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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)

CONTINUING CONNECTED TRANSACTIONS

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Reference is made to the announcement of the Company dated 14 August 2020 in relation to the Master Services Contract 2020 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 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 2020 will expire on 31 December 2022. On 30 December 2022, the Company (for and on behalf of the Group) entered into the Master Services Contract 2023 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 2023 will take effect from 1 January 2023 and expire on 31 December 2025.

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 2023 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 is US\$5,000,000 (equivalent to approximately HK\$39,000,000) for each of the financial year ending 31 December 2023, 2024 and 2025.

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 2023 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 August 2020 in relation to the Master Services Contract 2020 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 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 2020 will expire on 31 December 2022. On 30 December 2022, the Company (for and on behalf of the Group) entered into the Master Services Contract 2023 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 2023 will take effect from 1 January 2023 and expire on 31 December 2025.

MASTER SERVICES CONTRACT 2023

The salient terms and conditions of the Master Services Contract 2023 are set out below.

Date:

30 December 2022

Parties:

The Company (on behalf of the Group)

PIL (on behalf of PIL Group)

Scope

Pursuant to the Master Services Contract 2023, 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 and their respective service price.

The payment for the transactions contemplated under the Master Services Contract 2023, unless otherwise stipulated in the relevant individual service agreement, shall be invoiced on a monthly basis to be sent to the relevant customers by no later than the end of month after the provisions of the Container Depot and Logistics Services by the Group to the PIL Group during such calendar month, and PIL Group shall pay such invoice within sixty days from the date of the invoice.

Term

The Master Services Contract 2023 will be in force for a period commencing on 1 January 2023 and expiring on 31 December 2025. During the effective period of the Master Services Contract 2023, either the Company (on behalf of the Group) or PIL (on behalf of PIL Group) may terminate the Master Services Contract 2023 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 Master Services Contract 2020 for each of the financial years ended 31 December 2020, 2021 and 2022.

	Annual caps for year ended 31 December 2020	Actual amount for year ended 31 December 2020	Annual caps for year ended 31 December 2021	Actual amount for year ended 31 December 2021	Annual caps for year ending 31 December 2022	Estimated amount for year ending 31 December 2022	Actual amount for eleven months ended 30 November 2022
Existing annual caps and actual amount of the transactions under the Master Services Contract 2020	US\$4,000,000 (equivalent to approximately HK\$31,200,000)	US\$2,767,000 (equivalent to approximately HK\$21,582,600)	US\$4,500,000 (equivalent to approximately HK\$35,100,000)	US\$2,352,292 (equivalent to approximately HK\$ 18,347,878)	US\$5,000,000 (equivalent to approximately HK\$39,000,000)	US\$2,500,000 (equivalent to approximately HK\$19,500,000)	US\$2,264,000 (equivalent to approximately HK\$17,659,200)

The proposed Annual Caps of the Transactions for each of the financial year ending 31 December 2023, 2024 and 2025 is US\$5,000,000 (equivalent to approximately HK\$39,000,000).

The proposed Annual Caps are determined after taking into account (i) the historical transaction amounts for each of the two years ended 31 December 2021, estimated amount for the year ending 31 December 2022 and the actual transaction amount for the eleven months ended 30 November 2022 as shown in the table above; (ii) existing annual caps in respect of

the transactions under the Master Services Contract 2020 for each of the financial years ended 31 December 2020, 2021 and 2022 as shown in the table above; (iii) the estimated growth in demand for container depot and logistic services for the years ending 31 December 2023, 2024 and 2025 by an average of 10% per year, taking into account the launch of new vessels and new shipping routes by PIL Group; (iv) the anticipated inflationary pressures for the three years ending 31 December 2025; and (v) an estimated buffer for fluctuation of market prices and change in volume of demand or expected costs.

PRICING POLICY

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, before entering into each individual service agreement, 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.

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 2023 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 2023

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 a company incorporated in Singapore with limited liability. Headquartered in Singapore, PIL is an operator of container liner services and other logistics related services. Heliconia Capital Management Pte. Ltd. (an independently managed wholly-owned subsidiary of Temasek Holdings (Private) Limited) indirectly controls PIL Pte. Ltd. which wholly owns PIL.

Taking into account the terms and conditions of the Master Services Contract 2023, the Directors (including independent non-executive Directors) consider that the Master Services Contract 2023 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 2023 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 2023, 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 Master Services Contract 2023 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 2023 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 directors of both PIL and the Company) and Mr. Kwa Wee Keng (as senior executive of PIL and director of the Company), has abstained from voting on the board resolutions approving the Master Services Contract 2023 and the Transactions contemplated thereunder.

DEFINITIONS

“Annual Caps”	the maximum aggregate value in respect of the Transactions for each of the financial years ending 31 December 2023, 2024 and 2025 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 2023 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
“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 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
“Master Services Contract 2023”	the master services contract dated 30 December 2022 entered into between the Company (for and on behalf of the Group) and PIL (for and on behalf of the PIL Group) with a term commencing from 1 January 2023 to 31 December 2025
“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 2023
“US\$”	United States dollars, the lawful currency of US
“%”	per cent

In this announcement, the terms “associate”, “connected person”, “continuing connected transaction”, “controlling shareholder” and “subsidiary” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

Hong Kong, 30 December 2022

For illustrative purpose only and unless otherwise specified, US\$ is translated to HK\$ at the rate of US\$1.00=HK\$7.80.

The Directors, as at the date of this announcement, are Mr. Teo Siong Seng and Ms. Chung Pui King, Rebecca as executive Directors; 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.