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

2018 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 2018, which have been reviewed by our auditor, Deloitte Touche Tohmatsu, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
		(unaudited)	(unaudited)
	Notes	***US$'000***	*US$'000*
Revenue	*2*	***969,217***	595,042
Other income		***1,507***	3,215
Changes in inventories of finished goods and work in progress		***(8,947)***	13,370
Raw materials and consumables used		***(756,237)***	(429,302)
Staff costs		***(96,782)***	(64,174)
Depreciation and amortisation expense		***(17,064)***	(16,304)
Exchange gain (loss)		***3,109***	(2,997)
Other expenses		***(84,626)***	(69,915)
Finance costs		***(8,842)***	(6,797)
Investment income		***3,620***	867
Fair value (loss) gain of derivative financial instruments		***(4,339)***	113
Share of results of associates		***(1,547)***	(1,132)
Share of results of joint ventures		***164***	146
(Loss) profit before taxation		***(767)***	22,132
Income tax expense	*3*	***(1,725)***	(4,953)
(Loss) profit for the period		***(2,492)***	17,179

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

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
		(unaudited)	(unaudited)
	Notes	***US$'000***	*US$'000*
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Fair value loss on equity instruments at fair value through other comprehensive income		***(574)***	-
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation		***(749)***	1,827
Other comprehensive (expense) income for the period		***(1,323)***	1,827
Total comprehensive (expense) income for the period		***(3,815)***	19,006
(Loss) profit for the period attributable to:			
Owners of the Company		***(2,104)***	16,597
Non-controlling interests		***(388)***	582
		(2,492)	17,179
Total comprehensive (expense) income attributable to:			
Owners of the Company		***(3,331)***	18,212
Non-controlling interests		***(484)***	794
		(3,815)	19,006
(Loss) earnings per share	*5*		
Basic		***US (0.09) cent***	US 0.69 cent
Diluted		***US (0.09) cent***	US 0.69 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Notes	*As at 30 June 2018 (unaudited) US$'000*	As at 31 December 2017 (audited) *US$'000*
Non-current assets			
Property, plant and equipment	*6*	***398,099***	387,417
Goodwill		***3,589***	3,589
Interests in associates		***45,546***	43,308
Interests in joint ventures		***23,033***	21,789
Available-for-sale investment		-	6,608
Equity instruments at fair value through other comprehensive income		***19,960***	-
Derivative financial instruments		***1,519***	1,014
Prepaid lease payments		***88,949***	90,302
Deposits for non-current assets		***19,277***	22,362
		599,972	576,389
Current assets			
Inventories	*7*	***282,812***	257,617
Trade receivables	*8*	***386,853***	312,870
Prepayments and other receivables	*9*	***162,749***	131,007
Amount due from immediate holding company		***23,731***	543
Amounts due from fellow subsidiaries		***76,103***	97,122
Amounts due from joint ventures		***3***	1
Amounts due from associates		***17,718***	17,397
Tax recoverable		***664***	1,084
Prepaid lease payments		***2,254***	2,258
Bank balances and cash		***205,452***	234,774
		1,158,339	1,054,673
Non-current assets classified as assets held for sale	*10*	***3,324***	3,393
		1,161,663	1,058,066
Current liabilities			
Trade payables	*11*	***304,752***	256,347
Bills payable	*12*	***233,821***	211,833
Accruals and other payables		***81,420***	102,948
Advances from customers		***71,455***	-
Amount due to immediate holding company		***15***	15
Amounts due to associates		***315***	85
Amounts due to joint ventures		***14***	9
Derivative financial instruments		***4,844***	-
Tax payable		***4,985***	6,160
Bank borrowings		***177,406***	125,076
		879,027	702,473
Net current assets		***282,636***	355,593
Total assets less current liabilities		***882,608***	931,982

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)
As at 30 June 2018

	Notes	***As at 30 June 2018 (unaudited) US$'000***	As at 31 December 2017 (audited) *US$'000*
Capital and reserves			
Share capital	*13*	***268,149***	268,149
Accumulated profits		***251,860***	259,838
Other reserves		***55,338***	46,212
Equity attributable to owners of the Company		***575,347***	574,199
Non-controlling interests		***38,590***	46,394
Total equity		***613,937***	620,593
Non-current liabilities			
Bank borrowings		***261,412***	302,684
Deferred tax liabilities		***7,259***	8,705
		268,671	311,389
		882,608	931,982

Notes:

1. Basis of preparation and principal accounting policies

The financial information relating to the year ended 31 December 2017 that is included in this announcement 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 2017 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 (Cap 622).

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

Other than changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standard ("HKFRS"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers and the related Amendments*
HK(IFRIC)-Int 22	*Foreign Currency Transaction and Advance Consideration*
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
Amendments to HKAS 28	*As part of Annual Improvements to HKFRSs 2014-2016 Cycle*
Amendments to HKAS 40	*Transfers of Investment Property*

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

<u>1.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers</u>

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and related interpretations.

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

Statement of financial position (extracted)	*Carrying amount previously reported at 31 December 2017*	*Reclassification*	*Carrying amount under HKFRS 15 as at 1 January 2018*
	US'000	*US'000*	*US'000*
Current liabilities			
Accruals and other payables	*102,948*	*(27,942)*	*75,006*
Advances from customers (Note)	*-*	*27,942*	*27,942*

Note: As at 1 January 2018, advances received from customers of US$27,942,000 in respect of sales of containers yet to be transferred to customers, previously included in accruals and other payables were reclassified to advances from customers.

The following tables summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Statement of financial position (extracted)	*As reported*	*Adjustments*	*Amounts without application of HKFRS 15*
	US'000	*US'000*	*US'000*
Current liabilities			
Accruals and other payables	*81,420*	*71,455*	*152,875*
Advances from customers	*71,455*	*(71,455)*	*-*

1.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instrument and the related amendments

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirement to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Available-for-sale investment	Equity instruments at fair value through other comprehensive income	Amount due from immediate holding company	Amounts due from fellow subsidiaries	Amounts due from associates	Accumulated profits	Revaluation reserve
	US'000	US'000	US'000	US'000	US'000	US'000	US'000
Closing balance at 31 December 2017 - HKAS 39	6,608	-	543	97,122	17,397	259,838	1,361
Effect arising from initial application of HKFRS 9:							
Reclassification							
From available-for-sale investment	(6,608)	6,608	-	-	-	-	-
Remeasurement							
From cost less impairment to fair value	-	13,926	-	-	-	-	13,926
Impairment under ECL model	-	-	(5)	(957)	(55)	(1,017)	-
At 1 January 2018	-	20,534	538	96,165	17,342	258,821	15,287

Except as described above, the application of other amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements

2. *Revenue and Segment information*

The Group's reportable and operating segments, based on information reported to the Group's chief operating decision maker (i.e. Chief Executive Officer) for the purposes of resource allocation and performance assessment 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:

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

For the six months ended 30 June 2018

	Manufacturing US$'000	***Logistics services US$'000***	***Sub-total US$'000***	***Eliminations US$'000***	***Total US$'000***
REVENUE					
External sales	***955,717***	***13,500***	***969,217***	***-***	***969,217***
Inter-segment sales	***-***	***4,289***	***4,289***	***(4,289)***	***-***
Total	***955,717***	***17,789***	***973,506***	***(4,289)***	***969,217***
	Inter-segment sales are charged at prevailing market prices.				
SEGMENT RESULTS	***9,360***	***817***	***10,177***	***-***	***10,177***
Finance costs					***(8,842)***
Investment income					***3,620***
Fair value loss of derivative financial instruments					***(4,339)***
Share of results of associates					***(1,547)***
Share of results of joint ventures					***164***
Loss before taxation					***(767)***

For the six months ended 30 June 2017

	Manufacturing	*Logistics services*	*Sub-total*	*Eliminations*	*Total*
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
REVENUE					
External sales	*576,566*	*18,476*	*595,042*	*-*	*595,042*
Inter-segment sales	*-*	*2,879*	*2,879*	*(2,879)*	*-*
Total	*576,566*	*21,355*	*597,921*	*(2,879)*	*595,042*
SEGMENT RESULTS	*26,539*	*2,396*	*28,935*	*-*	*28,935*
Finance costs					*(6,797)*
Investment income					*867*
Fair value gain of derivative financial instruments					*113*
Share of results of associates					*(1,132)*
Share of results of joint ventures					*146*
Profit before taxation					*22,132*

Inter-segment sales are charged at prevailing market prices.

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

3. Income tax expense

Hong Kong Profits Tax is calculated at 16.5% for both periods.

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	
	2018	*2017*
	US$'000	*US$'000*
Current tax:		
PRC Enterprise Income Tax		
- Current period	***3,963***	*4,125*
- Over provision in prior years	***(792)***	*-*
	3,171	*4,125*
Deferred tax:		
Current period (credit) charge	***(1,446)***	*828*
	1,725	*4,953*

4. Dividends

The directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: HK1.5 cents).

5. (Loss) earnings per share

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

	Six months ended 30 June	
	2018	*2017*
	US$'000	*US$'000*
(Loss) earnings :		
(Loss) earnings for the purposes of calculating basic and diluted (loss) earnings per share	***(2,104)***	*16,597*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	***2,416,919,918***	*2,416,919,918*
Effect of dilutive potential ordinary shares for share options	***20,893***	*-*
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	***2,416,940,811***	*2,416,919,918*

During the six months ended 30 June 2017, all outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have a dilutive effect to the Company's earnings per share because the exercise prices of these Company's share options were higher than the average market prices of the Company's shares during the periods.

6. Movements in property, plant and equipment

During the six months ended 30 June 2018, there was an addition of US$27,766,000 (six months ended 30 June 2017: US$20,040,000) in property, plant and equipment, in which US$17,289,000 (six months ended 30 June 2017: US$5,435,000) was for the construction of a new refrigerated container factory in Qingdao, and the remaining was for upgrading existing manufacturing and logistics services facilities of the Group.

7. Inventories

	As at 30 June 2018 US$'000	*As at 31 December 2017 US$'000*
Raw materials	***149,002***	*115,130*
Work in progress	***47,048***	*57,955*
Finished goods	***86,762***	*84,532*
	282,812	*257,617*

The cost of sales recognised during the period was US$912,434,000 (six months ended 30 June 2017: US$517,690,000).

8. 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 2017: 30 days to 120 days).

The following is an analysis of trade receivables by age, based on invoice date, which approximated the revenue recognition date, net of allowance for doubtful debts:

	As at 30 June 2018 US$'000	*As at 31 December 2017 US$'000*
0 to 30 days	***259,143***	*191,580*
31 to 60 days	***87,086***	*81,918*
61 to 90 days	***14,759***	*25,673*
91 to 120 days	***5,182***	*271*
Over 120 days	***20,683***	*13,428*
	386,853	*312,870*

9. Prepayments and other receivables

At 30 June 2018, prepayments and other receivables included advance of US$108,101,000 (31 December 2017: US$79,860,000) to certain suppliers as deposits for raw materials purchases. The remaining balances mainly included refundable value added tax and other temporary payments. The entire amount is expected to be recovered within the next twelve months.

10. Non-current assets classified as assets held for sale

On 4th May 2017, Hui Zhou Pacific Container Co., Ltd. ("HPCL"), a wholly-owned subsidiary of the Group as at 30 June 2018, entered into the Sale and Purchases Agreement ("Sales Agreement") with an independent third party ("Purchaser"), pursuant to which HPCL agreed to sell and Purchaser agreed to purchase a piece of land and property located in Huizhou at a consideration of RMB56,453,000 (equivalent to approximately US$8,533,000) in cash. Upon the signing of the Sales Agreement, the Group has reclassified part of the prepaid lease payment and property located in Huizhou as assets held for sale which are separately presented in the consolidated statement of financial position. The transaction did not complete within twelve months from the date of signing the Sales Agreement, the management expect such transaction remains highly probable to be completed within twelve months from the date of this announcement and are of the view that it is appropriate to continue classifying a piece of land and property located in Huizhou as assets held for sale in the condensed consolidated statement of financial position as at 30 June 2018.

The sales proceeds are expected to exceed the net carrying amount of the relevant assets and, accordingly, no impairment loss has been recognised.

11. Trade payables

The following is an analysis of trade payables by age, based on invoice date:

	As at 30 June 2018 US$'000	*As at 31 December 2017 US$'000*
0 to 30 days	***129,011***	*110,426*
31 to 60 days	***71,389***	*59,111*
61 to 90 days	***53,546***	*48,117*
91 to 120 days	***27,453***	*25,113*
Over 120 days	***23,353***	*13,580*
	304,752	*256,347*

12. Bills payable

The following is an analysis of bills payable by age, based on issuance date of each bill:

	As at 30 June 2018 US$'000	*As at 31 December 2017 US$'000*
0 to 30 days	***47,911***	*44,444*
31 to 60 days	***51,714***	*50,742*
61 to 90 days	***49,113***	*44,756*
91 to 120 days	***58,208***	*27,518*
Over 120 days	***26,875***	*44,373*
	233,821	*211,833*

13. Share capital

	Number of shares	Share Capital US$'000	Share Capital HK$'000
Issued and fully paid:			
At 1 January 2017, 31 December 2017 and 30 June 2018	***2,416,919,918***	***268,149***	***2,078,513***

Business Review

Although global economic growth in the first half of 2018 continued and that for the year is projected to reach 3.9%, uncertainties resulting from political and economic concerns are nevertheless mounting. Such uncertainties were in part the result of continuing political instability in Europe and an announcement by the European Central Bank ("ECB") that it would be unwinding its quantitative easing programme. More worrisome, however, has been the growing trade tension between the United States of America ("US") and the People's Republic of China ("PRC"). While trade has been relatively unscathed for the time being, the Group has nonetheless been affected by rising material costs and appreciation of the Renminbi in the first few months of the year.

For the six months ended 30 June 2018 (the "review period"), the consolidated revenue of the Group rose by 62.9% to US$969,217,000 (1H2017: US$595,042,000). Consolidated net loss attributable to owners of the Company amounted to US$2,104,000 compared with a consolidated net profit attributable to owners of the Company of US$16,597,000 for the corresponding period last year. Basic loss per share amounted to US0.09 cent versus basic earnings per share of US0.69 cent in the first half of 2017.

Manufacturing

The demand for dry freight containers has remained healthy during the review period, contributing to the rise in revenue of the Group's manufacturing business. As at 30 June 2018, the segment recorded revenue of US$955,717,000 (1H2017:US$576,566,000), which accounted for 98.6% of the Group's total revenue (1H 2017: 96.9%). Altogether, the segment produced 458,374 twenty-foot equivalent units ("TEUs") versus 310,070 TEUs for the same period last year, while the average selling price ("ASP") of a 20' dry freight container has risen from US$1,902 to US$2,203 primarily due to the use of waterborne paint and the ongoing rise in the price of corten steel. In all, the manufacturing operation sold 457,610 TEUs during the review period (1H2017: 303,668 TEUs); however, with competition in the market, the increased material costs were not entirely passed to the customers, which resulting in a segment loss before taxation and non-controlling interest of US$2,043,000 versus a segment profit before taxation and non-controlling interest of US$19,871,000 for the same period last year.

While demand for dry freight containers has remained firm, accounting for 82.9% of the manufacturing operation's revenue, specialised container demand has gradually improved. Nonetheless, the management is of the opinion that its ability to deliver the latter, which possesses generally better margins and demonstrates the Group's development and production prowess is integral to its ability to retain and attract customers to the fold. Among the tailor-made specialised containers that the Group has provided for customers during the review period include fish farming containers, small containers known as “mini-box”, equipment transportation containers and many others.

In reference to the Group’s new reefer container factory in Qingdao, trial production has commenced. Though the utilisation rate at the new factory is expectedly low at present, more favourable development is expected once the facility is fully operational towards the latter half of the financial year. Already, the Group has received enquiries and will be accepting orders in due course.

Logistics Services

The logistics services business has continued to depress due to strong export volume in the PRC during the review period. Revenue dropped to US$13,500,000, as compared with US$18,476,000 recorded for the same period last year. A segment profit before taxation and non-controlling interest of US$1,276,000 was recorded (1H2017: US$2,261,000). As at the six months ended 30 June 2018, the logistics operation handled approximately 1,738,000 TEUs, compared with 2,078,000 TEUs for the same period last year. The number of containers repaired was 265,000 TEUs, down from 389,000 TEUs for the corresponding period in 2017 and average daily container storage totalled 93,000 TEUs (1H2017: 113,000 TEUs).

With regard to the Group’s joint venture with Guangxi Beibu Gulf International Port Group Ltd. and Port of Singapore, the reclamation of a property in the Guangxi Zhuang Autonomous Region has been completed and construction of the container depot remains on schedule. Ahead of the aforementioned depot’s completion in mid-2019, the joint venture has been providing logistics services via a property rented in Qinzhou, which is located on the south coast of the Guangxi Zhuang Autonomous Region. In operation since November 2017, the temporary location has performed satisfactorily, enabling the joint venture to establish a beachhead as it seeks to benefit from the “Belt and Road” initiative – Guangxi being a strategically important location along the “Belt and Road” route.

Prospects

Although the Group expects the upcoming financial period to become increasingly challenging, the Group’s container orders are full up to September 2018. Moreover, the Renminbi has weakened in value, thus leading to the moderation of material costs including corten steel.

The Group will seek to overcome the challenges through product development and optimisation of business operations. Consistent with the latter, the Group has entered into share transfer agreement to dispose its entire equity interest in its subsidiary, Hui Zhou Pacific Container Co., Ltd. (惠州太平貨櫃有限公司) subsequent to the review period, i.e. 3 July 2018. The Group considers the disposal to be a good opportunity for realising a gain therefrom and to generate additional cash for the Group.

With a highly experienced management team, sound business interests, strong fundamentals and ample resources, the Group remains confident in its ability to overcome the uncertain market ahead and realise growth in the future.

Interim Dividend

The directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: HK1.5 cents).

Audit Committee

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30 June 2018 ("Interim Report"). At the request of the Directors, the Group's external auditors have carried out a review of the Interim Report in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

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 period.

Transfer to Reserve

Pursuant to the legal requirements in the PRC and the appropriation agreed in the subsidiaries, associates and joint ventures, aggregate amount of US$1,000 has been transferred to general reserve of the Group respectively during the period.

Compliance with the Code of Corporate Governance Code

Throughout the period from 1 January 2018 to 30 June 2018, 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 Listing Rules as guidelines to reinforce our corporate governance principles, except for certain deviations which are summarised below:

(1) 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; and

(2) Code Provision A.6.7 – Due to other commitments, two Non-executive Directors and one Independent non-executive director of the Company had not attended the 2018 AGM.

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 Interim Report, the required standard 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, 21 August 2018

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 and Mr. Yang, Victor as independent non-executive Directors.