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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 14 December 2016 in relation to the Master Services Contract 2017 entered into between the Company (for and on behalf of the Group) and PIL (for and on behalf of PIL Group) pursuant to which the Group provides the services 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. The Master Services Contract 2017 had expired on 31 December 2019. On 14 August 2020, the Company (for and on behalf of the Group) entered into the Master Services Contract 2020 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 2020 will take effect from 14 August 2020 and expire on 31 December 2022.

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 2020 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\$4,000,000 (equivalent to approximately HK\$31,000,000), US\$4,500,000 (equivalent to approximately

HK\$34,875,000) and US\$5,000,000 (equivalent to approximately HK\$38,750,000) for the financial year ending 31 December 2020, 2021 and 2022 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 2020 are subject to annual reporting, announcement and annual review but are exempted from Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

BACKGROUND

Reference is made to the announcement of the Company dated 14 December 2016 in relation to the Master Services Contract 2017 entered into between the Company (for and on behalf of the Group) and PIL (for and on behalf of PIL Group) pursuant to which the Group provides the services 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. The Master Services Contract 2017 had expired on 31 December 2019. On 14 August 2020, the Company (for and on behalf of the Group) entered into the Master Services Contract 2020 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 2020 will take effect from 14 August 2020 and expire on 31 December 2022.

MASTER SERVICES CONTRACT 2020

The salient terms and conditions of the Master Services Contract 2020 are set out below.

Date:

14 August 2020

Parties:

The Company (on behalf of the Group)

PIL (on behalf of PIL Group)

Scope/Consideration

Pursuant to the Master Services Contract 2020, 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, subject to the Annual Caps.

The specifications of the Container Depot and Logistics Services required will be set out in each individual service agreement, which may cover container handling, container storage, interchanging, inspection, repair, maintenance, refurbishment, trucking, cleaning, refrigerated machinery attendance. Given the location and the services required pursuant to each individual service agreement will be different, in determining the service price under each individual service agreement, the Group will assess the overall work required and provide price quotation based on the estimated overall cost plus a percentage markup on the estimated overall cost ranging from 10% to 30%, which markup (a) will be determined taking into account, among other things, the market prices in the location where the Container Depot and Logistics Services are to be provided. Such market prices will be obtained based on, for instance, knowledge on the market pricing and its trend gathered by the Group from the industry practitioners including customers from time to time; and (b) 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 same or similar types of services and the industry practices in the location where Container Depot and Logistics Services are to be provided under the relevant individual service agreement.

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. 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 will 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 2020, unless otherwise stipulated in the relevant individual service agreement, shall be paid in the following manner: (a) before the commencement of the Master Services Contract 2020, PIL shall pay a deposit of HK\$2,500,000 as security money for the settlement of the fees for the Container Depot and Logistics Services to be provided by the Group to the PIL Group pursuant to the Master Services Contract 2020 ; and (b) by no later than

the end of month after each such calendar month, the Group shall invoice the PIL Group for the Container Depot and Logistics Services provided by the Group to the PIL Group during such calendar month and PIL Group shall pay such invoice within ten days from the date of issue of the invoice. The Group has already received the deposit as referred to in (a) above as at the date hereof.

Term

The Master Services Contract 2020 will be in force for a period commencing on 14 August 2020 and expiring on 31 December 2022. During the effective period of the Master Services Contract 2020, either the Company (on behalf of the Group) or PIL (on behalf of PIL Group) may terminate the Master Services Contract 2020 by giving 30 days written notice to the other party. In the event of any default by either party (including non-payment by the PIL Group for the transactions contemplated under the Master Services Contract 2020), the Company (on behalf of the Group) shall be entitled to apply the deposit to settle the unpaid amount under the Master Services Contract 2020 and to terminate it with immediate effect.

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 Master Services Contract 2017 for each of the financial years ended 31 December 2017, 2018 and 2019.

	Annual caps for year ended 31 December 2017	Actual amount for year ended 31 December 2017	Annual caps for year ended 31 December 2018	Actual amount for year ended 31 December 2018	Annual caps for year ended 31 December 2019	Actual amount for year ended 31 December 2019
Existing annual caps and actual amount of the transactions under the Master Services Contract 2017	US\$4,500,000 (equivalent to approximately HK\$34,920,000)	US\$4,178,394 (equivalent to approximately HK\$32,591,473)	US\$5,000,000 (equivalent to approximately HK\$38,800,000)	US\$3,868,647 (equivalent to approximately HK\$ 30,306,000)	US\$5,500,000 (equivalent to approximately HK\$42,680,000)	US\$3,727,000 (equivalent to approximately HK\$29,070,000)

The Group provided limited depot services to PIL Group in 2020 after the expiry of the Master Services Contract 2017 on a standalone basis in order to maintain minimum upkeep of PIL's containers stored in the depots of the Group. For the six months ended 30 June 2020, the actual transaction amount was US\$355,000 (equivalent to approximately HK\$2,751,250).

The proposed Annual Caps of the Transactions for each of the financial year ending 31 December 2020, 2021 and 2022 are US\$4,000,000 (equivalent to approximately HK\$31,000,000), US\$4,500,000 (equivalent to approximately HK\$34,875,000) and US\$5,000,000 (equivalent to approximately HK\$38,750,000) respectively.

The proposed Annual Caps are determined after taking into account (i) the historical transaction amounts for each of the three years ended 31 December 2019; (ii) existing annual caps in respect of the transactions under the Master Services Contract 2017 for each of the financial years ended 31 December 2017, 2018 and 2019 as shown in the table above; (iii) the estimated projection of service price for the years ending 31 December 2020, 2021 and 2022 taking into account of the anticipated logistics business of PIL Group; (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 2022.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER SERVICES CONTRACT 2020

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

Taking into account the terms and conditions of the Master Services Contract 2020 including the payment terms, the Directors (including independent non-executive Directors) consider that the Master Services Contract 2020 will enable the Group to generate revenue from the provision of Container Depot and Logistics Services to the PIL Group as a customer as part of the ordinary and usual course of business of the Group. On the basis of the aforesaid, the Directors (including independent non-executive Directors) consider that (i) the Master Services Contract 2020 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 2020, 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.

As disclosed in the Company's announcement dated 22 March 2020, the Group was in discussion with the PIL Group in relation to a proposed repayment agreement in relation to certain trade receivables, which were arisen from the historical provision of container depot services and containers to the PIL Group. As at the date of this announcement, such discussion is still in progress and no definitive agreement in relation thereto has been entered into. The entering into and consummation of the transactions contemplated under such agreement (if any) will be subject to, among other things, agreement among relevant creditors of the PIL Group and compliance with the applicable requirements by the Company including the announcement and, where applicable, independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

LISTING RULES IMPLICATIONS

PIL 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 2020 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 2020 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. Tan Chor Kee and Mr. Kwa Wee Keng (as directors of both PIL and the Company), has abstained from voting on the board resolutions approving the Master Services Contract 2020 and the Transactions contemplated thereunder.

DEFINITIONS

“associates”	has the same meaning as given to it in the Listing Rules
“Annual Caps”	the maximum aggregate value in respect of the Transactions for each of the financial years ending 31 December 2020, 2021 and 2022 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 logistics services to be performed by the Group under the Master Services Contract 2020 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
“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 People’s Republic China
“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 the PIL Group), taking effect from 1 January 2017 for a period of three years and ended on 31 December 2019
“Master Services Contract 2020”	the master services contract dated 14 August 2020 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 14 August 2020 to 31 December 2022
“PIL”	Pacific International Lines (Private) Limited, a company incorporated in the Republic of Singapore
“PIL Group”	PIL together with its subsidiaries
“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 2020
“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 August 2020

For illustrative purpose only and unless otherwise specified, US\$ is translated to HK\$ at the rate of US\$1.00=HK\$7.75.

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. Tan Chor Kee and Mr. Kwa Wee Keng as non-executive Directors; and Mr. Cheng Fu Kwok, David, Mr. Lau Ho Kit, Ivan and Mr. Ho Teck Cheong as independent non-executive Directors.