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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)**

### **CONNECTED TRANSACTIONS ACQUISITION OF TARGET COMPANIES AND ACQUISITION OF VESSELS**

#### **FIRST ACQUISITION**

On 21 September 2023, the Company entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Company agreed to procure one of its wholly-owned subsidiaries to acquire and the Vendor agreed to sell the Sale Shares and the Sale Loans, for an aggregate consideration of US\$39,770,516.67.

The Sale Shares represent all of the equity interests in the Target Companies. Each of the Target Companies is an investment holding company, with five of which each holding a container vessel, and one of which holding 700 shipping containers.

#### **SECOND ACQUISITION**

On 21 September 2023, the Subsidiary, a wholly-owned subsidiary of the Company, entered into the Novation Agreements with the Vendor and the Shipyard under which the Vendor agreed to novate and transfer its rights to two container vessels under construction at the Shipyard to the Subsidiary for the aggregate consideration of US\$18,442,856.

## **LISTING RULES IMPLICATIONS**

The Vendor is a company which is indirectly owned as to 100% by Qingdao SITC. Qingdao SITC is associates of Mr. Yang Shaopeng. Mr. Yang Shaopeng is a controlling Shareholder and an executive Director of the Company. The Vendor is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the entering into of the transactions under each of the Sale and Purchase Agreement and the Novation Agreements constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Further, as both the First Acquisition and the Second Acquisition are with the Vendor and the nature of the transactions concern the purchase of shipping assets from the Vendor, the First Acquisition and the Second Acquisition should be aggregated for the classification of the transactions. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisitions on an aggregate basis, are more than 0.1% but less than 5%, the Acquisitions constitute connected transactions for the Company under Chapter 14A of the Listing Rules and subject to the reporting and announcement requirements and exempt from the requirement of Independent Shareholders' approval.

## **THE FIRST ACQUISITION**

On 21 September 2023, the Company entered into the Sale and Purchase Agreement with the Vendor, under which the Company agreed to procure one of its wholly-owned subsidiaries to acquire and the Vendor agreed to sell the Sale Shares and the Sale Loans, for an aggregate consideration of US\$39,770,516.67.

The salient terms of the Sale and Purchase Agreement are summarized below:

### **Subject Matter**

As at the date of this announcement, the Vendor owns 100% of the issued share capital of each of the Target Companies.

Pursuant to the Sale and Purchase Agreement, the Company conditionally agreed to procure one of its wholly-owned subsidiaries to acquire from the Vendor the entire issued share capital of each of the Target Companies (i.e. the Sale Shares), which in turn hold the titles to the following assets, together with the Sale Loans.

**Name of Target****Company****Assets**

<b>Danang Shipping</b>	A 1,032 TEU container vessel constructed in the year of 2000.
<b>HF Spirit</b>	A 1,032 TEU container vessel constructed in the year of 2002.
<b>HF Fortune</b>	A 1,049 TEU container vessel constructed in the year of 2008.
<b>HF Lucky</b>	A 1,049 TEU container vessel constructed in the year of 2008.
<b>HF Wealth</b>	A 1,049 TEU container vessel constructed in the year of 2008.
<b>Hai Lian</b>	200 20-foot Flat Racks and 500 40-foot Flat Racks built in 2018.

Upon completion of the First Acquisition, the Company will indirectly hold the entire issued share capital of each of the Target Companies, and each of the Target Companies will become a wholly-owned subsidiary of the Company.

**Consideration**

The aggregate consideration for the First Acquisition is US\$39,770,516.67, which was determined between the parties after arm's length negotiations based on a number of factors, including (i) the average market value of the five container vessels of the Target companies as determined by two independent valuers using the market approach; (ii) the current market values of similar types of shipping containers by reference to comparable transactions in the industry; (iii) the total amount of loan to be assigned to the Company or its designated wholly-owned subsidiary in the amount of US\$21,089,428.06; and (iv) the strategic rationale behind the transactions contemplated thereunder, being considered as a whole. As such, the Directors (excluding the interested Directors) are of the view that the terms of the Sale and Purchase Agreement and the First Acquisition 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. A breakdown of the amount of the consideration to be paid to the Vendor for each of the Target Companies is set out below:

<b>Target Company</b>	<b>Consideration to be paid for the relevant Sale Shares (US\$)</b>	<b>Sale Loans to be assigned (US\$)</b>
Danang Shipping	4,259,575.52	1,490,424.48
HF Spirit	4,155,740.88	2,219,259.12
HF Fortune	3,125,770.21	5,124,229.79
HF Lucky	3,080,001.00	5,169,999.00
HF Wealth	4,050,001.00	4,199,999.00

<b>Target Company</b>	<b>Consideration to be paid for the relevant Sale Shares (US\$)</b>	<b>Sale Loans to be assigned (US\$)</b>
Hai Lian	10,000.00	2,885,516.67
<b>Total</b>	<b>18,681,088.61</b>	<b>21,089,428.06</b>

### **Payment of consideration**

The aggregate consideration for the First Acquisition will be payable by the Company to the Vendor at completion.

The consideration for the First Acquisition will be satisfied by internal resources of the Group.

### **Conditions**

Completion of the First Acquisition shall be conditional upon:

- (a) the compliance by the Company of all applicable requirements of the Listing Rules in relation to the transactions contemplated under the Sale and Purchase Agreement, including where necessary, the obtaining of independent shareholders' approval with respect to the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (b) the Company being satisfied with the results of the due diligence on the Sale Shares and the underlying assets of the Target Companies; and
- (c) if applicable, the obtaining of all other consents, approvals and authorisations in relation to the transactions contemplated under the First Acquisition.

If the above conditions are not fulfilled or waived (in which condition (a) cannot be waived) before 31 December 2023, the Sale and Purchase Agreement shall forthwith become null and void and cease to have any effect whatsoever save for any antecedent breach.

## INFORMATION ON THE TARGET COMPANIES

Each of the Target Companies is an investment holding company incorporated to hold shipping assets. Details of the financial information of each of the Target Companies are set out below:

	Net profit/(loss) before taxation of each of the Target Companies		Net profit/(loss) after taxation of each of the Target Companies		Net assets/(liabilities) of each of the Target Companies	
	For the financial year ended 31 December 2021 US\$ (audited)	For the financial year ended 31 December 2022 US\$ (audited)	For the financial year ended 31 December 2021 US\$ (audited)	For the financial year ended 31 December 2022 US\$ (audited)	As at 31 December 2021 US\$ (audited)	As at 31 December 2022 US\$ (audited)
Danang Shipping	706,892	2,605,017	706,892	2,605,017	1,553,507	4,158,523
HF Fortune	879,036	2,317,197	879,036	2,317,197	2,240,298	4,557,496
HF Lucky	877,866	2,316,197	877,866	2,316,197	2,262,088	4,578,286
HF Spirit	845,929	2,707,429	845,929	2,707,429	1,420,970	4,128,399
HF Wealth	865,980	2,654,359	865,980	2,654,359	1,279,514	3,933,873
Hai Lian	224,940	224,940	224,940	224,940	47,843	272,783

Upon completion of the First Acquisition, each of the Target Companies will become a wholly-owned subsidiary of the Company and their financial results will be consolidated into the consolidated financial statements of the Group.

## THE SECOND ACQUISITION

On 21 September 2023, the Subsidiary, the Vendor and the Shipyard entered into the Novation Agreements. The salient terms of the Novation Agreements are as follows:

### Subject Matter

Pursuant to the Novation Agreements, the Vendor agreed to novate and transfer its rights to two container vessels undergoing construction at the Shipyard to the Subsidiary. The details of the assets to be novated and transferred to the Subsidiary are as follows:

<b>Name of vessel</b>	<b>Specification</b>	<b>Expected delivery</b>
HF Changde (Hull no. HCY-216)	1,800 TEU container vessel	2024
HF Haode (Hull no. HCY-217)	1,800 TEU container vessel	2024

### **Consideration**

The aggregate consideration for the Second Acquisition is US\$18,442,856, which was determined based on the amount of construction fees already paid by the Vendor to the Shipyard for the construction of the two vessels plus the cost of fund calculated at 5% per annum based on the construction fees paid by the Vendor.

Upon completion of the Second Acquisition, the Subsidiary will assume all rights to the two vessels under construction and shall be responsible for paying the Shipyard the balance of the construction fees for the two vessels in the sum of US\$41,935,200.

### **REASONS FOR THE ACQUISITIONS**

The Company is an Asian shipping logistics company that provides integrated transportation and logistics solutions.

The Group has been chartering vessels and containers held by the Target Companies in order to meet its operational requirements. The Acquisitions will enable the Group to expand its self-owned fleet, as well as owning its own shipping containers to carry out its shipping operation, thereby reducing the number of connected transactions in its ordinary course of business. By operating its own fleet of vessels and shipping containers, the Group aims to streamline its shipping operation, reduce reliance on related parties, and enhance its operational efficiency and resource utilisation. Furthermore, vessel prices have experienced swift decline following the Covid-19 pandemic, which presents an opportunity for the Group to optimise its fleet structure and secure a long-term cost-competitive position in the shipping industry.

The Directors, including the independent non-executive Directors but excluding the interested Directors, are of the view that the Acquisitions were being carried out under normal commercial terms, on terms that are fair and reasonable, and the Acquisitions are in the interest of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The Vendor is a company incorporated in the British Virgin Islands and is indirectly owned as to 100% by Qingdao SITC. Qingdao SITC is an associate of Mr. Yang Shaopeng. Mr. Yang Shaopeng is a controlling Shareholder and an executive Director of the Company. The Vendor is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the entering into of the Sale and Purchase Agreement and the Novation Agreements constitute connected transactions for the Company under Chapter 14A of the Listing Rules. Further, as both the First Acquisition and the Second Acquisition are with the Vendor and the nature of the transactions concern the purchase of shipping assets from the Vendor, the First Acquisition and the Second Acquisition should be aggregated for the classification of the transactions. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisitions on an aggregate basis, are more than 0.1% but less than 5%, the Acquisitions constitute connected transactions for the Company under Chapter 14A of the Listing Rules and subject to the reporting and announcement requirements and exempt from the requirement of Independent Shareholders' approval.

## **INFORMATION ON THE PARTIES**

### **The Company**

The Company is a company incorporated in the Cayman Islands and is an Asian shipping logistics company that provides integrated transportation and logistics solutions with routes covering all major shipping routes in Asia.

### **The Subsidiary**

The Subsidiary is a company incorporated in the British Virgin Islands and is principally engaged in the ship owning business. It is a wholly-owned subsidiary of the Company.

### **The Vendor**

The Vendor is a company incorporated in the British Virgin Islands and is principally engaged in the business of investment holding. It is indirectly owned as to 100% by Qingdao SITC. Qingdao SITC is a company owned as to (i) 43.08% by Ms. Liu Rongli (the spouse of Mr. Yang Shaopeng and the mother of Ms. Yang Xin); (ii) 18.05% by Ms. Lin Limei (the spouse of Mr. Yang Xianxiang); (iii) 5.13% by Ms. Li Xuerao (the spouse of Mr. Liu Kecheng); (iv) 2.11% by Ms. Zhang Qiongye (the spouse of Mr. Lai Zhiyong);

(v) 3.06% by Ms. Sheng Jiejun (the spouse of Mr. Xue Mingyuan); and (vi) with the remaining 28.57% held by 182 individuals whom are employees and/or ex-employees of the Group.

### **The Shipyard**

The Shipyard is a company established in the PRC and is principally engaged in the business of ship building. It is owned as to 80.43% by Trade Union Committee of Huanghai Shipbuilding Co., Ltd. (黃海造船有限公司工會委員會), an organisation with members comprising the employees, and 19.57% by Rongcheng State-owned Capital Operation Co., Ltd. (榮成市國有資本運營有限公司), company established in the PRC and a state-owned enterprise. To the best knowledge of the Directors, after reasonable enquiry, the Shipyard and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons.

### **GENERAL**

As at the date of this announcement, each of Mr. Yang Shaopeng, Mr. Yang Xianxiang, Mr. Liu Kecheng, Mr. Lai Zhiyong and Mr. Xue Mingyuan, each an executive Director, together with their respective associates, holds interests in the Vendor, and Ms. Yang Xin, a non-executive Director, is the daughter of Mr. Yang Shaopeng. Accordingly, 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 transactions contemplated under the Sale and Purchase Agreement and the Novation Agreements, and they have therefore abstained from voting for the Board resolution to approve the Acquisitions.

### **DEFINITIONS**

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

“Acquisitions”	the First Acquisition and the Second Acquisition;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;



“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 shareholder”	has the meaning ascribed to it under the Listing Rules;
“Danang Shipping”	SITC Danang Shipping Company Limited, a company incorporated in Hong Kong;
“Director(s)”	the director(s) of the Company;
“First Acquisition”	the acquisition of the Sale Shares and the Sale Loans by the Company or its designated wholly-owned subsidiary from the Vendor pursuant to the terms and conditions under the Sale and Purchase Agreement;
“Group”	the Company and its subsidiaries;
“Hai Lian”	Hai Lian Shipping Enterprises Inc., a company incorporated in Panama;
“HF Fortune”	HF Fortune Shipping Company Limited, a company incorporated in Hong Kong;
“HF Lucky”	HF Lucky Shipping Company Limited, a company incorporated in Hong Kong;
“HF Spirit”	HF Spirit Shipping Company Limited, a company incorporated in Panama;
“HF Wealth”	HF Wealth Shipping Company Limited, a company incorporated in Hong Kong;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Independent Shareholders”	the Shareholders who are not involved in or interested in the transactions contemplated under the First Acquisition and the Second Acquisition;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Novation Agreements”	two novation and transfer agreements dated 21 September 2023 entered into between the Subsidiary, the Vendor and the Shipyard in relation to the transfer the rights of two container vessels under construction to the Subsidiary;
“PRC”	the People’s Republic of China;
“Qingdao SITC”	SITC Maritime Group Company Limited, a company established in the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 21 September 2023 entered into between the Company and the Vendor in relation to the First Acquisition;
“Sale Loans”	the loans advanced by the Vendor to the Target Companies in the aggregate amount of US\$21,089,428.06 which will be transferred to the Company under the Sale and Purchase Agreement;
“Sale Shares”	100% of the issued share capital of each of the Target Companies;
“Second Acquisition”	the acquisition of two container vessels under construction by the Subsidiary from the Vendor pursuant to the terms and conditions under the Novation Agreements;
“Shareholder(s)”	shareholder(s) of the Company;
“Shipyard”	Huanghai Shipbuilding Co., Ltd., a company established in the PRC;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	SITC Shipowning Group Company Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of the Company;
“Target Companies”	Danang Shipping, HF Spirit, HF Fortune, HF Lucky, HF Wealth, Hai Lian, collectively;
“TEU”	twenty-foot equivalent unit;
“US\$”	U.S. dollar, the lawful currency of United States;
“Vendor”	SITC Investment Co., Ltd., a company incorporated in the British Virgin Islands; and
“%”	per cent.

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

Hong Kong, 21 September 2023

*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 of the Company is Ms. Yang Xin, and the independent non-executive directors of the Company are Dr. Liu Ka Ying, Rebecca, Mr. Tse Siu Ngan and Dr. Hu Mantian (Mandy).*