



**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



**2022**  
**Interim Report**



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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)  
YANG Xin

### 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

31/F, Shui On Centre  
6-8 Harbour Road  
Wanchai  
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**” or the “**Company**”)

## 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:

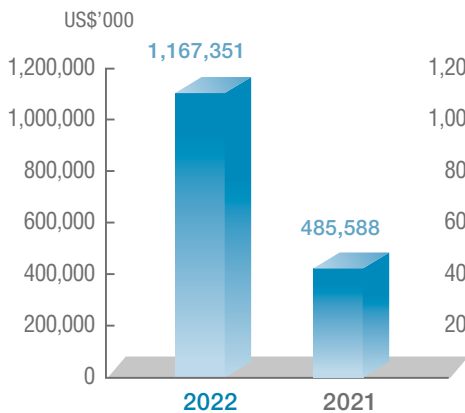
Conyers Dill & Pearman  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## WEBSITE

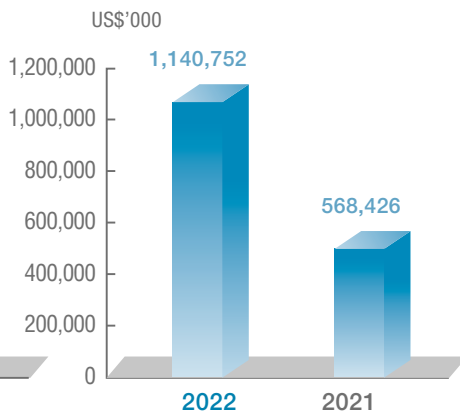
www.sitc.com

# Financial and Operating Highlights

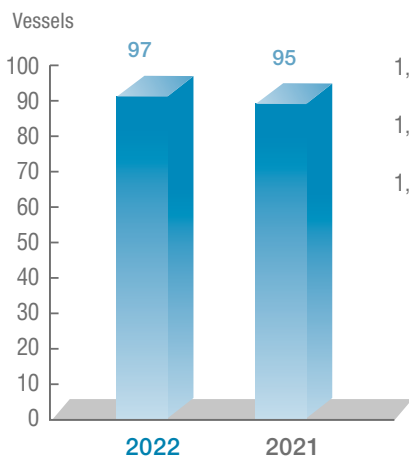
Profit attributable to shareholders of the Company for the six months ended 30 June



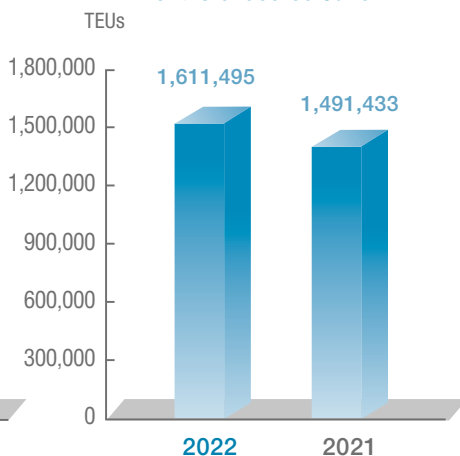
Net cash flows from operating activities for the six months ended 30 June



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

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

The Company has two business segments, including (i) container shipping and logistics segment; and (ii) dry bulk and others segment.

## Business Review

### (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 2022, 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 2022, the Group operated 77 trade lanes, including 14 trade lanes through joint services and 24 trade lanes through container slot exchange arrangements. These trade lanes and land-based integrated logistics business network covered 75 major ports in the Mainland China, Japan, Korea, Taiwan, Hong Kong, Vietnam, Thailand, the Philippines, Cambodia, Indonesia, Singapore, Malaysia, Brunei, Bengal, Myanmar and Russia. As of 30 June 2022, the Group operated a fleet of 97 vessels with a total capacity of 140,524 TEU, comprised of 74 self-owned (116,093 TEU) and 23 chartered vessels (24,431 TEU), with an average age of 11.7 years. 57 of these 97 vessels were of the 1,000 TEU type. For the six months ended 30 June 2022, US\$207.4 million out of US\$217.0 million of paid out capital expenditure was attributable to vessel purchases. In addition, the Group also operated (including through joint ventures) approximately 1,466,249 m<sup>2</sup> of depot and 143,700 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 2022 increased by approximately 70.2% from approximately US\$1,320.5 million for the six months ended 30 June 2021 to approximately US\$2,247.7 million for the corresponding period in 2022. 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 approximately 8.1% growth from 1,491,433 TEUs for the six months ended 30 June 2021 to 1,611,495 TEUs for the corresponding period in 2022; and (ii) average freight rate (excluding slot exchange fee income) increased by approximately 60.8% from US\$770.4/TEU for the six months ended 30 June 2021 to US\$1,239.1/TEU for the corresponding period in 2022.

### (ii) Dry bulk and others business

The Group's dry bulk and others business covers the provision of dry bulk vessel leasing and land leasing services. As at 30 June 2022, the Group focused on container shipping and logistics business and therefore did not hold any dry bulk vessels after disposing of all of its dry bulk vessels in succession during the first half of 2022.

Revenue generated from the Group's dry bulk and others business for the first half of 2022 decreased by approximately 28.3% from approximately US\$13.8 million for the six months ended 30 June 2021 to approximately US\$9.9 million. The decrease was primarily attributable to the decrease in operating days due to the disposal of dry bulk vessels in succession.

The Company will continue to focus on its business in Asia, optimize its unique operation model, enhance its service network and density, and extend the sea-land integrated value chain to meet customers' needs for high-quality services. At the same time, the new vessels delivered to the Company have replaced some of the chartered vessels, so that the proportion of chartered and old vessels is gradually reduced, which can maintain long-term cost advantages and reduce hazardous gas emissions to ensure the sustainable development of the Company. In addition, in order to enhance its operational efficiency, the Company will continue to improve its organizational process, talent reserve and information technology systems, and strive for 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 |                     |             |             |             |             |
|---|----------------------------------|---------------------|-------------|-------------|-------------|-------------|
|   | 2022                             | 2021                | 2022        | 2021        | 2022        | 2021        |
|   | 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>  | 2,247,722                        | 1,320,468           | 9,941       | 13,769      | 2,257,663   | 1,334,237   |
| Cost of sales   | (1,047,496)                      | (768,586)           | (5,748)     | (8,430)     | (1,053,244) | (777,016)   |
| <b>Gross profit</b>   | 1,200,226                        | 551,882             | 4,193       | 5,339       | 1,204,419   | 557,221     |
| Other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset) | 35,228                           | 5,600               | 12,803      | 1           | 48,031      | 5,601       |
| Administrative expenses   | (79,081)                         | (66,397)            | (133)       | (49)        | (79,214)    | (66,446)    |
| Share of profits of:  |                                  |                     |             |             |             |             |
| Joint ventures  | 11,519                           | 6,983               | –           | –           | 11,519      | 6,983       |
| Associates  | 240                              | 156                 | –           | –           | 240         | 156         |
| Other expenses, net   | (1,183)                          | (2,587)             | –           | 108         | (1,183)     | (2,479)     |
| Segment results   | 1,166,949                        | 495,637             | 16,863      | 5,399       | 1,183,812   | 501,036     |
| Finance costs   |                                  |                     |             |             | (7,780)     | (7,850)     |
| Bank interest, other investment income and fair value gain on a financial asset   |                                  |                     |             |             | 5,253       | 3,258       |
| Profit before tax   |                                  |                     |             |             | 1,181,285   | 496,444     |
| Income tax  |                                  |                     |             |             | (11,003)    | (8,523)     |
| <b>Profit for the period</b>  |                                  |                     |             |             | 1,170,282   | 487,921     |
| <b>Profit attributable to:</b>  |                                  |                     |             |             |             |             |
| Shareholders of the Company   |                                  |                     |             |             | 1,167,351   | 485,588     |
| Non-controlling interests   |                                  |                     |             |             | 2,931       | 2,333       |
|   |                                  |                     |             |             | 1,170,282   | 487,921     |



## Management Discussion and Analysis

### Revenue

The Group's total revenue increased by approximately 69.2% from approximately US\$1,334.2 million for the six months ended 30 June 2021 to approximately US\$2,257.7 million for the corresponding period in 2022. 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 35.5% from approximately US\$777.0 million for the six months ended 30 June 2021 to approximately US\$1,053.2 million for the corresponding period in 2022. 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\$557.2 million for the six months ended 30 June 2021 to approximately US\$1,204.4 million for the six months ended 30 June 2022. The Group's gross profit margin increased from approximately 41.8% for the six months ended 30 June 2021 to approximately 53.3% for the corresponding period in 2022.

### 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 2022, other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset) increased by approximately US\$42.4 million from approximately US\$5.6 million for the six months ended 30 June 2021 to approximately US\$48.0 million for the corresponding period in 2022. The increase was mainly attributable to the gains of approximately US\$42.9 million on disposal of 1 container vessel and 5 dry bulk vessels during the first half of 2022, which was nil for the corresponding period in 2021.

### 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\$5.3 million and US\$3.3 million for the six months ended 30 June 2022 and 2021, respectively. The increase was mainly attributable to the rising in average deposit interest rate.

### Administrative Expenses

The Group's administrative expenses increased from approximately US\$66.4 million for the six months ended 30 June 2021 to approximately US\$79.2 million for the corresponding period in 2022, representing an increase of approximately 19.3%. The increase was primarily attributable to the overall increase in staff cost.

### Other Expenses, net

The Group's other expenses, net were approximately US\$1.2 million and US\$2.5 million for the six months ended 30 June 2022 and 2021, respectively. The decrease was mainly because the hedging losses of realization of Japanese Yen recorded in the first half of 2021 did not occur in the corresponding period in 2022.

### Finance Costs

The Group's finance costs remained relatively stable at approximately US\$7.9 million for the six months ended 30 June 2021 and approximately US\$7.8 million for the six months ended 30 June 2022.

### Share of Profits of Joint Ventures

The Group's share of profits of joint ventures increased by approximately 64.3% from approximately US\$7.0 million for the six months ended 30 June 2021 to approximately US\$11.5 million in for the six months ended 30 June 2022. The increase was mainly attributable to the growth in the profits of part of the jointly controlled freight forwarding companies.

## 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 2022 and 2021. 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\$496.4 million for the six months ended 30 June 2021 to approximately US\$1,181.3 million for the corresponding period in 2022.

### Income Tax Expenses

The Group's income tax expense was approximately US\$11.0 million and US\$8.5 million for the six months ended 30 June 2022 and 2021, 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 2022 was approximately US\$1,170.3 million, representing an increase of approximately US\$682.4 million over the profit of approximately US\$487.9 million for the corresponding period in 2021.

## 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:

|   | <b>Six months ended 30 June</b>     |                    |                                     |                    |
|---|-------------------------------------|--------------------|-------------------------------------|--------------------|
|   | <b>2022</b>                         | <b>% of</b>        | <b>2021</b>                         | <b>% of</b>        |
|   | Amount<br>(US\$'000)<br>(Unaudited) | segment<br>revenue | Amount<br>(US\$'000)<br>(Unaudited) | segment<br>revenue |
| <b>Income Statement Data:</b>   |                                     |                    |                                     |                    |
| <b>Segment revenue</b>  | 2,247,722                           | 100%               | 1,320,468                           | 100%               |
| Container shipping and supporting logistics income  | 2,085,526                           | 92.8%              | 1,188,105                           | 90.0%              |
| Other container logistics income  | 162,196                             | 7.2%               | 132,363                             | 10.0%              |
| <b>Cost of Sales</b>  | (1,047,496)                         | (46.6%)            | (768,586)                           | (58.2%)            |
| Equipment and cargos transportation costs   | (493,588)                           | (22.0%)            | (395,362)                           | (29.9%)            |
| Voyage costs  | (252,949)                           | (11.3%)            | (158,267)                           | (12.0%)            |
| Container shipping vessels cost   | (179,830)                           | (8.0%)             | (114,646)                           | (8.7%)             |
| Other container logistics costs   | (121,129)                           | (5.4%)             | (100,311)                           | (7.6%)             |
| <b>Gross Profit</b>   | 1,200,226                           | 53.4%              | 551,882                             | 41.8%              |
| Other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset) | 35,228                              | 1.6%               | 5,600                               | 0.4%               |
| Administrative expenses   | (79,081)                            | (3.5%)             | (66,397)                            | (5.0%)             |
| Other expenses, net   | (1,183)                             | (0.1%)             | (2,587)                             | (0.2%)             |
| Share of profits of:  |                                     |                    |                                     |                    |
| Joint ventures  | 11,519                              | 0.5%               | 6,983                               | 0.5%               |
| Associates  | 240                                 | 0.1%               | 156                                 | 0.1%               |
| <b>Segment results</b>  | 1,166,949                           | 51.9%              | 495,637                             | 37.5%              |

## 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 2021 and 2022, and the average freight rate for the six months ended 30 June 2021 and 2022:

| Six months ended 30 June  |       | As of 30 June         |      |                     |      |
|---|-------|-----------------------|------|---------------------|------|
| 2022  | 2021  | 2022                  | 2021 | 2022                | 2021 |
| Average freight rate<br>(US\$ per TEU, excluding<br>slot exchange rate) |       | Number of trade lanes |      | Port calls per week |      |
| 1,239.1   | 770.4 | 77                    | 75   | 457                 | 460  |

### Revenue

Revenue of the Group's container shipping and logistics business increased by approximately 70.2% from approximately US\$1,320.5 million for the six months ended 30 June 2021 to approximately US\$2,247.7 million for the six months ended 30 June 2022. This increase was a combined effect of (i) the increase in container shipping volume from 1,491,433 TEUs for the six months ended 30 June 2021 to 1,611,495 TEUs for the corresponding period in 2022; and (ii) the increase in average container shipping freight rate (excluding slot exchange fee income) from US\$770.4/TEU for the six months ended 30 June 2021 to US\$1,239.1/TEU for the corresponding period in 2022.

### Cost of Sales

The cost of sales of the Group's container shipping and logistics business increased by approximately 36.3% from approximately US\$768.6 million for the six months ended 30 June 2021 to approximately US\$1,047.5 million for the corresponding period in 2022. 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\$1,200.2 million for its container shipping and logistics business for the six months ended 30 June 2022, representing an increase of approximately US\$648.3 million as compared to US\$551.9 million for the corresponding period in 2021. The gross profit margin of the Group's container shipping and logistics business was approximately 53.4% and 41.8% for the six months ended 30 June 2022 and 2021, 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 2022, the other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset) increased to approximately US\$35.2 million from approximately US\$5.6 million for the corresponding period in 2021. The increase was mainly attributable to the gains of approximately US\$30.1 million on disposal of 1 container vessel during the first half of 2022, which was nil for the corresponding period in 2021.

### Administrative Expenses

Administrative expenses of the Group's container shipping and logistics business increased from approximately US\$66.4 million for the six months ended 30 June 2021 to approximately US\$79.1 million for the corresponding period in 2022. The change in the amount was mainly attributable to the overall increase in staff cost.

### Other Expenses, net

Other expenses, net decreased from approximately US\$2.6 million for the six months ended 30 June 2021 to approximately US\$1.2 million for the corresponding period in 2022. The decrease was mainly because the hedging losses of realization of Japanese Yen recorded in the first half of 2021 did not occur in the corresponding period in 2022.

## 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\$11.5 million and US\$7.0 million for the six months ended 30 June 2022 and 2021, respectively. The change in the amount was mainly attributable to the growth in the profits of part of the jointly controlled freight forwarding companies.

### 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 2022 and 2021. 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 135.5% from approximately US\$495.6 million for the six months ended 30 June 2021 to approximately US\$1,166.9 million in the corresponding period in 2022.

## 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>2022</b>                         |                            | <b>2021</b>                         |                            |
|   | Amount<br>(US\$'000)<br>(Unaudited) | % of<br>segment<br>revenue | Amount<br>(US\$'000)<br>(Unaudited) | % of<br>segment<br>revenue |
| <b>Income Statement</b>   |                                     |                            |                                     |                            |
| <b>Data:</b>  |                                     |                            |                                     |                            |
| <b>Segment revenue</b>  | 9,941                               | 100%                       | 13,769                              | 100%                       |
| Dry bulk business   | 9,110                               | 91.6%                      | 12,945                              | 94.0%                      |
| Others business   | 831                                 | 8.4%                       | 824                                 | 6.0%                       |
| <b>Cost of Sales</b>  | (5,748)                             | (57.8%)                    | (8,430)                             | (61.2%)                    |
| Dry bulk business   | (5,348)                             | (53.8%)                    | (8,032)                             | (58.3%)                    |
| Others business   | (400)                               | (4.0%)                     | (398)                               | (2.9%)                     |
| <b>Gross Profit</b>   | 4,193                               | 42.2%                      | 5,339                               | 38.8%                      |
| Other income and gains (excluding bank interest income, investment income and fair value gain on a financial asset) | 12,803                              | 128.8%                     | 1                                   | 0.1%                       |
| Administrative expenses   | (133)                               | (1.3%)                     | (49)                                | (0.4%)                     |
| Other expenses, net   | –                                   | –                          | 108                                 | 0.8%                       |
| <b>Segment results</b>  | 16,863                              | 169.6%                     | 5,399                               | 39.2%                      |



## Management Discussion and Analysis

### Revenue

The revenue of the Group's dry bulk and others business decreased by approximately 28.3% from approximately US\$13.8 million for the six months ended 30 June 2021 to approximately US\$9.9 million for the corresponding period in 2022. This decrease was mainly attributable to the following:

- *Dry bulk business.* Revenue of the Group's dry bulk business decreased by approximately 29.5% from approximately US\$12.9 million for the six months ended 30 June 2021 to approximately US\$9.1 million for the corresponding period in 2022. This primarily reflected the decrease in operating days due to the disposal of dry bulk vessels in succession.
- *Others business.* Revenue of the Group's other businesses was approximately US\$0.8 million for both the six months ended 30 June 2022 and 2021, 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 32.1% from approximately US\$8.4 million for the six months ended 30 June 2021 to approximately US\$5.7 million for the corresponding period in 2022. The decrease was mainly a combined effect of the following:

- *Dry bulk business.* Cost of sales of dry bulk business decreased by approximately 33.8% from approximately US\$8.0 million for the six months ended 30 June 2021 to approximately US\$5.3 million for the corresponding period in 2022, primarily reflecting a decrease in operating cost due to the disposal of dry bulk vessels in succession.
- *Others business.* Cost of sales of the Group's other businesses was approximately US\$0.4 million for both the six months ended 30 June 2022 and 2021. There was no significant 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 decreased by approximately 20.8% from approximately US\$5.3 million for the six months ended 30 June 2021 to approximately US\$4.2 million for the corresponding period in year 2022. The gross profit margin of the Group's dry bulk and others business increased from 38.8% for the six months ended 30 June 2021 to approximately 42.2% for the corresponding period in 2022.

### 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 2022, the other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset) recorded a gain of approximately US\$12.8 million (six months ended 30 June 2021: approximately US\$1,000). This primarily reflected the gains of disposal of 5 dry bulk vessels of approximately US\$12.8 million during the first half of 2022.

### Administrative Expenses

Administrative expenses of the Group's dry bulk and others business was approximately US\$0.1 million for both the six months ended 30 June 2022 and 2021. There was no material change in the amount.

### Segment Results

As a result of the foregoing, the segment results of the Group's dry bulk and others business increased by approximately 213.0% from approximately US\$5.4 million for the six months ended 30 June 2021 to approximately US\$16.9 million for the corresponding period in 2022.

### **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

Total assets of the Group increased by approximately 18.2% from approximately US\$2,716.4 million as at 31 December 2021 to approximately US\$3,209.6 million as at 30 June 2022. As at 30 June 2022, the Group had cash and cash equivalents amounting to approximately US\$1,213.6 million, mainly denominated in US dollar, Renminbi, Japanese Yen and other currencies.

Total liabilities of the Group decreased by approximately 17.9% from approximately US\$1,200.7 million as at 31 December 2021 to approximately US\$985.3 million as at 30 June 2022. At 30 June 2022, the Group had secured interest-bearing bank loans of approximately US\$331.5 million. The maturity profile is spread over a period, with approximately US\$42.0 million repayable within one year or on demand, approximately US\$40.5 million within the second year, approximately US\$191.9 million within the third to fifth years and approximately US\$57.1 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 2022, the Group hedged approximately 3.1% (31 December 2021: 7.3%) of its foreign currency sales for which firm commitments existed at the end of the reporting period.

As at 30 June 2022, the Group had current ratio (being the current assets divided by the current liabilities) of approximately 3.1 compared to that of 1.5 as at 31 December 2021. 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, 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 remained stable at 0% as at 30 June 2022 and 31 December 2021, respectively.

### **CONTINGENT LIABILITIES**

As at 30 June 2022, the Group had no significant contingent liabilities.

### CHARGE ON ASSETS

As at 30 June 2022, 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\$588.0 million (31 December 2021: US\$702.5 million).

### EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2022, the Group had an aggregate of 2,036 full-time employees (excluding crew member, 30 June 2021: 1,765). The related employees' costs for the period (including directors' emoluments) amounted to approximately US\$110.8 million (30 June 2021: US\$81.6 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 post-IPO share option scheme and adopted a share award scheme on 13 September 2017 (the "Share Award Scheme"). Further details of the post-IPO share option scheme and the Share Award Scheme are set out in the section headed "Other Information" in this report.

### SIGNIFICANT INVESTMENTS

For the six months ended 30 June 2022, a total of 7 new container vessels were delivered, with another 35 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 2022.

### MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2022, the Group did not have any material acquisitions or disposals of its subsidiaries, associates or joint ventures.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company will continue to purchase container vessels and 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 did 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 2022 (Tuesday), the Board resolved to declare an interim dividend of HK\$2.40 (equivalent to US\$0.31) per share for the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$1.00) to shareholders whose name appear on the register of members of the Company at the close of business on 2 September 2022 (Friday). The dividend is expected to be paid on 14 September 2022 (Wednesday).

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), representing approximately 9.7% of the issued capital of the Company as at the date of this report.

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.

## Other Information

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 of Hong Kong Limited (the “**Stock Exchange**”) on the 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, which has expired on 9 September 2020.

The followings are details of the options granted pursuant to the Post-IPO Share Option Scheme but not yet exercised for the six months ended 30 June 2022:

| Grantee and position   | Date of grant of options | Number of options outstanding as at 1 January 2022 | 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 2022 | Approximate percentage of shareholding of options held upon the exercise of the options |
|------------------------|--------------------------|--|--|---|---|---|
| <b>Other employees</b> |                          |  |  |   |   |   |
| Other employees (Note) | 10 March 2015            | 959,200  | -  | 62,200  | 897,000   | 0.03%   |
| <b>Total</b>           |                          | 959,200  | -  | 62,200  | 897,000   | 0.03%   |

Note: The weighted average closing price immediately before the date on which the share options were exercised was HK\$31.51.

## Other Information

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 2022, the Company had 897,000 share options outstanding under the Post-IPO Share Option Scheme, which represented approximately 0.03% of the Shares in issue as at the date of this report.

### 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.

## Other Information

On 13 January 2022, the Board, based on the recommendation of the remuneration committee of the Company (the “**Remuneration Committee**”), resolved to award an aggregate of 2,008,577 Shares to 170 employees who are not connected persons of the Company pursuant to the Scheme Rules. Please refer to the announcement of the Company dated 13 January 2022 for details of the grant.

On 8 March 2022, the Board (including all independent non-executive Directors), based on the recommendation of the Remuneration Committee, resolved to award an aggregate of 13,151,716 Shares to 639 selected participants pursuant to the Scheme Rules, of which 11,016,716 awarded Shares were granted to 632 employees who are not connected persons of the Company and 2,135,000 were granted to 7 Directors. Please refer to the announcement of the Company dated 8 March 2022 for details of the grant.

A summary of the awarded Shares granted to the selected participants under the Share Award Scheme during the six months ended 30 June 2022 are set forth below:

| Awardee and position                           | No. of awarded Shares<br>granted on 13 January 2022<br>(Note 1) | No. of awarded Shares<br>granted on 8 March 2022<br>(Note 2) | Total number of awarded<br>Shares granted during the six<br>months ended 30 June 2022 |
|--|---|--|---|
| <b>Executive Directors</b>                     |   |  |   |
| Yang Xianxiang                                 | -   | 700,000  | 700,000   |
| Liu Kecheng                                    | -   | 420,000  | 420,000   |
| Xue Mingyuan                                   | -   | 700,000  | 700,000   |
| Lai Zhiyong                                    | -   | 300,000  | 300,000   |
| <b>Independent Non-executive<br/>Directors</b> |   |  |   |
| Liu Ka Ying, Rebecca                           | -   | 5,000  | 5,000   |
| Tse Siu Ngan                                   | -   | 5,000  | 5,000   |
| Hu Mantian (Mandy)                             | -   | 5,000  | 5,000   |
| <b>Other employees</b>                         |   |  |   |
| Other employees                                | 2,008,577   | 11,016,716   | 13,025,293  |
| <b>Total</b>                                   | 2,008,577   | 13,151,716   | 15,160,293  |



## Other Information

Notes:

- (1) Subject to the terms of the Scheme Rules and the fulfillment of all vesting conditions specified by the Board, the awarded Shares shall be vested in accordance with the Scheme Rules on a date specified by the Board.
- (2) Subject to the terms of the Scheme Rules and the fulfillment of all vesting conditions specified by the Board, the awarded Shares shall be vested in accordance with the Scheme Rules on the third anniversary of the date of grant, i.e. 8 March 2025, or an earlier date as approved by the Board.

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

As at 30 June 2022, the interest or short position of the Directors or chief executive 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)               | 51.27%                                 |
|                              | Beneficial owner                   | 10,619,000 (L)                  | 0.40%                                  |
| Yang Xianxiang               | Beneficial owner                   | 8,679,924 (L)                   | 0.32%                                  |
| Liu Kecheng                  | Beneficial owner                   | 343,091 (L)                     | 0.01%                                  |
| Lai Zhiyong <sup>(3)</sup>   | Beneficiary of the Go Thrive Trust | 1,537,847 (L)                   | 0.06%                                  |
|                              | Beneficial owner                   | 1,304,239 (L)                   | 0.05%                                  |
| Xue Mingyuan <sup>(3)</sup>  | Beneficiary of the Go Thrive Trust | 926,100 (L)                     | 0.03%                                  |
|                              | Beneficial owner                   | 2,666,727 (L)                   | 0.10%                                  |
| Tse Siu Ngan                 | Beneficial owner                   | 70,000 (L)                      | 0.00%                                  |
| Hu Mantian (Mandy)           | Beneficial owner                   | 2,000 (L)                       | 0.00%                                  |

Notes:

- The letters "L" denotes the person's long position in the Shares.
- 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.
- 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 | Number of Shares subject to vesting under the Share Award Scheme | Approximate percentage of shareholding                                     |
|----------------------|--------------------|--|--|
|                      |                    |  | attributable to the Shares subject to vesting under the Share Award Scheme |
| Yang Xianxiang       | Beneficial owner   | 1,036,372  | 0.04%  |
| Liu Kecheng          | Beneficial owner   | 718,528  | 0.03%  |
| Xue Mingyuan         | Beneficial owner   | 1,121,791  | 0.04%  |
| Lai Zhiyong          | Beneficial owner   | 615,119  | 0.02%  |
| Liu Ka Ying, Rebecca | Beneficial owner   | 5,000  | 0.00%  |
| Tse Siu Ngan         | Beneficial owner   | 5,000  | 0.00%  |
| Hu Mantian (Mandy)   | Beneficial owner   | 5,000  | 0.00%  |

### (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 51.27% 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 51.27% 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 51.27% 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.

Save as disclosed above, as at 30 June 2022, none of the Directors or the chief executive of the Company had or were deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register 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.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at 30 June 2022, the following persons (other than the Directors and chief executive 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)               | 51.67%                     |
| Resourceful Link <sup>(3)</sup> | Beneficial owner                   | 1,375,390,231 (L)               | 51.27%                     |
| Better Master <sup>(3)</sup>    | Interest in controlled corporation | 1,375,390,231 (L)               | 51.27%                     |

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 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.

## Other Information

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any person (other than the Directors or the chief executive of the Company) who had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

### 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 2022, 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 2022.

### DIRECTORS' SECURITIES TRANSACTIONS

The Board has adopted the Model Code as set out in Appendix 10 to the Listing Rules 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 2022.

### **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 2022.

### **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 2022.

### **AUDIT COMMITTEE**

The Company has an audit committee (the "**Audit Committee**") which was established in compliance with the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal control. The Audit Committee consists of a non-executive director, namely Ms. Yang Xin, and three independent non-executive directors, namely Dr. Liu Ka Ying, Rebecca, Mr. Tse Siu Ngan and Dr. Hu Mantian (Mandy). The chairman of the Audit Committee is Dr. Liu Ka Ying, Rebecca. 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 and the interim report of the Company for the six months ended 30 June 2022.

## **PUBLICATION OF INTERIM REPORT**

The interim report of the Company for the six months ended 30 June 2022 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 2022

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

For the six months ended 30 June 2022

|                                 |   | <b>Six months<br/>ended 30 June</b> |             |
|---------------------------------|---|-------------------------------------|-------------|
| Notes                           |   | <b>2022</b>                         | 2021        |
|                                 |   | <b>US\$'000</b>                     | US\$'000    |
|                                 |   | <b>(Unaudited)</b>                  | (Unaudited) |
| REVENUE                         | 3 | <b>2,257,663</b>                    | 1,334,237   |
| Cost of sales                   |   | <b>(1,053,244)</b>                  | (777,016)   |
| Gross profit                    |   | <b>1,204,419</b>                    | 557,221     |
| Other income and gains, net     | 4 | <b>53,284</b>                       | 8,859       |
| Administrative expenses         |   | <b>(79,214)</b>                     | (66,446)    |
| Other expenses, net             |   | <b>(1,183)</b>                      | (2,479)     |
| Finance costs                   | 5 | <b>(7,780)</b>                      | (7,850)     |
| Share of profits and losses of: |   |                                     |             |
| Joint ventures                  |   | <b>11,519</b>                       | 6,983       |
| Associates                      |   | <b>240</b>                          | 156         |
| PROFIT BEFORE TAX               | 6 | <b>1,181,285</b>                    | 496,444     |
| Income tax                      | 7 | <b>(11,003)</b>                     | (8,523)     |
| PROFIT FOR THE PERIOD           |   | <b>1,170,282</b>                    | 487,921     |



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

For the six months ended 30 June 2022

|   | <b>Six months<br/>ended 30 June</b> |             |
|---|-------------------------------------|-------------|
|   | <b>2022</b>                         | 2021        |
|   | <b>US\$'000</b>                     | US\$'000    |
|   | <b>(Unaudited)</b>                  | (Unaudited) |
| OTHER COMPREHENSIVE INCOME/<br>(LOSS)   |                                     |             |
| Other comprehensive income/(loss) that<br>may be reclassified to profit or loss in<br>subsequent periods: |                                     |             |
| Cash flow hedges:   |                                     |             |
| Effective portion of changes in fair<br>value of hedging instruments arising<br>during the period         | <b>14,575</b>                       | 8,949       |
| Reclassification adjustments for<br>losses/(gains) included in profit or<br>loss                          | <b>(447)</b>                        | 2,876       |
|   | <b>14,128</b>                       | 11,825      |
| Exchange differences on translation of<br>foreign operations  | <b>(7,588)</b>                      | 416         |
| Share of other comprehensive loss of<br>joint ventures  | <b>(906)</b>                        | (133)       |
| Share of other comprehensive loss of<br>associates  | <b>(464)</b>                        | (31)        |
| Net other comprehensive income that<br>may be reclassified to profit or loss in<br>subsequent periods     | <b>5,170</b>                        | 12,077      |

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the six months ended 30 June 2022

|  | <b>Six months<br/>ended 30 June</b>      |                                 |
|--|--|---------------------------------|
| Note   | <b>2022<br/>US\$'000<br/>(Unaudited)</b> | 2021<br>US\$'000<br>(Unaudited) |
| OTHER COMPREHENSIVE INCOME FOR<br>THE PERIOD, NET OF INCOME TAX      | <b>5,170</b>                             | 12,077                          |
| TOTAL COMPREHENSIVE INCOME FOR<br>THE PERIOD                         | <b>1,175,452</b>                         | 499,998                         |
| Profit for the period attributable to:                               |  |                                 |
| Shareholders of the Company  | <b>1,167,351</b>                         | 485,588                         |
| Non-controlling interests  | <b>2,931</b>                             | 2,333                           |
|  | <b>1,170,282</b>                         | 487,921                         |
| Total comprehensive income for the period<br>attributable to:        |  |                                 |
| Shareholders of the Company  | <b>1,173,129</b>                         | 497,599                         |
| Non-controlling interests  | <b>2,323</b>                             | 2,399                           |
|  | <b>1,175,452</b>                         | 499,998                         |
| EARNINGS PER SHARE ATTRIBUTABLE<br>TO SHAREHOLDERS OF THE<br>COMPANY | 9  |                                 |
| Basic (US cents per share)   | <b>43.95</b>                             | 18.24                           |
| Diluted (US cents per share)   | <b>43.51</b>                             | 18.10                           |

# Interim Condensed Consolidated Statement of Financial Position

30 June 2022

|   | Notes | 30 June<br>2022<br>US\$'000<br>(Unaudited) | 31 December<br>2021<br>US\$'000<br>(Audited) |
|---|-------|--|--|
| <b>NON-CURRENT ASSETS</b>                             |       |  |  |
| Property, plant and equipment                         | 10    | <b>1,126,235</b>                           | 1,087,704                                    |
| Right-of-use assets                                   |       | <b>236,248</b>                             | 233,189                                      |
| Advance payments for acquisition of vessels           |       | <b>179,259</b>                             | 145,152                                      |
| Goodwill  |       | <b>1,058</b>                               | 1,111  |
| Other intangible assets                               |       | <b>1,579</b>                               | 1,579  |
| Investments in joint ventures                         |       | <b>58,434</b>                              | 49,929                                       |
| Investments in associates                             |       | <b>10,270</b>                              | 10,494                                       |
| Derivative financial instruments                      |       | <b>9,483</b>                               | 1,907  |
| Total non-current assets                              |       | <b>1,622,566</b>                           | 1,531,065                                    |
| <b>CURRENT ASSETS</b>                                 |       |  |  |
| Bunkers   |       | <b>62,652</b>                              | 41,476                                       |
| Trade receivables                                     | 11    | <b>236,000</b>                             | 157,038                                      |
| Prepayments, deposits and other receivables           |       | <b>48,560</b>                              | 34,929                                       |
| Derivative financial instruments                      |       | <b>2,520</b>                               | 329  |
| Financial assets at fair value through profit or loss | 12    | <b>23,732</b>                              | 32,105                                       |
| Cash and bank balances                                |       | <b>1,213,557</b>                           | 919,481                                      |
| Total current assets                                  |       | <b>1,587,021</b>                           | 1,185,358                                    |

## Interim Condensed Consolidated Statement of Financial Position

30 June 2022

|  | Notes | 30 June<br>2022<br>US\$'000<br>(Unaudited) | 31 December<br>2021<br>US\$'000<br>(Audited) |
|--|-------|--|--|
| <b>CURRENT LIABILITIES</b>                   |       |  |  |
| Trade payables                               | 13    | 273,272                                    | 201,857                                      |
| Other payables and accruals                  | 14    | 149,260                                    | 173,445                                      |
| Derivative financial instruments             |       | 684  | 51   |
| Bank borrowings                              |       | 42,013                                     | 83,211                                       |
| Lease liabilities                            |       | 48,495                                     | 48,186                                       |
| Dividend payables                            |       | –  | 270,829                                      |
| Income tax payables                          |       | 5,612                                      | 7,695  |
| Total current liabilities                    |       | 519,336                                    | 785,274                                      |
| <b>NET CURRENT ASSETS</b>                    |       |  |  |
|  |       | 1,067,685                                  | 400,084                                      |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       |  |  |
|  |       | 2,690,251                                  | 1,931,149                                    |
| <b>NON-CURRENT LIABILITIES</b>               |       |  |  |
| Derivative financial instruments             |       | –  | 195  |
| Bank borrowings                              |       | 289,524                                    | 244,060                                      |
| Lease liabilities                            |       | 173,491                                    | 168,409                                      |
| Provision for reinstatement costs            |       | 2,900                                      | 2,801  |
| Total non-current liabilities                |       | 465,915                                    | 415,465                                      |
| Net assets                                   |       | 2,224,336                                  | 1,515,684                                    |

## Interim Condensed Consolidated Statement of Financial Position

30 June 2022

|  | Note | <b>30 June<br/>2022<br/>US\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>US\$'000<br>(Audited) |
|--|------|--|--|
| EQUITY   |      |  |  |
| Equity attributable to shareholders of the Company |      |  |  |
| Issued capital                                     | 15   | <b>34,582</b>  | 34,581                                       |
| Reserves   |      | <b>2,174,369</b>                                     | 1,467,106                                    |
|  |      | <b>2,208,951</b>                                     | 1,501,687                                    |
| Non-controlling interests                          |      | <b>15,385</b>  | 13,997                                       |
| Total equity                                       |      | <b>2,224,336</b>                                     | 1,515,684                                    |

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

## Six months ended 30 June 2022

| Note | Attributable to shareholders of the Company   |  |  |   |   |   |   |  |   |  |                                  | Total equity<br>US\$'000<br>(unaudited) |   |
|------|---|--|--|---|---|---|---|--|---|--|----------------------------------|---|---|
|      | Issued<br>capital<br>US\$'000<br>(unaudited)  | Share<br>premium<br>account<br>US\$'000<br>(unaudited) | Shares held<br>under share<br>award scheme<br>account<br>US\$'000<br>(unaudited) | Share-based<br>compensation<br>reserve<br>US\$'000<br>(unaudited) | Capital<br>and other<br>reserves<br>US\$'000<br>(unaudited) | Shareholding<br>reserves<br>US\$'000<br>(unaudited) | Fair value<br>reserves<br>US\$'000<br>(unaudited) | Exchange<br>fluctuation<br>reserves<br>US\$'000<br>(unaudited) | Reserve<br>funds<br>US\$'000<br>(unaudited) | Retained<br>profits<br>US\$'000<br>(unaudited) | Total<br>US\$'000<br>(unaudited) |   | Non-<br>controlling<br>interests<br>US\$'000<br>(unaudited) |
|      | At 1 January 2022   | 34,581   | 40,865   | (70,195)  | 18,511  | 7,823   | 21  | 4,731  | 6,236                                       | 1,163,949                                      | 1,501,557                        | 13,997                                  | 1,615,664   |
|      | Profit for the period   | -  | -  | -   | -   | -   | -   | -  | -   | 1,167,251                                      | 1,167,251                        | 2,931                                   | 1,170,282   |
|      | Other comprehensive income for the period:  |  |  |   |   |   |   |  |   |  |                                  |   |   |
|      | Cash flow hedges, net of income tax   | -  | -  | -   | -   | -   | 14,123  | -  | -   | -  | 14,126                           | -                                       | 14,126  |
|      | Exchange differences on translation of foreign operations                               | -  | -  | -   | -   | -   | -   | 6,560  | -   | -  | (6,560)                          | (608)                                   | (7,588)   |
|      | Share of other comprehensive loss of:   |  |  |   |   |   |   |  |   |  |                                  |   |   |
|      | Joint ventures  | -  | -  | -   | -   | -   | -   | (906)  | -   | -  | (906)                            | -                                       | (906)   |
|      | Associates  | -  | -  | -   | -   | -   | -   | (464)  | -   | -  | (464)                            | -                                       | (464)   |
|      | Total comprehensive income for the period   | -  | -  | -   | -   | -   | 14,123  | (8,350)  | -   | 1,167,251                                      | 1,173,129                        | 2,323                                   | 1,175,452   |
|      | Issue of shares upon exercise of share options under the postIPO<br>share option scheme | 1  | 44   | -   | (10)  | -   | -   | -  | -   | -  | 35                               | -                                       | 35  |
|      | Expense of share award under the share award scheme                                     | -  | -  | 13,022  | (13,022)  | -   | -   | -  | -   | -  | -                                | -                                       | -   |
|      | Repurchase of shares under the share award scheme                                       | -  | -  | (3,306)   | 7,908   | -   | -   | -  | -   | -  | (9,206)                          | -                                       | (9,206)   |
|      | Equity-settled share award scheme   | -  | -  | -   | 7,908   | -   | -   | -  | -   | -  | 7,908                            | -                                       | 7,908   |
|      | Share award expense   | -  | -  | -   | 6,369   | -   | -   | -  | -   | -  | 6,369                            | -                                       | 6,369   |
|      | Transfer to reserve funds   | -  | -  | -   | -   | -   | -   | 201  | -   | (201)  | -                                | -                                       | -   |
|      | Dividend declared to non-controlling equity holders of subsidiaries                     | -  | -  | -   | -   | -   | -   | -  | -   | -  | -                                | (935)                                   | (935)   |
|      | Final 2021 dividend paid  | -  | -  | -   | -   | -   | -   | -  | -   | (478,591)                                      | (478,591)                        | -                                       | (478,591)   |
|      | At 30 June 2022   | 34,582   | 40,200*  | 60,469*   | 21,466*   | 7,823*  | 21*   | (3,619)*   | 6,467*                                      | 1,798,530*                                     | 2,203,951                        | 15,335                                  | 2,219,336   |

\* These reserve accounts comprise the consolidated reserves of US\$2,174,369,000 (unaudited) (31 December 2021: US\$1,467,106,000) in the interim condensed consolidated statement of financial position as at 30 June 2022.

## Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

### Six months ended 30 June 2021

| Note   | Attributable to shareholders of the Company  |  |   |   |  |  |   |   |  |                                  | Total equity<br>(US\$'000)<br>(audited) |   |
|--|--|--|---|---|--|--|---|---|--|----------------------------------|---|---|
|  | Issued<br>capital<br>(US\$'000)<br>(audited) | Share<br>premium<br>account<br>(US\$'000)<br>(audited) | Share-<br>based<br>compensation<br>reserve<br>(US\$'000)<br>(audited) | Capital<br>and other<br>reserves<br>(US\$'000)<br>(audited) | Hedging<br>reserves<br>(US\$'000)<br>(audited) | Fair value<br>reserve<br>(US\$'000)<br>(audited) | Exchange<br>fluctuation<br>reserve<br>(US\$'000)<br>(audited) | Reserve<br>for<br>pensions<br>(US\$'000)<br>(audited) | Retained<br>profits<br>(US\$'000)<br>(audited) | Total<br>(US\$'000)<br>(audited) |   | Non-<br>controlling<br>interests<br>(US\$'000)<br>(audited) |
| At 1 January 2021  | 34,567                                       | 401,273  | 16,462  | 7,623   | (14,303)                                       | 21   | 2,080   | 6,094   | 774,433  | 1,164,467                        | 10,901                                  | 1,165,368   |
| Profit for the period  | -  | -  | -   | -   | -  | -  | -   | -   | 465,588  | 465,588                          | 2,333                                   | 467,921   |
| Other comprehensive income for the period  | -  | -  | -   | -   | -  | -  | -   | -   | -  | -                                | -                                       | -   |
| Cash flow, foreign, net of income tax  | -  | -  | -   | -   | 11,825   | -  | -   | -   | -  | 11,825                           | -                                       | 11,825  |
| Exchange differences on translation of foreign operations                            | -  | -  | -   | -   | -  | -  | 330   | -   | -  | 330                              | 66                                      | 416   |
| Share of other comprehensive loss of:  | -  | -  | -   | -   | -  | -  | -   | -   | -  | -                                | -                                       | -   |
| Share of other comprehensive loss of:  | -  | -  | -   | -   | -  | -  | (133)   | -   | -  | (133)                            | -                                       | (133)   |
| Joint ventures   | -  | -  | -   | -   | -  | -  | (31)  | -   | -  | (31)                             | -                                       | (31)  |
| Associates   | -  | -  | -   | -   | -  | -  | -   | -   | -  | -                                | -                                       | -   |
| Total comprehensive income for the period  | -  | -  | -   | -   | 11,825   | -  | 166   | -   | 465,588  | 467,559                          | 2,339                                   | 469,898   |
| Issue of shares upon exercise of share options under the postIPO share option scheme | 10   | 500  | (119)   | -   | -  | -  | -   | -   | -  | 381                              | -                                       | 381   |
| Expense of share awards under the share award scheme                                 | -  | 5,600  | (6,600)   | -   | -  | -  | -   | -   | -  | -                                | -                                       | -   |
| Repurchase of shares under the share award scheme                                    | -  | -  | (604)   | -   | -  | -  | -   | -   | -  | (604)                            | -                                       | (604)   |
| Share award expense  | -  | -  | 3,773   | -   | -  | -  | -   | -   | -  | 3,773                            | -                                       | 3,773   |
| Transfer to reserve funds  | -  | -  | -   | -   | -  | -  | 236   | -   | (236)  | -                                | -                                       | -   |
| Dividend declared to non-controlling equity holders of subsidiaries                  | -  | -  | -   | -   | -  | -  | -   | -   | -  | -                                | (1,006)                                 | (1,006)   |
| Final 2021 dividend paid   | -  | -  | -   | -   | -  | -  | -   | -   | (207,255)                                      | (207,255)                        | -                                       | (207,255)   |
| At 30 June 2021  | 34,577                                       | 401,173  | 13,882  | 7,623   | (2,678)  | 21   | 2,246   | 6,307   | 1,052,530                                      | 1,473,931                        | 12,294                                  | 1,490,865   |

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

|  | <b>Six months ended 30 June</b> |             |
|--|---------------------------------|-------------|
|  | <b>2022</b>                     | 2021        |
|  | <b>US\$'000</b>                 | US\$'000    |
|  | <b>(Unaudited)</b>              | (Unaudited) |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                 |             |
| Cash generated from operations   | <b>1,150,375</b>                | 576,602     |
| Interest income received   | <b>6,504</b>                    | 3,255       |
| Interest paid  | <b>(3,134)</b>                  | (3,762)     |
| Overseas tax paid  | <b>(12,993)</b>                 | (7,669)     |
|  | <b>1,140,752</b>                | 568,426     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                 |             |
| Purchases of items of property, plant and equipment  | <b>(130,103)</b>                | (34,206)    |
| Proceeds from disposal of items of property, plant and equipment   | <b>147,840</b>                  | 249         |
| Advance payments for acquisition of vessels  | <b>(86,923)</b>                 | (58,090)    |
| Investments in joint ventures  | <b>–</b>                        | (789)       |
| Proceeds from investment income of principal-protected investment deposit at fair value through profit or loss | <b>130</b>                      | 138         |
| Net disposal of financial assets at a fair value through profit or loss  | <b>8,373</b>                    | 13,982      |
| Increase in non-pledged time deposits with original maturity of over three months                              | <b>(906,550)</b>                | (570,945)   |
| Decrease in non-pledged time deposits with original maturity of over three months                              | <b>225,217</b>                  | 737,881     |
| Withholding tax paid on dividends received   | <b>(93)</b>                     | (122)       |
| Dividends received from joint ventures   | <b>5,211</b>                    | 527         |
|  | <b>(736,898)</b>                | 88,625      |



## Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

|   | Six months ended 30 June |             |
|---|--------------------------|-------------|
|   | 2022                     | 2021        |
|   | US\$'000                 | US\$'000    |
|   | (Unaudited)              | (Unaudited) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                          |             |
| Proceeds from issue of shares   | 35                       | 391         |
| Repurchase of shares  | <b>(3,306)</b>           | (604)       |
| New bank borrowings   | 77,044                   | 67,603      |
| Repayment of bank borrowings  | <b>(70,160)</b>          | (122,745)   |
| Principal portion of lease payments   | <b>(31,195)</b>          | (27,936)    |
| Payment for provision for reinstatement costs   | <b>(133)</b>             | (305)       |
| Dividends paid  | <b>(753,696)</b>         | (207,255)   |
| Dividends paid to non-controlling equity holders of subsidiaries  | <b>(935)</b>             | (1,006)     |
| Net cash flows used in financing activities   | <b>(782,346)</b>         | (291,857)   |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>   |                          |             |
|   | <b>(378,492)</b>         | 365,194     |
| Cash and cash equivalents at beginning of period  | 694,264                  | 61,139      |
| Effect of foreign exchange rate changes, net  | <b>(8,765)</b>           | (419)       |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>   | <b>307,007</b>           | 425,914     |
| <b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>  |                          |             |
| Cash and bank balances other than time deposits   | 226,435                  | 66,095      |
| Non-pledged time deposits   | <b>987,122</b>           | 650,457     |
| Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position | <b>1,213,557</b>         | 716,552     |
| Less: Non-pledged time deposits with original maturity of over three months when acquired                 | <b>(906,550)</b>         | (290,638)   |
| Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows         | <b>307,007</b>           | 425,914     |

## 1.1 CORPORATE INFORMATION

SITC International Holdings Company Limited (the “**Company**”) is 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 31/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, 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, land leasing and other 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 interim condensed consolidated financial information for the six months ended 30 June 2022 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 interim condensed consolidated financial information is presented in the United States dollar (“**US\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

This interim condensed consolidated 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 2021.

## 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 2021, 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 3                          | <i>Reference to the Conceptual Framework</i>   |
| Amendments to HKAS 16                          | <i>Property, Plant and Equipment: Proceeds before Intended Use</i>                       |
| Amendments to HKAS 37                          | <i>Onerous Contracts – Cost of Fulfilling a Contract</i>                                 |
| <i>Annual Improvements to HKFRSs 2018-2020</i> | Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 |

## 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 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there was no business combination during the period, the amendments did not have any impact on the financial position and performance of the Group.
  
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

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

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

- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
  - HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

### 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 the 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, land leasing and other 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, dividend payables, income tax payables and other unallocated corporate liabilities as these liabilities are managed on a group basis.

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 2. OPERATING SEGMENT INFORMATION (continued)

#### Basis of segment information

|   | Container shipping<br>and logistics                            |  | Dry bulk and others  |  | Total  |  |
|---|--|--|--|--|--|--|
|   | Six months<br>ended 30<br>June 2022<br>US\$'000<br>(Unaudited) | Six months<br>ended 30<br>June 2021<br>US\$'000<br>(Unaudited) | Six months<br>ended 30<br>June 2022<br>US\$'000<br>(Unaudited) | Six months<br>ended 30<br>June 2021<br>US\$'000<br>(Unaudited) | Six months<br>ended 30<br>June 2022<br>US\$'000<br>(Unaudited) | Six months<br>ended 30<br>June 2021<br>US\$'000<br>(Unaudited) |
| <b>Segment revenue (note 3):</b>  |  |  |  |  |  |  |
| Sales to external customers   | <b>2,247,722</b>   | 1,320,468  | <b>9,941</b>   | 13,769   | <b>2,257,663</b>   | 1,334,237  |
| <b>Segment results</b>  | <b>1,166,949</b>   | 495,637  | <b>16,863</b>  | 5,399  | <b>1,183,812</b>   | 501,036  |
| <i>Reconciliation:</i>  |  |  |  |  |  |  |
| Bank interest income  |  |  |  |  | <b>5,123</b>   | 2,859  |
| Investment income of principal-protected investment deposits at fair value through profit or loss |  |  |  |  | <b>130</b>   | 138  |
| Fair value gain on a financial asset at fair value through profit or loss                         |  |  |  |  | <b>-</b>   | 261  |
| Finance costs   |  |  |  |  | <b>(7,780)</b>   | (7,850)  |
| Profit before tax   |  |  |  |  | <b>1,181,285</b>   | 496,444  |

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 2. OPERATING SEGMENT INFORMATION (continued)

#### Basis of segment information (continued)

|  | Container shipping<br>and logistics        |  | Dry bulk and others                        |  | Total                                      |  |
|--|--|--|--|--|--|--|
|  | 30 June<br>2022<br>US\$'000<br>(Unaudited) | 31 December<br>2021<br>US\$'000<br>(Audited) | 30 June<br>2022<br>US\$'000<br>(Unaudited) | 31 December<br>2021<br>US\$'000<br>(Audited) | 30 June<br>2022<br>US\$'000<br>(Unaudited) | 31 December<br>2021<br>US\$'000<br>(Audited) |
| <b>Segment assets</b>                          | <b>1,929,323</b>                           | 1,663,337                                    | <b>20,364</b>                              | 117,190                                      | <b>1,949,687</b>                           | 1,780,527                                    |
| <i>Reconciliation:</i>                         |  |  |  |  |  |  |
| Corporate and other<br>unallocated assets      |  |  |  |  | <b>1,259,900</b>                           | 935,896                                      |
| Total assets                                   |  |  |  |  | <b>3,209,587</b>                           | 2,716,423                                    |
| <b>Segment liabilities</b>                     | <b>606,869</b>                             | 560,283                                      | <b>1,511</b>                               | 3,536  | <b>608,380</b>                             | 563,819                                      |
| <i>Reconciliation:</i>                         |  |  |  |  |  |  |
| Corporate and other<br>unallocated liabilities |  |  |  |  | <b>376,871</b>                             | 636,920                                      |
| Total liabilities                              |  |  |  |  | <b>985,251</b>                             | 1,200,739                                    |



## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 3. REVENUE

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

|                                       | Six months ended<br>30 June     |                                 |
|---------------------------------------|---------------------------------|---------------------------------|
|                                       | 2022<br>US\$'000<br>(Unaudited) | 2021<br>US\$'000<br>(Unaudited) |
| Revenue from contracts with customers | <b>2,247,722</b>                | 1,320,468                       |
| Revenue from other sources:           |                                 |                                 |
| Time charter income                   | <b>9,110</b>                    | 12,945                          |
| Other rental income                   | <b>831</b>                      | 824                             |
|                                       | <b>2,257,663</b>                | 1,334,237                       |

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 3. REVENUE (continued)

Notes:

(a) Disaggregated revenue information

**Six months ended 30 June 2022**

| <b>Segments</b>                                    | <b>Container<br/>shipping and<br/>logistics<br/>US\$'000<br/>(Unaudited)</b> | <b>Dry bulk and<br/>others<br/>US\$'000<br/>(Unaudited)</b> | <b>Total<br/>US\$'000<br/>(Unaudited)</b> |
|--|--|---|---|
| <b>Type of services</b>                            |  |   |   |
| Container shipping and supporting logistics income | 2,085,526  | –   | 2,085,526                                 |
| Other container logistics income*                  | 162,196  | –   | 162,196                                   |
| Total revenue from contracts with customers        | 2,247,722  | –   | 2,247,722                                 |
| Revenue from other sources                         | –  | 9,941   | 9,941                                     |
| Total revenue                                      | 2,247,722  | 9,941   | 2,257,663                                 |
| <b>Geographical markets</b>                        |  |   |   |
| Greater China#                                     | 1,165,207  | –   | 1,165,207                                 |
| Southeast Asia                                     | 611,726  | –   | 611,726                                   |
| Japan  | 360,577  | –   | 360,577                                   |
| Others   | 110,212  | –   | 110,212                                   |
| Total revenue from contracts with customers        | 2,247,722  | –   | 2,247,722                                 |
| Revenue from other sources                         | –  | 9,941   | 9,941                                     |
| Total revenue                                      | 2,247,722  | 9,941   | 2,257,663                                 |

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 3. REVENUE (continued)

Notes: (continued)

(a) Disaggregated revenue information (continued)

**Six months ended 30 June 2022 (continued)**

| <b>Segments</b>                                  | <b>Container<br/>shipping and<br/>logistics<br/>US\$'000<br/>(Unaudited)</b> | <b>Dry bulk and<br/>others<br/>US\$'000<br/>(Unaudited)</b> | <b>Total<br/>US\$'000<br/>(Unaudited)</b> |
|--|--|---|---|
| <b>Timing of revenue<br/>recognition</b>         |  |   |   |
| Total revenue from contracts<br>with customers - |  |   |   |
| Services transferred over<br>time                | <b>2,247,722</b>   | -   | <b>2,247,722</b>                          |
| Revenue from other sources                       | -  | <b>9,941</b>  | <b>9,941</b>                              |
| <br>Total revenue                                | <b>2,247,722</b>   | <b>9,941</b>  | <b>2,257,663</b>                          |

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 3. REVENUE (continued)

Notes: (continued)

(a) Disaggregated revenue information (continued)

**Six months ended 30 June 2021**

| <b>Segments</b>                                       | Container<br>shipping and<br>logistics<br>US\$'000<br>(Unaudited) | Dry bulk and<br>others<br>US\$'000<br>(Unaudited) | Total<br>US\$'000<br>(Unaudited) |
|---|---|---|----------------------------------|
| <b>Type of services</b>                               |   |   |                                  |
| Container shipping and<br>supporting logistics income | 1,188,105   | –   | 1,188,105                        |
| Other container logistics<br>income*                  | 132,363   | –   | 132,363                          |
| <hr/>   |   |   |                                  |
| Total revenue from contracts<br>with customers        | 1,320,468   | –   | 1,320,468                        |
| Revenue from other sources                            | –   | 13,769  | 13,769                           |
| <hr/>   |   |   |                                  |
| Total revenue   | 1,320,468   | 13,769  | 1,334,237                        |
| <hr/>   |   |   |                                  |
| <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                           |
| <hr/>   |   |   |                                  |
| Total revenue from contracts<br>with customers        | 1,320,468   | –   | 1,320,468                        |
| Revenue from other sources                            | –   | 13,769  | 13,769                           |
| <hr/>   |   |   |                                  |
| Total revenue   | 1,320,468   | 13,769  | 1,334,237                        |
| <hr/>   |   |   |                                  |

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 3. REVENUE (continued)

Notes: (continued)

(a) Disaggregated revenue information (continued)

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

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

\* 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 Interim Condensed Consolidated Financial Information

30 June 2022

### 4. OTHER INCOME AND GAINS, NET

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

|   | <b>Six months ended<br/>30 June</b>      |                                 |
|---|--|---------------------------------|
|   | <b>2022<br/>US\$'000<br/>(Unaudited)</b> | 2021<br>US\$'000<br>(Unaudited) |
| <b>Other income</b>   |  |                                 |
| Bank interest income  | <b>5,123</b>                             | 2,859                           |
| Investment income of principal-protected investment deposits at fair value through profit or loss | <b>130</b>                               | 138                             |
| Government subsidies*   | <b>790</b>                               | 1,524                           |
| Others  | <b>31</b>                                | 65                              |
|   | <b>6,074</b>                             | 4,586                           |
| <b>Gains, net</b>   |  |                                 |
| Gains on disposal of items of property, plant and equipment, net                                  | <b>42,742</b>                            | 6                               |
| Fair value gains, net:  |  |                                 |
| Cash flow hedges (transfer from equity)   | <b>447</b>                               | –                               |
| Financial asset at fair value through profit or loss  | –  | 261                             |
| Derivative instruments – transactions not qualifying as hedges                                    | –  | 71                              |
| Foreign exchange differences, net   | <b>4,021</b>                             | 3,935                           |
|   | <b>47,210</b>                            | 4,273                           |
| Other income and gains, net   | <b>53,284</b>                            | 8,859                           |

\* The amount represented (i) subsidies received from certain governmental authorities in Mainland China and Japan 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 Interim Condensed Consolidated Financial Information

30 June 2022

### 5. FINANCE COSTS

|  | Six months<br>ended 30 June     |                                 |
|--|---------------------------------|---------------------------------|
|  | 2022<br>US\$'000<br>(Unaudited) | 2021<br>US\$'000<br>(Unaudited) |
| Interest on bank borrowings  | 3,168                           | 3,895                           |
| Interest on lease liabilities  | 4,553                           | 3,899                           |
| Increase in discounted amounts of<br>provision for reinstatement costs<br>arising from the passage of time | 59                              | 56                              |
| Total finance costs  | 7,780                           | 7,850                           |

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 6. PROFIT BEFORE TAX

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

|   | <b>Six months<br/>ended 30 June</b> |             |
|---|-------------------------------------|-------------|
|   | <b>2022</b>                         | 2021        |
|   | <b>US\$'000</b>                     | US\$'000    |
|   | <b>(Unaudited)</b>                  | (Unaudited) |
| Cost of services provided:  |                                     |             |
| Cost of bunkers consumed  | <b>212,021</b>                      | 119,097     |
| Others  | <b>841,223</b>                      | 657,919     |
|   | <b>1,053,244</b>                    | 777,016     |
| Depreciation of property, plant and equipment                             | <b>41,443</b>                       | 38,068      |
| Less: Included in cost of services provided                               | <b>(39,500)</b>                     | (36,224)    |
|   | <b>1,943</b>                        | 1,844       |
| Depreciation of right-of-use assets                                       | <b>28,342</b>                       | 25,946      |
| Less: Included in cost of services provided                               | <b>(26,310)</b>                     | (24,005)    |
|   | <b>2,032</b>                        | 1,941       |
| Fair value losses/(gains) of cash flow hedges (transfer from equity), net | <b>(447)</b>                        | 2,876*      |
| Reversal of impairment of trade receivables, net* (note 11(c))            | <b>(16)</b>                         | (111)       |
| Reversal of written off of trade receivables*                             | <b>–</b>                            | (303)       |

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



## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 7. INCOME TAX

|                                  | Six months<br>ended 30 June     |                                 |
|----------------------------------|---------------------------------|---------------------------------|
|                                  | 2022<br>US\$'000<br>(Unaudited) | 2021<br>US\$'000<br>(Unaudited) |
| Current:                         |                                 |                                 |
| Mainland China                   | 2,009                           | 1,467                           |
| Hong Kong                        | 360                             | 910                             |
| Elsewhere                        | 8,634                           | 6,146                           |
| Total tax expense for the period | 11,003                          | 8,523                           |

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2021: 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 2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2021: 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 2022 amounting to US\$3,330,000 (six months ended 30 June 2021: US\$2,115,000) are included in "Share of profits and losses of joint ventures and associates" in the interim 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 2022 (Tuesday), the Board resolved to declare an interim dividend of HK\$2.40 (equivalent to US\$0.31) (six months ended 30 June 2021: HK\$1.00, equivalent to US\$0.13) per share, totaling US\$820,424,000 (six months ended 30 June 2021: US\$345,457,000).

### 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.

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 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>2022</b>                     | 2021        |
|  | <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>1,167,351</b>                | 485,588     |

|   | <b>Number of shares for the six months ended 30 June</b> |               |
|---|--|---------------|
|   | <b>2022</b>  | 2021          |
|   | <b>(Unaudited)</b>                                       | (Unaudited)   |
| <b>Shares</b>   |  |               |
| Weighted average number of ordinary shares in issue during the period less shares held under the share award scheme, used in the basic earnings per share calculation | <b>2,656,295,482</b>                                     | 2,662,354,381 |
| Effect of dilution – weighted average number of ordinary shares:  |  |               |
| Share options   | <b>767,815</b>   | 1,328,373     |
| Shares held under the share award scheme  | <b>26,133,467</b>  | 19,453,060    |
| Weighted average number of ordinary shares during the period, used in the diluted earnings per share calculation  | <b>2,683,196,764</b>                                     | 2,683,135,814 |

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment at a total cost of US\$182,920,000 (six months ended 30 June 2021: US\$46,257,000) and disposed of items of property, plant and equipment with an aggregate carrying amount of US\$99,444,000 (six months ended 30 June 2021: US\$243,000).

### 11. TRADE RECEIVABLES

|                   | Notes | 30 June<br>2022<br>US\$'000<br>(Unaudited) | 31 December<br>2021<br>US\$'000<br>(Audited) |
|-------------------|-------|--|--|
| Trade receivables | (a)   | 236,233                                    | 157,299                                      |
| Impairment        | (c)   | (233)                                      | (261)  |
|                   |       | <b>236,000</b>                             | 157,038                                      |

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 Interim Condensed Consolidated Financial Information

30 June 2022

### 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<br/>2022<br/>US\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>US\$'000<br>(Audited) |
|----------------|--|--|
| Within 1 month | <b>202,458</b>                                       | 135,589                                      |
| 1 to 2 months  | <b>26,035</b>  | 15,835                                       |
| 2 to 3 months  | <b>5,257</b>   | 3,853  |
| Over 3 months  | <b>2,250</b>   | 1,761  |
|                | <b>236,000</b>                                       | 157,038                                      |

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

|                                     | <b>30 June<br/>2022<br/>US\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>US\$'000<br>(Audited) |
|-------------------------------------|--|--|
| At beginning of period/year         | <b>261</b>   | 428  |
| Reversal of impairment loss, net    | <b>(16)</b>  | (100)  |
| Amount written off as uncollectible | <b>(12)</b>  | (67)   |
| At end of period/year               | <b>233</b>   | 261  |

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 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 2021: 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 2022 are amounts of US\$28,699,000 (31 December 2021: US\$13,671,000) and US\$482,000 (31 December 2021: US\$408,000) due from joint ventures 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<br/>2022<br/>US\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>US\$'000<br>(Audited) |
|---|--|--|
| Principal-protected investment deposits | <b>9,014</b>   | 12,915                                       |
| Unlisted investment                     | <b>14,718</b>  | 19,190                                       |
|   | <b>23,732</b>  | 32,105                                       |

Note: These unlisted investment deposits and unlisted investment were made with creditworthy banks and securities firm in the PRC, respectively. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 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<br/>2022<br/>US\$'000<br/>(Unaudited)</b> | 31 December<br>2021<br>US\$'000<br>(Audited) |
|----------------|--|--|
| Within 1 month | <b>217,940</b>                                       | 164,050                                      |
| 1 to 2 months  | <b>30,808</b>  | 24,708                                       |
| 2 to 3 months  | <b>8,214</b>   | 3,431  |
| Over 3 months  | <b>16,310</b>  | 9,668  |
|                | <b>273,272</b>                                       | 201,857                                      |

- (b) Included in the Group's trade payables as at 30 June 2022 are amounts of US\$5,886,000 (31 December 2021: US\$6,074,000) and US\$5,094,000 (31 December 2021: US\$5,130,000) due to joint ventures 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.

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 14. OTHER PAYABLES AND ACCRUALS

Included in the balances as at 30 June 2022 comprise contract liabilities of US\$15,961,000 (31 December 2021: US\$20,981,000), 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.

### 15. SHARE CAPITAL

|  | 30 June 2022            |                                       | 31 December 2021      |                                     |
|--|-------------------------|---------------------------------------|-----------------------|-------------------------------------|
|  | HK\$'000<br>(Unaudited) | US\$'000<br>equivalent<br>(Unaudited) | HK\$'000<br>(Audited) | US\$'000<br>equivalent<br>(Audited) |
| Authorised:  |                         |                                       |                       |                                     |
| 5,000,000,000 ordinary<br>shares of HK\$0.1 each   | 500,000                 |                                       | 500,000               |                                     |
| Issued and fully paid:   |                         |                                       |                       |                                     |
| 2,682,444,360<br>(31 December 2021:<br>2,682,382,160) ordinary<br>shares of HK\$0.1 each | 268,244                 | 34,582                                | 268,238               | 34,581                              |



## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 15. SHARE CAPITAL (continued)

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

|   | Number of<br>issued and fully<br>paid ordinary<br>shares<br><br>(Unaudited) | Issued share capital<br>HK\$'000<br><br>(Unaudited) | US\$'000<br>equivalent<br><br>(Unaudited) |
|---|---|---|---|
| At 1 January 2022   | 2,682,382,160   | 268,238   | 34,581                                    |
| Issue of new shares upon<br>exercise of share options<br>(note) | 62,200  | 6   | 1   |
| At 30 June 2022   | 2,682,444,360   | 268,244   | 34,582                                    |

Note: The subscription rights attaching to 62,200 share options issued under the post-IPO share option scheme were exercised at the subscription price of HK\$4.378 per share, resulting in the issue of 62,200 shares of HK\$0.1 each for a total cash consideration, before expenses, of approximately HK\$272,000 (equivalent to approximately US\$35,000). An amount of US\$10,000 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 2022, the Group had capital commitments of US\$651,468,000 (31 December 2021: US\$680,250,000) in total, which are contracted but not provided for, in respect of acquisition of vessels.

**17. RELATED PARTY TRANSACTIONS**

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

|   | <b>Six months<br/>ended 30 June</b> |             |
|---|-------------------------------------|-------------|
|   | <b>2022</b>                         | 2021        |
|   | <b>US\$'000</b>                     | US\$'000    |
|   | <b>(Unaudited)</b>                  | (Unaudited) |
| Companies controlled by the<br>Controlling Shareholder:           |                                     |             |
| Container marine transportation<br>services income                | <b>16,009</b>                       | 14,588      |
| Container vessels rental<br>expenses                              | <b>11,210</b>                       | 6,334       |
| Container rental expenses   | <b>300</b>                          | 300         |
| Shipping agency fee expenses                                      | <b>908</b>                          | 753         |
| Joint ventures:   |                                     |             |
| Container marine transportation<br>service income                 | <b>117,047</b>                      | 63,634      |
| Freight forwarding service<br>income for marine<br>transportation | <b>108,652</b>                      | 20,605      |
| Warehousing expenses  | <b>10,073</b>                       | 2,679       |
| Freight forwarding service<br>expenses                            | <b>7,299</b>                        | 2,532       |
| Shipping agency fee expenses                                      | <b>6</b>                            | 6           |
| Rental income from land and<br>buildings                          | <b>926</b>                          | 920         |
| Technology outsourcing service<br>income                          | <b>189</b>                          | 146         |

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

## Notes to Interim Condensed Consolidated Financial Information

30 June 2022

### 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:

|  | Six months<br>ended 30 June     |                                 |
|--|---------------------------------|---------------------------------|
|  | 2022<br>US\$'000<br>(Unaudited) | 2021<br>US\$'000<br>(Unaudited) |
| Short-term employee benefits                 | 9,581                           | 5,303                           |
| Post-employment benefits                     | 6                               | 7                               |
| Share-based compensation<br>expense          | 1,242                           | 555                             |
| Total compensation paid to key<br>management | 10,829                          | 5,865                           |

(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, and dividend payables 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 places 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 fair value of unlisted fund is 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 2022

|  | Fair value measurement using   |   |   | Total<br>US\$'000<br>(Unaudited) |
|--|--|---|---|----------------------------------|
|  | Quoted<br>prices<br>in active<br>markets<br>(Level 1)<br>US\$'000<br>(Unaudited) | Significant<br>observable<br>inputs<br>(Level 2)<br>US\$'000<br>(Unaudited) | Significant<br>unobservable<br>inputs<br>(Level 3)<br>US\$'000<br>(Unaudited) |                                  |
| Derivative financial instruments   | -  | 12,003  | -   | 12,003                           |
| Principal-protected investment<br>deposits at fair value through<br>profit or loss | -  | 9,014   | -   | 9,014                            |
| Unlisted investment at fair value<br>through profit or loss                        | -  | -   | 14,718  | 14,718                           |
|  | -  | 21,017  | 14,718  | 35,735                           |

**18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS** (continued)**Assets measured at fair value** (continued)

At 31 December 2021

|  | Fair value measurement using  |   |   | Total<br>US\$'000<br>(Audited) |
|--|---|---|---|--------------------------------|
|  | Quoted prices<br>in active<br>markets<br>(Level 1)<br>US\$'000<br>(Audited) | Significant<br>observable<br>inputs<br>(Level 2)<br>US\$'000<br>(Audited) | Significant<br>unobservable<br>inputs<br>(Level 3)<br>US\$'000<br>(Audited) |                                |
| Derivative financial instruments   | –   | 2,236   | –   | 2,236                          |
| Principal-protected investment<br>deposits at fair value through<br>profit or loss | –   | 12,915  | –   | 12,915                         |
| Unlisted investment at fair value<br>through profit or loss                        | –   | –   | 19,190  | 19,190                         |
|  | –   | 15,151  | 19,190  | 34,341                         |

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

Liabilities measured at fair value

**At 30 June 2022**

|                                   | Fair value measurement using   |  |  | Total<br>US\$'000<br>(Unaudited) |
|-----------------------------------|--|--|--|----------------------------------|
|                                   | Quoted prices in active markets (Level 1)<br>US\$'000<br>(Unaudited) | Significant observable inputs (Level 2)<br>US\$'000<br>(Unaudited) | Significant unobservable inputs (Level 3)<br>US\$'000<br>(Unaudited) |                                  |
| Derivatives financial instruments | -  | 684  | -  | 684                              |

At 31 December 2021

|                                   | Fair value measurement using                                       |  |  | Total<br>US\$'000<br>(Audited) |
|-----------------------------------|--|--|--|--------------------------------|
|                                   | Quoted prices in active markets (Level 1)<br>US\$'000<br>(Audited) | Significant observable inputs (Level 2)<br>US\$'000<br>(Audited) | Significant unobservable inputs (Level 3)<br>US\$'000<br>(Audited) |                                |
| Derivatives financial instruments | -  | 246  | -  | 246                            |



**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 2021: Nil) and no transfer into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2021: Nil).

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

This interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 16 August 2022.