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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>

2020 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 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
		(unaudited)	(unaudited)
	<i>Notes</i>	US\$'000	US\$'000
Revenue	2	97,454	584,025
Other income		1,781	2,549
Changes in inventories of finished goods and work in progress		(8,575)	3,541
Raw materials and consumables used		(54,315)	(470,921)
Staff costs		(16,384)	(70,147)
Depreciation expense		(6,082)	(19,446)
Impairment losses under expected credit loss model, net of reversal		(1,258)	(23)
Exchange (loss) gain		(1,446)	93
Other expenses		(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 and loss (“FVTPL”)		3	-
Share of results of associates		934	(510)
Share of results of joint ventures		209	69
Loss before taxation		(4,414)	(42,813)
Income tax expense	4	(1,088)	(7,836)
Loss for the period		(5,502)	(50,649)

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

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	<i>Notes</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
		US\$'000	US\$'000
Other comprehensive (expense) income			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value (loss) gain on equity instrument at fair value through other comprehensive income ("FVTOCI")		(3,904)	6,423
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation		(628)	(1,330)
Other comprehensive (expense) income for the period		(4,532)	5,093
Total comprehensive expense for the period		(10,034)	(45,556)
Loss for the period attributable to:			
Owners of the Company		(5,331)	(50,327)
Non-controlling interests		(171)	(322)
		(5,502)	(50,649)
Total comprehensive expenses attributable to:			
Owners of the Company		(9,836)	(45,256)
Non-controlling interests		(198)	(300)
		(10,034)	(45,556)
Loss per share	6		
Basic		US(0.22) cent	US(2.08) cents
Diluted		US(0.22) cent	US(2.08) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>Notes</i>	<i>As at 30 June 2020 (unaudited) US\$'000</i>	As at 31 December 2019 (audited) US\$'000
Non-current assets			
Property, plant and equipment	7	74,977	84,200
Right-of-use assets		38,011	43,986
Investment properties		17,657	18,504
Interests in associates		43,761	43,782
Interests in joint ventures		7,456	7,355
Equity instrument at FVTOCI		15,093	18,997
Financial asset at FVTPL		2,828	-
Other receivables		29,169	29,090
Deposits for non-current assets		311	775
Amount due from immediate holding company		106,833	105,602
Amounts due from fellow subsidiaries		32,086	32,269
Amounts due from associates		13,347	13,003
		381,529	397,563
Current assets			
Inventories	8	64,312	76,136
Trade receivables	9	34,806	33,350
Prepayments and other receivables	10	30,059	38,152
Amounts due from associates	11	7,130	8,421
Amount due from a joint venture		4	-
Derivative financial instruments		-	41
Tax recoverable		740	717
Bank balances and cash		108,947	119,032
		245,998	275,849
Assets classified as held for sale	12	13,226	-
		259,224	275,849

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2020

	<i>Notes</i>	<i>As at 30 June 2020 (unaudited) US\$'000</i>	<i>As at 31 December 2019 (audited) US\$'000</i>
Current liabilities			
Trade and bills payables	13	24,157	24,848
Lease liabilities		1,530	2,270
Accruals and other payables		20,894	22,490
Dividend payable		40,537	-
Advances from customers		6,813	18,259
Amount due to immediate holding company		18	103
Amount due to a fellow subsidiary		73	14
Amounts due to associates		427	265
Amounts due to joint ventures		42	76
Tax payable		10,591	11,112
Bank borrowings		15,635	23,584
		<u>120,717</u>	103,021
Liabilities associated with assets classified as held for sale	12	1,877	-
		<u>122,594</u>	103,021
Net current assets		<u>136,630</u>	172,828
Total assets less current liabilities		<u>518,159</u>	570,391
Capital and reserves			
Share capital	14	268,149	268,149
Accumulated profits		170,743	216,655
Other reserves		36,545	41,006
		<u>475,437</u>	525,810
Equity attributable to owners of the Company		475,437	525,810
Non-controlling interests		35,626	36,897
		<u>511,063</u>	562,707
Total equity		<u>511,063</u>	562,707
Non-current liabilities			
Lease liabilities		742	1,196
Deferred tax liabilities		6,354	6,488
		<u>7,096</u>	7,684
		<u>518,159</u>	570,391

Notes:

1. Basis of preparation and principal accounting policies

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2019 that is included in the condensed consolidated financial statements 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 2019 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.

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2019.

Application of amendments to HKFRSs

The Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA:

Amendments to HKAS 1 and

HKAS 8

Amendments to HKFRS 3

Amendments to HKFRS 9,

HKAS 39 and HKFRS 7

Definition of Material

Definition of a Business

Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures.

Impacts of application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

Accounting policy newly applied by the Group

In addition, the Group has applied the following accounting policy which became relevant to the Group in the current interim period.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

2. Revenue

Revenue represents sales of goods from manufacturing and services income from logistics services operations, less sales related taxes, and is analysed as follows:

	Six months ended 30 June	
	2020	2019
	US\$'000	US\$'000
<i>Manufacturing</i>	85,308	570,536
<i>Logistics services</i>	12,146	13,489
	97,454	584,025

Disaggregation of revenue from contracts with customers

	<i>Six months ended 30 June</i>	
	2020	2019
Types of goods or services	US\$'000	US\$'000
<i>Manufacturing (recognised at a point in time):</i>		
<i>Dry freight containers</i>	64,343	397,519
<i>Refrigerated containers</i>	-	74,304
<i>Tank containers</i>	6,350	20,298
<i>US domestic containers</i>	-	24,760
<i>Other specialised containers and container parts</i>	14,615	53,655
	85,308	570,536
<i>Logistics services (recognised over time):</i>		
<i>Container storage and handling services</i>	2,787	3,047
<i>Repair and drayage services</i>	2,580	3,116
<i>Container freight station services</i>	3,497	4,496
<i>Other container related services</i>	3,282	2,830
	12,146	13,489
	97,454	584,025

3. Segment information

Information reported to the Group's chief operating decision maker (i.e. Chief Executive Officer) for the purposes of resource allocation and assessment of segment performance 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 Operating Segments.

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 dry freight containers, collapsible flatrack containers, tank 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 operating and reportable segment:

Six months ended 30 June 2020

	Manufacturing US\$'000	Logistics services US\$'000	Sub-total US\$'000	Eliminations US\$'000	Total US\$'000
REVENUE					
External sales	85,308	12,146	97,454	-	97,454
Inter-segment sales	-	42	42	(42)	-
Total	85,308	12,188	97,496	(42)	97,454
SEGMENT RESULTS	(8,707)	350	(8,357)	-	(8,357)
Finance costs					(530)
Investment income					3,327
Fair value gain on financial asset at FVTPL					3
Share of results of associates					934
Share of results of joint ventures					209
Loss before taxation					(4,414)

Note: Inter-segment sales are charged at prevailing market prices.

Six months ended 30 June 2019

	Manufacturing US\$'000	Logistics services US\$'000	Sub-total US\$'000	Eliminations US\$'000	Total US\$'000
REVENUE					
External sales	570,536	13,489	584,025	-	584,025
Inter-segment sales	-	2,713	2,713	(2,713)	-
Total	570,536	16,202	586,738	(2,713)	584,025
SEGMENT RESULTS	(35,558)	778	(34,780)	-	(34,780)
Finance costs					(10,046)
Investment income					2,850
Fair value loss of derivative financial instruments					(396)
Share of results of associates					(510)
Share of results of joint ventures					69
Loss before taxation					(42,813)

Note: Inter-segment sales are charged at prevailing market prices.

Segment results represent the (loss)profits incurred by each segment without allocation of finance costs, certain investment income, fair value gain on financial asset at FVTPL, fair value loss on 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.

No segment assets and liabilities are disclosed because there has not been a material change from the amounts disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2019.

4. Income tax expense

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	
	2020	2019
	US\$'000	US\$'000
<i>Current tax:</i>		
PRC Enterprise Income Tax		
- Current period	964	307
- Under provision in prior years	-	328
<i>Deferred tax:</i>		
Current period charge (Note)	124	7,201
	1,088	7,836

Note: For the six months ended 30 June 2019, an additional deferred tax liabilities of US\$8,825,000 had been provided in relation to the temporary difference attributable to undistributed profits of certain subsidiaries of the Group based on capital gain tax rate on the basis that the carrying amounts are able to recover entirely through the disposal of subsidiaries. For the six months ended 30 June 2020, no such deferred tax liability has been provided.

5. Dividends

No dividend was paid during the six months ended 30 June 2020 and 2019. No final dividend in respect of the year ended 31 December 2019 (six months ended 30 June 2019: HK7 cents per ordinary share in respect of the year ended 31 December 2018) was proposed by the directors of the Company. A special dividend of HK13 cents (six months ended 30 June 2019: nil) per ordinary share in respect of the year ended 31 December 2019, total of which equivalent to approximately HK\$314,200,000 (equivalent to approximately US\$40,537,000) in respect of the disposal of subsidiaries during the year ended 31 December 2019 were proposed and approved by the shareholders of the Company in the annual general meeting held on 30 June 2020 and was distributed on 24 July 2020.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

6. *Loss per share*

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

	<i>Six months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>
	<i>US\$'000</i>	<i>US\$'000</i>
<i>Loss:</i>		
<i>Loss for the purposes of calculating basic and diluted loss per share</i>	<u><i>(5,331)</i></u>	<u><i>(50,327)</i></u>
<i>Number of shares:</i>		
<i>Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share</i>	<u><i>2,416,919,918</i></u>	<u><i>2,416,919,918</i></u>

The computation of diluted loss per share for the periods ended 30 June 2020 and 30 June 2019 do not assume the exercise of the Company's outstanding share options as the exercise would result in a decrease in loss per share.

7. *Movements in property, plant and equipment*

During the six months ended 30 June 2020, there was an addition of US\$3,782,000 (six months ended 30 June 2019: US\$20,297,000) in property, plant and equipment for upgrading existing manufacturing and logistics services facilities of the Group.

8. *Inventories*

	<i>As at 30 June 2020 US\$'000</i>	<i>As at 31 December 2019 US\$'000</i>
<i>Raw materials</i>	<i>43,402</i>	<i>46,651</i>
<i>Work in progress</i>	<i>7,977</i>	<i>8,288</i>
<i>Finished goods</i>	<u><i>12,933</i></u>	<u><i>21,197</i></u>
	<u><u><i>64,312</i></u></u>	<u><u><i>76,136</i></u></u>

9. 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 2019: 30 days to 120 days).

The aged analysis of trade receivables net of allowance for credit losses, which is prepared based on invoice date of each transaction which approximated the respective revenue recognition dates or date of rendering of services, at the end of the reporting period is as follow:

	<i>As at 30 June 2020 US\$'000</i>	<i>As at 31 December 2019 US\$'000</i>
<i>0 to 30 days</i>	<i>13,094</i>	21,055
<i>31 to 60 days</i>	<i>7,561</i>	7,337
<i>61 to 90 days</i>	<i>6,775</i>	3,293
<i>91 to 120 days</i>	<i>3,896</i>	832
<i>Over 120 days</i>	<i>3,480</i>	833
	<hr/> 34,806 <hr/>	<hr/> 33,350 <hr/>

10. Prepayments and other receivables

At 30 June 2020, prepayments and other receivables included advance of US\$1,765,000 (31 December 2019: US\$8,594,000) to certain suppliers as deposits for raw materials purchases. The remaining balance included in current assets are mainly refundable value added tax and other temporary payments. The entire amount is expected to be recovered within the next twelve months.

11. Amounts due from associates

The general credit terms are 30 to 90 days (31 December 2019: 30 to 90 days).

The aged analysis of trade related amounts due from associates, net of allowance for credit losses, which is prepared based on invoice date of each transaction, which approximated the respective revenue recognition dates, at the end of the reporting period is as follows:

	<i>As at 30 June 2020 US\$'000</i>	<i>As at 31 December 2019 US\$'000</i>
<i>0 to 30 days</i>	<i>48</i>	505
<i>31 to 60 days</i>	<i>127</i>	69
<i>61 to 90 days</i>	<i>615</i>	540
<i>91 to 120 days</i>	<i>79</i>	306
<i>Over 120 days</i>	<i>6,261</i>	7,001
	<hr/> 7,130 <hr/>	<hr/> 8,421 <hr/>

12. Assets held for sale

On 22 June 2020, the Company and Tianjin Jianghao Logistic Co., Ltd. (the "1st Purchaser") and Tianjin Haisheng Lanrui Iron and Steel Trading Co., Ltd. (the "2nd Purchaser") (together the "Purchasers") entered into an Agreement, pursuant to which the Company agreed to sell the 100% equity interest (the "Sale Interest") in Tianjin Pacific Container Co., Ltd. (the "Target Company"), a wholly-owned subsidiary of the Company, to the Purchasers at a total consideration of RMB132,000,000 in cash (equivalent to approximately US\$18,613,000). The Sale Interest is purchased as to 95% by the 1st Purchaser and as to 5% by the 2nd Purchaser. The Target Company is a company established in the PRC with limited liability and is principally engaged in the manufacturing of dry and specialised containers. The management expects such transaction to be completed within twelve months from the end of the current interim reporting period and the Group has reclassified the relevant assets and liabilities of the Target Company as assets held for sale which are separately presented in the condensed consolidated statement of financial position.

13. Trade and bills payables

The following is an analysis of trade payables by age based on invoice date of each transaction and bills payable by age based on issuance date of each bill:

	<i>As at 30 June 2020 US\$'000</i>	<i>As at 31 December 2019 US\$'000</i>
0 to 30 days	10,651	12,667
31 to 60 days	4,634	4,455
61 to 90 days	3,326	1,851
91 to 120 days	2,729	433
Over 120 days	2,817	5,442
	24,157	24,848

14. 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 2019, 31 December 2019 and 30 June 2020</i>	2,416,919,918	268,149	2,078,513