SINGAMAS

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

2016 ANNUAL RESULTS ANNOUNCEMENT

ANNUAL RESULTS

The Board of Directors (the "Board"/ "Directors") of Singamas Container Holdings Limited (the "Company") would like to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	***2016 US$'000***	*2015 US$'000*
Revenue	*2*	***916,433***	1,126,414
Other income	*4*	***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	*4*	***(122,024)***	(128,734)
Finance costs		***(11,060)***	(10,663)
Investment income		***2,764***	5,086
Change in fair value 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	*5*	***(3,571)***	(10,287)
Loss for the year		***(61,920)***	(1,352)
Other comprehensive expense			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation		***(2,512)***	(10,387)
Other comprehensive expense for the year		***(2,512)***	(10,387)
Total comprehensive expense for the year		***(64,432)***	(11,739)

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

For the year ended 31 December 2016

	Notes	***2016*** ***US$'000***	*2015* *US$'000*
Loss for the year attributable to:			
Owners of the Company		***(59,434)***	(2,723)
Non-controlling interests		***(2,486)***	1,371
		(61,920)	(1,352)
Total comprehensive expense attributable to:			
Owners of the Company		***(61,613)***	(12,770)
Non-controlling interests		***(2,819)***	1,031
		(64,432)	(11,739)
Loss per share	*7*		
Basic		**US*(2.46)* cents**	US(0.11) cent
Diluted		**US*(2.46)* cents**	US(0.11) cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	**2016** **US$'000**	*2015* *US$'000*
Non-current assets			
Property, plant and equipment	*8*	***349,195***	359,855
Goodwill		***3,589***	6,246
Interests in associates		***41,931***	43,983
Interests in joint ventures		***20,833***	22,391
Available-for-sale investment		***6,608***	6,608
Amounts due from joint ventures		-	6,006
Amount due from an associate		-	10,000
Derivative financial instruments		***350***	-
Prepaid lease payments		***71,672***	64,473
Deposits for non-current assets		***19,183***	22,364
		513,361	541,926
Current assets			
Inventories	*9*	***136,819***	157,207
Trade receivables	*10*	***209,163***	146,765
Prepayments and other receivables	*11*	***85,381***	41,910
Amount due from immediate holding company		***281***	44
Amounts due from fellow subsidiaries		***55,184***	31,006
Amounts due from joint ventures		***3***	1,070
Amounts due from associates		***13,970***	534
Derivative financial instruments		***6***	-
Tax recoverable		***756***	1,335
Prepaid lease payments		***1,694***	1,517
Bank balances and cash		***209,009***	242,726
		712,266	624,114

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2016

	Notes	***2016 US$'000***	*2015 US$'000*
Current liabilities			
Trade payables	*12*	***131,745***	85,108
Bills payable	*13*	***80,701***	22,755
Accruals and other payables		***57,326***	81,554
Amount due to immediate holding company		***-***	16
Amounts due to associates		***366***	132
Amounts due to joint ventures		***15***	46
Tax payable		***4,682***	5,538
Bank borrowings		***274,812***	70,000
		549,647	265,149
Net current assets		***162,619***	358,965
Total assets less current liabilities		***675,980***	900,891
Capital and reserves			
Share capital	*14*	***268,149***	268,149
Accumulated profits		***221,799***	282,846
Other reserves		***43,066***	44,287
Equity attributable to owners of the Company		***533,014***	595,282
Non-controlling interests		***44,806***	52,379
Total equity		***577,820***	647,661
Non-current liabilities			
Bank borrowings		***90,728***	245,000
Derivative financial instruments		***-***	20
Deferred tax liabilities		***7,432***	8,210
		98,160	253,230
		675,980	900,891

Notes:

1. *Significant accounting policies*

The consolidated financial statements have been prepared on the historical cost basis except for the derivative financial instrument, which is measured at fair value.

In the current year, the Group has applied the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012-2014 Cycle*

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective.

HKFRS 9	*Financial Instruments*[1]
HKFRS 15	*Revenue from Contracts with Customers and the Related Amendments*[1]
HKFRS 16	*Leases*[2]
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 7	*Disclosure Initiative*[4]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[4]

[1] *Effective for annual periods beginning on or after 1 January 2018.*
[2] *Effective for annual periods beginning on or after 1 January 2019.*
[3] *Effective for annual periods beginning on or after a date to be determined.*
[4] *Effective for annual periods beginning on or after 1 January 2017.*

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 are described as follows:

- *All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair values at the end of* *subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.*

- *With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.*

- *In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.*

- *The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.*

Based on the Group's financial instruments and risk management policies as at 31 December 2016, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- *Step 1: Identify the contract(s) with a customer*
- *Step 2: Identify the performance obligations in the contract*
- *Step 3: Determine the transaction price*
- *Step 4: Allocate the transaction price to the performance obligations in the contract*
- *Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation*

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of US$5,382,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

The directors of the Company do not anticipate that the application of other new amendments to HKFRSs will have significant impact on the Group's consolidated financial statements.

The financial information relating to the years ended 31 December 2015 and 2016 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. The financial statements for the year ended 31 December 2016 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course. The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by the Hong Kong Companies Ordinance. The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2015. The auditor's report was unqualified and 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 include a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap 622).

2. *Revenue*

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

	2016	*2015*
	US$'000	*US$'000*
Manufacturing	***880,654***	1,093,802
Logistics services	***35,779***	32,612
	916,433	1,126,414

3. *Segment information*

Information reported to the Group's chief operating decision maker (i.e. Chief Executive Officer) for the purpose 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.

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:

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

2016	***Manufacturing***	***Logistics services***	***Sub-total***	***Eliminations***	***Total***
	US$'000	***US$'000***	***US$'000***	***US$'000***	***US$'000***
REVENUE					
External sales	***880,654***	***35,779***	***916,433***	***-***	***916,433***
Inter-segment sales	***-***	***5,881***	***5,881***	***(5,881)***	***-***
Total	***880,654***	***41,660***	***922,314***	***(5,881)***	***916,433***
	Inter-segment sales are charged at prevailing market prices.				
SEGMENT RESULTS	***(50,545)***	***907***	***(49,638)***	***-***	***(49,638)***
Finance costs					***(11,060)***
Investment income					***2,764***
Change in fair value of derivative financial instruments					***376***
Share of results of associates					***(1,201)***
Share of results of joint ventures					***410***
Loss before taxation					***(58,349)***

2015	*Manufacturing* US$'000	*Logistics services* US$'000	*Sub-total* US$'000	*Eliminations* US$'000	*Total* US$'000
REVENUE					
External sales	1,093,802	32,612	1,126,414	-	1,126,414
Inter-segment sales	-	7,475	7,475	(7,475)	-
Total	1,093,802	40,087	1,133,889	(7,475)	1,126,414

Inter-segment sales are charged at prevailing market prices.

SEGMENT RESULTS	10,888	5,674	16,562	-	16,562
Finance costs					(10,663)
Investment income					5,086
Change in fair value of derivative financial instruments					(259)
Share of results of associates					(2,450)
Share of results of joint ventures					659
Profit before taxation					8,935

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

Segment assets and liabilities

The following is an analysis of the Group's total assets and total liabilities by reportable and operating segment:

2016	*Manufacturing* US$'000	*Logistics services* US$'000	*Total* US$'000
ASSETS			
Segment assets	***815,603***	***61,093***	***876,696***
Interests in associates			***41,931***
Interests in joint ventures			***20,833***
Unallocated corporate assets			***286,167***
Consolidated total assets			***1,225,627***
LIABILITIES			
Segment liabilities	***254,936***	***14,836***	***269,722***
Unallocated corporate liabilities			***378,035***
Consolidated total liabilities			***647,807***
OTHER INFORMATION			
Amounts included in the measure of segment profit or loss or segment assets:			
Additions of capital expenditure	***28,418***	***2,052***	***30,470***
Depreciation and amortisation	***30,190***	***3,551***	***33,741***
Gain (loss) on disposal of property, plant and equipment	***408***	***(3)***	***405***
Loss on property, plant and equipment written off	***(49)***	***(238)***	***(287)***

2015	*Manufacturing US$'000*	*Logistics services US$'000*	*Total US$'000*
ASSETS			
Segment assets	737,297	63,040	800,337
Interests in associates			43,983
Interests in joint ventures			22,391
Unallocated corporate assets			299,329
Consolidated total assets			1,166,040
LIABILITIES			
Segment liabilities	175,498	13,919	189,417
Unallocated corporate liabilities			328,962
Consolidated total liabilities			518,379
OTHER INFORMATION			
Amounts included in the measure of segment profit or loss or segment assets:			
Additions of capital expenditure	41,156	1,009	42,165
Depreciation and amortisation	26,859	3,517	30,376
Gain on disposal of property, plant and equipment	3,044	377	3,421
Loss on property, plant and equipment written off	(105)	(6)	(111)

The amounts included in other information are part of the reportable and operating segments.

For the purposes of monitoring segment performances and allocating resources between segments:

- *all assets are allocated to operating segments other than interests in associates, interests in joint ventures and unallocated corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segments; and*

- *all liabilities are allocated to operating segments other than unallocated corporate liabilities, which included current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.*

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services (after elimination of inter-segment sales):

	2016 US$'000	*2015 US$'000*
Manufacturing:		
Dry freight containers	***584,341***	644,627
Refrigerated containers	***84,156***	155,592
Tank containers	***56,303***	111,247
US domestic containers	***77,972***	121,648
Other specialised containers and container parts	***77,882***	60,688
Logistics services	***35,779***	32,612
	916,433	1,126,414

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC"). The Group's manufacturing division is located in the PRC. Logistics services division is located in Hong Kong and the PRC.

The following table provides an analysis of the Group's revenue by geographical market based on the location of customers, irrespective of the origin of the goods/services:

	2016	*2015*
	US$'000	*US$'000*
United States of America	***320,676***	423,386
Hong Kong	***155,859***	197,952
Europe	***143,970***	186,321
Singapore	***112,526***	24,007
PRC	***81,650***	138,534
Taiwan	***32,138***	48,568
Others	***69,614***	107,646
	916,433	1,126,414

The following is an analysis of the carrying amount of segment assets and non-current assets, other than financial instruments, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		***Carrying amount of non-current assets other than financial instruments***	
	2016	*2015*	***2016***	*2015*
	US$'000	*US$'000*	***US$'000***	*US$'000*
PRC	***849,186***	762,103	***459,042***	465,647
Hong Kong	***27,463***	38,106	***16,713***	15,433
Others	***47***	128	***30,648***	38,232
	876,696	800,337	***506,403***	519,312

Information about major customers

Revenue from customers contributing over 10% of the total sales of the Group are mainly derived from the manufacturing segment. In 2016, one customer (2015: no customer) contributes over 10% of the total sales amounting to US$128,272,000.

4. Other income and other expenses

Included in other income was the compensation received from insurance claim, amounting to RMB25,650,000 (equivalent to US$3,875,000) for the explosion took place on 12 August 2015 in Tianjin Port in the Binhai New Area of Tianjin ("Tianjin Explosion"), in which a building in the depot of the Group which is located next to the Tianjin Port was damaged, and part of those containers kept on behalf of the customers were destroyed.

Included in other expenses were the following extraordinary expenses:

	2016	*2015*
	US$'000	*US$'000*
Impairment of goodwill	***2,657***	-
Adjustment of goodwill of an associate	***5,465***	-
Provision for Tianjin explosion	***10,525***	2,402
Provision for Xiamen typhoon destruction	***1,941***	-
	20,588	2,402

5. Income tax expense

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

PRC Enterprise Income Tax has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC in which the Group operates.

	2016	*2015*
	US$'000	*US$'000*
Current tax:		
Hong Kong Profits Tax		
- Current year	***3***	48
- Prior years overprovision	***(5)***	(8)
	(2)	40
PRC Enterprise Income Tax		
- Current year	***4,293***	11,629
- Prior years under (over) provision	***58***	(176)
	4,351	11,453
Deferred tax:		
Current year credit	***(778)***	(1,206)
Income tax expense for the year	***3,571***	10,287

6. *Dividends*

	2016	*2015*
	US$'000	*US$'000*
Dividends recognised as distributions during the year:		
Interim in respect of current financial year, paid – Nil (2015: HK1.5 cents) per ordinary share	-	4,677
Final in respect of the previous financial year, paid – Nil (2015: HK1.5 cents) per ordinary share	-	4,677
	-	9,354

Subsequent to the end of the reporting period, no final dividend in respect of the year ended 31 December 2016 and 2015 has been proposed by the directors of the Company.

7. *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:

	2016	*2015*
	US$'000	*US$'000*
Loss:		
Loss for the purposes of calculating basic and diluted loss per share	***(59,434)***	(2,723)
Number of shares:		
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	***2,416,919,918***	2,417,371,973

The computation of diluted loss per share for the year ended 31 December 2016 does not assume the exercise of the Company's outstanding share options, as the exercise price of those options are higher than the average market price per share for 2016, and therefore, was anti-dilutive to the loss per share.

8. *Movements in property, plant and equipment*

During the year, the Group spent US$14,376,000 (2015: US$31,088,000) for upgrading its existing manufacturing and logistics services facilities and US$6,125,000 (2015: Nil) for the construction of new factories.

9. Inventories

	2016	*2015*
	US$'000	*US$'000*
Raw materials	***81,285***	69,412
Work in progress	***24,602***	23,760
Finished goods	***30,932***	64,035
	136,819	157,207

The entire carrying amounts of inventories as at 31 December 2016 and 2015 are expected to be recovered within the next twelve months.

10. Trade receivables

	2016	*2015*
	US$'000	*US$'000*
Trade receivables	***209,774***	147,418
Less : allowance for doubtful debts	***(611)***	(653)
Total trade receivables	***209,163***	146,765

A defined credit policy is maintained within the Group. The credit terms are agreed with each of its trade customers depending on the creditworthiness of the customers ranging from 30 days to 120 days (2015: 30 days to 120 days).

The aged analysis of trade receivables net of allowance for doubtful debts, 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:

	2016	*2015*
	US$'000	*US$'000*
0 to 30 days	***114,882***	101,864
31 to 60 days	***58,222***	30,124
61 to 90 days	***17,816***	8,046
91 to 120 days	***2,667***	610
Over 120 days	***15,576***	6,121
	209,163	146,765

The Group assessed the credit quality of trade receivables based on historical default rates and the creditworthiness of the customers. An aggregate amount of US$167,693,000 was subsequently settled.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of US$52,284,000 (2015: US$23,065,000) which are past due at the reporting date for which the Group has not provided for allowance. The Group does not hold any collateral over these balances. The Group has assessed the creditworthiness and historical default rates of these customers, trade receivables that are past due but not impaired have very low historical default rates and have high credit-rating within the industry. In this regard, the directors of the Company considered that the default risk is low.

The aged analysis, based on invoice date of each transaction, of trade receivables which are past due but not impaired is as follows:

	2016	*2015*
	US$'000	*US$'000*
31 to 60 days	***17,593***	8,389
61 to 90 days	***16,448***	8,027
91 to 120 days	***2,666***	582
Over 120 days	***15,577***	6,067
	52,284	23,065

Movement in the allowance for doubtful debts:

	2016	*2015*
	US$'000	*US$'000*
Balance at the beginning of the year	***653***	**-**
Provision for doubtful debts recognised on receivables	**-**	653
Translation difference	***(42)***	-
Balance at the end of the year	***611***	653

11. Prepayments and other receivables

As at 31 December 2016, prepayments and other receivables included advanced of US$47,273,000 (2015: US$11,528,000) to certain suppliers as deposits for raw materials purchases. The remaining balance was mainly included refundable value added tax and other advance payments. The entire amount is expected to be recovered/ realised within the next twelve months.

12. Trade payables

The aged analysis, based on the invoice date of each transaction, of trade payables at the end of the reporting period is as follows:

	2016	*2015*
	US$'000	*US$'000*
0 to 30 days	***66,684***	47,378
31 to 60 days	***31,255***	21,303
61 to 90 days	***16,363***	9,368
91 to 120 days	***10,169***	5,160
Over 120 days	***7,274***	1,899
	131,745	85,108

The average credit period on purchases of goods is 58 (2015: 52) days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

13. Bills payable

The aged analysis, based on issuance date of each bills, of bills payable at the end of the reporting period is as follows:

	2016	*2015*
	US$'000	*US$'000*
0 to 30 days	***29,241***	5,946
31 to 60 days	***16,603***	6,898
61 to 90 days	***12,540***	3,330
91 to 120 days	***6,474***	4,834
Over 120 days	***15,843***	1,747
	80,701	22,755

14. Share capital

	Number of shares		***Share Capital***			
	2016	*2015*	***2016***	***2016***	*2015*	*2015*
			US$'000	***HK$'000***	*US$'000*	*HK$'000*
Issued and fully paid:						
At beginning of the year	***2,416,919,918***	2,418,419,918	***268,149***	***2,078,513***	268,149	2,078,513
Share repurchase (Note)	**-**	(1,500,000)	**-**	**-**	-	-
At end of the year	***2,416,919,918***	2,416,919,918	***268,149***	***2,078,513***	268,149	2,078,513

Note:
For the year ended 31 December 2015, the Company purchased 1,000,000 of its own ordinary shares of the Company on 22 January 2015 at the highest and lowest prices of HK$1.22 and HK$1.20 per share respectively. The aggregate purchase price paid for the share repurchase was approximately HK$1,206,160 (equivalent to US$157,000). The share repurchase represented approximately 0.0413% of the total number of issued shares of the Company immediately prior to such repurchase. The Company purchased 500,000 of its own ordinary shares of the Company on 7 September 2015 at the highest and lowest prices of HK$1.05 and HK$1.00 per share respectively. The aggregate purchase price paid for the share repurchase was approximately HK$517,560 (equivalent to US$67,000). The share repurchase represented approximately 0.0207% of the total number of issued shares of the Company immediately prior to such repurchase. The Company has cancelled these 1,500,000 ordinary shares on 30 January 2015 and 30 September 2015 respectively.

BUSINESS REVIEW

During the review year, the container industry continued to be affected by the downturn of the global economy. The Group was inevitably impacted by such economic doldrums with consolidated revenue falling to US$916,433,000 (2015: US$1,126,414,000). Consolidated net loss attributable to owners of the Company amounted to US$59,434,000 (2015: net loss of US$2,723,000). The aforesaid consolidated net loss for the year ended 31 December 2016 including additional compensation made in connection with the Tianjin explosion incident and other one-off expenses. Basic loss per share amounted to US2.46 cents compared with loss per share of US0.11 cent in 2015.

The global economic downturn has been continuing since the second half of 2015, disrupting world trade, which included exports from the People’s Republic of China (“PRC”), consequently affecting market demand for, and the average selling price (“ASP”) of new dry freight containers. Further curbing demand has been the postponement of new container vessel deliveries since 2015.

Manufacturing

For much of the review year, demand for new containers remained lacklustre. This was due, on a macro level, to the aforementioned factors of a weak global economy and decline in exports, while on a micro level, major mergers and acquisitions by a number of shipping companies and container leasing operators created market uncertainties that further impaired container demand. Consequently, revenue fell to US$880,654,000 versus US$1,093,802,000 in 2015 – accounting for 96% of the Group’s total revenue. Segment loss before taxation and non-controlling interests amounted to US$59,607,000, compared with a segment profit before taxation and non-controlling interests of US$2,120,000 in last year.

The manufacturing operation produced 523,785 twenty-foot equivalent units (“TEUs”) for the year ended 31 December 2016, slightly dropped by 0.6% from 526,893 TEUs in the preceding year. Total sales volume amounted to 543,708 TEUs versus 520,684 TEUs in 2015 – a reflection of our ability to capture a greater share of the dry freight container market. However, the ASP of a 20’ dry freight container fell from US$1,789 in 2015 to US$1,457 in 2016, due to a significant decline in the price of corten steel and generally weak market demand. Dry freight containers accounted for 66% of manufacturing revenue with the remaining 34% derived from specialised containers (2015: 59% and 41%).

With regards to the specialised container business, the ASP declined owing to intense competition which also negatively impacted on the margin of such containers. Despite the less favourable return from specialised containers, we were able to attract 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 our penetration into the PRC market. This also aligns with the management’s objective of capitalising on an emerging and modernising railway system that will serve as backbone for the PRC government’s “One Belt, One Road” (“OBOR”) initiative.

In reference to the Group's offshore container interest, demand remained weak due to the decline in oil exploration. Despite of this, the Group's wholly-owned subsidiary Qidong Singamas Offshore Equipment Co., Ltd ("QSOE") – a specialist in the production of internationally certified quality offshore containers – has continued to develop other high-specification containers which will extend the Group's reach to different market segments.

On the production front, construction of the offshore container factory in Qidong will help address demand resulting from the abovementioned activities by QSOE – production is expected to commence in the second half of 2017. Worth noting as well, the Taicang factory has been relocated to Qidong, thus bringing all of the Group's skilled technicians under one roof and facilitating the development of new products. While in Qingdao, the Group's new reefer container factory is meeting construction milestones and will begin trial production by the end of 2017, and thereby support the refrigerated container business in northern China.

Logistics Services

Representing a steady source of income, logistic services continued to perform stably during the review year, generating US$35,779,000 in revenue (2015: US$32,612,000). However, owing to further compensation made in relation to the Tianjin explosion incident, amounting to US$6,650,000 (net of insurance claims of US$3,875,000), a segment profit before taxation and non-controlling interests of US$1,258,000 was recorded, as compared to US$6,815,000 as reported last year. Our Group handled 3,734,000 TEUs in the year 2016 (2015: 3,098,000 TEUs), while average daily storage reached 138,000 TEUs, which is similar to last year at 126,000 TEUs.

In respect of the joint venture between the Group, Guangxi Beibu Gulf International Port Group Ltd. and Port of Singapore, the parties have initiated reclamation work on a property located in the Qinzhou port area. This area is of strategic importance as it is among the sites that will benefit from the OBOR initiative, an undertaking that holds enormous opportunities for the logistics sector which the tripartite alliance will make every effort to seize.

PROSPECTS

The ever changing global economy will continue to create both challenges and opportunities for the container industry in the coming financial year. In respect of the former, the arrival of a new administration to the Oval Office in the United States, which holds a hawkish stance towards trade, could potentially lead to a major shake-up of established norms leading to downward pressure on the world economy. As for the latter, a changing environment that is favourable for steel and petroleum production could help support a rise in the ASP of dry freight containers and increase demand for offshore containers respectively.

Within the PRC, the policy among industry players to employ waterborne paint starting in April 2017 has spurred certain shipping and leasing companies to place advance orders in order to avoid shortage of container supply during production suspension period. We have consequently become one of the beneficiaries and our books are full until March 2017. To meet the aforementioned policy requirements, we will be suspending certain production lines in the second quarter of 2017 for approximately 2 months to make appropriate modifications. This downtime, which will also affects our peers, will lead to a general decline in output and potentially a new supply-demand equilibrium being established, with the ASP of containers possibly strengthening due to lower inventory available.

With respect to the logistics services business, we are on track to establish a liquid tank logistics operation (for industrial chemical liquid) in India. We have signed a joint venture agreement with Apollo Logisolutions Limited, a leading integrated logistics solutions provider in India, in March 2017 to form a joint venture. The Group will have a 30% stake in the joint venture.

DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 31 December 2016 and 2015.

CLOSURE OF REGISTER OF MEMBERS

The 2017 Annual General Meeting of the Company is scheduled to be held on Thursday, 22 June 2017 (the "AGM"). For the purposes of determining shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed as set out below:

Latest time to lodge transfer documents for registration with the Company's share registrar	At 4:30 pm on Friday, 16 June 2017
Closure of register of members	Monday, 19 June 2017 to Thursday, 22 June 2017 (both dates inclusive)
Record date	Monday, 19 June 2017

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than the aforementioned latest time.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal controls and financial reporting matters including a review of the annual financial statements for the year ended 31 December 2016 ("Annual Report").

During the year under review, the Committee met three times.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

TRANSFER TO RESERVES

Pursuant to the legal requirements in the PRC and the appropriation agreed in the subsidiaries, associates and joint ventures, aggregate amounts of US$1,500,000 and US$113,000 have been transferred to general reserve and development reserve of the Group, respectively during the year.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE CODE

For the year ended 31 December 2016, the Company has consistently adopted and complied with the applicable code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as guidelines to reinforce our corporate governance principles, except for one deviation which is summarised below:

Code Provision A.2.1 – As Mr. Teo Siong Seng took up both roles as the Chairman of the Board and the Chief Executive Officer of the Company, the roles of chairman and chief executive officer are not separated. The Board considers that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions efficiently and consistently.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry of the directors, all of the directors have complied with, for any part of the accounting period covered by the Annual Report, the required standard as set out in the Model Code.

By Order of the Board
Singamas Container Holdings Limited
Teo Siong Seng
Chairman and Chief Executive Officer

Hong Kong, 30 March 2017

The Directors as at the date of this announcement are Mr. Teo Siong Seng, Mr. Chan Kwok Leung, Mr. Teo Tiou Seng and Ms. Chung Pui King, Rebecca as executive Directors, Mr. Kuan Kim Kin and Mr. Tan Chor Kee as non-executive Directors and Mr. Cheng Fu Kwok, David, Mr. Lau Ho Kit, Ivan, Mr. Ong Ka Thai and Mr. Yang, Victor as independent non-executive Directors.