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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)

DISCLOSEABLE TRANSACTION CONSTRUCTION OF EIGHT CONTAINER VESSELS THE SHIPBUILDING CONTRACTS

THE SHIPBUILDING CONTRACTS

On 27 May 2021, SITC Shipowning, a wholly-owned subsidiary of the Company, entered into the Shipbuilding Contracts with the Builder pursuant to which the Builder agreed to construct eight (8) container vessels for the Group for an aggregate consideration of US\$153,600,000 (equivalent to approximately HK\$1,191,936,000). The vessels to be constructed consist of eight (8) 1,023 TEU container vessels and will enable the Company to expand its self-owned fleet of container vessels.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the New Construction is more than 5% and all applicable percentage ratios are less than 25%, the New Construction constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

THE SHIPBUILDING CONTRACTS

Date: 27 May 2021

Parties to the Shipbuilding Contracts:

- (1) SITC Shipowning, a wholly-owned subsidiary of the Company; and
- (2) the Builder.

To the best knowledge of the Directors, having made all reasonable enquiries, the Builder and its ultimate beneficial owners are independent of and not connected with the Company or any of its connected persons.

Assets involved and delivery dates***First Shipbuilding Contract****Assets involved under the First Shipbuilding Contract*

Pursuant to the First Shipbuilding Contract, the Builder will construct a 1,023 TEU container vessel for the Group at a price of US\$19,200,000 (equivalent to approximately HK\$148,992,000).

Delivery of the first vessel

Delivery of the first vessel under the First Shipbuilding Contract is expected to be made on or before 31 January 2023.

Second Shipbuilding Contract*Assets involved under the Second Shipbuilding Contract*

Pursuant to the Second Shipbuilding Contract, the Builder will construct a 1,023 TEU container vessel for the Group at a price of US\$19,200,000 (equivalent to approximately HK\$148,992,000).

Delivery of the second vessel

Delivery of the second vessel under the Second Shipbuilding Contract is expected to be made on or before 28 February 2023.

Third Shipbuilding Contract

Assets involved under the Third Shipbuilding Contract

Pursuant to the Third Shipbuilding Contract, the Builder will construct a 1,023 TEU container vessel for the Group at a price of US\$19,200,000 (equivalent to approximately HK\$148,992,000).

Delivery of the third vessel

Delivery of the third vessel under the Third Shipbuilding Contract is expected to be made on or before 31 March 2023.

Fourth Shipbuilding Contract

Assets involved under the Fourth Shipbuilding Contract

Pursuant to the Fourth Shipbuilding Contract, the Builder will construct a 1,023 TEU container vessel for the Group at a price of US\$19,200,000 (equivalent to approximately HK\$148,992,000).

Delivery of the fourth vessel

Delivery of the fourth vessel under the Fourth Shipbuilding Contract is expected to be made on or before 30 April 2023.

Fifth Shipbuilding Contract

Assets involved under the Fifth Shipbuilding Contract

Pursuant to the Fifth Shipbuilding Contract, the Builder will construct a 1,023 TEU container vessel for the Group at a price of US\$19,200,000 (equivalent to approximately HK\$148,992,000).

Delivery of the fifth vessel

Delivery of the fifth vessel under the Fifth Shipbuilding Contract is expected to be made on or before 30 June 2023.

Sixth Shipbuilding Contract

Assets involved under the Sixth Shipbuilding Contract

Pursuant to the Sixth Shipbuilding Contract, the Builder will construct a 1,023 TEU container vessel for the Group at a price of US\$19,200,000 (equivalent to approximately HK\$148,992,000).

Delivery of the sixth vessel

Delivery of the sixth vessel under the Sixth Shipbuilding Contract is expected to be made on or before 31 August 2023.

Seventh Shipbuilding Contract

Assets involved under the Seventh Shipbuilding Contract

Pursuant to the Seventh Shipbuilding Contract, the Builder will construct a 1,023 TEU container vessel for the Group at a price of US\$19,200,000 (equivalent to approximately HK\$148,992,000).

Delivery of the seventh vessel

Delivery of the seventh vessel under the Seventh Shipbuilding Contract is expected to be made on or before 31 October 2023.

Eighth Shipbuilding Contract

Assets involved under the Eighth Shipbuilding Contract

Pursuant to the Eighth Shipbuilding Contract, the Builder will construct a 1,023 TEU container vessel for the Group at a price of US\$19,200,000 (equivalent to approximately HK\$148,992,000).

Delivery of the eighth vessel

Delivery of the eighth vessel under the Eighth Shipbuilding Contract is expected to be made on or before 31 December 2023.

Consideration

The aggregate consideration for the eight vessels to be constructed under the Shipbuilding Contracts is US\$153,600,000 (equivalent to approximately HK\$1,191,936,000) and was determined after arm's length negotiations between the parties with reference to the market prices for the construction of new vessels of similar size in the open market as determined by the Directors. The Directors, including the independent non-executive Directors, are of the view that the terms of the Shipbuilding Contracts were concluded after arm's length negotiations, under normal commercial terms, and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Payment of the consideration will be in stages in five (5) installments in accordance with progress of the construction of the respective vessel. The first instalment, representing 10% of the consideration, will be payable upon entering of the respective Shipbuilding Contract and within five (5) business days after receipt from SITC Shipowning a refund guarantee as security for refund of installments payable to the Builder prior to the delivery of the respective vessel. The second instalment, representing 10% of the consideration, will be payable upon the commencement of steel cutting of the respective container vessel. The third instalment, representing 10% of the consideration, will be payable upon the keel laying respective container vessel. The fourth instalment, representing 10% of the consideration, will be payable upon launching of the respective container vessel. The fifth instalment, representing the remaining 60% of the consideration, will be payable upon the physical delivery of the respective container vessel. It is expected that the consideration under the Shipbuilding Contracts will be satisfied by the Company by its internal resources and/or through external financing.

Options for two additional vessels

At the same time of the entering into of the Shipbuilding Contracts, SITC Shipowning and the Builder have also entered into option contracts for two additional vessels at a price of US\$19,200,000 (equivalent to approximately HK\$148,992,000) which are exercisable at the discretion of SITC Shipowning. No premium would need to be paid by SITC Shipowning for entering into of the option contracts. The options are exercisable on or before 18 June 2021. The Company will comply with the requirements of the Listing Rules if the options are exercised or terminated.

REASONS FOR THE CONSTRUCTION

The Company is one of Asia's leading shipping logistics companies that provides integrated transportation and logistics solutions.

The New Construction will enable the Company to expand its self-owned fleet of container vessels to meet the increase in demand for the Company's services. Given that the aggregate consideration for the New Construction was determined based on arm's length negotiations by reference to the open market prices for the construction of vessels of similar size, the Directors (including the independent non-executive Directors) consider the terms of the New Construction were on normal commercial terms, are fair and reasonable so far as the Company and the Shareholders are concerned, and the New Construction is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the New Construction is more than 5% and all applicable percentage ratios are less than 25%, the New Construction constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of directors of the Company;
“Builder”	Dae Sun Shipbuilding & Engineering Co., Ltd., an independent shipbuilding company incorporated in the Republic of Korea and is principally engaged in the business of shipbuilding. As at the date of this announcement, it is ultimately and beneficially owned by Dongil Steel Co., Ltd., a company the shares of which are listed on the Korea Exchange;

“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;
“Director(s)”	the director(s) of the Company;
“Eighth Shipbuilding Contract”	the agreement dated 27 May 2021 entered into between the Company and the Builder in relation to the construction of a 1,023 TEU container vessel (Hull No. SB678);
“Fifth Shipbuilding Contract”	the agreement dated 27 May 2021 entered into between the Company and the Builder in relation to the construction of a 1,023 TEU container vessel (Hull No. SB675);
“First Shipbuilding Contract”	the agreement dated 27 May 2021 entered into between the Company and the Builder in relation to the construction of a 1,023 TEU container vessel (Hull No. SB671);
“Fourth Shipbuilding Contract”	the agreement dated 27 May 2021 entered into between the Company and the Builder in relation to the construction of a 1,023 TEU container vessel (Hull No. SB674);
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, 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 Construction”	the construction of eight container vessels by the Company as contemplated under the Shipbuilding Contracts;
“PRC”	the People’s Republic of China;
“Second Shipbuilding Contract”	the agreement dated 27 May 2021 entered into between the Company and the Builder in relation to the construction of a 1,023 TEU container vessel (Hull No. SB672);
“Seventh Shipbuilding Contract”	the agreement dated 27 May 2021 entered into between the Company and the Builder in relation to the construction of a 1,023 TEU container vessel (Hull No. SB677);
“Six Shipbuilding Contract”	the agreement dated 27 May 2021 entered into between the Company and the Builder in relation to the construction of a 1,023 TEU container vessel (Hull No. SB676);
“Shareholder(s)”	shareholder(s) of the Company;
“Shipbuilding Contracts”	the First Shipbuilding Contract, the Second Shipbuilding Contract, the Third Shipbuilding Contract, the Fourth Shipbuilding Contract, the Fifth Shipbuilding Contract, the Sixth Shipbuilding Contract, the Seventh Shipbuilding Contract and the Eighth Shipbuilding Contract;
“SITC Shipowning”	SITC Shipowning Group Company Limited, a company incorporated in the British Virgin Islands, an investment holding company and a wholly-owned subsidiary of the Company as at the date of this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Third Shipbuilding Contract” the agreement dated 27 May 2021 entered into between the Company and the Builder in relation to the construction of a 1,023 TEU container vessel (Hull No. SB673); and

“US Dollar” or “US\$” United States dollar, the lawful currency of the United States of America.

Unless otherwise specified in this announcement, translations of US\$ into HK\$ are made in this announcement, for illustration only, at the rate of US\$1.00 to HK\$7.76. No representation is made that any amounts in US\$ or HK\$ could have been or could be converted at that rate or at any other rate or at all.

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

Hong Kong, 27 May 2021

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 Mingyuan and Mr. Lai Zhiyong; the non-executive Director is Ms. Yang Xin; and the independent non-executive Directors are Dr. Liu Ka Ying, Rebecca, Mr. Tse Siu Ngan and Dr. Hu Mantian (Mandy).