



# 2021 Interim Report

# 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

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# Corporate Information

## DIRECTORS

### Executive Directors

YANG Shaopeng (*Chairman*)  
YANG Xianxiang (*Vice-Chairman and  
Chief Executive Officer*)  
LIU Kecheng  
LAI Zhiyong  
XUE Mingyuan

### Non-Executive Director

Yang Xin

### Independent Non-Executive Directors

LIU Ka Ying, Rebecca  
TSE Siu Ngan  
HU Mantian (Mandy)

## BOARD COMMITTEES

### Audit Committee

LIU Ka Ying, Rebecca (*Chairlady*)  
TSE Siu Ngan  
HU Mantian (Mandy)

### Remuneration Committee

TSE Siu Ngan (*Chairman*)  
YANG Xianxiang  
LIU Ka Ying, Rebecca

### Nomination Committee

YANG Shaopeng (*Chairman*)  
TSE Siu Ngan  
HU Mantian (Mandy)

### Disclosure Committee

YANG Xianxiang (*Chairman*)  
LIU Kecheng  
LAI Zhiyong  
XUE Mingyuan

### Sustainable Development Committee

YANG Xianxiang (*Chairman*)  
LIU Kecheng  
XUE Mingyuan  
LAI Zhiyong

### Risk Management Committee

TSE Siu Ngan (*Chairman*)  
YANG Xianxiang  
LIU Ka Ying, Rebecca  
HU Mantian (Mandy)

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## CORPORATE HEADQUARTER

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

## AUTHORISED REPRESENTATIVES

LIU Kecheng  
XUE Peng

## COMPANY SECRETARY

XUE Peng (FCS, FCIS (PE))

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited  
Royal Bank House – 3rd Floor,  
24 Shedden Road, P.O. Box 1586  
Grand Cayman KY1-1110  
Cayman Islands

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## PLACE OF LISTING

The Stock Exchange of Hong Kong Limited  
(the “**Stock Exchange**”)

## NAME OF STOCK

SITC International Holdings Company  
Limited (“**SITC**”)

## STOCK CODE

01308

## PRINCIPAL BANKERS (by alphabetical order)

ANZ Bank  
Bank of China  
Bank of China (Hong Kong) Limited  
China Merchants Bank  
Citibank, N.A  
Standard Chartered Bank  
Sumitomo Mitsui Banking Corporation  
The Hongkong and Shanghai Banking  
Corporation Limited

## AUDITOR

Ernst & Young

## LEGAL ADVISORS

### As to Hong Kong law:

Sidley Austin  
Level 39, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

### As to Cayman Islands law:

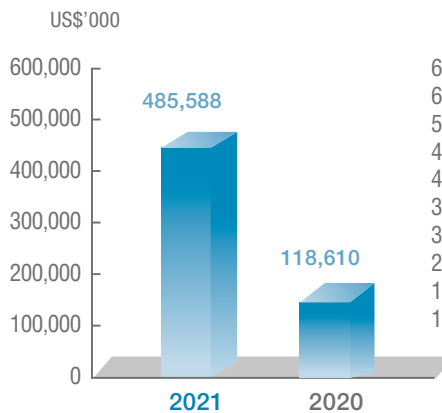
Conyers Dill & Pearman  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## WEBSITE

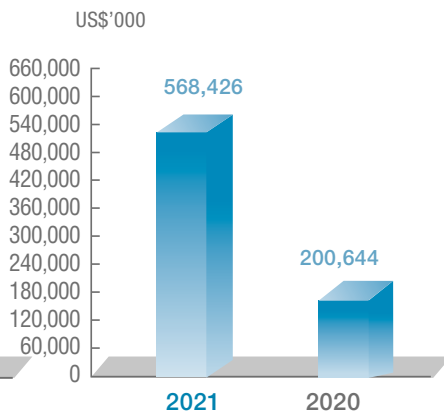
[www.sitc.com](http://www.sitc.com)

# Financial and Operating Highlights

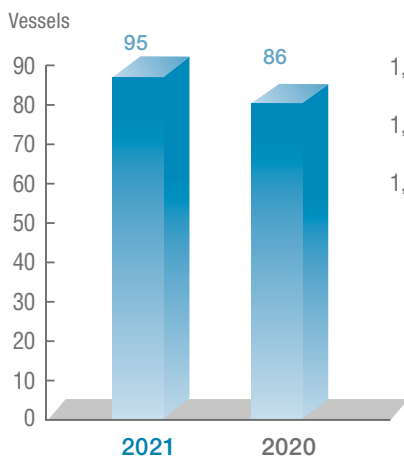
Profit attributable to shareholders of the Company for the six months ended 30 June



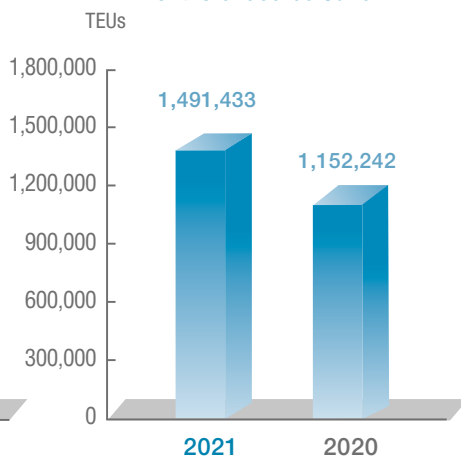
Net cash flows from operating activities for the six months ended 30 June



Number of operating container vessels as at 30 June



Container shipping volume of container shipping and supporting logistics business for the six months ended 30 June



# Management Discussion and Analysis

## OVERVIEW

### Business Review

SITC International Holdings Company Limited (“**SITC**” or the “**Company**” together with its subsidiaries, the “**Group**”) is one of Asia’s leading shipping logistics companies that provides integrated transportation and logistics solutions.

#### (i) Container shipping and logistics business

The Group’s container shipping and logistics business covers integrated logistics services, such as the provision of container transportation, freight forwarding, shipping agency, depot and warehousing, etc. During the six months ended 30 June 2021, the Group’s container shipping and logistics business continued to provide container transportation and integrated logistics services that focus exclusively on the Asia market as the Company believes that the Asia trade market will continue to experience healthy growth.

As of 30 June 2021, the Group operated 75 trade lanes, including 12 trade lanes through joint services and 26 trade lanes through container slot exchange arrangements. These trade lanes and land-based integrated logistics business network covered 72 major ports in the Mainland China, Japan, Korea, Taiwan, Hong Kong, Vietnam, Thailand, the Philippines, Cambodia, Indonesia, Singapore, Malaysia, Brunei and Bengal. As of 30 June 2021, the Group operated a fleet of 95 vessels with a total capacity of 142,085 TEU, comprised of 66 self-owned (98,293 TEU) and 29 chartered vessels (43,792 TEU), with an average age of 11.5 years. 51 of these 95 vessels were of the 1,000 TEU type. For the six months ended 30 June 2021, US\$83.6 million out of US\$92.3 million of paid out capital expenditure was attributable to vessel purchases. In addition, the Group also operated (including through joint ventures) approximately 1,250,000 m<sup>2</sup> of depot and 127,500 m<sup>2</sup> of warehousing space.

## Management Discussion and Analysis

Revenue generated by the Group's container shipping and logistics business for the first half of 2021 increased by approximately 80.4% from approximately US\$732.0 million for the six months ended 30 June 2020 to approximately US\$1,320.5 million for the corresponding period in 2021. The increase was a result of a combined effect, from container shipping and supporting logistics business, where (i) container shipping volume achieved an increase of 29.4% growth from 1,152,242 TEUs for the six months ended 30 June 2020 to 1,491,433 TEUs for the corresponding period in 2021 and (ii) an increase in average freight rate (excluding slot exchange fee income) by approximately 42.3% from US\$541.3/TEU for the six months ended 30 June 2020 to US\$770.4/TEU for the corresponding period in 2021.

### (ii) Dry bulk and other business

The Group's dry bulk and other business covers the provision of dry bulk vessel leasing and land leasing services. As of 30 June 2021, the Group had 6 dry bulk vessels with a total tonnage of 439,039 tons and an average age of 8.7 years.

Revenue generated by the Group's dry bulk and other business for the first half of 2021 increased by approximately 25.5% from approximately US\$11.0 million for the six months ended 30 June 2020 to approximately US\$13.8 million. The increase was primarily attributable to the increase in average daily charter hire of dry bulk vessels.

In the first half of the year, global demand for container shipping and logistics has shown an explosive growth. The Company has adhered to its unique high-density, high frequency and sea-land integrated business model. To meet customer's demand for supply chain management, the Company will continue to optimise its service network in Asia and enhance its capacity of deployment. At the same time, taking into account of the Company's future development plan and the supply and demand relationship in the industry, the Company will capture opportunities to build vessels at lower cost and replenish orders for new vessels. Upholding its corporate culture of being people-oriented, the Company keeps on improving its organizing ability and competency in digital application to reinforce the cohesion of the Company and maintain its operating efficiency, which gradually realises the goal in becoming a world-class integrated logistics service solutions provider.

## Management Discussion and Analysis

### Financial Overview

	For the six months ended 30 June					
	2021	2020	2021	2020	2021	2020
	Container shipping and logistics		Dry bulk and others		Total	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue</b>	1,320,468	731,960	13,769	10,983	1,334,237	742,943
Cost of sales	(768,586)	(575,425)	(8,430)	(8,991)	777,016	(584,416)
<b>Gross profit</b>	551,882	156,535	5,339	1,992	557,221	158,527
Other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset)	5,600	6,142	1	7	5,601	6,149
Administrative expenses	(66,397)	(42,778)	(49)	(38)	(66,446)	(42,816)
Share of profits of:						
Joint ventures	6,983	4,161	–	36	6,983	4,197
Associates	156	162	–	–	156	162
Other expenses, net	(2,587)	(885)	108	–	(2,479)	(885)
Segment results	495,637	123,337	5,399	1,997	501,036	125,334
Finance costs					(7,850)	(6,926)
Bank interest, other investment income and fair value gain on a financial asset					3,258	6,120
Profit before tax					496,444	124,528
Income tax					(8,523)	(4,889)
<b>Profit for the period</b>					487,921	119,639
<b>Profit attributable to:</b>						
Shareholders of the Company					485,588	118,610
Non-controlling interests					2,333	1,029
					487,921	119,639



## Management Discussion and Analysis

### Revenue

The Group's total revenue increased by approximately 79.6% from approximately US\$742.9 million for the six months ended 30 June 2020 to approximately US\$1,334.2 million for the corresponding period in 2021. The increase was primarily attributable to the increase from container shipping and supporting logistics business in both average freight rate and container shipping volume.

### Cost of Sales

The Group's cost of sales increased by approximately 33.0% from approximately US\$584.4 million for the six months ended 30 June 2020 to approximately US\$777.0 million for the corresponding period in 2021. The increase was primarily attributable to the increase in equipment and cargos transportation costs and bunker cost from container shipping and supporting logistics business.

### Gross Profit and Gross Profit Margin

As a result of the foregoing, the gross profit increased from approximately US\$158.5 million for the six months ended 30 June 2020 to approximately US\$557.2 million for the six months ended 30 June 2021. The Group's gross profit margin increased from approximately 21.3% for the six months ended 30 June 2020 to approximately 41.8% for the corresponding period in 2021.

### Other Income and Gains (excluding bank interest income, other investment income and fair value gain on a financial asset)

For the six months ended 30 June 2021, other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset) decreased by approximately US\$0.5 million from approximately US\$6.1 million for the six months ended 30 June 2020 to US\$5.6 million for the corresponding period in 2021. The decrease was mainly attributable to a year-on-year decrease of approximately US\$0.2 million for a foreign exchange gain.

### Bank Interest Income, Other Investment Income and Fair Value Gain on a Financial Asset

The Group's bank interest income, other investment income, and fair value gain on a financial asset was approximately US\$3.3 million and US\$6.1 million for the six months ended 30 June 2021 and 2020, respectively. The decrease was mainly attributable to the decrease in average deposit interest rate.

### Administrative Expenses

The Group's administrative expenses increased from approximately US\$42.8 million for the six months ended 30 June 2020 to approximately US\$66.4 million for the corresponding period in 2021, representing an increase of approximately 55.1%. The increase was primarily attributable to the overall increase in staff cost.

### Other Expenses, net

The Group's other expenses, net were approximately US\$2.5 million and US\$0.9 million for the six months ended 30 June 2021 and 2020, respectively. The increase was mainly attributable to a year-on-year increase of approximately US\$2.0 million in the hedging losses of realization of Japanese Yen arising from early repayment of Japanese Yen loan.

### Finance Costs

The Group's finance costs increased from approximately US\$6.9 million for the six months ended 30 June 2020 to approximately US\$7.9 million for the six months ended 30 June 2021. The increase was mainly attributable to the increase interest on lease liabilities.

### Share of Profits of Joint Ventures

The Group's share of profits of joint ventures increased by approximately 66.7% from approximately US\$4.2 million for the six months ended 30 June 2020 to approximately US\$7.0 million in for the six months ended 30 June 2021. The increase was mainly attributable to the growth in the profits of part of the jointly controlled depots.

## Management Discussion and Analysis

### Share of Profits of Associates

The Group's share of profits of associates was approximately US\$0.2 million for both the six months ended 30 June 2021 and 2020. There was no material change in the amount.

### Profit before Tax

As a result of the foregoing, the Group's profit before tax increased from approximately US\$124.5 million for the six months ended 30 June 2020 to approximately US\$496.4 million for the corresponding period in 2021.

### Income Tax Expenses

The Group's income tax expense was approximately US\$8.5 million and US\$4.9 million for the six months ended 30 June 2021 and 2020, respectively. The increase was primarily attributable to the increase in taxable profit of the Group.

### Profit for the Period

The Group's profit for the six months ended 30 June 2021 was approximately US\$487.9 million, representing an increase of approximately US\$368.3 million over the profit of US\$119.6 million for the corresponding period in 2020.

## Management Discussion and Analysis

### Container Shipping and Logistics

The following table sets forth selected income statement data for the Group's container shipping and logistics segment for the periods indicated:

	Six months ended 30 June			
	2021		2020	
	Amount	% of	Amount	% of
	(US\$'000)	segment revenue	(US\$'000)	segment revenue
	(Unaudited)		(Unaudited)	
<b>Income Statement Data:</b>				
<b>Segment revenue</b>	1,320,468	100%	731,960	100%
Container shipping and supporting logistics income	1,188,105	90.0%	655,694	89.6%
Other container logistics income	132,363	10.0%	76,266	10.4%
<b>Cost of Sales</b>	(768,586)	(58.2%)	(575,425)	(78.6%)
Equipment and cargos transportation costs	(395,362)	(29.9%)	(308,102)	(42.1%)
Voyage costs	(158,267)	(12.0%)	(119,288)	(16.3%)
Container shipping vessels cost	(114,646)	(8.7%)	(83,362)	(11.4%)
Other container logistics costs	(100,311)	(7.6%)	(64,673)	(8.8%)
<b>Gross Profit</b>	551,882	41.8%	156,535	21.4%
Other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset)	5,600	0.4%	6,142	0.8%
Administrative expenses	(66,397)	(5.0%)	(42,778)	(5.9%)
Other expenses, net	(2,587)	(0.2%)	(885)	(0.1%)
Share of profits of:				
Joint ventures	6,983	0.5%	4,161	0.6%
Associates	156	0.1%	162	0.1%
<b>Segment results</b>	495,637	37.5%	123,337	16.9%

## Management Discussion and Analysis

### Segment results

The following table sets forth the number of trade lanes and port calls per week of the Group as at 30 June 2020 and 2021, and the average freight rate for the six months ended 30 June 2020 and 2021:

Six months ended 30 June		As of 30 June			
2021	2020	2021	2020	2021	2020
Average freight rate (US\$ per TEU, excluding slot exchange rate)		Number of trade lanes		Port calls per week	
770.4	541.3	75	70	460	426

### Revenue

Revenue of the Group's container shipping and logistics business increased by approximately 80.4% from approximately US\$732.0 million for the six months ended 30 June 2020 to approximately US\$1,320.5 million for the six months ended 30 June 2021. This increase was a combined effect of (i) the increase in container shipping volume from 1,152,242 TEUs for the six months ended 30 June 2020 to 1,491,433 TEUs for the corresponding period in 2021; and (ii) increase in average container shipping freight rate (excluding slot exchange fee income) from US\$541.3/TEU for the six months ended 30 June 2020 to US\$770.4/TEU for the corresponding period in 2021.

### Cost of Sales

The cost of sales of the Group's container shipping and logistics business increased by approximately 33.6% from approximately US\$575.4 million for the six months ended 30 June 2020 to approximately US\$768.6 million for the corresponding period in 2021. Such increase was primarily attributable to the increase in equipment and cargos transportation costs and bunker cost.

## Management Discussion and Analysis

### Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group recorded gross profit of approximately US\$551.9 million for its container shipping and logistics business for the six months ended 30 June 2021, representing an increase of approximately US\$395.4 million as compared to approximately US\$156.5 million for the corresponding period in 2020. The gross profit margin of the Group's container shipping and logistics business was approximately 41.8% and 21.4% for the six months ended 30 June 2021 and 2020, respectively.

### Other Income and Gains (excluding bank interest income, other investment income and fair value gain on a financial asset)

For the six months ended 30 June 2021, the other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset) decreased to approximately US\$5.6 million from approximately US\$6.1 million for the corresponding period in 2020. The decrease was mainly attributable to a year-on-year decrease of approximately US\$0.2 million for a foreign exchange gain.

### Administrative Expenses

Administrative expenses of the Group's container shipping and logistics business increased from approximately US\$42.8 million for the six months ended 30 June 2020 to approximately US\$66.4 million in the corresponding period of 2021. The change in the amount was mainly attributable to the overall increase in staff cost.

### Other Expenses, net

Other expenses, net increased from approximately US\$0.9 million for the six months ended 30 June 2020 to approximately US\$2.6 million for the corresponding period in 2021. The increase was mainly attributable to a year-on-year increase of approximately US\$2.0 million in the hedging losses of realization of Japanese Yen arising from early repayment of Japanese Yen loan.

## Management Discussion and Analysis

### Share of Profits of Joint Ventures

The Group's container shipping and logistics business's share of profits of joint ventures was approximately US\$7.0 million and US\$4.2 million for the six months ended 30 June 2021 and 2020, respectively. The change in the amount was mainly attributable to the growth in the profits of part of the jointly controlled depots.

### Share of Profits of Associates

The Group's container shipping and logistics business' share of profits of associates was approximately US\$0.2 million for both the six months ended 30 June 2021 and 2020. There was no material change in the amount.

### Segment Results

As a result of the foregoing, the segment results of the Group's container shipping and logistics business increased by approximately 301.9% from approximately US\$123.3 million for the six months ended 30 June 2020 to approximately US\$495.6 million in the corresponding period in 2021.

## Management Discussion and Analysis

### Dry Bulk and Others

The following table sets forth selected income statement data for the Group's dry bulk and others segment for the periods indicated:

	<b>Six months ended 30 June</b>			
	<b>2021</b>	<b>% of</b>	<b>2020</b>	<b>% of</b>
	Amount (US\$'000) (Unaudited)	segment revenue	Amount (US\$'000) (Unaudited)	segment revenue
<b>Income Statement</b>				
<b>Data:</b>				
<b>Segment revenue</b>	13,769	100%	10,983	100%
Dry bulk business	12,945	94.0%	10,216	93.0%
Other businesses	824	6.0%	767	7.0%
<b>Cost of Sales</b>	(8,430)	(61.2%)	(8,991)	(81.9%)
Dry bulk business	(8,032)	(58.3%)	(8,629)	(78.6%)
Other businesses	(398)	(2.9%)	(362)	(3.3%)
<b>Gross Profit</b>	5,339	38.8%	1,992	18.1%
Other income and gains (excluding bank interest income, investment income and fair value gain on a financial asset)	1	0.1%	7	0.1%
Administrative expenses	(49)	(0.4%)	(38)	(0.3%)
Other expenses, net	108	0.8%	–	–
Share of profit and losses of: Joint ventures	–	–	36	0.3%
<b>Segment results</b>	5,399	39.2%	1,997	18.2%



## Management Discussion and Analysis

### Revenue

The revenue of the Group's dry bulk and others business increased by approximately 25.5% from approximately US\$11.0 million for the six months ended 30 June 2020 to approximately US\$13.8 million for the corresponding period in 2021. This increase was mainly attributable to the following:

- *Dry bulk business.* Revenue of the Group's dry bulk business increased by approximately 26.5% from approximately US\$10.2 million for the six months ended 30 June 2020 to approximately US\$12.9 million for the corresponding period in 2021. This primarily reflected the increase in the average daily charter rate of dry bulk vessels.
- *Other businesses.* Revenue of the Group's other businesses was approximately US\$0.8 million for both the six months ended 30 June 2021 and 2020, respectively. There was no material fluctuation in the amount.

### Cost of Sales

The cost of sales of the Group's dry bulk and others business decreased by approximately 6.7% from approximately US\$9.0 million for the six months ended 30 June 2020 to approximately US\$8.4 million for the corresponding period in 2021. The decrease was mainly a combined effect of the following:

- *Dry bulk business.* Cost of sales of dry bulk business decreased by approximately 7.0% from approximately US\$8.6 million for the six months ended 30 June 2020 to approximately US\$8.0 million for the corresponding period in 2021, primarily reflected a year-on-year decrease of approximately US\$0.8 million for bunker cost arising from changes in the bunker price when delivery and redelivery of vessels.
- *Other businesses.* Cost of sales of the Group's other businesses was approximately US\$0.4 million for both the six months ended 30 June 2021 and 2020. There was no material change in the amount.

## Management Discussion and Analysis

### Gross Profit and Gross Profit Margin

As a result of the foregoing, the gross profit of the Group's dry bulk and others business increased by approximately 165.0% from approximately US\$2.0 million for the six months ended 30 June 2020 to approximately US\$5.3 million for the corresponding period in year 2021. The gross profit margin of the Group's dry bulk and others business increased from approximately 18.1% for the six months ended 30 June 2020 to approximately 38.8% for the corresponding period in 2021.

### Administrative Expenses

Administrative expenses of the Group's dry bulk and others business was less than approximately US\$0.1 million for both the six months ended 30 June 2021 and 2020. There was no material change in the amount.

### Other Expenses, net

The Group's other expenses for the dry bulk and others business recorded profit of approximately US\$0.1 million for the six months ended 30 June 2021, which was mainly due to the reversal of impairment loss of trade receivables arising from collection of previously impaired trade receivables.

### Segment Results

As a result of the foregoing, the segment results of the Group's dry bulk and others business increased by approximately 170.0% from approximately US\$2.0 million for the six months ended 30 June 2020 to approximately US\$5.4 million for the corresponding period in 2021.

### LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Total assets of the Group increased by approximately 16.5% from approximately US\$2,040.8 million as at 31 December 2020 to approximately US\$2,376.9 million as at 30 June 2021. As at 30 June 2021, the Group had cash and cash equivalents amounting to approximately US\$716.6 million, mainly denominated in US dollar, Renminbi, Japanese Yen and other currencies.

Total liabilities of the Group increased by approximately 4.8% from approximately US\$845.5 million as at 31 December 2020 to approximately US\$886.2 million as at 30 June 2021. At 30 June 2021, the Group had secured interest-bearing bank loans of approximately US\$368.8 million. The maturity profile is spread over a period, with approximately US\$64.8 million repayable within one year or on demand, approximately US\$56.3 million within the second year, approximately US\$136.3 million within the third to fifth years and approximately US\$111.4 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 2021, the Group hedged approximately 9% (31 December 2020: 13%) of its foreign currency sales for which firm commitments existed at the end of the reporting period.

As at 30 June 2021, the Group had current ratio (being the current assets divided by the current liabilities) of approximately 2.1 compared to that of 1.8 as at 31 December 2020. 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 10% and 21% as at 30 June 2021 and 31 December 2020, respectively.

### CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no significant contingent liabilities.

### CHARGE ON ASSETS

As at 30 June 2021, 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\$721.1 million (31 December 2020: US\$768.8 million).

### EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2021, the Group had an aggregate of 1,765 full-time employees (exclude crew member, 30 June 2020: 1,589). The related employees' costs for the period (including directors' emoluments) amounted to approximately US\$81.6 million (30 June 2020: US\$55.1 million). The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees (including the directors) with reference to corporate performance, individual performance and current market salary scale. Further, the Group has in place a pre-IPO share option scheme, post-IPO share option scheme and adopted a share award scheme on 13 September 2017 (the "**Share Award Scheme**"). Further information of those share option schemes and the Share Award Scheme will be available in the interim report of the Company.

### SIGNIFICANT INVESTMENTS

For the six months ended 30 June 2021, a total of 1 new container vessel and 1 second hand container vessel were delivered. During the six months ended 30 June 2021, the Company also entered into shipbuilding contracts with Dae Sun Shipbuilding & Engineering Co., Ltd. for building of 8 container vessels and entered into option contracts for 2 additional container vessels. Subsequently, the Company announced to exercise the option for building of 8 container vessels with Yangzijiang Shipbuilding, and further announced to exercise options for building of the 2 additional container vessels with Dae Sun Shipbuilding & Engineering Co., Ltd., totaling an aggregate of 10 container vessels options. As at 30 June 2021, the Company has a total of 37 container vessels to be delivered in the coming year.

Save as otherwise, the Group did not have other significant investments during the six months ended 30 June 2021.

### **MATERIAL ACQUISITIONS AND DISPOSALS**

For the six months ended 30 June 2021, the Group did not have any material acquisitions and disposals of its subsidiaries, associates or joint ventures.

### **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Company will continue to purchase container vessels, containers and invest in logistic projects, as and when appropriate. The Company expects that the internal financial resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed, the Company does not have any future plans for significant investments or capital assets as at the date of this report.

## Other Information

### INTERIM DIVIDEND

At the meeting of the board of directors of the Company (the “**Board**”) held on 16 August 2021 (Monday), the Board has resolved to declare an interim dividend of HK100 cents (equivalent to US12.88 cents) per share for the six months ended 30 June 2021 (six months ended 30 June 2020: HK22 cents) to shareholders whose name appear on the register of members of the Company at the close of business on 2 September 2021 (Thursday).

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividends.

### POST-IPO SHARE OPTION SCHEME

On 10 September 2010, the Company adopted a post-IPO share option scheme (the “**Post-IPO Share Option Scheme**”) whereby the Board can grant options for the subscription of the shares of the Company (the “**Shares**”) to the employees, managerial staff and senior employees and those other persons that the Board considers that they will contribute or have contributed to the Group (the “**Participants**”) as described in the Post-IPO Share Option Scheme in order to serve as compliment and to reciprocate their contribution to the Group. The maximum number of Shares that can be issued according to the Post-IPO Share Option Scheme was 260,000,000 Shares which is equivalent to 10% of the issued capital of the Company after completion of the Global Offering (as defined in the prospectus of the Company dated 20 September 2010 (the “**Prospectus**”). The number of options that may be granted pursuant to the terms of the Post-IPO Share Option Scheme shall not exceed 10% of the issued Shares immediately after the completion of the Global Offering. Unless otherwise approved by the shareholders of the Company in general meeting, the number of Shares that may be granted to the Participants under the options shall not exceed 1% within any 12-month period (other than those granted to the substantial shareholders (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), or the total number of Shares that may be granted under the options to the independent non-executive Directors or any of their respective connected persons shall not exceed 0.1% of the Shares in issue from time to time. There is no minimum period that the options must be held before they become exercisable, and the options granted shall be exercised within the period decided by the Board, however no options shall be exercised 10 years after they have been granted. The exercise price of the option shall be the higher of (a) the closing price of the Shares on the daily quotation sheet of the Stock Exchange on the

## Other Information

date of grant; (b) the average closing price of the Shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) nominal value of the Share.

Each grantee shall pay a consideration of HK\$1.00 at the time the option is granted. The Post-IPO Share Option Scheme takes effect from the date it was adopted and shall remain effective within a period of 10 years from that date.

The followings are details of the options granted pursuant to the Post-IPO Share Option Scheme but not yet exercised as at 30 June 2021:

Grantee and position	Date of grant of options	Number of options outstanding as at 1 January 2021	Number of options of granted during the period	Number of options exercised/ cancelled/lapsed during the period	Number of options not yet exercised on 30 June 2021	Approximate
						percentage of shareholding of options held upon the exercise of the options
<b>Other employees</b>						
Other employees (Note)	25 October 2011	187,000	-	175,000	12,000	0.00%
	10 March 2015	1,826,000	-	615,500	1,210,500	0.05%
<b>Total</b>		2,013,000	-	790,500	1,222,500	0.05%

Note: The weighted average closing price immediately before the date on which the share options were exercised was HK\$21.52.

## Other Information

On 25 October 2011, the Company granted a total of 11,600,000 share options pursuant to the Post-IPO Share Option Scheme with an exercise price of HK\$1.968 per Share and shall be exercisable from 25 October 2012 to 25 October 2021. The closing price of the Shares immediately before the date of grant of such share options was HK\$1.960.

On 10 March 2015, the Company granted a total of 13,800,000 share options pursuant to the Post-IPO Share Option Scheme with an exercise price of HK\$4.378 per Share and shall be exercisable from 10 March 2016 to 10 March 2025. The closing price of the Shares immediately before the date of grant was HK\$4.35.

As at 30 June 2021, the Company had 1,222,500 share options outstanding under the Post-IPO Share Option Scheme, which represented approximately 0.05% of the Shares in issue as at 30 June 2021.

### PRE-IPO SHARE OPTION SCHEME

The Company adopted a pre-IPO share option scheme on 10 September 2010 (the “**Pre-IPO Share Option Scheme**”). The purpose of the Pre-IPO Share Option Scheme is to reward the contribution of certain employees, executives or officers of the Company made or may have made to the growth of the Company and/or the listing of the Shares on the Stock Exchange. The principal terms of the Pre-IPO Share Option Scheme, which were confirmed and approved by resolutions in writing of all the shareholders of the Company passed on 10 September 2010, are substantially the same as the terms of the Post-IPO Share Option Scheme except that:

- (a) The exercise price per Share shall be a price equivalent to a 20% discount to the offer price of the Shares under the Global Offering, that means HK\$3.824 per Share;
- (b) The total number of Shares involved in the Pre-IPO Share Option Scheme was 79,160,000 Shares, which is equivalent to approximately 3.0% of the Shares in issue after completion of the Global Offering; and



## Other Information

- (c) the eligible participants under the Pre-IPO Share Option Scheme are the full-time employees, executives or officers (including executive, non-executive and independent non-executive Directors) of the Company or the full-time employees of any of the subsidiaries of the level of manager or above and other full-time employees of the Company or any of the subsidiaries who have been in employment with the Company for over one year prior to the date of the adoption of the Pre-IPO Share Option Scheme or any other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of the subsidiaries;
- (d) the conditions which the Board may in its absolute discretion to consider (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before an option can be exercised) as it may think fit; and
- (e) save for the options which have been granted under the Pre-IPO Share Option Scheme, no further options will be offered or granted under the Pre-IPO Share Option Scheme, as the right to do so will terminate upon the listing of the Shares on the Stock Exchange.

The Pre-IPO Share Option Scheme has expired on 9 September 2020 and the Company had no share options outstanding under the Pre-IPO Share Option Scheme as at 30 June 2021.

Other details of the Pre-IPO Share Option Scheme are set forth in the Prospectus.

### SHARE AWARD SCHEME

The Share Award Scheme was adopted by the Board on 13 September 2017 to:

1. recognise and motivate the contributions by certain eligible participants and to give incentives thereto in order to retain them for the continual operation and development of the Group;
2. attract suitable personnel for further development of the Group; and
3. provide certain eligible participants with a direct economic interest in attaining a long-term relationship between the Group and certain eligible participants.

The Share Award Scheme shall be valid and effective for a term of ten years commencing on the date of adoption (i.e. 13 September 2017), unless otherwise early terminated by the Board.

Pursuant to the Share Award Scheme, Shares will be purchased and/or subscribed by the independent trustee at the cost of the Company and be held in trust for selected employees until the end of each vesting period. Vested Shares will be transferred to the selected employees at no cost. At no point in time shall the independent trustee be holding more than 5% of the total number of Shares in issue under the Share Award Scheme.

Details of the rules of the Share Award Scheme (the “**Scheme Rules**”) are set out in the announcement of the Company dated 13 September 2017.

On 12 March 2021, the Board (including all independent non-executive Directors), based on the recommendation of the remuneration committee of the Company, resolved to award an aggregate of 4,887,657 Shares (the “**Awarded Shares**”) under the Share Award Scheme to 634 selected participants (the “**Selected Participants**”) pursuant to the Scheme Rules, of which 4,260,277 Awarded Shares were awarded to 630 independent Selected Participants and 627,380 Awarded Shares were granted to 4 Directors. Please refer to the announcement of the Company dated 12 March 2021 for details of the grant.

## Other Information

A summary of the Awarded Shares granted to the Selected Participants during the period of six months ended 30 June 2021 are set forth below:

Awardee and position	No. of Awarded Shares granted on 12 March 2021	Total Awarded		Vesting date	Vesting conditions
		Shares granted during the six months ended 30 June 2021	Shares granted during the six months ended 30 June 2021		
<b>Executive Directors</b>					
Yang Xianxiang	145,902	145,902		The third anniversary of the date of grant, i.e. 12 March 2024 or an earlier date as approved by the Board.	Subject to the terms of the Scheme Rules and the fulfillment of all vesting conditions specified by the Board.
Liu Kecheng	131,312	131,312			
Xue Mingyuan	218,854	218,854			
Lai Zhiyong	131,312	131,312			
<b>Other employees</b>					
Other employees	4,260,277	4,260,277			
<b>Total</b>		<u>4,887,657</u>			

## INTEREST AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2021, the interest or short position of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) required to be kept by the Company under section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) as set out in Appendix 10 of the Listing Rules, were as follows:

## Other Information

### (i) Interest in the Shares

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)	51.28%
	Beneficial owner	10,619,000 (L)	0.40%
YANG Xianxiang	Beneficial owner	8,506,604 (L)	0.32%
LIU Kecheng	Beneficial owner	180,604 (L)	0.01%
LAI Zhiyong <sup>(3)</sup>	Beneficiary of the Go Thrive Trust	1,537,847 (L)	0.06%
	Beneficial Owner	1,222,996 (L)	0.05%
XUE Mingyuan <sup>(3)</sup>	Beneficiary of the Go Thrive Trust	926,100 (L)	0.03%
	Beneficial owner	2,368,833 (L)	0.09%
TSE Siu Ngan	Beneficial Owner	70,000 (L)	0.01%
HU Mantian (Mandy)	Beneficial Owner	2,000 (L)	0.001%

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) 1,537,847 Shares and 926,100 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.

## Other Information

### (ii) Interest in underlying Shares

Name of Director	Nature of interest					Approximate percentage of shareholding attributable to the options under the Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme and the Shares subject to vesting under the Share Award Scheme <sup>(Note)</sup>
		Number of Shares in the Company subject to options under the Pre-IPO Share Option Scheme	Number of Shares in the Company subject to options under the Post-IPO Share Option Scheme	Number of Shares in the Company subject to vesting under the Share Award Scheme		
YANG Xianxiang	Beneficial owner	-	-	509,692	0.02%	
LIU Kecheng	Beneficial owner	-	-	461,015	0.02%	
XUJE Mingyuan	Beneficial owner	-	-	719,685	0.03%	
LAI Zhiyong	Beneficial owner	-	-	396,362	0.01%	

Note: Assuming full exercise of the options under both the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme

### (iii) Interest in associated corporations

Name of Director	Name of associated corporation	Number of shares	Percentage of shareholding
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 51.28% 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 51.28% 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.

## Other Information

- (3) Resourceful Link was interested in approximately 51.28% 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.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

So far as is known to any Director, as at 30 June 2021, the following persons (other than the Directors and chief executives of the Company) had interest and/or short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Capacity	Number of Shares <sup>(1)</sup>	Percentage of shareholding
LIU Rongli <sup>(2)</sup>	Interest of spouse	1,386,009,231 (L)	51.68%
Resourceful Link <sup>(3)</sup>	Beneficial owner	1,375,390,231 (L)	51.28%
Better Master <sup>(3)</sup>	Interest in controlled corporation	1,375,390,231 (L)	51.28%

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.

### **CORPORATE GOVERNANCE**

The Company is committed to maintaining stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. For the six months ended 30 June 2021, the Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules and there has been no deviation from the code provisions set out in the CG Code for the six months ended 30 June 2021.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Board has adopted the Model Code and devised its own code of conduct regarding directors' dealings in the Company's securities (the "**Code of Conduct**") on terms no less exacting than the Model Code. Having made specific enquiries, all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2021.

### **PURCHASE, SALE AND REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2021.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company maintained the prescribed public float under the Listing Rules throughout six months ended 30 June 2021.

### AUDIT COMMITTEE

The Company has an audit committee (the “**Audit Committee**”) which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal control. The Audit Committee comprises three members who are the independent non-executive Directors. The members currently are Dr. LIU Ka Ying, Rebecca (chairlady of the Audit Committee), Mr. TSE Siu Ngan and Dr. HU Mantian (Mandy). The Audit Committee and the Company’s management have reviewed the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters including review of the unaudited interim results of the Group for the six months ended 30 June 2021.

### PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2021 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available for review on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sitc.com>) in due course.

For and on behalf of the Board

**YANG Shaopeng**

*Chairman*

16 August 2021



## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

		<b>Six months ended 30 June</b>	
	Notes	<b>2021 US\$'000 (Unaudited)</b>	2020 US\$'000 (Unaudited)
REVENUE	3	<b>1,334,237</b>	742,943
Cost of sales		<b>(777,016)</b>	(584,416)
Gross profit		<b>557,221</b>	158,527
Other income and gains, net	4	<b>8,859</b>	12,269
Administrative expenses		<b>(66,446)</b>	(42,816)
Other expenses, net		<b>(2,479)</b>	(885)
Finance costs	5	<b>(7,850)</b>	(6,926)
Share of profits and losses of:			
Joint ventures		<b>6,983</b>	4,197
Associates		<b>156</b>	162
PROFIT BEFORE TAX	6	<b>496,444</b>	124,528
Income tax	7	<b>(8,523)</b>	(4,889)
PROFIT FOR THE PERIOD		<b>487,921</b>	119,639

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Unaudited)
OTHER COMPREHENSIVE INCOME/ (LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	<b>8,949</b>	(7,055)
Reclassification adjustments for losses included in profit or loss	<b>2,876</b>	881
	<b>11,825</b>	(6,174)
Exchange differences on translation of foreign operations	<b>416</b>	(2,202)
Share of other comprehensive loss of joint ventures	<b>(133)</b>	(96)
Share of other comprehensive loss of associates	<b>(31)</b>	(108)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<b>12,077</b>	(8,580)

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	<b>Six months ended 30 June</b>	
Note	<b>2021 US\$'000 (Unaudited)</b>	2020 US\$'000 (Unaudited)
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD, NET OF INCOME TAX	<b>12,077</b>	(8,580)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<b>499,998</b>	111,059
Profit for the period attributable to:		
Shareholders of the Company	<b>485,588</b>	118,610
Non-controlling interests	<b>2,333</b>	1,029
	<b>487,921</b>	119,639
Total comprehensive income for the period attributable to:		
Shareholders of the Company	<b>497,599</b>	110,199
Non-controlling interests	<b>2,399</b>	860
	<b>499,998</b>	111,059
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	9	
Basic (US cents per share)	<b>18.24</b>	4.46
Diluted (US cents per share)	<b>18.10</b>	4.43

# Condensed Consolidated Statement of Financial Position

30 June 2021

	Notes	<b>30 June 2021 US\$'000 (Unaudited)</b>	31 December 2020 US\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>1,109,008</b>	1,101,059
Right-of-use assets		<b>205,635</b>	169,557
Advance payments for acquisition of vessels		<b>84,490</b>	38,451
Goodwill		<b>1,097</b>	1,083
Other intangible assets		<b>1,579</b>	1,579
Investments in joint ventures		<b>43,534</b>	35,968
Investments in associates		<b>10,905</b>	10,441
Derivative financial instruments		<b>600</b>	24
Total non-current assets		<b>1,456,848</b>	1,358,162
<b>CURRENT ASSETS</b>			
Bunkers		<b>36,025</b>	20,384
Trade receivables	11	<b>126,189</b>	103,922
Prepayments, deposits and other receivables		<b>38,240</b>	21,087
Derivative financial instruments		<b>198</b>	1,726
Financial assets at fair value through profit or loss	12	<b>2,863</b>	16,845
Cash and bank balances		<b>716,552</b>	518,713
Total current assets		<b>920,067</b>	682,677

## Condensed Consolidated Statement of Financial Position

30 June 2021

	Notes	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
<b>CURRENT LIABILITIES</b>			
Trade payables	13	193,770	173,039
Other payables and accruals	14	125,714	81,401
Derivative financial instruments		660	1,070
Bank borrowings		64,831	75,753
Lease liabilities		45,176	42,118
Income tax payables		4,783	4,051
Total current liabilities		434,934	377,432
<b>NET CURRENT ASSETS</b>		<b>485,133</b>	305,245
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,941,981</b>	1,663,407
<b>NON-CURRENT LIABILITIES</b>			
Derivative financial instruments		2,187	4,378
Bank borrowings		303,995	353,140
Lease liabilities		142,476	107,856
Provision for reinstatement costs		2,638	2,645
Total non-current liabilities		451,296	468,019
Net assets		1,490,685	1,195,388

## Condensed Consolidated Statement of Financial Position

30 June 2021

	Note	<b>30 June 2021 US\$'000 (Unaudited)</b>	31 December 2020 US\$'000 (Audited)
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	15	<b>34,577</b>	34,567
Reserves		<b>1,443,814</b>	1,149,920
		<b>1,478,391</b>	1,184,487
Non-controlling interests		<b>12,294</b>	10,901
Total equity		<b>1,490,685</b>	1,195,388

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

Six months ended 30 June 2021

Note	Attributable to shareholders of the Company																							
	Issued capital US\$'000 (unaudited)	Share premium account US\$'000 (unaudited)		Share-based compensation reserve US\$'000 (unaudited)		Capital and other reserves US\$'000 (unaudited)		Hedging reserve US\$'000 (unaudited)		Fair value reserve US\$'000 (unaudited)		Exchange fluctuation reserve US\$'000 (unaudited)		Reserve funds US\$'000 (unaudited)		Retained profits US\$'000 (unaudited)		Total US\$'000 (unaudited)		Non-controlling interests US\$'000 (unaudited)		Total equity US\$'000 (unaudited)		
	At 1 January 2021	34,587	401,273	(28,317)	16,462	(7,623)	(14,509)	21	2,060	6,084	774,483	1,184,467	1,030	1,953,388										
	Profit for the period	-	-	-	-	-	-	-	-	-	465,568	465,568	2,330	467,921										
	Other comprehensive income for the period:																							
	Cash flow hedges, net of income tax	-	-	-	-	-	11,825	-	-	-	-	11,825	-	11,825										11,825
	Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	350	-	-	350	-	350										416
	Share of other comprehensive loss of:																							
	Joint ventures	-	-	-	-	-	-	-	(133)	-	-	(133)	-	(133)										(133)
	Associates	-	-	-	-	-	-	-	(81)	-	-	(81)	-	(81)										(81)
	Total comprehensive income for the period	-	-	-	-	-	11,825	-	186	-	465,568	467,599	2,339	469,939										
15	Issue of shares upon exercise of share options under the post-PCP share option scheme	10	500	-	(119)	-	-	-	-	-	-	391	-	391										391
	Exercise of share awards under share awards scheme	-	5,600	-	(6,300)	-	-	-	-	-	-	-	-	-										-
	Purchase of shares under share award scheme	-	-	-	(604)	-	-	-	-	-	-	(604)	-	(604)										(604)
	Share award expenses	-	-	-	3,773	-	-	-	-	-	-	3,773	-	3,773										3,773
	Transfer to reserve funds	-	-	-	-	-	-	-	-	238	(238)	-	-	-										-
	Dividend received from non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	(207,359)	(207,359)	-	(207,359)										(207,359)
	Final 2020 dividend paid	-	-	-	-	-	-	-	-	-	(207,359)	(207,359)	-	(207,359)										(207,359)
	At 30 June 2021	34,577	401,779	(22,887)	13,882	(7,623)	(2,679)	21*	2,246*	6,200*	1,022,500*	1,470,391	12,994	1,483,385										1,483,385

\* These reserve accounts comprise the consolidated reserves of US\$1,443,814,000 (unaudited) (31 December 2020: US\$1,149,920,000) in the condensed consolidated statement of financial position as at 30 June 2021.

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

### Six months ended 30 June 2020

		Attributable to shareholders of the Company										
		Share premium account	Share-based compensation reserve	Capital and other reserves	Hedging reserve	Fair value reserve	Exchange fluctuation reserve	Reserve funds	Retained profits	Total	Non-controlling interests	Total equity
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 January 2020		34,513	338,890	(15,933)	13,959	(7,623)	(6,311)	21	5,334	1,001,243	9,027	1,019,570
Profit for the period		-	-	-	-	-	-	-	118,610	118,610	1,023	119,633
Other comprehensive income/(loss) for the period:												
Cash flow hedges, net of income tax		-	-	-	-	-	6,174	-	-	6,174	-	6,174
Exchange differences on translation of foreign operations		-	-	-	-	-	-	2,033	-	2,033	-	2,033
Share of other comprehensive income of:												
Joint ventures		-	-	-	-	-	-	-	-	-	-	-
Associates		-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period		-	-	-	-	-	6,174	2,237	118,610	110,199	800	111,039
Capital contribution from non-controlling equity holders of subsidiaries		-	-	-	-	-	-	-	-	-	718	718
Issue of shares upon exercise of share options under the pre-PO share option scheme		13	499	-	(26)	-	-	-	-	486	-	486
Issue of shares upon exercise of share options under the post-PO share option scheme		10	383	-	(102)	-	-	-	-	301	-	301
Repurchase of shares		-	-	(6,372)	-	-	-	-	-	(6,372)	-	(6,372)
Share award expenses		-	-	3,488	(2,778)	-	-	-	-	2,778	-	2,778
Distribution of shares		-	-	-	(6,488)	-	-	-	-	-	-	-
Transfer to reserve funds		-	-	-	-	-	-	127	(127)	-	-	-
Dividend declared to non-controlling equity holders of subsidiaries		-	-	-	-	-	-	-	-	-	(1,498)	(1,498)
Final 2019 dividend paid		-	-	-	-	-	-	-	-	(83,315)	-	(83,315)
At 30 June 2020		34,506	339,892	(18,817)	13,121	(7,623)	(12,469)	21	618,014	1,024,320	9,409	1,033,729



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	<b>576,602</b>	202,886
Interest income received	<b>3,255</b>	6,595
Interest paid	<b>(3,762)</b>	(3,746)
Overseas tax paid	<b>(7,669)</b>	(5,091)
	<b>568,426</b>	200,644
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	<b>(34,206)</b>	(7,322)
Proceeds from disposal of items of property, plant and equipment	<b>249</b>	30
Advance payments for acquisition of vessels	<b>(58,090)</b>	(45,722)
Investments in joint ventures	<b>(789)</b>	-
Proceeds from investment income of principal-protected investment deposit at fair value through profit or loss	<b>138</b>	120
Net disposal of financial assets at a fair value through profit or loss	<b>13,982</b>	3,099
Increase in non-pledged time deposits with original maturity of over three months	<b>(570,945)</b>	(271,635)
Decrease in non-pledged time deposits with original maturity of over three months	<b>737,881</b>	514,483
Withholding tax paid on dividends received	<b>(122)</b>	(201)
Dividends received from joint ventures	<b>527</b>	3,359
Other cash flows from investing activities, net	<b>-</b>	17
	<b>88,625</b>	196,228

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	391	787
Repurchase of shares	(604)	(6,372)
Capital contribution from a non-controlling equity holders of subsidiaries	-	718
New bank borrowings	67,603	441,049
Repayment of bank borrowings	(122,745)	(301,360)
Principal portion of lease payments	(27,936)	(23,660)
Payment for provision for reinstatement costs	(305)	(168)
Dividends paid	(207,255)	(195,723)
Dividends paid to non-controlling equity holders of subsidiaries	(1,006)	(1,496)
Net cash flows used in financing activities	<b>(291,857)</b>	(86,225)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of period	61,139	76,512
Effect of foreign exchange rate changes, net	(419)	(231)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>425,914</b>	386,928
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances other than time deposits	66,095	125,351
Non-pledged time deposits	650,457	341,577
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	<b>716,552</b>	466,928
Less: Non-pledged time deposits with original maturity of over three months when acquired	<b>(290,638)</b>	(80,000)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<b>425,914</b>	386,928

## 1.1 CORPORATE INFORMATION

SITC International Holdings Company Limited (the “**Company**”) was a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY-1111, Cayman Islands. The Company’s principal place of business in Hong Kong is located at 21/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong.

The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the following businesses:

- the provision of integrated logistics services, including provision of container transport, freight forwarding, shipping agency, depot and warehousing services; and
- the provision of dry bulk vessel leasing and land leasing services.

In the opinion of the directors, the immediate holding company of the Company is Resourceful Link Management Limited, which is incorporated in the British Virgin Islands (the “**BVI**”), and the ultimate holding company of the Company is Better Master Limited, which is incorporated in the BVI.

## 1.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). This condensed consolidated interim financial information is presented in the United States dollar (“**US\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

This condensed consolidated interim financial information has not been audited but has been reviewed by the Audit Committee of the Company. It does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2020.

## 1.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

### Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information:

Amendments to HKFRS 9, *Interest Rate Benchmark Reform – Phase 2*  
HKAS 39, HKFRS 7,  
HKFRS 4 and HKFRS 16

Amendment to HKFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

## 1.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

### Changes in accounting policies and disclosures (continued)

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“**RFR**”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

## 1.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

### Changes in accounting policies and disclosures (continued)

(a) (continued)

The Group had certain interest-bearing bank borrowings denominated in United States dollars and foreign currencies based on the London Interbank Offered Rate (“LIBOR”) as at 30 June 2021. Since the interest rates of these borrowings are not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the Covid-19 pandemic. No rent concession has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss.

## 2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

- (a) the container shipping and logistics segment, which is engaged in the provision of integrated logistics services, including provision of container transport, freight forwarding, shipping agency, depot and warehousing services; and
- (b) the dry bulk and others segment, which is engaged in the provision of dry bulk vessel leasing and land leasing services.

Segment assets exclude cash and bank balances, derivative financial instruments and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bank borrowings, derivative financial instruments, income tax payables and other unallocated corporate liabilities as these liabilities are managed on a group basis.

## Notes to the Condensed Consolidated Interim Financial Information

30 June 2021

### 2. OPERATING SEGMENT INFORMATION (continued)

#### Basis of segment information

	Container shipping and logistics		Dry bulk and others		Total	
	Six months ended 30 June 2021 US\$'000 (Unaudited)	Six months ended 30 June 2020 US\$'000 (Unaudited)	Six months ended 30 June 2021 US\$'000 (Unaudited)	Six months ended 30 June 2020 US\$'000 (Unaudited)	Six months ended 30 June 2021 US\$'000 (Unaudited)	Six months ended 30 June 2020 US\$'000 (Unaudited)
<b>Segment revenue:</b>						
Sales to external customers	1,320,468	731,960	13,769	10,983	1,334,237	742,943
<b>Segment results</b>	<b>495,637</b>	<b>123,337</b>	<b>5,399</b>	<b>1,997</b>	<b>501,036</b>	<b>125,334</b>
<i>Reconciliation:</i>						
Bank interest income					2,859	6,000
Investment income of principal-protected investment deposits at fair value through profit or loss					138	120
Fair value gain on a financial asset at fair value through profit or loss					261	-
Finance costs					(7,850)	(6,926)
Profit before tax					496,444	124,528



## Notes to the Condensed Consolidated Interim Financial Information

30 June 2021

### 2. OPERATING SEGMENT INFORMATION (continued)

#### Basis of segment information (continued)

	Container shipping and logistics		Dry bulk and others		Total	
	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
<b>Segment assets</b>	<b>1,510,518</b>	1,354,011	<b>135,543</b>	138,295	<b>1,646,061</b>	1,492,306
<i>Reconciliation:</i>						
Corporate and other unallocated assets					<b>730,854</b>	548,533
Total assets					<b>2,376,915</b>	2,040,839
<b>Segment liabilities</b>	<b>485,889</b>	387,175	<b>3,588</b>	3,022	<b>489,477</b>	390,197
<i>Reconciliation:</i>						
Corporate and other unallocated liabilities					<b>396,753</b>	455,254
Total liabilities					<b>886,230</b>	845,451

## Notes to the Condensed Consolidated Interim Financial Information

30 June 2021

### 3. REVENUE

An analysis of the Group's revenue is as follows:

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue from contracts with customers	<b>1,320,468</b>	731,960
Revenue from other sources:		
Time charter income	<b>12,945</b>	10,216
Other rental income	<b>824</b>	767
	<b>1,334,237</b>	742,943

## Notes to the Condensed Consolidated Interim Financial Information

30 June 2021

### 3. REVENUE (continued)

Notes:

(a) Disaggregated revenue information

**Six months ended 30 June 2021**

<b>Segments</b>	<b>Container shipping and logistics US\$'000 (Unaudited)</b>	<b>Dry bulk and others US\$'000 (Unaudited)</b>	<b>Total US\$'000 (Unaudited)</b>
<b>Type of services</b>			
Container shipping and supporting logistics income	1,188,105	–	1,188,105
Other container logistics income*	132,363	–	132,363
Total revenue from contracts with customers	1,320,468	–	1,320,468
Revenue from other sources	–	13,769	13,769
Total revenue	1,320,468	13,769	1,334,237
<b>Geographical markets</b>			
Greater China#	603,302	–	603,302
Southeast Asia	410,952	–	410,952
Japan	260,865	–	260,865
Others	45,349	–	45,349
Total revenue from contracts with customers	1,320,468	–	1,320,468
Revenue from other sources	–	13,769	13,769
Total revenue	1,320,468	13,769	1,334,237

## Notes to the Condensed Consolidated Interim Financial Information

30 June 2021

### 3. REVENUE (continued)

Notes: (continued)

(a) Disaggregated revenue information (continued)

**Six months ended 30 June 2021 (continued)**

<b>Segments</b>	<b>Container shipping and logistics US\$'000 (Unaudited)</b>	<b>Dry bulk and others US\$'000 (Unaudited)</b>	<b>Total US\$'000 (Unaudited)</b>
<b>Timing of revenue recognition</b>			
Total revenue from contracts with customers - Services transferred over time	<b>1,320,468</b>	–	<b>1,320,468</b>
Revenue from other sources	–	<b>13,769</b>	<b>13,769</b>
Total revenue	<b>1,320,468</b>	<b>13,769</b>	<b>1,334,237</b>

## Notes to the Condensed Consolidated Interim Financial Information

30 June 2021

### 3. REVENUE (continued)

Notes: (continued)

(a) Disaggregated revenue information (continued)

**Six months ended 30 June 2020**

<b>Segments</b>	Container shipping and logistics US\$'000 (Unaudited)	Dry bulk and others US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
<b>Type of services</b>			
Container shipping and supporting logistics income	655,694	–	655,694
Other container logistics income*	76,266	–	76,266
<hr/>			
Total revenue from contracts with customers	731,960	–	731,960
Revenue from other sources	–	10,983	10,983
<hr/>			
Total revenue	731,960	10,983	742,943
<hr/>			
<b>Geographical markets</b>			
Greater China#	282,194	–	282,194
Southeast Asia	216,391	–	216,391
Japan	198,388	–	198,388
Others	34,987	–	34,987
<hr/>			
Total revenue from contracts with customers	731,960	–	731,960
Revenue from other sources	–	10,983	10,983
<hr/>			
Total revenue	731,960	10,983	742,943
<hr/>			

## Notes to the Condensed Consolidated Interim Financial Information

30 June 2021

### 3. REVENUE (continued)

Notes: (continued)

(a) Disaggregated revenue information (continued)

**Six months ended 30 June 2020 (continued)**

<b>Segments</b>	Container shipping and logistics US\$'000 (Unaudited)	Dry bulk and others US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
<b>Timing of revenue recognition</b>			
Total revenue from contracts with customers -			
Services transferred over time	731,960	–	731,960
Revenue from other sources	–	10,983	10,983
Total revenue	731,960	10,983	742,943

\* Other container logistics income includes freight forwarding income, shipping agency income and depot and warehousing income.

# Greater China includes Mainland China, Hong Kong and Taiwan.

(b) Performance obligations

Information about the Group's performance obligations in contracts with customers is summarised below:

Container shipping and supporting logistics income

The performance obligation relates to provision of container marine transportation and is satisfied over time as services are rendered and payment is generally due within 15 days upon the completion of the voyage, except for selected customers, where payment term can be extended up to 3 months.

Other container logistics income

The performance obligation is satisfied when the services of integrated freight forwarding, shipping agency, etc. are rendered and payment is generally due within 15 days from the date of billing.

## Notes to the Condensed Consolidated Interim Financial Information

30 June 2021

### 4. OTHER INCOME AND GAINS, NET

An analysis of the Group's other income and gains, net is as follows:

	<b>Six months ended 30 June</b>	
	<b>2021 US\$'000 (Unaudited)</b>	<b>2020 US\$'000 (Unaudited)</b>
<b>Other income</b>		
Bank interest income	2,859	6,000
Investment income of principal-protected investment deposits at fair value through profit or loss	138	120
Government subsidies*	1,524	1,651
Others	65	4
	<b>4,586</b>	<b>7,775</b>
<b>Gains, net</b>		
Gains on disposal of items of property, plant and equipment, net	6	30
Fair value gains, net:		
Financial asset at fair value through profit or loss	261	–
Derivative instruments – transactions not qualifying as hedges	71	327
Foreign exchange differences, net	3,935	4,137
	<b>4,273</b>	<b>4,494</b>
Other income and gains, net	<b>8,859</b>	<b>12,269</b>

- \* The amount represented (i) subsidies received from certain governmental authorities in Mainland China, Japan and South Korea for the Group's operation of container shipping and logistics businesses, where there are no unfulfilled conditions or contingencies relating to these grants; and (ii) subsidies under the Employment Support Scheme in Hong Kong which the Group required to undertake not to implement redundancy during the subsidy period and to use the subsidy to pay wages of the employees, all conditions relating to these grants have been fulfilled.

## Notes to the Condensed Consolidated Interim Financial Information

30 June 2021

### 5. FINANCE COSTS

	Six months ended 30 June	
	2021 US\$'000 (Unaudited)	2020 US\$'000 (Unaudited)
Interest on bank borrowings	3,895	3,888
Interest on lease liabilities	3,899	2,987
Increase in discounted amounts of provision for reinstatement costs arising from the passage of time	56	51
Total finance costs	7,850	6,926



## Notes to the Condensed Consolidated Interim Financial Information

30 June 2021

### 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Unaudited)
Cost of services provided:		
Cost of bunkers consumed	<b>119,097</b>	85,703
Others	<b>657,919</b>	498,713
	<b>777,016</b>	584,416
Depreciation of property, plant and equipment	<b>38,068</b>	33,853
Less: Included in cost of services provided	<b>(36,224)</b>	(32,213)
	<b>1,844</b>	1,640
Depreciation of right-of-use assets	<b>25,946</b>	22,394
Less: Included in cost of services provided	<b>(24,005)</b>	(20,790)
	<b>1,941</b>	1,604
Fair value losses of cash flow hedges (transfer from equity), net*	<b>2,876</b>	881
Reversal of impairment of trade receivables, net*	<b>(111)</b>	–
Reversal of written off of trade receivables*	<b>(303)</b>	–

\* These items are included in "Other expenses, net" on the face of the condensed consolidated statement of profit or loss and other comprehensive income.

**7. INCOME TAX**

	<b>Six months ended 30 June</b>	
	<b>2021 US\$'000 (Unaudited)</b>	2020 US\$'000 (Unaudited)
Current:		
Mainland China	<b>1,467</b>	1,176
Hong Kong	<b>910</b>	275
Elsewhere	<b>6,146</b>	3,438
	<hr/>	<hr/>
Total tax expense for the period	<b>8,523</b>	4,889

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (six months ended 30 June 2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2020: 8.25%) and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable in Mainland China and elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The share of income tax expense attributable to joint ventures and associates for the six months ended 30 June 2021 amounting to US\$2,115,000 (six months ended 30 June 2020: US\$1,190,000) are included in "Share of profits and losses of joint ventures and associates" in the condensed consolidated statement of profit or loss and other comprehensive income.

### 8. INTERIM DIVIDEND

At the meeting of the board of directors of the Company (the “**Board**”) held on 16 August 2021 (Monday), the Board resolved to declare an interim dividend of HK100 cents (equivalent to US12.88 cents) (six months ended 30 June 2020: HK22 cents, equivalent to US2.84 cents) per share, totaling US\$345,457,000 (six months ended 30 June 2020: US\$76,082,000).

### 9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to shareholders of the Company, and the weighted average number of ordinary shares in issue during the period less shares held under share award scheme of the Company.

The calculation of the diluted earnings per share is based on the profit for the period attributable to shareholders of the Company; and the weighted average number of ordinary shares used in the calculation is the total of (i) weighted average number of ordinary shares in issue during the period as used in the basic earnings per share calculation; (ii) the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all outstanding share options into ordinary shares; and (iii) the weighted average number of ordinary shares assumed to have been awarded at no consideration on the deemed exercise of all rights of shares held under the share award scheme of the Company.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (continued)

The calculations of the basic and diluted earnings per share amounts are based on:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Earnings</b>		
Profit attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	<b>485,588</b>	118,610
<hr/>		
<b>Number of shares for the six months ended 30 June</b>		
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period less shares held in share award scheme, used in the basic earnings per share calculation	<b>2,662,354,381</b>	2,658,016,795
Effect of dilution – weighted average number of ordinary shares:		
Share options	<b>1,328,373</b>	2,675,390
Shares held under the share award scheme	<b>19,453,060</b>	16,746,116
	<hr/>	
Weighted average number of ordinary shares during the period, used in the diluted earnings per share calculation	<b>2,683,135,814</b>	2,677,438,301
	<hr/>	

## Notes to the Condensed Consolidated Interim Financial Information

30 June 2021

### 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment at a total cost of US\$46,257,000 (six months ended 30 June 2020: US\$58,629,000) and disposed of items of property, plant and equipment with an aggregate carrying amount of US\$243,000 (six months ended 30 June 2020: US\$257,000).

### 11. TRADE RECEIVABLES

	Notes	30 June 2021 US\$'000 (Unaudited)	31 December 2020 US\$'000 (Audited)
Trade receivables	(a)	126,468	104,350
Impairment	(c)	(279)	(428)
		<b>126,189</b>	103,922

Notes:

- (a) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 15 days, extending up to three months for selected customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

## Notes to the Condensed Consolidated Interim Financial Information

30 June 2021

### 11. TRADE RECEIVABLES (continued)

Notes: (continued)

- (b) An ageing analysis of the trade receivables as at the end of reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2021 US\$'000 (Unaudited)</b>	31 December 2020 US\$'000 (Audited)
Within 1 month	<b>106,737</b>	90,128
1 to 2 months	<b>14,558</b>	9,955
2 to 3 months	<b>2,938</b>	2,533
Over 3 months	<b>1,956</b>	1,306
	<b>126,189</b>	103,922

- (c) The movements in the loss allowance for impairment of trade receivables are as follows:

	<b>30 June 2021 US\$'000 (Unaudited)</b>	31 December 2020 US\$'000 (Audited)
At beginning of period/year	<b>428</b>	319
Impairment loss/(reversal of impairment loss), net	<b>(111)</b>	321
Amount written off as uncollectible	<b>(38)</b>	(212)
At end of period/year	<b>279</b>	428

## Notes to the Condensed Consolidated Interim Financial Information

30 June 2021

### 11. TRADE RECEIVABLES (continued)

Notes: (continued)

(c) (continued)

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses rate of 0.1% (31 December 2020: 0.1%) is provided for the external customers with good credit. External customers with credit deterioration (i.e. overdue by more than 3 months) will be assessed on an individual basis for the provision of expected credit losses. Generally, trade receivables will be written off when past due for more than one year and are not subject to enforcement activity.

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

- (d) Included in the Group's trade receivables as at 30 June 2021 are amounts of US\$8,090,000 (31 December 2020: US\$3,860,000), Nil (31 December 2020: US\$120,000) and US\$649,000 (31 December 2020: US\$21,000) due from joint ventures, associates and companies controlled by the controlling shareholder, respectively, which are repayable on credit terms similar to those offered to the selected customers of the Group.

### 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2021 US\$'000 (Unaudited)</b>	31 December 2020 US\$'000 (Audited)
Principal-protected investment deposits	<b>2,863</b>	651
Unlisted investment	–	16,194
	<b>2,863</b>	16,845

**13. TRADE PAYABLES**

- (a) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2021 US\$'000 (Unaudited)</b>	31 December 2020 US\$'000 (Audited)
Within 1 month	<b>150,363</b>	137,131
1 to 2 months	<b>24,802</b>	22,860
2 to 3 months	<b>6,326</b>	4,127
Over 3 months	<b>12,279</b>	8,921
	<b>193,770</b>	173,039

- (b) Included in the Group's trade payables as at 30 June 2021 are amounts of US\$5,185,000 (31 December 2020: US\$4,647,000), Nil (31 December 2020: US\$18,545,000) and Nil (31 December 2020: US\$673,000) due to joint ventures, associates and companies controlled by the Controlling Shareholders, respectively, which are repayable within 30 days.
- (c) The trade payables are non-interest-bearing and are normally settled on terms ranging from 15 to 45 days.

**14. OTHER PAYABLES AND ACCRUALS**

Included in the balances as at 30 June 2021 comprise contract liabilities of US\$17,621,000 (31 December 2020: US\$11,544,000), which represented the advance payments received from the customers for the container shipping service and will be recognised as revenue when the performance obligation is satisfied.



## Notes to the Condensed Consolidated Interim Financial Information

30 June 2021

### 15. SHARE CAPITAL

	30 June 2021		31 December 2020	
	HK\$'000 (Unaudited)	US\$'000 equivalent (Unaudited)	HK\$'000 (Audited)	US\$'000 equivalent (Audited)
Authorised:				
5,000,000,000 ordinary shares of HK\$0.1 each	500,000		500,000	
Issued and fully paid:				
2,682,118,860				
(31 December 2020: 2,681,328,360 ordinary shares of HK\$0.1 each	268,212	34,577	268,133	34,567

A summary of the movement in the Company's issued share capital during the period is as follows:

	Number of issued and fully paid ordinary shares (Unaudited)	Issued share capital	
		HK\$'000 (Unaudited)	US\$'000 equivalent (Unaudited)
At 1 January 2021	2,681,328,360	268,133	34,567
Issue of new shares upon exercise of share options (note)	790,500	79	10
At 30 June 2021	2,682,118,860	268,212	34,577

### 15. SHARE CAPITAL (continued)

Note: The subscription rights attaching to 175,000 and 615,500 share options issued under the post-IPO share option schemes were exercised at the subscription price of HK\$1.968 and HK\$4.378 per share respectively, resulting in the issue of 790,500 shares of HK\$0.1 each for a total cash consideration, before expenses, of approximately HK\$3,049,000 (equivalent to approximately US\$391,000). An amount of US\$119,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

### 16. CAPITAL COMMITMENTS

At 30 June 2021, the Group had capital commitments of US\$767,950,000 (31 December 2020: US\$459,180,000) in total, which are contracted but not provided for, in respect of acquisition of vessels.

## Notes to the Condensed Consolidated Interim Financial Information

30 June 2021

### 17. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these condensed consolidated interim financial statements, the Group had the following material transactions with related parties during the period:

	<b>Six months ended 30 June</b>	
	<b>2021 US\$'000 (Unaudited)</b>	<b>2020 US\$'000 (Unaudited)</b>
Companies controlled by the Controlling Shareholder:		
Container marine transportation services income	<b>14,588</b>	10,200
Container vessels rental expenses	<b>6,334</b>	4,728
Container rental expenses	<b>300</b>	302
Shipping agency fee expenses	<b>753</b>	888
Joint ventures:		
Container marine transportation service income	<b>63,634</b>	35,974
Freight forwarding service income for marine transportation	<b>20,605</b>	4,132
Warehousing expenses	<b>2,679</b>	884
Freight forwarding service expenses	<b>2,532</b>	623
Shipping agency fee expenses	<b>6</b>	4
Rental income from land and buildings	<b>920</b>	838
Technology outsourcing service income	<b>146</b>	166
Container maintenance income	<b>–</b>	347
Associates:		
Container marine transportation service income	<b>–</b>	76,834
Shipping agency fee expenses	<b>–</b>	1,233

The above transactions were conducted in accordance with the terms and conditions mutually agreed by the parties involved.

**17. RELATED PARTY TRANSACTIONS** (continued)

- (b) Compensation of key management personnel of the Group, which are also the directors of the Company, is as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Unaudited)
Short-term employee benefits	<b>5,303</b>	4,030
Post-employment benefits	<b>7</b>	11
Share-based compensation expense	<b>555</b>	403
Total compensation paid to key management	<b>5,865</b>	4,444

**(c) Outstanding balances with related companies**

The balances with related companies represent balances with companies which are controlled by the Controlling Shareholder, the joint ventures and the associates. The balances are unsecured, interest-free and repayable on credit terms similar to those offered to the selected customers of the Group.

None of the balances with related companies are either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

## **18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

Management has assessed that the fair values of cash and bank balances, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments. In addition, management consider the Group's exposure to fair value and cash flow interest rate risks on the bank borrowings is insignificant as majority of the balances bear interest at fixed interest rates which have not significantly fluctuated in recent years.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair values measurement of financial instruments. The finance manager reports directly to the Chief Financial Officer and the Audit Committee.

At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the Chief Financial Officer. The valuation process and results are discussed with the Audit Committee twice a year for interim and annual financial reporting.

## 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of the financial assets and liabilities are included at the amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (a) The Group enters principal-protected investment deposits with creditworthy banks, and their fair values are determined with reference to market observable inputs currently available for investments with similar terms and credit risk. The carrying amounts of principal-protected investment deposits are the same as their fair values.
- (b) The Group enters into derivative financial instruments with various counterparties, principally financial institutions of creditworthy banks. Derivative financial instruments, including forward currency contracts and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

The carrying amounts of forward currency contracts and interest rate swaps are the same as their fair values.

- (c) The Group enters unlisted fund with a creditworthy securities firm, and its fair value has been based on the reported net asset value in the monthly statement provided by the fund administrator. The net asset value is determined with reference to unobservable inputs for the underlying assets, using the best available assumptions for the purposes of pricing of underlying assets. The carrying amount of unlisted fund investment is the same as its fair value.

## 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

### Fair value hierarchy

The following tables illustrate the fair value measurement of the Group's financial instruments:

### Assets measured at fair value

#### At 30 June 2021

	Fair value measurement using			Total US\$'000 (Unaudited)
	Quoted prices in active markets (Level 1) US\$'000 (Unaudited)	Significant observable inputs (Level 2) US\$'000 (Unaudited)	Significant unobservable inputs (Level 3) US\$'000 (Unaudited)	
Derivative financial instruments	–	800	–	800
Principal-protected investment deposits at fair value through profit or loss	–	2,863	–	2,863
	–	3,663	–	3,663

#### At 31 December 2020

	Fair value measurement using			Total US\$'000 (Audited)
	Quoted prices in active markets (Level 1) US\$'000 (Audited)	Significant observable inputs (Level 2) US\$'000 (Audited)	Significant unobservable inputs (Level 3) US\$'000 (Audited)	
Derivative financial instruments	–	1,750	–	1,750
Principal-protected investment deposits at fair value through profit or loss	–	651	–	651
Unlisted investment at fair value through profit or loss	–	–	16,194	16,194
	–	2,401	16,194	18,595

## 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Liabilities measured at fair value

At 30 June 2021

	Fair value measurement using			Total US\$'000 (Unaudited)
	Quoted prices in active markets (Level 1) US\$'000 (Unaudited)	Significant observable inputs (Level 2) US\$'000 (Unaudited)	Significant unobservable inputs (Level 3) US\$'000 (Unaudited)	
Derivatives financial instruments	–	2,847	–	2,847

At 31 December 2020

	Fair value measurement using			Total US\$'000 (Audited)
	Quoted prices in active markets (Level 1) US\$'000 (Audited)	Significant observable inputs (Level 2) US\$'000 (Audited)	Significant unobservable inputs (Level 3) US\$'000 (Audited)	
Derivatives financial instruments	–	5,448	–	5,448



**18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS** (continued)

During the period, there were no transfer of fair value measurements between Level 1 and Level 2 (six months ended 30 June 2020: Nil) and no transfer into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2020: Nil).

**19. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

This condensed consolidated interim financial information was approved and authorised for issue by the board of directors on 16 August 2021.