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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 EXERCISE OF OPTIONS FOR THE CONSTRUCTION OF EIGHT CONTAINER VESSELS**

#### **THE OPTION CONTRACTS**

On 2 June 2021, SITC Shipowning notified the Sellers on the exercise of the Options for the construction of eight Option Vessels at an aggregate contract price of US\$192,000,000 (equivalent to HK\$1,489,920,000).

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Option Contracts are more than 5% but less than 25%, the exercise of the Options for the construction of the eight Option Vessels constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

#### **BACKGROUND**

On 30 August 2020, SITC Shipowning, a wholly-owned subsidiary of the Company, and the Sellers entered into the August Shipbuilding Contracts for the construction of six container vessels. On the same date, SITC Shipowning and the Sellers also entered into the August Option Contracts under which the Sellers have granted to SITC Shipowning the options, upon notification to the Sellers and exercisable at the discretion of SITC Shipowning, for the construction of six additional August Option

Vessels. On 30 November 2020, SITC Shipowning notified the Sellers to exercise of its rights under the Options for construction of two additional Option Vessels pursuant to the August Option Contracts.

On 19 December 2020, SITC Shipowning and the Sellers entered into the December Shipbuilding Contracts for the construction of six container vessels. On the same date, SITC Shipowning and the Sellers also entered into the December Option Contracts under which the Sellers have granted to SITC Shipowning the options, upon notification to the Sellers and exercisable at the discretion of SITC Shipowning, for the construction of four additional December Option Vessels.

On 2 June 2021, SITC Shipowning notified the Sellers on the exercise of the Options for the construction of eight Option Vessels, being four August Options Vessels and four December Option Vessels at an aggregate contract price of US\$192,000,000 (equivalent to HK\$1,489,920,000).

The principal terms of the Option Contracts are as follows:

## **THE OPTION CONTRACTS**

**Effective Date:** 2 June 2021

### **Parties to the Option Contracts:**

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

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

### **Assets involved and Delivery Dates**

#### *Option Vessels to be constructed under the Option Contracts*

The Builders will construct eight container vessels, comprising four 1,800 TEU container vessels and four 2,600 TEU container vessels.

## *Delivery*

Delivery of the eight Option Vessels under the Option Contracts is expected to be made as follows:

- (i) first Option Vessel to be delivered on or before 30 November 2022;
- (ii) second Option Vessel to be delivered on or before 31 December 2022;
- (iii) third Option Vessel to be delivered on or before 31 March 2023;
- (iv) fourth Option Vessel to be delivered on or before 31 March 2023;
- (v) fifth Option Vessel to be delivered on or before 31 March 2023;
- (vi) sixth Option Vessel to be delivered on or before 30 April 2023;
- (vii) seventh Option Vessel to be delivered on or before 30 April 2023; and
- (viii) eighth Option Vessel to be delivered on or before 31 May 2023.

## **Contract price**

The contract price for the four Option Vessels with 1,800 TEU is US\$84,000,000 (equivalent to HK\$651,840,000) and the four Option Vessels with 2,600 TEU is US\$108,000,000 (equivalent to HK\$838,080,000). The aggregate contract price for the eight Option Vessels to be constructed under the Option Contracts is US\$192,000,000 (equivalent to HK\$1,489,920,000). The contract price 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 Option Contracts and the exercise of the Options as contemplated thereunder 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 for the Option Vessels will be in stages in 5 installments in accordance with progress of the construction of the respective Option Vessel. The first instalment, representing 10% of the consideration, will be paid at the time of the effective date of the Option Contracts and getting the refund guarantee from the seller bank. The second instalment, representing 10% of the consideration, will be payable upon the steel cutting of the respective respective

Option Vessel. The third instalment, representing 10% of the consideration, will be payable upon the keel laying respective Option Vessel. The fourth instalment, representing 10% of the consideration, will be payable upon launching of the respective Option Vessel. The fifth instalment, representing the remaining 60% of the consideration, will be payable upon the physical delivery of the respective Option Vessel.

The contract price for the construction of the eight Option Vessels will be satisfied by the internal resources of the Group and/or through external financing.

### **REASONS FOR EXERCISING THE OPTIONS**

The Company is a leading shipping logistics company in Asia that provides integrated transportation and logistics solutions.

The exercise of the Options is to expand the self-owned fleet of container vessels of the Group to meet the Group's operational requirements. Given that the contract price for the eight Option Vessels to be constructed under the Option Contracts was determined after arm's length negotiations between the parties and 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 Option Contracts and the exercise of the Options as contemplated thereunder 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.

### **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Option Contracts are more than 5% but less than 25%, the exercise of the Options for the construction of the eight Option Vessels 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:

|                                 |   |
|---------------------------------|---|
| “August Option Contracts”       | six contracts dated 30 August 2020 entered into between SITC Shipowning and the Sellers in relation to the option to construct the August Option Vessels, out of which SITC Shipowning had exercised its rights for construction of two additional vessels on 30 November 2020; |
| “August Option Vessels”         | the six additional option vessels which are to be built and delivered by the Builders under the August Option Contracts;  |
| “August Shipbuilding Contracts” | the six shipbuilding agreements dated 30 August 2020 entered into between SITC Shipowning and the Sellers in relation to the construction of six container vessels;   |
| “Board”                         | the board of directors of the Company;  |
| “Builder A”                     | Jiangsu Yangzijiang Shipbuilding Co., Ltd., an independent shipbuilding company established in the PRC and is principally engaged in the business of shipbuilding. As at the date of the announcement, it is ultimately and beneficially owned by Yangzijiang Shipbuilding;     |
| “Builder B”                     | Jiangsu New Yangzi Shipbuilding Co., Ltd., an independent shipbuilding company established in the PRC and is principally engaged in the business of shipbuilding. As at the date of this announcement, it is ultimately and beneficially owned by Yangzijiang Shipbuilding;     |
| “Builders”                      | Builder A and Builder B;  |
| “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;   |
| “December Option Contracts”       | four contracts dated 19 December 2020 entered into between SITC Shipowning and the Sellers in relation to the option to construct the December Option Vessels;  |
| “December Option Vessels”         | the four additional option vessels which are to be built and delivered by the Builders under the December Option Contracts;   |
| “December Shipbuilding Contracts” | the six shipbuilding agreements dated 19 December 2020 entered into between SITC Shipowning and the Sellers in relation to the construction of six container vessels;   |
| “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;   |
| “JSTC”                            | Jiangsu Tianchen Marine Import & Export Co., Ltd., a company established in the PRC and is principally engaged in the business of import and export of vessels. As at the date of this announcement, it is ultimately and beneficially owned by Yangzijiang Shipbuilding; |
| “Listing Rules”                   | the Rules Governing the Listing of Securities on the Stock Exchange;  |
| “Options”                         | the option to commission the Builders to construct eight additional Option Vessels;   |
| “Option Contracts”                | the August Option Contracts and the December Option Contracts;  |

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|----------------------------|--|
| “Option Vessels”           | the eight container vessels to be constructed pursuant to the Option Contracts;  |
| “PRC”                      | the People’s Republic of China;  |
| “Sellers”                  | JSTC and the Builders;   |
| “Shareholder(s)”           | shareholder(s) of the Company;   |
| “SITC Shipowning”          | SITC Shipowning Group Company Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of the Company as at the date of this announcement;                                     |
| “Stock Exchange”           | The Stock Exchange of Hong Kong Limited;   |
| “TEU”                      | twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, height of eight feet six inches and width of eight feet;                                    |
| “Yangzijiang Shipbuilding” | Yangzijiang Shipbuilding (Holdings) Ltd., a company listed on the Singapore Stock Exchange (SGX: BS6) and principally engaged in the provision of agency services for shipbuilding and related activities; and |
| “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, 2 June 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).*