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The logo for SINGAMAS, featuring the word "SINGAMAS" in bold, red, uppercase letters. The text is centered between two horizontal blue bars, one above and one below.

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**

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Reference is made to the announcement of the Company dated 6 October 2014 in relation to the Master Purchase Contract 2015 entered into among the Company (for and on behalf of the Group) and PIL (for and on behalf of PIL Group) for the sales of Equipment to PIL Group. The Master Purchase Contract 2015 will expire on 31 December 2017. On 30 October 2017, the Company (for and on behalf of the Group) entered into the Master Purchase Contract 2018 with PIL (for and on behalf of PIL Group), pursuant to which the Group will sell the Equipment to PIL Group. The Master Purchase Contract 2018 is subject to the approval of the Shareholders and will take effect from 1 January 2018 and expire on 31 December 2020.

In view that PIL is the controlling Shareholder of the Company, as defined under the Listing Rules, PIL is a connected person of the Company. The Master Purchase Contract 2018 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 during the three financial years ending 31 December 2018, 2019 and 2020 would not exceed US\$145,000,000, US\$150,000,000 and US\$155,000,000 (equivalent to approximately HK\$1,131,000,000, HK\$1,170,000,000 and HK\$1,209,000,000) respectively.

Each 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 5%.

Accordingly, the Transactions contemplated under the Master Purchase Contract 2018 are subject to annual reporting, announcement, annual review and Shareholders' approval under Chapter 14A of the Listing Rules. Each of (i) PIL and its associates; and (ii) Messrs. Teo Siong Seng, Teo Tiou Seng, Kuan Kim Kin and Tan Chor Kee (as directors of both PIL and the Company), will abstain from voting on the resolution in respect of the Transactions at the General Meeting.

An Independent Board Committee has been set up to advise the Shareholders in connection with the Transactions. An independent financial adviser, Lego Corporate Finance Limited has been appointed for the purpose of providing independent advice to the Independent Board Committee and the Shareholders in connection with the Transactions.

A circular containing information regarding the Transactions, the notice of the General Meeting, the advice of the independent financial adviser and the recommendation of the Independent Board Committee is expected to be dispatched to the Shareholders on or before 17 November 2017.

## **CONTINUING CONNECTED TRANSACTIONS**

### **BACKGROUND**

Reference is made to the announcement of the Company dated 6 October 2014 in relation to the Master Purchase Contract 2015 entered into between the Company (for and on behalf of the Group) and PIL (for and on behalf of PIL Group) for the sales of Equipment to PIL Group. The Master Purchase Contract 2015 will expire on 31 December 2017. On 30 October 2017, the Company (for and on behalf of the Group) entered into the Master Purchase Contract 2018 with PIL (for and on behalf of PIL Group), pursuant to which the Group will sell the Equipment to PIL Group. The Master Purchase Contract 2018 is subject to the approval of the Shareholders and will take effect from 1 January 2018 and expire on 31 December 2020.

Each 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 5%. Accordingly, the Transactions contemplated under the Master Purchase Contract 2018 are subject to annual reporting, announcement, annual review and Shareholders' approval under Chapter 14A of the Listing Rules. Each of (i) PIL and its associates; and (ii) Messrs. Teo Siong Seng, Teo Tiou Seng, Kuan Kim Kin and Tan Chor Kee (as directors of both PIL and the Company), will abstain from voting on the resolution in respect of the Transactions at the General Meeting.

### **CONDITIONAL MASTER PURCHASE CONTRACT 2018**

The salient terms and conditions of the Master Purchase Contract 2018 are described below.

**Date:**

30 October 2017

**Parties:**

The Seller:

The Company (on behalf of the Group)

The Buyer:

PIL (on behalf of PIL Group)

**Scope/Consideration**

Pursuant to the Master Purchase Contract 2018, the Group will enter into individual purchase order agreements with PIL Group for the provision of Equipment by the Group to PIL Group. Each individual purchase order agreement will specify and stipulate the specific terms and the operative provisions, including but not limited to the size and type, unit price, quantity and delivery time and location of the Equipment, which may cover dry freight containers, collapsible flatrack containers, open top containers, bitainers, refrigerated containers, US domestic containers, tank containers, offshore containers and other specialised containers.

Given that none of the Equipment under the Master Purchase Contract 2018 has a fixed unit price or has a published reference price, the unit price of the Equipment under each individual purchase order agreement will be determined on a cost plus reasonable profits basis (and hence the said pricing policy applies to all such Equipment), which markup (a) will be taken into account, among other things, the market demand and supply dynamics at the time when quotations are made and the selling price of similar nature and values of Equipment charged by competitors of the Group in the market (if available). Such market prices will be obtained through, among other things, recent transactions of the Group and enquiry with other industry players; and (b) is determined on an arm's length basis between the Group and PIL Group provided that the parties may negotiate on a case-by-case basis but in any event will be no less favourable to the Group than those offered to other independent third party customers of the Group for the similar nature and value of the Equipment and the industry practices.

Before determining the unit price for the Equipment under Master Purchase Contract 2018 and signing any individual purchase order agreement, the relevant officers of the Group would also review the terms of purchase orders entered into by independent third party customers with similar quantities, nature and values of the Equipment at the relevant time and calculate the gross profit margins based on such purchase orders. The relevant officers would then compare the gross profit margin that can be achieved by selling the Equipment to PIL and to independent third party customers to ensure that the gross profit margin from the sale of Equipment to PIL is reasonable and ascertain that the gross profit margin is generally in line with industry practices. So far as the Directors are aware, it is an industry practice to adopt a cost-plus pricing model to determine the price as well as the gross profit margin for the Equipment.

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 parties and are not prejudicial to the interests of the Company and the Shareholders.

The payment for the Transactions contemplated under the Master Purchase Contract 2018, unless otherwise stipulated in the relevant individual purchase order agreement, shall be on a deferred basis according to normal credit terms within 60 days.

### Term

The Master Purchase Contract 2018 will be in force for a period commencing on 1 January 2018 and expiring on 31 December 2020. During the effective period of the Master Purchase Contract 2018, either the Company (on behalf of the Group) or PIL (on behalf of PIL Group) may terminate the Master Purchase Contract 2018 by giving 30 days' written notice to the other party. In the event that neither party terminates the Master Purchase Contract 2018 early, the Company will comply with the relevant requirements of the Listing Rules upon expiry of the term on 31 December 2020.

### Historical figures, existing annual caps and proposed Annual Caps

The table below sets out the historical figures for each of the two years ended 31 December 2015 and 2016 and the nine months ended 30 September 2017, the existing annual caps in respect of the transactions contemplated under the Master Purchase Contract 2015 for each of the financial years ended 31 December 2015, 2016 and 2017 and the proposed Annual Caps.

Year ended 31 December 2015		Year ended 31 December 2016		Year 2017 – Based on orders value up to 30 September 2017		Year ending 31 December 2018	Year ending 31 December 2019	Year ending 31 December 2020
Annual caps	Actual amount	Annual caps	Actual amount	Annual caps	Actual amount	Proposed Annual Caps	Proposed Annual Caps	Proposed Annual Caps
US\$100,000,000	US\$65,622,100	US\$125,000,000	US\$27,713,510	US\$ 150,000,000	US\$46,780,000	US\$ 145,000,000	US\$ 150,000,000	US\$ 155,000,000
(equivalent to approximately HK\$780,000,000)	(equivalent to approximately HK\$511,852,000)	(equivalent to approximately HK\$975,000,000)	(equivalent to approximately HK\$216,165,000)	(equivalent to approximately HK\$1,170,000,000)	(equivalent to approximately HK\$364,884,000)	(equivalent to approximately HK\$1,131,000,000)	(equivalent to approximately HK\$1,170,000,000)	(equivalent to approximately HK\$1,209,000,000)

The proposed Annual Caps of the Transactions during the three financial years ending 31 December 2018, 2019 and 2020 would not exceed US\$145,000,000, US\$150,000,000 and US\$155,000,000 (equivalent to approximately HK\$1,131,000,000, HK\$1,170,000,000 and HK\$1,209,000,000) respectively.

The low aggregate sales value to PIL Group for 2016 was mainly due to the fact that PIL Group made few direct purchases from the Group in 2016 and instead, fulfilled most of its requirements of Equipment indirectly through container leasing or financing companies. Based on the current orders placed by PIL Group, the aggregate sales value for the nine months ended 30 September 2017 have been increased to approximately US\$46,780,000 due to a marked increase in direct purchases made by PIL Group from the Group. PIL Group considers its financial and cash flow position as one of the factors when determining whether to undertake direct purchases of the Equipment from the Group or indirectly through container leasing or financing companies.

The Annual Caps are determined after taking into account (i) the historical transaction amounts for each of the two years ended 31 December 2015 and 2016 and for the period from 1 January 2017 to 30 September 2017 as shown in the table above; (ii) existing annual caps in respect of the transactions under the Master Purchase Contract 2015 for each of the financial years ended 31 December 2015, 2016 and 2017 as shown in the table above; (iii) the Group will be PIL Group's sole supplier of Equipment (whether directly or otherwise); (iv) estimated annual Equipment requirements of PIL Group during the enforcement period of the Master Purchase Contract 2018 as extracted from PIL's planned Equipment purchases from the Group for the next three years. The planned Equipment purchases are calculated based on the new vessels that have been ordered by PIL and will come to delivery in the coming three years which generate new Equipment requirements as well as the replacement demand of PIL's existing Equipment which is based on the historical wear and tear ratio of approximately 4% to 4.5% of existing container fleet size; and (v) the prevailing market prices of Equipment to estimate the projected price for the coming three years.

### **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 Purchase Contract 2018 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 PURCHASE CONTRACT 2018**

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 Purchase Contract 2018 will provide the Group with an additional and steady source of revenue. The executive Directors consider that it is in the interests of the Company and the Shareholders for the Company (on behalf of the Group) to enter into the Master Purchase Contract 2018, which will enable the Group to generate steady revenue from the annual sales of Equipment.

### **LISTING RULES IMPLICATIONS**

PIL, a company in which Messrs. Teo Siong Seng and 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 Purchase Contract 2018 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.

Each 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 5%. Accordingly, the Transactions contemplated under the Master Purchase Contract 2018 are subject to annual reporting, announcement, annual review and Shareholders' approval under Chapter 14A of the Listing Rules. The Company will seek the Shareholders' approval of the Transactions at the General Meeting. Each of (i) PIL and its associates; and (ii) Messrs. Teo Siong Seng, Teo Tiou Seng, Kuan Kim Kin and Tan Chor Kee (as directors of both PIL and the Company), will abstain from voting on the resolution in respect of the Transactions at the General Meeting.

The Independent Board Committee has been set up to advise the Shareholders in connection with the Transactions. The independent financial adviser, Lego Corporate Finance Limited has been appointed for the purpose of providing independent advice to the Independent Board Committee and the Shareholders in connection with the Transactions.

The executive Directors are of the opinion that the Transactions will be entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms (or on terms no less favourable to the Group than terms available to or from independent third parties); and (iii) on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The executive Directors are also of the opinion that the Annual Caps

are fair and reasonable. The independent non-executive Directors will provide their views on the Transactions after considering the advice from the independent financial adviser.

## **GENERAL**

The Company is an investment holding company incorporated in Hong Kong and the 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 containers 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.

## **CIRCULAR**

A circular containing information regarding the Transactions, the notice of the General Meeting, the advice of the independent financial adviser and the recommendation of the Independent Board Committee is expected to be dispatched to the Shareholders on or before 17 November 2017.

## **DEFINITIONS**

“Annual Caps”	the maximum aggregate sales value in respect of the Transactions for the three financial years ending 31 December 2018, 2019 and 2020 in this announcement
“associates”	has the same meaning as given to it in the Listing Rules
“Board”	the board of Directors
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“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)
“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

“Director(s)”	the director(s) of the Company
“Equipment”	including but not limited to dry freight containers, collapsible flatrack containers, open top containers, bitutainers, refrigerated containers, US domestic containers, tank containers, offshore containers, other specialised containers and other relevant products
“General Meeting”	a general meeting of the Company to be convened for the Shareholders to consider, and if thought fit, to pass the resolutions in respect of the Transactions
“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
“Independent Board Committee”	the independent board committee of the Company comprising Messrs. Cheng Fu Kwok, David, Lau Ho Kit, Ivan and Yang, Victor, established for the purpose of advising the Shareholders in respect of the Transactions
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Purchase Contract 2015”	the master purchase contract dated 6 October 2014, which was approved by the Shareholders on 19 November 2014, and entered into among 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 2015 to 31 December 2017
“Master Purchase Contract 2018”	the conditional master purchase contract dated 30 October 2017, subject to the approval of the Shareholders at the General Meeting, and 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 2018 to 31 December 2020



“PIL”	Pacific International Lines (Private) Limited, a company incorporated in the Republic of Singapore and in which Messrs. Teo Siong Seng and Teo Tiou Seng, are directors and shareholders, is the controlling Shareholder of the Company, as defined under the Listing Rules
“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
“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 occurred on a recurring basis and all the transactions contemplated under the Master Purchase Contract 2018
“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, 30 October 2017

*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.*

*Unless otherwise specified, conversion of US\$ into HK\$ is based on the exchange rate of US\$1.00 = HK\$7.80.*