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**SINGAMAS**

勝獅貨櫃企業有限公司

**SINGAMAS CONTAINER HOLDINGS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 716)**

**MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF 100%  
EQUITY INTEREST IN A SUBSIDIARY**

On 3 July 2018, the Company, the Purchaser (being an Independent Third Party) and the Target Company (being a wholly-owned subsidiary of the Company) entered into the Agreement, pursuant to which the Purchaser agreed to purchase, and the Company agreed to sell, the Sale Interest at a consideration of RMB735,000,000 in cash (equivalent to approximately USD111,099,354). The Sale Interest represents 100% of the equity interest in the Target Company.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Disposal reaches or exceeds 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the Disposal and notice of the EGM will be despatched to the shareholders of the Company on or before 27 July 2018, i.e. more than 15 business days from the date hereof, as the Company expects that such time period may be required for the purpose of preparing the circular.

**I. THE AGREEMENT**

Date: 3 July 2018

Parties: The Company as the Vendor.

Huizhou Shunjingyuan Industrial Co., Ltd.\* (惠州市順景源實業有限公司) as the Purchaser. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) is an Independent Third Party.

Hui Zhou Pacific Container Co., Ltd. (惠州太平貨櫃有

限公司) as the Target Company. As at the date of the Agreement, the Target Company is a wholly-owned subsidiary of the Company.

### **Subject matter to be disposed of**

The Purchaser agreed to purchase, and the Company agreed to sell, the Sale Interest at a consideration of RMB735,000,000 (equivalent to approximately USD111,099,354) in cash. The Sale Interest represents 100% of the equity interest of the Target Company.

### **The key assets held by the Target Company**

The Target Company is the owner of land use rights to the Land, namely a parcel of land in Caotang, Dongfeng Village, Xinxu Town, Huiyang District, Huizhou City with a total site area of approximately 267,000 square metres. The buildings on the Land are being used by the Target Company for the operation of container manufacturing.

### **Condition precedent, consideration and payment terms**

The Disposal shall be conditional upon the Company having fulfilled the applicable requirements under the Listing Rules (including the shareholders of the Company having approved such transaction). In the event that such condition is not fulfilled by the Company within 90 days of the Agreement, the Agreement shall be terminated. The Company shall refund an amount equivalent to the partial Consideration that has been received by the Company (if any) without interest and no party shall be responsible to the other parties for any other obligations.

The Consideration of RMB735,000,000 in cash shall be payable by the Purchaser in the following manner:

- (1) a deposit of RMB200,000,000 is payable to the Company within seven days after the signing of the Agreement;
- (2) a second stage payment of RMB300,000,000 to be paid to the Company within three working days of the completion of share transfer;
- (3) a third stage payment of RMB200,000,000 to be paid to the Company within three working days, after the Target Company completes tax registration procedures on the transfer of the Sale Interest;
- (4) a fourth stage payment of RMB35,000,000 to be paid to the Company within three working days, after the handover request by the Company as regards the Land pursuant to the Agreement.

In addition to the Consideration as set out above, following the Disposal, the Purchaser shall be responsible for the cost of procuring the Target Company to complete the transfer procedures as regards 2017 Property (see the sub-section headed “2017 Transaction” below), including any tax or other expenses arising out of such transfer.

The Consideration was determined after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the valuation and net asset value of

the Target Company and the reasons for the disposal as set out in the section headed “Reasons for and benefits of the Disposal” below.

### **Relocation arrangement**

The Company is evaluating the economic benefits for establishing a new factory in Huizhou, the PRC for the purpose of taking over certain manufacturing capabilities, related operations and employees of the Target Company.

## **II. INFORMATION OF THE TARGET COMPANY, THE COMPANY AND THE PURCHASER**

### **The Target Company**

The Target Company is a company established in the PRC with limited liability and is principally engaged in the operation of container manufacturing. Set out below is certain financial information of the Target Company for the two years ended 31 December 2016 and 2017:

#### **For the years ended 31 December (audited)**

	<b>2016 (RMB'000)</b>	<b>2017 (RMB'000)</b>
Revenue	766,388	2,072,489
Net (loss) profit before tax	(15,277)	159,910
Net (loss) profit after tax	(15,278)	122,768

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company.

### **The Company**

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

### **The Purchaser**

Based on the information available to the Company, the Purchaser is an investment holding company established in the PRC with limited liabilities, it focusing on the investment opportunities in the PRC.

## **III. REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Target Company was established in 2005 and has since then been operating its business of container manufacturing at the buildings on the Land. In light of the prevailing valuation of the Land and the Consideration offered by the Purchaser, the Company considers that the

Disposal represents a good opportunity for the Company to realise a gain therefrom and to generate additional cash flow for the Group. Upon completion of the Disposal, it is estimated that the Company would realise a gain on the Disposal before taxation of approximately RMB300,000,000 (equivalent to approximately USD45,346,675), being the difference between the Consideration and the estimated adjusted net asset value of the Target Company as at completion. The exact amount of the gain of the Disposal to the Company is subject to adjustments and audit and may therefore be different from the amounts mentioned above as the actual gain or loss will depend on, among other things, the actual net asset value of the Target Company as at the completion of the Disposal. The Company intends to apply the net proceeds from the Disposal for repaying bank borrowings, building new manufacturing facilities (if any) and for general working capital purposes.

The Directors (including the independent non-executive Directors) are of the opinion that the Disposal is on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders should vote in favour of the resolution to be proposed at the EGM to approve the Disposal.

#### **IV. LISTING RULES IMPLICATIONS**

##### **2017 Transaction**

On 4 May 2017, the Target Company and the Assignee entered into the 2017 Agreement pursuant to which the Assignee agreed to purchase, and the Target Company agreed to sell, the 2017 Property at a consideration of RMB56,453,100 (equivalent to approximately USD8,533,201) in cash which was determined after arm's length negotiations between the Target Company and the Assignee on normal commercial terms with reference to the valuation of the 2017 Property. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Assignee and its ultimate beneficial owner(s) is an Independent Third Party. The Target Company has already received such consideration in cash but completion of such transaction has not yet been taken place. The 2017 Property was used by the Target Company for storage of the containers manufactured by the Target Company. It is currently expected that completion of the 2017 Transaction will take place after completion of the Disposal and hence the Group will not be entitled to the net proceeds from the 2017 Transaction. The 2017 Transaction by itself did not constitute any notifiable or connected transaction of the Company under Chapter 14 or 14A, as the case may be, of the Listing Rules.

##### **Listing Rules analysis**

As one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal reaches or exceeds 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and is required to abstain from voting for the resolution to approve the Disposal. A circular containing, among other things, further details of the Disposal and notice of the EGM will be despatched to the shareholders of the Company on or before 27 July 2018, i.e. more than 15 business days from the date hereof, as the Company expects that such time period may be required for the purpose of preparing the circular.

## V. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2017 Agreement”	the agreement for the transfer of land use rights and buildings thereon dated 4 May 2017 between the Target Company and the Assignee in relation to the sale and purchase of the 2017 Property
“2017 Property”	three parcels of land with a total site area of 106,706 square metres, in particular:  (i) Dongfeng Village area, Xinxu Town, Huiyang District, Huizhou City with a total site area of 6,647 square metres;  (ii) Caotang, Dongfeng Village, Xinxu Town, Huiyang District, Huizhou City with a total site area of 65,059 square metres; and  (iii) Tangxia area of Chanjing Village, Xinxu Town, Huiyang District, Huizhou City with a total site area of 35,000 square metres
“2017 Transaction”	the sale and purchase of the 2017 Property contemplated under the 2017 Agreement
“Assignee”	Huizhou Huijingfeng Real Estate Development Co., Ltd.* (惠州市匯景豐房地產開發有限公司), a company established in the PRC with limited liability
“Agreement”	the sale and purchase agreement dated 3 July 2018 entered into among the Company, the Purchaser and the Target Company in relation to the sale and purchase of the Sale Interest
“Company” or “Vendor”	Singamas Container Holdings Limited, a company incorporated in the Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 716)
“Consideration”	the amount of RMB735,000,000 in cash
“Director(s)”	director(s) of the Company
“Disposal”	the sale of the Sale Interest by the Company to the Purchaser pursuant to the Agreement
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and approving the Disposal

“Independent Third Party”	a third party independent of the Company and the connected persons of the Company
“the Land”	a parcel of land in Caotang, Dongfeng Village, Xinxu Town, Huiyang District, Huizhou City with a total site area of approximately 267,000 square metres
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Huizhou Shunjingyuan Industrial Co., Ltd. (惠州市順景源實業有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	represents 100% of the equity interest in the Target Company
“Shareholders”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hui Zhou Pacific Container Co., Ltd. (惠州太平貨櫃有限公司), a wholly-owned subsidiary of the Company as at the date of the Agreement

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

Hong Kong, 3 July 2018

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

*For the purposes of illustration only and unless otherwise specified, conversion of RMB into USD is based on the exchange rate of RMB6.6157 = USD1.00. Such conversion should not be construed as a representation that the amounts in question have been, could have been or could be converted at that particular rate or at all.*

*\*Only for identification purpose*