

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

The logo for SINGAMAS, featuring the word "SINGAMAS" in bold red capital letters, centered between two horizontal blue bars.

勝獅貨櫃企業有限公司

SINGAMAS CONTAINER HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 716)

CONTINUING CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

Reference is made to (i) the announcement of the Company dated 30 December 2013 in relation to the Addendum to the Depot Agreement entered into between SLTC and PILChina pursuant to which SLTC provides container depot services to PILChina; and (ii) the announcement of the Company dated 31 December 2013 in relation to 2014 Depot Agreement entered into between STHK and PILHK pursuant to which STHK provides container depot services to PILHK. The Addendum to the Depot Agreement and the 2014 Depot Agreement will expire on 31 December 2016. On 14 December 2016, the Company (for and on behalf of the Group) entered into the Master Services Contract 2017 with PIL (for and on behalf of PIL Group), pursuant to which the Group will provide Container Depot and Logistics Services to PIL Group. The Master Services Contract 2017 will take effect from 1 January 2017 and expire on 31 December 2019.

As PIL is the controlling Shareholder of the Company as defined under the Listing Rules, PIL is a connected person of the Company. The Master Services Contract 2017 involves transactions which will occur on a recurring basis over a period of time; accordingly, the Transactions will constitute continuing connected transactions of the Company.

The proposed Annual Caps of the Transactions are US\$4,500,000 (equivalent to approximately HK\$34,920,000), US\$5,000,000 (equivalent to approximately HK\$38,800,000) and US\$5,500,000 (equivalent to approximately HK\$42,680,000) for the financial years ending 31 December 2017, 2018 and 2019 respectively.

As one or more of the applicable percentage ratios (other than profit ratio) calculated pursuant to Rule 14.07 of the Listing Rules in respect of the proposed Annual Caps for the Transactions exceeds 0.1% but all the applicable percentage ratios are less than 5%, the Transactions contemplated under the Master Services Contract 2017 are subject to annual reporting, announcement and annual review but are exempted from Shareholders' approval requirements under Chapter 14A of the Listing Rules. Each of Mr. Teo Siong Seng, Mr. Teo Tiou Seng, Mr. Kuan Kim Kin and Mr. Tan Chor Kee (as directors of both PIL and the Company) has abstained from voting on the board resolutions approving the Master Services Contract 2017 and the Transactions contemplated thereunder.

CONTINUING CONNECTED TRANSACTIONS

BACKGROUND

Reference is made to (i) the announcement of the Company dated 30 December 2013 in relation to the Addendum to the Depot Agreement entered into between SLTC and PILChina pursuant to which SLTC provides container depot services to PILChina; and (ii) the announcement of the Company dated 31 December 2013 in relation to 2014 Depot Agreement entered into between STHK and PILHK pursuant to which STHK provides container depot services to PILHK. The Addendum to the Depot Agreement and the 2014 Depot Agreement will expire on 31 December 2016. On 14 December 2016, the Company (for and on behalf of the Group) entered into the Master Services Contract 2017 with PIL (for and on behalf of PIL Group), pursuant to which the Group will provide Container Depot and Logistics Services to PIL Group. The Master Services Contract 2017 will take effect from 1 January 2017 and expire on 31 December 2019.

MASTER SERVICES CONTRACT 2017

The salient terms and conditions of the Master Services Contract 2017 are set out below.

Date:

14 December 2016

Parties:

The Company (on behalf of the Group)

PIL (on behalf of PIL Group)

Scope/Consideration

Pursuant to the Master Services Contract 2017, the Group will enter into individual service agreements with PIL Group for the provision of Container Depot and Logistics Services by the Group to PIL Group. Any and all of the Container Depot and Logistics Services shall be provided by the Group to PIL Group on normal commercial terms and on terms no less favourable to the Group than those offered by the Group to independent third party customers, and subject to the Annual Caps.

The service price shall be determined with reference to (i) a fixed percentage markup over the total costs incurred by the Container Depot and Logistics Services ranging from 10% to 30% which shall be determined based on arm's length negotiations between the parties taking into consideration, among other things, the market price in different locations in which the Container Depot and Logistics Services are provided, and which shall be in line with the arrangement with other independent third party customers of the Group and industry practices; (ii) the prices of the same or similar types of services offered to independent third party customers of the Group, which shall be used as a benchmark when negotiating the transactions; and (iii) the prevailing market prices of same or similar types of services of the same period.

To ascertain whether the gross profit margin is generally in line with industry practices, the relevant officers of the Group will review the terms of service agreements with reference to the prices at which similar types of services are provided to independent third party customers in the same area in the ordinary course of business at the relevant time and calculate the gross profit margins based on such terms of service agreements. The relevant officers of the Group will then compare the gross profit margin that can be achieved by providing Container Depot and Logistics Services to PIL Group and to independent third party customers to ensure that the gross profit margin from providing services to PIL Group is reasonable.

The Board considers that the said methods and procedures can ensure that the Transactions be conducted on normal commercial terms and on terms no less favourable to the Group than those offered by the Group to independent third party customers and are not prejudicial to the interests of the Company and the Shareholders.

The payment for the transactions contemplated under the Master Services Contract 2017, unless otherwise stipulated in the relevant individual service agreement, shall be invoiced on a monthly basis to be sent to the relevant customer no later than the end of the next following month after the services have been provided. The relevant customer shall pay the invoice within thirty days from the date of issue of the invoice.

Term

The Master Services Contract 2017 will be in force for a period commencing on 1 January 2017 and expiring on 31 December 2019. During the effective period of the Master Services Contract 2017, either the Company (on behalf of the Group) or PIL (on behalf of PIL Group) may terminate the Master Services Contract 2017 by giving 30 days written notice to the other party.

Historical figures, existing annual caps and proposed Annual Caps

The table below sets out the historical figures and the existing annual caps in respect of the transactions under the Depot Agreement and 2014 Depot Agreement for each of the financial years ended 31 December 2014, 2015 and 2016.

	Annual caps for year ended 31 December 2014	Actual amount for year ended 31 December 2014	Annual caps for year ended 31 December 2015	Actual amount for year ended 31 December 2015	Annual caps for year ending 31 December 2016	Estimated amount for the period from 1 January 2016 to 31 December 2016
Existing annual caps and actual amount of the transactions under the Depot Agreement	RMB14,400,000 (equivalent to approximately HK\$ 16,223,040)	RMB5,510,000 (equivalent to approximately HK\$ 6,207,566)	RMB14,400,000 (equivalent to approximately HK\$16,223,040)	RMB3,598,000 (equivalent to approximately HK\$ 4,053,507)	RMB14,400,000 (equivalent to approximately HK\$16,223,040)	RMB 3,943,000 (equivalent to approximately HK\$4,442,184)
Existing annual caps and actual amount of the transactions under the 2014 Depot Agreement	HK\$12,000,000	HK\$8,539,000	HK\$14,000,000	HK\$8,404,000	HK\$ 16,000,000	HK\$7,961,000

The proposed Annual Caps of the Transactions for each of the financial years ending 31 December 2017, 2018 and 2019 are US\$4,500,000 (equivalent to approximately HK\$34,920,000), US\$5,000,000 (equivalent to approximately HK\$38,800,000) and US\$5,500,000 (equivalent to approximately HK\$42,680,000) respectively.

The proposed Annual Caps are determined after taking into account (i) the historical transaction amounts for each of the two years ended 31 December 2015 and the estimated transaction amounts for the period from 1 January 2016 to 31 December 2016 as shown in the table above; (ii) existing annual caps in respect of the transactions under the Depot Agreement and 2014 Depot Agreement for each of the financial years ended 31 December 2014, 2015 and 2016 as shown in the table above; (iii) the estimated projection of service price for the years ending 31 December 2017, 2018 and 2019 taking into account of the anticipated logistics business growth of PIL Group resulting from the market recovery; (iv) the existing scale and operations of the Group's business and the business plan of the Group; and (v) the anticipated inflationary pressures for the three years ending 31 December 2019.

INTERNAL CONTROL FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group in charge to ensure that all the continuing connected transactions are conducted on normal commercial terms and in accordance with the pricing policy of the Group and will not be prejudicial to the interests of the Company and its Shareholders as a whole. The relevant personnel and management of the Group will conduct regular checks to review and assess whether individual transactions contemplated under continuing connected transactions are conducted in accordance with the terms of the Master Services Contract 2017 and will also regularly review whether the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy. The independent non-executive Directors will review the transactions contemplated under all continuing connected transactions of the Company and the auditors of the Group will also conduct an annual review on the pricing terms and Annual Caps thereof. Accordingly, the Directors consider that the internal control mechanism of the Company is effective to ensure that the transactions contemplated under all continuing connected transactions have been and will be conducted on normal commercial terms and in accordance with the pricing policy of the Group and not prejudicial to the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER SERVICES CONTRACT 2017

The Group is principally engaged in the businesses of container manufacturing and provision of logistics services. PIL is an operator of container liner services and other logistics related services.

The Master Services Contract 2017 will provide the Group with an additional and steady source of revenue. The Directors (including independent non-executive Directors) consider that it is in the interests of the Company and the Shareholders of the Company (on behalf of the Group) to enter into the Master Services Contract 2017, which will enable the Group to generate steady revenue from the provision of Container Depot and Logistics Services.

LISTING RULES IMPLICATIONS

PIL, a company in which Mr. Teo Siong Seng and Mr. Teo Tiou Seng are directors and shareholders, is the controlling Shareholder of the Company, as defined under the Listing Rules. Accordingly, PIL is a connected person of the Company under the Listing Rules. The Master Services Contract 2017 involves transactions which will occur on a recurring basis over a period of time; accordingly, the Transactions constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios (other than profit ratio) calculated pursuant to Rule 14.07 of the Listing Rules in respect of the proposed Annual Caps for the Transactions exceeds 0.1% but all the applicable percentage ratios are less than 5%, the Transactions contemplated under the Master Services Contract 2017 are subject to annual reporting, announcement and annual review but are exempted from Shareholders' approval requirements under Chapter 14A of the Listing Rules. Each of Mr. Teo Siong Seng, Mr. Teo Tiou Seng, Mr. Kuan Kim Kin and Mr. Tan Chor Kee (as directors of both PIL and the Company), has abstained from voting on the board resolutions approving the Master Services Contract 2017 and the Transactions contemplated thereunder.

The Directors (including independent non-executive Directors) consider that (i) the Master Services Contract 2017 was negotiated on arm's length basis and is on normal commercial terms and in the ordinary and usual course of business of the Company; and (ii) the terms of the Master Services Contract 2017, the transactions contemplated thereunder, and the estimated annual transaction amounts are also fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GENERAL

The Company is an investment holding company incorporated in Hong Kong and the business activities of the Group include manufacturing dry freight containers, collapsible flatrack containers, open top containers, bitutainers, refrigerated containers, 53' US domestic containers, tank containers, offshore container and other specialised containers and container parts; provision of logistics services, including operating container depots, container terminals and container logistics.

PIL is an operator of container liner services and other logistics related services.

DEFINITIONS

“2014 Depot Agreement”	the Depot Agreement dated 30 December 2013 entered into between STHK and PILHK, taking effect from 1 January 2014 for a period of three years and ending on 31 December 2016
“Addendum”	an addendum dated 30 December 2013 entered into between SLTC and PILChina, taking effect from 1 January 2014 for the purpose of, among other things, extending the term of the Depot Agreement for a period of three years
“associates”	has the same meaning as given to it in the Listing Rules

“Annual Caps”	the maximum aggregate sales value in respect of the Transactions for each of the financial years ending 31 December 2017, 2018 and 2019 in this announcement
“Board”	the board of Directors
“Company”	Singamas Container Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock code : 716)
“Container Depot and Logistics Services”	Container depot and logistic services to be performed by the Group under the Master Services Contract 2017 including but not limited to container handling, container storage, interchanging, inspection, repair, maintenance, refurbishment, trucking, cleaning, refrigerated machinery attendance and other services in relation to the containers managed and/or owned by the PIL Group
“connected person”	has the same meaning as given to it in the Listing Rules
“continuing connected transactions”	has the same meaning as given to it in the Listing Rules
“Depot Agreement”	the depot agreement dated 1 January 2011 entered between SLTC and PILChina which took effect from 1 January 2011 and in force for a period of three years and extended to a further term of three years as mutually agreed between the parties, the details of which were disclosed in the Company’s announcement dated 1 January 2011
“Director(s)”	the director(s) of the Company
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Master Services Contract 2017”	the master services contract dated 14 December 2016 entered into between the Company (for and on behalf of the Group) and PIL (for and on behalf of PIL Group) with a term commencing from 1 January 2017 to 31 December 2019
“PIL”	Pacific International Lines (Private) Limited, a company incorporated in the Republic of Singapore and in which Mr. Teo Siong Seng and Mr. Teo Tiou Seng, are directors and shareholders, the controlling Shareholder of the Company, as defined under the Listing Rules
“PILChina”	Tianjin Branch of Pacific International Lines (China) Ltd. (太平船務(中國)有限公司天津分公司), a company incorporated in the PRC and a wholly-owned subsidiary of PIL
“PILHK”	Pacific International Lines (HK) Limited (太平船務(香港)有限公司), a company incorporated in Hong Kong and a subsidiary of PIL
“PIL Group”	PIL together with its subsidiaries
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“STHK”	Singamas Terminals (Hong Kong) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“SLTC”	Singamas Logistics (Tianjin) Co., Ltd. (勝獅物流(天津)有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transactions”	the continuing connected transactions between the Group and PIL Group to be entered into on a recurring basis and all the transactions contemplated thereunder the Master Services Contract 2017
“US”	United States of America
“US\$”	United States dollars, the lawful currency of US
“%”	per cent

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

Hong Kong, 14 December 2016

For illustrative purpose only and unless otherwise specified, US\$ is translated to HK\$ at the rate of US\$1.00=HK\$7.76, and RMB is translated to HK\$ at the rate of RMB1.00=HK\$1.1266.

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