Company report

Industrials
Transport Infrastructure
Equity – China

HSBC Global Research

Singamas Container (716 HK)

Buy: Attractively valued but lacks catalyst

- **FY14 recurring profit was USD25m (4% ROE), 4% above our forecast; volume recovery during 2H14 was offset by lower container prices**
- **Comments from leasing companies indicate demand will likely be marginally better vs. 2014 but prices will remain lower on an average**
- **We establish a Buy rating with a fair value TP of HKD1.50**

Singamas reported a FY14 profit of USD28m, down 18% y-o-y. Stripping out non-recurring items (fair value changes and asset disposal gains in FY13) we estimate Singamas' recurring profits were USD25m in FY14, up 12% y-o-y and 4% above our forecast but about 31% below Bloomberg Consensus forecast. Container sales volumes continued to recover in 2H14 (up 30% y-o-y vs. 21% y-o-y in 1H14), although its prices continued to decline due to falling steel prices (key input).

Business update. Singamas' management expects demand to be driven by the deliveries of ultra large container vessels in 2015-17 along with a pickup in replacement demand as performance of shipping companies stabilises. It further stated that it has an order visibility of 2-3 months currently (normal). The US-listed container leasing companies in their 4Q14 results briefing guided that demand in 2015 may be similar or marginally better compared with 2014, but prices are unlikely to improve significantly from current dry container prices of about USD1,900/TEU (figure 8 & 18). Demand supply balance remains tight with low factory and depot inventories and a prolonged congestion in the US West Coast ports will likely increase the near-term demand for containers.

We keep our FY15-16e earnings forecasts unchanged as our assumption of higher container volumes is largely offset by lower container prices. We are 22% and 16% below Bloomberg consensus on 2015 and 2016e recurring earnings forecasts, respectively, and expect consensus to lower its forecast following 2014 results.

We establish a Buy rating with a fair value TP of HKD1.50: Y-t-d, Singamas share price has declined by 12%, underperforming the HSCEI by 13%. Singamas is trading at close to its lowest 12-month forward PB valuation post the 2007-08 global financial crisis. While a declining slot ratio is a negative for Singamas in the medium term, we believe trough valuations are not warranted as the company has reasonable visibility on its order book in the near term driven by peak new vessel deliveries in 2015e. We set the stock's fair value at a 0.75x 2015-16e PB, with an average forecast ROE of 5.7% in 2015-16e. The target multiple is similar to the average of the mean and trough trading range since 2011 (and implies 15/11x 2015/16e PE).

Index^	HSCEI
Index level	12,156
RIC	0716.HK
Bloomberg	716 HK

Source: HSBC

Enterprise value (USDm)	409
Free float (%)	59
Market cap (USDm)	355
Market cap (HKDm)	2,756

Source: HSBC

Buy

Target price	(HKD)	1.50
Share price	(HKD)	1.14
Potential return (%)		31.6

Note: Potential return equals the percentage difference between the current share price and the target price

Dec	2013 a	2014 e	2015 e
HSBC EPS	0.01	0.01	0.01
HSBC PE	15.9	14.2	11.5

Performance	1M	3M	12M
Absolute (%)	-8.8	-8.8	-35.2
Relative^ (%)	-9.7	-12.4	-49.8

Note: (V) = volatile (please see disclosure appendix)

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1. Singamas: 2H14/2014 results summary

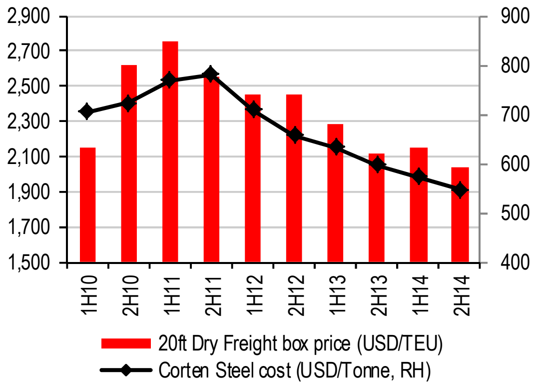
USDm	2H14	2H13	vs. 2H13	1H14	vs. 1H14	2H14e	vs. 2H14e	2014	2013	vs.2013	2014	vs. 2014e	Remarks
Total revenue	**868**	**702**	**24%**	**679**	**28%**	**723**	**20%**	**1,546**	**1,283**	**21%**	**1,401**	**10%**	**Higher than forecast due to strong container demand driven by economic recovery in the US, new vessel deliveries and replacement demand**
Manufacturing	853	687	24%	662	29%	706	21%	1,515	1,254	21%	1,368	11%	26% y-o-y increase in container sales in FY14; higher growth during 2H14
Logistics	15	16	-5%	16	-9%	17	-14%	31	29	7%	33	-7%	
Operating costs	(826)	(670)	23%	(635)	30%	(687)	20%	(1,461)	(1,204)	21%	(1,322)	11%	
EBITDA	**42**	**33**	**28%**	**44**	**-5%**	**36**	**17%**	**86**	**79**	**8%**	**80**	**8%**	
Depreciation & Amortisation	(14)	(11)	18%	(13)	4%	(13)	3%	(27)	(22)	23%	(26)	2%	Higher y-o-y due to new plants in Qidong
EBIT	**28**	**21**	**33%**	**31**	**-9%**	**22**	**25%**	**59**	**58**	**2%**	**54**	**11%**	**Refrigerated container factory in Qidong achieved operational breakeven point in the second half of 2014**
Net interest expenses	(3)	(7)	-61%	(6)	-55%	(6)	-56%	(9)	(13)	-31%	(13)	-28%	
Associate & JV income	(0)	0	NM	(0)	31%	0	-231%	(1)	1	-190%	-	-	
Exceptional items	2	2	31%	1	259%	-	NM	3	12	-75%	1	359%	Exchange and derivatives FV changes, gain on sale of terminal in Shunde in FY13
PBT	**27**	**16**	**72%**	**25**	**8%**	**16**	**67%**	**53**	**57**	**-8%**	**42**	**26%**	
Recurring PBT	**25**	**14**	**77%**	**25**	**2%**	**16**	**53%**	**50**	**45**	**9%**	**41**	**21%**	
Income tax	(10)	(7)	42%	(10)	-3%	(3)	233%	(20)	(18)	10%	(13)	52%	
PAT	18	9	95%	15	16%	13	32%	33	39	-16%	29	15%	
Minority interest	(3)	(2)	29%	(2)	50%	(2)	43%	(5)	(5)	-3%	(4)	22%	
Reported PAT to shareholders	**15**	**7**	**117%**	**13**	**11%**	**11**	**30%**	**28**	**34**	**-18%**	**25**	**14%**	
HSBC recurring PAT	**12**	**5**	**148%**	**13**	**-2%**	**11**	**9%**	**25**	**22**	**12%**	**24**	**4%**	**4% higher than our forecast in FY14 but 31% below Bloomberg consensus forecasts**
Basic EPS (USDc)	0.61	0.28	117%	0.55	11%	0.47	30%	1.16	1.42	-18%	1.02	14%	
Diluted EPS (USDc)	0.61	0.28	117%	0.55	11%	0.47	30%	1.16	1.42	-18%	1.02	14%	
HSBC EPS (USDc)	0.51	0.21	148%	0.52	-2%	0.47	9%	1.04	0.93	12%	0.99	4%	
DPS (HKD cents)	1.50	1.00	50%	1.50	0%	1.26	19%	3.00	4.00	**-25%**	2.76	9%	
Key ratios													
EBITDA margin (%)	4.8%	4.6%	0.2 ppt	6.5%	-1.7 ppt	4.9%	-0.1 ppt	5.6%	6.2%	-0.6 ppt	5.7%	-0.1 ppt	Margins declined y-o-y in FY14 due to decline in container prices
Operating margin (%)	3.2%	3.0%	0.2 ppt	4.6%	-1.3 ppt	3.1%	0.1 ppt	3.8%	4.5%	-0.7 ppt	3.8%	0.0 ppt	
Annualised ROE (%)	4.1%	1.7%	2.4 ppt	4.2%	-0.1 ppt	3.7%	NA	4.1%	3.8%	0.3 ppt	4.0%	0.2 ppt	
Operational Data													
Container sales (TEU)	386,633	298,372	30%	296,374	30%	353,937	9%	683,007	542,442	26%	650,311	5%	
Of which Specialised (TEU)	*56,836*	*57,502*	*-1%*	*59,275*	*-4%*	*57,893*	*-2%*	*116,111*	*86,791*	*34%*	*117,167*	*-1%*	
Of which Dry Freight (TEU)	*329,797*	*240,870*	*37%*	*237,099*	*39%*	*296,045*	*11%*	*566,896*	*455,651*	*24%*	*533,144*	*6%*	
Corten steel cost (USD/tonne)	548	597	-8%	574	-5%	508	8%	560	616	-9%	539	4%	
20ft Dry Freight container price (USD/TEU)	2,042	2,120	-4%	2,147	-5%	1,831	12%	2,086	2,195	-5%	2,045	2%	Drop in container prices reflected decline in input prices, particularly that of Corten Steel

Source: Company data, HSBC estimates

HSBC

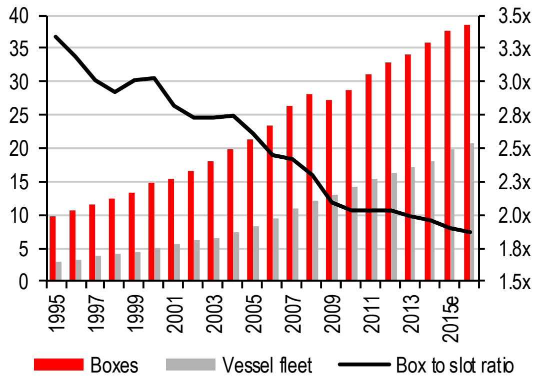
Singamas Containers – Key charts (1)

2. Singamas average selling prices closely track corten steel costs



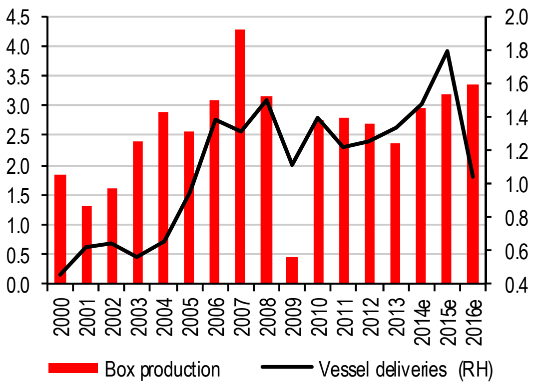
Source: Company data

3. Box to slot ratio on the decline over the past two decades (mTEU)



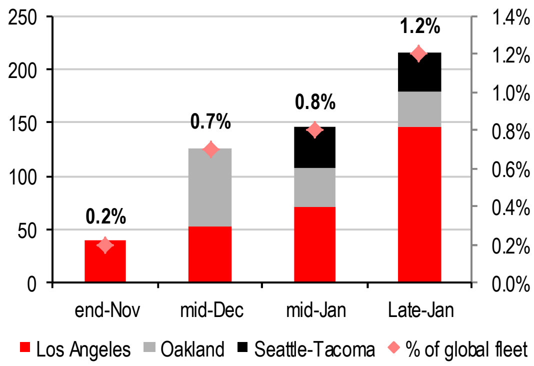
Source: Containerisation International, Clarksons Research Services, HSBC estimates

4. Record new vessel deliveries will likely offset to some extent the decline in the slot ratio in 2015 (TEUm)



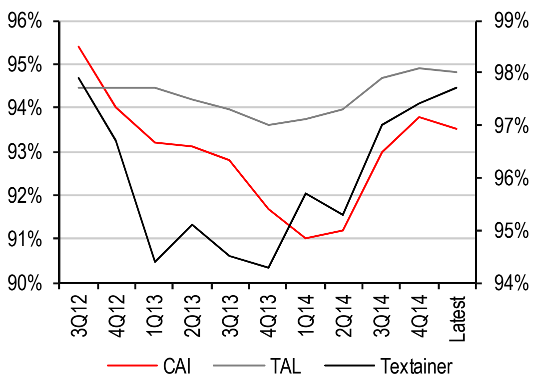
Source: Clarksons Research Services, HSBC estimates

5. Port congestion in key ports in the US West Coast ('000 TEU)



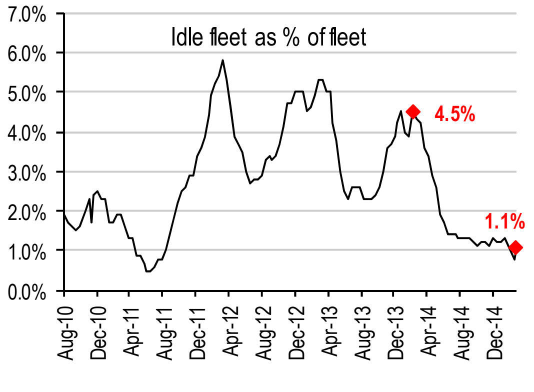
Source: Clarksons Research Services

6. Container leasing companies: Demand-supply remains tight as reflected by elevated levels of utilisation



Note: Utilisation in Cost equivalent units (CEU)
Source: Company data

7. Idle capacity too is now close to its lowest level since 2011



Source: Alphaliner

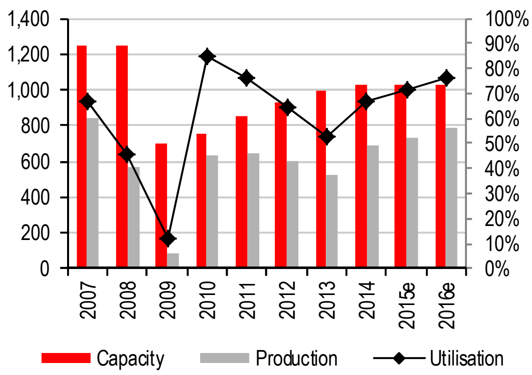
Singamas Containers – Key charts (2)

8. Key takeaways: US listed container leasing companies 4Q14 earnings call

	Direction
Average utilisation	↑
New container prices: around USD1,900/TEU	↔
Container demand outlook	↔
Inventory	↓
Global container production	↔
Port congestion impact on demand	↑
Leasing vs. buying	↑

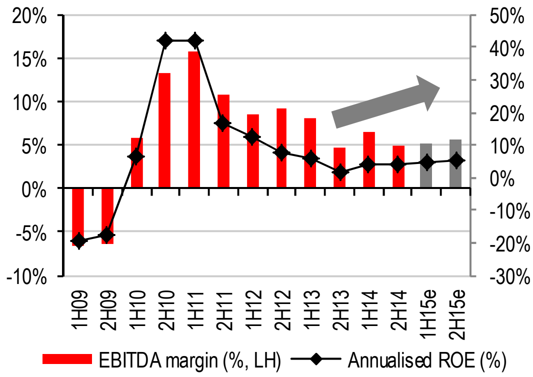
Source: Company data, HSBC estimates

9. Singamas: Capacity utilisation



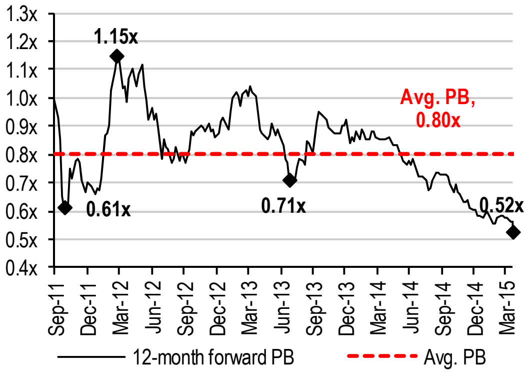
Note: Capacity and production in '000 TEUs.
Source: Company data

10. EBITDA margin and ROE trend



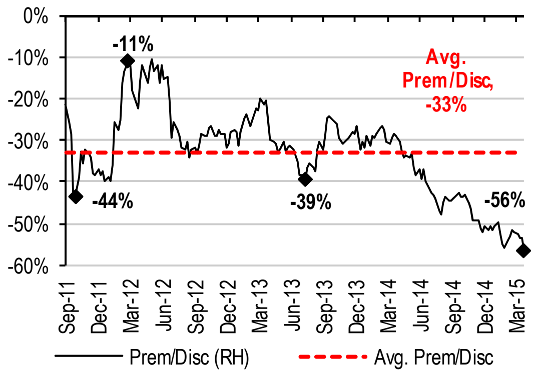
Source: Company data, HSBC estimates

11. Singamas 12-month forward PB trading range



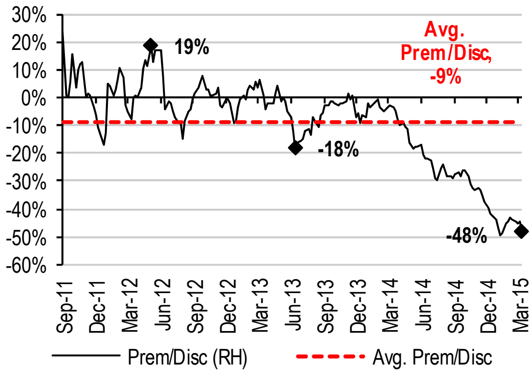
Source: Thomson Reuters Datastream

12. Singamas vs. MSCI Hong Kong: Premium/discount on 12-Month forward PB



Source: Thomson Reuters Datastream

13. Singamas vs. Asia Container Shipping: Premium/discount on 12-Month forward PB



Source: Thomson Reuters Datastream

Earnings forecast changes

While new 20ft container prices have fallen below the USD2,000 level, US-listed container leasing companies have guided that the demand supply situation remains tight due to strict capacity discipline by manufacturers (see figure 8 and 18). We expect container prices to remain around the USD2,000 TEU mark unless there is a material change in steel prices and there is little downside on our container price forecast (currently at 5 year low).

With new shipping alliances and recent mergers, we expect the box to slot ratio to continue to decline in the medium term due to better container efficiency. However, peak container vessel deliveries in 2015e, relatively strong container trade growth (driven by US) and prolonged port congestion in key ports globally particularly in the US West Coast ports should support the container demand growth in 2015, in our view. The company expects replacement demand too will pick up as performance of shipping companies stabilises. Indeed, unlike in 2014, there have been no major announcements of a prolonged shutdown of factories during the Chinese New year holidays by Chinese container manufacturers.

14. Singamas: Changes in key assumptions

	New		Old		Difference	
Year to Dec	**2015e**	**2016e**	**2015e**	**2016e**	**2015e**	**2016e**
Total sales volume (TEUs)	737,960	787,811	706,325	741,642	4%	6%
Dry Freight (TEUs)	621,848	660,089	571,583	593,425	9%	11%
Specialised Containers (TEUs)	116,111	127,722	134,743	148,217	-14%	-14%
Dry Freight Container price (USD/20 ft)	1,961	1,980	2,024	2,004	-3%	-1%
Specialised Container price (USD/20 ft)	3,825	3,825	3,224	3,224	19%	19%
Steel price per tonne	510	515	528	518	-4%	-1%
Avg. floorboard price per cubicmeter (USD)	680	687	704	714	-3%	-4%

Source: HSBC estimates

We keep our FY15-16e earnings forecasts unchanged as our assumption of higher container volumes is largely offset by lower container prices. Our revised earnings forecasts imply a 30% CAGR in recurring earnings in 2015-16e, although from a low base in 2014.

15. Singamas: Earnings forecast revisions, 2015-16e

Year to Dec (USDm)	New		Old		Difference	
	2015e	**2016e**	**2015e**	**2016e**	**2015e**	**2016e**
Turnover	1,589	1,716	1,525	1,600	4.2%	7.2%
EBITDA	85	101	86	101	-0.3%	-0.1%
EBIT	59	74	59	74	-0.3%	-0.1%
HSBC Net profit	**31**	**42**	**31**	**42**	**0.0%**	**0.0%**
ROE	**4.9%**	**6.5%**	**5.0%**	**6.5%**	**0.0 ppt**	**0.0 ppt**
Margin assumptions						
EBITDA margin	5.4%	5.9%	5.6%	6.3%	-0.2 ppt	-0.4 ppt
EBIT margin	3.7%	4.3%	3.9%	4.7%	-0.2 ppt	-0.3 ppt

Source: HSBC estimates

HSBC vs. Consensus

We are 22% and 16% below Bloomberg consensus on 2015 and 2016e recurring earnings forecasts, respectively, and expect consensus to lower its forecast following 2014 results.

HSBC

16. Singamas: HSBC estimates vs. consensus

	HSBC recurring net profits			ROE		
USDm	HSBC	Consensus	Difference	HSBC	Consensus	Difference
2015e	31	40	-22%	4.9%	5.4%	-0.5 ppt
2016e	42	50	-16%	6.5%	6.5%	0.0 ppt

Source: Bloomberg, HSBC estimates

Valuation

Singamas is trading at its lowest 12-month forward PB valuation post the 2007-08 global financial crisis. While a declining slot ratio is a negative for Singamas in the medium term, we believe trough valuations are not warranted as the company has reasonable visibility on its order book in the near term driven by peak new vessel deliveries in 2015e and some uplift in demand from ongoing port congestion in the US West Coast ports. Hence, we assign a PB multiple of 0.75x, similar to the average of the mean and trough trading range since 2011 to Singamas' 2015-16e book, which gives us an fair value target price of HKD1.50.

Our fair value target price of HKD1.50 implies a 31.6% upside from the current share price of HKD1.14; therefore, we establish a Buy rating on the stock (Overweight under our previous rating structure).

Risks

Key downside risks include:

- Competition from CIMC to gain market share, although recent cooperation agreement between Singamas' parent Pacific International Lines (PIL, not listed) and CSCL's (2866 HK, HKD2.35, OW, TP HKD2.90) parent China Shipping Group (not listed) to pursue opportunities in the container manufacturing and leasing business could help them to bring further consolidation in the sector;
- A sharp decline in yield for leasing companies, which are Singamas' key customers;
- Container-sharing between shipping alliance partners, e.g. 2M alliance;
- Potential anti-dumping duties on 53-foot dry container by the US International Trade Commissions, although such containers exported to the US form a relatively small portion of the company's revenues (approximately 5.43% in 2013).

17. Singamas: Container manufacturing capacity

Factory name	Latest Stake	Location	Operations since	Annual Capacity in TEUs 2013	2014	Products
Tianjin Pacific	97%	Tianjin	2002	80,000	80,000	Dry freight and specialised containers
Qingdao Pacific	100%	Qingdao	2004	140,000	140,000	Dry freight and US Domestic containers
Singamas Container Industry	75%	Yixing	1994	30,000	30,000	Flat tracks, blutainers, pallet-wide, log carriers, other specialised containers and container components
Shanghai Pacific	60%	Shanghai	1990	10,000	10,000	Tank containers
Shanghai Baoshan	74%	Shanghai	2003	175,000	175,000	Dry freight and other specialised containers
Shanghai Reeferco	91%	Shanghai	1996	35,000	35,000	Refrigerated containers
Xiamen Pacific	100%	Xiamen	1998	70,000	70,000	Dry freight containers
Hui Zhou Pacific	91%	Hui Zhou	2006	120,000	120,000	Dry freight and other specialised containers
Ningbo Pacific	100%	Ningbo	2006	110,000	110,000	Dry freight containers
Qidong Singamas	100%	Qidong	2012	200,000	200,000	Dry freight and other specialised containers
Qidong Pacific	100%	Qidong	2013	30,000	60,000	Refrigerated containers
Container manufacturing total				**1,000,000**	**1,030,000**	
% change y-o-y				*8.1%*	*3.0%*	
Qidong offshore	**50%**	Qidong	2014	na	5,000	Offshore containers (capacity in units)

Note: Production capacity is based on extended single shift
Source: Company data

18. Key takeaways: Leasing companies 4Q14 earnings call

	Direction	Textainer (TGH US)	TAL (TAL US)	CAI International (CAP US)
Average utilisation	↑	▸ **97.4%** in 4Q14 vs. 94.3% in 4Q13 and 97% in 3Q14 ▸ Utilisation is at its highest level in two years ▸ Expect utilisation to remain high in 2015	▸ **98.1%** in 4Q14 vs. 97% in 4Q13 and 97.9% in 3Q14 ▸ High utilisation in 4Q14 despite the fact that the winter is the slow season for dry containers	▸ **93.8%** in 4Q14 vs. 91.7% in 4Q13 and 93% in 3Q14 ▸ Utilisation at end of January was 93.5% and company expects it will rise over the course of the year
New container prices: around USD1,900/TEU	↔	▸ Does not expect increase in prices unless steel prices or demand increases unexpectedly ▸ Overtime container prices tend to trend up	▸ New container prices fell from over USD2,500/TEU during most of 2010-12 to under USD2,000 for most of 2014 ▸ Steel prices in China have decreased roughly 15% over the last few months, which will likely lead to further decreases in new container prices	▸ New container prices are in the range of USD1,900-1,950 per TEU ▸ Does not expect new container prices to increase substantially
Container demand outlook	↔	▸ Business conditions to remain similar to 2014	▸ In 2014, trade volumes outperformed customer's expectations	▸ Overall, company expects container demand in 2015 to be strong particularly in 2H of 2015 ▸ Company expects lower oil prices to stimulate demand, although there may be some unwinding of slow steaming
Inventory (demand-supply balance)	↓	▸ Closed out 2014 with depot inventory at its lowest level since 2012	▸ Depot inventories for leasing companies are low in key Asian export locations ▸ Expect the global supply and demand balance for containers to remain tight	▸ Demand-supply balance is fairly tight and both depot and factory inventory levels are pretty low
Global container production	↔	▸ Production was below capacity (around 3m TEUs); expect similar production in 2015 ▸ Manufacturers have not announced any extended shut down during Chinese New Year holidays ▸ With overheads and current prices manufacturers are better off producing than remaining shut	▸ At current container and steel prices, manufacturers may likely make nice margin, where in the past they were breaking even	▸ NA
Port congestion impact on demand	↑	▸ The company has not seen it yet to a larger extent in the year to date ▸ Congestion must have a significant impact, particularly if the second quarter peak season starts early	▸ US West Coast port operations could create spot container shortages if the disruptions continue	▸ In the short to medium term, this should result in incremental container demand
Leasing vs. buying	↑	▸ Approximately 55% of new container purchases driven by leasing companies	▸ Shipping lines remain cautious about purchasing large volumes ▸ Expect leasing to continue to take share from container ownership	▸ With current low leasing rates, leasing remains attractive compared to buying for shipping lines

Source: Company data

Financials & valuation

Financial statements

Year to	12/2013a	12/2014e	12/2015e	12/2016e
Profit & loss summary (USDm)				
Revenue	1,283	1,546	1,589	1,716
EBITDA	79	86	85	101
Depreciation & amortisation	-22	-27	-26	-26
Operating profit/EBIT	58	59	59	74
Net interest	-13	-9	-5	-5
PBT	57	53	56	74
HSBC PBT	45	50	56	74
Taxation	-18	-20	-20	-24
Net profit	34	28	31	42
HSBC net profit	22	25	31	42
Cash flow summary (USDm)				
Cash flow from operations	-174	48	55	32
Capex	-58	-40	-20	-20
Cash flow from investment	-46	-69	-20	-20
Dividends	-12	-9	-10	-14
Change in net debt	157	22	-50	-22
FCF equity	-118	25	60	31
Balance sheet summary (USDm)				
Intangible fixed assets	6	6	6	6
Tangible fixed assets	406	424	418	412
Current assets	934	916	984	1,053
Cash & others	307	250	337	359
Total assets	1,389	1,430	1,494	1,561
Operating liabilities	315	371	371	403
Gross debt	412	378	415	415
Net debt	106	128	78	56
Shareholders funds	598	618	638	666
Invested capital	725	726	700	709

Ratio, growth and per share analysis

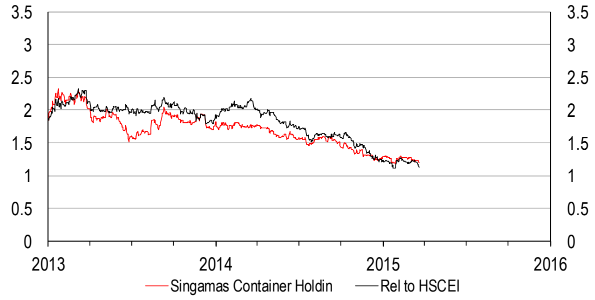
Year to	12/2013a	12/2014e	12/2015e	12/2016e
Y-o-y % change				
Revenue	-16.5	20.5	2.8	7.9
EBITDA	-41.7	8.1	-0.4	17.7
Operating profit	-50.1	2.5	0.1	25.4
PBT	-44.5	-8.1	6.4	32.8
HSBC EPS	-60.7	11.7	23.5	36.9
Ratios (%)				
Revenue/IC (x)	2.0	2.1	2.2	2.4
ROIC	6.3	5.3	5.6	7.3
ROE	3.8	4.1	4.9	6.5
ROA	3.6	2.9	2.9	3.7
EBITDA margin	6.2	5.6	5.4	5.9
Operating profit margin	4.5	3.8	3.7	4.3
EBITDA/net interest (x)	6.0	9.4	15.7	19.4
Net debt/equity	16.1	19.0	11.2	7.6
Net debt/EBITDA (x)	1.3	1.5	0.9	0.6
CF from operations/net debt		37.2	70.8	56.7
Per share data (USD)				
EPS reported (fully diluted)	0.01	0.01	0.01	0.02
HSBC EPS (fully diluted)	0.01	0.01	0.01	0.02
DPS	0.01	0.00	0.00	0.01
Book value	0.25	0.26	0.26	0.28

Valuation data

Year to	12/2013a	12/2014e	12/2015e	12/2016e
EV/sales	0.3	0.3	0.2	0.2
EV/EBITDA	5.4	4.8	4.2	3.3
EV/IC	0.6	0.6	0.5	0.5
PE*	15.9	14.2	11.5	8.4
P/Book value	0.6	0.6	0.6	0.5
FCF yield (%)	-36.3	8.8	21.6	11.4
Dividend yield (%)	3.5	2.6	2.9	4.0

Note: * = Based on HSBC EPS (fully diluted)

Price relative



Source: HSBC

Note: price at close of 23 Mar 2015

Disclosure appendix

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Important disclosures

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From 23rd March 2015 HSBC has assigned ratings on the following basis:

The target price is based on the analyst's assessment of the stock's actual current value, although we expect it to take six to 12 months for the market price to reflect this. When the target price is more than 20% above the current share price, the stock will be classified as a Buy; when it is between 5% and 20% above the current share price, the stock may be classified as a Buy or a Hold; when it is between 5% below and 5% above the current share price, the stock will be classified as a Hold; when it is between 5% and 20% below the current share price, the stock may be classified as a Hold or a Reduce; and when it is more than 20% below the current share price, the stock will be classified as a Reduce.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation or resumption of coverage, change in target price or estimates).

Upside/Downside is the percentage difference between the target price and the share price.

Prior to this date, HSBC's rating structure was applied on the following basis:

For each stock we set a required rate of return calculated from the cost of equity for that stock's domestic or, as appropriate, regional market established by our strategy team. The target price for a stock represented the value the analyst expected the stock to reach over our performance horizon. The performance horizon was 12 months. For a stock to be classified as Overweight, the potential return, which equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated, had to exceed the required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). For a stock to be classified as Underweight, the stock was expected to underperform its required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). Stocks between these bands were classified as Neutral.

*A stock was classified as volatile if its historical volatility had exceeded 40%, if the stock had been listed for less than 12 months (unless it was in an industry or sector where volatility is low) or if the analyst expected significant volatility. However, stocks which we did not consider volatile may in fact also have behaved in such a way. Historical volatility was defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility had to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

Rating distribution for long-term investment opportunities

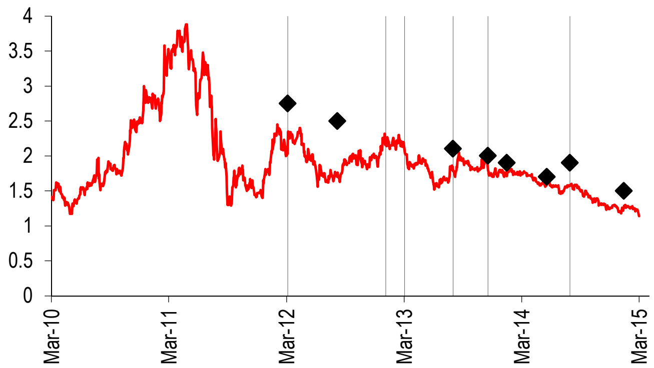
As of 24 March 2015, the distribution of all ratings published is as follows:

Buy	41%	(30% of these provided with Investment Banking Services)
Hold	40%	(27% of these provided with Investment Banking Services)
Sell	19%	(20% of these provided with Investment Banking Services)

For the purposes of the distribution above the following mapping structure is used during the transition from the previous to current rating models: under our previous model, Overweight = Buy, Neutral = Hold and Underweight = Sell; under our current model Buy = Buy, Hold = Hold and Reduce = Sell. For rating definitions under both models, please see "Stock ratings and basis for financial analysis" above.

Share price and rating changes for long-term investment opportunities

Singamas Container Holdin (0716.HK) Share Price performance HKD Vs HSBC rating history



Source: HSBC

Recommendation & price target history

From	To	Date
Neutral (V)	Overweight (V)	27 March 2012
Overweight (V)	Neutral (V)	25 January 2013
Neutral (V)	Overweight (V)	25 March 2013
Overweight (V)	Overweight	22 August 2013
Overweight	Neutral	09 December 2013
Neutral	Overweight	21 August 2014
Target Price	**Value**	**Date**
Price 1	2.75	27 March 2012
Price 2	2.50	28 August 2012
Price 3	2.10	22 August 2013
Price 4	2.00	09 December 2013
Price 5	1.90	06 February 2014
Price 6	1.70	10 June 2014
Price 7	1.90	21 August 2014
Price 8	1.50	04 February 2015

Source: HSBC

HSBC & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price Date	Disclosure
SINGAMAS CONTAINER HOLDINGS	0716.HK	1.14	23-Mar-2015	4, 6, 7

Source: HSBC

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2 HSBC expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.
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