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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)

CONTINUING CONNECTED TRANSACTION MASTER CHARTER AGREEMENT

THE MASTER CHARTER AGREEMENT

On 24 January 2017, SITC Development, a wholly-owned subsidiary of the Company, and SITC Shipping entered into the Master Charter Agreement, pursuant to which it is agreed that SITC Shipping Group will provide Vessel Chartering Services to SITC Development and its subsidiaries for a term commencing from the date of the Master Chartering Agreement and ending on 31 December 2019.

LISTING RULES IMPLICATION

SITC Shipping is owned as to 62.5% by Ms. Liu Rongli, the spouse of by Mr. Yang Shaopeng, an executive Director and the controlling shareholder of the Company. Accordingly, SITC Shipping is a connected person of the Company and the entering into of the Master Charter Agreement and the transactions contemplated thereunder constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rule.

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

BACKGROUND

On 24 January 2017, SITC Development, a wholly-owned subsidiary of the Company, and SITC Shipping entered into the Master Charter Agreement, pursuant to which it is agreed that SITC Shipping Group will provide Vessel Chartering Services to SITC Development and its subsidiaries for a term commencing from the date of the Master Chartering Agreement and ending on 31 December 2019.

Details of the Master Charter Agreement are set out below:

THE MASTER CHARTER AGREEMENT

Date:	24 January 2017
Parties:	(a) SITC Development, a wholly-owned subsidiary of the Company (b) SITC Shipping
Subject:	<p>Pursuant to the Master Charter Agreement, the parties agreed that SITC Shipping Group will provide vessel chartering services (the “Vessel Chartering Services”) to SITC Development and its subsidiaries for the operation of the route of the Group.</p> <p>The type of each container vessel that SITC Shipping Group will charter to SITC Development and/or its subsidiaries pursuant to the Master Charter Agreement will have a capacity of approximately 2,500 TEUs.</p>
Term:	The Master Charter Agreement has a fixed term commencing from the date of the Master Chartering Agreement and ending on 31 December 2019 (both days inclusive).
Pricing:	As a general principle, the price and terms of the individual services agreement in respect of the Vessel Chartering Services to be provided pursuant to the Master Charter Agreement will be determined in the ordinary course of business, on normal commercial terms, negotiated on arm’s length basis and at prices and

on terms no less favorable than those provided by independent third parties to the Group. Subject to the general principle disclosed above, the charter fee payable by SITC Development to SITC Shipping Group for the Vessel Chartering Services shall be determined with reference to (i) the total number and type of container vessels required by the Group for which the operation of the Group's sea freight logistic business where chartered vessel is required; and (ii) the comparable market price for the same or comparable type of container vessels to be provided by independent third parties.

Payment: The charter fee is payable 15 days in advance.

The Master Charter Agreement is the framework agreement which provides the mechanism for the operation of the continuing connected transactions contemplated thereunder. It is envisaged that from time to time and as required, separate agreements may be entered into between SITC Development and/or its subsidiaries and SITC Shipping Group for the transactions contemplated under the Master Charter Agreement.

Annual Caps and Basis of Determination

Pursuant to the Master Charter Agreement, it is expected that the cap amounts for the Vessel Chartering Services for the period commencing from the date of the Master Charter Agreement and ending 31 December 2019 will not exceed the followings:

	For the year ending 31 December 2017 (US\$)	For the year ending 31 December 2018 (US\$)	For the year ending 31 December 2019 (US\$)
Provision of Vessel Chartering Services	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,800,000</u>

The above annual caps for the Vessel Chartering Services were determined with reference to (i) the expected amount of charter fee payable by SITC Development for the provision of Vessel Chartering Services by SITC Shipping Group in accordance with (a) the anticipated demand of chartered container vessels required by the Group during the term of the Master Charter Agreement; (b) the number and type of container vessels required by SITC Development and/or its subsidiaries; and (c) the expected charter fee for chartering of each of such kind of container vessel; and (ii) the prevailing market rate of time charter of vessel of a similar class.

The Group has been chartering vessels from SITC Shipping Group since 2016 and the annual historical transaction amounts for the vessel chartering from SITC Shipping Group payable by the Group for the year ended 31 December 2016 was as follows:

**For the
year ended
31 December 2016**
(US\$)

Annual historical transaction amount	<u>340,153</u>
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REASONS FOR ENTERING INTO THE CHARTER AGREEMENT

In addition to operating its self-owned fleet of vessels, the Company also chartered vessels to meet its operating requirements. In light of its needs in business operation, the Company considers that the entering into of the Master Charter Agreement will enable the Group to secure a stable source of chartered vessels for its business operation and is part of the continuation of the ordinary operation of the Group and is made under normal commercial terms and in the ordinary and normal course of business of the Company. Further, by entering into the Master Charter Agreement, the Company will be in a better position to regulate and monitor the transactions contemplated thereunder. The Directors, including the independent non-executive Directors, consider that the terms of the Charter Agreement were concluded under normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

SITC Shipping is owned as to 62.5% by Ms. Liu Rongli, the spouse of by Mr. Yang Shaopeng, an executive Director and the controlling shareholder of the Company. Accordingly, SITC Shipping is a connected person of the Company and the entering into of the Master Charter Agreement and the transactions contemplated thereunder constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rule.

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

INTERNAL CONTROL

Subject to the general principle disclosed above, the pricing policy will be supervised and monitored by the relevant personnel from the finance department, the legal department and the management of the Group in charge to ensure the Master Charter Agreement is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole. The relevant personnel and management of the Group will also conduct regular checks to review and assess whether the transactions contemplated under the Master Charter Agreement are conducted in accordance with the terms of the Master Charter Agreement and in accordance with the aforesaid pricing policy. The independent non-executive Directors would continue to review the transactions contemplated under the Master Charter Agreement and its auditors would also conduct an annual review on the pricing terms and annual caps thereof. Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the Master Charter Agreement has been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

GENERAL

The Group is an Asia based shipping logistics company that provides integrated transportation and logistics solutions.

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

SITC Shipping is a company incorporated in Hong Kong and is principally engaged in vessel leasing.

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 Shipping. Further, Mr. Yang Xianxiang, Mr. Liu Kecheng, Mr. Xue Peng, Mr. Lai Zhiyong and Mr. Xue Mingyuan, each an executive Director, also holds 7.97%, 2.11%, 0.52%, 0.12% and 0.06% interests in SITC Shipping, respectively. Accordingly, each of Mr. Yang Shaopeng, Mr. Yang Xianxiang, Mr. Liu Kecheng, Mr. Xue Peng, Mr. Lai Zhiyong and Mr. Xue Mingyuan is considered to be interested in the transaction and each of them has therefore abstained from voting for the Board resolution to approve the Master Charter Agreement.

DEFINITIONS

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

“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(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Charter Agreement”	a master charter agreement dated 24 January 2017 entered into between SITC Development and SITC Shipping, details of which are set out in this announcement
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of HK\$0.1 each in the issued share capital of the Company
“SITC Development”	SITC Development Company Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

“SITC Shipping”	SITC Shipping Group Company Limited, a company incorporated in Hong Kong and 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
“SITC Shipping Group”	SITC Shipping and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“US\$”	US dollar, the lawful currency of the United States of America
“%”	per cent.

For the purpose of this announcement, the exchange rate of US\$0.129 = HK\$1.00 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes and does not constitute a representation that any amount in US\$ or HK\$ have been, could have been or may be converted at such rate.

The English names of the PRC entities are translations of their Chinese names and are included for identification purpose only.

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

Hong Kong, 24 January 2017

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. Xue Mingyuan and Mr. Lai Zhiyong; and the independent non-executive directors of the Company are Mr. Tsui Yung Kwok, Mr. Yeung Kwok On, Dr. Lo Wing Yan, William and Dr. Ngai Wai Fung.