



THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)
(the "Exchange")

11 June 2007

CRITICISM

of

Singamas Container Holdings Limited ("the Company") (Stock code: 0716) for Delay in Disclosing Guarantees given to Affiliated Companies and Continuing Connected Transactions

The Exchange hereby publicly criticises the Company for failing to:

- (1) disclose in a timely manner the guarantees given to affiliated companies thereby breaching Rule 13.16 and Rule 14.34 of the Listing Rules; and
- (2) disclose in a timely manner the continuing connected transactions with a connected entity thereby breaching Rule 14A.34 of the Listing Rules.

Late disclosure of guarantees given to affiliated companies and continuing connected transactions with a connected entity.

The Guarantees given to affiliated companies

From 11 June 2003 to 30 September 2004, the Company and the banks have entered into respective Guarantee Agreements for the provision of guarantees (the "Guarantees") by the Company to certain affiliated companies to secure repayment of loans/bank facilities.

The Guarantees given to Shanghai Baoshan Pacific Container Co., Ltd and Tianjin Pacific Containers Co., Ltd., two of the Company's affiliated companies, amounted to 9.96 per cent and 7.07 per cent of the Group's consolidated total assets as at 30 June 2004 respectively. The provision of Guarantees by the Company to these two affiliated companies also constituted disclosable transactions under Chapter 14 of the Listing Rules. As the aggregate sum of the Guarantees exceeded the 8 per cent threshold, the Company should also have disclosed details of such Guarantees given by the Group pursuant to Rule 13.16 of the Listing Rules.

Rule 13.16 stipulates that a general disclosure obligation will arise where any of the percentage ratios of the financial assistance to affiliated companies of an issuer, and guarantees given for facilities granted to affiliated companies of an issuer together in aggregate exceeds 8 per cent.

The Company did not disclose the Guarantees until 17 November 2004 by means of an announcement published on that day.

Continuing Connected Transactions with a connected entity

On 12 January 2005, Singamas Terminals (Hong Kong) Limited (“STHK”), a wholly owned subsidiary of the Company, entered into a terminal agreement with Pacific International Lines (HK) Limited (“PILHK”), a company in which certain directors and shareholders of Pacific International Lines (Private) Limited, the controlling and substantial shareholder of the Company, have beneficial interests, to take effect retrospectively from 1 January 2005 for a term of three years for the provision of mid-stream services.

The terminal agreement has replaced a previous agreement dated 1 January 2004 made between STHK and PILHK which expired on 31 December 2004. Pursuant to Rule 14A.34, the transactions are only subject to the reporting and announcement requirements.

Notwithstanding the fact that a waiver from strict compliance with the disclosure requirement with respect to the continuing transactions was given to the Company on 23 June 1993 for an indefinite period, the Company admitted that it has not taken appropriate steps to ensure timely compliance with the new Listing Rules that have been in effect from 31 March 2004. The Company did not disclose the continuing connected transactions until 12 January 2005 by means of an announcement published on that date.

The Company has admitted breaching Listing Rules 13.16, 14.34 and 14A.34.

Having considered the foregoing facts and the representations made by the parties concerned, the Listing Committee has concluded that the Company was in breach of Listing Rules 13.16, 14.34 and 14A.34.

Accordingly, the Listing Committee hereby criticises the Company for the breaches mentioned above.

The Exchange confirms that this criticism applies only to the Company and not to any past or present member of the Board of Directors of the Company.

Richard Williams, Head of Listing, said, “Rules 13.16 and 14.34 impose unambiguous and clearly defined obligations on listed issuers to disclose guarantees or other transactions of a particular size and magnitude to affiliated companies in a timely manner, and are also required by Rule 14A.34 to disclose continuing connected transactions when specified limits have been reached.

Compliance with these obligations is important to inform shareholders and the market of the financial position of issuers and consequently to facilitate the making of informed investment decisions. To this end, it is the responsibility of management of listed issuers to ensure that they have adequate knowledge of the requirements of the rules and keep themselves informed of changes in the scope and effect of the rules on an ongoing basis. By taking such action they will then be in a position to ensure that they are in a position to design and implement internal control systems tailored to the needs of the business by which compliance with the rules will be procured.

In case of doubt, listed issuers and their management are encouraged to consult professionals or seek guidance from the Exchange regarding interpretation and implementation of Listing Rules.”