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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)**

**(1) CONNECTED TRANSACTION —  
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF HAI  
LIAN SHIPPING ENTERPRISES INC.;**  
**AND**  
**(2) EXEMPTED CONTINUING CONNECTED TRANSACTION —  
BAREBOAT CHARTER AGREEMENT**

On 28 June 2016, New SITC Development, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with SITC Shipping, pursuant to which New SITC Development agreed to transfer the Sale Shares, representing the entire issued share capital of Hai Lian Shipping, to SITC Shipping. Upon Completion, Hai Lian Shipping will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial results of the Group.

Upon Completion, SITC Shipping will hold the entire issued share capital of Hai Lian Shipping, which owns the legal title of the vessel “*SITC Ningbo*”, the vessel used by the Group for operating the mainland China-Taiwan route.

Further, on 28 June 2016, New SITC Development, a wholly-owned subsidiary of the Company, entered into the Bareboat Charter Agreement with Hai Lian Shipping, pursuant to which Hai Lian Shipping agreed to lease the vessel “*SITC Ningbo*” to New SITC Development for a term of 10 years commencing from the date of the Bareboat Charter Agreement.

## **LISTING RULES IMPLICATION**

### **A. *Sale and Purchase Agreement***

SITC Shipping is a wholly-owned subsidiary of Qingdao SITC and Qingdao SITC is a company in which 62.5% interest is owned by Ms. Liu Rongli, the spouse of Mr. Yang Shaopeng. Mr. Yang Shaopeng is a controlling Shareholder, chairman and an executive Director. SITC Shipping is therefore a connected person of the Company for the purpose of the Listing Rules and the entering of the Sale and Purchase Agreement constitutes a connected transaction for the Company. As the applicable percentage ratios in respect of the Disposal are more than 0.1% but less than 5%, the entering into the Sale and Purchase Agreement and the Disposal contemplated thereunder are subject to the reporting and announcement requirements but exempted from shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Yang Shaopeng is considered to be interested in the transaction contemplated under the Sale and Purchase Agreement. Further, Mr. Yang Xianxiang, Mr. Liu Kecheng, Mr. Xue Peng, Mr. Xue Mingyuan and Mr. Lai Zhiyong, each an executive Director, also holds 7.97%, 2.11%, 0.52%, 0.06% and 0.12% interests in Qingdao SITC, respectively. Accordingly, each of Mr. Yang Shaopeng, Mr. Yang Xianxiang, Mr. Liu Kecheng, Mr. Xue Peng, Mr. Xue Mingyuan and Mr. Lai Zhiyong have abstained from voting for the Board resolution to approve the Disposal.

### **B. *Bareboat Charter Agreement***

Upon completion of the Disposal, Hai Lian Shipping will become a wholly-owned subsidiary of SITC Shipping, which in turns is wholly-owned by Qingdao SITC. Hai Lian Shipping will therefore become a connected person of the Company for the purpose of the Listing Rules and the entering into of the Bareboat Charter Agreement constitutes a continuing connected transaction for the Company. As all of the applicable percentage ratios of the proposed annual caps in respect of the transactions contemplated under the Bareboat Charter Agreement are below 0.1%, such transactions and the proposed annual caps for such transactions are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **CONNECTED TRANSACTION - DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF HAI LIAN SHIPPING ENTERPRISES INC.**

On 28 June 2016, New SITC Development, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with SITC Shipping, pursuant to which New SITC Development agreed to transfer the Sale Shares, representing the entire issued share capital of Hai Lian Shipping, to SITC Shipping.

### **The Sale and Purchase Agreement**

**Date:** 28 June 2016

**Parties:** (1) New SITC Development, a wholly-owned subsidiary of the Company, as the vendor; and  
(2) SITC Shipping, a wholly-owned subsidiary of Qingdao SITC, as the purchaser.

### **Assets to be disposed**

Pursuant to the Sale and Purchase Agreement, New SITC Development agreed to transfer the Sale Shares, representing the entire issued share capital of Hai Lian Shipping, to SITC Shipping.

### **Completion**

Completion is expected to take place simultaneously on the date of entering of the Sale and Purchase Agreement.

Upon Completion, Hai Lian Shipping will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial results of the Group.

### **Consideration**

The consideration for the Disposal is US\$6,641,985.25 (equivalent to approximately HK\$51,541,805.54) and will be payable by SITC Shipping to New SITC Development at Completion.

The Sale and Purchase Agreement was entered into after arm's length negotiation between the parties involved and based on normal commercial terms, and the consideration was determined with reference to (i) the net asset value of Hai Lian Shipping as at 31 May 2016; and (ii) the balance of (credit / debit) the current account of New SITC Development (as shareholder of Hai Lian Shipping) as at 31 May 2016.

## Information on Hai Lian Shipping

Hai Lian Shipping is a company incorporated in Panama and is a holding management company mainly engaged in shipping ancillary and complementary businesses with a vessel named “SITC Ningbo” under its direct management.

Set out below is the financial information of Hai Lian Shipping for the two financial years ended 31 December 2014 and 2015, prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>For the year ended 31 December 2014</b>	<b>For the year ended 31 December 2015</b>
	<i>(US\$' million)</i>	<i>(US\$' million)</i>
Turnover	2.3	2.7
Profit before taxation	0.5	0.9
Profit after taxation	0.5	0.9

The total asset value and net asset value of Hai Lian Shipping as at 31 December 2015 based on the financial statements were approximately US\$6.9 million and US\$0.9 million, respectively.

## Reason for and benefit of the Disposal

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

Pursuant to the applicable PRC rules and requirements, only shipping companies incorporated in the PRC or Taiwan by domestic investors are permitted to engage in the mainland China-Taiwan route using vessels owned or operated by them, and shipping companies incorporated outside mainland China and Taiwan are not allowed to engaged in such operation. The Group has been operating the mainland China-Taiwan route under a vessel charter arrangement where vessels owned by the Group were chartered to shipping companies incorporated in the PRC which own the operational right of the mainland China-Taiwan route. Such shipping companies would then appoint the Group as its exclusive representative for the route with the Group being responsible for all costs in relation to the operation of such vessels (the “**Vessel Charter Arrangement**”). By entering into such Vessel Charter Arrangement, the Group receives all the economic benefits and bears all the liabilities from such operation. Pursuant to the latest amendment to the applicable PRC rules and requirements, vessels owned by shipping companies incorporated outside mainland China and Taiwan are not allowed to be used for operating the mainland

China-Taiwan route. Accordingly, necessary adjustment has to be made to the Vessel Charter Arrangement to ensure that the Group will be able to operate the mainland China-Taiwan route. The Disposal is for the purpose of the adjustment to enable the Group to continue to operate the mainland China-Taiwan route with minimal disruption. Upon completion of the Disposal, SITC Shipping will hold the entire issued share capital of Hai Lian Shipping, which owns the legal title of the vessel “*SITC Ningbo*”, the vessel for operating the mainland China-Taiwan route. Simultaneously, Hai Lian Shipping will enter into the Bareboat Charter Agreement with New SITC Development pursuant to which Hai Lian Shipping will lease “*SITC Ningbo*” back to New SITC Development. As a result of which, the Group will continue to receive all the economic benefits and bear all the liabilities from the operation of the mainland China-Taiwan route by “*SITC Ningbo*” under the adjusted Vessel Charter Arrangement.

Accordingly, the Directors, including the independent non-executive Directors, consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are entered into upon normal commercial terms following arm’s length negotiations among the parties and the terms are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

### **Financial effects of the Disposal**

Based on the consideration for the Disposal and the subsequent leasing arrangement as described under the paragraph headed “Reason for and Benefit of the Disposal” above, it is expected that no actual gain/loss will be recognized immediately at the time of Disposal in the financial results of the Group.

### **Listing Rules Implication**

SITC Shipping is a wholly-owned subsidiary of Qingdao SITC and Qingdao SITC is a company in which 62.5% interest is owned by Ms. Liu Rongli, the spouse of Mr. Yang Shaopeng. Mr. Yang Shaopeng is a controlling Shareholder, chairman and an executive Director. SITC Shipping is therefore a connected person of the Company for the purpose of the Listing Rules and the entering of the Sale and Purchase Agreement constitutes a connected transaction for the Company. As the applicable percentage ratios in respect of the Disposal are more than 0.1% but less than 5%, the entering into the Sale and Purchase Agreement and the Disposal contemplated thereunder are subject to the reporting and announcement requirements but exempted from shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Yang Shaopeng is considered to be interested in the transaction contemplated under the Sale and Purchase Agreement. Further, Mr. Yang Xianxiang, Mr. Liu Kecheng, Mr. Xue Peng, Mr. Xue Mingyuan and Mr. Lai Zhiyong, each an executive Director, also holds 7.97%, 2.11%, 0.52%, 0.06% and 0.12% interests in Qingdao SITC, respectively. Accordingly, each of Mr. Yang Shaopeng, Mr. Yang Xianxiang, Mr. Liu Kecheng, Mr. Xue Peng, Mr. Xue Mingyuan and Mr. Lai Zhiyong have abstained from voting for the Board resolution to approve the Disposal.

#### **EXEMPTED CONTINUING CONNECTED TRANSACTION — BAREBOAT CHARTER AGREEMENT**

As set out in the paragraph headed “Reason for and Benefit of the Disposal” above, upon completion of the Disposal, Hai Lian Shipping, which owns the legal title of the vessel “*SITC Ningbo*”, will enter into the Bareboat Charter Agreement with New SITC Development pursuant to which Hai Lian Shipping will charter the vessel “*SITC Ningbo*” to New SITC Development.

On 28 June 2016, New SITC Development, a wholly-owned subsidiary of the Company, entered into the Bareboat Charter Agreement with Hai Lian Shipping, pursuant to which Hai Lian Shipping agreed to lease the vessel “*SITC Ningbo*” to New SITC Development for a term of 10 years commencing from the date of the Bareboat Charter Agreement. The charter fee is US\$1,819 (equivalent to approximately HK\$14,115) per day and shall be paid in one lump sum upon the entering of the Bareboat Charter Agreement. Further, pursuant to the Bareboat Charter Agreement, New SITC Development or its related companies have been granted the right to acquire the entire interest of the vessel “*SITC Ningbo*” or Hai Lian Shipping at a nominal price anytime at its discretion.

The chartering of “*SITC Ningbo*” under the Bareboat Charter Agreement is for a term of 10 years, being the remaining life of “*SITC Ningbo*”. Accordingly, the Directors, including the independent non-executive Directors, consider that the term of the Bareboat Charter Agreement and the 10-year lease term contemplated thereunder are entered into upon normal commercial terms following arm’s length negotiations among the parties and the terms are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Upon completion of the Disposal, Hai Lian Shipping will become a wholly-owned subsidiary of SITC Shipping, which in turns is wholly-owned by Qingdao SITC. Hai Lian Shipping will therefore become a connected person of the Company for the purpose of the Listing Rules and the entering into of the Bareboat Charter Agreement constitutes a continuing connected transaction for the Company. As all of the applicable percentage ratios of the proposed annual caps in respect of the transactions

contemplated under the Bareboat Charter Agreement are below 0.1%, such transactions and the proposed annual caps for such transactions are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## GENERAL

New SITC Development is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company principally engaged in container transport business.

SITC Shipping is a company incorporated in Hong Kong and a wholly-owned subsidiary of Qingdao SITC principally engaged in container transport business.

## DEFINITIONS

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

“Bareboat Charter Agreement”	the bareboat charter agreement dated 28 June 2016 entered into by and between Hai Lian Shipping and New SITC Development in relation to the leasing of “ <i>SITC Ningbo</i> ” by Hai Lian Shipping to New SITC Development
“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
“Completion”	completion of the Disposal in accordance with its terms and conditions of the Sale and Purchase Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company, including the independent non-executive directors of the Company
“Disposal”	the disposal of the entire issued share capital of Hai Lian Shipping as contemplated by the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries

“Hai Lian Shipping”	Hai Lian Shipping Enterprises Inc., a company incorporated in Panama
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New SITC Development”	New SITC Development Co., Ltd., a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“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, one of the controlling Shareholders, chairman and an executive Director
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 June 2016 entered into between New SITC Development and SITC Shipping in relation to the Disposal
“Sale Shares”	the entire issued share capital of Hai Lian Shipping
“Shareholders”	holders of the Shares
“Shares”	ordinary shares with a par value of HK\$0.10 each in the capital of the Company



“SITC Shipping”	SITC Shipping Group Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Qingdao SITC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

*\* for identification purposes only*

*For the purpose of this announcement, the exchange rates of US\$1.00 = HK\$7.76 have been used for currency translation, where applicable. Such exchange rates are for illustration purposes and do not constitute representations that any amount in US\$ or HK\$ have been, could have been or may be converted at such rates.*

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

Hong Kong, 28 June 2016

*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 and Dr. Ngai Wai Fung.*