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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Singamas Container Holdings Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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

**Independent financial adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the Board is set out on pages 4 to 12 of this circular and a letter from the Independent Board Committee is set out on page 13 of this circular. A letter from Yue Xiu Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 29 of this circular.

A notice convening the General Meeting to be held at 24/F., Admiralty Centre 1, 18 Harcourt Road, Hong Kong on Friday, 30 July 2021 at 10:00 a.m. is set out on pages 37 to 38 of this circular. Whether or not you are able to attend the General Meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the General Meeting or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof (as the case may be) should you so wish.

PRECAUTIONARY MEASURES FOR THE GENERAL MEETING

Taking into account the development of the COVID-19 coronavirus, the Company will implement the following prevention and control measures at the General Meeting to protect our shareholders from the risk of infection (details can be found in Note 4 of the Notice of General Meeting):

- **compulsory body temperature check**
- **wearing of surgical mask**
- **no distribution of gift and no refreshment**

Attendees who do not comply with the precautionary measures or are subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. The Company would like to encourage Shareholders to exercise their right to vote at the General Meeting by appointing the Chairman of the General Meeting as their proxy instead of attending the General Meeting in person.

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DEFINITIONS

In this circular, other than in the notice of General Meeting, the following expressions have the following meanings, unless the context otherwise requires:

“Annual Cap”	the maximum aggregate sales value in respect of the Transactions for the financial year ending 31 December 2021
“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)
“Deed”	the settlement deed dated 4 November 2020 between the Company and PIL in relation to the repayment schedule for certain trade receivables and interests due from the PIL Group to the Group, details of which were disclosed in the announcement of the Company dated 4 November 2020 and the circular of the Company dated 24 November 2020
“Director(s)”	the director(s) of the Company
“Equipment”	including but not limited to dry freight containers, collapsible flatrack containers, open top containers, bitainers, tank containers, offshore containers, other specialised containers and other relevant products
“General Meeting”	a general meeting of the Company to be held on 30 July 2021, notice of which is set out on pages 37 to 38 of this circular, including any adjournment thereof for the Independent Shareholders to consider, and if thought fit, approve the Master Purchase Contract 2021 and the Transactions contemplated thereunder
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Company comprising Messrs. Cheng Fu Kwok, David, Lau Ho Kit, Ivan and Ho Teck Cheong, all being independent non-executive Directors, which is formed to advise the Independent Shareholders in respect of the Master Purchase Contract 2021 and the Transactions contemplated thereunder and each of them does not have any material interest in the Master Purchase Contract 2021
“Independent Financial Adviser” or “Yue Xiu Capital”	Yue Xiu Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Master Purchase Contract 2021
“Independent Shareholders”	Shareholders other than those who have a material interest in the Master Purchase Contract 2021 and the Transactions contemplated thereunder
“Latest Practicable Date”	6 July 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Purchase Contract 2018”	the master purchase contract dated 30 October 2017, which was approved by the Shareholders on 12 December 2017, 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
“Master Purchase Contract 2021”	the conditional master purchase contract dated 23 June 2021 subject to the approval of the Independent 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) for a term from the date of such contract and expiring on 31 December 2021
“PIL”	Pacific International Lines (Private) Limited, a company incorporated in the Republic of Singapore
“PIL Group”	PIL together with its subsidiaries
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company

DEFINITIONS

“Shareholder(s)”	the holder(s) of the Share(s)
“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 2021
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

For the purposes of illustration in this circular only and unless otherwise specified, conversion of US\$ into HK\$ is based on the exchange rate of US\$1.00 = HK\$7.8.

LETTER FROM THE BOARD



勝獅貨櫃企業有限公司

SINGAMAS CONTAINER HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 716

Executive Directors:

Mr. Teo Siong Seng

(Chairman and Chief Executive Officer)

Mr. Chan Kwok Leung

(Chief Operating Officer)

Ms. Chung Pui King, Rebecca

(Chief Financial Officer and Company Secretary)

Registered Office:

19th Floor,
SUP Tower,
75–83 King’s Road,
Hong Kong

Non-executive Directors:

Mr. Tan Chor Kee

Mr. Kwa Wee Keng

Independent Non-executive Directors:

Mr. Cheng Fu Kwok, David

Mr. Lau Ho Kit, Ivan

Mr. Ho Teck Cheong

13 July 2021

To the Shareholders

Dear Sirs or Madams,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

The Board announced on 23 June 2021 that the Company (for and on behalf of the Group) entered into the Master Purchase Contract 2021 with PIL (for and on behalf of PIL Group) on 23 June 2021 for the sales of Equipment by the Group to PIL Group. The Master Purchase Contract 2021 is subject to the approval of the Independent Shareholders and will expire on 31 December 2021. The Master Purchase Contract 2021 is to replace the Master Purchase Contract 2018 which expired on 31 December 2020.

LETTER FROM THE BOARD

At the Latest Practicable Date, PIL is the controlling shareholder of the Company, as defined under the Listing Rules, thus, PIL is a connected person of the Company. The Master Purchase Contract 2021 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 Transactions are subject to the approval of the Independent Shareholders at the General Meeting. Each of PIL and its associates (as well as each of Mr. Teo Siong Seng, Mr. Tan Chor Kee and Mr. Kwa Wee Keng), will abstain from voting on the resolution in respect of the Master Purchase Contract 2021 and the Transactions contemplated thereunder at the General Meeting.

The Transactions under the Master Purchase Contract 2021 constitute non-exempt continuing connected transactions of the Company, and the Company is required to comply with the annual review, annual reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions. Please refer to the section headed "Listing Rules Implications" below.

The purpose of this circular is to provide Shareholders with relevant information relating to the Transactions as well as the resolution to be proposed at the General Meeting, notice of which is set out on pages 37 to 38 of this circular. The advice of the Independent Board Committee to the Independent Shareholders regarding their view on the Master Purchase Contract 2021, the Transactions contemplated thereunder as well as the Annual Cap applicable thereto is set out on page 13 of this circular. A copy of the letter from Yue Xiu Capital to the Independent Board Committee and Independent Shareholders containing its advice in relation to the terms of the Master Purchase Contract 2021, the Transactions contemplated thereunder as well as the Annual Cap is set out on pages 14 to 29 of this circular.

CONDITIONAL MASTER PURCHASE CONTRACT 2021

The salient terms and conditions of the Master Purchase Contract 2021 are described below.

Date:

23 June 2021

Parties:

The Seller:

The Company (on behalf of the Group)

The Buyer:

PIL (on behalf of PIL Group)

LETTER FROM THE BOARD

Scope/Consideration

Pursuant to the Master Purchase Contract 2021, the Group will enter into individual purchase order agreement(s) 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, tank containers, offshore containers and other specialised containers.

Given that none of the Equipment under the Master Purchase Contract 2021 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), where such markup will take into account, among other things, the market demand and supply dynamics at the time when quotations are made and the prevailing market price and value of products that are of similar nature of the Equipment (if available) and in any event not lower than the markup of the Equipment (or products of similar nature of the Equipment) sold by the Group to independent third party customers. During the term of the Master Purchase Contract 2018, the majority of the Equipment were sold to the PIL Group at a gross profit margin ranging from 0.04% to 17.14%¹. Due to the recent increase in demand for the Equipment and the general increase in the price of similar products in the market, it is currently expected that the gross profit margin for the majority of the Equipment to be sold to the PIL Group pursuant to the Master Purchase Contract 2021 could be higher than the range recorded under the Master Purchase Contract 2018. Such market prices will be observed through, among other things, recent transactions of the Group. The final price under each individual purchase order agreement will be 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 2021 and signing any individual purchase order agreement, the relevant officers of the Group would also review the terms of purchase orders entered into between independent third party customers and the Group of similar quantities, nature or 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 the Equipment to PIL is reasonable and ensure 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 party customers and are not prejudicial to the interests of the Company and the Shareholders.

¹ The gross profit margin ranging from 0.04% to 17.14% represented the gross profit margin for 40-foot high cube dry freight containers (the "40' HC Containers"), which accounted for more than 70% of all Equipment sold to the PIL Group under the Master Purchase Contract 2018. Based on the current market conditions and demands and barring unforeseeable circumstances, it is currently expected that 40' HC Containers will account for the majority of the sale transactions under the Master Purchase Contract 2021.

LETTER FROM THE BOARD

The payment for the Transactions contemplated under the Master Purchase Contract 2021, unless otherwise stipulated in the relevant individual purchase order agreement, shall be paid in the following manner: (a) upon signing the individual purchase order agreement, PIL Group shall pay a cash deposit of 25% of the total transaction amount under such agreement; and (b) PIL Group shall pay the remaining amount (i.e. 75% of the said total transaction amount) before delivery or 15 days after technical acceptance of the relevant Equipment has been confirmed by the PIL Group to the Group, whenever is earlier. The title to the Equipment shall pass from the Group to PIL Group upon receipt of full payment of the relevant Equipment.

Term

Subject to the Independent Shareholders' approval, the Master Purchase Contract 2021 will be for a term from the date of such contract and expiring on 31 December 2021. During the effective term of the Master Purchase Contract 2021, either the Company (on behalf of the Group) or PIL (on behalf of PIL Group) may terminate the Master Purchase Contract 2021 by giving 30 days' written notice to the other party.

Historical figures, previous annual caps and proposed Annual Cap

The table below sets out the historical figures, the previous annual caps in respect of the transactions contemplated under the Master Purchase Contract 2018 for each of financial years ended 31 December 2018, 2019 and 2020 and the proposed Annual Cap.

Year ended 31 December 2018		Year ended 31 December 2019		Year ended 31 December 2020		Year ending 31 December 2021 Proposed Annual Cap
Annual cap	Actual amount	Annual cap	Actual amount	Annual cap	Actual amount	Annual Cap
US\$145,000,000 (equivalent to approximately HK\$1,131,000,000)	US\$104,010,880 (equivalent to approximately HK\$814,811,000)	US\$150,000,000 (equivalent to approximately HK\$1,170,000,000)	US\$29,140,000 (equivalent to approximately HK\$227,292,000)	US\$155,000,000 (equivalent to approximately HK\$1,209,000,000)	US\$ Nil (equivalent to approximately HK\$ Nil)	US\$66,000,000 (equivalent to approximately HK\$514,800,000)

The proposed Annual Cap of the Transactions for the financial year ending 31 December 2021 is US\$66,000,000 (equivalent to approximately HK\$514,800,000).

The low aggregate sales value to PIL Group for 2019 and nil sales transaction for 2020 were mainly due to the fact that PIL Group was in financial difficulties in the last two years. With a view to mitigating the credit risk, the sale of the Equipment by the Group to PIL Group has been put on hold since second quarter of 2019. According to the Master Purchase Contract 2021, the PIL Group shall pay for the Transactions contemplated under the Master Purchase Contract 2021 of which (i) 25% of the total transaction amount under each individual purchase order agreement shall be paid as a cash deposit upon the signing of such individual purchase order agreement, and (ii) 75% of the remaining total transaction amount under such individual purchase order agreement shall be paid before delivery or 15 days after technical acceptance of the relevant Equipment has been confirmed by the PIL Group to the Group, whenever is earlier, unless otherwise stipulated in the relevant individual purchase order agreement. No credit term is contemplated to be given by the Group to the PIL Group pursuant to the Master Purchase Contract 2021 except in the case where technical acceptance of the relevant Equipment

LETTER FROM THE BOARD

under the corresponding individual purchase order agreement has been confirmed by the PIL Group, the PIL Group will only be required to pay the remaining 75% of the total transaction amount under the relevant individual purchase order agreement 15 days after such technical acceptance has been confirmed by the PIL Group to the Group as time is required for the Group to prepare and process payment documents for each individual purchase order agreement, but in any event such payment shall be made before delivery. In light of the above arrangement (i.e. payment shall be made no later than delivery), the Company considers that such arrangement shall mitigate the credit risk of the Group for the Transactions contemplated under the Master Purchase Contract 2021. In the event that any Equipment has been manufactured pursuant to an individual purchase order agreement but the PIL Group fails to pay for the remaining 75% of the remaining total transaction amount under such individual purchase order agreement, based on the current market conditions and demands and barring unforeseeable circumstances, it is currently expected that the Company will generally be able to re-sell such Equipment to other customers with certain modifications.

The Annual Cap is determined after taking into account: (i) the historical transaction amounts for each of the three years ended 31 December 2018, 2019 and 2020 as shown in the table above; (ii) previous annual caps in respect of the transactions under the Master Purchase Contract 2018 for each of the financial years ended 31 December 2018, 2019 and 2020 as shown in the table above; (iii) the Group will be PIL Group's major supplier of the Equipment (whether directly or otherwise); (iv) estimated Equipment requirements of PIL Group during the term of the Master Purchase Contract 2021 as extracted from PIL's planned Equipment purchases from the Group for the year ending 31 December 2021. The planned Equipment purchases are calculated based on the replacement demand of PIL's existing Equipment and the expected growth of its business volume in view of shipping market recovery; and (v) the prevailing market prices of the Equipment in order to estimate the projected price for the year 2021. As at the Latest Practicable Date, there has been no sale transaction of the Equipment from the Group to the PIL Group during the year 2021.

As at the Latest Practicable Date, the total outstanding amount of trade receivables due from the PIL Group to the Group under the Deed was US\$149,696,984. The first scheduled repayment date pursuant to the Deed is 31 December 2021 where PIL Group shall repay a sum of US\$2,500,000 to the Group on such date.

As disclosed in the announcement of the Company dated 31 March 2021, the investment by one or more entities managed and controlled by Heliconia Capital Management Pte. Ltd. into PIL (directly or indirectly) has been completed on 30 March 2021. As disclosed in the circular of the Company dated 24 November 2020, PIL considered that the additional financing provided by one or more entities managed and controlled by Heliconia Capital Management Pte. Ltd. and a recalibration of PIL's capital structure would be necessary for PIL to continue operating as a going concern. So far as the Directors are aware, the completion of the investment by one or more entities managed and controlled by Heliconia Capital Management Pte. Ltd. into PIL (directly or indirectly) and the implementation of the debt re-profiling by PIL with its creditors as described in the circular of the Company dated 24 November 2020, among other things, have stabilised PIL's financial situation.

LETTER FROM THE BOARD

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 finance department 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.

Prior to signing each purchase order with PIL Group, the marketing department will conduct research on the market demand and supply dynamics, and compare the terms and unit prices of the most recent three purchase orders of the Equipment of similar nature, values and quantities signed between the Group and independent third parties, where available, against the terms and unit price of the purchase order with PIL Group. In the absence of any comparable transaction, the marketing department will conduct market research of the unit price of the Equipment of similar nature, values and quantities of recent transactions conducted by other industry players, and review whether the terms and unit price of the purchase order are determined based on an arm's length basis between the Group and PIL Group. The purchase order will then be submitted to the chief operating officer of the Group ("**Chief Operating Officer**") or his/her delegate for approval. The Chief Operating Officer or his/her delegate will compare the terms and unit price of the purchase order with PIL Group against the terms and unit prices of the most recent three purchase orders of the Equipment of similar nature, values and quantities signed between the Group and independent third parties, where available. In the absence of any comparable transaction, the Chief Operating Officer or his/her delegate will review the results of the market research conducted by the marketing department on the unit price of the Equipment of similar nature, values and quantities of recent transactions conducted by other industry players to determine whether the terms and unit price of the purchase order are determined based on an arm's length basis between the Group and PIL Group. The Chief Operating Officer or his/her delegate will approve the purchase order if he/she is satisfied that the terms and unit price from the sale of the Equipment to PIL Group is reasonable, no less favourable to the Group than those offered to independent third party customers of the Group, and generally in line with market demand and supply dynamics at the time and general industry practices.

The finance department and management of the Group will conduct half-yearly reviews and assess whether individual transactions contemplated under the continuing connected transactions are conducted in accordance with the terms of the Master Purchase Contract 2021 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 and no less favourable to the Group than those offered to independent third party customers of the Group. The finance department will conduct quarterly reviews of the purchase orders with PIL Group to ensure that the aggregate transaction amount of the purchase orders will not exceed the Annual Cap, and will alert the management of the Group if the aggregate transaction amount of the purchase orders reaches 80% of the Annual Cap.

The independent non-executive Directors will conduct an annual review of the transactions contemplated under all continuing connected transactions of the Company, and if necessary, recommend proposals to improve the above internal controls of the Group, and the auditors of the Group will also conduct an annual review on the pricing terms and annual caps thereof and report its findings to the Directors.

LETTER FROM THE BOARD

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.

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, bitutainers, tank containers, offshore containers and other specialised containers and container parts; and (ii) provision of logistics services, including operating container depots and container logistics.

PIL is a company incorporated in Singapore with limited liability. Headquartered in Singapore, the PIL Group 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 MASTER PURCHASE CONTRACT 2021

The Master Purchase Contract 2021 will provide the Group with additional and steady source of revenue from the sales of the Equipment in the ordinary course of business of the Group. The Directors (including the independent non-executive Directors, having received and considered the advice from Yue Xiu Capital) consider that the Master Purchase Contract 2021 and the Transactions contemplated thereunder are in the ordinary and usual course of business of the Group, the Master Purchase Contract 2021 (including the Annual Cup) has been entered into on normal commercial terms and on terms that are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

BOARD'S APPROVAL

The Board has approved the Master Purchase Contract 2021 and the Annual Cap. PIL, a company in which Mr. Teo Siong Seng is a director, is also the controlling shareholder of the Company, as defined under the Listing Rules, and Messrs. Tan Chor Kee and Kwa Wee Keng, who are non-executive directors of the Company, are also senior executives of PIL. Accordingly, Messrs. Teo Siong Seng, Tan Chor Kee and Kwa Wee Keng had abstained from voting in the Board resolutions approving the Master Purchase Contract 2021, the Transactions contemplated thereunder as well as the Annual Cap applicable thereto. Save as disclosed above, none of the Directors has a material interest in the Transactions.

LISTING RULES IMPLICATIONS

PIL, a company in which Mr. Teo Siong Seng is a director, 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 2021 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.

LETTER FROM THE BOARD

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 Cap for the Transactions exceeds 5%. Accordingly, the Transactions contemplated under the Master Purchase Contract 2021 are subject to annual reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. PIL and its associates, as well as each of Mr. Teo Siong Seng, Mr. Tan Chor Kee and Mr. Kwa Wee Keng, will abstain from voting on the resolution in respect of the Master Purchase Contract 2021 and the Transactions contemplated thereunder at the General Meeting.

The Directors (including the independent non-executive Directors, having received and considered the advice from Yue Xiu Capital) 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 third party customers); and (iii) on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors, having received and considered the advice from Yue Xiu Capital) are also of the opinion that the Annual Cap is fair and reasonable.

The Company will seek the Independent Shareholders' approval of the Transactions at the General Meeting. Each of (i) PIL and its associates; and (ii) Mr. Teo Siong Seng, Mr. Tan Chor Kee and Mr. Kwa Wee Keng, which, in aggregate, hold approximately 42.88% shareholding of the Company as at the Latest Practicable Date, 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 Independent Shareholders in connection with the Transactions. The independent financial adviser, Yue Xiu Capital has been appointed for the purpose of providing independent advice to the Independent Board Committee and the Independent Shareholders, on whether the Transactions are expected to be entered into in the ordinary and usual course of business of the Group and whether the Master Purchase Contract 2021 together with the Annual Cap are agreed on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL MEETING

A notice convening the General Meeting to be held at 24/F., Admiralty Centre 1, 18 Harcourt Road, Hong Kong on Friday, 30 July 2021 at 10:00 a.m., at which an ordinary resolution will be proposed to approve the Master Purchase Contract 2021 and the Transactions contemplated thereunder as well as the Annual Cap applicable thereto as set out on pages 37 to 38 of this circular.

A proxy form for use at the General Meeting is enclosed. Whether or not you are able to attend the General Meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the General Meeting or any adjournment thereof (as the case may be). Completion and return of proxy form will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof (as the case may be) should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Independent Board Committee comprising all independent non-executive Directors has been set up to advise the Independent Shareholders in connection with the Transactions. The independent financial adviser, Yue Xiu Capital has been appointed for the purpose of providing independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Master Purchase Contract 2021, the Transactions contemplated thereunder as well as the Annual Cap applicable thereto.

Your attention is drawn to the letter from the Independent Board Committee set out on page 13 of this circular which contains its recommendations to the Independent Shareholders as to voting at the General Meeting. Your attention is also drawn to the letter of advice received from Yue Xiu Capital which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Master Purchase Contract 2021, the Transactions contemplated thereunder as well as the Annual Cap applicable thereto. The letter from Yue Xiu Capital is set out on pages 14 to 29 of this circular.

The Directors (including the independent non-executive Directors, having received and considered the advice from Yue Xiu Capital) consider that the Transactions are expected to be entered into in the ordinary and usual course of business of the Group and the Master Purchase Contract 2021 together with the Annual Cap are agreed on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, they recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the General Meeting to approve the Master Purchase Contract 2021 and the Transactions contemplated thereunder as well as the Annual Caps applicable thereto.

Your attention is also drawn to the general information set out in the Appendix I of this circular.

On behalf of the Board
Singamas Container Holdings Limited
Teo Siong Seng
Chairman and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders in relation to the Master Purchase Contract 2021 and the Transactions contemplated thereunder.

The logo for SINGAMAS, featuring the word "SINGAMAS" in a bold, red, sans-serif font. The text is centered between two thick, horizontal blue bars.

勝獅貨櫃企業有限公司
SINGAMAS CONTAINER HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 716

13 July 2021

To the Independent Shareholders

Dear Sirs or Madams,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 13 July 2021 of the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Transactions and the Master Purchase Contract 2021 together with the Annual Cap, details of which are set out in the “Letter from the Board” in the Circular to the Shareholders.

Having taken into account of the advice of Yue Xiu Capital, we consider that the Transactions are expected to be entered into in the ordinary and usual course of business of the Group and the Master Purchase Contract 2021 together with the Annual Cap are agreed on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Master Purchase Contract 2021 and the Transactions contemplated thereunder and the Annual Cap as set out in the notice of the General Meeting to be held on 30 July 2021.

Yours faithfully,

For and on behalf of

**Independent Board Committee of
Singamas Container Holdings Limited**

Cheng Fu Kwok, David

*Independent
Non-executive
Director*

Lau Ho Kit, Ivan

*Independent
Non-executive
Director*

Ho Teck Cheong

*Independent
Non-executive
Director*

LETTER FROM YUE XIU CAPITAL

The following is the text of a letter of advice from Yue Xiu Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation in this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Master Purchase Contract 2021 and the Transactions contemplated thereunder (including the Annual Cap).



28/F., Siu On Centre,
188 Lockhart Road, Wanchai, Hong Kong

13 July 2021

*To: the Independent Board Committee and the Independent Shareholders of
Singamas Container Holdings Limited*

Dear Sirs or Madams,

CONTINUING CONNECTED TRANSACTIONS

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Master Purchase Contract 2021 and the Transactions contemplated thereunder (including the Annual Cap), details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular dated 13 July 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

The Group has been selling the Equipment to PIL Group under the Master Purchase Contract 2018. The Master Purchase Contract 2018 expired on 31 December 2020. On 23 June 2021, the Company (for and on behalf of the Group) entered into the Master Purchase Contract 2021 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 2021 is subject to the approval of the Independent Shareholders and will expire on 31 December 2021.

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As at the Latest Practicable Date, PIL held approximately 41.12% of total issued shares of the Company and 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 2021 involves transactions, which will occur on a recurring basis over a period of time and 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 Cap for the Transactions exceeds 5%, the Transactions contemplated under the Master Purchase Contract 2021 are subject to annual reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Each of: (i) PIL and its associates; (ii) Mr. Teo Siong Seng, the director of PIL and the chairman, chief executive officer and an executive Director; (iii) Mr. Tan Chor Kee, advisor of PIL and a non-executive Director; and (iv) Mr. Kwa Wee Keng, the chief financial officer of PIL and a non-executive Director, will abstain from voting on the resolution in respect of the Master Purchase Contract 2021 and the Transactions contemplated thereunder at the General Meeting.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Cheng Fu Kwok, David, Mr. Lau Ho Kit, Ivan and Mr. Ho Teck Cheong, has been established to advise the Independent Shareholders as to whether the terms of the Master Purchase Contract 2021 were entered into on normal commercial terms, whether the terms of the Master Purchase Contract 2021 and the Transactions contemplated thereunder (including the Annual Cap) are fair and reasonable so far as the Company and the Independent Shareholders are concerned and whether such terms are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to whether to vote in favour of the relevant resolution to be proposed at the General Meeting to approve the Master Purchase Contract 2021 and the Transactions contemplated thereunder (including the Annual Cap). As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Yue Xiu Capital did not have any relationships or interests with the Company or PIL that could reasonably be regarded as relevant to the independence of Yue Xiu Capital. In the past two years and up to the Latest Practicable Date, there was no engagement between the Group and Yue Xiu Capital. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company or PIL. Accordingly, we are considered eligible to give independent advice in respect of the Master Purchase Contract 2021 and the Transactions contemplated thereunder (including the Annual Cap).

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II. BASIS OF OUR ADVICE

In formulating our advice and recommendation, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”), the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”) and the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”); (iv) the opinions expressed by and the representations of the Directors and/or the senior management of the Group (the “**Management**”); and (v) our review of the relevant public information. We have assumed that all the information provided and representations made and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time there were made and continue to be true as at the date of the Circular and all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management. The Directors have confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Company and/or the Directors and the Management are true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so until the date of the General Meeting.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have reviewed the relevant information currently available to enable us to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group or PIL or any of their respective subsidiaries or associates.

III. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have considered the following principal factors and reasons:

1. Information on the 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, bitutainers, tank containers, offshore containers and other specialised containers and container parts (the “**Manufacturing Segment**”); and (ii) provision of logistics services, including operating container depots and container logistics.

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According to the 2020 Annual Report, the Group recorded revenue of approximately US\$712.2 million for the year ended 31 December 2019 (“**FY2019**”) and US\$274.3 million for the year ended 31 December 2020 (“**FY2020**”), among which approximately US\$683.9 million and US\$246.7 million was generated from the Manufacturing Segment, representing approximately 96.0% and 89.9% of the total revenue of the Group, respectively.

As disclosed in the 2020 Annual Report, the Group’s revenue of approximately US\$274.3 million for FY2020 represented a substantial decrease by approximately 61.5% compared with that of approximately US\$712.2 million for FY2019. The decrease in revenue for FY2020 was primarily the result of (i) the very substantial disposal of certain manufacturing of traditional dry freight containers operations of the Group in 2019; and (ii) suspension in production during the beginning of 2020 due to the outbreak of COVID-19 pandemic.

As set out in the 2020 Annual Report, the COVID-19 pandemic caused an abrupt suspension in production during early 2020. Nevertheless, the Group quickly resumed production to meet the strong export demand due to China’s recovery from the outbreak of COVID-19 pandemic. The turnaround in financial performance during the second half of 2020 was primarily attributable to stronger demand for new dry freight containers arising from port congestions at numerous countries around the world caused by the COVID-19 pandemic. As disclosed in the 2020 Annual Report, the average selling price of a 20-foot dry freight container, one of the most commonly-used containers for shipment of goods in ocean freight, increased to US\$2,059 in 2020 from US\$1,779 in 2019, reflecting the increase in market demand.

As mentioned in the 2020 Annual Report, it is expected that the Group would continue to seize opportunities based on the surge in demand for dry freight and specialised containers, particularly in relation to dry freight containers owing to continued port congestion issues.

2. Information on PIL Group

PIL is a company incorporated in Singapore with limited liability. Headquartered in Singapore, PIL Group is a containership operator which offers container liner services and other logistics related services globally and operates a fleet of vessels. According to the website of PIL, PIL has developed from a coastal ship-owner in Singapore into the largest carrier in Southeast Asia, with a focus on China, Asia, Africa, South America, the Middle East and Oceania. PIL owns and operates a fleet of around 100 container and multi-purpose vessels, serving over 500 locations in more than 90 countries worldwide.

As part of the ordinary course of business of the Group, the Group provides container depot services and supplies containers to customers including PIL Group from time to time. The Company and PIL entered into the Master Purchase Contract 2018 on 30 October 2017 with a term of commencing from 1 January 2018 to 31 December 2020 for the sale of Equipment by the Group to PIL Group.

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As set out in the 2018 Annual Report, the Group recorded amount due from the immediate holding company and fellow subsidiaries (i.e. PIL Group) of approximately US\$142,968,000 as at 31 December 2018, of which approximately US\$141,092,000 (or approximately 98.7%) was overdue. The sale of the Equipment by the Group to PIL Group has been put on hold since the second quarter of 2019. Moreover, as disclosed in the 2019 Annual Report, the Group's amount due from PIL Group was approximately US\$147,422,000 as at 31 December 2019, of which approximately US\$144,512,000 (or approximately 98.0%) was overdue. The Management was in the opinion that the abovementioned balance was not expected to be repaid within the next twelve months at that time. As further disclosed in the profit warning announcement of the Company dated 22 March 2020, the Group was in discussion with PIL Group in relation to a proposed repayment agreement. As at 30 June 2020, the aggregate amount of trade receivable due from PIL Group to the Group was approximately US\$149,696,000, with a majority of which being overdue.

On 4 November 2020, the Company and PIL entered into the Deed pursuant to which the Company and PIL conditionally agreed that PIL (on behalf of PIL Group) shall pay to the Company (on behalf of the Group) the outstanding amount of trade receivables due from PIL Group to the Group by way of payment of US\$149,696,984 (the "**Relevant Amount**") in accordance with a repayment schedule. Pursuant to the Deed, the Relevant Amount shall be repaid over a 10-year period up to 31 December 2030. Details of the Deed and relevant repayment schedule are set out in the announcement of the Company dated 4 November 2020. The Deed was effective on and from 30 March 2021. As at the Latest Practicable Date, the total outstanding amount of trade receivables due from PIL Group to the Group under the Deed was US\$149,696,984. The first scheduled repayment date pursuant to the Deed is 31 December 2021, where PIL Group shall repay a sum of US\$2,500,000 to the Group on such date.

It was noted that the financial position of PIL Group has been deteriorating since 2019. As set out in the circular of the Company dated 24 November 2020, PIL Group recorded net loss after tax of approximately US\$850.1 million for FY2019 and approximately US\$119.9 million for the six months ended 30 June 2020. In addition, PIL Group recorded net cash outflow of approximately US\$9.8 million for FY2019 and approximately US\$59.6 million for the six month ended 30 June 2020. Also, PIL Group determined that it was unable to repay the amount payable to its noteholders in November 2020. These factors demonstrated that PIL Group was facing financial difficulties at that time.

On 30 March 2021, a restructuring plan (the "**Restructuring Plan**") of PIL became effective. Pursuant to the Restructuring Plan, (i) Heliconia Capital Management Pte. Ltd ("**Heliconia**"), an independently managed wholly-owned subsidiary of Temasek Holdings (Private) Limited (a sovereign wealth fund held by Singapore government, "**Temasek**"), completed a US\$200 million investment into PIL by way of subscription of convertible preference shares into PIL's holding company (via a controlled entity); (ii) Heliconia (via a controlled entity) executed a US\$200 million term loan facility and a US\$200 million revolving credit facility to PIL; (iii) notes with outstanding principal amount of US\$60 million of PIL were marked down and cancelled; and (iv) PIL issued perpetual securities in respect of which there is no fixed redemption date with aggregate principal amount of approximately US\$240.7 million. As disclosed in the disclosure of interests filed in the Stock Exchange, upon completion of the abovementioned Restructuring Plan and as at the Latest Practicable Date, Temasek indirectly controls the holding company of PIL. As noted from the circular of the Company dated 24 November 2020, PIL considered that the additional financing from one or more entities managed and controlled by

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Heliconia can provide a recalibration of PIL's capital structure necessary for PIL to continue operating as a going concern, enabling PIL to emerge as a stronger and better-capitalised enterprise and benefit from having Heliconia as a significant stakeholder of PIL. As set out in the Letter from the Board, so far as the Directors are aware, the completion of the investment by one or more entities managed and controlled by Heliconia into PIL (directly or indirectly) and the implementation of the debt re-profiling by PIL with its creditors as described in the circular of the Company dated 24 November 2020, among other things, have stabilised PIL's financial situation. The Management further advised that the financial condition of PIL Group has shown improvement after having reviewed the latest financial information of PIL Group.

3. Reasons for and benefits of entering into the Master Purchase Contract 2021

As set out in the Letter from the Board, the Master Purchase Contract 2021 is to replace the Master Purchase Contract 2018 which has expired on 31 December 2020. The Master Purchase Contract 2021 will provide the Group with an additional and steady source of revenue in the ordinary course of business of the Group. The Directors consider that the Master Purchase Contract 2021 and the Transactions contemplated thereunder are in the ordinary and usual course of business of the Group, the Master Purchase Contract 2021 (including the Annual Cap) has been entered into on normal commercial terms and on terms that are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

As referred to the section headed "1. Information on the Group" above in this letter, the Group primarily generated its revenue from the Manufacturing Segment. Accordingly, the sale of the Equipment to PIL Group under the Master Purchase Contract 2021 are in the ordinary and usual course of business of the Group.

The table below sets out the revenue of the Group derived from sale of the Equipment to PIL Group and revenue of the Group derived from the Manufacturing Segment for the years ended 31 December 2016 to 2020 as extracted from the relevant annual reports of the Company:

	For the year ended 31 December				
	2016	2017	2018	2019	2020
Revenue derived from sale of the Equipment to PIL Group (US\$)	27,713,510	45,881,950	104,010,880	29,140,000	Nil
Revenue of the Group derived from the Manufacturing Segment (US\$)	880,654,000	1,443,177,000	1,780,404,000	683,925,000	246,677,000
Percentage of revenue derived from sale of the Equipment to PIL Group to the Group's Manufacturing Segment revenue	3.1%	3.2%	5.8%	4.3%	0%

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As set out in the table above, revenue derived from sale of the Equipment to PIL Group accounted for approximately 3.1% to 5.8% of the Group's revenue derived from the Manufacturing Segment for the years ended 31 December 2016 to 2019. The Group did not record any sale of Equipment to PIL Group for FY2020 as the sale of the Equipment by the Group to PIL Group has been put on hold since the second quarter of 2019. The above table demonstrates that the sale of the Equipment to PIL Group has been contributing a steady stream of revenue to the Manufacturing Segment of the Group before 2020, when PIL Group was in financial difficulty. Upon the Restructuring Plan became effective in March 2021, PIL Group has secured additional long-term funding from Heliconia and is able to operate as a going concern.

Having considered the above, we are of the view that, subject to the appropriate credit control measures in place, it is reasonable and in the interest of the Company and the Shareholders as a whole to sell the Equipment to PIL Group under the Master Purchase Contract 2021 so as to provide an additional and steady revenue stream to the Group.

4. Principal terms of the Master Purchase Contract 2021

The principal terms and conditions of the Master Purchase Contract 2021 are described below.

Date

23 June 2021

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 2021, the Group will enter into individual purchase order agreement(s) with PIL Group for the provision of the 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, bitutainers, tank containers, offshore containers and other specialised containers.

Given that none of the Equipment under the Master Purchase Contract 2021 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), where such markup will take into account, among other things, the market demand and supply dynamics at the time when quotations are made and the prevailing market price and value of products that are of similar nature of the Equipment (if available) and in any event not lower than the markup of the Equipment (or products of similar nature of the Equipment) sold by the Group to

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independent third party customers. As set out in the Letter from the Board, during the term of the Master Purchase Contract 2018, the majority of the Equipment were sold to PIL Group at a gross profit margin ranging from 0.04% to 17.14%. Such range of gross profit margin represented the gross profit margin for 40-foot high cube dry freight containers (the “**40’ HC Containers**”), which accounted for more than 70% of all Equipment sold to PIL Group under the Master Purchase Contract 2018. Based on current market conditions and demands and barring unforeseeable circumstances, it is currently expected that the 40’ HC Containers will account for the majority of the sale transactions under the Master Purchase Contract 2021. Due to the recent increase in demand for the Equipment and the general increase in the price of similar products in the market, it is currently expected that the gross profit margin for the majority of the Equipment to be sold to PIL Group pursuant to the Master Purchase Contract 2021 could be higher than the range recorded under the Master Purchase Contract 2018. Such market prices will be observed through, among other things, recent transactions of the Group. The final price under each individual purchase order agreement will be 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 the Master Purchase Contract 2021 and signing any individual purchase order agreement, the relevant officers of the Group would also review the terms of purchase orders entered into between independent third party customers and the Group of similar quantities, nature or 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 the Equipment to PIL is reasonable and ensure 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.

According to the Letter from the Board, 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 party customers and are not prejudicial to the interests of the Company and the Shareholders.

In order to assess the fairness and reasonableness of the terms of the Master Purchase Contract 2021, we have obtained and reviewed four sample copies of individual purchase order agreements entered into between the Group and PIL Group in 2018 and four sample copies of individual purchase order agreements entered into between the Group and independent third party customers with the Equipment of similar nature, values and quantities during the same period. As advised by the Management, no individual purchase order agreements were entered into between the Group and PIL Group during 2019 and 2020, whereas the Group’s sales transaction amount with PIL Group for FY2019 was attributable to the individual purchase order agreements entered into between the Group and PIL Group in 2018. Based on our review of the abovementioned sample copies of individual purchase order agreement, we noted that the unit prices of the Equipment sold by the Group to PIL

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Group were no less favourable to the Group than the unit prices of the Equipment sold by the Group to independent third party customers, and were hence in line with the pricing basis under the Master Purchase Contract 2021.

Payment terms

The payment for the Transactions contemplated under the Master Purchase Contract 2021, unless otherwise stipulated in the relevant individual purchase order agreement, shall be paid in the following manner: (a) upon signing the individual purchase order agreement, PIL Group shall pay a cash deposit of 25% of the total transaction amount under such agreement; and (b) PIL Group shall pay the remaining amount under such individual purchase agreement (i.e. 75% of the said total transaction amount) before delivery or 15 days after technical acceptance of the relevant Equipment has been confirmed by PIL Group, whenever is earlier, unless otherwise stipulated in the relevant individual purchase order agreement. The title to the Equipment will pass from the Group to PIL Group upon receipt of full payment of the relevant Equipment.

As set out in the Letter from the Board, PIL Group was in financial difficulties in the last two years and with a view to mitigate the credit risk, the sale of the Equipment by the Group to PIL Group has been put on hold since the second quarter of 2019. Based on the aforementioned payment terms set out in the Master Purchase Contract 2021, no credit term is contemplated to be given by the Group to PIL Group pursuant to the Master Purchase Contract 2021 except in the case where technical acceptance of the relevant Equipment under the corresponding individual purchase order agreement has been confirmed by PIL Group. PIL Group will be required to pay the remaining 75% of the total transaction amount under the relevant individual purchase order agreement 15 days after such technical acceptance has been confirmed by PIL Group to the Group as time is required for the Group to prepare and process payment documents for each individual purchase order agreement, but in any event such payment shall be made before delivery. In light of the above payment arrangement (i.e. payment shall be made no later than delivery), the Company considered that such payment arrangement shall mitigate the credit risk of the Group for the Transactions contemplated under the Master Purchase Contract 2021 as PIL Group shall not be able to receive the Equipment unless the total transaction amount is fully settled before delivery. In the event that any Equipment has been manufactured pursuant to an individual purchase order agreement but PIL Group fails to pay for the remaining 75% of the total transaction amount under such individual purchase order agreement, based on the current market conditions and demands and barring unforeseeable circumstances, it is currently expected that the Company will generally be able to re-sell such Equipment to other customers with certain modifications.

We have enquired the Management and understood that the 40' HC Containers, which are expected to account for majority of the sale transactions under the Master Purchase Contract 2021, are widely-used standardised containers in ocean freight. There is no material difference in terms of specification between the 40' HC Containers ordered by PIL Group and those ordered by independent third party customers. In the event that PIL Group fails to settle the remaining 75% of the total transaction amount before delivery or 15 days after technical acceptance, the Management is of the view that the 40' HC Containers can be sold to other independent third party customers with certain modifications without practical

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difficulties. We further noted that the revenue generated from the sale of dry freight containers represented approximately 75.8% of the Group's Manufacturing Segment revenue for FY2020 and as set out in the 2020 Annual Report, it is expected by the Management that the demand for dry freight containers would stay high in 2021 owing to continued port congestion issues. Having considered the foregoing, we concur with the Management's view that the Group will generally be able to re-sell the Equipment to other customers with certain modifications.

We have compared the payment terms of the Master Purchase Contract 2021 with two individual purchase order agreements entered into between the Group and independent third party customers in each of the years ended 31 December 2018, 2019 and 2020, respectively and noted that: (i) the total transaction amount under the aforesaid samples of individual purchase order agreements entered into between the Group and independent third party customers shall be settled within 60 days from the date of technical acceptance, which was longer than the 15 days from the date of technical acceptance as set out in the Master Purchase Contract 2021; (ii) no upfront payment was required for the independent third party customers while 25% of the total transaction amount shall be paid by PIL Group upon signing of the individual purchase order agreements; and (iii) PIL Group shall settle the remaining 75% of the total transaction amount no later than delivery of the Equipment while no such requirement was noted under individual purchase order agreements entered into with independent third party customers. We consider that the payment terms offered by the Group to PIL Group under the Master Purchase Contract 2021 are no less favourable to the Group than those available to independent third party customers.

Having taken into account the foregoing, it appears that the Master Purchase Contract 2021 has put in place reasonable payment arrangement in mitigating the Group's credit risk for trade receivables due from PIL Group.

Term

Subject to the Independent Shareholders' approval, the Master Purchase Contract 2021 will be for a term from the date of such contract and expiring on 31 December 2021. During the effective term of the Master Purchase Contract 2021, either the Company (on behalf of the Group) or PIL (on behalf of PIL Group) may terminate the Master Purchase Contract 2021 by giving 30 days' written notice to the other party.

We have further reviewed other major terms of the Master Purchase Contract 2021 and are not aware of any other terms which are exceptional to normal market practice.

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5. Proposed Annual Cap under the Master Purchase Contract 2021

Set out below are the historical transaction amounts and the previous annual caps under the Master Purchase Contract 2018 for each of the financial years ended 31 December 2018, 2019 and 2020 and the proposed Annual Cap for the year ending 31 December 2021:

Year ended 31 December 2018		Year ended 31 December 2019		Year ended 31 December 2020		Year ending 31 December 2021 Proposed Annual Cap
Annual cap	Actual amount	Annual cap	Actual amount	Annual cap	Actual amount	
US\$145,000,000	US\$104,010,880	US\$150,000,000	US\$29,140,000	US\$155,000,000	US\$Nil	US\$66,000,000
(equivalent to approximately	(equivalent to approximately	(equivalent to approximately	(equivalent to approximately	(equivalent to approximately	(equivalent to approximately	(equivalent to approximately
HK\$1,131,000,000)	HK\$814,811,000)	HK\$1,170,000,000)	HK\$227,292,000)	HK\$1,209,000,000)	HK\$Nil)	HK\$514,800,000)

As set out in the Letter from the Board, the Annual Cap was determined after taking into account: (i) the historical transaction amounts for each of the three years ended 31 December 2020 as shown in the table above; (ii) previous annual caps in respect of the transactions under the Master Purchase Contract 2018 for each of the financial years ended 31 December 2018, 2019 and 2020 as shown in the table above; (iii) the Group will be PIL Group's major supplier of the Equipment (whether directly or otherwise); (iv) estimated Equipment requirements of PIL Group during the term of the Master Purchase Contract 2021 as extracted from PIL's planned Equipment purchases from the Group for the year ending 31 December 2021. The planned Equipment purchases are calculated based on the replacement demand of PIL's existing Equipment and the expected growth of its business volume in view of the shipping market recovery; and (v) the prevailing market prices of the Equipment in order to estimate the projected price for the year ending 31 December 2021.

As advised by the Management, the proposed Annual Cap of US\$66,000,000 (equivalent to approximately HK\$514,800,000) for the year ending 31 December 2021 was determined primarily based on: (a) 10,000 40' HC Containers to be purchased by PIL Group according to the Equipment purchase plan of PIL Group; and (b) estimated average selling price of a 40' HC Container of US\$6,600 for the year ending 31 December 2021.

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In order to assess the fairness and reasonableness of the determination of the Annual Cap, we have considered the following principal factors:

(i) The historical transaction amount and previous annual caps in respect of the transactions under the Master Purchase Contract 2018

The transaction amount under the Master Purchase Contract 2018 decreased significantly from approximately US\$104,010,880 for the year ended 31 December 2018 to nil for FY2020. The low and nil transaction amount with PIL Group for FY2019 and FY2020, respectively, were mainly due to the fact that PIL Group was in financial difficulties during the last two years and the sale of the Equipment by the Group to PIL Group has been put on hold since the second quarter of FY2019. As disclosed in the Letter from the Board, as at the Latest Practicable Date, there has been no sale transaction of the Equipment from the Group to the PIL Group during 2021.

(ii) The Equipment purchase plan of PIL Group

According to the Equipment purchase plan of PIL Group, PIL Group has taken into account the following factors in determining the intended purchase of 10,000 40' HC Containers, namely: (i) the replacement requirement of approximately 5,000 40' HC Containers based on the current 40' HC Containers held by PIL Group's fleet with historical wear and tear ratio; (ii) 4,500 40' HC Containers required based on the estimated increase in fleet size by PIL Group in response to the port congestion throughout the world; and (iii) 3,000 40' HC Containers required in response to extra vessels to be deployed in PIL Group's route to Latin America region to meet the increased demand. Accordingly, it is the intention of PIL Group to purchase 10,000 40' HC Containers from the Group by the end of 2021. As the entering into of the Master Purchase Contract 2021 would enable the Group to sell the Equipment to PIL Group to generate additional revenue, it is reasonable to determine the Annual Cap with reference to the estimated maximum quantity that PIL Group intends to purchase so as to facilitate revenue generation of the Group in the event that the Equipment purchase plan as budgeted by PIL Group materialises.

According to the Global Trade Update published by United Nations Conference on Trade and Development ("UNCTAD"), an organisation established to promote trade, investment and development of developing countries, in May 2021, the value of global trade in goods and services grew by approximately 4% quarter-over-quarter and by approximately 10% year-over-year. The trade rebound of the first quarter of 2021 continued to be driven by the strong export performance of East Asian economies. It is expected by UNCTAD that global trade will continue its growing trend in the second half of 2021, with an increase of approximately 19% in trade of goods from the lowest point of 2020. This would enable PIL Group to benefit from the growth in global trade and drive its demand for the Equipment.

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Despite PIL Group having experienced financial difficulties in the past two years and the Group has put on hold the sale of the Equipment to PIL Group since the second quarter of 2019, as mentioned in the section headed “2. Information on PIL Group” in this letter, the Restructuring Plan became effective and PIL Group managed to obtain additional funding from Heliconia and continued operating as a going concern. As advised by the Management, the financial position and the operation of PIL Group has shown improvement since the Restructuring Plan becoming effective and up to the Latest Practicable Date.

Having considered the above, we are of the view that PIL Group shall be able to implement the Equipment purchase plan as mentioned above.

(iii) The estimated average selling price of a 40' HC Container

As advised by the Management, the average selling prices of a 40' HC Container for the years ended 31 December 2018, 2019 and 2020 were approximately US\$3,713, US\$2,993 and US\$3,569, respectively. The average selling price of containers in 2019 experienced a decline due to the weakened global trade volume owing to the trade tension between China and the United States of America, and intense competition among the container manufacturing players. The average selling price of containers saw a rebound in the second half of 2020 due to the port congestion caused by the COVID-19 pandemic and shortage of containers arising from trade imbalance between China and other western countries. The Management advised that the average selling price for a 40' HC Container has demonstrated a further increasing trend since the beginning of 2021. We have obtained and reviewed the monthly average selling price of 40' HC Containers of the Group for the four months ended 30 April 2021 and noted that the average selling price of 40' HC Containers has increased significantly compared with that in 2020. In addition, we have obtained two sample copies of individual purchase order agreements entered into between the Group and independent third party customers in May 2021 and noted that the latest selling price of a 40' HC Container was generally in line with the estimated average selling price of US\$6,600 adopted in the Equipment purchase plan of PIL Group. It is expected by the Management that such rebound on average selling price of containers is likely to maintain in 2021.

Having considered (i) the gradual improvement in the global economy which drives the demand for containers; (ii) the expected purchase volume of the Equipment by PIL Group in accordance with its Equipment purchase plan; (iii) the estimated average selling price of 40' HC Containers; (iv) the Transactions will continue to be conducted in the ordinary and usual course of business of the Company and on terms no less favourable to the Group than terms available to independent third party customers; (v) the Transactions will enable the Group to generate additional and steady revenue from the annual sales of Equipment; and (vi) the determination of the Annual Cap, which is revenue in nature, with reference to the intended purchase quantity by PIL Group would facilitate revenue generation of the Group, we consider the basis of determination of the Annual Cap to be acceptable.

LETTER FROM YUE XIU CAPITAL

6. Annual review and internal control of the Group's continuing connected transactions

According to the Letter from the Board, the pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the finance department 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.

As disclosed in the Letter from the Board, prior to signing each purchase order with PIL Group, the marketing department will conduct research on the market demand and supply dynamics, and compare the terms and unit prices of the most recent three purchase orders of the Equipment of similar nature, values and quantities signed between the Group and independent third parties, where available, against the terms and unit price of the purchase order with PIL Group. In the absence of any comparable transaction, the marketing department will conduct market research of the unit price of the Equipment of similar nature, values and quantities of recent transactions conducted by other industry players, and review whether the terms and unit price of the purchase order are determined based on an arm's length basis between the Group and PIL Group. The purchase order will then be submitted to the chief operating officer of the Group ("**Chief Operating Officer**") or his/her delegate for approval. The Chief Operating Officer or his/her delegate will compare the terms and unit price of the purchase order with PIL Group against the terms and unit prices of the most recent three purchase orders of the Equipment of similar nature, values and quantities signed between the Group and independent third parties, where available. In the absence of any comparable transaction, the Chief Operating Officer or his/her delegate will review the results of the market research conducted by the marketing department on the unit price of the Equipment of similar nature, values and quantities of recent transactions conducted by other industry players to determine whether the terms and unit price of the purchase order are determined based on an arm's length basis between the Group and PIL Group. The Chief Operating Officer or his/her delegate will approve the purchase order if he/she is satisfied that the terms and unit price from the sale of the Equipment to PIL Group is reasonable, no less favourable to the Group than those offered to independent third party customers of the Group, and generally in line with market demand and supply dynamics at the time and general industry practices.

The finance department and management of the Group will conduct half-yearly reviews and assess whether individual transactions contemplated under the continuing connected transactions are conducted in accordance with the terms of the Master Purchase Contract 2021 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 and no less favourable to the Group than those offered to independent third party customers of the Group. The finance department will conduct quarterly reviews of the purchase orders with PIL Group to ensure that the aggregate transaction amount of the purchase orders will not exceed the Annual Cap, and will alert the management of the Group if the aggregate transaction amount of the purchase orders reaches 80% of the Annual Cap.

LETTER FROM YUE XIU CAPITAL

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 considered 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.

We noted that the Company has performed periodic review on the comparison of gross profit margins of the Equipment sold by the Group to PIL Group and those sold to independent third party customers to ensure that the gross profit margins of the Equipment sold by the Group to PIL Group was no less favourable to the Group than those sold to independent third parties customers. Based on the above understanding on the Group's internal control measures, including the responsible personnel, reviewing process and frequency, we concur with the Directors that the Group has put in place reasonable internal control mechanism in respect of the Transactions and the Annual Cap.

Pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the Transactions contemplated under the Master Purchase Contract 2021 are subject to the following requirements:

- (i) the independent non-executive Directors must confirm in the annual reports and accounts whether the continuing connected transaction has been entered into:
 - in the ordinary and usual course of business of the Group;
 - on normal commercial terms or better; and
 - according to the agreement governing it on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.
- (ii) the Company must engage its auditors to report on the continuing connected transaction for each financial year of the Company and that the Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transaction:
 - has not been approved by the Board;
 - was not, in all material respects, in accordance with the pricing policy of the Group if the transactions involve the provision of goods or services by the Group;
 - were not entered into, in all material respects, in accordance with the relevant agreement governing the transaction; and
 - has exceeded the Annual Cap.

LETTER FROM YUE XIU CAPITAL

IV. OUR RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the view that, the Master Purchase Contract 2021 has been entered into within the ordinary and usual course of the Group's business based on normal commercial terms, and the terms thereof together with the Annual Cap are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Master Purchase Contract 2021, the Transactions contemplated thereunder and the Annual Cap at the General Meeting.

Yours faithfully,
For and on behalf of
YUE XIU CAPITAL LIMITED

Archie Fong
*General Manager and
Managing Director*

Andrew Lau
Executive Director

Mr. Archie Fong is a licensed person registered with the Securities and Futures Commission and a responsible officer of Yue Xiu Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in corporate finance industry.

Mr. Andrew Lau is a licensed person registered with the Securities and Futures Commission and a responsible officer of Yue Xiu Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 12 years of experience in the accounting and corporate finance industries.

1) RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2) SHARE CAPITAL

As at the Latest Practicable Date, the total number of Shares of the Company comprised 2,416,919,918 Shares, all of which are fully paid-up.

All the Shares currently in issue rank pari passu in all respects with each other, including in particular, as to dividends, voting rights and capital.

Save as disclosed herein, no part of the share capital of the Company is listed or dealt in on stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares to be listed in or on any other stock exchange.

3) DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered into the register maintained by the Company; or (c) were required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

The Shares

Name	Capacity	Number of Shares Held			Total Interest	Percentage of Total Issued Shares
		Personal Interest	Corporate Interest	Other		
Mr. Teo Siong Seng	Beneficial Owner	42,377,250	–	–	42,377,250	1.75
Ms. Chung Pui King, Rebecca	Beneficial Owner	195,291	–	–	195,291	0.01
Mr. Tan Chor Kee (Note)	Spouse Interest	–	–	6,000	6,000	0.00

Note:

Ms. Lee Tew Guan, spouse of Mr. Tan Chor Kee held 6,000 Shares. Mr. Tan Chor Kee is deemed to be interested in 6,000 Shares held by Ms. Lee Tew Guan.

All the interests disclosed above represent long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, none of Directors or chief executive of the Company, nor their associates, had any other interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered into the register maintained by the Company; or (c) were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company or the Stock Exchange and none of the Directors or chief executive of the Company, nor their spouse or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right since 31 December 2020 (being the date of the Company's latest published audited accounts).

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company or their respective associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group as would be required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

There was no contract or arrangement subsisting at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the businesses of the Group.

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had been, since 31 December 2020 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

4) DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTEREST

- (a) As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO, and so far as was known to any Director or chief executive of the Company, the following persons (other than the interests of certain Directors disclosed under the section headed "Disclosure of Directors' Interests" above), had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Notes	Number of Shares of		Percentage of Total Issued Shares
		Direct Interest	Indirect Interest	
Temasek Holdings (Private) Limited (" Temasek ")	(1)	–	993,825,345	41.12
PIL Pte. Ltd.	(2)	–	993,825,345	41.12
PIL	(2)	993,825,345	–	41.12
Madison Pacific Pte. Limited	(3)	–	993,825,345	41.12
Madison Pacific Trust Limited	(4)	–	993,825,345	41.12
Hyder Ahmad	(5)	–	438,452,359	18.14
Broad Peak Investment Management Ltd.	(5)	–	438,452,359	18.14
Broad Peak Master Fund II Ltd.	(5)	438,452,359	–	18.14

Notes:

- (1) Temasek indirectly controls PIL Pte. Ltd. which wholly owns PIL. PIL directly holds 993,825,345 Shares. Temasek's indirect interest also arises by reason of Ivy 1 Investments VCC ("**Ivy 1**"), which is 100% indirectly controlled by Temasek, as a charge over 993,825,345 Shares held by PIL has been granted in favour of Ivy 1 (where Madison Pacific Pte. Limited is the security agent). Additionally, SeaTown Lionfish Pte. Ltd. ("**SeaTown**") is the lender of record that has a direct interest in 496,912,673 Shares pledged by PIL, which form part of the 993,825,345 Shares Temasek is deemed interested in. Temasek is the indirect sole shareholder of SeaTown.
- (2) A total of 993,825,345 Shares are directly held by PIL which is 100% owned by PIL Pte. Ltd.
- (3) Madison Pacific Pte. Limited is the security agent under a loan facility whose sole lender is currently Ivy 1. As disclosed in note (1) above, a charge over 993,825,345 Shares held by PIL has been granted in favour of Ivy 1.
- (4) Madison Pacific Trust Limited is the security agent of the Shares pledged by PIL in favour of third party lenders as security.
- (5) Broad Peak Master Fund II Ltd. is the lender of record which has a direct interest in the Shares pledged by PIL, Broad Peak Investment Management Ltd holds 100% interest in Broad Peak Master Fund II Ltd. Hyder Ahmad is the ultimate controlling shareholder of Broad Peak Investment Management Ltd.

All the interests disclosed above represent long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, there was no other person known to the Directors or chief executive of the Company, other than the Directors or chief executive of the Company, who had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

- (b) As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the following persons (other than a Director or chief executive of the Company), who was, directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (other than the Company) and the amount of such persons' interests in such securities were:

Name of subsidiary of the Company	Name of substantial shareholder	Interest in the share capital/ equity interest	Percentage of total issued share capital
Eng Kong Container & Warehousing Limited	Mr. Li Hung	<i>(Note)</i>	13.33%
	Mr. Ng Kam Ming	<i>(Note)</i>	13.33%
Eng Kong Container Services Limited	Mr. Li Hung	<i>(Note)</i>	13.33%
	Mr. Ng Kam Ming	<i>(Note)</i>	13.33%
Singamas Logistics (Qingdao) Co., Ltd.	SITC Logistics (HK) Limited	Registered paid-up capital of US\$2,312,000 (equivalent to approximately HK\$18,033,600)	40%
Shanghai Pacific International Container Co., Ltd.	Everbright Jiabao Co., Ltd.	Registered paid-up capital of US\$3,936,400 (equivalent to approximately HK\$30,703,920)	15.14%
	Shanghai Jinjiang Shipping Co., Ltd	Registered paid-up capital of US\$2,600,000 (equivalent to approximately HK\$20,280,000)	10%

Name of subsidiary of the Company	Name of substantial shareholder	Interest in the share capital/ equity interest	Percentage of total issued share capital
	Sinotrans Shanghai (Group) Co., Ltd.	Registered paid-up capital of US\$2,600,000 (equivalent to approximately HK\$20,280,000)	10%
Singamas Container Industry Co., Ltd.	PIL	Registered paid-up capital of US\$1,020,000 (equivalent to approximately HK\$7,956,000)	20%
Wellmass Group Limited	Mr. Li Hung	2,000 ordinary shares	20%
	Mr. Ng Kam Ming	2,000 ordinary shares	20%

Note: Each of Messrs. Li Hung and Ng Kam Ming is indirectly interested in approximately 13.33% equity interest of Eng Kong Container Services Limited through his respective 20% interest in Wellmass Group Limited, which holds approximately 66.67% interest in Eng Kong Container & Warehousing Limited, a substantial shareholder of Eng Kong Container Services Limited.

Save as disclosed above, as at the Latest Practicable Date, there was no person known to the Directors or the chief executive of the Company, other than Directors or the chief executive of the Company, who was, directly or indirectly, interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital.

5) SERVICE CONTRACT

As at the Latest Practicable Date, no Director had any existing or proposed service contract with any member of the Group which is not expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation).

6) MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020 (being the date to which the latest published financial statements of the Company have been made up) and up to the Latest Practicable Date.

7) INDEPENDENT FINANCIAL ADVISER

The qualification of the independent financial adviser who has given advice contained in this circular is set out as follows:

Name	Qualification
Yue Xiu Capital	a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity

As at the Latest Practicable Date, Yue Xiu Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears or is included.

As at the Latest Practicable Date, Yue Xiu Capital had no direct or indirect interest in any asset which had been since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to, any member of the Group, or was proposed to be acquired or disposed of by, or leased to, any member of the Group.

As at the Latest Practicable Date, Yue Xiu Capital did not have any shareholding in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The letter and recommendation from Yue Xiu Capital is given as of the date of this circular for incorporation herein.

8) LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

9) MISCELLANEOUS

- a) The registered office of the Company is at 19th Floor, SUP Tower, 75-83 King's Road, Hong Kong.
- b) The share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- c) The secretary and the qualified accountant of the Company is Ms. Chung Pui King, Rebecca, who is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.
- d) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

10) DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the registered office of the Company at 19th Floor, SUP Tower, 75-83 King's Road, Hong Kong from the date of this circular up to and including 30 July 2021:

- a) the "Letter from the Independent Board Committee" as set out in this circular;
- b) the "Letter from Yue Xiu Capital" as set out in this circular;
- c) the Master Purchase Contract 2021;
- d) the written consent of Yue Xiu Capital referred to under the section headed "Independent Financial Adviser" in this appendix;
- e) the latest annual report of the Company for the financial year ended 31 December 2020; and
- f) this circular.

NOTICE OF GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that a general meeting of Singamas Container Holdings Limited (the “**Company**”) will be held at 24/F., Admiralty Centre 1, 18 Harcourt Road, Hong Kong on Friday, 30 July 2021 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT**

- (a) the Master Purchase Contract 2021 (as defined in the circular of the Company dated 13 July 2021 (the “**Circular**”)), a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purposes, and the Transactions contemplated therein (as defined in the Circular) be and are hereby unconditionally approved, ratified and confirmed;
- (b) the Annual Cap (as defined in the Circular) for the financial year ending 31 December 2021 be and is hereby approved; and
- (c) any director of the Company be and is hereby authorised as he or she considers necessary, to execute and deliver for and on behalf of the Company all such documents, instruments, notices or agreements to be incidental to, or ancillary to or in connection with the matters contemplated in the Master Purchase Contract 2021 and, to do all such other acts, matters or things for and on behalf of the Company, as may deem necessary or desirable to perfect, give effect to or implement any terms of the Transactions.”

By Order of the Board

Chung Pui King, Rebecca

Executive Director and Company Secretary

Hong Kong, 13 July 2021

Registered office:

19th Floor,
SUP Tower,
75–83 King’s Road,
Hong Kong

NOTICE OF GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a member of the Company. **Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting or any adjourned meeting should he so wish.**
2. In order to be valid, the form of proxy, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that authority must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. For the purpose of ascertaining shareholders' entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Tuesday, 27 July 2021 to Friday, 30 July 2021, both days inclusive, and no transfer of the shares of the Company will be effected during such period. In order to be entitled to attend and vote at the meeting, all transfers of shares of the Company, duly accompanied by the completed transfer forms and all relevant share certificates, must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Monday, 26 July 2021. The shareholders whose names appear on the register of members of the Company on Friday, 30 July 2021, the record date of the meeting, will be entitled to attend and vote at the meeting.
4. Taking into account the development of the COVID-19 coronavirus, the Company will implement prevention and control measures at the General Meeting as the Company may consider necessary or desirable to protect Shareholders from the risk of infection, including:
 - (i) compulsory body temperature check will be conducted for all Shareholders, proxies and other attendees at the entrance of the venue. Any person with a body temperature of over 37.5 degrees Celsius will not be admitted to the venue;
 - (ii) all Shareholders, proxies and other attendees are required to wear surgical mask before they are permitted to attend, and during their attendance of the General Meeting; and
 - (iii) no distribution of gift and no refreshment will be served.

Attendees who do not comply with the precautionary measures or are subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. The Company would like to encourage Shareholders to exercise their right to vote at the General Meeting by appointing the Chairman of the General Meeting as their proxy to vote according to their indicated voting instructions instead of attending the General Meeting in person.