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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)

REVISED ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 27 December 2012 in relation to, among others, the 2012 Master Agency Agreement.

On 1 September 2015, the Company and Qingdao SITC entered into the Supplemental Master Agency Agreement to increase the annual cap for the provision of agency services by Qingdao SITC to the Company and its subsidiaries under the 2012 Master Agency Agreement to take into account of the ongoing transactions with Qingdao SITC.

As the applicable percentage ratios as defined under Chapter 14A of the Listing Rules on the revised annual caps under the Supplemental Master Agency Agreement is more than 0.1% but less than 5% on an annual basis for the year ending 31 December 2015, the revision to the annual cap for the provision of agency services by Qingdao SITC under the 2012 Master Agency Agreement are subject to the reporting and announcement requirements set out in Rule 14A.54 of the Listing Rules and are exempted from independent shareholders' approval under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 27 December 2012 in relation to, among others, the 2012 Master Agency Agreement.

2012 MASTER AGENCY AGREEMENT

On 27 December 2012, the Company and Qingdao SITC entered into the 2012 Master Agency Agreement, pursuant to which the Company agreed that its subsidiaries will provide container shipping services to the shipping agency companies of Qingdao SITC and Qingdao SITC agreed to provide agency services to the Company.

Set out below is a summary of the principal terms of the 2012 Master Agency Agreement:

Date:	27 December 2012
Parties:	(i) the Company. (ii) Qingdao SITC, a company which is 62.5% owned by Ms. Liu Rongli, the spouse of Mr. Yang Shaopeng, an executive Director and the controlling shareholder of the Company.
Subject:	Pursuant to the 2012 Master Agency Agreement, the Company agreed that its subsidiaries will provide container shipping services to the shipping agency companies of Qingdao SITC and Qingdao SITC agreed to provide agency services to the Company.
Term:	The 2012 Master Agency Agreement has a fixed term of three years commencing from 1 January 2013 to 31 December 2015 (both days inclusive).
Price:	The agency service fees were determined based on the prevailing rates for services to third party customers.
Payment:	Payment of the services to be provided under the 2012 Master Agency Agreement is payable to the designated accounts of the parties on a monthly basis.

As Qingdao SITC is a company which is 62.5% owned by Ms. Liu Rongli, the spouse of Mr. Yang Shaopeng, an executive Director and the controlling shareholder of the Company. Accordingly, the entering into of the 2012 Master Agency Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

REVISION OF ANNUAL CAP

The 2012 Master Agency Agreement has a term of three financial years ending 31 December 2015, subject to, among other things, the aggregate annual amount of the service fees for the years 2013, 2014 and 2015 to be received and paid by the Company not exceeding the followings:

For the year ending 31 December	Annual caps for the service fees to be received by the Company (in US\$)	Annual caps for the service fees to be paid by the Company (in US\$)
2013	27,000,000	2,000,000
2014	28,000,000	2,100,000
2015	34,000,000	2,200,000

The total service fees received by and paid by the Company for the period from 1 January 2015 to 31 July 2015 amounted to approximately US\$11,034,083 and US\$1,441,112, respectively. The Directors confirm that the annual caps for the 2012 Master Agency Agreement for the year ending 31 December 2015 has not been exceeded up to the date of this announcement.

Reasons for the revision annual cap

Qingdao SITC is an investment holding company and it has been providing agency services to the Company and the Company and its subsidiaries have been providing container shipping services to the shipping agency companies of Qingdao SITC, in each case, as part of their normal and ordinary course of business.

Due to the expected increases in the demand for agency services to be provided by Qingdao SITC in the remaining months of 2015, the volume of transactions conducted thus far during 2015, the Directors expect that the service fees to be paid by the Company in relation to the provision of agency services by Qingdao SITC under the 2012 Master Agency Agreement will exceed the annual cap provided under the 2012 Master Agency Agreement for the year ending 31 December 2015. For the years ended 31 December 2013 and 2014, the total service fees paid by the Company under the 2012 Master Agency Agreement amounted to approximately US\$1,236,565 and US\$1,858,575, respectively.

Accordingly, on 1 September 2015, the Company and Qingdao SITC entered into the Supplemental Master Agency Agreement to increase the annual cap of the service fees to be paid by the Company under the 2012 Master Agency Agreement for the year ending 31 December 2015 to US\$4,000,000.

The service fees to be paid by the Company under the Supplemental Master Agency Agreement for the year ending 31 December 2015 was determined after arm's length negotiation between the Company and Qingdao SITC, with reference to the (i) historical transaction amounts; and (ii) the prevailing market rate for services of similar nature. The increase of the annual cap was determined by reference to (i) the actual transaction amounts paid to Qingdao SITC for the services provided by Qingdao SITC to the Company for the years ended 31 December 2013; and (ii) the projected requirements of the services required from Qingdao SITC by the Company for the period up to 31 December 2015. Unless otherwise agreed by the parties, the service fees is payable to the designated accounts of Qingdao SITC on a monthly basis.

The Directors (including the independent non-executive Directors) consider that the transactions under the Supplemental Master Agency Agreement are entered into in the usual and ordinary course of business of the Group are conducted on an arm's length basis and on normal commercial terms between the Company and Shandong SITC, the increase of the annual cap under the Supplemental Master Agency Agreements is fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios as defined under Chapter 14A of the Listing Rules on the revised annual cap under the Supplemental Master Agency Agreement is more than 0.1% but less than 5% on an annual basis for the year ending 31 December 2015, the revisions to the annual cap for the provision of agency services by Qingdao SITC under the 2012 Master Agency Agreement are subject to the reporting and announcement requirements set out in Rule 14A.54 of the Listing Rules and are exempted from independent shareholders' approval under Chapter 14A of the Listing Rules.

GENERAL

The Group is a PRC-based shipping logistics company that provides integrated transportation and logistics solutions.

Qingdao SITC is principally engaged in investment holding, ship owning and shipping agency.

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 Qingdao SITC. 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 Qingdao SITC, 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 transactions contemplated thereunder.

The Company will comply with the relevant provisions under Chapter 14A of the Listing Rules governing connected transactions in the event that the total amount of the transactions under any of the Supplemental Master Agency Agreement on an aggregated basis exceeds 5% for each of the percentage ratios (other than the profit ratio), or that there is any material amendment to their terms.

DEFINITIONS

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

“2012 Master Agency Agreement”	the master agency agreement dated 27 December 2012 entered into between the Company and Qingdao SITC in relation to the provision of mutual agency services by and between the Company and Qingdao SITC
“Board”	the board of Directors
“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
“connected person”	has the same meaning as given to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Qingdao SITC”	SITC Maritime Group Company Limited (青島海豐國際航運集團有限公司) a connected person of the Company in which 62.5% interest is owned by Ms. Liu Rongli, the spouse of Mr. Yang Shaopeng, a controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“Supplemental Master Agency Agreement”	the supplemental agreement dated 1 September 2015 entered into between the Company and Qingdao SITC in relation to the revision to the annual cap for the year ending 31 December 2015 for the provision of agency services by Qingdao SITC contemplated under the 2012 Master Agency Agreement
“US\$”	US dollars, the lawful currency in the United States
“%”	per cent.

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

The People’s Republic of China, Hong Kong, 1 September 2015

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