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## **SITC International Holdings Company Limited**

**海豐國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1308)**

### **CONNECTED TRANSACTION**

#### **SALE OF A VESSEL**

On 19 December 2014, Sheng Lian Shipping, an indirect wholly-owned subsidiary of the Company entered into the MOA with SITC Steamships, pursuant to which Sheng Lian Shipping as the seller agreed to sell to SITC Steamships as buyer the Vessel, a 847 TEU container vessel, for a consideration of US\$3,400,000 (approximately HK\$26,520,000).

SITC Steamships is indirectly owned as to 62.5% by Ms. Liu Rongli, the spouse of Mr. Yang Shaopeng, the controlling shareholder of the Company and an executive Director. Accordingly, SITC Steamships is a connected person of the Company and the entering into of the MOA constitutes a connected transaction of the Company for the purpose of the Listing Rules.

As each the applicable percentage ratios (other than profit ratio) as defined under Chapter 14A of the Listing Rules in respect of the transactions under the MOA is more than 0.1% but less than 5%, the entering into of the MOA is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules

#### **BACKGROUND FOR THE TRANSACTIONS**

On 19 December 2014, Sheng Lian Shipping, an indirect wholly-owned subsidiary of the Company entered into the MOA with SITC Steamships, pursuant to which Sheng Lian Shipping agreed to sell to SITC Steamships the Vessel, a 847 TEU container vessel, for a consideration of US\$3,400,000 (approximately HK\$26,520,000).

Principal terms of the MOA are set out below.

## **THE MOA**

- Date : 19 December 2014
- Buyer : SITC Steamships. As of the date of this announcement, SITC Steamships is indirectly owned as to 62.5% by Ms. Liu Rongli, the spouse of Mr. Yang Shaopeng, an executive Director and the controlling shareholder of the Company. Accordingly, SITC Steamships is a connected person of the Company and the entering into of the MOA constitutes a connected transaction of the Company for the purpose of the Listing Rules.
- Seller : Sheng Lian Shipping, an indirect wholly-owned subsidiary of the Company
- Asset to be sold : A 847 TEU container vessel named “SITC SHANGHAI”. The present flag of the Vessel is Panama and the place of registration is Panama. The Classification Society of the Vessel is American Bureau of Shipping. The Vessel was originally acquired by the Company in 2002 at a costs of US\$12,400,000 (approximately HK\$96,720,000).
- Profit attributable to the Vessel : The profit (both before and after tax) attributable to the Vessel were US\$1,200,000 (approximately HK\$9,360,000) and US\$1,700,000 (approximately HK\$13,260,000) for the two years ended 31 December 2012 and 2013, respectively.
- Net asset value of the Vessel : The net asset value of the Vessel as at 30 November 2014 was approximately US\$5,800,000 (approximately HK\$45,240,000).
- Consideration : The consideration for the Vessel is US\$3,400,000 (approximately HK\$26,520,000), payable entirely in cash. Such consideration was determined upon arm’s length negotiation between the buyer and seller with reference to the valuation of the Vessel as at 17 December 2014 as assessed by Clarkson Valuations, an internationally recognised vessel assessment institution.

The Directors believe that such consideration, which was determined after arm's length negotiation, on normal commercial terms, is fair and reasonable so far as the Company and the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

- Payment terms : The consideration for the sale of Vessel shall be paid in full on delivery in accordance with the provisions of the MOA and shall be no later than three banking days after the issue of the notice showing that the Vessel is ready for delivery.
- Completion and delivery : The delivery of the Vessel will take place from 20 December 2014 to 30 June 2015 and the time for delivery of the Vessel is determined by the seller.
- Expected loss on disposal : The expected loss on disposal of the Vessel, being US\$2,400,000 (approximately HK\$18,720,000), is calculated as the difference between the sale consideration of the Vessel and its approximate net asset value as at 30 November 2014. Such disposal loss is expected to accrue to the consolidated income statement of the Company in the financial year ending 31 December 2014.
- Application of sale proceeds : The Directors currently intend to apply the proceeds in connection with the Disposal as general working capital of the Company.

## **REASONS FOR THE TRANSACTIONS**

The Company is an Asian shipping logistics company that provides integrated transportation and logistics solutions.

The Vessel is one of the older vessels owned by the Group. The sale of the Vessel will enable the Company to generate cash which is intended to be used for general working capital purpose. Further, the sale of the Vessel will not have any effect upon the existing operation of the Group.

The Directors, including the independent non-executive Directors, consider that the terms of MOA were concluded under normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

SITC Steamships is indirectly owned as to 62.5% by Ms. Liu Rongli, the spouse of Mr. Yang Shaopeng, an executive Director and the controlling shareholder of the Company. Accordingly, SITC Steamships is a connected person of the Company and the entering into of the MOA constitutes a connected transaction of the Company for the purpose of the Listing Rules. Mr. Yang Shaopeng is considered to be interested in the transaction, and he has abstained from voting for the Board resolution to approve the MOA.

As each the applicable percentage ratios (other than profit ratio) as defined under Chapter 14A of the Listing Rules in respect of the transactions under the MOA is more than 0.1% but less than 5%, the entering into of the MOA is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **GENERAL**

Sheng Lian Shipping is a company incorporated in Panama and an indirect wholly-owned subsidiary of the Company, principally engaged in vessel chartering business in Asia.

SITC Steamships is a company incorporated in the PRC and principally engaged in shipping business in Asia.

As at the date of this announcement, Ms. Liu Rongli, the spouse of Mr. Yang Shaopeng, an executive Director, indirectly holds 62.5% interests in SITC Steamships. Further, Mr. Yang Xianxiang, Mr. Liu Kecheng, Mr. Xue Peng, Mr. Lai Zhi Yong and Mr. Xue Mingyuan, each an executive Director, also indirectly holds 7.97%, 2.11%, 0.52%, 0.12% and 0.06% interests in SITC Steamships, respectively. Accordingly, each of Mr. Yang Shaopeng, Mr. Yang Xianxiang, Mr. Liu Kecheng, Mr. Xue Peng, Mr. Lai Zhi Yong and Mr. Xue Mingyuan is considered to be interested in the transaction and they have therefore abstained from voting for the Board resolution to approve the MOA.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	means the board of directors of the Company;
“Classification Society”	means an independent society which certifies that a vessel has been built and maintained in accordance with the rules of such society and in compliance with the applicable rules and regulations of the vessel’s flag state and the international conventions of which that flag state is a signatory;
“Company”	SITC International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Directors”	means the directors of the Company;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK Dollar” or “HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“MOA”	the legally binding unconditional memorandum of agreement dated 19 December 2014 entered into between Sheng Lian Shipping and SITC Steamships in relation to the sale of the Vessel;
“Shareholders”	means the shareholders of the Company;
“Sheng Lian Shipping”	Sheng Lian Shipping Enterprises Inc., a company incorporated in Panama and an indirectly-wholly owned subsidiary of the Company;
“SITC Steamships”	SITC Steamships Co., Ltd., a company incorporated in the PRC;

“Stock Exchange” means The Stock Exchange of Hong Kong Limited;

“US Dollar” or “US\$” means United States dollar, the lawful currency of the United States; and

“Vessel” means a 847 TEU container vessel named “SITC SHANGHAI”. The present flag of the Vessel is Panama and the place of registration is Panama. The Classification Society of the Vessel is American Bureau of Shipping.

By order of the Board  
**SITC International Holdings Company Limited**  
**Yang Shaopeng**  
*Chairman*

Hong Kong, 19 December 2014

*Note: An exchange rate of US\$1.00 to HK\$7.80 has been used for the conversion of US Dollars into HK Dollars for the purpose of this announcement.*

*As at the date of this announcement, the executive directors of the Company are Mr. Yang Shaopeng, Mr. Yang Xianxiang, Mr. Liu Kecheng, Mr. Xue Peng, Mr. Lai Zhiyong, Mr. Xue Mingyuan; and the independent non-executive directors of the Company are Mr. Tsui Yung Kwok, Mr. Yeung Kwok On, Mr. Lo Wing Yan, William and Mr. Ngai Wai Fung.*