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SINGAMAS

SINGAMAS CONTAINER HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

Stock code: 0716

CONTINUING CONNECTED TRANSACTION

The Board is pleased to announce that on 12 January 2005, STHK, a company engages in the business of provision of Mid-stream Services and a wholly owned subsidiary of the Company, entered into the Terminal Agreement with PILHK to take effect retrospectively from 1 January 2005, for a term of three years for the provision of Mid-stream Services. This agreement has replaced the 2004 Agreement.

PILHK, a company in which Messrs. Chang Yun Chung, Teo Siong Seng and Teo Tiou Seng, Directors and shareholders of Pacific International Lines (Private) Limited, have beneficial interests, is an associate of Pacific International Lines (Private) Limited, the controlling and substantial shareholder of the Company, as defined under the Listing Rules. Accordingly, PILHK is a connected person of the Company under the Listing Rules.

The 2004 Agreement and the Terminal Agreement involve transactions, which occur on a recurring basis over a period of time; accordingly, the transactions constitute continuing connected transactions of the Company under the Listing Rules.

It is currently expected that the total amount of such transactions for the year ending 31 December 2004 will not exceed HK\$56 million. It is further estimated that the amount of such transactions during the three financial years ending 31 December 2005, 2006 and 2007 will not exceed HK\$58 million, HK\$60 million and HK\$62 million, respectively.

In view of each Percentage Ratios does not exceed 2.5% on an annual basis for the financial year ending 31 December 2004 and for three years commencing from 1 January 2005, pursuant to Rule 14A.34, the transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent Shareholders' approval requirements of Chapter 14A of the Listing Rules. Details of these transactions under the 2004 Agreement and the Terminal Agreement will be included in the Company's annual reports and accounts in accordance with the Listing Rules.

A waiver from strict compliance with the disclosure requirement with respect to such continuing connected transactions was given to the Company by the Stock Exchange on 23 June 1993 for an indefinite period. The Company, however, has not taken appropriate steps to ensure timely compliance with the new Listing Rules that have been in effect from 31 March 2004. The delayed disclosure of the above continuing connected transactions by the Company has breached the Listing Rules. The Stock Exchange reserves its rights to take action against the Company and its Directors regarding any non-compliance of the Listing Rules as it may consider appropriate.

BACKGROUND

STHK has been providing Mid-stream Services to PILHK under the 2004 Agreement, which was expired on 31 December 2004. On 12 January 2005, STHK entered into the Terminal Agreement with PILHK to take effect retrospectively from 1 January 2005 for a term of three years. The Terminal Agreement has replaced the 2004 Agreement.

It is estimated that the amount of STHK's transactions with PILHK, on annual basis, for the three years commencing from 1 January 2005 will exceed 1% threshold in Rule 14A.31(7) but will not exceed 2.5% threshold in Rule 14A.34 of the Listing Rules. Accordingly, pursuant to Rule 14A.34, the transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent Shareholders' approval requirements of Chapter 14A of the Listing Rules. The Directors (including the independent non-executive Directors) are of the opinion that the STHK's transactions with PILHK have and will be entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms (or on terms no less favourable to the Group than terms available to or from independent third parties); and (iii) on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

A waiver from strict compliance with the disclosure requirement with respect to such continuing connected transactions was given to the Company by the Stock Exchange on 23 June 1993 for an indefinite period. The Company, however, has not taken appropriate steps to ensure timely compliance with the new Listing Rules that have been in effect from 31 March 2004. The delayed disclosure of the above continuing connected transactions by the Company has breached the Listing Rules. The Stock Exchange reserves its rights to take action against the Company and its Directors regarding any non-compliance of the Listing Rules as it may consider appropriate.

The terms and conditions of the Terminal Agreement as described below are substantially the same as those of the 2004 Agreement.

THE TERMINAL AGREEMENT

Date:

12 January 2005, to take effect retrospectively from 1 January 2005

Parties:

- (a) STHK
- (b) PILHK

Scope/Consideration

Pursuant to the Terminal Agreement, STHK will enter into transactions with PILHK, a shipping agent, for the provision of Mid-stream Services in Hong Kong and the PRC. In consideration for receiving the Mid-stream Services, PILHK will pay STHK the Tariffs, which are determined at arm's length negotiations between STHK and PILHK with reference to prevalent market price and on terms no less favourable to the Group than terms available to or from independent third party customers.

Term

The Terminal Agreement will be in force for an initial period of three years commencing on 1 January 2005. The parties may thereafter enter into further agreement or renew this agreement for further period to be agreed, unless terminated by either party giving a specified period of notice to the other party. The Company will comply with the relevant requirements of the Listing Rules upon expiry of the term on 31 December 2007.

Estimated Annual Caps

It is estimated that the amount of Tariffs payable by PILHK to STHK and which is settled on a monthly basis during the three financial years ending 31 December 2005, 2006 and 2007 will not exceed HK\$58 million, HK\$60 million and HK\$62 million, respectively. Such caps are determined after taking into account (i) the historical Tariffs paid by PILHK to STHK for the three years ended 31 December 2001, 2002 and 2003 of approximately HK\$58 million, HK\$79 million and HK\$76 million, respectively, (ii) the estimated amount of Tariffs paid by PILHK to STHK for the year ended 31 December 2004 of approximately HK\$56 million; and (iii) estimated projection of Tariffs receivable from PILHK for the years ending 31 December 2005, 2006 and 2007 in view of the anticipated business growth of PILHK. Prior to 2004, STHK was PILHK's sole provider of Mid-stream Services. Starting in 2004, PILHK has appointed other mid-stream service providers; accordingly, the amount of STHK's transactions with PILHK has decreased in 2004 from the previous years. The Board is of the view that these annual caps are fair and reasonable.

REASONS FOR THE TERMINAL AGREEMENT

The principal activities of the Group are engaged in the businesses of container manufacturing, container depot/terminal and mid-stream operations.

STHK is engaged in the business of provision of Mid-stream Services in Hong Kong and the PRC. The Terminal Agreement will provide the Group an additional source of revenue. The Directors consider that it is in the interests of the Company and the Shareholders (including the independent Shareholders) for STHK to enter into the Terminal Agreement, which will enable the Group to generate steady revenue from the provision of Mid-stream Services.

The Board (including the independent non-executive Directors) considers the terms and conditions of the Terminal Agreement are fair and reasonable and are on normal commercial terms.

CONNECTED TRANSACTION

None of the Directors or the substantial shareholders of the Company is interested in the Terminal Agreement other than their respective shareholdings in the Company and PILHK.

PILHK, a company in which Messrs. Chang Yun Chung, Teo Siong Seng and Teo Tiou Seng, Directors and shareholders of Pacific International Lines (Private) Limited, have beneficial interests, is an associate of Pacific International Lines (Private) Limited, the controlling and substantial shareholder of the Company, as defined under the Listing Rules. Accordingly, PILHK is a connected person of the Company under the Listing Rules. The 2004 Agreement and the Terminal Agreement involve transactions, which occur on a recurring basis over a period of time; accordingly, the transactions constitute continuing connected transactions of the Company under the Listing Rules and will normally subject to the requirements of reporting, announcement and approval by the independent Shareholders as set out in Chapter 14A of the Listing Rules.

It is estimated that the amount of STHK's transactions with PILHK, on annual basis, for the three years commencing from 1 January 2005 will exceed 1% threshold in Rule 14A.31(7) but will not exceed 2.5% for each of the Percentage Ratios in the threshold tests in Rule 14A.34 of the Listing Rules. Accordingly, pursuant to Rule 14A.34, the transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent Shareholders' approval requirements of Chapter 14A of the Listing Rules. Details of these transactions under the 2004 Agreement and the Terminal Agreement will be included in the Company's annual reports and accounts in accordance with the Listing Rules.

GENERAL

Singamas is an investment holding company incorporated in Hong Kong and the activities of the Group include manufacturing dry freight containers, collapsible flatrack containers, open top containers, bitutainers, refrigerated containers, other specialised containers and container parts; provision of logistic services, including operating container depots, container terminal, mid-stream and container logistics.

DEFINITIONS

“2004 Agreement”	the terminal agreement dated 1 January 2004 made between STHK and PILHK and was expired on 31 December 2004
“Board”	the board of Directors of Singamas
“Company” or “Singamas”	Singamas Container Holdings Limited, the shares of which are listed and traded on the Stock Exchange and the Singapore Exchange Limited
“Director(s)”	the director(s) of Singamas
“Group”	Singamas together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Hong Kong”	Hong Kong Special Administrative Region, the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Mid-stream Services”	mid-stream services being performed by STHK under the 2004 Agreement and the Terminal Agreement, including but not limited to container handling, repair, storage, tackle, transshipment and repositioning
“Percentage Ratios”	the percentage ratios, other than the profits ratio, under Rule 14.07 of the Listing Rules
“PILHK”	Pacific International Lines (HK) Limited, a company incorporated in Hong Kong and in which Messrs. Chang Yun Chung, Teo Siong Seng and Teo Tiou Seng, Directors and shareholders of Pacific International Lines (Private) Limited, have beneficial interests and therefore, an associate of Pacific International Lines (Private) Limited, the controlling and substantial shareholder of the Company, as defined under the Listing Rules
“PRC”	the People's Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
“Shareholders”	shareholders of the Company
“STHK”	Singamas Terminals (Hong Kong) Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

“Tariffs”	the tariffs paid by PILHK to STHK for the provision of Mid-stream Services
“Terminal Agreement”	the terminal agreement dated 12 January 2005 made between STHK and PILHK to take effect retrospectively from 1 January 2005, is for a period of three years and will be ended on 31 December 2007
“%”	per cent.

On Behalf of the Board
Chang Yun Chung
Chairman

Hong Kong, 12 January 2005

The directors of the Company as at the date of this announcement are Mr. Chang Yun Chung (also known as Mr. Teo Woon Tiong), Mr. Teo Siong Seng, Mr. Hsueh Chao En, Mr. Teo Tiou Seng and Mr. Jin Xu Chu as executive directors, Mr. Kuan Kim Kin as non-executive director and Mr. Ngan Man Kit, Alexander, Mr. Ong Ka Thai and Mr. Soh Kim Soon as independent non-executive directors.

Please also refer to the published version of this announcement in The Standard.