

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, 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

CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 31 January 2022 (after trading hours), TIL (as lessor) entered into the Containers Leasing Agreement with PIL (as lessee) pursuant to which the parties set out the general terms and conditions in respect of the lease of different batch of containers to PIL, subject to each addendum to be entered into in respect of the relevant batch of Leased Containers, for a term commencing from the date of the Containers Leasing Agreement up to 31 December 2032.

As PIL is the controlling shareholder of the Company as defined under the Listing Rules, PIL is a connected person of the Company. The Containers Leasing Agreement 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.

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 Containers Leasing Agreement are subject to annual reporting, announcement and annual review but are exempted from Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the term of the Containers Leasing Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed the Independent Financial Adviser to review the Containers Leasing Agreement and the Independent Financial Adviser has

confirmed that it is normal business practice for agreements of this type to be of such duration.

CONTINUING CONNECTED TRANSACTIONS

BACKGROUND

On 31 January 2022 (after trading hours), TIL (as lessor) entered into the Containers Leasing Agreement with PIL (as lessee) pursuant to which the parties set out the general terms and conditions in respect of the lease of different batch of containers to PIL, subject to each addendum to be entered into in respect of the relevant batch of Leased Containers, for a term commencing from the date of the Containers Leasing Agreement up to 31 December 2032.

CONTAINERS LEASING AGREEMENT

The salient terms and conditions of the Containers Leasing Agreement are set out below.

Date:

31 January 2022

Parties:

TIL (as lessor)

PIL (as lessee)

Scope/Consideration

Pursuant to the Containers Leasing Agreement, TIL may lease certain containers to PIL during the period up to 31 December 2032. The parties will enter into specific Addendum in respect of the relevant batch of Leased Containers, and the terms and conditions of the Containers Leasing Agreement will apply to the leasing of the Leased Containers, unless expressly modified by the Addendum. Rental charges for the Leased Containers shall be invoiced monthly and the Lessee shall pay the invoices in full within 45 days from date of receipt of invoice.

The Addendum for each batch of Leased Containers will set out specific leasing terms, including, among others, the specific lease period and the operative provisions of the Leased Containers, including but not limited to the quantities, size and type, daily rental charges, delivery and redelivery provision, handling/redelivery charges, replacement value, which may cover each type of containers manufactured in accordance with the specifications of TIL.

The term for each Addendum will not exceed (but may be shorter than) the term of the Container Leasing Agreement (namely up to 31 December 2032).

In determining the daily rental charge of the Leased Containers under each Addendum, the Group will take into account (i) the latest market value of the Leased Containers including the market leasing rate, where available; (ii) residual values of the Leased Containers at the end of the duration for the leases; (iii) internal rate of return of the Leased Containers; and (iv) lease periods in estimating the market leasing rate and provide price quotation based on the aforesaid estimation. Such market leasing rate will be based on, for instance, published research reports prepared by international research providers. The final leasing terms of the Leased Containers under the Addendum will be determined on an arm's length basis between TIL and PIL on a case-by-case basis and in any event will be no less favourable to the Group than those available from independent third parties of comparable scope of services.

In order to ensure that the leasing terms (including, among others, the daily rental charge) under the Addendum are on normal commercial terms and on terms no less favourable to the Group than those available from independent third parties of comparable scope of services, the Group will adopt the following measures:

1. Any proposed leasing of each batch of containers under the Containers Leasing Agreement will be reviewed and approved by the designated staff of the marketing department and the finance department of the Group before entering into the relevant Addenda.
2. The Group will conduct regular checks to review and assess whether the lease of containers have been conducted in accordance with the terms of the Containers Leasing Agreement and the relevant Addenda.
3. The marketing department will submit quarterly financial figures in respect of the Leased Containers to the finance department for consolidation and review to ensure that actual transaction amount under the Containers Leasing Agreement and the relevant Addenda will not exceed the Annual Caps. If the actual transaction amount is expected to exceed the Annual Caps, the finance department shall notify the Board promptly for it to consider whether revisions to the Annual Caps are required.
4. The Group's external auditors will conduct an annual review on the Transactions and Annual Caps contemplated under the Containers Leasing Agreement and the relevant Addenda.
5. The audit committee of the Company will review the Transactions and Annual Caps contemplated under the Containers Leasing Agreement and the relevant Addenda on an

annual basis to confirm whether the Transactions are on fair and reasonable terms and in the interest of the Company and Shareholders as a whole.

The Board considers that the aforesaid 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 available from independent third parties of comparable scope of services and in the interests of the Company and the Shareholders as a whole.

Term

The Containers Leasing Agreement will be for a term commencing from the date of the Containers Leasing Agreement up to 31 December 2032.

As the term of the Containers Leasing Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed the Independent Financial Adviser to review the Containers Leasing Agreement and to explain why a period exceeding three years for the Containers Leasing Agreement is required and confirm that it is normal business practice for agreements of this type to be of such duration. For details, please refer to the section headed “View of the Independent Financial Adviser” in this announcement.

Historical figures and proposed Annual Caps

Container leasing is a new business of the Group. Therefore, there are no historical figures for the rental charge in respect of the Leased Containers.

The table below sets forth the proposed Annual Caps of the Transactions:

	Financial year ending	Annual Cap (US\$)
1	31 December 2022	9,200,000
2	31 December 2023	12,200,000
3	31 December 2024	12,200,000
4	31 December 2025	12,200,000
5	31 December 2026	12,200,000
6	31 December 2027	12,200,000
7	31 December 2028	12,200,000

8	31 December 2029	12,200,000
9	31 December 2030	12,200,000
10	31 December 2031	12,200,000
11	31 December 2032	9,200,000

The proposed Annual Caps are determined after taking into account (i) the prevailing market leasing rate of containers; (ii) the projection of leasing rate of containers for the eleven years ending 31 December 2032 taking into account of the anticipated shipping business of PIL; and (iii) the existing scale and operations of the Group's business and the business plan of the Group.

INFORMATION ON THE GROUP AND PIL GROUP

The Company is an investment holding company incorporated in Hong Kong and the business activities of the Group include: (i) manufacturing of dry freight containers, collapsible flat rack containers, open top containers, bitainers, tank containers, offshore containers and other specialised containers and container parts; and (ii) provision of logistics services, including operating container depots and container logistics. The Group is extending the business to provision of containers leasing services starting from the year 2022.

PIL is a company incorporated in Singapore with limited liability. Headquartered in Singapore, the group of PIL together with its subsidiaries is a containership operator which offers container liner services and other logistics related services globally and operates a fleet of vessels.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTAINERS LEASING AGREEMENT

Given the price fluctuation of the global container market and to capitalize on the recent strong market demand of containers, the Group intends to develop the containers leasing business to lease out the self-manufactured containers to various shipping liners, which can strengthen the synergy between leasing and manufacturing of the Group and generate a stable stream of rental income. PIL as a containership operator offers an opportunity for the Group to develop its leasing business.

Taking into account the terms and conditions of the Containers Leasing Agreement, the Directors (including independent non-executive Directors) consider that the Containers Leasing Agreement will enable the Group to generate additional and stable rental income

from the leasing of containers to PIL as a customer as part of the newly developed business of the Group. On the basis of the aforesaid, the Directors (including independent non-executive Directors) consider that (i) the Containers Leasing Agreement 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 Containers Leasing Agreement, 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.

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 Containers Leasing Agreement 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 Containers Leasing Agreement 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 (as director of both PIL and the Company), Mr. Tan Chor Kee and Mr. Kwa Wee Keng (both as senior executives of PIL and directors of the Company), has abstained from voting on the board resolutions approving the Containers Leasing Agreement and the Transactions contemplated thereunder.

VIEW OF THE INDEPENDENT FINANCIAL ADVISER

The Company has engaged Yue Xiu Capital as the Independent Financial Adviser to provide independent advice in respect of the Containers Leasing Agreement pursuant to Rule 14A.52 of the Listing Rules to explain why a period exceeding three years for the Containers Leasing Agreement is required and to confirm that it is normal business practice for agreements of this type to be of a duration longer than three years.

In assessing the reasons as to why the duration of the Containers Leasing Agreement should be longer than three years, the Independent Financial Adviser has relied on the information set out in this announcement, and has taken into account the following principal factors considered by the management of the Company:

- (i) as containers typically have an estimated useful life of over 10 years, it is not uncommon for lessees of containers to require leases of more than three years. Thus,

a long-term containers leasing arrangement is expected to benefit the Group by providing and securing stable stream of rental income during the term of the lease arrangement;

- (ii) a long-term containers leasing arrangement is also expected to benefit the Group by minimizing the risk of discontinuance of the lease arrangement and thus, the potential loss of economic benefits during the term of the lease arrangement; and
- (iii) strict compliance with the three-year requirement pursuant to Rule 14A.52 of the Listing Rules in respect of containers leasing arrangement will be unduly burdensome to the Group, taking into account any unnecessary administration costs to the Company for the renewal of the Containers Leasing Agreement (and the corresponding Addenda) by limiting its term to three years or less and/or any potential loss of revenue upon renewing the Containers Leasing Agreement (and the corresponding Addenda) as a result of further negotiation between PIL and the Group during the agreement renewal process.

In considering whether it is normal business practice for agreements of a similar nature to the Containers Leasing Agreement to have a term of such duration, the Independent Financial Adviser has:

- (a) identified the major worldwide containers leasing companies based on the top 10 players ranked by Drewry Shipping Consultant Limited (one of the leading independent providers of research and consulting services to the maritime and shipping industry) in terms of twenty-foot equivalent container units capacity in October 2021;
- (b) reviewed the publicly available information in respect of the containers leasing operations of such containers leasing companies, based on which the Independent Financial Adviser noted that five of such containers leasing companies (one of which being a subsidiary of a company listed on Main Board of the Stock Exchange) have disclosed the duration of their containers leasing arrangements, which the Independent Financial Adviser considered to be appropriate reference of the recent market practices; and
- (c) noted that the durations of containers leasing arrangements disclosed by all those five containers leasing companies (i) are over three years, suggesting that it is not uncommon for agreements/arrangements of similar nature to have a duration of over three years; and (ii) range from five to thirteen years with the duration of the Containers Leasing Agreement falling within such range, indicating that it is not uncommon for agreements/arrangements of similar nature to have a term comparable to that of the Containers Leasing Agreement.

Based on the foregoing, the Independent Financial Adviser is of the opinion that (i) a term of longer than three years is required for the Containers Leasing Agreement; and (ii) it is normal business practice for agreements of similar nature to be of such duration.

DEFINITIONS

“Addendum”	individual addendum to the Containers Leasing Agreement specified the leasing terms and conditions of the Leased Containers for each Transaction, collectively referred to as the “Addenda”
“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 11 financial years ending 31 December 2022 to 31 December 2032 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)
“Containers Leasing Agreement”	The agreement on general terms and conditions for containers leasing dated 31 January 2022 entered into between TIL and PIL for the lease of containers from TIL to PIL
“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
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic China
“Independent Financial Adviser” or	Yue Xiu Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under

“Yue Xiu Capital”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser in respect of the duration of the Containers Leasing Agreement
“Leased Containers”	The containers to be leased by TIL to PIL under the Containers Leasing Agreement and Addendum
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PIL”	Pacific International Lines (Private) Limited, a company incorporated in the Republic of Singapore and a controlling shareholder of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TIL”	Teamwill International Limited, a wholly-owned subsidiary of the Company
“Transactions”	the continuing connected transactions between TIL and PIL to be entered into on a recurring basis and all the transactions contemplated thereunder the Containers Leasing Agreements and Addendum
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

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

Hong Kong, 31 January 2022

The Directors, as at the date of this announcement, are Mr. Teo Siong Seng and Ms. Chung Pui King, Rebecca as executive Directors; Mr. Tan Chor Kee, Mr. Kwa Wee Keng and Mr. Chan Kwok Leung 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.