STRATEGIC FINANCIAL RELATIONS LIMITED
縱橫財經公關顧問有限公司

[For Immediate Release]

SINGAMAS ANNOUNCES 2016 ANNUAL RESULTS

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SEIZE OPPORTUNITIES IN STRATEGICALLY PLANNED LOGISTICS SERVICES BUSINESS

(Hong Kong, 30 March 2017) – World-leading container manufacturer and logistics services provider **Singamas Container Holdings Limited** ("Singamas" / the "Group") (stock code: 716) has today announced its annual results for the year ended 31 December 2016.

During the review year, the container industry continued to be affected by the downturn of the global economy, with market demand and the average selling price ("ASP") of new dry freight containers remaining under pressure. 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), including additional compensation in connection with the Tianjin explosion incident and other one-off expenses.

Mr. Teo Siong Seng, Chairman of Singamas, said, "Despite the market downturn, we remained unwavering in our commitment to strengthening our competitiveness by continuously enhancing our production facilities and efficiencies. What's more, we continued to increase our customer base and explored different types of business partnerships, and thereby laying a stronger foundation for the Group to grasp opportunities once the market makes a turnaround."

MANUFACTURING

Due to a weak global economy and decline in exports, as well as market uncertainties created by the major mergers and acquisitions by a number of shipping companies and container leasing operators, market demand for new containers remained lacklustre for much of the review year. Moreover, the ASP of a 20' dry freight container fell from US$1,789 in 2015 to US$1,457 in 2016, owing to a significant decline in the price of corten steel and generally weak market demand. Consequently, revenue from the manufacturing operation fell to US$880,654,000 (2015: US$1,093,802,000), accounting for 96% of the Group's total revenue. Segment loss before taxation and non-controlling interests amounted to US$59,607,000 (2015: segment profit before taxation and non-controlling interests of US$2,120,000).

Nevertheless, 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 (2015: 520,684 TEUs), reflecting the Group's ability to capture a greater share of the dry freight container market.

With regards to the specialised container business, the ASP and margin declined during the review year due to intense competition. Nonetheless, the Group was able to attract orders from China Railway and other local customers in China for the provision of tailor-made container solutions to suit their needs, thus providing fresh impetus for Singamas to further penetrate the People's Republic of China ("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.

As for the offshore container business, 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. 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 Group's 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, compared to US$6,815,000 as reported last year. In 2016, the Group handled 3,734,000 TEUs (2015: 3,098,000 TEUs), while average daily storage reached 138,000 TEUs (2015: 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 region 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, but 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. Singamas has consequently become one of the beneficiaries and its books are full until March 2017. To meet the policy requirements, the Group will be suspending certain production lines in the second quarter of 2017 for approximately 2 months to make appropriate modifications. This 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, the Group is on track to establish a liquid tank logistics operation (for industrial chemical liquid) in India. It 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.

Mr. Teo concluded, "The industry will have to continue tackling stiff challenges in the foreseeable future, therefore, Singamas will remain cautious on the business development front and continue to implement effective cost control measures. We believe our healthy financial position and high production efficiency will enable us to adapt to different market conditions and capitalise on any opportunities that emerge. Moreover, we are confident that the Group's cooperation with Apollo Logisolutions Limited will create new growth momentum for our logistics services business and will lead to sustainable growth for the Group."

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About Singamas Container Holdings Limited

Singamas is one of the world's leading container manufacturers and logistics services providers. Its manufacturing business covers ten container factories located in the PRC. Its logistics operations include ten container depots/terminals, eight located in key locations in the PRC – Dalian, Tianjin, Qingdao, Shanghai, Qidong, Ningbo, Fuzhou and Xiamen, and two in Hong Kong. It also runs a logistics company in Xiamen, the PRC. Riding on its comprehensive investment strategies, the Group is consolidating its market leadership in the global container industry. For details, please visit: www.singamas.com.

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