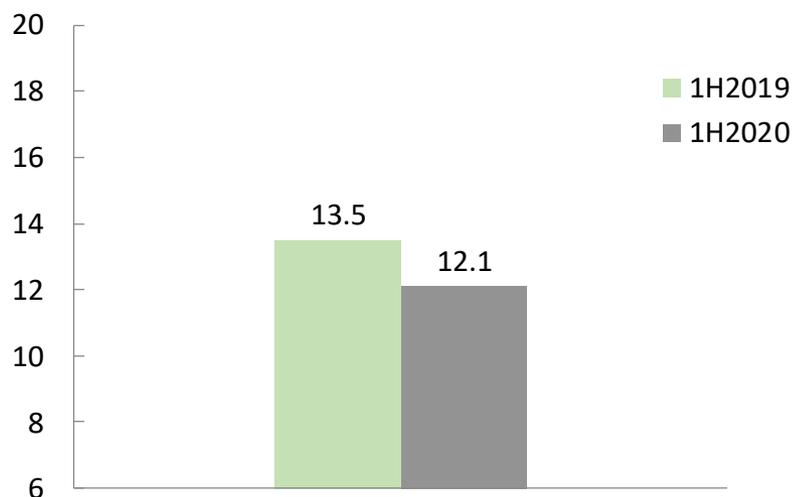


Logistic Business Updates of Singamas

- Disposal of Shanghai Huasing International Container Freight Transportation Co., Ltd. to joint venture partner in October 2019
- Notable progress in the container freight station business that helps combine shipments for clients

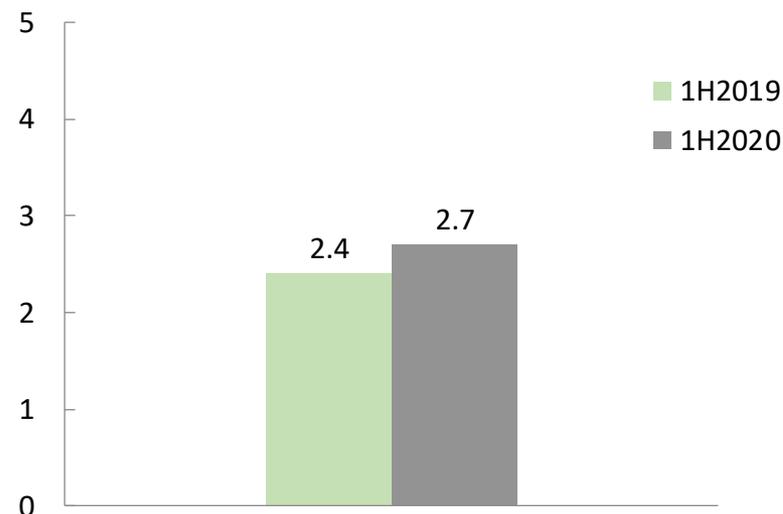
Revenue

US\$'M



Profit / Loss Before Tax

US\$'M



Revenue and Pretax Profit

- The stability that gradually returned to Chinese ports was reflected by the Group's logistics business which recorded segment revenue of US\$12,146,000 (1H2019: US\$13,489,000).
- Pretax profit for the segment was US\$2,679,000, compared to US\$2,448,000 recorded in 1H2019.



SINGAMAS



**FUTURE
PROSPECTS**

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 and complimentary products with higher technological requirements.
- Strategic cooperation.



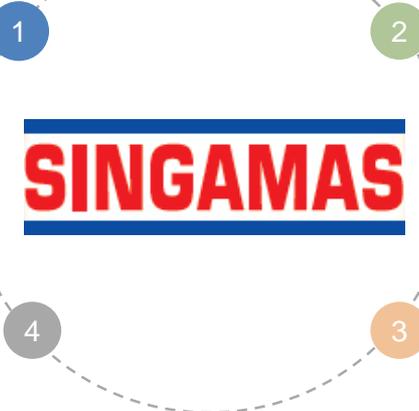
Remote Monitoring Technology



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 .



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.

- Direct greater effort towards three principal areas: i) renewable energy, ii) environmental protection, and iii) medical services
- Work closely with customers to deliver bespoke design and production services
- Further bolster R&D and product development capabilities for developing new innovative customised specialised containers with higher technological requirements
- Shedding of various assets and bolster of different facets of operation to become more flexible and more capable of adapting to the industry, with the ultimate goal of becoming a leading manufacturer of specialised containers



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.



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APPENDICES

Consolidated Income Statement I (Classification Of Expenses By Nature)



	<i>Six months ended 30 June</i>	
	2020	2019
	US\$'000	US\$'000
Revenue	97,454	584,025
<i>Other income</i>	1,781	2,549
<i>Changes in inventories of finished goods and work in progress</i>	(8,575)	3,541
<i>Raw materials and consumables used</i>	(54,315)	(470,921)
<i>Staff costs</i>	(16,384)	(70,147)
<i>Depreciation expense</i>	(6,082)	(19,446)
<i>Impairment losses under expected credit loss model, net of reversal</i>	(1,258)	(23)
<i>Exchange (loss) gain</i>	(1,446)	93
<i>Other expenses</i>	(22,338)	(66,779)
Finance costs	(530)	(10,046)
Investment income	6,133	5,178
Fair value loss of derivative financial instruments	-	(396)
Fair value gain on financial asset at fair value through profit or loss	3	-
Share of results of associates	934	(510)
Share of results of joint ventures	209	69
Loss before taxation	<u>(4,414)</u>	<u>(42,813)</u>
Income tax expense	(1,088)	(7,836)
Loss for the year	<u>(5,502)</u>	<u>(50,649)</u>
Attributable to:		
Owners of the Company	(5,331)	(50,327)
Non-controlling interests	(171)	(322)
	<u>(5,502)</u>	<u>(50,649)</u>
Loss per share		
Basic	US(0.22) cent	US(2.08) cents
Diluted	US(0.22) cent	US(2.08) cents

Consolidated Income Statement II

(Classification Of Expenses By Function)

(For Reference Only)



Six months ended 30 June

	2020 US\$'000	2019 US\$'000
Revenue	97,454	584,025
<i>Cost of sales</i>	(89,001)	580,093
Gross Profit	8,453	3,932
<i>Other income</i>	1,781	2,549
<i>Selling and distribution expenses</i>	(4,552)	(11,103)
<i>General and administrative expenses</i>	(15,399)	(32,579)
<i>Exchange (loss) gain</i>	(1,446)	93
Finance costs	(530)	(10,046)
Investment income	6,133	5,178
Fair value loss of derivative financial instruments	-	(396)
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Basic	US(0.22) cent	US(2.08) cents
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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")		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"> Disposal transaction expects to complete by end September 2020
	Shanghai Reeferco Container Co. Ltd.	73,256	N/A	<ul style="list-style-type: none"> Currently as investment property



➤ 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
	- Jiangyin 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	Singamas Logistics (Qingdao) Co. Ltd. ("SLQC")	144,000	17,000	15	9,000	150
8	Tianjin Singamas Container Co. Ltd. / Singamas Logistics (Tianjin) Co. Ltd. ("TSCL & SLTC")	123,000	17,000	10	15,000	200
9	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
10	Xiamen Xiangyu Singamas Container Co. Ltd. – Shanghai Branch (XHYD)	23,600	5,000	10-15	1,000	150

