



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 ANNUAL RESULTS ANNOUNCEMENT

ANNUAL RESULTS

The Board of Directors (the “Board”/ “Directors”) of Singamas Container Holdings Limited (the “Company”) are pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

		2018	2017
	Notes	US\$'000	US\$'000
Revenue	2	1,807,819	1,476,670
Other income		2,902	6,228
Changes in inventories of finished goods and work in progress		(21,483)	86,953
Raw materials and consumables used		(1,377,444)	(1,141,145)
Staff costs		(193,956)	(157,525)
Depreciation and amortisation expense		(34,542)	(32,428)
Impairment losses, net of reversal		(924)	-
Exchange gain (loss)		4,452	(10,866)
Other expenses		(151,793)	(157,235)
Finance costs		(18,549)	(14,434)
Investment income		7,515	2,765
Fair value gain on derivative financial instruments		47	756
Gain on disposal of a subsidiary		65,604	-
Share of results of associates		(2,512)	(1,745)
Share of results of joint ventures		37	398
Profit before taxation		87,173	58,392
Income tax expense	4	(13,791)	(14,952)
Profit for the year		73,382	43,440

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

For the year ended 31 December 2018

	Notes	2018 US\$'000	2017 US\$'000
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value loss on equity instrument at fair value through other comprehensive income		(3,052)	-
Gain on revaluation of prepaid lease payment and property, plant and equipment upon transfer to investment property		16,297	-
Deferred tax liability on recognition of revaluation of prepaid lease payment and property, plant and equipment upon transfer to investment property		(4,783)	-
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		(3,300)	4,601
Other comprehensive income for the year		<u>5,162</u>	<u>4,601</u>
Total comprehensive income for the year		<u><u>78,544</u></u>	<u><u>48,041</u></u>
Profit for the year attributable to:			
Owners of the Company		72,252	41,452
Non-controlling interests		<u>1,130</u>	<u>1,988</u>
		<u><u>73,382</u></u>	<u><u>43,440</u></u>
Total comprehensive income attributable to:			
Owners of the Company		77,660	45,630
Non-controlling interests		<u>884</u>	<u>2,411</u>
		<u><u>78,544</u></u>	<u><u>48,041</u></u>
Earnings per share	6		
Basic		<u><u>US2.99 cents</u></u>	<u><u>US1.72 cents</u></u>
Diluted		<u><u>US2.99 cents</u></u>	<u><u>US1.72 cents</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 US\$'000	2017 US\$'000
Non-current assets			
Property, plant and equipment	7	362,708	387,417
Investment property		18,068	-
Goodwill		3,589	3,589
Interests in associates		44,509	43,308
Interests in joint ventures		21,671	21,789
Available-for-sale investment		-	6,608
Equity instrument at fair value through other comprehensive income		17,482	-
Derivative financial instruments		1,061	1,014
Prepaid lease payments		88,415	90,302
Deposits for non-current assets		19,077	22,362
		576,580	576,389
Current assets			
Inventories	8	222,039	257,617
Trade receivables	9	191,069	312,870
Prepayments and other receivables	10	128,076	131,007
Amount due from immediate holding company		108,234	543
Amounts due from fellow subsidiaries		33,325	97,122
Amounts due from joint ventures		2	1
Amounts due from associates		18,538	17,397
Tax recoverable		694	1,084
Prepaid lease payments		1,547	2,258
Bank balances and cash		119,879	234,774
		823,403	1,054,673
Non-current assets classified as assets held for sale		-	3,393
		823,403	1,058,066

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 31 December 2018*

	Notes	2018 US\$'000	2017 US\$'000
Current liabilities			
Trade payables	11	122,264	256,347
Bills payable	12	80,216	211,833
Accruals and other payables		60,178	102,948
Advances from customers		43,114	-
Amount due to immediate holding company		-	15
Amounts due to associates		63	85
Amounts due to joint ventures		9	9
Tax payable		5,137	6,160
Bank borrowings		169,796	125,076
		480,777	702,473
Net current assets		342,626	355,593
Total assets less current liabilities		919,206	931,982
Capital and reserves			
Share capital	13	268,149	268,149
Accumulated profits		327,270	259,838
Other reserves		61,278	46,212
		656,697	574,199
Equity attributable to owners of the Company		39,082	46,394
Non-controlling interests			
Total equity		695,779	620,593
Non-current liabilities			
Bank borrowings		210,640	302,684
Deferred tax liabilities		12,787	8,705
		223,427	311,389
		919,206	931,982

Notes:

1. Significant accounting policies

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, equity instrument at fair value through other comprehensive income and investment property, which are measured at fair values at the end of each reporting period.

The Group has applied the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions 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 the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfer 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.

1.1 HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. 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 accumulated profits (or other components of equity, as appropriate) 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 consolidated statement of financial position as at 1 January 2018. Line items that were not affected by the changes have not been included.

Impact on the consolidated 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

* The amounts in this column are before the adjustments from the application of HKFRS 15.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

**Impact on the consolidated
statement of financial position
(extracted)**

	As reported US'000	Adjustments US'000	Amounts without application of HKFRS 15 US'000
Current liabilities			
Accruals and other payables	60,178	43,114	103,292
Advances from customers (Note)	43,114	(43,114)	-

Note: The adjustment relates to advances from customers of US\$43,114,000 (1 January 2018: US\$27,942,000) was related to sales contracted on containers yet to be transferred to customers previously included in accruals and other payables as at 31 December 2018.

1.2 HKFRS 9 Financial Instruments and the related amendments

In the current year, 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 under ECL model) 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 accumulated 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 of financial assets and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Available-for- sale investment US'000	Equity instruments at fair value through other comprehensive income US'000	Amount due from immediate holding company US'000	Amounts due from fellow subsidiaries US'000	Amounts due from associates US'000	Accumulated profits US'000	Revaluation reserve 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 year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issued 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.

<i>HKFRS 16</i>	<i>Leases¹</i>
<i>HKFRS 17</i>	<i>Insurance Contracts²</i>
<i>HK(IFRIC)-Int 23</i>	<i>Uncertainty over Income Tax Treatments¹</i>
<i>Amendments to HKFRS 3</i>	<i>Definition of a Business⁴</i>
<i>Amendments to HKFRS 9</i>	<i>Prepayment Features with Negative Compensation¹</i>
<i>Amendments to HKFRS 10 and HKAS 28</i>	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
<i>Amendments to HKAS 1 and HKAS 8</i>	<i>Definition of Material⁵</i>
<i>Amendments to HKAS 19</i>	<i>Plan Amendment, Curtailment or Settlement¹</i>
<i>Amendments to HKAS 28</i>	<i>Long-term Interests in Associates and Joint Ventures¹</i>
<i>Amendments to HKFRSs</i>	<i>Annual Improvements to HKFRSs 2015-2017 Cycle¹</i>

¹ *Effective for annual periods beginning on or after 1 January 2019.*

² *Effective for annual periods beginning on or after 1 January 2021.*

³ *Effective for annual periods beginning on or after a date to be determined.*

⁴ *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.*

⁵ *Effective for annual periods beginning on or after 1 January 2020.*

The financial information relating to the years ended 31 December 2017 and 2018 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 2018 have yet to be reported 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 2017 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 2017. 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 sales related taxes, and is analysed as follows:

	2018 US\$'000	2017 US\$'000
Manufacturing	1,780,404	1,443,177
Logistics services	27,415	33,493
	<u>1,807,819</u>	<u>1,476,670</u>

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 operating and reportable segment:

2018	Manufacturing US\$'000	Logistics services US\$'000	Sub-total US\$'000	Eliminations US\$'000	Total US\$'000
REVENUE					
External sales	1,780,404	27,415	1,807,819	-	1,807,819
Inter-segment sales	-	8,135	8,135	(8,135)	-
Total	<u>1,780,404</u>	<u>35,550</u>	<u>1,815,954</u>	<u>(8,135)</u>	<u>1,807,819</u>
Inter-segment sales are charged at prevailing market prices.					
SEGMENT RESULTS	<u>32,226</u>	<u>2,805</u>	35,031	-	35,031
Finance costs					(18,549)
Investment income					7,515
Fair value gain on derivative financial instruments					47
Gain on disposal of a subsidiary					65,604
Share of results of associates					(2,512)
Share of results of joint ventures					<u>37</u>
Profit before taxation					<u>87,173</u>

2017					
	Manufacturing	Logistics	Sub-total	Eliminations	Total
	US\$'000	services	US\$'000	US\$'000	US\$'000
		US\$'000			
REVENUE					
External sales	1,443,177	33,493	1,476,670	-	1,476,670
Inter-segment sales	-	6,801	6,801	(6,801)	-
Total	1,443,177	40,294	1,483,471	(6,801)	1,476,670
	<i>Inter-segment sales are charged at prevailing market prices.</i>				
SEGMENT RESULTS	64,974	5,678	70,652	-	70,652
Finance costs					(14,434)
Investment income					2,765
Fair value gain on derivative financial instruments					756
Share of results of associates					(1,745)
Share of results of joint ventures					398
Profit before taxation					58,392

Segment results represent the profit earned by each segment without allocation of finance costs, investment income, fair value gain on derivative financial instruments, gain on disposal of a subsidiary, 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 operating and reportable segment:

2018			
	Manufacturing	Logistics	Total
	US\$'000	services	US\$'000
		US\$'000	
ASSETS			
Segment assets	977,807	56,781	1,034,588
Interests in associates			44,509
Interests in joint ventures			21,671
Unallocated corporate assets			299,215
Consolidated total assets			1,399,983
LIABILITIES			
Segment liabilities	294,883	10,889	305,772
Unallocated corporate liabilities			398,432
Consolidated total liabilities			704,204
OTHER INFORMATION			
Amounts included in the measure of segment profit or loss or segment assets:			
Additions of capital expenditure	60,359	1,613	61,972
Depreciation and amortisation	31,117	3,425	34,542
Impairment losses, net of reversal	(1,083)	159	(924)
(Loss) gain on disposal of property, plant and equipment	(349)	236	(113)
Loss on property, plant and equipment written off	(416)	(27)	(443)

2017	Manufacturing US\$'000	Logistics services US\$'000	Total US\$'000
ASSETS			
Segment assets	1,155,124	55,691	1,210,815
Interests in associates			43,308
Interests in joint ventures			21,789
Unallocated corporate assets			358,543
Consolidated total assets			<u>1,634,455</u>
LIABILITIES			
Segment liabilities	552,736	18,392	571,128
Unallocated corporate liabilities			442,734
Consolidated total liabilities			<u>1,013,862</u>
OTHER INFORMATION			
Amounts included in the measure of segment profit or loss or segment assets:			
Additions of capital expenditure	92,351	510	92,861
Depreciation and amortisation	28,868	3,560	32,428
Gain on disposal of property, plant and equipment	627	149	776
Loss on property, plant and equipment written off	(571)	(1)	(572)

The amounts included in other information are part of the operating and reportable 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, which include available-for-sale investment, equity instrument at fair value through other comprehensive income, derivative financial instruments, amount due from immediate holding company, amounts due from fellow subsidiaries, amounts due from joint ventures, amounts due from associates, tax recoverable and bank balance and cash. 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 amount due to immediate holding company, amounts due to associates, amounts due to joint ventures, tax payable, bank borrowings 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):

	2018 US\$'000	2017 US\$'000
Manufacturing		
Dry freight containers	1,414,658	1,234,394
Refrigerated containers	99,425	38,593
Tank containers	67,189	65,669
US domestic containers	115,227	59,523
Other specialised containers and container parts	83,905	44,998
Logistics services	27,415	33,493
	<u>1,807,819</u>	<u>1,476,670</u>

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 for manufacturing segment and based on the origin of the goods/services for logistics services segment:

	2018			2017		
	Manufacturing US\$'000	Logistics services US\$'000	Total US\$'000	Manufacturing US\$'000	Logistics services US\$'000	Total US\$'000
United States of America	787,227	-	787,227	758,225	-	758,225
Hong Kong	387,059	4,823	391,882	350,517	6,872	357,389
Singapore	209,463	-	209,463	52,448	-	52,448
Europe	104,197	-	104,197	106,949	-	106,949
Korea	94,394	-	94,394	12,836	-	12,836
Taiwan	74,839	-	74,839	48,532	-	48,532
PRC	39,839	22,592	62,431	66,385	26,621	93,006
Others	83,386	-	83,386	47,285	-	47,285
	1,780,404	27,415	1,807,819	1,443,177	33,493	1,476,670

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	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
PRC	961,477	1,182,697	511,587	521,308
Hong Kong	73,058	28,015	13,992	15,735
Others	53	103	32,458	31,724
	1,034,588	1,210,815	558,037	568,767

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 2018, two customers (2017: three customers) contribute over 10% of the total sales, amounting to US\$394,875,000 in aggregate (2017: US\$590,012,000).

4. Income tax expense

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.

	2018 US\$'000	2017 US\$'000
Current tax:		
Hong Kong Profits Tax		
- Current year	-	-
- Prior years overprovision	-	(2)
	-	(2)
PRC Enterprise Income Tax		
- Current year	13,634	13,708
- Prior years overprovision	(792)	(27)
	12,842	13,681
Deferred tax:		
Current year charge	949	1,273
Income tax expense for the year	13,791	14,952

5. Dividends

	2018 US\$'000	2017 US\$'000
<i>Dividends recognised as distributions during the year:</i>		
<i>Interim in respect of current financial year, paid – Nil (2017: HK1.5 cents per ordinary share)</i>	-	4,648
<i>Final in respect of the previous financial year, paid – HK2.5 cents (2017: Nil) per ordinary share</i>	7,702	-
	<u>7,702</u>	<u>4,648</u>

The final dividend of HK7 cents in respect of the year ended 31 December 2018 (2017: HK2.5 cents) per ordinary share, total of which equivalent to approximately HK\$169,184,000 (equivalent to approximately US\$21,602,000) (2017: HK\$60,423,000 (equivalent to approximately US\$7,746,000)) has been proposed by the board of directors and is subject to approval by the shareholders in forthcoming annual general meeting.

6. Earnings per share

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

	2018 US\$'000	2017 US\$'000
<i>Earnings:</i>		
<i>Earnings for the purposes of calculating basic and diluted earnings per share</i>	<u>72,252</u>	<u>41,452</u>
<i>Number of shares:</i>		
<i>Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share</i>	<u>2,416,919,918</u>	<u>2,416,919,918</u>

The computation of diluted earnings per share for the year ended 31 December 2018 and 2017 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 both years, and therefore, was anti-dilutive to the earnings per share.

7. Movements in property, plant and equipment

During the year, there was an addition of US\$42,185,000 (2017: US\$70,844,000) in property, plant and equipment, in which US\$26,359,000 (2017: US\$ 32,438,000) was for the construction of a new refrigerated container factory in Qingdao. The remaining was for upgrading existing manufacturing and logistics services facilities of the Group. In addition, there was a transfer of leasehold land and buildings and site improvements of US\$942,000 to investment property during the year.

8. Inventories

	2018 US\$'000	2017 US\$'000
<i>Raw materials</i>	101,035	115,130
<i>Work in progress</i>	46,510	57,955
<i>Finished goods</i>	74,494	84,532
	<u>222,039</u>	<u>257,617</u>

The entire carrying amounts of inventories as at 31 December 2018 and 2017 are expected to be recovered within the next twelve months.

9. Trade receivables

	2018 US\$'000	2017 US\$'000
Trade receivables	192,068	313,519
Less : allowance for credit losses	(999)	(649)
Net trade receivables	<u>191,069</u>	<u>312,870</u>

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 (2017: 30 days to 120 days).

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

	2018 US\$'000	2017 US\$'000
0 to 30 days	125,636	191,580
31 to 60 days	36,406	81,918
61 to 90 days	20,294	25,673
91 to 120 days	4,653	271
Over 120 days	4,080	13,428
	<u>191,069</u>	<u>312,870</u>

The Group assessed the credit quality of trade receivables based on historical default rates and the creditworthiness of the customers.

10. Prepayments and other receivables

As at 31 December 2018, prepayments and other receivables included advanced of US\$37,823,000 (2017: US\$79,860,000) to certain suppliers as deposits for raw materials purchases and receivable of cash consideration of US\$48,653,000 from the disposal of a subsidiary during the year. The remaining balances mainly included refundable value added tax and other advance payments. The entire amount is expected to be recovered within the next twelve months.

11. 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:

	2018 US\$'000	2017 US\$'000
0 to 30 days	54,417	110,426
31 to 60 days	30,532	59,111
61 to 90 days	15,190	48,117
91 to 120 days	12,598	25,113
Over 120 days	9,527	13,580
	<u>122,264</u>	<u>256,347</u>

The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

12. 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:

	2018 US\$'000	2017 US\$'000
0 to 30 days	21,446	44,444
31 to 60 days	9,194	50,742
61 to 90 days	3,808	44,756
91 to 120 days	5,977	27,518
Over 120 days	39,791	44,373
	80,216	211,833

13. Share capital

	Number of shares		Share Capital			
	2018	2017	2018 US\$'000	2018 HK\$'000	2017 US\$'000	2017 HK\$'000
Issued and fully paid: At beginning and end of the year	2,416,919,918	2,416,919,918	268,149	2,078,513	268,149	2,078,513

BUSINESS REVIEW

Over the past year, the pace of global economic growth has slowed as manufacturing and trade momentum sustained since 2017 subsequently weakened due to trade tariffs imposed by major economies, particularly between the United States of America (“US”) and the People’s Republic of China (“PRC” or “China”). Furthermore, keen competition amongst peers, unstable material costs and exchange rate fluctuations during the year has affected the Group’s results.

Nonetheless, the Group has performed stably during the year, with a consolidated revenue amounting to US\$1,807,819,000 (2017: US\$1,476,670,000). Consolidated net profit attributable to owners of the Company was up by 74.3% reaching US\$72,252,000 (2017: US\$41,452,000). The Group benefited from a one-time gain of approximately US\$65,604,000 from the disposal of Hui Zhou Pacific Container Co., Ltd. (“HPCL”), a wholly-owned subsidiary of the Group. Excluding this extraordinary gain from disposal, net profit from core business was US\$6,648,000. Basic earnings per share amounted to US2.99 cents compared with US1.72 cents per share in 2017.

Manufacturing

Even though global economic expansion plateaued and became less balanced towards the latter half year, demand for dry freight containers remained satisfactory. Such demand enabled our manufacturing business to record revenue of US\$1,780,404,000 (2017: US\$1,443,177,000) for the year ended 31 December 2018, which accounted for 98.5% of the Group’s total revenue. Furthermore, the operation produced 835,920 twenty-foot equivalent units (“TEUs”) during the review year (2017: 738,286 TEUs), thereby setting a new record high for the Group for a decade. Average selling price (“ASP”) of a 20’ dry freight container was US\$2,157 (2017: US\$2,102), which highlights the increase in material costs, especially for corten steel. Total sales volume amounted to 841,615 TEUs (2017: 715,733 TEUs). Since competition remained keen, the increase in material costs were not entirely passed to the customers, hence segment profit before taxation and non-controlling interests (excluding one-off gain on disposal of HPCL) declined to US\$17,911,000 versus a segment profit before taxation

and non-controlling interests of US\$51,655,000 in 2017.

While dry freight containers account for a significant 79.5% of the Group's manufacturing revenue (2017: dry freight 85.5% vs specialised 14.5%), our specialised containers constitute an important component of our product mix. Among the star performers that contributed to the rise in segment revenue during the review year include our 53' US domestic dry containers and reefer containers as reflected by a significant increase in production of 92.4% and 95.7% respectively.

Other specialised containers worth mentioning include our new *PrimeLINE ONE*TM assembled-on-site refrigerated containers, which were co-developed with Carrier Transicold and produced in our Qingdao reefer factory. The innovative container, although only entered the market in the second half of 2018, performed well with an order for one thousand units made by a major container leasing company in the fourth quarter of 2018 – a significant achievement given the short amount of time since the product was launched. Other specialised containers such as mini-box containers and power generator containers also enjoyed strong pickup from both domestic and foreign customers.

Logistics Services

The year 2018 has been challenging for the logistic services business as strong export volume weighed on demand. Revenue consequently declined to US\$27,415,000 compared with US\$33,493,000 for the preceding year. The number of containers handled by the Group's subsidiaries also fell to approximately 583,000 TEUs (2017: 659,000 TEUs). With fewer idle containers on the ground, average daily storage slipped to 24,000 TEUs versus 33,000 TEUs in 2017.

Even though demand has remained flat, logistics services play an important role in addressing the needs of customers as well as serving as a supplemental revenue stream. We therefore remain wholly committed to developing this area of business.

PROSPECTS

Global economic growth, which reached 3.1% in 2018, is expected to moderate according to the World Bank, owing in part to the ending of accommodative policies by major central banks. This has resulted in the tapering of world export orders recorded in the third quarter of 2018. In view of such developments, owners and operators in the shipping industry may direct their focus on managing fleet growth to reduce risk.

As downside risks continue to grow, Singamas will strive to protect the Group's interests. Seeing the success from the introduction of assembled-on-site refrigerated containers back in the second quarter of 2018, the Group is dedicated to deploying more resources bolstering the Group's R&D capabilities as well as developing innovative specialised containers that cater for the needs of our customers.

Besides developing our product portfolio, we will also continue to closely examine all facets of our operation with the aim to raise efficiency. The Management is also looking into different opportunities with an aim of realising values for our shareholders. Moving forward, we will employ further measures to consolidate the Group's business operations so that it is fully capable of taking prompt and decisive action to capitalise on an eventual market turnaround.

DIVIDENDS

The Board recommended the payment of a final dividend of HK7 cents per ordinary share for the year ended 31 December 2018 (2017: HK2.5 cents per ordinary share). As the Board 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 per ordinary share), total dividend for the year would be HK7 cents per ordinary share (2017: HK4 cents per ordinary share). The dividend payout ratio for the year approximates to 29.9% (2017: 29.9%).

CLOSURE OF THE REGISTER OF MEMBERS

To determine the eligibility of the shareholders of the Company to attend the annual general meeting to be held on Wednesday, 26 June 2019 (“2019 AGM”), the Company’s register of members will be closed from Friday, 21 June 2019 to Wednesday, 26 June 2019 (both days inclusive), during which period no transfer of shares will be effected. In order to be entitled to attend and vote at 2019 AGM, all transfers of shares of the Company, duly accompanied by the completed transfer forms and all relevant share certificates, must be lodged 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 for registration by no later than 4:30 p.m. on Thursday, 20 June 2019. The shareholders whose names appear on the register of members of the Company on Wednesday, 26 June 2019, the record date of 2019 AGM, will be entitled to attend and vote at 2019 AGM.

For determining the shareholders’ entitlement to the proposed final dividend for the year ended 31 December 2018, the register of members of the Company will be closed from Wednesday, 10 July 2019 to Friday, 12 July 2019, both days inclusive, and no transfer of the shares of the Company will be effected during such period. In order for a shareholder of the Company to qualify for the proposed final dividend, all transfers of shares of the Company, duly accompanied by the completed transfer forms and all relevant share certificates, must be lodged 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 for registration by no later than 4:30 p.m. on Tuesday, 9 July 2019. Subject to the approval by the Company’s shareholders at 2019 AGM, the proposed final dividend is payable on or before Wednesday, 31 July 2019 to those shareholders whose names appear on the register of members of the Company on Friday, 12 July 2019 (the record date).

AUDIT COMMITTEE

The Audit Committee 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 2018 (“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 amount of US\$2,007,000 and US\$40,000 has been transferred to general and development reserves 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 2018 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 2018, the Company has consistently adopted and complied with the applicable code provisions of the Corporate Governance Code (the "Code") as set out in Corporate Governance Code and Corporate Governance Report contained 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 certain deviations which are summarised below:

- (1) Code Provision A.2.1, 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.
- (2) Code Provision A.6.7, due to other commitments, (1) two non-executive Directors and one independent non-executive Director of the Company had not attended the annual general meeting held on 26 June 2018; and (2) one non-executive Director and one independent non-executive Director of the Company had not attended the general meeting held on 22 August 2018.

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, 26 March 2019

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.