Singamas Container Holdings Limited

(incorporated in HK with Limited Liability)
Website: www.singamas.com

(HKEx stock code: 00716)

2016 Annual Results Announcement

30 March 2017

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Agenda

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

Corporate Profile

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- Singamas Container Holdings Limited (“Singamas” or “the Company”) is **the world’s second largest container manufacturer** and a major operator of container depots and terminals.
- The Company has been listed on the Hong Kong Stock Exchange since 1993.

Manufacturing Business

- Singamas manufactures a wide range of products including dry freight containers and specialised containers.
- 10 factories are located in the PRC, with a total annual capacity of around 1 mil TEUs[1] of dry freight and specialised containers (based on one extended shift) and 5,000 units of offshore containers.

Logistics Business

- Its logistics business includes container depots/terminals and a logistics company.
- 10 container depots/terminals, 8 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.

Dry Freight Container Industry Dynamics

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- Dry Freight Container demand is driven by trade / export volumes, not freight rates.
- Due to the downturn of many major economies which affected world trade and China's exports, new container demand was soft during the review period. The traditional seasonality trend was not obvious in these few years.
- Materials cost is the major determinant of container price – use cost-plus pricing model to set selling price.
- Corten steel, a high-grade hot-rolled steel product, accounts for 44% to 45% of total dry freight container production costs in these two years.
- Direct labour cost is increasing, it accounts for 8.4% of total production costs in 2016 vs 7.6% in 2015. Besides of the yearly increment on labour cost, the increase in proportion to the total production costs was also due to the lower material cost.
- To reduce VOC emission, container production in China will employ waterborne paint starting in April 2017 to replace traditional solvent borne paint, which may cause an increase in average selling price of about US$200 per Teu.
- Size of container fleet worldwide by end of 2016 was estimated to be 38 million TEUs (2015: 37.6 million TEUs), supporting 20.27 million TEUs (2015: 19.94 million TEUs) of shipping capacity. (Please refer to slide 11 for more details)

Specialised Container Industry Dynamics

- Specialised containers include 53’ US domestic, refrigerated, tank, offshore, flatrack and other non-dry freight containers.
- ASP of specialised containers and their corresponding margins dropped during the review year due to intense competition.
- In reference to the offshore container, demand remained weak due to the decline in oil exploration.

53’ US Domestic Container

Refrigerated Container

Tank Container

Offshore Container

Specialised Container Industry Dynamics

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Platform Container

Open-side Container

Container House

Singatech (Flatrack) Container

Bitutainer

Gas Pack Container

Open top Container

Bulk Container

20' Waste Container

Half-height Container

45' Container

48' Container

Container Solutions

- Besides traditional containers, Singamas cooperates with customers to offer tailor made design and production to suit customers' requirements.
- Singamas provides innovative, high quality and out-of-boundary container solutions which attract more non traditional shipping and leasing companies to place orders.

Office, staff quarters and canteen construction for a resort in Huizhou

Container Solutions

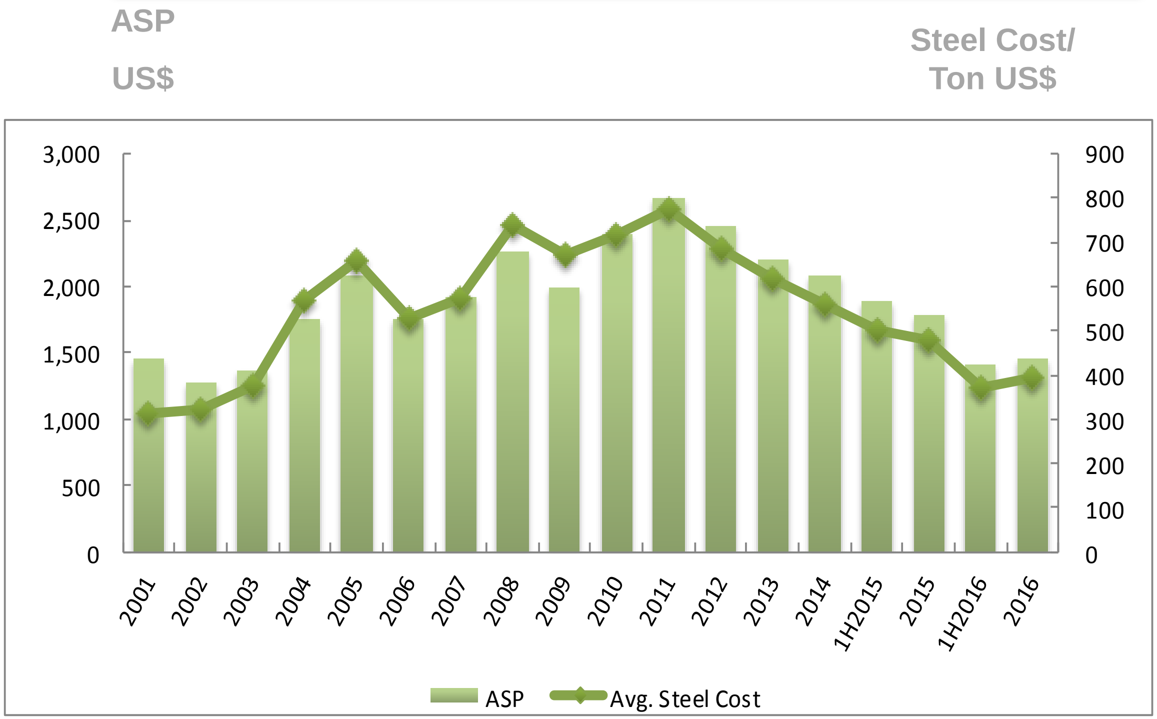
Office construction in Zhongshan

Car racks for facilitating new car transportation

Cowtainer for delivering livestock

Container Prices vs. Steel Prices

2001 – 2016 20ft. Dry Freight Container[1] Price (ASP[2]) vs. Average Steel Cost Per Ton



Note:

1. one 20' container normally requires 1.8 tons (including wastage) of steel.

2. ASP stands for average selling price of Singamas.

- FY2016 ASP of 20ft dry freight container fell to US$1,457, 18.6% lower than FY2015's US$1,789.
- The drop reflected the decline in raw material prices, particularly corten steel price.
- FY2016 average steel cost was US$392/ton, 18% lower than FY2015's US$478/ton.
- Steel price strongly picked up in last quarter of 2016 and expected to be stable in 2017.

Container Shipping Fleet Projections 2017-2020

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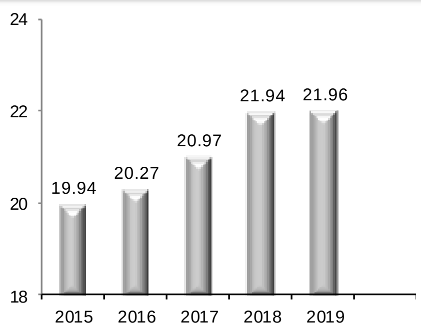
- In normal circumstances, the box to TEU slot ratio is 2x.
- That is, for every one new shipping slot, approximately 2 TEUs of new containers would be required.
- Shipping capacity in December 2015 was 19.94 million TEUs, slightly increased to 20.27million TEUs in December 2016 and projected to increase to 21.96 million TEUs by December 2019 (CAGR: 2.7%).
- New shipping slots supply are expected to reach the peak of 1.69 million TEUs in 2017. However, scrappings and de-cellings are estimated to be in high level for the coming years.
- Among new vessels to be delivered from 2017 to 2019, 173 vessels are with capacity of more than 10,000 TEUs, total shipping slots for these 173 vessels reached 2.61 million TEUs, representing more than half of the new capacity.

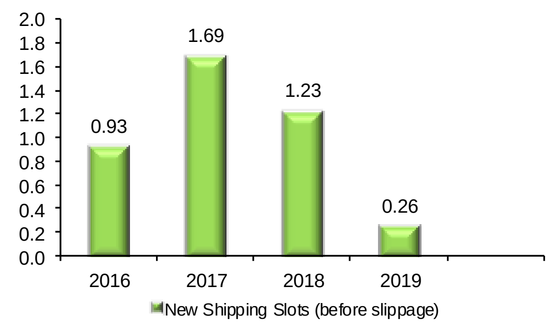
Shipping Capacity (in mil of TEUs)



Rise p.a. 1.5% 3.4% 4.7% 0.1%

Cellular Fleet as at 31 December

New Shipping Slots (in mil of TEUs)



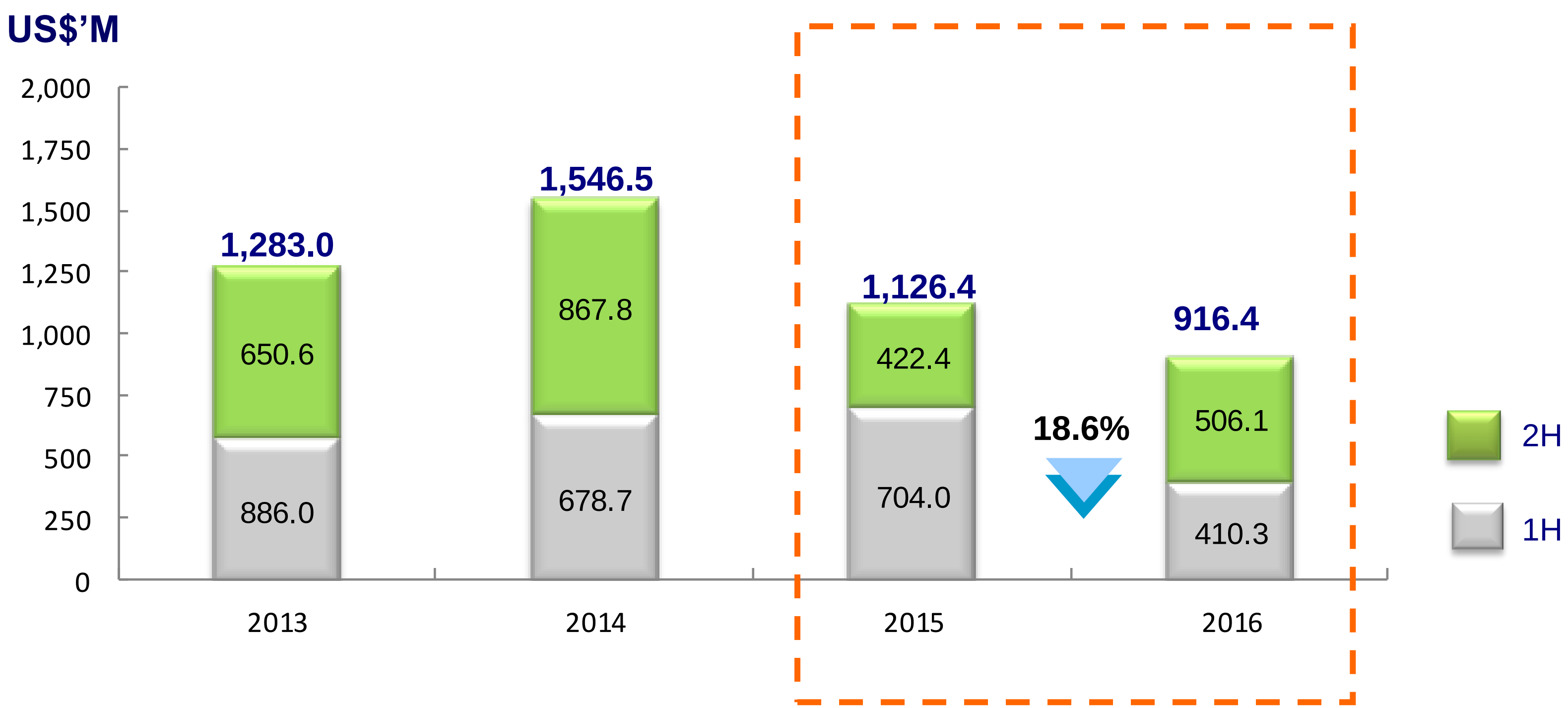
Note: Based on order book as at 1 January 2017. Forecast figures take into account delivery deferrals and slippage. Expected fleet size after provision for future scrappings and delivery slippage is based on the following assumptions:

i) Slippage: 30 ships for 250,000 TEUs planned for delivery in 2017 are assumed to be delayed to the following year; and

ii) Scrappings and de-cellings are estimated to reach 750,000 TEUs in 2017, 500,000 in 2018 and 250,000 TEUs in 2019.

Source: AXS-Alphaliner is a worldwide reference in liner shipping intelligence.

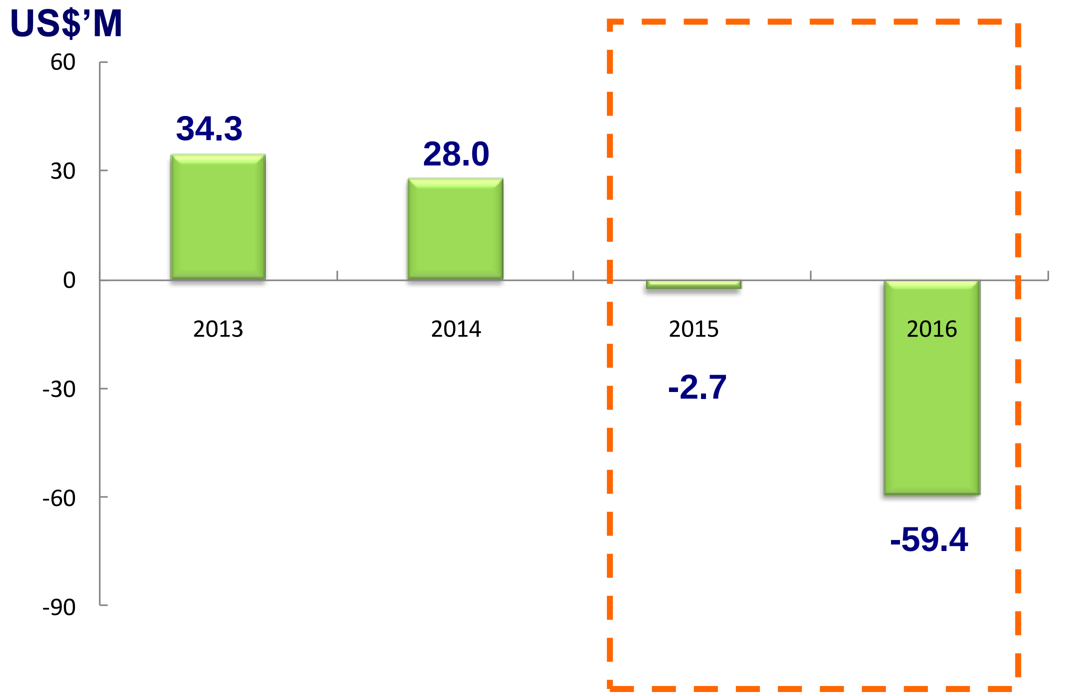
Financial Review: Revenue



For the year ended 31 December

- Consolidated revenue amounted to US$916.4 million, a decrease of 18.6% over the revenue of US$1,126.4 million in 2015. The global economic downturn has continued to affect world trade, which in turn impacted on the market demand for, and the ASP of new dry freight containers.

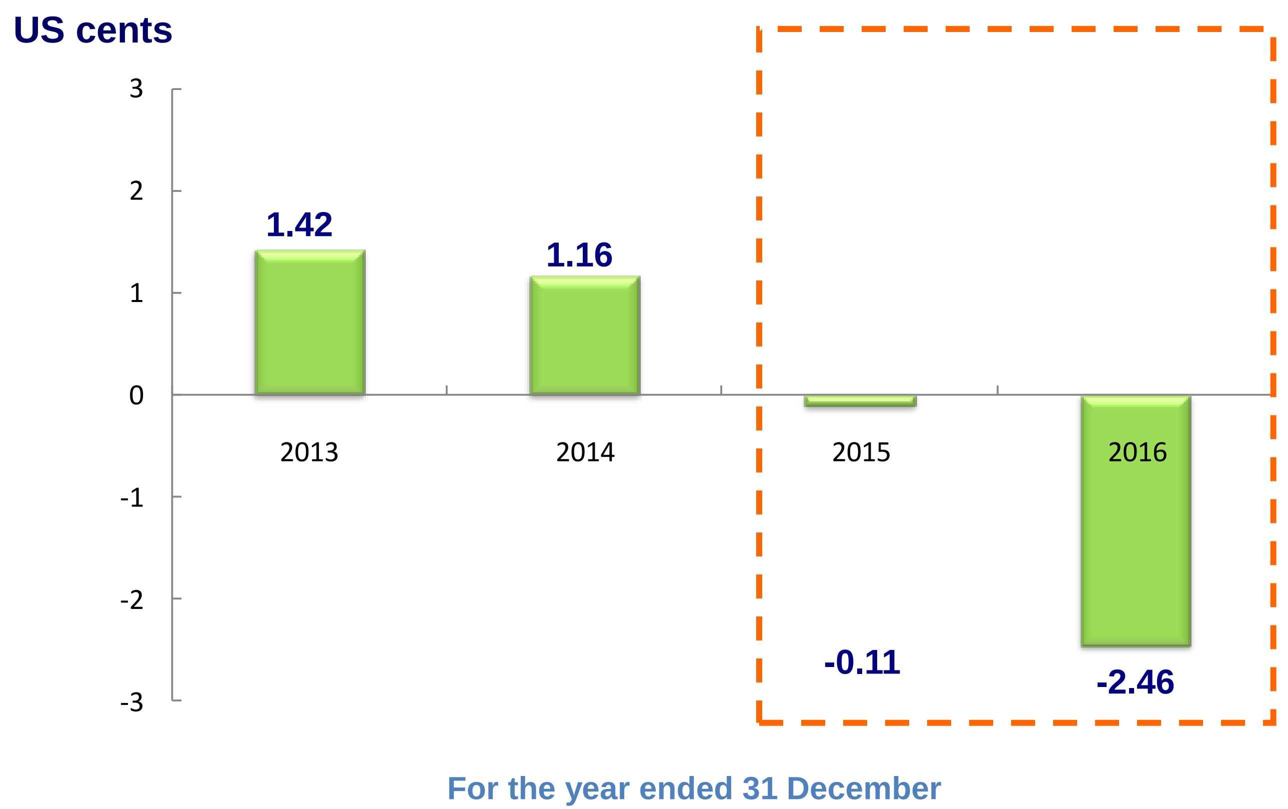
Financial Review: Consolidated Net Profit / Loss Attributable to Owners of the Company



For the year ended 31 December

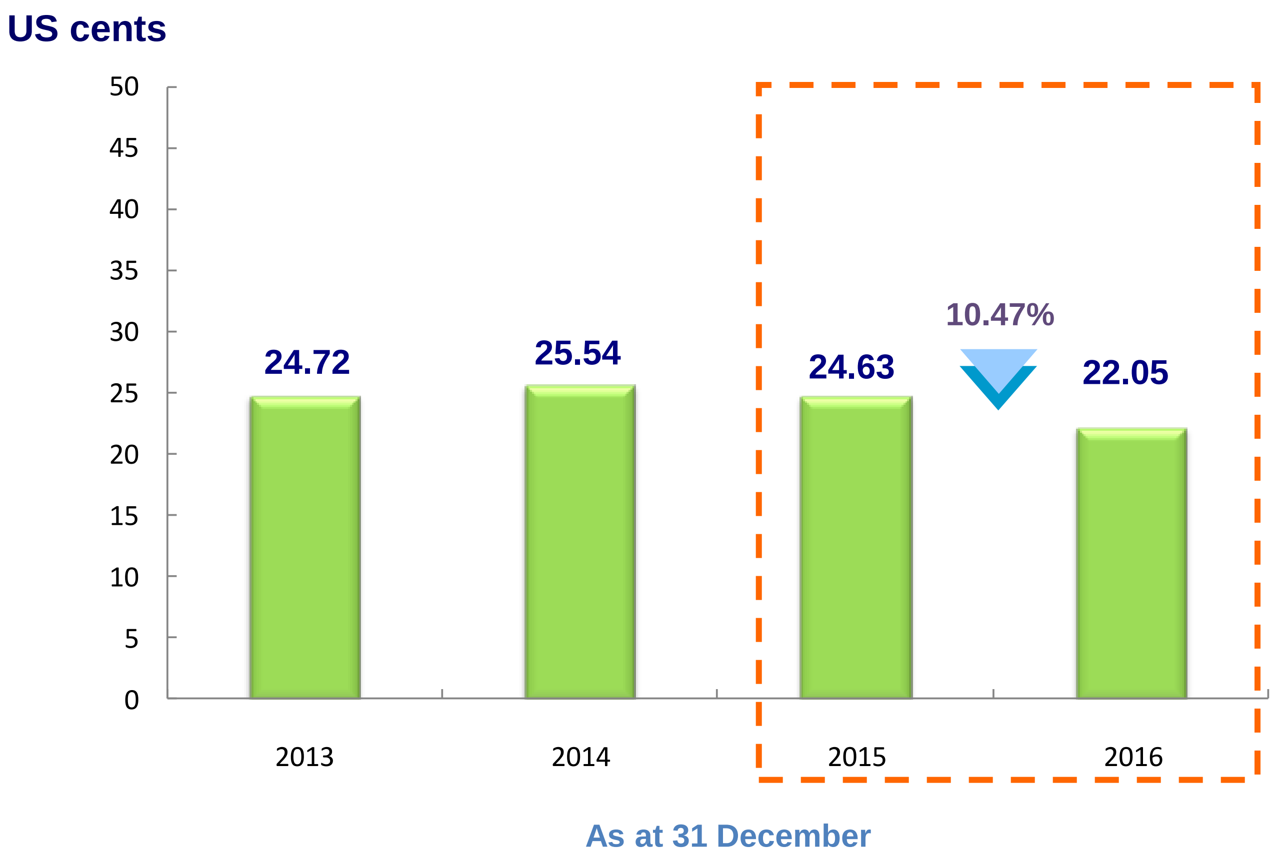
- Consolidated net loss attributable to owners of the Company amounted to US$59,434,000 (2015: net loss of US$2,723,000). The consolidated net loss including total of US$16,713,000 one off expenses as shown below:
  - Additional compensation made for Tianjin explosion (net of insurance claims) – US$6,650,000
  - Provision for Xiamen typhoon destruction – US$1,941,000
  - Loss generated from eliminating the interest in an associate – US$5,465,000
  - Impairment of goodwill – US$2,657,000

Financial Review:
Basic Earnings / Loss per Share



- Basic loss per share was US2.46 cents (2015: loss per share of US0.11 cents).
- The Board did not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: nil).

Financial Review:
Net Assets Value per Share



Business Review: Manufacturing

SINGAMAS

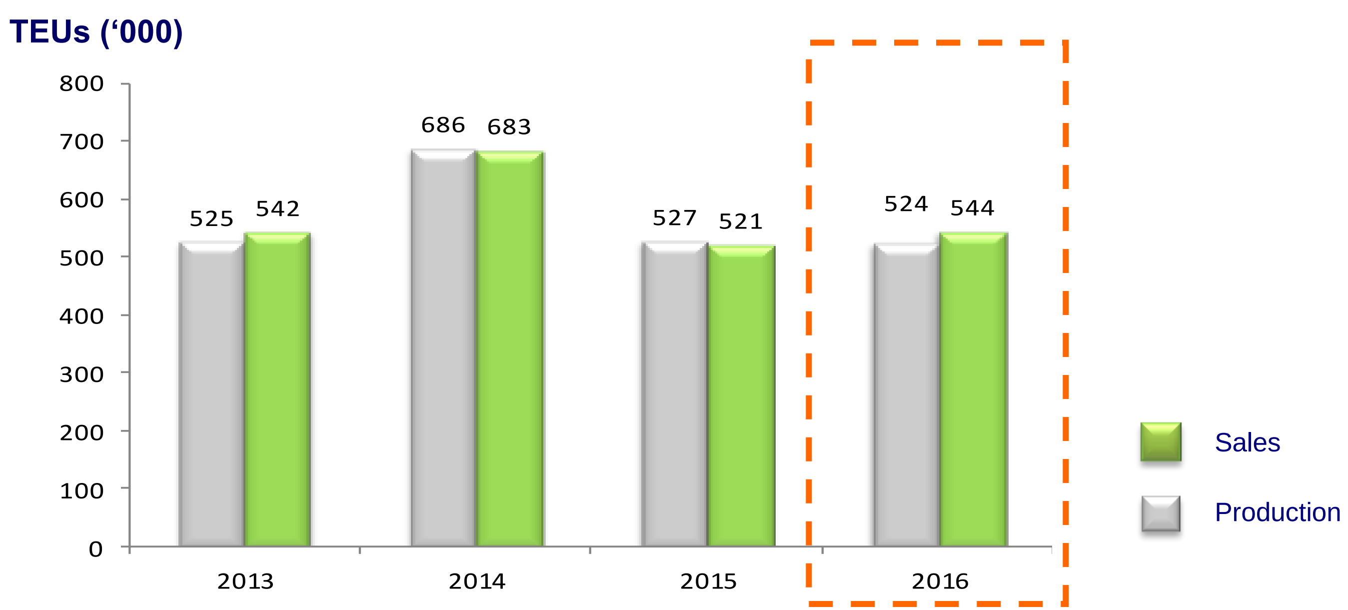
The Global Economic Downturn Affected World Trade and Demand of New Containers:

- Revenue fell by 19.5% to US$880,654,000 (2015: US$ 1,093,802,000).
- Pretax loss amounted to US$59,607,000 (2015: Pretax profit of US$2,120,000) as a result of decline in ASP of dry freight containers.

Well Managed Production Output and Sales Volume:

- As at 31 December 2016, the Group produced 523,785TEUs (2015: 526,893 TEUs) and sold 543,708 TEUs (2015: 520,684 TEUs).

Production Output and Sales Volume

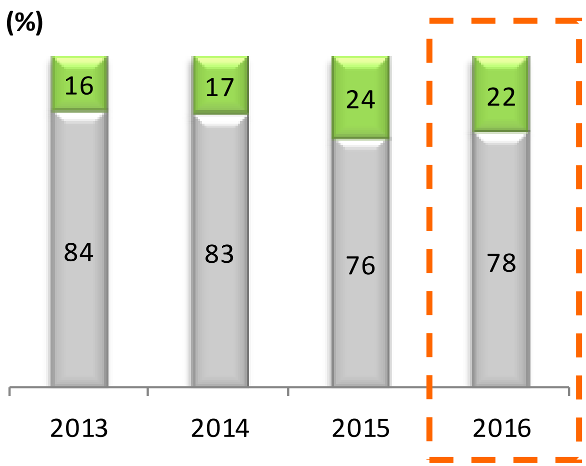


Business Review: Manufacturing

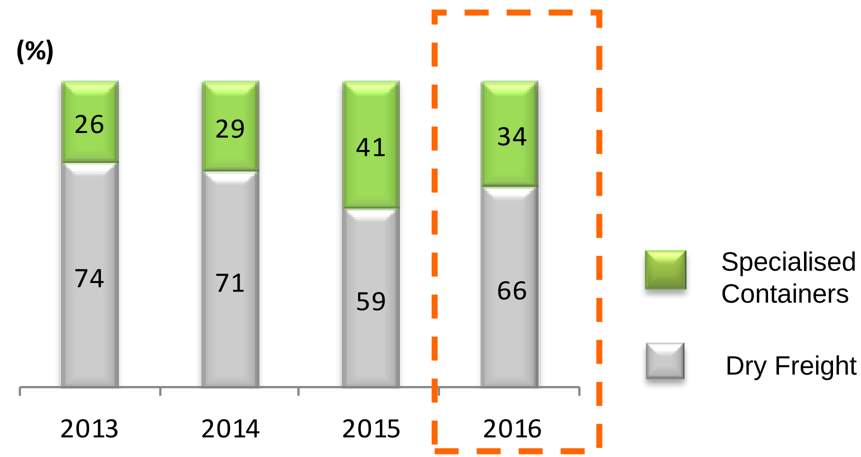
Diversifying Product Mix to Stabilise Income:

- To further diversify its businesses as well as providing a buffer against the trade driven volatile market for dry freight containers.
- More resources have been put on developing specialised containers to enhance competitiveness and adjustments were made to certain production facilities to better tap the specialised containers market.
- Revenue breakdown for dry freight and specialised containers was 66% and 34% respectively in 2016 (59% and 41% respectively in 2015). There was strong pick up in dry freight container demand in fourth quarter of 2016, thus it increased the proportion of the sales in dry freight containers.

Manufacturing Volume % Breakdown



Sales Revenue % Breakdown



Business Review: Manufacturing

News specialised container orders from China Railway and other local customers

- The Group attracted orders from China Railway and other local customers in China to provide tailor made container solutions to suit their needs, thus providing fresh impetus for the Group's penetration into the PRC market.

Offshore container business at Qidong factory

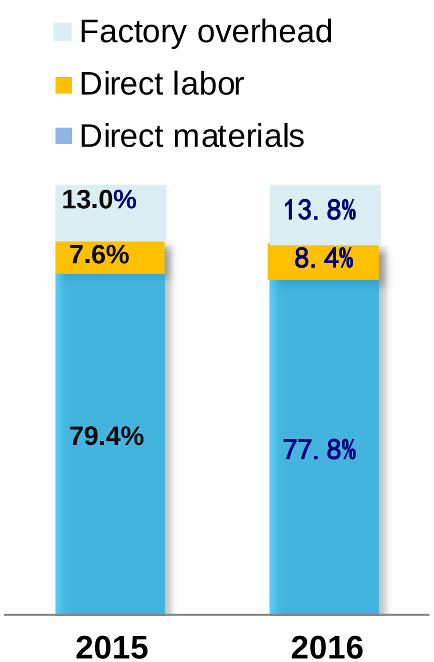
- Group's wholly-owned subsidiary Qidong Singamas Offshore Equipment Co., Ltd ("QSOE") has continued to develop high-specification containers which will extend the Group's reach to different market segments. Construction of the Qidong factory will help address demand resulting from the activities by QSOE – production is expected to commence in the second half of 2017.
- The Taicang factory has been relocated to Qidong, bringing all of the Group's skilled technicians under one roof and facilitating the development of new products.

New reefer factory in Qingdao

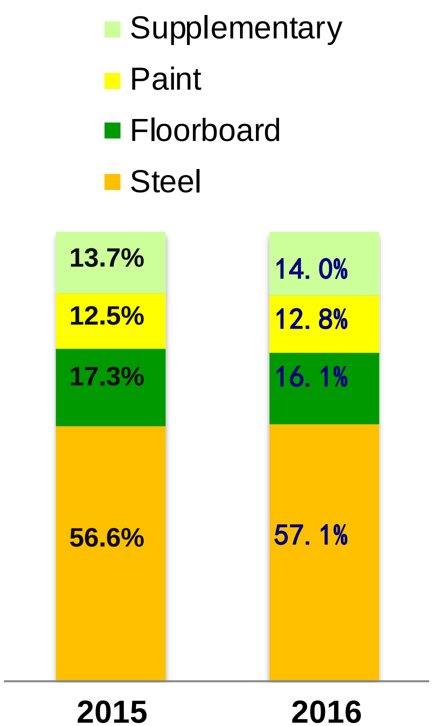
- The new reefer container factory in Qingdao is meeting construction milestones and will begin trial production by the end of 2017, and thereby support the refrigerated container business.

Business Review: Manufacturing

Production Costs of Dry Freight Containers



Breakdown of Direct Materials Costs



- Production costs for dry freight containers comprised of direct materials, direct labor and factory overhead.
- Direct material is the major cost component and steel, floorboard and paint are the three major raw materials used in dry freight container manufacturing.

Business Review:
Logistics Services – Container Depots & Terminals

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A stable source of income, however, affected by compensation made in relation to the Tianjin explosion incident:

- Revenue increased by 9.7% to US$35,779,000 (2015: US$ 32,612,000).
- Due to further compensation made in relation to the Tianjin explosion incident, amounting to US$6,650,000 (net of insurance claims), pretax profit of US$1,258,000 was recorded in 2016 versus US$6,815,000 in 2015.

Maintained stable handling and storage rate:

- A total of 3,734,000 TEUs were handled (2015: 3,098,000 TEUs).
- Average daily container storage increased to 138,000 TEUs (2015: 126,000 TEUs).
- Due to low business volume, the depot in Thailand has stopped operations since January 2016.

Handling, Repair and Storage Volumes

	2016			2015		
	Total Handling TEUs	Total Repair TEUs	Daily Storage TEUs	Total Handling TEUs	Total Repair TEUs	Daily Storage TEUs
PRC	3,557,471	635,383	126,406	2,564,581	497,741	114,420
Hong Kong	176,550	54,959	11,938	242,279	65,483	11,282
Thailand	-	-	-	56,125	22,802	787
TOTAL	3,734,021	690,342	138,344	3,097,788	586,026	126,489

Business Review:
Logistics Services – Container Depots & Terminals

Investment project in Guangxi:

- The Group, Guangxi Beibu Gulf International Port Group Ltd ("Guangxi Beibu Gulf) (廣西北部灣國際港務集團有限公司) and Port of Singapore hold 55%, 35% and 10% stake respectively in a joint venture for the development of a container freight station in Guangxi and to explore further cooperation in container manufacturing and the cold chain logistic business. During the year, the parties have initiated reclamation work on a property located in this region.
- Guangxi is a strategically significant location to benefit from the Chinese government's "One Belt, One Road" initiative that will create and promote long term regional growth in Guangxi and its surrounding cities. We believe this investment project holds potential growth of the Group's logistics business going forward.

Liquid tank logistics business in India:

- Singamas is on track to establish a liquid tank logistics operation (for industrial chemical liquid) in India. The Group has signed a joint venture agreement with Apollo Logisolutions Limited, a leading integrated logistics solutions provider in India, in March 2017 to form the joint venture.
- The Group will have a 30% stake in the joint venture.

Future Plans

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Industry Leadership Capabilities

- Enhance **Competitiveness and Production Efficiency** through ongoing automation
- Further develop **Higher-margin Specialised Containers** by increasing the product mix
- Continuous effort to develop **New Products** for meeting the ever changing requirements
- Strengthen **Market Network** and **Global Reputation**
- Further enhance **Logistics Business** by exploring opportunities in local and overseas markets
- Maintain **High Product Quality** and sustainable development
- Be a **Responsible Producer** by employing eco friendly Waterborne Paint in production, and to grab **Opportunities** that may bring in.

Appendix

Consolidated Income Statement I
(Classification Of Expenses By Nature)

	For the year ended 31 December 2016 US$'000	2015 US$'000
Revenue	**916,433**	1,126,414
Other income	**7,293**	4,802
Changes in inventories of finished goods and work in progress	**(32,262)**	(28,680)
Raw materials and consumables used	**(657,330)**	(807,774)
Staff costs	**(129,049)**	(127,530)
Depreciation and amortisation expense	**(33,741)**	(30,376)
Exchange gain	**1,042**	8,440
Other expenses	**(122,024)**	(128,734)
Finance costs	**(11,060)**	(10,663)
Investment income	**2,764**	5,086
Fair value gain (loss) of derivative financial instruments	**376**	(259)
Share of results of associates	**(1,201)**	(2,450)
Share of results of joint ventures	**410**	659
(Loss) Profit before taxation	**(58,349)**	8,935
Income tax expense	**(3,571)**	(10,287)
(Loss) for the year	**(61,920)**	(1,352)
Attributable to:		
Owners of the Company	**(59,434)**	(2,723)
Non-controlling interests	**(2,486)**	1,371
	(61,920)	(1,352)
(Loss) per share		
Basic	**US(2.46) cents**	US (0.11)cent
Diluted	**US(2.46) cents**	US (0.11)cent

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

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	For the year ended 31 December 2016 US$'000	2015 US$'000
Revenue	916,433	1,126,414
Cost of sales	875,784	1,038,679
Gross Profit	40,649	87,735
Other income	7,293	4,802
Selling and distribution expenses	(24,660)	(28,680)
General and administrative expenses	(73,962)	(55,735)
Exchange gain	1,042	8,440
(Loss) Profit from operations	(49,638)	16,562
Finance costs	(11,060)	(10,663)
Investment income	2,764	5,086
Fair value gain (loss) of derivative financial instruments	376	(259)
Share of results of associates	(1,201)	(2,450)
Share of results of joint ventures	410	659
(Loss) Profit before taxation	(58,349)	8,935
Income tax expense	(3,571)	(10,287)
(Loss) Profit for the year	(61,920)	(1,352)
Attributable to:		
Owners of the Company	(59,434)	(2,723)
Non-controlling interests	(2,486)	1,371
	(61,920)	(1,352)
(Loss) per share		
Basic	US (2.46) cents	US (0.11)cent
Diluted	US (2.46) cents	US (0.11)cent

Comprehensive Container Factory and Depot Network

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- **FACTORIES**
  - Currently the Group has 10 factories with 16 production lines
  - Manufacture of dry freight containers, refrigerated containers, 53' US domestic containers, tank containers, offshore containers and other specialised containers
  - Qidong Singamas Offshore Equipment Co. Ltd. ("QSOE") was established for the manufacture of offshore containers and now has begun developing other high-specification containers to enrich its product mix
  - The Taicang factory has been relocated to Qidong, bringing all of the Group's skilled technicians under one roof and facilitating the development of new products.

- **DEPOTS/TERMINALS**
  - Total yard size of approximate 1.2 million m^2
  - Total storage capacity of approximate 154,000 TEUs
  - Container storage and handling services, dry & reefer container maintenance and repair, CFS, cargo stuffing and unstuffing and other container related services

- **LOGISTICS**
  - Xiamen

Manufacturing

Location	Factories (effective equity stake)	Location	Date of Commercial Operations	No. of Production Lines		Annual Production Capacity TEUs *(Note 1)*		Products
				2015	2016	2015	2016	
The PRC	Tianjin Pacific (97%)	Tianjin	2002	1	1	80,000	80,000	■ Dry freight and specialised containers
	Qingdao Pacific (100%)	Qindao	2004	2	2	120,000	120,000	■ Dry freight, US domestic containers and other specialised containers
	Singamas Container Industry (75%)	Yixing	1994	2	2	30,000	30,000	■ Flatracks, bitutainers, pallet-wide containers, log carriers, other specialised containers and container components
	Shanghai Pacific (64.9%)	Shanghai	1990	1	1	10,000	10,000	■ Standard and offshore tank containers
	Shanghai Baoshan (77.2%)	Shanghai	2003	2	2	120,000	120,000	■ Dry freight, flatracks and other specialised containers
	Xiamen Pacific (100%) *(Note 1)*	Xiamen	1998	1	1	80,000	80,000	■ Dry freight containers
	Hui Zhou Pacific (91%)	Hui Zhou	2006	2	2	120,000	120,000	■ Dry freight, US domestic containers and other specialised containers
	Ningbo Pacific (100%)	Ningbo	2006	1	1	110,000	110,000	■ Dry freight containers
	Qidong Singamas (100%)	Qidong	2012	2	3	330,000	330,000	■ Dry freight, Refrigerated, US domestic containers and other specialised containers
	Qidong Pacific (100%)	Qidong	2013	*(Note 2)*	*(Note 2)*	*(Note 2)*	*(Note 2)*	■ Refrigerated containers
	Total Container Manufacturing (Note 1)			15	15	1,000,000	1,000,000	

Location	Factories (effective equity stake)	Location	Date of Commercial Operations	No. of Production Lines		Annual Production Capacity (units) *(Note 3)*		Products
				2015	2016	2015	2016	
The PRC	Qidong Offshore (100%)	Qidong	2014	1	1	5,000	5,000	■ Offshore containers

Notes:

1. *Annual production capacity is based on extended single shift.*
2. *Qidong Pacific has been merged into Qidong Singamas in July 2015 to achieve better efficiency.*
3. *The production capacity of Qidong Offshore is based on units, not TEUs.*

Container Depots / Terminals

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Location (Effective Equity Stake)		Date of Commencement	Yard size	Storage Capacity**	Services Provided
The PRC	Dalian(36.84%)	2000	160,000 sq. m	14,000 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	80,000 sq. m	8,000 TEUs	
	Qingdao(60%)	1994	138,340 sq. m	18,000 TEUs	
	Shanghai (40%)	2013	113,000 sq. m	12,600 TEUs	
	Qidong (100%)	2012	124,000 sq. m.	32,000 TEUs	
	Ningbo (40%)	1995	114,000 sq. m	17,500 TEUs	
	Xiamen (35%)	1996	262,000 sq. m	27,000 TEUs	
	Fuzhou (40%)	2003	83,500 sq. m	11,500 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	**1,181,340 sq.m**	**154,100 TEUs**	

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