

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in SITC International Holdings Company Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---

***SITC***

**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)**

**MAJOR TRANSACTION  
CONSTRUCTION OF  
SIX ADDITIONAL CONTAINER VESSELS**

---

26 February 2021

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>APPENDIX I – FINANCIAL INFORMATION</b> .....	I-1
<b>APPENDIX II – GENERAL INFORMATION</b> .....	II-1

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Additional Vessels”	the additional vessels to be constructed under the Additional Shipbuilding Contracts;
“Additional Shipbuilding Contracts”	the First Shipbuilding Contract, the Second Shipbuilding Contract, the Third Shipbuilding Contract, the Fourth Shipbuilding Contract, the Fifth Shipping Contract and the Sixth Shipping Contract;
“August Vessels”	the six vessels to be constructed under the August Shipbuilding Contracts;
“August Shipbuilding Contracts”	the shipbuilding agreements dated 30 August 2020 entered into between the Company and the Sellers in relation to the construction of the August 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 Latest Practicable Date, 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 Latest Practicable Date, 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;
“Director(s)”	the director(s) of the Company;
“First Shipbuilding Contract”	the agreement dated 19 December 2020 entered into between the Company and the Sellers in relation to the construction of a 2,600 TEU container vessel (Hull No. YZJ2015-2033);

---

## DEFINITIONS

---

“Fifth Shipbuilding Contract”	the agreement dated 19 December 2020 entered into between the Company and the Sellers in relation to the construction of a 2,600 TEU container vessel (Hull No. YZJ2015-2037);
“Fourth Shipbuilding Contract”	the agreement dated 19 December 2020 entered into between the Company and the Sellers in relation to the construction of a 2,600 TEU container vessel (Hull No. YZJ2015-2036);
“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 Latest Practicable Date, it is ultimately and beneficially owned by Yangzijiang Shipbuilding;
“Latest Practicable Date”	31 December 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“November Vessels”	the additional vessels to be constructed under the November Shipbuilding Contracts;
“November Shipbuilding Contracts”	the shipbuilding agreements dated 30 November 2020 entered into between the Company and the Sellers in relation to the construction of the November Vessel;
“Options”	the option to commission the Builders to construct up to six (6) additional Option Vessels;
“Option Contract”	the contract dated 30 August 2020 ending SITC Shipowning and the Sellers in relation to the Option(s);
“Option Vessels”	the additional option vessels which are to be built and delivered by the Builder under the Option Contract;
“PRC”	the People’s Republic of China;

---

## DEFINITIONS

---

“Second Shipbuilding Contract”	the agreement dated 19 December 2020 entered into between the Company and the Sellers in relation to the construction of a 2,600 TEU container vessel (Hull No. YZJ2015-2034);
“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, an investment holding company and a wholly-owned subsidiary of the Company as at the Latest Practicable Date;
“Sixth Shipbuilding Contract”	the agreement dated 19 December 2020 entered into between the Company and the Sellers in relation to the construction of a 2,600 TEU container vessel (Hull No. YZJ2015-2038);
“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;
“Third Shipbuilding Contract”	the agreement dated 19 December 2020 entered into between the Company and the Sellers in relation to the construction of a 2,600 TEU container vessel (Hull No. YZJ2015-2035);
“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 Dollar” or “US\$”	United States dollar, the lawful currency of the United States of America.

---

LETTER FROM THE BOARD

---



**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)**

*Executive Directors:*

Mr. Yang Shaopeng (*Chairman*)  
Mr. Yang Xianxiang (*Vice Chairman*)  
Mr. Liu Kecheng  
Mr. Xue Peng  
Mr. Xue Mingyuan  
Mr. Lai Zhiyong

*Independent Non-executive Directors:*

Dr. Liu Ka Ying, Rebecca  
Mr. Yeung Kwok On  
Mr. Tse Siu Ngan  
Dr. Hu Mantian (Mandy)

*Registered Office:*

Cricket Square,  
Hutchins Drive,  
P.O. Box 2681,  
Grand Cayman KY1-111,  
Caymans Islands

*Headquarters in the PRC:*

No. 30, 1388 Zhangdong Road,  
Pudong District,  
Shanghai, PRC

*Corporate Headquarters:*

21/F. World Trade Centre  
280 Gloucester Road  
Causeway Bay  
Hong Kong

26 February 2021

*To the Shareholders*

Dear Sir/Madam,

**MAJOR TRANSACTION  
CONSTRUCTION OF  
SIX ADDITIONAL CONTAINER VESSELS**

**1. INTRODUCTION**

Reference is made to the announcement of the Company dated 30 August 2020, pursuant to which, SITC Shipowning, a wholly-owned subsidiary of the Company, entered into the August Shipbuilding Contracts with the Sellers on 30 August 2020 for the construction of the six August Vessels for an aggregate consideration of US\$126 million (equivalent to approximately HK\$976.5 million). On the same date, SITC Shipowning and the Sellers also entered into the Option Contract 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 Option Vessels.

---

## LETTER FROM THE BOARD

---

Reference is also made to the announcement of the Company on 30 November 2020, pursuant to which SITC Shipowning notified the Sellers on 30 November 2020 to exercise of its rights under the Options for construction of the two Option Vessels for an aggregate consideration of US\$42 million (equivalent to HK\$325.5 million). On the same date, SITC Shipowning entered into the November Shipbuilding Contracts with the Sellers pursuant to which the Sellers agreed to construct the five November Vessels for the Group for an aggregate consideration of US\$138 million (equivalent to approximately HK\$1,069.5 million).

On 19 December 2020, SITC Shipowning, a wholly-owned subsidiary of the Company, entered into the Additional Shipbuilding Contracts with the Sellers pursuant to which the Sellers agreed to construct six (6) Additional Vessels for the Group for an aggregate consideration of US\$162 million (equivalent to approximately HK\$1,255.5 million). The Additional Vessels to be constructed consist of six 2,600 TEU container vessels and will enable the Company to expand its self-owned fleet of container vessels.

The purpose of this circular is to provide the Shareholders with information in respect of the Additional Shipbuilding Contracts and the construction of the Additional Vessels as contemplated thereunder.

### **2. THE ADDITIONAL SHIPBUILDING CONTRACTS**

The principal terms of the Additional Shipbuilding Contracts are as follows:

Date: 19 December 2020

#### **Parties to the Additional Shipbuilding Contracts:**

- (1) SITC Shipowning, a wholly-owned subsidiary of the Company;
- (2) Builder A;
- (3) Builder B; and
- (4) JSTC.

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.

---

## LETTER FROM THE BOARD

---

### **Assets involved and delivery dates**

#### ***First Shipbuilding Contract***

##### *Assets involved under the First Shipbuilding Contract*

Pursuant to the First Shipbuilding Contract, the Sellers will construct a 2,600 TEU container vessel for the Group at a consideration of US\$27 million (equivalent to approximately HK\$209.25 million).

##### *Delivery of the first vessel*

Delivery of the first vessel under the First Shipbuilding Contract is expected to be made on or before 30 September 2022.

#### ***Second Shipbuilding Contract***

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

Pursuant to the Second Shipbuilding Contract, the Sellers will construct a 2,600 TEU container vessel for the Group at a consideration of US\$27 million (equivalent to approximately HK\$209.25 million).

##### *Delivery of the second vessel*

Delivery of the second vessel under the Second Shipbuilding Contract is expected to be made on or before 31 October 2022.

#### ***Third Shipbuilding Contract***

##### *Assets involved under the Third Shipbuilding Contract*

Pursuant to the Third Shipbuilding Contract, the Sellers will construct a 2,600 TEU container vessel for the Group at a consideration of US\$27 million (equivalent to approximately HK\$209.25 million).

##### *Delivery of the third vessel*

Delivery of the third vessel under the Third Shipbuilding Contract is expected to be made on or before 30 November 2022.

---

## LETTER FROM THE BOARD

---

### ***Fourth Shipbuilding Contract***

#### *Assets involved under the Fourth Shipbuilding Contract*

Pursuant to the Fourth Shipbuilding Contract, the Sellers will construct a 2,600 TEU container vessel for the Group at a consideration of US\$27 million (equivalent to approximately HK\$209.25 million).

#### *Delivery of the fourth vessel*

Delivery of the fourth vessel under the Fourth Shipbuilding Contract is expected to be made on or before 31 December 2022.

### ***Fifth Shipbuilding Contract***

#### *Assets involved under the fifth Shipbuilding Contract*

Pursuant to the Fifth Shipbuilding Contract, the Sellers will construct a 2,600 TEU container vessel for the Group at a consideration of US\$27 million (equivalent to approximately HK\$209.25 million).

#### *Delivery of the fifth vessel*

Delivery of the fifth vessel under the Fifth Shipbuilding Contract is expected to be made on or before 31 December 2022.

### ***Sixth Shipbuilding Contract***

#### *Assets involved under the Sixth Shipbuilding Contract*

Pursuant to the Sixth Shipbuilding Contract, the Sellers will construct a 2,600 TEU container vessel for the Group at a consideration of US\$27 million (equivalent to approximately HK\$209.25 million).

#### *Delivery of the sixth vessel*

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

### ***Consideration***

The aggregate consideration for the Additional Vessels to be constructed under the Additional Shipbuilding Contracts is US\$162 million (equivalent to approximately HK\$1,255.5 million) 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. In considering the entering of the Additional Shipbuilding Contracts, the Company also considered the

---

## LETTER FROM THE BOARD

---

TEUs of the container vessels, which will be different according to the different requirements of the applicable routes (such as the distance of the voyage, the amount of cargo, and the different ports of call), in addition to the consideration of price. In particular, whilst the average consideration for the Option Vessels (which are of 1,800 TEUs each) under the Option Contracts in August 2020 is lower than the average consideration under the Additional Shipbuilding Contracts, the Company entered into the Additional Shipbuilding Contracts in December 2020 as the Additional Vessels (which are of 2,600 TEUs each) is considered suitable to replace certain of the Group's leased vessels according to the needs of the route. The Directors, including the independent non-executive Directors, are of the view that the terms of the Additional Shipbuilding Contracts was 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 5 installments in accordance with progress of the construction of the respective Additional Vessel. The first instalment, representing 10% of the consideration, was paid at the time of the entering of the Additional Shipbuilding Contracts. The second instalment, representing 10% of the consideration, will be payable upon the 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 Additional Shipbuilding Contracts will be satisfied by the Company by its internal resources and/or through external financing.

### **Options for four additional vessels**

At the same time of the entering into of the Additional Shipbuilding Contracts, SITC Shipowning and the Sellers have also entered into option contracts for four additional vessels 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. For the options for the four additional vessels, the Company may exercise such options in two (2) separate tranches and for two (2) vessels at one time. The first tranche of option is exercisable on or before 30 August 2021, and the second tranche is exercisable on or before 30 November 2021. The Company will comply with the requirements of the Listing Rules if the options are exercised or terminated.

### **3. REASONS FOR THE CONSTRUCTION OF ADDITIONAL VESSELS UNDER THE ADDITIONAL SHIPBUILDING CONTRACTS**

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

The construction of the Additional Vessels under the Additional Shipbuilding Contracts 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 construction of the Additional Vessels under the Additional Shipbuilding Contracts 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

---

## LETTER FROM THE BOARD

---

independent non-executive Directors) consider the terms of the Additional Shipbuilding Contracts were on normal commercial terms, are fair and reasonable so far as the company and the Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole.

#### 4. FINANCIAL EFFECTS OF THE CONSTRUCTION OF THE ADDITIONAL VESSELS

Upon completion of the construction of the Additional Vessels, the Group's fixed assets will increase by approximately US\$162 million (equivalent to HK\$1,255.5 million), whilst the Group's current assets will decrease and liabilities will increase due to the financing required for the construction. The Company believes that the construction of the Additional Vessels will have a positive effect on the earnings of the Group subsequent to delivery.

#### 5. LISTING RULES IMPLICATIONS

Given that the Additional Vessels to be constructed under the Additional Shipbuilding Contracts are of the same type and with the same Seller as for the six August Vessels under the August Shipbuilding Contracts, the two Option Vessels under the Option Contract and the five November Vessels under the November Shipbuilding Contracts (collectively, the "Previous Transactions"), the construction of the Additional Vessels under the Additional Shipbuilding Contracts would need to be aggregated with the Previous Transactions pursuant to Rule 14.22 of the Listing Rules.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Additional Shipbuilding Contracts, when aggregated with the Previous Transactions, are more than 25% but less than 100%, the construction of the Additional Vessels under the Additional Shipbuilding Contracts constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement and independent shareholders' approval requirements.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder has a material interest in the Additional Shipbuilding Contracts. As such, no Shareholder is required to abstain from voting for the resolution to approve the Additional Shipbuilding Contracts, should the entering of the Additional Shipbuilding Contracts be put forward to the Shareholders for approval at a general meeting. Accordingly, Resourceful Link, which is interested in an aggregate of 1,375,390,231 shares of the Company, representing approximately 51.29% of the issued share capital of the Company as at the Latest Practicable Date, has approved the entering of the Additional Shipbuilding Contracts by a written shareholder's approval pursuant to Rule 14.44 of the Listing Rules in lieu of a resolution to be passed at a general meeting of the Company.

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**SITC International Holdings Company Limited**  
**Yang Shaopeng**  
*Chairman*

**I. FINANCIAL INFORMATION OF THE GROUP FOR THE THREE FINANCIAL YEARS ENDED 31 DECEMBER 2019 AND THE SIX MONTHS ENDED 30 JUNE 2020**

Financial information of the Group for the three years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 are disclosed in pages 72 to 179 of the annual report of the Company for the year ended 31 December 2017, pages 82 to 195 of the annual report of the Company for the year ended 31 December 2018, pages 58 to 162 of the annual report of the Company for the year ended 31 December 2019, and pages 33 to 74 of the interim report of the Company for the six months ended 30 June 2020, all of which are published on both the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.sitc.com>). Quick links to the annual reports and interim report are set out below:

2017 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0412/ltn20180412155.pdf>

2018 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0418/ltn20190418239.pdf>

2019 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0326/2020032600743.pdf>

2020 interim report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0907/2020090700207.pdf>

**II. INDEBTEDNESS**

At the close of business on 31 December 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had (i) outstanding secured bank borrowings of approximately US\$428.9 million, which were secured by certain container vessels and containers of the Group; and (ii) lease liabilities for various items of land, offices and containers with a present value of minimum lease payments of approximately US\$150.0 million.

Saved as aforesaid or as otherwise mentioned herein and apart from intra-group liabilities and normal accounts payable in ordinary course of business, the Group did not have, at the close of business on 31 December 2020, any outstanding mortgages, charges, debentures, loan capital and overdrafts or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptance of acceptance credits or any guarantees of other material contingent liabilities.

**III. WORKING CAPITAL**

Taking into account the expected construction of the Additional Vessels as contemplated under the Additional Shipbuilding Contracts and the financial resources available to the Group, including the internally generated funds and the available banking facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

**IV. FINANCIAL AND TRADING PROSPECTS**

Since 2018, the Company experienced the slowdown in world economic growth, China-US trade disputes, fluctuations in the global container shipping and logistics market, the intensified competition in the industry and was impacted by the outbreak of COVID-19 in 2020, however, its operation still performed steadily by leveraging on the comprehensive coverage of the Group's shipping and logistics supply chain, and its unique business model.

Over the past years, the Company continued to record increase in container shipping volume and outperform many of our peers by actively capitalizing on the intra-Asia economic development. The Group leveraged on its strong operating cash flow to expand its operations amidst the unfavorable industrial trend, and pursued development opportunities at low costs, and has actively pursued expansion of its fleet. The Company recognized that the orders for container vessels have continued to decline since the global economic crisis in 2008. In 2020, the global orders for container vessels reached a low level that had never been seen in the past two decades, while the container business in Asia continued to grow.

In respect of the container shipping and logistics business, the Group plans to continue to implement various extension and upgrade to certain container shipping route services networks.

Looking ahead, although there are certain uncertainties in world economic growth and the impact of the pandemic, the supply chain and trade landscapes among countries have increased their dependence on the Asian region, and the problem of insufficient effective shipping capacity in the region will gradually appear. As a leading shipping logistics company, in order to meet the increasing demands of customers for high-density, high frequency container shipping route and logistics network covering major ports in Asia, and to grasp the expansion opportunities at low costs, it is necessary for the Company to further expand the scale of its self-owned fleet and secure a long-term cost advantage for the Company. The Company will continue to pay close attention to and evaluate the impact of the macro economy and the outbreak of COVID-19 on the business environment, and prudently implement its business expansion plan.

**V. OTHER INFORMATION****(a) Liquidity and financial and capital resources**

Total assets of the Group increased by approximately 3.6% from approximately US\$1,749.5 million as at 31 December 2019 to approximately US\$1,812.7 million as at 30 June 2020. As at 30 June 2020, the Group had cash and cash equivalents amounting to approximately US\$466.9 million, mainly denominated in US dollar, Renminbi, Japanese Yen and other currencies.

Total liabilities of the Group increased by approximately 6.7% from approximately US\$730.0 million as at 31 December 2019 to approximately US\$778.9 million as at 30 June 2020. At 30 June 2020, the Group had secured interest-bearing bank loans of approximately US\$422.2 million. The maturity profile is spread over a period, with approximately US\$92.2 million repayable within one year or on demand, approximately US\$67.3 million within the second year, approximately US\$151.1 million within the third to fifth years and approximately US\$111.6 million beyond five years.

Further, the Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. As at 30 June 2020, the Group hedged approximately 13.6% (31 December 2019: 11.0%) of its foreign currency sales for which firm commitments existed at the end of 30 June 2020.

As at 30 June 2020, the Group had current ratio (being the current assets divided by the current liabilities) of approximately 1.7 compared to that of 1.3 as at 31 December 2019. The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. The Group's policy is to maintain a healthy gearing ratio. Net debt includes interest-bearing bank borrowings, lease liabilities, provision for reinstatement costs, trade and other payables, accruals, amounts due to related companies, less cash and cash equivalents. Adjusted capital includes equity attributable to owners of the parent less the hedging reserve. The Group's gearing ratio was 23% and 18% as at 30 June 2020 and 31 December 2019, respectively.

**(b) Charge of assets**

As at 30 June 2020, the Group's bank loans were secured by mortgages over the Group's container vessels which had an aggregate carrying value at the end of the reporting period of approximately US\$700.3 million (31 December 2019: US\$489.2 million).

**(c) Employee and Remuneration Policies**

As at 30 June 2020, the Group had an aggregate of 1,589 full-time employees (excluding crew member) (30 June 2019: 1,417). The Group determined the remuneration packages of all employees (including the directors) with reference to corporate performance, individual performance and current market salary scale.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DIRECTORS' INTEREST

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange:

### (i) Interest in the Company

Name of Director	Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage of Shareholding
YANG Shaopeng <sup>(2)</sup>	Interest in controlled corporation	1,375,390,231 (L)	51.30%
	Beneficial owner	10,619,000 (L)	0.40%
YANG Xianxiang	Beneficial owner	8,870,394 (L)	0.33%
LIU Kecheng	Beneficial owner	510,307 (L)	0.02%
XUE Peng <sup>(3)</sup>	Interest in controlled corporation	12,866,176 (L)	0.48%
	Beneficial owner	1,978,250 (L)	0.07%
LAI Zhiyong <sup>(4)</sup>	Beneficiary of the Go Thrive Trust	3,037,847 (L)	0.11%
	Beneficial Owner	1,488,046 (L)	0.06%
XUE Mingyuan <sup>(4)</sup>	Beneficiary of the Go Thrive Trust	1,906,100 (L)	0.07%
	Beneficial owner	2,869,664 (L)	0.11%
YEUNG Kwok On	Beneficial Owner	263,438 (L)	0.01%
Tse Siu Ngai	Beneficial Owner	70,000 (L)	0.01%

Notes:

(1) The letters "L" denotes the person's long position in the Shares.

- (2) 1,375,390,231 Shares were held by Resourceful Link Management Limited (“Resourceful Link”). The issued share capital of Resourceful Link was owned as to 79.82% by Better Master Limited (“Better Master”). Better Master was owned as to 100% by Mr. YANG Shaopeng.
- (3) 12,866,176 Shares were held by Watercrests Profits Limited, which was owned as to 100% by Add Investments Company Limited, which was in turn owned as to 100% by Mr. XUE Peng
- (4) 3,037,847 Shares and 1,906,100 Shares were held by Go Thrive Limited, which was wholly owned by Mr. ZHAO Zhiyong, as the trustee holding such interests for the beneficiaries of Go Thrive Trust, including Mr. LAI Zhiyong and Mr. XUE Mingyuan.

**(ii) Interest in underlying Shares**

<b>Name of Director</b>	<b>Nature of Interest</b>	<b>Number of Shares in the Company subject to vesting under the Share Award Scheme</b>	<b>Approximate percentage of shareholding<sup>(Note)</sup></b>
YANG Xianxiang	Beneficial owner	544,171	0.02%
LIU Kecheng	Beneficial owner	510,084	0.02%
XUE Peng	Beneficial owner	407,435	0.02%
XUE Mingyuan	Beneficial owner	792,625	0.03%
LAI Zhiyong	Beneficial owner	349,935	0.01%
YEUNG Kwok On	Beneficial owner	51,816	0.002%

*Note:*

Assuming vesting in full of the awarded shares awarded pursuant to the share award scheme adopted by the Company on 13 September 2017.

**(iii) Interest in associated corporations**

<b>Name of Director</b>	<b>Nature of associated corporation</b>	<b>Number of shares</b>	<b>Percentage of Shareholding</b>
YANG Shaopeng <sup>(1)</sup>	Resourceful Link	55,290	79.82%
YANG Xianxiang <sup>(2)</sup>	Resourceful Link	11,776	17.00%
LIU Kecheng <sup>(3)</sup>	Resourceful Link	2,205	3.18%

*Notes:*

- (1) Resourceful Link was interested in approximately 51.30% of the issued share capital of the Company. Resourceful Link was owned as to 79.82% by Better Master, which was in turn owned as to 100% by Mr. YANG Shaopeng.

- (2) Resourceful Link was interested in approximately 51.30% of the issued share capital of the Company. Jixiang Limited was interested in 17.00% of the issued share capital of Resourceful Link. Jixiang Limited was in turn owned as to 100% by Mr. YANG Xianxiang.
- (3) Resourceful Link was interested in approximately 51.30% of the issued share capital of the Company. Yicheng Group Limited was interested in 3.18% of the issued share capital of Resourceful Link. Yicheng Group Limited was in turn owned as to 100% by Mr. LIU Kecheng.

### 3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

Save as disclosed below, as at the Latest Practicable Date and so far as was known to the Directors and chief executive of the Company, there were no other persons other than the Directors or chief executive of the Company, who has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity	Number of shares	Percentage of Shareholding
LIU Rongli <sup>(2)</sup>	Interest of spouse	1,386,009,231 (L)	51.70%
Resourceful Link <sup>(3)</sup>	Beneficial owner	1,375,390,231 (L)	51.30%
Better Master <sup>(3)</sup>	Interest in controlled corporation	1,375,390,231 (L)	51.30%

*Notes:*

- (1) The letters "L" denotes the person's long position in the Shares.
- (2) Ms. LIU Rongli is the spouse of Mr. YANG Shaopeng and is also deemed to be interested in all the Shares held by Mr. YANG Shaopeng by virtue of the SFO.
- (3) Resourceful Link was owned as to 79.82%, 17.00% and 3.18% by Better Master, Jixiang Limited and Yicheng Group Limited. Better Master was owned as to 100% by Mr. YANG Shaopeng. Jixiang Limited was owned as to 100% by Mr. YANG Xianxiang. Yicheng Group Limited was owned as to 100% by Mr. LIU Kecheng.

### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or its subsidiaries within one year without payment of compensation (other than statutory compensation). All Directors are subject to retirement by rotation at least once every three years and are eligible for re-election at the annual general meeting in accordance with the articles of association of the Company.

**5. COMPETING BUSINESS INTEREST OF DIRECTORS**

As at the Latest Practicable Date, save as disclosed in the annual report of the Company for the year ended 31 December 2019, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, whether directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules other than those businesses to which the Directors and his/her associates were appointed to represent the interests of the Company and/or the Group.

**6. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

**7. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE**

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

**8. MATERIAL CONTRACTS**

The Group has not entered into any contracts (not being contracts entered into in the ordinary course of business) within two years immediately preceding the date of this circular and are or may be material.

**9. INTEREST OF DIRECTORS IN ASSETS**

Since the date to which the latest published audited accounts of the Company were made up until the Latest Practicable Date, there had been no interest of any Director or experts in any assets which had been or were proposed to be acquired or disposed of by or leased to any member of the Group.

**10. GENERAL**

- (a) The company secretary of the Company is Mr. Xue Peng.
- (b) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The principal place of business in Hong Kong of the Company is at 21/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, Level 17, Hopewell Centre, 183 Queen's Road East, Hong Kong.

- (e) This circular has been prepared in both English and Chinese, the English text of this circular shall prevail over the Chinese text in the event of inconsistency.

**11. MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, they are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the Company were made up.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at 21/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong during normal business hours from 9:00 a.m. to 5:30 p.m. on any Business Day for a period of 14 days from the date of this circular:

- a. the memorandum and articles of association of the Company;
- b. the annual reports of the Company for the three years ended 31 December 2017, 2018 and 2019;
- c. the interim report of the Company for the six months ended 30 June 2020; and
- d. a copy of this circular.