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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)

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTION

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Reference is made to the announcements of the Company dated 20 December 2019 and 17 December 2021 in relation to the 2020 Master Charter Agreement.

As the term for the 2020 Master Charter Agreement will expire on 31 December 2022, on 16 December 2022, the Company and Qingdao SITC entered into the 2023 Master Charter Agreement to renew the terms of the 2020 Master Charter Agreement for a further period of three years commencing from 1 January 2023 and ending on 31 December 2025.

LISTING RULES IMPLICATIONS

Qingdao SITC is a company owned as to (i) 43.08% by Ms. Liu Rongli, the spouse of Mr. Yang Shaopeng, one of the controlling shareholders of the Company, chairman and an executive Director, and the mother of Ms. Yang Xin, a non-executive Director; (ii) 18.05% by Ms. Lin Limei (the spouse of Mr. Yang Xianxiang, an executive Director); (iii) 5.13% by Ms. Li Xuerao (the spouse of Mr. Liu Kecheng, an executive Director); (iv) 2.11% by Ms. Zhang Qiongye (the spouse of Mr. Lai Zhiyong, an executive Director); (v) 3.06% by Ms. Sheng Jiejun (the spouse of Mr. Xue Mingyuan, an executive Director); and (vi) with the remaining 28.57% held by 182 individuals whom are employees and/or ex-employees of the Group. Accordingly, Qingdao SITC is a connected person of the Company and the entering into of the 2023 Master Charter Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual cap amount under the 2023 Master Charter Agreement are more than 0.1% but less than 5%, the transactions under the 2023 Master Charter Agreement are subject to the reporting and announcement requirements but are exempted from the circular and the independent shareholders' approval requirements under the Listing Rules.

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTION

Reference is made to the announcements of the Company dated 20 December 2019 and 17 December 2021 in relation to the 2020 Master Charter Agreement between the Company and Qingdao SITC, pursuant to which Qingdao SITC Group agreed to provide Vessel Chartering Services to the Group for a fixed term from 1 January 2020 to 31 December 2022 (both days inclusive).

As the term for the 2020 Master Charter Agreement will expire on 31 December 2022, on 16 December 2022, the Company and Qingdao SITC entered into the 2023 Master Charter Agreement to renew the terms of the 2020 Master Charter Agreement for a further period of three years commencing from 1 January 2023 and ending on 31 December 2025.

Details of the 2023 Master Charter Agreement are set forth below:

2023 Master Charter Agreement

| | |
|----------|--|
| Date: | 16 December 2022 |
| Parties: | (i) the Company; and (ii) Qingdao SITC. |
| Subject: | Qingdao SITC Group will provide the Vessels Chartering Services to meet the Group's operational requirements from time to time during the term of the 2023 Master Charter Agreement. |
| Term: | A fixed term of three years from 1 January 2023 to 31 December 2025 (both days inclusive). |

Pricing policy:

The price and terms of the individual services agreement in respect of the Vessel Chartering Services to be provided pursuant to the 2023 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 the Company to Qingdao SITC 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 shipping business where chartered vessel is required; and (ii) the comparable market rate for the same or comparable type of container vessels provided by independent third parties (the "**Comparable Market Price**").

Pricing policies and mechanism for the Comparable Market Price

The Company obtains and ascertains the prevailing market price of the relevant container vessels through professional charter brokerage firms, which have 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 the 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.

Basis of determination of the final charter fee

The quotations on charter fee obtained by the Group will be assessed by the Group with reference to the number, type (as specified by the business operation and marketing department of the Company from time to time) and lease term of the container vessels required by the Group as well as the number, type and lease term of container vessels that the relevant charterer has available. For example, it may be acceptable for the Group to accept a fee proposal from a particular charterer who will be able to offer the exact type of container vessel required by the Group, the proposed fee of which might be higher than another charterer who can only offer a container vessel not of the exact type required by the Group. On the other hand, if both charterers can offer the exact same type of container vessel, the Group will choose to enter into chartering arrangement with the charterer who offers the lower charter fee as compared to the other. Under the condition that the type of vessels and charter fee are the same, the Company will opt for a charterer who can offer a longer lease term. The final charter fee payable by the Company, which will be within the limit as approved by the Board and will not be at a level higher than the Comparable Market Price, will also be submitted by the general manager of the business department of the Company for verification by the finance department of the Company with cost and profit considerations and final approval by the Group's CEO and all independent non-executive Directors.

Payment:

Payment for the Vessel Chartering Services is payable to the designated accounts of Qingdao SITC on the 25th day of every month.

It is proposed that the cap amounts of the Vessel Chartering Services for each of the three financial years ending 31 December 2025 will not exceed the followings:

| | For the year ending 31 December | | |
|----------------------------|--|---------------|---------------|
| | 2023 | 2024 | 2025 |
| | <i>(US\$)</i> | <i>(US\$)</i> | <i>(US\$)</i> |
| Provision of Vessel | | | |
| Chartering Services | 20,000,000 | 20,000,000 | 20,000,000 |

The above annual caps for the Vessel Chartering Services were determined with reference to (i) the Required Vessels for which the Group's operation of shipping business where chartered vessels is required; (ii) the Comparable Market Price; and (iii) the actual charter fee paid by the Group to Qingdao SITC for the Vessel Chartering Services for the two years ended 31 December 2021 and the 11 months ended 30 November 2022, taking into consideration (i) the expected fluctuations in charter fee in the coming years in light of the increase in shipowners' costs; and (ii) the anticipated increase in number of Required Vessels based on the Group's latest business development plan.

The Group has been chartering vessels from Qingdao SITC Group in the past and the historical transaction amounts for chartering vessels from Qingdao SITC Group for the two years ended 31 December 2021 and the 11 months ended 30 November 2022 were as follows:

| | For the | For the | For the eleven |
|----------------------------|--------------------|--------------------|-----------------------|
| | year ended | year ended | months ended |
| | 31 December | 31 December | 30 November |
| | 2020 | 2021 | 2022 |
| | <i>(US\$)</i> | <i>(US\$)</i> | <i>(US\$)</i> |
| Provision of Vessel | | | |
| Chartering Services | 10,241,801 | 13,095,074 | 19,658,006 |

As at the date of this announcement, the annual cap under the 2020 Master Charter Agreement for the financial year ending 31 December 2022 has not been exceeded.

Reasons for the 2023 Master Charter Agreement

In addition to operating its self-owned fleet of vessels, the Company also chartered vessels to meet its operational requirements. The entering of the 2023 Master Charter Agreement is expected to enhance the Group's capacity and continuous expansion of its shipping routes. Further, the Group has entered into agreements with the Qingdao SITC Group for the chartering of vessels owned by Qingdao SITC Group since 2017, and therefore Qingdao SITC Group is familiar with the vessel specifications required by the Group. Accordingly, by entering into the 2023 Master Charter Agreement, the Group will also be able to better control the costs and better organize such chartering matters, as well as to secure a stable supply of vessels available for charter for its business.

The Directors (including the independent non-executive Directors) consider that the transactions under the 2023 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 the Group and Qingdao SITC Group, the terms of the 2023 Master Charter Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Listing Rules Implications

Qingdao SITC is a company owned as to (i) 43.08% by Ms. Liu Rongli, the spouse of Mr. Yang Shaopeng, one of the controlling shareholders of the Company, chairman and an executive Director, and the mother of Ms. Yang Xin, a non-executive Director; (ii) 18.05% by Ms. Lin Limei (the spouse of Mr. Yang Xianxiang, an executive Director); (iii) 5.13% by Ms. Li Xuerao (the spouse of Mr. Liu Kecheng, an executive Director); (iv) 2.11% by Ms. Zhang Qiongye (the spouse of Mr. Lai Zhiyong, an executive Director); (v) 3.06% by Ms. Sheng Jiejun (the spouse of Mr. Xue Mingyuan, an executive Director); and (vi) with the remaining 28.57% held by 182 individuals whom are employees and/or ex-employees of the Group. Accordingly, Qingdao SITC is a connected person of the Company and the entering into of the 2023 Master Charter Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the annual cap amount under the 2023 Master Charter Agreement are more than 0.1% but less than 5%, the transactions under the 2023 Master Charter Agreement are subject to the reporting and announcement requirements but are exempted from the circular and the independent shareholders' approval requirements under the Listing Rules.

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 the 2023 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.

INTERNAL CONTROL

The pricing policy for all the continuing connected transactions of the Group will be supervised and monitored by the finance department, the sales department and management of the Group in charge to ensure that the transactions contemplated under the 2023 Master Charter Agreement are conducted on normal commercial terms and in accordance with the pricing policy of the Group 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 conduct regular checks to review and assess whether the transactions contemplated under the 2023 Master Charter Agreement are conducted in accordance with the terms of the 2023 Master Charter Agreement and in accordance with the aforesaid pricing policy. The independent non-executive Directors will review the transactions contemplated under all continuing connected transactions of the Company and the auditors of the Group will 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 all continuing connected transactions have been and will be conducted on normal commercial terms and in accordance with the pricing policy of the Group and not prejudicial to the interests of the Company and its shareholders as a whole.

GENERAL

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

Qingdao SITC is a company incorporated in the PRC, mainly engaged in investment holding, owning of ships and shipping agency.

As the spouse of each of Mr. Yang Shaopeng, Mr. Yang Xianxiang, Mr. Liu Kecheng, Mr. Lai Zhiyong and Mr. Xue Mingyuan holds interest in Qingdao SITC, and Ms. Yang Xin is the daughter of Ms. Liu Rongli, the spouse of Mr. Yang Shaopeng, each of Mr. Yang Shaopeng, Mr. Yang Xianxiang, Mr. Liu Kecheng, Mr. Lai Zhiyong, Mr. Xue Mingyuan and Ms. Yang Xin is considered to be interested in the 2023 Master Charter Agreement and has abstained from voting for the Board resolution to approve the 2023 Master Charter Agreement.

DEFINITIONS

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

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|---------------------------------|---|
| “2020 Master Charter Agreement” | the master charter agreement dated 20 December 2019, and as supplemented by the supplemental agreement dated 17 December 2021, entered into between the Company and Qingdao SITC in relation to the provision of Vessel Chartering Services by the Qingdao SITC Group to the Group; |
| “2023 Master Charter Agreement” | the master charter agreement dated 16 December 2022, on terms and conditions similar to the 2020 Master Charter Agreement, entered into between the Company and Qingdao SITC, details of which are set out herein this announcement; |
| “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 shareholders” | has the meaning ascribed to it under the Listing Rules; |
| “Director(s)” | the director(s) of the Company; |
| “Group” | the Company and its subsidiaries; |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; |
| “PRC” | the People’s Republic of China; |

| | |
|------------------------------|---|
| “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 43.08% interest is owned by Ms. Liu Rongli, the spouse of Mr. Yang Shaopeng, one of the controlling shareholders of the Company, chairman and an executive Director; |
| “Qingdao SITC Group” | Qingdao SITC and its subsidiaries; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Vessel Chartering Services” | the provision of chartered vessels by the Qingdao SITC Group to the Group as contemplated under the 2023 Master Charter Agreement; and |
| “%” | per cent. |

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

Hong Kong, 16 December 2022

As at the date of this announcement, the executive Directors are Mr. Yang Shaopeng, Mr. Yang Xianxiang, Mr. Liu Kecheng, Mr. Xue Mingyuan and Mr. Lai Zhiyong; and 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).