THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

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)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF 100% EQUITY INTEREST IN TARGET COMPANIES AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Joint Financial Advisers of the Company

KPMG

BOCI Asia Limited

A letter from the Board is set out on pages 6 to 22 of this circular.

A notice convening the EGM to be held at Falcon Room, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Wednesday, 26 June 2019 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the EGM, 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 EGM 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 EGM or any adjourned meeting (as the case may be) should you so wish.

31 May 2019

CONTENTS

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

"Agreement"	the sale and purchase agreement dated 6 May 2019 entered into between the Company, the Purchaser and the Target Companies in respect of the Disposal
"AIC Registration"	the Target Companies' change of company registration records with the competent Market Supervision and Administration Bureau in the PRC in connection with the Disposal according to the PRC laws
"Business Day"	a working day pursuant to the laws of the PRC
"Board"	the board of Directors
"Closing"	the satisfaction of all the Conditions Precedent and the completion of AIC Registration, record-filing with the MOFCOM and the Transfer of Operation and Management Rights having occurred by all the Target Companies (whichever is later)
"Closing Date"	the date on which the Closing is completed
"COSCO SHIPPING"	has the meaning ascribed to it under "Information on the Purchaser" of this circular
"Company"	Singamas Container Holdings Limited, a company incorporated in the Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 716)
"Conditions Precedent"	the conditions precedent to Closing and payment of the Second Instalment under the Agreement
"connected person(s)"	has the same meaning ascribed thereto in the Listing Rules
"Consideration"	the consideration for the sale and purchase of the Sale Interests
"Director(s)"	the directors of the Company

"Disposal"	the disposal of the Sale Interests by the Company to the Purchaser pursuant to the Agreement
"EGM"	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Disposal and the Agreement
"First Instalment"	has the meaning ascribed to it under "The Disposal – The Agreement – (b) Consideration, payment terms and adjustments – Payment terms" of this circular
"Fourth Instalment"	has the meaning ascribed to it under "The Disposal – The Agreement – (b) Consideration, payment terms and adjustments – Payment terms" of this circular
"Group"	the Company and its subsidiaries
"HKFRS"	the Hong Kong Financial Reporting Standards
"HKICPA"	the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	29 May 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MOFCOM"	the Ministry of Commerce of the PRC
"Ningbo Pacific"	Ningbo Pacific Container Co., Ltd.*（寧波太平貨櫃有限公司）, a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"PRC"	the People's Republic of China and for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan

"Profit or Loss after Closing"	has the meaning ascribed to it under "The Disposal – The Agreement – (b) Consideration, payment terms and adjustments – Adjustments" of this circular
"Profit or Loss of the Target Companies"	has the meaning ascribed to it under "The Disposal – The Agreement – (b) Consideration, payment terms and adjustments – Adjustments" of this circular
"Purchaser"	COSCO SHIPPING Financial Holdings Co., Limited 中遠海運金融控股有限公司, a company incorporated in Hong Kong with limited liability
"Qidong Pacific"	Qidong Pacific Port Co., Ltd.*（啓東太平港務有限公司）, a company established in the PRC with limited liability and a wholly-owned subsidiary of Qingdao Pacific
"Qidong Singamas"	Qidong Singamas Energy Equipment Co., Ltd.*（啓東勝獅能源裝備有限公司）, a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Qingdao Pacific"	Qingdao Pacific Container Co., Ltd.*（青島太平貨櫃有限公司）, a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Remaining Group"	the Group excluding the Target Companies
"Restricted Business"	the business of (i) the production and operation of refrigerated containers and 53-foot containers and (ii) the production and operation of certain standard dry cargo containers
"Restricted Period"	has the meaning ascribed to it under "The Disposal – The Agreement – (e) Post-Closing obligations" of this circular
"RMB"	Renminbi, the lawful currency of the PRC
"R&D"	Research and development

"Sale Interests"	represents 100% of the equity interest in Qidong Singamas, Qingdao Pacific, Ningbo Pacific, Singamas Container (Shanghai) and Qidong Pacific (a wholly-owned subsidiary of Qingdao Pacific, via the equity interest in Qingdao Pacific)
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
"Second Instalment"	has the meaning ascribed to it under "The Disposal – The Agreement – (b) Consideration, payment terms and adjustments – Payment terms" of this circular
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shares"	ordinary share(s) of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Singamas Container (Shanghai)"	Singamas Container Holdings (Shanghai) Limited*(勝獅貨櫃管理(上海)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the same meaning ascribed thereto under the Listing Rules
"Target Companies"	being Qidong Singamas, Qingdao Pacific, Ningbo Pacific, Singamas Container (Shanghai) and Qidong Pacific (being a wholly-owned subsidiary of Qingdao Pacific)
"Third Instalment"	has the meaning ascribed to it under "The Disposal – The Agreement – (b) Consideration, payment terms and adjustments – Payment terms" of this circular
"Transfer of Operation and Management Rights"	the entire transfer of articles, documents or information in connection with the operation and management to the Purchaser such that the Purchaser can obtain the control over the operation and management of Target Companies

"Transition Period"	mean, with regards to each Target Company, the period from 30 September 2018 (the valuation date) to the Transition Period Assessment Date
"Transitional Period Assessment Date"	(a) the last day of the previous month if the Closing Date occurs on the 1st to 15th of a month; or (b) the last day of the month if the Closing Date occurs on 16th or later in the month
"US$"	United States dollars, the lawful currency of United States of America

For the purposes of illustration in this circular only and unless otherwise specified, conversion of US$ into RMB is based on the exchange rate of US$1.00 = RMB 6.72.

* *For identification purpose only*

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)
Mr. Teo Tiou Seng
Ms. Chung Pui King, Rebecca
(Chief Financial Officer and Company Secretary)

Non-executive Directors:
Mr. Kuan Kim Kin
Mr. Tan Chor Kee

Independent Non-executive Directors:
Mr. Cheng Fu Kwok, David
Mr. Lau Ho Kit, Ivan
Mr. Yang, Victor

Registered Office:
19th Floor,
Rykadan Capital Tower,
135 Hoi Bun Road,
Kowloon, Hong Kong

31 May 2019

To the Shareholders

Dear Sirs or Madams,

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF 100% EQUITY INTEREST IN TARGET COMPANIES AND NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the announcement of the Company dated 6 May 2019 in relation to, among other things, the Disposal. On 6 May 2019, the Company as the Vendor, the Purchaser and the Target Companies entered into the Agreement, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Interests at a consideration of RMB3,800 million in cash (subject to adjustments).

The purpose of this circular is to provide the Shareholders with relevant information relating to the Disposal as well as the resolutions to be proposed at the EGM, notice of which is set out on pages EGM-1 to EGM-2 of this circular.

2. THE DISPOSAL

The Agreement

Date	6 May 2019 (after trading hours)
Parties	(1) Company (as vendor)
	(2) The Purchaser (as purchaser)
	(3) The Target Companies

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners were third parties independent of the Company and its connected persons as at the Latest Practicable Date.

(a) Asset to be disposed of

Pursuant to the Agreement, the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Interests at the Consideration. The Sale Interests represent 100% of the equity interest in each of the Target Companies directly or indirectly owned by the Company.

The Target Companies are engaged in the businesses including manufacturing of dry freight, specialised and refrigerated containers, provision of terminal services and provision of technical and development services of container manufacturing in the PRC.

(b) Consideration, payment terms and adjustments

Consideration

The Consideration as agreed between the Company and the Purchaser shall be RMB3,800 million (equivalent to approximately US$565 million) in cash (subject to adjustments as set out in the Agreement, as described in the paragraph headed "Adjustments" below).

The Consideration was determined after arm's length negotiations between the Company and the Purchaser after taking into account the net asset value of the Target Companies, the business development and prospects of the Target Companies in the medium to long term and the reasons for and benefit of the Disposal as described below. In determining the basis of the Consideration, the Company has considered other valuation methodologies such as the income approach. However, given (i) the Group's past cyclical financial performance; (ii) the industry is subject to seasonal factors; and (iii) the Group's business is an asset intensive business, the Company considers the net asset value method a fairer and more reasonable approach in determining the Consideration. The Directors consider that the Consideration is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Payment terms

The Consideration is payable in four instalments:

i. the first instalment of RMB190 million ("**First Instalment**"), shall be paid into the third-party escrow account as jointly designated by the Company and Purchaser within 10 Business Days after the Agreement having become effective and the Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the EGM. The First Instalment shall be released to the Company when the Second Instalment is paid, but may, subject to the written consent of the Company and the Purchaser, be released in advance to pay the taxes in connection with the transfer of the Sale Interests;

ii. the second instalment of RMB2,280 million ("**Second Instalment**"), shall be paid within 10 Business Days (whichever is later): (a) upon the satisfaction of (or the waiver of) the Conditions Precedent; and (b) the Closing of each Target Company;

iii. the third instalment of RMB1,030 million (and, subtracting the Profit or Loss of the Target Companies during the Transition Period and the Profit or Loss after Closing (where such figures are negative), or adding the Profit or Loss after Closing (where such figure is positive)) ("**Third Instalment**"), shall be paid to the Company within 10 Business Days after (whichever is latest): (a) Target Companies having recovered its receivables prior to the Closing Date; (b) the Company having completed the tax declaration and payment in respect of the transfer of Sale Interests and the Company having provided evidence of such declaration and payment to the Purchaser; and (c) the Target Companies having performed or complied with certain tasks or obligations in relation to certain matters identified during the due diligence process as agreed between the Company and the Purchaser as specified in the Agreement in respect of its business, environmental and intellectual property affairs; and

iv. the fourth instalment of RMB300 million ("**Fourth Instalment**"), shall be paid at the same time as the payment of the Third Instalment. The Fourth Instalment shall be paid into a third-party escrow account as jointly designated by the Company and Purchaser as security deposit. The release of the Fourth Instalment shall be subject to certain conditions.

Adjustments

The Consideration is subject to adjustments as a result of (i) the Profit or Loss of the Target Companies during the Transition Period, (ii) the Profit or Loss after Closing and (iii) SASAC filing.

(i) The Profit or Loss of the Target Companies during the Transition Period

The Agreement contains customary pre-closing obligations on the Company requiring the Target Companies to be operated in the ordinary course during the Transition Period. The Company and the Purchaser agree that the profit or loss arising from the Target Companies during the Transition Period shall belong to or be borne by the Company ("**Profit or Loss of the Target Companies**"). After the Transitional Period Assessment Date, the financial conditions of the Target Companies shall be audited as at the Transitional Period Assessment Date in accordance with the PRC accounting standards and an audit report shall be issued accordingly, based on which the Profit or Loss of the Target Companies shall be determined. If the Company expects that the figure of the Profit or Loss of the Target Companies to be positive, the Company shall submit to the Purchaser in writing to confirm the amount and complete the profit distribution of such amount after the satisfaction (or waiver) of the Conditions Precedent but before the Closing Date.

As at the Latest Practicable Date, the Company did not contemplate any material change or impact on the operations of the Target Companies during the Transitional Period. Given that the Transition Period will cover a certain period of time up to or around Closing, based on the information available to the Company as at the Latest Practicable Date, the Company was not in a position to quantify any material downward adjustment on the Consideration pursuant to adjustment event (i) above as at the Latest Practicable Date.

(ii) The Profit and Loss after Closing

It is a commercial agreement between the Company and the Purchaser under the Agreement to not accept production orders beyond the designated amount in order to ensure the Target Companies will operate generally in line with their respective past performance and will not accept orders beyond their respective production capabilities. The Company undertakes that, as of the Closing Date, the total amount of the production orders which have not been manufactured of the Target Companies shall not exceed the designated amount under the Agreement and the raw material inventory shall not exceed the number corresponding to the remaining production orders of the Target Companies. The profit or loss arising from the above-mentioned production orders not exceeding such designated amount shall belong to or be borne by both the Purchaser and the Company equally. For the portion of production orders beyond such designated amount, the loss (if any) shall be borne by the Company and the profit (if any) shall be attributable to the Purchaser (together with the profit or loss belong to or be borne by both the Purchaser and Company equally, the "**Profit or Loss after Closing**"). The Profit or Loss after Closing shall be determined in accordance with the audit result.

Given that the Transition Period will cover a certain period of time up to or around Closing, based on the information available to the Company as at the Latest Practicable Date, the Company was not aware of any material downward adjustment on the Consideration pursuant to adjustment event (ii) above as at the Latest Practicable Date.

(iii) SASAC filing

If the valuation of the Target Companies filed with and confirmed by the competent department of SASAC is lower than the Consideration (before any adjustments in accordance with the Agreement), the Consideration shall be adjusted accordingly based on the filing of the competent department of SASAC. However, if such adjusted amount is lower than RMB3,500 million, the Company has the right to terminate the Agreement in accordance with the terms of the Agreement.

The valuation of the Target Companies was filed with, and confirmed by, the competent department of SASAC and as such no adjustment was made to the valuation of the Target Companies.

(c) Conditions Precedent

Closing is subject to the satisfaction of (or, where applicable, the waiver by the Purchaser), among others, the following conditions:

i. the Agreement having become effective;

ii. the Purchaser having made its filings with the competent department of SASAC;

iii. the Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the EGM and the "No Comment Letter" having been issued by the Stock Exchange with respect to the circular in respect of the Agreement or the transactions contemplated thereunder;

iv. the Purchaser having completed all necessary antitrust/merger control filings or declarations required by any jurisdiction for the transfer of the Sale Interests contemplated under the Agreement (if applicable), and all appropriate waiting periods (including any extensions thereof) have expired or terminated and the relevant authorities have granted (or deemed to have been granted in accordance with applicable law) all licenses or approvals. If such licenses or approvals impose any additional conditions, the Purchaser may opt to accept such conditions or terminate the Agreement;

v. the representations and warranties by the Company and Target Companies are true, accurate and complete, and all undertakings by each of them before Closing having been completed;

vi. the transfer of the Sale Interests contemplated under the Agreement is not prohibited by any applicable laws, regulations, departmental rules, Listing Rules or prohibitions, and there are no circumstances of non-compliance with applicable laws, regulations, departmental rules, Listing Rules or prohibitions;

vii. the Target Companies, the Company and its related parties (including but not limited to the controlling shareholder of the Company) having notified the relevant parties and obtained their consent(s) in accordance with the relevant contracts; and

viii. the Target Companies having performed or complied with certain pre-completion tasks or obligations in relation to certain matters identified during the due diligence process as agreed between the Company and the Purchaser as specified in the Agreement in respect of, among others, its business, contractual, financial, accounting, taxation, governmental filing, approval and consents, land, equipment, employment and intellectual property affairs.

The Purchaser shall not waive conditions (i), (iii), (vi) and (vii) above without the prior consent of the Company. As at the Latest Practicable Date, the Company does not contemplate any material financial impact as a result of the performance of and compliance with such pre-completion tasks or obligations referred to in condition (viii) above.

(d) Closing

The Company and the Target Companies shall, in good faith, cause the Closing to occur expediently. The latest date on which the Closing could occur, in principle, should be no later than 30 September 2019. If the Company fails to obtain (i) the "No Comment Letter" issued by the Stock Exchange with respect to the circular in relation to the Agreement and the transactions contemplated thereunder; or (ii) the approval of the Agreement and the transactions contemplated thereunder by the Shareholders at the EGM before 31 December 2019, either party has the right to terminate the Agreement in accordance with the Agreement. If the Company fails to satisfy the Conditions Precedent (other than those waived by the Purchaser and the Conditions Precedent relating to the obtaining of the above-mentioned "No Comment Letter" issued by the Stock Exchange or the EGM approval) by 30 September 2019, the Purchaser has the right to terminate the Agreement in accordance with the Agreement.

If the Closing fails to occur by 30 September 2019 due to matters in relation to antitrust/merger control filings, the latest date on which the Closing could occur shall be extended to 31 December 2019. If any extension beyond such date is required, the Purchaser and the Company shall negotiate on the further extension. If the parties fail to agree on such further extension or the Closing fails to occur by such further extension, either party has the right to terminate the Agreement in accordance with the Agreement.

Immediately after Closing, the Target Companies will cease to be subsidiaries of the Company and the financial results and financial positions of the Target Companies will cease to be consolidated into the financial statements of the Company.

(e) Post-Closing obligations

Pursuant to the Agreement, the Purchaser and Company have agreed to perform the following post-Closing obligations, including, among other things:

i. the Company shall satisfy Conditions Precedents that are waived by the Purchaser and conditions to the payment of the Second and/or Third Instalment as soon as possible after Closing and the Purchaser's payments of the Consideration respectively;

ii. if there is any quality issue in the products delivered by the Target Companies before the Closing which leads to claims against the Target Companies or the Purchaser after the Closing, the Company shall pay the portion of such compensations exceeding the insured amount;

iii. the Company shall promptly recover all receivables where the delivery obligation has been fulfilled before the Closing in accordance with the relevant contracts/orders;

iv. the Company shall use reasonable efforts to assist the Purchaser in the continuing operation of the Target Companies for a period of 6 months after the Closing Date;

v. the Company and the Purchaser shall procure for certain arrangements relating to the transfer and use of intellectual property rights and use of brand names by the Company and the Target Companies after Closing;

vi. the Company shall be responsible for the compensations for occupational diseases occurring within one month after the Closing Date; and

vii. the Company and its associates shall not, with certain exceptions, engage in the Restricted Business in the PRC for 3 years ("**Restricted Period**") to avoid improper depreciation of the commercial value of the Target Companies. If the Company or its associates engages in the Restricted Business in the PRC after the Restricted Period, subject to the applicable antitrust/competition laws of any jurisdiction, the Company undertakes to first negotiate with the Purchaser or its designated related parties within a reasonable period.

The Group will shift its business focus from the Restricted Business to the production of specialised containers, putting emphasis on marketing and developing personalised and customised high value-added specialised containers and the logistics services business. From the operational perspective, instead of focusing on producing standardised containers, the Remaining Group will further invest in R&D and sales and marketing for promoting and developing the customised specialised containers. As at the Latest Practicable Date, the Company does not contemplate there to be any material financial impact on the Remaining Group during the Restricted Period.

3. INFORMATION ON THE TARGET COMPANIES

Qidong Singamas is a company established in the PRC with limited liability and wholly-owned by the Company. Qidong Singamas engages in the manufacturing of dry freight, specialised and refrigerated containers.

Qingdao Pacific is a company established in the PRC with limited liability and wholly-owned by the Company. Qingdao Pacific engages in the manufacturing of dry freight, specialised and refrigerated containers and holding 100% equity interest of Qidong Pacific.

Qidong Pacific is a company established in the PRC with limited liability and engages in the provision of container terminal services.

Ningbo Pacific is a company established in the PRC with limited liability and wholly-owned by the Company. Ningbo Pacific engages in the manufacturing of dry freight and specialised containers.

Singamas Container (Shanghai) is a company established in the PRC with limited liability and wholly-owned by the Company. Singamas Container (Shanghai) engages in the provision of technical and development services of container manufacturing.

Set out below is the unaudited combined financial information of the Target Companies for the two years ended 31 December 2018, prepared in accordance with HKFRS issued by the HKICPA:

	For the year ended 31 December	
Results	**2018**	**2017**
	(unaudited)	**(unaudited)**
	US$'000	*US$'000*
Revenue	1,094,903	814,191
Profit before taxation	31,760	45,962
Profit after taxation	23,064	39,147

Based on the unaudited combined financial information of the Target Companies as at 31 December 2018, the combined net asset of the Target Companies was approximately US$540,652,000. The Consideration, being approximately US$565 million, represents approximately a 4.59% premium over the combined net asset of the Target Companies.

4. INFORMATION ON THE GROUP AND THE REMAINING GROUP AND REASONS FOR AND BENEFIT OF THE DISPOSAL

Information on the Group and the Remaining Group

The Company is an investment holding company incorporated in Hong Kong with limited liabilities and the activities of the Group include manufacturing of dry freight containers, collapsible flatrack containers, open top containers, bitutainers, refrigerated containers, 53' US domestic containers, tank containers, offshore containers, other specialised containers and container parts; provision of logistics services, including operating container depots, container terminals and container logistics.

As at the Latest Practicable Date, the Company expected that, immediately following the Disposal, the Group would continue to own and engage in the following businesses:

a) except for Qidong Pacific, its entire logistic business, including ten container depots, eight at major ports in the PRC – Dalian, Tianjin, Qingdao, Shanghai, Ningbo, Fuzhou, Xiamen and Guangxi, and two in Hong Kong and a logistic company in Xiamen. The container depots are engaged in the provision of container storage, drayage and repair services and serving as a freight station; and

b) its manufacturing operations in the manufacturing, R&D and sale of containers, including dry freight containers, tank containers, collapsible flatrack containers, offshore containers and other specialised containers. The Company currently expects that its operations in Shanghai Baoshan, Shanghai Jiading, Yixing and Xiamen will focus on such manufacturing operations.

The Company will continue to review the business strategies and focuses from time to time which may result in adjustments to the business and assets of the Group.

On the basis of the above and subject to any adjustments as aforesaid, as at the Latest Practicable Date, the Company expected that the Group's business activities would broadly remain the same immediately following the Disposal, with a shift of the Group's business away from the manufacturing and sale of standardised containers, and would focus on logistics services and the manufacturing, R&D and sale of personalised and customised high value-added specialised containers.

Reasons for and benefit of the Disposal

The Company considers that the Disposal will be an important step towards the transformation of the Group's traditional business, which includes shifting the Group's business focus to logistics services and the manufacturing, R&D and sale of specialised containers. This will help facilitate the implementation of the Group's development strategy in the container industry.

The market of the specialised containers industry is different from that of dry freight containers. Although traditional dry freight containers are still used in sea freight transportation, they cannot be used for the transportation of all types of goods, and so specialised containers have emerged. With the development of international trade, the types of goods transported are dynamically changing. With the global economic integration and the development of various modes of transportation, the production and sales of specialised containers of major players in the industry have shown a trend of rising volume and price.

Specialised containers products can be used in different industries, including construction, transportation and storage, and even agriculture, and so there will be various types of specialised or multi-purpose containers in the future. These specialised containers require more comprehensive design, process manufacturing and maintenance for the cabinet of the containers, which means that they have a higher value.

The Company believes that the shift of focus towards specialised containers will help achieve its aims for profitability through high unit price, high added value, and high gross margin (with the gross margin of certain customised containers of up to 20%). The aforesaid gross margin of certain customised containers of up to 20% is assessed by the Company based on historical transaction records in 2018. Among the specialised containers, the Group's main focus will be on tank containers, offshore containers and customised specialised containers. In the tank containers segment, the gross profit margin is in the increasing trend (from 0.9% in 2017 to 7.6% in 2018 and a growth in early 2019) due to market recovery and the Group's introduction of more special tank containers. In the offshore containers segment, while it was unsatisfactorily performed in 2017 and 2018 due to (i) low oil price which discouraged investors to invest in oil rig which in return affected offshore container demands, (ii) substantial development cost in order to develop more product types and improve efficiency, this segment is in the way of recovery, which is reflected in both the increase in revenue and gross profit margin in early 2019. In the customised specialised containers segment, the Group started investing in this segment in mid of 2017 and it shows substantial growth in revenue in 2018 and in early 2019. It also generates a more desirable return as compared to other segments. Customers of this segment are normally non-sea freight related customers from various industries. This, to a certain extent, can minimise the effects and fluctuations from international trade and will bring in more stable demand as a whole. The Group will focus its investment and efforts on marketing and product development of this segment after the Disposal. After the Disposal, the Group will still retain certain production capacity in the manufacturing of dry freight containers, although the production capacity will be substantially decreased in light of the Disposal and the Group does not intend to increase such production capacity. The Company believes that it will be relatively easy for the Group to fill up such production capacity given the Group's established relationship and reputation in the market. Also, given that dry freight containers are akin to commoditised products, the Company believes that the Group will not lose its competitive edge in the dry freight container market solely because of its downsizing in this area.

Solely for reference purpose, among the container manufacturing plants in the Remaining Group (which, for this purpose, also exclude the plant in Huizhou which the Group has agreed to dispose of as announced on 3 July 2018), in 2017, 74% of the total revenue thereof was attributable to dry freight containers while 26% of the total revenue thereof was attributable to specialised containers. The corresponding figures in 2018 are 68% from dry freight containers and 32% from specialised containers. In early 2019, the proportion of specialised containers further increased.

Given (i) the Target Companies are involved in a relatively more volatile as well as trade and export driven market; (ii) the wavering global economic as a result of various trade tariffs imposed by major economies and the on-going trade war; and (iii) the intensifying competition from the leading players in the dry freight container market, the Company will focus on devoting time and efforts to specialised container manufacturing and logistic business immediately following the Disposal with an aim to maintaining a sustainable profitability of the Group in the long run. In light of the increasing demand for personalised and customised high value-added specialised containers, the Company believes this segment will be the key growth driver in the future. With 30 years of industry experience and strong market reputation, the Group has successfully tapped into the specialised container manufacturing market and offers a wide range of products including collapsible flatrack containers, open top containers, bitutainers, tank containers, offshore containers and other customised containers. The Company considers that the ability to provide tailor-made products by the Group is one of the key success factors in attracting and retaining its customers.

Supported by its own sales team and by participating in industry exhibitions, the Group has achieved growth in both volume and price with regard to specialised container manufacturing and sales. The Group will continue to give full play to the comparative advantages of its network, talent, and asset management capabilities accumulated from the industry to form the core competitiveness of developing specialised containers manufacturing. By displaying its strength in development and production of specialised containers, the Company believes that the Group will be better poised to retaining and attracting customers.

The Group endeavours to work with customers to provide tailor-made design and production services to meet different customers' requirements, and to expand its presence in the specialised container industry by actively boosting operational efficiency and overall returns, with an aim to providing a buffer against the trade driven volatile market for dry freight containers as well. The Group will continue to bolster its R&D capabilities in order to provide sophisticated container solutions to suit customers' need and implement stringent cost controls including automation of various manufacturing activities. Other than continuing to operate its existing specialised container manufacturing business, the Group will devote resources and explore new business opportunities including specialised containers for non-sea freight purposes including fish farming, housing, storing, power generating, etc. to broaden its revenue stream. For the newly developed customised specialised containers, the customers base will be broaden from traditional shipping related companies to different kind of industries, including electrical equipment suppliers, solar power suppliers and many others from a variety of sectors.

Although the Disposal will be at the cost of market share in the dry freight container segment, the Company believes it represents a good opportunity for the Group to optimise resources in order to offer more tailor-made design and production to suit customers' requirements as well as realise values for the Shareholders. Besides developing the Group's product portfolio and value added services by redeploying resource in R&D for specialised container manufacturing and investing in customer relationship, the Group will also continue to look for ways to improve efficiency and return of the Remaining Group. The Company believes the operation of the Group will be streamlined and certain overhead costs, including the expenses incurred in managing and monitoring the operation of the Target Companies, will be reduced, thereby enhancing the operational efficiency of the Group subsequent to the Disposal. The Company also intends to utilise part of the net proceeds from the Disposal to repay bank borrowings which can reduce the finance cost and enhance profitability of the Group. Accordingly, the Company expects that the return on assets will be improved by such measure after the Disposal. The Company considers that, with an enhanced business operation and capital structure, the Group will be well positioned to focus on areas that it has competitive advantages and to survive and capture future business opportunities.

The Group's logistics services business forms an integral and complementary service for its container manufacturing service. Other than the ten container depots in the PRC and Hong Kong and one logistics company in Xiamen, the Group also established a joint venture in India to provide industrial chemical liquid transportation in India. The Company considers this will further strengthen its market presence in the logistics service business.

Additionally, the Group will be continuously evaluating its business strategies and focuses, including different business opportunities under the logistics services and the specialised container businesses in addition to organic expansions, including potential acquisitions of businesses and assets or forming strategic alliances with potential business partners. This may result in adjustments to the Group's business and asset composition.

Although the Target Companies managed to record a profit in 2018, the Company expects that, should the Target Companies continue to be part of the Group, the Group would face substantial challenges in the long run due to the intensifying competition in the traditional container market involving large market players with strong background and ability to compete on volume and price in the long run. On the other hand, the competition in the specialised container market remains relatively moderate due to its niche nature. Given the involvement of value-added customised service and the focus is not on volume and price, the Company believes that the Group will be able to charge a higher price and achieve a higher margin in this market as compared to the traditional container market. This is in line with the Group's aim in achieving higher profitability. The Disposal will facilitate the implementation of the Group's development strategy in the container industry, shifting the Group's business focus to the manufacturing, R&D and sale of specialised containers as well as logistics services.

With respect to the pro forma loss in 2018 from the Remaining Group (excluding the one-off gain) of US$29.5 million, the Company considers that it is not indicative of the Remaining Group's performance after the Disposal, given that such pro forma loss has taken into account the estimated one-off loss from the Disposal of US$15 million and the costs and expenses of the entire Group (including the overheads of the entire Group and the financing costs from a major bank borrowings that will be repaid by utilising part of the net proceeds from the Disposal). Solely for reference purposes only, the remaining pro forma loss from the Remaining Group in 2018, excluding the one-off estimated loss from the Disposal of US$15 million, amounts to US$14.5 million. The Company currently expects that the savings that the Group may achieve on the overheads and financing costs after the Disposal may exceed the aforesaid amount of such remaining pro forma loss of US$14.5 million. Barring unforeseeable circumstances and on the basis of the same market conditions, the Company is generally optimistic on the Remaining Business after the Disposal.

The Consideration of US$565 million (subject to adjustment, if any) was determined after negotiations between the Company and the Purchaser after taking into account the net asset value of the Target Companies of US$541 million, representing a premium of about 4.59% over the prevailing asset value as reflected in the accounts. The estimated loss of US$15 million arises from the estimated professional fees, other transaction expenses and withholding tax attributable to the Disposal, which the Purchaser will not undertake.

Based on the above, the Directors believe that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, notwithstanding that the Target Companies managed to record a profit in 2018 and that the Disposal would result in a loss from an accounting perspective.

5. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of China COSCO Shipping Corporation Limited* ("**COSCO SHIPPING**"). The Purchaser is principally engaged in the provision of integrated financial services and investment in financial assets.

COSCO SHIPPING is a company incorporated under the laws of the PRC, and is a state-owned enterprise wholly-owned and controlled by the SASAC. The scope of business of COSCO SHIPPING includes international shipping, ancillary business in international maritime transportation, import and export of goods and technologies, international freight agency business, leasing of self-owned vessels, sales of vessels, containers and steel and maritime engineering.

6. FINANCIAL EFFECT OF THE DISPOSAL

It is expected that the Group will record a loss on Disposal after taxation of approximately US$15 million from the Disposal, which is calculated based on the net proceeds (being US$528 million as detailed under "Use of Proceeds" of this circular), the net asset value of the Target Companies and the expected goodwill written off. Shareholders should note that the exact amount of the gain/loss on the Disposal to be recorded in the consolidated statement of profit or loss of the Group for the year ending 31 December 2019 will be subject to audit, and will be calculated based on the net asset value of the Target Companies as at Closing, adjustments to the Consideration and net of any incidental expenses, tax expenses, transaction costs and any exchange rate fluctuation before Closing and therefore may vary from the figures provided above.

7. USE OF PROCEEDS

The total gross proceeds from the Disposal are approximately RMB3,800 million (equivalent to approximately US$565 million), subject to adjustment.

The Group intends to apply the total net proceeds of approximately RMB3,550 million (equivalent to approximately US$528 million) (netting the expected tax expenses and transaction costs) from the Disposal as follows:

– approximately US$300 million, will be used for repayment of bank loans;

– approximately US$100 million, will be used for distribution of special dividend; and

– the remaining approximately US$128 million, will be used for general corporate and working capital requirements including any potential increase in the production capacity (including adding new production plants or improving production facilities, as the case may be) for the manufacturing of specialised containers as and when appropriate.

In the event that the total net proceeds differ from the above estimation due to adjustment, the allocation of such proceeds will be adjusted as the Company considers necessary or desirable.

8. IMPLICATIONS UNDER THE LISTING RULES

As one or more of the relevant applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal are 75% or more, the Disposal constitutes a very substantial disposal for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal, the Agreement and the transactions contemplated thereunder. To the best of the Directors' knowledge, no Shareholder has a material interest in the Disposal and accordingly, no Shareholder is required to abstain from voting in respect of the ordinary resolution to approve the Disposal at the EGM.

9. EGM

A notice convening the EGM to be held at Falcon Room, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Wednesday, 26 June 2019 at 10:00 a.m., at which an ordinary resolution will be proposed to approve the Agreement and the transactions contemplated thereunder as set out on pages EGM-1 to EGM-2 of this circular.

A proxy form for use at the EGM is enclosed. Whether or not you are able to attend the EGM, 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 EGM 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 EGM or any adjourned meeting (as the case may be) should you so wish.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the transactions contemplated under the Agreement. As such, no Shareholder is required to abstain from voting under the Listing Rules at the EGM on the resolution(s) to approve the Agreement and the transactions contemplated thereunder.

10. RECOMMENDATION

The Board considers that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

11. ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices of this circular.

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

1. FINANCIAL INFORMATION

Financial information of the Group for the three years ended 31 December 2016, 2017 and 2018 can be found in the annual reports of the Company for the years ended 31 December 2016, 2017 and 2018 respectively. The above-mentioned financial information has been published on both website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.singamas.com.

2. INDEBTEDNESS

At the close of business on 31 March 2019, being the latest practicable date for the purpose of the indebtedness statement, the indebtedness of the Group was as follows:

(i) the Group had bank loans of approximately US$435.4 million and all bank loans were unsecured and mainly carry interest at either London Interbank Offered Rate or borrowing rate offered in the PRC plus certain basis points and are repayable over a period range from one to two years; and

(ii) the Group, as a lessee had outstanding unpaid contractual lease payment amounting to US$3.8 million in aggregate in relation to the remaining lease terms of certain lease contracts for premises, which was secured by rental deposit of US$0.36 million placed to the lessor.

Save as aforesaid or as otherwise mentioned herein, and apart from intra-group liabilities and guarantees and normal trade payables in the ordinary course of business, the Group did not have any outstanding borrowings, mortgages, charges, debentures, loan capital and overdraft, debt securities or other similar indebtedness, finance leases or hire purchase commitment, any guarantees to third parties or other material contingent liabilities as at the close of business on 31 March 2019, being the latest practicable date for the purpose of this indebtedness statement prior to printing of this circular.

Save as aforesaid, to the best knowledge of the Directors, having made all reasonable enquiries, there had been no material changes in the indebtedness, contingent liabilities and commitments of the Group since 31 March 2019, the date to which the indebtedness statement is made and up to the Latest Practicable Date.

3. WORKING CAPITAL

As at the Latest Practicable Date, the Directors were of the opinion that taking into account the internal resources, the existing banking facilities available and barring unforeseeable circumstances, the Group would have sufficient working capital for its present requirements for at least the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Global economic growth, which reached 3.1% in 2018, is expected to slow down to 2.9% in 2019 according to the World Bank, owing in part to the ending of accommodative policies by major central banks. This has resulted in the tapering of world export orders recorded in the third quarter of 2018. In view of such developments, owners and operators in the shipping industry may direct their focus on managing fleet growth to reduce risk.

The traditional dry freight containers market is relatively volatile and largely driven by trade and export activities. The trade momentum remains uncertain recently due to the ongoing trade disputes between the PRC and the United States of America. Additionally, the traditional dry freight container market has been dominated by the leading Chinese players, and the Group faces intense competition from container manufacturing companies based in the PRC. These competitors could attempt to gain market share by offering products at prices at or below those typically offered by the Group, which had affected the Group's profitability and growth potential in recent years. The Group has been deploying more resources on developing specialised containers, which are less trade driven, to diversify the product offering and enhance competitiveness of the Group.

In view of the satisfactory specialised container orders back in 2018 and the enormous potential in this segment, the Group is dedicated to (i) deploying more resources to bolster the Group's R&D capabilities, (ii) developing innovative specialised containers that cater for the needs of customers, and (iii) implementing various cost control measures including automation of manufacturing activities. Leveraging on the Group's network, talent and industry know-how, the Group considers the shift of focus towards specialised containers will help the Group achieve higher profitability through providing comprehensive container solutions which is generally of higher added-value.

The year ended 31 December 2018 was a challenging year for the Group's logistic services business as strong export volume weighed down the demand, which led to a decrease in number of containers handled and fewer idle containers on the ground.

Given the challenging and heavily competitive environment of the container manufacturing market, the Company currently intends that the Group will focus and continue to invest in specialised container manufacturing and logistic services business immediately following the Disposal as a niche player focusing on profitability and return to shareholders. Besides developing on its product portfolio, the Group will also continue to closely examine all facets of its operation with the aim to raise efficiency. Moving forward, the Group will evaluate different opportunities so that it is fully capable of taking prompt and decisive action to capitalise on an eventual market turnaround.

5. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

The following discussion and analysis relates to the illustrative and unaudited results of operations and financial condition of the Remaining Group for the purpose of illustrating the financial performance and condition of the Remaining Group as if the Remaining Group had been in existence throughout the years ended 31 December 2016, 2017 and 2018.

For the year ended 31 December 2018

Business and financial review

For the year ended 31 December 2018, the Remaining Group recorded a total revenue of approximately US$715.3 million (2017: US$664.9 million). The net profit attributable to the owners of the Remaining Group for the year amounted to approximately US$49.2 million (2017: US$2.3 million). The Remaining Group benefited from a one-time gain of approximately US$65.6 million from the disposal of a subsidiary. Excluding this extraordinary gain from disposal, net loss attributable to the owners of the Remaining Group for the year ended 31 December 2018 was US$16.4 million. The Remaining Group incurred a financing cost in the amount of US$15.7 million where the related loan balance was for supporting the investment and working capital requirements of the Group as a whole. The Remaining Group operated in (a) manufacturing segment, principally engaged in the manufacturing of dry freight containers, tank containers, offshore containers and other specialised containers; and (b) logistics segment, principally engaged in the operation of container storage, repair and trucking services, container/cargo handling and other container related services.

Manufacturing Segment

The total revenue of the manufacturing segment of the Remaining Group for year ended 31 December 2018 was approximately US$688.3 million (2017: US$631.6 million), and the net profit attributable to the owners of the Remaining Group was approximately US$46.8 million (2017: loss of US$2.6 million). During the year ended 31 December 2018, the Remaining Group sold 307,797 twenty-foot equivalent units ("**TEUs**") (2017: 295,952 TEUs). The increase in revenue of the Remaining Group was mainly attributed by the increase in the production and sales of specialised containers which had higher average selling prices as compared to the dry freight containers.

Logistics Segment

The total revenue of the logistics segment of the Remaining Group for year ended 31 December 2018 was approximately US$27.0 million (2017: US$33.3 million), and the net profit attributable to the owners of the Remaining Group was approximately US$2.4 million (2017: US$4.9 million). During the year ended 31 December 2018, the number of containers handled by the Remaining Group was approximately 583,000 TEUs (2017: 659,000 TEUs). Due to strong export volume in the PRC for the year ended 31 December 2018, it weighed down the demand in storage and handling services; thus both the revenue and profit for the year decreased as compared to the year ended 31 December 2017.

Liquidity and financial resources

As at 31 December 2018, the Remaining Group had bank balances and cash of approximately US$74.8 million (31 December 2017: US$174.7 million) and total interest-bearing debts of approximately US$341.9 million (31 December 2017: US$399.6 million). This represented a gearing ratio, calculated on the basis of the Remaining Group's total interest-bearing debts over equity attributable to owners of the Remaining Group, of approximately 0.53 (31 December 2017: 0.70) and a net debt to equity ratio, calculated on the basis of the Remaining Group's net interest-bearing debts (after deducting bank balances and cash of approximately US$74.8 million) over equity attributable to owners of the Remaining Group, of approximately 0.42 (31 December 2017: 0.39).

Treasury policy

The Remaining Group's revenues are largely transacted in US$. However, certain operating expenses are incurred in other currencies including Hong Kong dollars ("**HK$**") and RMB. Since the interest difference between US$ borrowings and RMB borrowings was narrowing during the year ended 31 December 2018, the Remaining Group increased its borrowing in RMB and other currency; thus the percentage of the Remaining Group's US$ interest-bearing debts balance as at 31 December 2018 reduced to 91.98% (31 December 2017: 99.09%).

Of the total interest-bearing debts as at 31 December 2018, the maturity profile spread over a period of two years with US$131.2 million repayable within one year and US$210.7 million over one year but not exceeding two years. The Group's interest-bearing debts are principally on a floating rate basis.

In order to hedge against the interest rate risk arising from the potential increase in interest rate in relation to the term loan, the Remaining Group entered into certain floating to fixed interest rate swap contracts to partially swap the interests under term loan from floating rate to fixed rate.

Capital structure

The capital structure of the Remaining Group consisted of net debt, which included the bank borrowings net of cash and cash equivalents, and equity attributable to owners of the Remaining Group, comprising issued share capital, accumulated profits and other reserves.

Capital commitments

The capital commitments of the Remaining Group is set out below:

	2018	**2017**
	US$'000	*US$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for	1,159	1,619
Capital injection in a joint venture contracted but not provided for	14,700	16,835
Capital injection in an associate contracted but not provided for	3,925	4,039

Foreign currency risk management

The Remaining Group had sales and purchases, bank balances and cash and bank borrowings in foreign currencies, which exposed the Remaining Group to foreign currency risk. As at 31 December 2018, the RMB to US$ closing rate dropped by 5.0% as compared to that of 31 December 2017. The Remaining Group was able to take advantage of such RMB depreciation as 93% of the sales of the Remaining Group were denominated in US$ whilst 80% of the cost of sales were denominated in RMB for the year ended 31 December 2018. In addition, the Remaining Group was also able to take advantages from such depreciation as certain amount of the Remaining Group's monetary liabilities are denominated in RMB. The Remaining Group manages and monitors foreign exchange exposures to ensure timely and effective manner.

Charges on assets

As at 31 December 2018, no asset of the Remaining Group (2017: Nil) was pledged as securities to any third parties.

Contingent liabilities

During the year ended 31 December 2018, the Remaining Group provided guarantees to banks as securities for credit facilities granted to certain subsidiaries of the Company in the PRC. The Remaining Group did not provide any guarantee to any third parties and did not have contingent liabilities as at 31 December 2018 (31 December 2017: Nil).

Significant investments, material acquisitions and disposals

In March 2018, the Remaining Group acquired the remaining 9% equity interest in Hui Zhou Pacific Container Co. Ltd., a subsidiary principally engaged in manufacturing of dry freight and specialised containers in Huizhou, the PRC, at the consideration amounted to RMB53,455,800 (equivalent to approximately US$8,408,000). Upon completion of the acquisition, Hui Zhou Pacific Container Co. Ltd. became a wholly-owned subsidiary of the Remaining Group. In July 2018, the Remaining Group entered into an agreement to dispose of its 100% equity interest in Hui Zhou Pacific Container Co., Ltd. to an independent third party at RMB735,000,000 (equivalent to approximately US$107,093,000).

Remuneration policies and employee information

As at 31 December 2018, the Remaining Group employed 3,292 (31 December 2017: 4,078) full-time employees; and its associates and joint ventures employed 1,237 (31 December 2017: 1,242) full-time employees in total. Staff costs (including Directors' emoluments) amounted to approximately US$86.8 million for the year ended 31 December 2018 (2017: US$76.9 million). All full-time salaried employees, except for factory workers and contract employees, were paid on a monthly basis, plus a discretionary performance bonus. Factory workers were remunerated based on a basic wage plus production incentive. Share options were also offered to selected grantees of the Remaining Group. The Remaining Group ensures that the pay levels of its employees are competitive and employees are awarded on a performance related basis within the general framework of the Remaining Group's salary and bonus system. To further enhance the capability of its human resources, the Remaining Group provided on-the-job training to its employees.

For the year ended 31 December 2017

Business and financial review

For the year ended 31 December 2017, the Remaining Group recorded a total revenue of approximately US$664.9 million (2016: US$422.7 million). The profit attributable to the owners of the Remaining Group for the year amounted to approximately US$2.3 million (2016: loss of US$55.2 million). Increased in revenue was primarily driven by the recovery of global economy and the rise in international trade. Large shipping companies and container leasing operators showed interest in purchasing new containers. The Remaining Group incurred a financing cost of US$12.4 million where the related loan balance was for supporting the investment and working capital requirements for the Group as a whole. In addition, the Remaining Group incurred an extra retrenchment cost for the closure of the Group's operation in Tianjin, which amounted to approximately US$5.4 million. The Remaining Group operated in (a) manufacturing segment, principally engaged in the manufacturing of dry freight containers, tank containers, offshore containers and other specialised containers; and (b) logistics segment, principally engaged in the operation of container storage, repair and trucking services, container/cargo handling and other container related services.

Manufacturing Segment

The total revenue of the manufacturing segment of the Remaining Group for year ended 31 December 2017 was approximately US$631.6 million (2016: US$386.9 million), and the loss attributable to the owners of the Remaining Group was US$2.6 million (2016: loss of US$51.6 million). During the year ended 31 December 2017, the Remaining Group sold 295,952 TEUs (2016: 236,535 TEUs). The average selling price of a 20' dry freight container rose considerably from US$1,457 in 2016 to US$2,102 in 2017 owing to increase demand as well as higher cost associated with the use of waterborne paint in the production process, which enabled the Remaining Group to substantially reduce the segment loss.

Logistics Segment

The total revenue of the logistics segment of the Remaining Group for year ended 31 December 2017 was approximately US$33.3 million (2016: US$35.8 million), and the profit attributable to the owners of the Remaining Group was approximately US$4.9 million (2016: loss of US$3.6 million). During the year ended 31 December 2017, the number of containers handled by the Remaining Group was 658,551 TEUs (2016: 655,950 TEUs). The logistics services business faced headwinds towards the second half of the year that led to a marginal decline in revenue. Due to high export demand and as a result, fewer idle containers on the ground, revenue from storage dropped although number of containers handled increased.

Liquidity and financial resources

As at 31 December 2017, the Remaining Group had bank balances and cash of approximately US$174.7 million (31 December 2016: US$133.8 million) and total interest-bearing debts of approximately US$399.6 million (31 December 2016: US$365.5 million). This represented a gearing ratio, calculated on the basis of the Remaining Group's total interest-bearing debts over equity attributable to owners of the Remaining Group, of approximately 0.70 (31 December 2016: 0.58) and a net debt to equity ratio, calculated on the basis of the Remaining Group's net interest-bearing debts (after deducting bank balances and cash of approximately US$174.7 million) over equity attributable to owners of the Remaining Group, of approximately 0.39 (31 December 2016: 0.37).

Treasury policy

The Remaining Group's revenue were predominantly transacted in US$. However, certain operating expenses were incurred in other currencies including HK$ and RMB. To monitor the currency risk exposure and due to large interest differences between US$ borrowings and RMB borrowings, the Remaining Group's US$ interest-bearing debts balance as at 31 December 2017 was 99.09% (31 December 2016: 99.96%).

Of the total interest-bearing debts as at 31 December 2017, the maturity profile spread over a period of three years with US$97.0 million repayable within one year and US$302.6 million within two to three years. The Remaining Group's interest-bearing debts were principally on a floating rate basis.

In order to hedge against the interest rate risk arising from the potential increase in interest rate in relation to the term loan, the Company entered into certain floating to fixed interest rate swap contracts to partially swap the interests under term loan from floating rate to fixed rate.

Capital structure

The capital structure of the Remaining Group consisted of net debt, which included the bank borrowings net of cash and cash equivalents, and equity attributable to owners of the Remaining Group, comprising issued share capital, accumulated profits and other reserves.

Capital commitments

The capital commitments of the Remaining Group is set out below:

	2017	2016
	US$'000	*US$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for	1,619	2,428
Capital injection in a joint venture contracted but not provided for	16,835	–
Capital injection in an associate contracted but not provided for	4,039	–

Foreign currency risk management

The Remaining Group had sales and purchases, bank balances and cash and bank borrowings in foreign currencies, which exposed the Remaining Group to foreign currency risk. As at 31 December 2017, the RMB to US$ closing rate rose by 6% as compared to that as at 31 December 2016. Such RMB appreciation exposed the Group to foreign currency risk as 91% of the sales of the Remaining Group were denominated in US$ whilst 79% of the cost of sales were denominated in RMB. This exposure was partially offset by the advantages taken from such appreciation, as certain amount of Remaining Group's monetary assets were denominated in RMB. The Remaining Group manages and monitors foreign exchange exposures to ensure appropriate measures were implemented on a timely and effective manner.

Charges on assets

As at 31 December 2017, no asset of the Remaining Group (31 December 2016: Nil) was pledged as securities to any third parties.

Contingent liabilities

During the year ended 31 December 2017, the Remaining Group provided guarantees to banks as securities for credit facilities granted to certain subsidiaries of the Company in the PRC. The Remaining Group did not provide any guarantee to any third parties and did not have contingent liabilities as at 31 December 2017 (31 December 2016: Nil).

Significant investments, material acquisitions and disposals

In March 2017, the Remaining Group established a joint venture with Apollo Logisolutions Limited with the objective of establishing a liquid tank logistics operation in India.

Remuneration policies and employee information

As at 31 December 2017, the Remaining Group employed 4,078 (31 December 2016: 4,262) full-time employees; and its associates and joint ventures employed 1,242 (2016: 1,275) full-time employees in total. Staff costs (including Directors' emoluments) amounted to approximately US$76.9 million (31 December 2016: US$67.9 million) for the year. All full-time salaried employees, except for factory workers and contract employees, were paid on a monthly basis, plus a discretionary performance bonus. Factory workers were remunerated based on a basic wage plus production incentive. Share options were also offered to selected grantees of the Remaining Group. The Remaining Group ensures that the pay levels of its employees are competitive and employees are awarded on a performance related basis within the general framework of the Remaining Group's salary and bonus system. To further enhance the capability of its human resource, the Remaining Group provided on-the-job training to its employees.

For the year ended 31 December 2016

Business and financial review

For the year ended 31 December 2016, the Remaining Group recorded a total revenue of approximately US$422.7 million (2015: US$561.6 million). The loss attributable to the owners of the Remaining Group for the year amounted to approximately US$55.2 million (2015: loss of US$22.2 million). During the year ended 31 December 2016, the container industry continued to be affected by the downturn of the global economy which affected the market demand for and the average selling price of the new containers. In addition, the Remaining Group paid additional compensation in connection with the Tianjin explosion incident and made provision for Xiamen typhoon destruction in the total amount of US$8.59 million; and wrote off goodwill in the amount of US$8.13 million. The Remaining Group incurred a financing cost in the amount of US$8.8 million where the related loan balance was for supporting the investment and working capital requirements for the Group as a whole. The Remaining Group operated in (a) manufacturing segment, principally engaged in the manufacturing of dry freight containers, tank containers, offshore containers and other specialised containers; and (b) logistics segment, principally engaged in the operation of container storage, repair and trucking services, container/cargo handling and other container related services.

Manufacturing Segment

The total revenue of the manufacturing segment of the Remaining Group for year ended 31 December 2016 was approximately US$386.9 million (2015: US$529.1 million), and the loss attributable to the owners of the Remaining Group was approximately US$51.6 million (2015: loss of US$23 million). During the year ended 31 December 2016, the Remaining Group sold 236,535 TEUs (2015: 233,450 TEUs). Due to the weak global economy and decline in exports, while major mergers and acquisitions by a number of shipping companies and container leasing operators created market uncertainties that impaired demand on containers; segment revenue dropped substantially.

Logistics Segment

The total revenue of the logistics segment of the Remaining Group for year ended 31 December 2016 was approximately US$35.8 million (2015: US$32.5 million), and the loss attributable to the owners of the Remaining Group was approximately US$3.6 million (2015: profit of US$0.8 million). During the year ended 31 December 2016, the number of containers handled by the Remaining Group was 655,950 TEUs (2015: 733,186 TEUs). Although the performance of logistics segment steadily improved, additional compensation in connection with the Tianjin explosion incident led to segment loss for the year.

Liquidity and financial resources

As at 31 December 2016, the Remaining Group had bank balances and cash of approximately US$133.8 million (31 December 2015: US$166.4 million) and total interest-bearing debts of US$365.5 million (31 December 2015: US$315.0 million). This represented a gearing ratio, calculated on the basis of the Remaining Group's total interest-bearing debts over equity attributable to owners of the Remaining Group, of approximately 0.58 (31 December 2015: 0.42) and a net debt to equity ratio, calculated on the basis of the Remaining Group's net interest-bearing debts (after deducting bank balances and cash of approximately US$133.8 million) over equity attributable to owners of the Remaining Group, of approximately 0.37 (31 December 2015: 0.20).

Treasury policy

The Remaining Group's revenues are largely transacted in US$. However, certain operating expenses were incurred in other currencies including HK$ and RMB. To monitor the currency risk exposure and due to large interest differences between US$ borrowings and RMB borrowings, the Remaining Group's US$ interest-bearing debts balance as at 31 December 2016 was 99.96% (31 December 2015: 100%).

Of the total interest-bearing debts as at 31 December 2016, the maturity profile spread over a period of four years with US$274.8 million repayable within one year and US$90.7 million within one to four years. The Remaining Group's interest-bearing debts were predominantly on a floating rate basis.

In order to hedge against the interest rate risk arising from the potential increase in interest rate in relation to the term loan, the Company entered into certain floating to fixed interest rate swap contracts to partially swap the interests under term loan from floating rate to fixed rate.

Capital structure

The capital structure of the Remaining Group consisted of net debt, which included the bank borrowings net of cash and cash equivalents, and equity attributable to owners of the Remaining Group, comprising issued share capital, reserves and accumulated profits.

Capital commitments

The capital commitments of the Remaining Group is set out below:

	2016	**2015**
	US$'000	*US$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for	2,428	4,360

Foreign currency risk management

The Remaining Group had sales and purchases, bank balances and cash and bank borrowings in foreign currencies, which exposed the Remaining Group to foreign currency risk. On 11 August 2015, the PRC government weakened the RMB's daily reference rate by 1.9%, allowing depreciation to combat a slump in exports. As at 31 December 2016, the RMB's daily reference rate was 6.8% lower than that as at 31 December 2015. Such RMB depreciation exposed the Remaining Group to foreign currency risk as significant amount of Remaining Group's monetary assets and liabilities are denominated in RMB. However, this exposure was partially offset by the advantages taken from such depreciation, as almost 68% of the cost of sales were denominated in RMB whilst 82% of the sales were denominated in US$. The Remaining Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner.

Charges on assets

As at 31 December 2016, no asset of the Remaining Group (31 December 2015: Nil) was pledged as securities to any third parties.

Contingent liabilities

During the year ended 31 December 2016, the Remaining Group provided guarantees to banks as securities for credit facilities granted to certain subsidiaries of the Company in the PRC. The Remaining Group did not provide any guarantee to any third parties and did not have contingent liabilities as at 31 December 2016 (31 December 2015: Nil).

Significant investments, material acquisitions and disposals

In December 2015, the Remaining Group signed agreements with Modex Manufacturing Limited and Modex Production Limited to acquire the remaining 50% equity interest of a joint venture, Qidong Singamas Offshore Equipment Co., Ltd, and 100% equity interest of a wholly-owned subsidiary of Modex Production Limited, Taicang Modex Energy Engineering Limited, respectively. These transactions were completed in January 2016.

Remuneration policies and employee information

As at 31 December 2016, the Remaining Group employed 4,262 (31 December 2015: 4,472) full-time employees; and its associates and joint ventures employed 1,275 (2015: 1,410) full-time employees in total. Staff costs (including Directors' emoluments) amounted to approximately US$67.9 million (2015: US$66.4 million) for the year. All full-time salaried employees, except for factory workers and contract employees, were paid on a monthly basis, plus a discretionary performance bonus. Factory workers were remunerated based on a basic wage plus production incentive. Share options were also offered to selected grantees of the remaining group. The Remaining Group ensures that the pay levels of its employees are competitive and employees are awarded on a performance related basis within the general framework of the Remaining Group's salary and bonus system. To further enhance the capability of its human resource, the Remaining Group provided on-the-job training to its employees.

REPORT ON REVIEW OF UNAUDITED COMBINED FINANCIAL INFORMATION

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF SINGAMAS CONTAINER HOLDINGS LIMITED

INTRODUCTION

We have reviewed the unaudited combined financial information set out on pages II-3 to II-9, which comprises the unaudited combined statements of financial position of Qidong Singamas Energy Equipment Co., Ltd. ("**Qidong Singamas**"), Qidong Pacific Port Co., Ltd. ("**Qidong Pacific**"), Qingdao Pacific Container Co., Ltd. ("**Qingdao Pacific**"), Ningbo Pacific Container Co., Ltd. ("**Ningbo Pacific**") and Singamas Container Holdings (Shanghai) Limited ("**Singamas Container (Shanghai)**") (collectively referred to as the "**Target Companies**") as of 31 December 2016, 2017 and 2018 and the unaudited combined statements of profit or loss and other comprehensive income, unaudited combined statements of changes in equity and statements of cash flows for each of the years then ended (the "**Relevant Periods**") and explanatory notes (the "**Unaudited Combined Financial Information**"). The Unaudited Combined Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Singamas Container Holdings Limited (the "**Company**") in connection with the disposal of the Target Companies in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for preparation and presentation of the Unaudited Combined Financial Information in accordance with the basis of preparation set out in note 2 to the Unaudited Combined Financial Information and Rule 14.68(2)(a)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error. The Unaudited Combined Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Our responsibility is to express a conclusion on this Unaudited Combined Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantive Disposal" issued by the HKICPA. A review of the Unaudited Combined Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the Unaudited Combined Financial Information of the Target Companies for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Combined Financial Information.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

31 May 2019

UNAUDITED COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December		
	2016	**2017**	**2018**
	(unaudited)	**(unaudited)**	**(unaudited)**
	US$'000	*US$'000*	*US$'000*
Revenue	494,707	814,191	1,094,903
Other income	2,990	2,073	2,872
Changes in inventories of finished goods and work in progress	(16,682)	66,876	(5,453)
Raw materials and consumables used	(361,302)	(652,564)	(846,992)
Staff costs	(61,193)	(80,664)	(107,118)
Depreciation and amortisation expense	(20,418)	(19,649)	(21,951)
Impairment losses, net of reversal	–	–	(581)
Exchange gain (loss)	4,585	(10,331)	6,010
Other expenses	(42,251)	(72,296)	(87,776)
Finance costs	(2,253)	(2,002)	(2,883)
Investment income	574	328	729
(Loss) profit before taxation	(1,243)	45,962	31,760
Income tax expense	(2,943)	(6,815)	(8,696)
(Loss) profit for the year and total comprehensive income for the year	(4,186)	39,147	23,064

UNAUDITED COMBINED STATEMENTS OF FINANCIAL POSITION

	As at 31 December		
	2016 (unaudited) *US$'000*	2017 (unaudited) *US$'000*	2018 (unaudited) *US$'000*
Non-current assets			
Property, plant and equipment	220,690	263,814	270,196
Prepaid lease payments	42,056	42,122	46,958
Deposits for non-current assets	18,785	21,869	18,791
	281,531	327,805	335,945
Current assets			
Inventories	63,497	154,601	145,389
Trade receivables	103,898	163,943	109,314
Prepayments and other receivables	46,902	81,901	40,364
Amount due from Remaining Group *(Note)*	42,169	138,912	86,623
Amount due from intermediate holding company	147	438	64,091
Amounts due from fellow subsidiaries	24,338	40,632	14,670
Prepaid lease payments	944	967	967
Bank balances and cash	75,208	60,119	45,060
	357,103	641,513	506,478
Current liabilities			
Trade payables	59,231	140,013	77,178
Bills payable	42,518	151,994	62,819
Accruals and other payables	26,573	50,345	37,956
Advances from customers	–	–	35,670
Amount due to Remaining Group	77,583	68,233	47,400
Tax payable	2,067	3,023	2,167
Bank borrowings	–	28,122	38,581
	207,972	441,730	301,771
Net current assets	149,131	199,783	204,707
	430,662	527,588	540,652
Capital and reserves			
Registered capital	313,831	371,610	371,610
Accumulated profits	95,157	132,784	144,098
Other reserves	21,674	23,194	24,944
Total equity	430,662	527,588	540,652

Note: The Company and its subsidiaries after disposal of Target Companies is referred as "**Remaining Group**".

UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY

	Registered capital*	General reserve	Development reserve	Revaluation reserve	Accumulated profits	Total
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2016	243,106	16,063	2,137	2,475	110,342	374,123
Loss for the year	–	–	–	–	(4,186)	(4,186)
Total comprehensive income	243,106	16,063	2,137	2,475	106,156	369,937
Registered capital issued	70,725	–	–	–	–	70,725
Dividend paid	–	–	–	–	(10,000)	(10,000)
Transfer from accumulated profits	–	980	19	–	(999)	–
At 31 December 2016	313,831	17,043	2,156	2,475	95,157	430,662
Profit for the year	–	–	–	–	39,147	39,147
Total comprehensive income	313,831	17,043	2,156	2,475	134,304	469,809
Registered capital issued	57,779	–	–	–	–	57,779
Transfer from accumulated profits	–	1,520	–	–	(1,520)	–
At 31 December 2017	371,610	18,563	2,156	2,475	132,784	527,588
Profit for the year	–	–	–	–	23,064	23,064
Total comprehensive income	371,610	18,563	2,156	2,475	155,848	550,652
Dividend paid	–	–	–	–	(10,000)	(10,000)
Transfer from accumulated profits	–	1,750	–	–	(1,750)	–
At 31 December 2018	371,610	20,313	2,156	2,475	144,098	540,652

* *The registered capital represents the combined total registered capital of the Target Companies.*

UNAUDITED COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2016	**2017**	**2018**
	(unaudited)	**(unaudited)**	**(unaudited)**
	US$'000	*US$'000*	*US$'000*
OPERATING ACTIVITIES			
(Loss) profit before taxation	(1,243)	45,962	31,760
Adjustments for:			
Depreciation	19,414	18,567	20,841
Gain on disposal of property, plant and equipment	(389)	(641)	(160)
Loss on property, plant and equipment written off	12	515	352
Amortisation of prepaid lease payments	1,004	1,082	1,110
Investment income	(574)	(328)	(729)
Interest expense	2,253	2,002	2,883
Impairment loss, net of reversal			
– trade receivables	–	–	178
– trade related amount due from intermediate holding company	–	–	633
– trade related amounts due from fellow subsidiaries	–	–	(229)
Operating cash flows before movements in working capital	20,477	67,159	56,639
Decrease (increase) in inventories	11,430	(91,104)	9,212
(Increase) decrease in trade receivables	(33,952)	(60,045)	54,451
(Increase) decrease in prepayments and other receivables	(22,919)	(34,999)	41,537
(Increase) decrease in amount due from Remaining Group	(15,183)	(96,743)	52,289
Increase in amount due from intermediate holding company	(147)	(291)	(64,286)
(Increase) decrease in amounts due from fellow subsidiaries	(11,189)	(16,294)	26,191
Decrease in amount due to Remaining Group	(23,754)	(9,350)	(20,833)
Increase (decrease) in trade payables	16,646	80,782	(62,835)
Increase (decrease) in bills payable	32,394	109,476	(89,175)
(Decrease) increase in accruals and other payables	(14,319)	12,327	(12,286)
Increase in advance from customers	–	–	30,036
Cash (used in) from operations	(40,516)	(39,082)	20,940
Interest paid	(2,253)	(2,002)	(2,883)
Income tax paid	(3,359)	(5,859)	(9,552)
Net cash (used in) from operating activities	(46,128)	(46,943)	8,505

UNAUDITED COMBINED STATEMENTS OF CASH FLOWS (continued)

	Year ended 31 December		
	2016	**2017**	**2018**
	(unaudited)	**(unaudited)**	**(unaudited)**
	US$'000	*US$'000*	*US$'000*
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(1,710)	(43,821)	(22,944)
Payment of prepaid lease payments	(9,968)	(1,171)	–
Deposits paid for non-current assets	(5,688)	(10,069)	(2,677)
Proceeds on disposal of property, plant and equipment	727	698	971
Interest received	574	328	729
Repayment from associates of immediate holding company	474	–	–
Repayment from joint ventures of immediate holding company	163	–	–
Net cash used in investing activities	(15,428)	(54,035)	(23,921)
FINANCING ACTIVITIES			
New bank loans	–	28,122	10,459
Dividends paid to owners of the Company	(10,000)	–	(10,000)
Proceeds from issue of registered capital	70,725	57,779	–
Net cash from financing activities	60,725	85,901	459
NET DECREASE IN CASH AND CASH EQUIVALENTS	(831)	(15,077)	(14,957)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	76,296	75,208	60,119
Effect of foreign exchange rate changes	(257)	(12)	(102)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	75,208	60,119	45,060
CASH AND CASH EQUIVALENTS REPRESENTED BY:			
Bank balances and cash	75,208	60,119	45,060

NOTES TO THE UNAUDITED COMBINED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Qidong Singamas Energy Equipment Co., Ltd. ("**Qingdao Singamas**") is a company established in the PRC with limited liability and wholly-owned by the Company. Qidong Singamas engages in the manufacturing of dry freight, specialised and refrigerated containers.

Qidong Pacific Port Co., Ltd. ("**Qidong Pacific**") is a company established in the PRC with limited liability and engages in the provision of container terminal services.

Qingdao Pacific Container Co., Ltd. ("**Qingdao Pacific**") is a company established in the PRC with limited liability and wholly-owned by the Company. Qingdao Pacific engages in the manufacturing of dry freight, specialised and refrigerated containers and holding 100% equity interest of Qidong Pacific.

Ningbo Pacific Container Co., Ltd. ("**Ningbo Pacific**") is a company established in the PRC with limited liability and wholly-owned by the Company. Ningbo Pacific engages in the manufacturing of dry freight and specialised containers.

Singamas Container Holdings (Shanghai) Limited ("**Singamas Container (Shanghai)**") is a company established in the PRC with limited liability and wholly-owned by the Company. Singamas Container (Shanghai) engages in the provision of technical and development services of container manufacturing.

2. BASIS OF PREPARATION

The Unaudited Combined Financial Information comprises the unaudited combined statements of financial position of the Target Companies as at 31 December 2016, 2017 and 2018 and the unaudited combined statements of profit or loss and other comprehensive income, unaudited combined statements of changes in equity and statements of cash flows of the Target Companies for each of the years then ended. The Unaudited Combined Financial Information has been prepared in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular dated 31 May 2019 issued by the Company in connection with the Disposal (as defined in the circular).

For the years ended 31 December 2016, 2017 and 2018, the amounts included in the Unaudited Combined Financial Information have been prepared in accordance with the accounting policies of Singamas Container Holdings Limited and its subsidiaries (the "**Group**") adopted in the preparation of the Group's consolidated financial statements of the respective years, which conform with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

For the year ended 31 December 2018, the Target Companies have applied HKFRS 15 "Revenue from Contracts with Customers and the related Amendments", and HKFRS 9 Financial Instruments" and the related consequential amendments to other HKFRSs in accordance with the transition provisions set out in the Group's consolidated financial statements for the year ended 31 December 2018, without restating the comparative information. Accordingly, certain comparative information may not be comparable.

The Unaudited Combined Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The unaudited pro forma financial information of Singamas Container Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") excluding Qidong Singamas Energy Equipment Co., Ltd., Qingdao Pacific Container Co., Ltd., Ningbo Pacific Container Co., Ltd., Singamas Container Holdings (Shanghai) Limited and Qidong Pacific Port Co., Ltd. (collectively referred to as the "**Target Companies**") (the "**Remaining Group**") has been prepared to illustrate (a) the financial position of the Remaining Group as if the disposal of the 100% equity interest in the Target Companies by the Company to an independent third party (the "**Purchaser**") pursuant to the sales and purchase agreement dated 6 May 2019 entered into among the Company, the Purchaser, and the Target Companies (the "**Disposal**") had been completed on 31 December 2018; and (b) the financial results and cash flows of the Remaining Group as if the Disposal had been completed on 1 January 2018.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2018, which has been extracted from the published annual report of the Company for the year ended 31 December 2018.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2018, which have been extracted from the published annual report of the Company for the year ended 31 December 2018.

The unaudited pro forma financial information of the Remaining Group has been prepared by the directors in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and solely for the purpose to illustrate the financial position of the Remaining Group as if the Disposal had been completed on 31 December 2018; and the financial results and cash flows of the Remaining Group as if the Disposal had been completed on 1 January 2018.

The unaudited pro forma financial information of the Remaining Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the Disposal that are directly attributable to the transaction; and factually supportable, is summarised in the accompanying notes.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP (continued)

The unaudited pro forma financial information of the Remaining Group has been prepared by the directors based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the unaudited pro forma financial information of the Remaining Group may not purport to predict what the financial position of the Remaining Group would have been if the Disposal had been completed at 31 December 2018 or at any future dates, or what the financial results and cash flows of the Remaining Group for the year ended 31 December 2018 or for any future periods would have been if the Disposal had been completed at 1 January 2018.

The unaudited pro forma financial information of the Remaining Group should be read in conjunction with the historical financial information of the Group as set out in Appendix I to this circular and the Unaudited Combined Financial Information of the Target Companies as set out in Appendix II to this circular, and other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

		Pro Forma adjustments				
	The Group	Deconsolidate Target Companies adjustment	Disposal adjustment	Current account settlement	Reversal of deferred taxation	The Remaining Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 1	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Non-current assets						
Property, plant and equipment	362,708	(270,196)	–	–	–	92,512
Investment property	18,068	–	–	–	–	18,068
Goodwill	3,589	–	(3,589)	–	–	–
Interests in associates	44,509	–	–	–	–	44,509
Interests in joint ventures	21,671	–	–	–	–	21,671
Equity instrument at fair value through other comprehensive income	17,482	–	–	–	–	17,482
Derivative financial instruments	1,061	–	–	–	–	1,061
Prepaid lease payments	88,415	(46,958)	–	–	–	41,457
Deposits for non-current assets	19,077	(18,791)	–	–	–	286
	576,580	(335,945)	(3,589)	–	–	237,046
Current assets						
Inventories	222,039	(145,389)	–	–	–	76,650
Trade receivables	191,069	(109,314)	–	–	–	81,755
Prepayments and other receivables	128,076	(40,364)	–	–	–	87,712
Amount due from Remaining Group to Target Companies	–	(86,623)	–	86,623	–	–
Amount due from immediate holding company	108,234	(64,091)	–	–	–	44,143
Amounts due from fellow subsidiaries	33,325	(14,670)	–	–	–	18,655
Amounts due from joint ventures	2	–	–	–	–	2
Amounts due from associates	18,538	–	–	–	–	18,538
Tax recoverable	694	–	–	–	–	694
Prepaid lease payments	1,547	(967)	–	–	–	580
Bank balances and cash	119,879	(45,060)	529,175	(39,223)	–	564,771
	823,403	(506,478)	529,175	47,400	–	893,500

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2018

	The Group	Pro Forma adjustments: Deconsolidate Target Companies adjustment	Disposal adjustment	Current account settlement	Reversal of deferred taxation	The Remaining Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 1	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Current liabilities						
Trade payables	122,264	(77,178)	–	–	–	45,086
Bills payable	80,216	(62,819)	–	–	–	17,397
Accruals and other payables	60,178	(37,956)	–	–	–	22,222
Advances from customers	43,114	(35,670)	–	–	–	7,444
Amount due from Target Companies to Remaining Group	–	(47,400)	–	47,400	–	–
Amounts due to associates	63	–	–	–	–	63
Amounts due to joint ventures	9	–	–	–	–	9
Tax payable	5,137	(2,167)	–	–	–	2,970
Bank borrowings	169,796	(38,581)	–	–	–	131,215
	480,777	(301,771)	–	47,400	–	226,406
Net current assets	342,626	(204,707)	529,175	–	–	667,094
Total assets less current liabilities	919,206	(540,652)	525,586	–	–	904,140
Capital and reserves						
Share capital	268,149	–	–	–	–	268,149
Accumulated profits	327,270	–	(15,066)	–	5,515	317,719
Other reserves	61,278	–	–	–	–	61,278
Equity attributable to owners of the Company	656,697	–	(15,066)	–	5,515	647,146
Non-controlling interests	39,082	–	–	–	–	39,082
Total equity	695,779	–	(15,066)	–	5,515	686,228
Non-current liabilities						
Bank borrowings	210,640	–	–	–	–	210,640
Deferred tax liabilities	12,787	–	–	–	(5,515)	7,272
	223,427	–	–	–	(5,515)	217,912
	919,206	–	(15,066)	–	–	904,140

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

		Pro Forma adjustments				
	The Group	Deconsolidate Target Companies adjustment	Disposal adjustment	Re-instatement of transactions between Target Companies and Remaining Group	Reversal of deferred taxation	The Remaining Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 1	*Note 7*	*Note 8*	*Note 9*	*Note 6*	
Revenue	1,807,819	(1,094,903)	–	2,388	–	715,304
Other income	2,902	(2,872)	–	2,189	–	2,219
Changes in inventories of finished goods and work in progress	(21,483)	5,453	–	–	–	(16,030)
Raw materials and consumables used	(1,377,444)	846,992	–	–	–	(530,452)
Staff costs	(193,956)	107,118	–	–	–	(86,838)
Depreciation and amortisation expense	(34,542)	21,951	–	–	–	(12,591)
Impairment losses, net of reversal	(924)	581	–	–	–	(343)
Exchange gain (loss)	4,452	(6,010)	–	–	–	(1,558)
Other expenses	(151,793)	87,776	–	(4,577)	–	(68,594)
Finance costs	(18,549)	2,883	–	–	–	(15,666)
Investment income	7,515	(729)	–	–	–	6,786
Fair value gain on derivative financial instruments	47	–	–	–	–	47
Gain on disposal of subsidiaries	65,604	–	17,791	–	–	83,395
Share of results of associates	(2,512)	–	–	–	–	(2,512)
Share of results of joint ventures	37	–	–	–	–	37
Profit before taxation	87,173	(31,760)	17,791	–	–	73,204
Income tax expense	(13,791)	8,696	(19,793)	–	5,515	(19,373)
Profit for the year	73,382	(23,064)	(2,002)	–	5,515	53,831

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the year ended 31 December 2018

		Pro Forma adjustments				
	The Group	**Deconsolidate Target Companies adjustment**	**Disposal adjustment**	**Re-instatement of transactions between Target Companies and Remaining Group**	**Reversal of deferred taxation**	**The Remaining Group**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 1	*Note 7*	*Note 8*	*Note 9*	*Note 6*	
Other comprehensive (expense) income						
Items that will not be reclassified to profit or loss:						
Fair value loss on equity instrument at fair value through other comprehensive income	(3,052)	–	–	–	–	(3,052)
Gain on revaluation of prepaid lease payment and property, plant and equipment upon transfer to investment property	16,297	–	–	–	–	16,297
Deferred tax liability on recognition of revaluation of prepaid lease payment and property, plant and equipment upon transfer to investment property	(4,783)	–	–	–	–	(4,783)
Item that may be reclassified subsequently to profit or loss:						
Exchange differences arising on translation	(3,300)	–	–	–	–	(3,300)
Other comprehensive income for the year	5,162	–	–	–	–	5,162
Total comprehensive income for the year	78,544	(23,064)	(2,002)	–	5,515	58,993
Profit for the year attributable to:						
Owners of the Company	72,252	(23,064)	(2,002)	–	5,515	52,701
Non-controlling interests	1,130	–	–	–	–	1,130
	73,382	(23,064)	(2,002)	–	5,515	53,831
Total comprehensive income attributable to:						
Owners of the Company	77,660	(23,064)	(2,002)	–	5,515	58,109
Non-controlling interests	884	–	–	–	–	884
	78,544	(23,064)	(2,002)	–	5,515	58,993

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

		Pro Forma adjustments			
	The Group	Deconsolidate Target Companies adjustment	Disposal adjustment	Current account settlement	The Remaining Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 1	*Note 7*	*Note 8*	*Note 5*	
OPERATING ACTIVITIES					
Profit before taxation	87,173	(31,760)	17,791	–	73,204
Adjustments for:					
Depreciation	32,159	(20,841)	–	–	11,318
Loss on disposal of property, plant and equipment	113	160	–	–	273
Loss on property, plant and equipment written off	443	(352)	–	–	91
Share of results of associates	2,512	–	–	–	2,512
Share of results of joint ventures	(37)	–	–	–	(37)
Amortisation of prepaid lease payments	2,383	(1,110)	–	–	1,273
Investment income	(7,515)	729	–	–	(6,786)
Interest expense	16,313	(2,883)	–	–	13,430
Fair value gain on derivative financial instruments	(47)	–	–	–	(47)
Gain on disposal of subsidiaries	(65,604)	–	(17,791)	–	(83,395)
Impairment loss, net of reversal					
– trade receivables	381	(178)	–	–	203
– trade related amount due from immediate holding company	1,072	(633)	–	–	439
– trade related amounts due from fellow subsidiaries	(625)	229	–	–	(396)
– trade related amounts due from associates	96	–	–	–	96
Operating cash flows before movements in working capital	68,817	(56,639)	–	–	12,178
Decrease in inventories	30,801	(9,212)	–	–	21,589
Decrease in trade receivables	121,420	(54,451)	–	–	66,969
Decrease in prepayments and other receivables	50,203	(41,537)	–	–	8,666
Decrease in amounts due from Remaining Group to Target Companies	–	(52,289)	–	52,289	–
Increase in amount due from immediate holding company	(107,406)	64,286	–	–	(43,120)
Decrease in amounts due from fellow subsidiaries	65,226	(26,191)	–	–	39,035
Decrease in amounts due from Target Companies to Remaining Group	–	20,833	–	(20,833)	–
Decrease in trade payables	(134,083)	62,835	–	–	(71,248)
Decrease in bills payable	(126,038)	89,175	–	–	(36,863)
(Decrease) increase in accruals and other payables	(6,453)	12,286	–	–	5,833
Increase (decrease) in advance from customers	15,172	(30,036)	–	–	(14,864)
Cash used in operations	(22,341)	(20,940)	–	31,456	(11,825)
Interest paid	(16,226)	2,883	–	–	(13,343)
Income tax paid	(14,375)	9,552	–	–	(4,823)
Net cash used in operating activities	(52,942)	(8,505)	–	31,456	(29,991)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2018

	The Group	Pro Forma adjustments: Deconsolidate Target Companies adjustment	Pro Forma adjustments: Disposal adjustment	Pro Forma adjustments: Current account settlement	The Remaining Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Note 1	*Note 7*	*Note 8*	*Note 5*	
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(28,237)	22,944	–	–	(5,293)
Deposits paid for non-current assets	(3,988)	2,677	–	–	(1,311)
Additional capital injection in associates	(4,072)	–	–	–	(4,072)
Acquisition of an associate	(603)	–	–	–	(603)
Proceeds on disposal of property, plant and equipment	4,240	(971)	–	–	3,269
Dividend received from Target Companies	–	10,000	–	(10,000)	–
Dividends received from associates and joint ventures	875	–	–	–	875
Dividend received from unlisted equity investment	956	–	–	–	956
Interest received	2,726	(729)	–	–	1,997
Cash inflow arising from disposal of subsidiaries	32,092	–	529,175	–	561,267
Advances to associates	(582)	–	–	–	(582)
Advances to joint ventures	(1)	–	–	–	(1)
Net cash from investing activities	3,406	33,921	529,175	(10,000)	556,502
FINANCING ACTIVITIES					
New bank loans	233,155	(10,459)	–	–	222,696
Repayment of bank loans	(280,479)	–	–	–	(280,479)
Dividends paid to non-controlling interests	(876)	–	–	–	(876)
Dividends paid to owners of the Company	(7,702)	–	–	–	(7,702)
Acquisition of additional interest in a subsidiary	(8,408)	–	–	–	(8,408)
Advance from immediate holding company	363	–	–	–	363
Repayment to immediate holding company	(378)	–	–	–	(378)
Advances from associates	651	–	–	–	651
Repayments to associates	(673)	–	–	–	(673)
Advances from joint ventures	94	–	–	–	94
Repayments to joint ventures	(94)	–	–	–	(94)
Net cash used in financing activities	(64,347)	(10,459)	–	–	(74,806)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(113,883)	14,957	529,175	21,456	451,705
CASH AND CASH EQUIVALENTS AT 1 JANUARY	234,774	(60,119)	–	–	174,655
Effect of foreign exchange rate changes	(1,012)	102	–	–	(910)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	119,879	(45,060)	529,175	21,456	625,450
CASH AND CASH EQUIVALENTS REPRESENTED BY:					
Bank balances and cash	119,879	(45,060)	529,175	21,456	625,450

Notes:

1. The audited consolidated statement of financial position of the Group as at 31 December 2018 and its consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 December 2018 are extracted from the published annual report of the Company for the year ended 31 December 2018.

   The financial information relating to the year ended 31 December 2018 included in this Appendix are not the Company's statutory annual consolidated financial statements for that year. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (the "**Companies Ordinance**") is as follow:

   – The Company has delivered those financial statements to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

2. The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

3. The adjustment represents the deconsolidation of the assets and liabilities of the Target Companies as at 31 December 2018, as extracted from the unaudited combined statement of financial position of the Target Companies set out in Appendix II to this circular as if the Disposal was completed and the Group's control over the Target Companies was lost on 31 December 2018.

4. The cash consideration received upon completion of the Disposal is amounted to RMB3,800,000,000 (equivalent to US$565,476,000) *(note i)*, subject to Adjustments as set out on page 9 of this circular. For the purpose of pro forma and for the sake of convenience, it is assumed that no Adjustments would be required to be made against the consideration. The actual consideration is subject to changes at date when the Disposal is completed. The adjustment reflects the pro forma loss on disposal after taxation for approximately US$15,066,000. The calculation of the pro forma loss on the disposal after taxation is stated as follow, assuming the Disposal had taken place on 31 December 2018:

   Calculation of pro forma loss on disposal:

	US$'000
Cash consideration *(note i)*	565,476
Less: net assets of the Target Group as at 31 December 2018	(540,652)
Less: estimated professional fees and other expenses directly attributable to the Disposal	(16,508)
Less: write off of goodwill of the Target Group as at 31 December 2018	(3,589)
Gain on disposal before taxation	4,727
Less: estimated capital gain withholding tax on the Disposal *(note ii)*	(19,793)
Loss on disposal after taxation	(15,066)

	US$'000
Cash received upon the Disposal *(note i)*	565,476
Less: estimated professional fees and other expenses directly attributable to the Disposal	(16,508)
Less: estimated capital gain withholding tax on the Disposal *(note ii)*	(19,793)
	529,175

note i: Exchange rate of US$1.00 = RMB6.72 is used by the Group.

note ii: Being estimated withholding tax charged in relation to the Disposal, which represents 10% of the difference between cash consideration and the registered capital of the Target Companies.

5. The adjustment represents the settlement of current accounts between the Remaining Group and the Target Companies upon the Disposal pursuant to the Agreement.

6. The adjustment represents the reversal of 5% withholding tax on the undistributed profits of the Target Companies recognised by the Group upon the Disposal.

7. The adjustment represents the exclusion of the financial performance and cash flows of the Target Companies for the year ended 31 December 2018, assuming the Disposal had taken place on 1 January 2018. The results and cash flows of the Target Companies are extracted from the unaudited combined statement of profit or loss and other comprehensive income and unaudited combined statement of cash flows of the Target Companies set out in Appendix II to this circular.

8. The adjustment represents the recognition of the pro forma loss on the disposal after taxation as if the Disposal was completed on 1 January 2018. For the purpose of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows, the pro forma loss on disposal after taxation is equal to US$2,002,000 calculated on the same basis as set out in Note 4 above except the net assets of the Target Group was based on carrying amount as of 1 January 2018. This adjustment is not expected to have a continuing effect on the Remaining Group.

9. The adjustment represents the reversal of transactions with the Remaining Group recognised in Target Companies but eliminated in the financial performance of the Group during the year ended 31 December 2018.

10. Pro forma adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group.

11. Other than set out above, no other adjustments have been made to reflect any trading result or other transactions that the Group entered into subsequent to 31 December 2018.

ASSURANCE REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountant's assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information of the Remaining Group prepared for the purpose of incorporation in this circular.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

TO THE DIRECTORS OF SINGAMAS CONTAINER HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Singamas Container Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information of the Remaining Group consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2018, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2018 and related notes as set out on pages III-1 to III-10 of the circular issued by the Company dated 31 May 2019 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information of the Remaining Group are described on pages III-13 of the Circular.

The unaudited pro forma financial information of the Remaining Group has been compiled by the Directors to illustrate the impact of the proposed disposal of the 100% equity interest of Qidong Singamas Energy Equipment Co., Ltd, Qidong Pacific Port Co., Ltd, Ningbo Pacific Container Co., Ltd, Qingdao Pacific Container Co., Ltd and Singamas Container Holdings (Shanghai) Limited (collectively referred to as the "**Target Companies**") pursuant to the sale and purchase agreement dated 6 May 2019 entered into among the Company, an independent third party and the Target Companies (the "**Disposal**") on the Group's financial position as at 31 December 2018 and the Group's financial performance and cash flows for the year ended 31 December 2018 as if the Disposal had taken place at 31 December 2018 and 1 January 2018 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2018, on which an auditor's report has been published.

DIRECTORS' RESPONSIBILITIES FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The Directors are responsible for compiling the unaudited pro forma financial information of the Remaining Group in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information of the Remaining Group and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information of the Remaining Group beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information of the Remaining Group in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information of the Remaining Group, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information of the Remaining Group.

The purpose of unaudited pro forma financial information of the Remaining Group included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2018 or 1 January 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information of the Remaining Group has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information of the Remaining Group provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information of the Remaining Group reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information of the Remaining Group has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information of the Remaining Group.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

(a) the unaudited pro forma financial information of the Remaining Group has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information of the Remaining Group as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

31 May 2019

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) DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors 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 any such Director is taken or deemed to have under such provisions of the SFO); or which (b) were required pursuant to Section 352 of the SFO to be entered into the register maintained by the Company; or which (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:

(a) Ordinary Shares of the Company

		Number of Shares/Underlying Shares Held				
Name	**Capacity**	**Personal Interest**	**Corporate Interest**	**Other**	**Total Interest**	**Percentage of Issued Shares**
Mr. Teo Siong Seng *(Note 1)*	Beneficial Owner	44,045,250	–	–	44,045,250	1.82
Mr. Chan Kwok Leung *(Note 2)*	Beneficial Owner	500,000	–	–	500,000	0.02
Mr. Teo Tiou Seng *(Note 3)*	Beneficial Owner	276,780	–	–	276,780	0.01
Ms. Chung Pui King, Rebecca *(Note 4)*	Beneficial Owner	278,625	–	–	278,625	0.01
Mr. Kuan Kim Kin *(Note 5)*	Beneficial Owner	120,000	–	–	120,000	0.00
Mr. Tan Chor Kee *(Note 6)*	Spouse Interest	–	–	6,000	6,000	0.00
Mr. Yang, Victor *(Note 7)*	Beneficial Owner	120,000	–	–	120,000	0.00

Notes:

(1) The personal interest of Mr. Teo Siong Seng represents the interest in 42,377,250 Shares and interest in 1,668,000 underlying Shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".

(2) The personal interest of Mr. Chan Kwok Leung represents the interest in 500,000 underlying Shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".

(3) The personal interest of Mr. Teo Tiou Seng represents the interest in 196,780 Shares and interest in 80,000 underlying Shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".

(4) The personal interest of Ms. Chung Pui, King, Rebecca represents the interest in 195,291 Shares and interest in 83,334 underlying Shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".

(5) The personal interest of Mr. Kuan Kim Kin represents the interest in 120,000 underlying Shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".

(6) 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.

(7) The personal interest of Mr. Yang, Victor represents the interest in 120,000 underlying Shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".

All the interest disclosed above represents long position in the Shares and underlying Shares.

(b) Share Options

Details of outstanding options for the underlying shares of the Company as at the Latest Practicable Date which have been granted under the share option scheme adopted by the Company on 1 June 2007 are as follows:

Name/Category of Participants	Number of Share Options: As at 1 January 2019	Granted	Exercised	Lapsed	Outstanding options as at the Latest Practicable Date	Grant Date	Exercisable Period (Note a)	Exercise Price *HK$*
Directors								
Teo Siong Seng	1,333	–	–	–	1,333	1/7/2010	1/7/2011-30/6/2020	1.38
	833,333	–	–	–	833,333	1/7/2010	1/7/2012-30/6/2020	1.38
	833,334	–	–	–	833,334	1/7/2010	1/7/2013-30/6/2020	1.38
	1,668,000	–	–	–	1,668,000			
Chan Kwok Leung	166,666	–	–	–	166,666	1/7/2010	1/7/2011-30/6/2020	1.38
	166,667	–	–	–	166,667	1/7/2010	1/7/2012-30/6/2020	1.38
	166,667	–	–	–	166,667	1/7/2010	1/7/2013-30/6/2020	1.38
	500,000	–	–	–	500,000			
Teo Tiou Seng	40,000	–	–	–	40,000	1/7/2010	1/7/2012-30/6/2020	1.38
	40,000	–	–	–	40,000	1/7/2010	1/7/2013-30/6/2020	1.38
	80,000	–	–	–	80,000			
Chung Pui King, Rebecca	1	–	–	–	1	1/7/2010	1/7/2012-30/6/2020	1.38
	83,333	–	–	–	83,333	1/7/2010	1/7/2013-30/6/2020	1.38
	83,334	–	–	–	83,334			
Kuan Kim Kin	40,000	–	–	–	40,000	1/7/2010	1/7/2011-30/6/2020	1.38
	40,000	–	–	–	40,000	1/7/2010	1/7/2012-30/6/2020	1.38
	40,000	–	–	–	40,000	1/7/2010	1/7/2013-30/6/2020	1.38
	120,000	–	–	–	120,000			
Yang, Victor	40,000	–	–	–	40,000	1/7/2010	1/7/2011-30/6/2020	1.38
	40,000	–	–	–	40,000	1/7/2010	1/7/2012-30/6/2020	1.38
	40,000	–	–	–	40,000	1/7/2010	1/7/2013-30/6/2020	1.38
	120,000	–	–	–	120,000			
Sub-total	2,571,334	–	–	–	2,571,334			
Employees in aggregate	84,668	–	–	–	84,668	1/7/2010	1/7/2011-30/6/2020	1.38
	96,667	–	–	–	96,667	1/7/2010	1/7/2012-30/6/2020	1.38
	96,665	–	–	–	96,665	1/7/2010	1/7/2013-30/6/2020	1.38
Sub-total	278,000	–	–	–	278,000			
Total	2,849,334	–	–	–	2,849,334			

Note:

(a) The share options with the exercise price of HK$1.38 are vested and exercisable in three tranches on 1 July 2011, 2012 and 2013 respectively and up to 30 June 2020.

Save as disclosed above, as at the Latest Practicable Date, none of Directors, 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 any such Director or chief executive is taken or deemed to have under such provisions of the SFO); or which (b) were required pursuant to Section 352 of the SFO to be entered into the register maintained by the Company; or which (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, 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 2018 (being the date of the Company's latest published audited accounts).

3) DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTEREST

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:

		Number of Ordinary Shares		Percentage of Total Issued Shares
Name	*Notes*	**Direct Interest**	**Indirect Interest**	
Mr. Chang Yun Chung	*(1)*	493,291(L)#	993,825,345(L)#	41.14
Madam Lee Kheng Wah	*(2)*	–	994,318,636(L)#	41.14
Pacific International Lines (Private) Limited ("**PIL**")	*(1)*	993,825,345(L)#	–	41.12
PIL Holdings Pte. Ltd.	*(1)*	–	993,825,345(L)#	41.12
Y.C. Chang & Sons Private Limited	*(3)*	–	993,825,345(L)#	41.12
Madison Pacific Trust Limited	*(4)*	–	993,825,345(L)#	41.12
Hyder Ahmad	*(5)*	–	438,452,359(L)#	18.14
Broad Peak Investment Management Ltd.	*(5)*	–	438,452,359(L)#	18.14
Broad Peak Master Fund II Ltd.	*(5)*	438,452,359(L)#	–	18.14
Temasek Holdings (Private) Limited	*(6)*	–	496,912,673(L)#	20.56
Wellington Management Group LLP	*(7)*	–	166,607,407(L)#	6.89

(L)# – Long Position

Notes:

(1) A total of 993,825,345 Shares are directly held by PIL. PIL is 100% owned by PIL Holdings Pte. Ltd. and Mr. Chang Yun Chung is interested, in aggregate, in 497,225,882 shares representing 89.69% of the issued share capital of PIL Holdings Pte. Ltd.. Mr. Chang Yun Chung's interest in shares of PIL Holdings Pte. Ltd. comprises a personal interest in 79,700,882 shares and corporate interests in 175,500,000 shares through South Pacific International Holdings Limited, a company in which he holds 2.02% of the issued share capital and 242,025,000 shares through Y.C. Chang & Sons Private Limited, a company in which he holds 5.71% of the issued share capital. Messrs. Teo Siong Seng and Teo Tiou Seng, Directors, both of their interests in shares of PIL Holdings Pte. Ltd. comprise personal interests in 3,600,000 shares and 2,400,000 shares respectively and representing 0.65% and 0.43% of the issued share capital of PIL Holdings Pte. Ltd..

(2) Madam Lee Kheng Wah, as the spouse of Mr. Chang Yun Chung, is deemed to be interested in these Shares.

(3) PIL is a wholly-owned subsidiary of PIL Holdings Pte. Ltd. in which Y.C. Chang & Sons Private Limited holds more than one-third of interests in PIL Holdings Pte. Ltd.. Accordingly, Y.C. Chang & Sons Private Limited indirectly controls one-third or more of the voting rights in the shareholders' meeting of PIL, in accordance with SFO, Y.C. Chang & Sons Private Limited is deemed to be interested in PIL's interests in the Company's issued Shares.

(4) Madison Pacific Trust Limited is the security agent of the shares pledged by PIL in favour of the third party lenders as security.

(5) Broad Peak Master Fund II Ltd. is the lender of record which has direct interest on the shares pledged by PIL. Broad Peak Investment Management Ltd. is the investment manager of Broad Peak Master Fund II Ltd. and has discretionary authority in its investment decisions and deemed to be interested in these shares. Hyder Ahmad is the ultimate controlling shareholder of Broad Peak Investment Management Ltd.

(6) Temasek Holdings (Private) Limited is the indirect sole shareholder of SeaTown Lionfish Pte. Ltd ("**SeaTown**"). SeaTown is the lender of record and has direct interest on the shares pledged by PIL.

(7) A total of 155,415,674 Shares and 11,191,733 Shares are directly held by Wellington Management Singapore Pte. Ltd. and Wellington Management Company LLP respectively. Wellington Management Global Holdings, Ltd. holds 100% equity interests in Wellington Management Singapore Pte. Ltd. and Wellington Investment Advisors Holdings LLP holds 99.99% equity interests in Wellington Management Company LLP in which Wellington Management Group LLP indirectly holds more than one-third of interests in Wellington Management Global Holdings, Ltd. and Wellington Investment Advisors Holdings LLP respectively. Accordingly, Wellington Management Group LLP indirectly controls one-third or more of the voting rights in the shareholders' meeting of Wellington Management Singapore Pte. Ltd. and Wellington Management Company LLP, in accordance with SFO, Wellington Management Group LLP is deemed to be interested in Wellington Management Singapore Pte. Ltd.'s and Wellington Management Company LLP's interests in the Company's issued 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.

4) SERVICE CONTRACT

As at the Latest Practicable Date, no Directors or proposed directors had any existing service contract or proposed service contract with the Company or any of its subsidiaries which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

5) MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018 (being the date to which the latest published financial statements of the Company have been made up) and up to the Latest Practicable Date.

6) LITIGATION

Members of the Group are subject to litigation, arbitration or claims arising from or otherwise in connection with its ordinary course of business from time to time, including with respect to their customers, suppliers and market competitors.

Qingdao Pacific received a civil judgment on 7 May 2019 from the Intermediate Court of Qingdao Municipality, Shandong Province, the PRC in relation to the grant of an application for pre-claim evidence retention (訴前保全證據) made by China International Marine Containers (Group) Ltd. ("**CIMC**") regarding, among other things, alleged breaches by Qingdao Pacific of certain intellectual properties in connection with the transportation equipment used by Qingdao Pacific for its 53' containers (the "**Allegations**"). CIMC is a container manufacturer in the market.

The Company has been seeking legal advice on the Allegations and assessing the merits thereof and their implications on the Group as a whole. Based on the information available so far as at the Latest Practicable Date and taking into account the substance of the Allegations, subject to further developments and actions (if any), the Company did not consider that the Allegations constituted a litigation or claim of material importance to the Group as a whole as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, 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.

7) DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business which competed or might compete with the business of the Group, or had or might have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

8) DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date:

(a) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2018, being the date to which the latest published audited accounts of the Company were made up; and

(b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group,

save for Messrs. Teo Siong Seng, Teo Tiou Seng, Kuan Kim Kin and Tan Chor Kee in respect of the continuing connected transactions regarding (i) a tenancy agreement between a subsidiary of the Company and an associate of PIL (being the Company's controlling shareholder) as disclosed in the Company's announcement dated 29 December 2017; (ii) a master purchase contract between the Company and PIL as disclosed in the Company's announcement dated 30 October 2017 and circular dated 17 November 2017; and (iii) a master service contract between the Company and PIL as disclosed in the Company's announcement dated 14 December 2016 and supplemental announcement dated 23 December 2016.

9) EXPERT AND CONSENT

The following is the name and qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report or letter (as the case may be) and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not hold any shareholding in the Company or any of its subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Company or any of its subsidiaries.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which have been, since the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries.

10) MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business carried on or intended to be carried on by the Group) had been entered into by members of the Group within the two years immediately preceding the date of the Agreement and up to the Latest Practicable Date which are or may be material:

(a) the land transfer agreement dated 4 May 2017 entered into between Hui Zhou Pacific Container Co., Ltd and Huizhou Huijing Real Estate Development Co., Ltd*（惠州市匯景豐房地產開發有限公司）pursuant to which the Target Company agreed to sell three parcels of land with a total site area of 106,706 square metres in Huiyang, Huizhou City;

(b) the land transfer agreement dated 4 May 2017 entered into between Hui Zhou Pacific Container Co., Ltd and Huizhou Hefa Industrial Co., Ltd*（惠州市禾發實業有限公司）in which the Target Company agreed to purchase a parcel of land with a total area of 306,999 square meters in Huiyang, Huizhou City;

(c) the share transfer agreement dated 19 September 2017 entered into between the Company, Mitsubishi Corporation and Mitsubishi Corporation (Hong Kong) Limited in respect of the acquisition of 7% and 2% equity interests in Hui Zhou Pacific Container Co., Ltd from Mitsubishi Corporation and Mitsubishi Corporation (Hong Kong) Limited, respectively;

(d) the sale and purchase agreement dated 3 July 2018 entered into among the Company, Huizhou Shunjingyuan Industrial Co., Ltd.*（惠州市順景源實業有限公司）and Hui Zhou Pacific Container Co., Ltd in relation to the sale and purchase of the 100% of the equity interest in Hui Zhou Pacific Container Co., Ltd; and

(e) the Agreement.

11) MISCELLANEOUS

(a) The registered office of the Company is at 19th Floor, Rykadan Capital Tower, 135 Hoi Bun Road, Kowloon, 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.

12) 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, Rykadan Capital Tower, 135 Hoi Bun Road, Kowloon, Hong Kong from the date of this circular up to and including 26 June 2019:

(a) the memorandum of association of the Company;

(b) the report on review of unaudited combined financial information of the Target Companies as set out in appendix II to this circular;

(c) the report on unaudited pro forma financial information of the Remaining Group as set out in appendix III to this circular;

(d) the annual reports of the Company for the two years ended 31 December 2017 and 2018;

(e) the material contracts disclosed in the paragraph under the heading "Material Contracts" in this appendix to this circular; and

(f) this circular.

* *For identification purpose only*

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 an extraordinary general meeting of Singamas Container Holdings Limited (the "**Company**") will be held at Falcon Room, Basement, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Wednesday, 26 June 2019 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 Agreement (as defined in the circular of the Company dated 31 May 2019) and all the transactions contemplated thereunder be and are hereby approved, confirmed, authorised and ratified; and

(B) any director of the Company be and is hereby authorised, confirmed and ratified as be considers necessary or desirable, to sign and execute for and on behalf of the Company the Agreement and all other documents, deeds, instruments, notices or agreements to be incidental to, or ancillary to or in connection with the matters contemplated in the Agreement and, to do all such acts, matters or things for and on behalf of the Company, as may deem necessary or desirable to perfect, give full effect to or implement any terms of the transactions contemplated under the Agreement or any other matters in connection with the Agreement."

By Order of the Board
Chung Pui King, Rebecca
Company Secretary

Hong Kong, 31 May 2019

Registered office:
19th Floor,
Rykadan Capital Tower,
135 Hoi Bun Road,
Kowloon, Hong Kong

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 Friday, 21 June 2019 to Wednesday, 26 June 2019, 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 Thursday, 20 June 2019. The shareholders whose names appear on the register of members of the Company on Wednesday, 26 June 2019, the record date of the meeting, will be entitled to attend and vote at the meeting.