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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 CAPS FOR CONTINUING CONNECTED TRANSACTION

MASTER CHARTER AGREEMENT

Reference is made to the announcements of the Company dated 24 January 2017 and 2 February 2017 in relation to the Master Charter Agreement.

REVISION OF ANNUAL CAPS

On 24 March 2017, SITC Development and SITC Shipping entered into the Supplemental Master Charter Agreement to increase the annual caps of the service fees to be paid by SITC Development under the Master Charter Agreement for the three years ending 31 December 2019.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios as defined under Chapter 14A of the Listing Rules on the revised annual caps under the Supplemental Master Charter Agreement is more than 0.1% but less than 5% on an annual basis, the revision to the annual caps for the provision of Vessel Chartering Services by SITC Shipping under the Master Charter Agreement (as amended and supplemented by the Supplemental Master Charter 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.

BACKGROUND

Reference is made to the announcements of the Company dated 24 January 2017 and 2 February 2017 in relation to the Master Charter Agreement.

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.

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

Date: 24 January 2017

Parties: (i) SITC Development, a wholly-owned subsidiary of the Company.
(ii) SITC Shipping.

Subject: 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.

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.

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 (the "**Required Vessels**") 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 (the "**Comparable Market Price**").

The Company obtains and ascertains the prevailing market price of the relevant container vessels through professional charter brokerage firm, who has extensive experience in vessel chartering within the region. Typically, the professional charter brokerage firm will gather relevant information through (i) market research; and (ii) third parties quotation. Once the information on prevailing market price has been gathered by the professional charter brokerage firm, relevant information will then be passed on to the relevant personnel of the business department of the Company and information will then be used by the Company as the Comparable Market Price to determine whether individual quotations obtained by the Company for a particular vessel chartering service is fair and reasonable.

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

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.

REVISION OF ANNUAL CAPS

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), subject to, among other things, 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 exceeding 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 total fee paid by SITC Development for the period from the date of the Master Charter Agreement (i.e. 24 January 2017) to 15 March 2017 amounted to approximately US\$249,300. The Directors confirm that the annual cap for the Master Charter Agreement for the year ending 31 December 2017 has not been exceeded up to the date of this announcement.

Reasons for revision of annual caps

SITC Shipping is a company incorporated in Hong Kong and is principally engaged in vessel leasing. The provision of the Vessel Chartering Services to SITC Development and its subsidiaries is as part of their normal and ordinary course of business.

Due to the expected increases in the demand for Vessel Chartering Services to be provided by SITC Shipping for the remaining term of the Master Charter Agreement as a result of (1) the increase in the total number of shipping lines operated by the Group, and (2) the fact that the vessels of SITC Shipping (controlled by mainland China capital) leased or to be leased by SITC Development and/or its subsidiaries can satisfy the Group's demand for the routes which the shipowners have special requirements, the Directors expect that the service fees to be paid by SITC Development in relation to the provision of the Vessel Chartering Services by SITC Shipping under the Master Charter Agreement will exceed the annual caps provided under the Master Charter Agreement for the three years ending 31 December 2019.

Accordingly, on 24 March 2017, SITC Development and SITC Shipping entered into the Supplemental Master Charter Agreement to increase the annual caps of the service fees to be paid by SITC Development under the Master Charter Agreement for the three years ending 31 December 2019 as follows:

	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>4,300,000</u>	<u>4,300,000</u>	<u>4,300,000</u>

The service fees to be paid by SITC Development under the Supplemental Master Charter Agreement for the three years ending 31 December 2019 was determined after arm's length negotiation between SITC Development and SITC Shipping, with reference to the (i) the Required Vessels for which the operation of the Group's sea freight logistic business where chartered vessel is required; and (ii) the Comparable Market Price. The increase of the annual caps was determined by reference to (i) the actual transaction amounts paid to SITC Shipping for the Vessel Chartering Services provided by SITC Shipping to SITC Development for the period from the date of the Master Charter Agreement (i.e. 24 January 2017) to 15 March 2017; and (ii) the projected requirements of the Vessel Chartering Services required from SITC Shipping for the remaining term of the Master Charter Agreement.

The Directors (including the independent non-executive Directors) consider that the transactions under the Supplemental Master Charter 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 SITC Development and SITC Shipping, the increase of the annual caps under the Supplemental Master Charter Agreements is fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios as defined under Chapter 14A of the Listing Rules on the revised annual caps under the Supplemental Master Charter Agreement is more than 0.1% but less than 5% on an annual basis, the revision to the annual caps for the provision of Vessel Chartering Services by SITC Shipping under the Master Charter Agreement (as amended and supplemented by the Supplemental Master Charter 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 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, Ms. Lin Limei, the spouse of Mr. Yang Xianxiang, an executive Director, Ms. Li Xuexiao, the spouse of Mr. Liu Kecheng, an executive Director, 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 Supplemental Master Charter Agreement.

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 Charter Agreement on an annual 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:

“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
“Master Charter Agreement”	a master charter agreement dated 24 January 2017 entered into between SITC Development and SITC Shipping in relation to the provision of Vessel Chartering Services by SITC Shipping Group to SITC Development and/or its subsidiaries
“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 same meaning ascribed to it under the Listing Rules

“Supplemental Master Charter Agreement” the supplemental agreement dated 24 March 2017 entered into between the Company and Qingdao SITC in relation to the revision to the annual caps for the provision of Vessel Chartering Services by SITC Shipping contemplated under the Master Charter 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

Hong Kong, 24 March 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.