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勝獅貨櫃企業有限公司

SINGAMAS CONTAINER HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 716)

CONTINUING CONNECTED TRANSACTIONS

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Reference is made to the announcement of the Company dated 23 June 2021 in relation to the Master Purchase Contract 2021 entered into between the Company (for and on behalf of the Group) and PIL (for and on behalf of PIL Group) for the sales of Equipment to PIL Group. The Master Purchase Contract 2021 will expire on 31 December 2021. On 2 November 2021, the Company (for and on behalf of the Group) entered into the Master Purchase Contract 2022 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 2022 is subject to the approval of the Independent Shareholders and will take effect from 1 January 2022 and expire on 31 December 2022.

As PIL is the controlling shareholder of the Company as defined under the Listing Rules, PIL is a connected person of the Company. The Master Purchase Contract 2022 involves transactions which will occur on a recurring basis over a period of time; accordingly, the Transactions will constitute continuing connected transactions of the Company.

The proposed Annual Cap of the Transactions for the financial year ending 31 December 2022 is US\$66,300,000 (equivalent to approximately HK\$517,140,000).

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 2022 are subject to annual

reporting, announcement, circular (including independent financial advice), annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee (comprising all the independent non-executive Directors) has been set up to advise the Independent Shareholders in connection with the Master Purchase Contract 2022 and the Transactions contemplated thereunder (including the Annual Cap). Yue Xiu Capital has been appointed as the Independent Financial Adviser for the purpose of providing independent advice to the Independent Board Committee and the Independent Shareholders in connection with the Master Purchase Contract 2022 and the Transactions contemplated thereunder (including the Annual Cap).

The General Meeting will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Master Purchase Contract 2022 and the Transactions contemplated thereunder (including the Annual Cap). Any shareholder who has a material interest in the Transactions must abstain from voting on the resolutions at the General Meeting. Accordingly, PIL and its associates will abstain from voting at the General Meeting.

A circular containing information regarding the Master Purchase Contract 2022 and the Transactions contemplated thereunder, the advice from the Independent Financial Adviser, the letter of recommendation from the Independent Board Committee and the notice of the General Meeting is expected to be despatched to the Shareholders on or before 23 November 2021.

CONTINUING CONNECTED TRANSACTIONS

BACKGROUND

Reference is made to the announcement of the Company dated 23 June 2021 in relation to the Master Purchase Contract 2021 entered into between the Company (for and on behalf of the Group) and PIL (for and on behalf of PIL Group) for the sales of Equipment to PIL Group. The Master Purchase Contract 2021 will expire on 31 December 2021.

On 2 November 2021, the Company (for and on behalf of the Group) entered into the Master Purchase Contract 2022 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 2022 is subject to the approval of the Independent Shareholders and will take effect from 1 January 2022 and expire on 31 December 2022.

MASTER PURCHASE CONTRACT 2022

The salient terms and conditions of the Master Purchase Contract 2022 are described below.

Date:

2 November 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 2022, 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, bitutainers, tank containers, offshore containers and other specialised containers.

Given that none of the Equipment under the Master Purchase Contract 2022 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. 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 2022 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.

The payment for the Transactions contemplated under the Master Purchase Contract 2022, 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 of 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 2022 will be for a term commencing from 1 January 2022 and expiring on 31 December 2022. During the effective term of the Master Purchase Contract 2022, either the Company (on behalf of the Group) or PIL (on behalf of PIL Group) may terminate the Master Purchase Contract 2022 by giving 30 days' written notice to the other party.

Historical figures, previous and existing 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 the financial years ended 31 December 2019 and 2020 and existing annual cap in respect of the transactions contemplated under the Master Purchase Contract 2021 for the year ending 31 December 2021 and the proposed Annual Cap.

Year ended 31 December 2019		Year ended 31 December 2020		Year 2021 (For the period from 23 June 2021 (being the effective date of the Master Purchase Contract 2021) to 31 December 2021)		Year ending 31 December 2022
Annual cap	Actual amount	Annual cap	Actual amount	Annual cap	Actual amount (Note)	Proposed Annual Cap
US\$150,000,000	US\$29,140,000	US\$155,000,000	US\$ Nil	US\$ 66,000,000	US\$ 65,705,000	US\$66,300,000
(equivalent to approximately HK\$1,170,000,000)	(equivalent to approximately HK\$227,292,000)	(equivalent to approximately HK\$1,209,000,000)	(equivalent to approximately HK\$ Nil)	(equivalent to approximately HK\$514,800,000)	(equivalent to approximately HK\$512,499,000)	(equivalent to approximately HK\$517,140,000)

Note: The actual amount during the term of the Master Purchase Contract 2021 represents: (i) the total value of equipment sold by the Group to PIL Group of US\$19,890,000; and (ii) the value of unproduced purchase orders entered into between the Group and PIL Group of approximately US\$45,815,000.

The proposed Annual Cap of the Transactions for the financial year ending 31 December 2022 is US\$66,300,000 (equivalent to approximately HK\$517,140,000).

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 2022, the PIL Group shall pay for the Transactions contemplated under the Master Purchase Contract 2022 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 2022 except in the case where technical acceptance of the relevant Equipment 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 2022.

The Annual Cap is determined after taking into account: (i) the historical transaction amounts for each of the two years ended 31 December 2019 and 2020 and for the period from 23 June 2021 (being the effective date of the Master Purchase Contract 2021) up to the date of this announcement as shown in the table above; (ii) the existing annual cap in respect of the transactions under the Master Purchase Contract 2021 for the financial year ending 31 December 2021 as shown in the table above; (iii) the Group being 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 2022 as extracted from PIL's planned Equipment purchases from the Group for the year ending 31 December 2022. 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 certain shipping routes; and (v) the prevailing market prices of the Equipment in order to estimate the projected price for the year 2022.

INTERNAL CONTROL FOR THE GROUP'S CONTINUING CONNECTED TRANSACTIONS

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group in charge to ensure that all

the continuing connected transactions are conducted on normal commercial terms and in accordance with the pricing policy of the Group and will not be prejudicial to the interests of the Company and its Shareholders as a whole. The relevant personnel and management of the Group will conduct regular checks to review and assess whether individual transactions contemplated under the continuing connected transactions are conducted in accordance with the terms of the Master Purchase Contract 2022 and will also regularly review whether the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy. The independent non-executive Directors will review the transactions contemplated under all continuing connected transactions of the Company and the auditors of the Group will also conduct an annual review on the pricing terms and annual caps thereof. Accordingly, the Directors consider that the internal control mechanism of the Company is effective to ensure that the transactions contemplated under all continuing connected transactions have been and will be conducted on normal commercial terms and in accordance with the pricing policy of the Group and not prejudicial to the interests of the Company and the Shareholders as a whole.

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 2022

The Master Purchase Contract 2022 will provide the Group with an additional and steady source of revenue in the ordinary course of business of the Group.

The Directors (other than the independent non-executive Directors) 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 independent 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, and are also of the opinion that the Annual Cap is fair and reasonable. The independent non-executive Directors will provide their views on the Transactions after considering the advice from the Independent Financial Adviser.

LISTING RULES IMPLICATIONS

PIL is the controlling shareholder of the Company as defined under the Listing Rules. Accordingly, PIL is a connected person of the Company under the Listing Rules. The Master Purchase Contract 2022 involves transaction, which will occur on a recurring basis over a period of time; accordingly, the Transactions constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios (other than profit ratio) calculated pursuant to Rule 14.07 of the Listing Rules in respect of the proposed Annual Cap for the Transactions exceeds 5%, the Transactions contemplated under the Master Purchase Contract 2022 are subject to annual reporting, announcement, circular (including independent financial advice), annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Each of Mr. Teo Siong Seng (who is a director of both PIL and the Company), Mr. Tan Chor Kee and Mr. Kwa Wee Keng (who are the senior executives of PIL and directors of the Company) has abstained from voting on the board resolutions approving the Master Purchase Contract 2022 and the Transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors) has been set up to advise the Independent Shareholders in connection with the Master Purchase Contract 2022 and the Transactions contemplated thereunder (including the Annual Cap).

Yue Xiu Capital has been appointed as the Independent Financial Adviser for the purpose of providing independent advice to the Independent Board Committee and the Independent Shareholders in connection with the Master Purchase Contract 2022 and the Transactions contemplated thereunder (including the Annual Cap).

GENERAL MEETING

The General Meeting will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Master Purchase Contract 2022 and the Transactions contemplated thereunder. Any shareholder who has a material interest in the Transactions must abstain from voting on the resolutions at the General Meeting. Accordingly, PIL and its associates will abstain from voting at the General Meeting.

A circular containing information regarding the Master Purchase Contract 2022 and the Transactions contemplated thereunder, the advice from the Independent Financial Adviser, the letter of recommendation from the Independent Board Committee and the notice of the General Meeting is expected to be despatched to the Shareholders on or before 23 November 2021.

DEFINITIONS

“Annual Cap”		the maximum aggregate sales value in respect of the Transactions for the financial year ending 31 December 2022
“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)
“Director(s)”		the director(s) of the Company
“Equipment”		including but not limited to dry freight containers, collapsible flatrack containers, open top containers, bitutainers, tank containers, offshore containers, other specialised containers and other relevant products
“General Meeting”		A general meeting of the Company to be convened to consider and if thought fit, approve the Master Purchase Contract 2022 and the Transactions contemplated thereunder (including the Annual Cap)
“Group”		the Company together with its subsidiaries
“HK\$”		Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”		Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	Board	The independent board committee of the Company comprising Mr. Cheng Fu Kwok, David, Mr. Lau Ho Kit, Ivan and Mr. Ho Teck Cheong, being all the independent non-executive Directors, which is formed to advise the Independent Shareholders on the Master Purchase Contract 2022 and Transactions contemplated thereunder
“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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Master Purchase Contract 2022
“Independent Shareholders”		Shareholders other than those who have a material interest in the Master Purchase Contract 2022 and the Transactions contemplated

	thereunder
“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 master purchase contract dated 23 June 2021, which was approved by the Independent Shareholders on 30 July 2021, 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 23 June 2021 to 31 December 2021
“Master Purchase Contract 2022”	the conditional master purchase contract dated 2 November 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) with a term commencing from 1 January 2022 to 31 December 2022
“PIL”	Pacific International Lines (Private) Limited, a company incorporated in the Republic of Singapore
“PIL Group”	PIL together with its subsidiaries
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the continuing connected transactions between the Group and PIL Group to be occurred on a recurring basis and all the transactions contemplated under the Master Purchase Contract 2022
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

In this announcement, 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.

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

Hong Kong, 2 November 2021

The Directors, as at the date of this announcement, are Mr. Teo Siong Seng, Mr. Chan Kwok Leung and Ms. Chung Pui King, Rebecca as executive Directors; Mr. Tan Chor Kee and Mr. Kwa Wee Keng as non-executive Directors; and Mr. Cheng Fu Kwok, David, Mr. Lau Ho Kit, Ivan and Mr. Ho Teck Cheong as independent non-executive Directors.

Unless otherwise specified, conversion of US\$ into HK\$ is based on the exchange rate of US\$1.00 = HK\$7.8.