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SITC International Holdings Company Limited

海豐國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1308)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

Financial Highlights

- Revenue for the year ended 31 December 2022 was approximately US\$4,113.0 million, increased by approximately 36.5% as compared to approximately US\$3,012.4 million for the year ended 31 December 2021.
- Gross profit for the year ended 31 December 2022 increased by approximately 50.0% from approximately US\$1,319.4 million for the year ended 31 December 2021 to approximately US\$1,979.1 million for the year ended 31 December 2022, which translated to an increase in gross profit margin to approximately 48.1% for the year ended 31 December 2022 from approximately 43.8% for the year ended 31 December 2021.
- Profit for the year ended 31 December 2022 increased by approximately 67.0% to approximately US\$1,949.8 million from approximately US\$1,167.2 million for the year ended 31 December 2021.
- Basic earnings per share for the year ended 31 December 2022 amounted to US\$0.73 (2021: US\$0.44).
- A final dividend of HK\$1.60 (equivalent to US\$0.20) per share was declared for the year ended 31 December 2022.

The board (the “**Board**”) of directors (the “**Directors**”) of SITC International Holdings Company Limited (“**SITC**” or the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the consolidated results of the Group for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) as below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

	<i>Notes</i>	2022 <i>US\$’000</i>	2021 <i>US\$’000</i>
REVENUE	3	4,112,955	3,012,447
Cost of sales		(2,133,873)	(1,693,074)
Gross profit		1,979,082	1,319,373
Other income and gains, net		160,319	24,267
Administrative expenses		(165,651)	(154,764)
Other expenses, net		(5,383)	(4,493)
Finance costs	4	(17,492)	(15,663)
Share of profits and losses of:			
Joint ventures		21,706	15,578
Associates		461	368
PROFIT BEFORE TAX	5	1,973,042	1,184,666
Income tax	6	(23,235)	(17,487)
PROFIT FOR THE YEAR		1,949,807	1,167,179

	<i>Note</i>	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the year		23,642	14,727
Reclassification adjustments for losses/(gains) included in profit or loss	5	(6,415)	3,236
		<u>17,227</u>	<u>17,963</u>
Exchange differences on translation of foreign operations		(16,109)	2,113
Share of other comprehensive income/(loss) of joint ventures		(5,003)	122
Share of other comprehensive income/(loss) of associates		(847)	385
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		<u>(4,732)</u>	<u>20,583</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX			
		<u>(4,732)</u>	<u>20,583</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		<u>1,945,075</u>	<u>1,187,762</u>
Profit for the year attributable to:			
Shareholders of the Company		1,944,425	1,162,714
Non-controlling interests		5,382	4,465
		<u>1,949,807</u>	<u>1,167,179</u>

	<i>Note</i>	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Total comprehensive income for the year attributable to:			
Shareholders of the Company		1,942,025	1,183,348
Non-controlling interests		3,050	4,414
		<u>1,945,075</u>	<u>1,187,762</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic (US\$ per share)	8	<u>0.73</u>	<u>0.44</u>
Diluted (US\$ per share)		<u>0.72</u>	<u>0.43</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	<i>Notes</i>	2022	2021
		<i>US\$'000</i>	<i>US\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,396,647	1,087,704
Right-of-use assets		262,923	233,189
Advance payments for the acquisition of vessels		111,722	145,152
Goodwill		1,019	1,111
Other intangible assets		1,579	1,579
Investments in joint ventures		57,777	49,929
Investments in associates		9,630	10,494
Derivative financial instruments		12,589	1,907
		<hr/>	<hr/>
Total non-current assets		1,853,886	1,531,065
CURRENT ASSETS			
Bunkers		53,205	41,476
Trade receivables	9	139,051	157,038
Prepayments, deposits and other receivables		34,487	34,929
Derivative financial instruments		5,116	329
Financial assets at fair value through profit or loss		15,580	32,105
Cash and bank balances		981,531	919,481
		<hr/>	<hr/>
Total current assets		1,228,970	1,185,358
CURRENT LIABILITIES			
Trade payables	10	209,102	201,857
Other payables and accruals		177,092	173,445
Derivative financial instruments		2,992	51
Bank borrowings		34,829	83,211
Lease liabilities		54,841	48,186
Dividend payables		–	270,829
Income tax payables		9,508	7,695
		<hr/>	<hr/>
Total current liabilities		488,364	785,274
		<hr/>	<hr/>
NET CURRENT ASSETS		740,606	400,084
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,594,492	1,931,149
		<hr/>	<hr/>

	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	2,594,492	1,931,149
NON-CURRENT LIABILITIES		
Derivative financial instruments	–	195
Bank borrowings	236,609	244,060
Lease liabilities	189,758	168,409
Provision for reinstatement costs	3,114	2,801
Total non-current liabilities	429,481	415,465
Net assets	2,165,011	1,515,684
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	34,582	34,581
Reserves	2,115,958	1,467,106
Non-controlling interests	2,150,540	1,501,687
	14,471	13,997
Total equity	2,165,011	1,515,684

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and debt and equity investments, which have been measured at fair value. These financial statements are presented in the United States dollars (the “US\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

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

The nature and the impact of the revised HKFRSs that are applicable to the Group 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* (the "Conceptual Framework") 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 were no business combinations during the year, 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 as determined by HKAS 2 *Inventories*, 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 prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

- (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 from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

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.

Year ended 31 December 2022

	Container shipping and logistics US\$'000	Dry bulk and others US\$'000	Total US\$'000
Segment revenue (note 3)			
Sales to external customers	<u>4,102,223</u>	<u>10,732</u>	<u>4,112,955</u>
Segment results	<u>1,951,084</u>	<u>16,923</u>	1,968,007
<i>Reconciliation:</i>			
Bank interest income			19,508
Investment income of principal-protected investment deposits at fair value through profit or loss			217
Fair value gain on a financial asset at fair value through profit or loss			2,802
Finance costs			<u>(17,492)</u>
Profit before tax			<u>1,973,042</u>
At 31 December 2022			
Segment assets	<u>1,513,395</u>	<u>18,972</u>	1,532,367
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>1,550,489</u>
Total assets			<u>3,082,856</u>
Segment liabilities	<u>587,567</u>	<u>437</u>	588,004
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>329,841</u>
Total liabilities			<u>917,845</u>

	Container shipping and logistics US\$'000	Dry bulk and others US\$'000	Total US\$'000
Other segment information:			
Share of profits and losses of:			
Joint ventures	21,706	–	21,706
Associates	461	–	461
Depreciation of property, plant and equipment	83,941	4,371	88,312
Depreciation of right-of-use assets	56,863	469	57,332
Gain on disposal of items of property, plant and equipment, net	106,277	12,795	119,072
Impairment of trade receivables, net	284	–	284
Investments in joint ventures	57,777	–	57,777
Investments in associates	9,630	–	9,630
Capital expenditure*	<u>488,172</u>	<u>–</u>	<u>488,172</u>

* Capital expenditure consists of additions to property, plant and equipment and advance payments for the acquisition of vessels.

Year ended 31 December 2021

	Container shipping and logistics <i>US\$'000</i>	Dry bulk and others <i>US\$'000</i>	Total <i>US\$'000</i>
Segment revenue (note 3)			
Sales to external customers	<u>2,983,230</u>	<u>29,217</u>	<u>3,012,447</u>
Segment results	<u><u>1,179,240</u></u>	<u><u>14,551</u></u>	1,193,791
<i>Reconciliation:</i>			
Bank interest income			5,731
Investment income of principal-protected investment deposits at fair value through profit or loss			238
Fair value gain on a financial asset at fair value through profit or loss			569
Finance costs			<u>(15,663)</u>
Profit before tax			<u><u>1,184,666</u></u>
At 31 December 2021			
Segment assets	<u>1,663,337</u>	<u>117,190</u>	1,780,527
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>935,896</u>
Total assets			<u><u>2,716,423</u></u>
Segment liabilities	<u>560,283</u>	<u>3,536</u>	563,819
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>636,920</u>
Total liabilities			<u><u>1,200,739</u></u>

	Container shipping and logistics <i>US\$'000</i>	Dry bulk and others <i>US\$'000</i>	Total <i>US\$'000</i>
Other segment information:			
Share of profits and losses of:			
Joint ventures	15,578	–	15,578
Associates	368	–	368
Depreciation of property, plant and equipment	71,228	8,011	79,239
Depreciation of right-of-use assets	51,648	487	52,135
Gain on disposal of items of property, plant and equipment, net	31	3,110	3,141
Impairment/(reversal of impairment) of trade receivables, net	51	(151)	(100)
Investments in joint ventures	49,929	–	49,929
Investments in associates	10,494	–	10,494
Capital expenditure*	<u>186,773</u>	<u>2,326</u>	<u>189,099</u>

* Capital expenditure consists of additions to property, plant and equipment and advance payments for the acquisition of vessels.

Geographical information

The Group's non-current assets are primarily dominated by its vessels. The directors of the Company consider that the nature of the Group's business and the way in which costs are allocated preclude a meaningful allocation of vessels, their operating profits and related capital expenditure to specific geographical areas as defined under HKFRS 8 *Operating Segments* issued by the HKICPA. These vessels are primarily utilised across the geographical markets for shipment of cargoes throughout Asia. Accordingly, geographical information is only presented for revenue.

The following revenue information by geographical area is based on the locations of customers:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Greater China*	1,980,749	1,414,641
Southeast Asia	1,159,406	898,233
Japan	742,682	579,265
Others	230,118	120,308
	<u>4,112,955</u>	<u>3,012,447</u>

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

Major customer information disclosure

During the year, there were no sales to any single customer which contributed 10% or more of the Group's revenue (2021: Nil).

3. REVENUE

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

	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Revenue from contracts with customers	4,102,223	2,983,230
Revenue from other sources:		
Time charter income	9,131	27,561
Other rental income	1,601	1,656
	<u>10,732</u>	<u>29,217</u>
	<u>4,112,955</u>	<u>3,012,447</u>

4. FINANCE COSTS

	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Interest on bank borrowings	7,922	7,512
Interest on lease liabilities	9,448	8,038
Increase in discounted amounts of provision for reinstatement costs arising from the passage of time	122	113
	<u>17,492</u>	<u>15,663</u>

5. PROFIT BEFORE TAX

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

	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Cost of services provided:		
Cost of bunkers consumed	453,084	272,569
Others	1,680,789	1,420,505
	<u>2,133,873</u>	<u>1,693,074</u>
Depreciation of property, plant and equipment	88,312	79,239
Less: Included in cost of services provided	(84,493)	(75,427)
	<u>3,819</u>	<u>3,812</u>
Depreciation of right-of-use assets	57,332	52,135
Less: Included in cost of services provided	(53,930)	(48,262)
	<u>3,402</u>	<u>3,873</u>
Lease payments not included in the measurement of lease liabilities	199,220	158,714
Less: Included in cost of services provided	(196,037)	(152,091)
	<u>3,183</u>	<u>6,623</u>
Auditor's remuneration	409	412
Employee benefit expense (including directors' remuneration):		
Wages and salaries	200,681	175,573
Share award expense	27,747	8,444
Pension scheme contributions (defined contribution schemes)*	11,630	10,147
	<u>240,058</u>	<u>194,164</u>
Less: Included in cost of services provided	(103,027)	(70,160)
	<u>137,031</u>	<u>124,004</u>

	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Impairment/(reversal of impairment) of trade receivables, net**	284	(100)
Fair value losses/(gains), net:		
Cash flow hedges (transfer from equity)	(6,415)***	3,236**
Derivative instruments – transaction not qualifying as hedges	3,495**	(148)***

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

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

*** These items are included in “Other income and gains, net” on the face of the consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX

An analysis of the Group’s income tax is as follows:

	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Current:		
Hong Kong	694	678
Overprovision in prior years – Hong Kong	(213)	(319)
Mainland China	5,709	4,066
Elsewhere	17,045	13,062
Total tax expense for the year	23,235	17,487

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, 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 (2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (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.

7. DIVIDENDS

	2022		2021	
	<i>HK\$'000</i>	<i>US\$'000</i> <i>equivalent</i>	<i>HK\$'000</i>	<i>US\$'000</i> <i>equivalent</i>
Interim – HK\$2.40 (equivalent to approximately US\$0.31) (2021: HK\$1.00, equivalent to approximately US\$0.13) per ordinary share	6,437,895	820,381	2,682,151	344,656
Special – (2021: HK\$0.80, equivalent to approximately US\$0.10) per ordinary share	–	–	2,145,906	275,105
Proposed final – HK\$1.60 (equivalent to approximately US\$0.20) (2021: HK\$1.40, equivalent to approximately US\$0.18) per ordinary share	4,292,151	546,875	3,755,422	478,591*
	<u>10,730,046</u>	<u>1,367,256</u>	<u>8,583,479</u>	<u>1,098,352</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

* These was a difference of US\$2,097,000 between the amount of the 2021 final dividend disclosed above and the amount disclosed in the consolidated financial statements for the year ended 31 December 2021, which arose from a decrease in the amount of the 2021 final dividend translated in US\$ of US\$2,097,000, as a result of the difference in the exchange rate used for converting HK\$ into US\$ for the amount of the proposed 2021 final dividend disclosed in the consolidated financial statements for the year ended 31 December 2021 and that prevailing on the 2021 final dividend settlement date.

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

The calculation of the diluted earnings per share is based on the profit for the year attributable to shareholders of the Company; and the weighted average number of ordinary shares used in the calculation is the total of (i) the weighted average number of ordinary shares in issue during the year 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.

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

	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Earnings		
Profit attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	1,944,425	1,162,714
	<u> </u>	<u> </u>
	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year less shares held under the share award scheme, used in the basic earnings per share calculation	2,654,356,094	2,660,791,788
Effect of dilution – weighted average number of ordinary shares:		
Share options	713,580	1,114,029
Shares held under the share award scheme	28,087,153	21,198,891
	<u> </u>	<u> </u>
Weighted average number of ordinary shares during the year, used in the diluted earnings per share calculation	2,683,156,827	2,683,104,708
	<u> </u>	<u> </u>

9. TRADE RECEIVABLES

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

	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 month	114,280	135,589
1 to 2 months	18,225	15,835
2 to 3 months	4,902	3,853
Over 3 months	1,644	1,761
	<u>139,051</u>	<u>157,038</u>

10. TRADE PAYABLES

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

	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 month	158,363	164,050
1 to 2 months	24,331	24,708
2 to 3 months	4,999	3,431
Over 3 months	21,409	9,668
	<u>209,102</u>	<u>201,857</u>

11. EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting period and up to the date of these financial statements, 2 container vessels were disposed of by the Group to independent third parties for an aggregate consideration of US\$25,750,000.

Saved as disclosed above, there are no other significant events occurred subsequent to the reporting period.

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

During the year ended 31 December 2022, the Group's container shipping and logistics business continued to provide container transportation and integrated logistics services that focused exclusively on the Asian market, as the Group believes that the Asian market will continue to experience stable and healthy growth.

As at 31 December 2022, the Group operated 75 trade lanes, including 14 trade lanes through joint services and 23 trade lanes through container slot exchange arrangements. These trade lanes and land-based integrated logistics business network covered 76 major ports and cities in the Mainland China, Japan, Korea, Taiwan, Hong Kong, Vietnam, Thailand, the Philippines, Cambodia, Indonesia, Singapore, Malaysia, Brunei, Bengal, Myanmar, Russia and India. As of 31 December 2022, the Group operated a fleet of 108 vessels with a total capacity of 162,701 TEU, comprised of 84 self-owned (136,182 TEU) and 24 chartered vessels (26,519 TEU), with an average age of 9.7 years. In addition, the Group also operated (including through joint ventures) approximately 1.65 million m² of depot and 154 thousand m² of warehousing space.

Revenue generated by the Group's container shipping and logistics business for the year ended 31 December 2022 increased by approximately 37.5% from approximately US\$2,983.2 million for the year ended 31 December 2021 to approximately US\$4,102.2 million for the year ended 31 December 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 3.8% from 3,142,118 TEUs in 2021 to 3,261,939 TEUs in 2022; and (ii) average freight rate (excluding slot exchange fee income) increased by approximately 33.0% from US\$826.9/TEU in 2021 to US\$1,099.6/TEU 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 31 December 2022, the Group focused on container shipping and logistics business and seized the opportunity to dispose all of its dry bulk vessels at high price in succession during the first half of 2022 which did not hold any dry bulk vessels afterward.

Revenue generated from the Group's dry bulk and others business decreased by approximately 63.4% from approximately US\$29.2 million for the year ended 31 December 2021 to approximately US\$10.7 million for the year ended 31 December 2022. The decrease was primarily attributable to the decrease in operating days due to the disposal of dry bulk vessels in succession.

The Group will continue to optimize its unique operation model, expand its service network, increase the voyage frequency of its lanes, and extend the sea-land integrated service value chain to meet customer's demand for supply chain management. At the same time, the Group will optimize its fleet structure by capturing vessel price and rent dynamics based on its insight into the relationship between supply and demand of vessels, to secure a long-term cost-competitive position and reduce hazardous gas emissions. Focusing on the improvement of operational efficiency, the Group will continue to improve its organization process and information technology systems, and strive for the goal in becoming a world-class integrated logistics service solutions provider.

Market Review

For the year ended 31 December 2022, in addition to the ongoing pandemic, the global market also encountered certain problems such as the Russian-Ukrainian conflict, the energy crisis in Europe, and the high inflation and continuous interest rate hike sweeping the world, resulting in a sharp decline in global consumer demand, which was reflected by the decline in cargo volume, gradually excess shipping capacity, and lower freight rates in the container logistics market. When the market turned around, the Company adhered to its development strategy, adjusted the operating leverage, and maintained the cost advantage and bargaining power, laying a foundation for the Company's continuous growth.

Looking ahead to 2023, the industry is expected to face severe challenges due to lack of overall driving force for global economic growth and substantial increase in the delivery of container vessel shipping capacity. Globally, the Asian economy will be relatively optimistic. The International Monetary Fund and the Asian Development Bank predict the economic growth of 4.9% in the Asian market in 2023. In particular, the adjustment of pandemic prevention policy and the overall economic recovery in China will inject vitality into the growth of Asian trade. With the implementation of measures for certifying the Energy Efficiency Existing Ship Index (EEXI) and the Carbon Intensity Index (CII) in the global shipping industry by the International Maritime Organization (IMO), old vessels will be phased out, which will suppress the growth of effective shipping capacity in the region. Through deepening its development in the Asian market, and optimizing its asset allocation and operating efficiency, the Company will be able to seize the opportunities brought about by industry adjustment.

Financial Overview

	Year ended 31 December					
	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
Revenue	4,102,223	2,983,230	10,732	29,217	4,112,955	3,012,447
Cost of sales	<u>(2,127,660)</u>	<u>(1,675,282)</u>	<u>(6,213)</u>	<u>(17,792)</u>	<u>(2,133,873)</u>	<u>(1,693,074)</u>
Gross profit	1,974,563	1,307,948	4,519	11,425	1,979,082	1,319,373
Other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset)	125,004	14,611	12,788	3,118	137,792	17,729
Administrative expenses	(165,267)	(154,621)	(384)	(143)	(165,651)	(154,764)
Share of profits and losses of:						
Joint ventures	21,706	15,578	–	–	21,706	15,578
Associates	461	368	–	–	461	368
Other expenses and losses	<u>(5,383)</u>	<u>(4,644)</u>	<u>–</u>	<u>151</u>	<u>(5,383)</u>	<u>(4,493)</u>
Segment results	1,951,084	1,179,240	16,923	14,551	1,968,007	1,193,791
Finance costs					(17,492)	(15,663)
Bank interest income, other investment income and fair value gain on a financial asset					<u>22,527</u>	<u>6,538</u>
Profit before tax					1,973,042	1,184,666
Income tax					<u>(23,235)</u>	<u>(17,487)</u>
Profit for the year					<u>1,949,807</u>	<u>1,167,179</u>
Profit attributable to:						
Owners of the parents					1,944,425	1,162,714
Non-controlling interests					<u>5,382</u>	<u>4,465</u>
					<u>1,949,807</u>	<u>1,167,179</u>

Revenue

The Group's total revenue increased by approximately 36.5% from approximately US\$3,012.4 million for the year ended 31 December 2021 to approximately US\$4,113.0 million for the year ended 31 December 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 26.0% from approximately US\$1,693.1 million for the year ended 31 December 2021 to approximately US\$2,133.9 million for the year ended 31 December 2022. The increase was primarily attributable to the expansion of container shipping and supporting logistics business and the increase in bunker cost.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the gross profit increased from approximately US\$1,319.4 million for the year ended 31 December 2021 to approximately US\$1,979.1 million for the year ended 31 December 2022. The Group's gross profit margin increased from approximately 43.8% for the year ended 31 December 2021 to approximately 48.1% for the year ended 31 December 2022.

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

For the year ended 31 December 2022, other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset) increased by approximately US\$120.1 million from approximately US\$17.7 million for the year ended 31 December 2021 to approximately US\$137.8 million for the year ended 31 December 2022. The increase for the year ended 31 December 2022 was a result of a combined effect, reflecting (i) the gains of approximately US\$119.0 million on disposal of 4 container vessels and 5 dry bulk vessels in 2022, but there was only disposal of 1 dry bulk vessel in 2021 with gain of approximately US\$3.1 million; (ii) the fair value gains on derivative instruments in the amount of approximately US\$6.4 million; and (iii) a year-on-year decrease of approximately US\$2.5 million in foreign exchange gain.

Administrative Expenses

The Group's administrative expenses increased from approximately US\$154.8 million for the year ended 31 December 2021 to approximately US\$165.7 million for the year ended 31 December 2022, representing an increase of approximately 7.0%. The increase was primarily attributable to the overall increase in staff cost.

Share of Profits and Losses of Joint Ventures

The Group's share of profits and losses of joint ventures recorded profits of approximately US\$21.7 million and US\$15.6 million in 2022 and 2021, respectively. The increase was mainly attributable to the growth in the profits of part of the jointly controlled freight forwarding companies.

Share of Profits and Losses of Associates

The Group's share of profits and losses of associates were gains of approximately US\$0.5 million and US\$0.4 million for 2022 and 2021, respectively. There was no material change in the amount.

Other Expenses and Losses

The Group's other expenses and losses increased by approximately US\$0.9 million from approximately US\$4.5 million for the year ended 31 December 2021 to approximately US\$5.4 million for the year ended 31 December 2022. There was no material change in the amount.

Finance Costs

The Group's finance costs increased from approximately US\$15.7 million for the year ended 31 December 2021 to approximately US\$17.5 million for the year ended 31 December 2022. The increase was mainly attributable to the increase in borrowing interest rate.

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

The Group's amount of bank interest income, other investment income and fair value gain on a financial asset was approximately US\$22.5 million and US\$6.5 million for the year ended 31 December 2022 and 2021, respectively. The increase was mainly attributable to the increase in average deposit interest rate.

Profit before Tax

As a result of the foregoing, the Group's profit before tax increased from approximately US\$1,184.7 million for the year ended 31 December 2021 to approximately US\$1,973.0 million for the year ended 31 December 2022.

Income Tax Expenses

The Group's income tax expense was approximately US\$23.2 million and US\$17.5 million for the year ended 31 December 2022 and 2021, respectively. The increase was primarily attributable to the increase in taxable profit of the Group.

Profit for the Year

The Group's profit for the year ended 31 December 2022 was approximately US\$1,949.8 million, representing an increase of approximately 67.0% as compared to the profit of approximately US\$1,167.2 million for the year ended 31 December 2021.

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:

	Year ended 31 December			
	2022		2021	
	Amount	% of	Amount	% of
	(US\$'000)	segment	(US\$'000)	segment
		revenue		revenue
Income Statement Data				
Segment Revenue	4,102,223	100%	2,983,230	100%
Container shipping and supporting logistics income	3,810,805	92.9%	2,703,808	90.6%
Other container logistics income	291,418	7.1%	279,422	9.4%
Cost of Sales	(2,127,660)	(51.9%)	(1,675,282)	(56.2%)
Equipment and cargos transportation costs	(1,010,115)	(24.6%)	(853,830)	(28.6%)
Voyage costs	(542,194)	(13.2%)	(350,506)	(11.7%)
Container shipping vessels cost	(355,962)	(8.7%)	(258,686)	(8.7%)
Other container logistics costs	(219,389)	(5.3%)	(212,260)	(7.1%)
Gross Profit	1,974,563	48.1%	1,307,948	43.8%

	Year ended 31 December		2021	
	2022	% of	Amount	% of
	Amount	segment	Amount	segment
	(US\$'000)	revenue	(US\$'000)	revenue
Other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset)	125,004	3.0%	14,611	0.5%
Administrative expenses	(165,267)	(4.0%)	(154,621)	(5.2%)
Other expenses and losses	(5,383)	(0.1%)	(4,644)	(0.2%)
Share of profits and losses of:				
Joint ventures	21,706	0.5%	15,578	0.5%
Associates	461	0.1%	368	0.1%
Segment results	1,951,084	47.6%	1,179,240	39.5%

Segment Results

The following table sets forth the number of trade lanes of the Group, port calls per week and the average freight rates for the years ended 31 December 2021 and 2022:

Year ended 31 December		As of 31 December			
2022	2021	2022	2021	2022	2021
Average freight rate (US\$ per TEU, excluding slot exchange fee rate)		Number of trade lanes		Port calls per week	
1,099.6	826.9	75	74	458	445

Revenue

Revenue of the Group's container shipping and logistics segment increased by approximately 37.5% from approximately US\$2,983.2 million for the year ended 31 December 2021 to approximately US\$4,102.2 million for the year ended 31 December 2022. This increase was a combined effect, from container shipping and supporting logistics business where (i) container shipping volume achieved an increase of approximate 3.8% from 3,142,118 TEUs in 2021 to 3,261,939 TEUs in 2022; and (ii) average freight rate (excluding slot exchange fee income) increased by approximately 33.0% from US\$826.9/TEU in 2021 to US\$1,099.6/TEU in 2022.

Cost of Sales

The cost of sales of the Group's container shipping and logistics business increased by approximately 27.0% from approximately US\$1,675.3 million for the year ended 31 December 2021 to approximately US\$2,127.7 million for year ended 31 December 2022. The increase was mainly attributable to (i) the increase in bunker costs of approximately US\$180.5 million due to an increase in bunker rate; and (ii) the year-on-year increase in container shipping vessel costs of approximately US\$97.3 million due to the increase in operating costs of self-owned vessels (such as crew costs) and chartering costs of chartered vessels resulting from the increase in container shipping volume and the expansion of vessel fleet operated.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company recorded gross profit of approximately US\$1,974.6 million in its container shipping and logistics business for the year ended 31 December 2022, representing an increase of approximately 51.0% as compared to approximately US\$1,307.9 million for the year ended 31 December 2021. The gross profit margin of the Group's container shipping and logistics business increased from approximately 43.8% for the year ended 31 December 2021 to approximately 48.1% for the year ended 31 December 2022.

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

For the year ended 31 December 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\$125.0 million from approximately US\$14.6 million for the year ended 31 December 2021. The increase was a result of a combined effect, reflecting (i) a gain of approximately US\$106.3 million on disposal of 4 container vessels; (ii) the fair value gains on derivative instruments in the amount of approximately US\$6.4 million; and (iii) a year-on-year decrease of approximately US\$2.5 million in foreign exchange gain.

Administrative Expenses

Administrative expenses of the Group's container shipping and logistics business increased by approximately 6.9% from approximately US\$154.6 million for the year ended 31 December 2021 to approximately US\$165.3 million for the year ended 31 December 2022. The change in the amount was mainly attributable to the overall increase in staff cost.

Share of Profits and Losses of Joint Ventures

The Group's container shipping and logistics business's share of profits and losses of joint ventures recorded profits of approximately US\$21.7 million, representing an increase of approximately 39.1% as compared with the profits of approximately US\$15.6 million for the year ended 31 December 2021. 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 and Losses of Associates

The Group's container shipping and logistics business' share of profits and losses of associates were gains of approximately US\$0.5 million and US\$0.4 million for 2022 and 2021, respectively. There was no material change in the amount.

Other Expenses and Losses

Other expenses and losses for the Group's container shipping and logistics business increased from approximately US\$4.6 million for the year ended 31 December 2021 to approximately US\$5.4 million for the year ended 31 December 2022. 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 US\$771.8 million from approximately US\$1,179.2 million for the year ended 31 December 2021 to approximately US\$1,951.0 million for the year ended 31 December 2022.

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:

	Year ended 31 December			
	2022	% of	2021	% of
	Amount	segment	Amount	segment
	(US\$'000)	revenue	(US\$'000)	revenue
Income Statement Data				
Segment revenue	10,732	100%	29,217	100%
Dry bulk business	9,130	85.1%	27,561	94.3%
Other business	1,602	14.9%	1,656	5.7%
Cost of Sales	(6,213)	(57.9%)	(17,792)	(60.9%)
Dry bulk business	(5,444)	(50.7%)	(16,992)	(58.2%)
Other business	(769)	(7.2%)	(800)	(2.7%)
Gross Profit	4,519	42.1%	11,425	39.1%
Other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset)	12,788	119.2%	3,118	10.7%
Administrative expenses	(384)	(3.6%)	(143)	(0.5%)
Other expenses and losses	—	—	151	0.5%
Segment results	16,923	157.7%	14,551	49.8%

Revenue

The revenue of the Group's dry bulk and others business decreased by approximately 63.4% from approximately US\$29.2 million for the year ended 31 December 2021 to approximately US\$10.7 million for year ended 31 December 2022. This decrease was mainly attributable to the Group's revenue from its dry bulk business decreased by approximately 67.0% from approximately US\$27.6 million for the year ended 31 December 2021 to approximately US\$9.1 million for the year ended 31 December 2022, which primarily reflected the decrease in operating days due to the disposal of dry bulk vessels in succession.

Cost of Sales

The cost of sales of the Group's dry bulk and others business decreased by approximately 65.2% from approximately US\$17.8 million for the year ended 31 December 2021 to approximately US\$6.2 million for the year ended 31 December 2022. The decrease was mainly attributable to the decrease in cost of sales for the dry bulk business by approximately 68.2% from approximately US\$17.0 million for the year ended 31 December 2021 to approximately US\$5.4 million for year ended 31 December 2022, primarily reflecting a decrease in operating cost due to the disposal of dry bulk vessels in succession.

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 60.5% from approximately US\$11.4 million for the year ended 31 December 2021 to approximately US\$4.5 million for the year ended 31 December 2022. The gross profit margin of the Group's dry bulk and others business increased from approximately 39.1% for the year ended 31 December 2021 to approximately 42.1% for the year ended 31 December 2022.

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

Other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset) of the Group's dry bulk and others business were approximately US\$12.8 million and US\$3.1 million for the year ended 31 December 2022 and 2021, respectively. 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\$0.4 million and US\$0.1 million for the year ended 31 December 2022 and 2021, respectively. 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 15.8% from approximately US\$14.6 million for the year ended 31 December 2021 to approximately US\$16.9 million for the year ended 31 December 2022.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Total assets of the Group increased by approximately 13.5% from approximately US\$2,716.4 million as at 31 December 2021 to approximately US\$3,082.9 million as at 31 December 2022. As at 31 December 2022, the Group had cash and cash equivalents amounting to approximately US\$981.5 million, mainly denominated in US dollar, Renminbi, Japanese Yen and other currencies.

Total liabilities of the Group decreased by approximately 23.6% from approximately US\$1,200.7 million as at 31 December 2021 to approximately US\$917.8 million as at 31 December 2022. At 31 December 2022, the Group had interest-bearing bank loans of approximately US\$34.8 million repayable within one year or on demand, approximately US\$105.1 million within the second year, approximately US\$101.9 million within third to fifth years and approximately US\$29.6 million beyond five years.

Further, the Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. As at 31 December 2022, the Group had no foreign exchange hedging instruments (31 December 2021: 7.3%) of its foreign currency sales.

As at 31 December 2022, the Group had current ratio (being the current assets divided by the current liabilities) of approximately 2.5 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 was 0% as at 31 December 2021 and 31 December 2022.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group had no significant contingent liabilities.

CHARGE ON ASSETS

As at 31 December 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\$459.5 million (31 December 2021: US\$702.5 million).

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2022, the Group had an aggregate of 2,060 full-time employees (excluding crew member, 31 December 2021: 1,920). The related employees' costs for the period (including directors' emoluments) amounted to approximately US\$240.1 million (31 December 2021: US\$194.2 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 appraisal and current market salary scale. Further, the Group has in place the post-IPO share option scheme and adopted a share award scheme on 13 September 2017 (the "**Share Award Scheme**"). Further information of the post-IPO share option scheme and the Share Award Scheme will be available in the annual report of the Company for the year ended 31 December 2022.

SIGNIFICANT INVESTMENTS

During the year ended 31 December 2022, a total of 20 new container vessels were delivered. Save as otherwise, the Group did not have any significant investments during the year ended 31 December 2022.

MATERIAL ACQUISITIONS AND DISPOSALS

For the year ended 31 December 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 logistics projects, as and when appropriate. The Company expects that the internal financial resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed, the Company does not have any future plans for significant investments or capital assets as at the date of this announcement.

EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting period and up to the date of these financial statements, 2 container vessels were disposed of by the Group to independent third parties for an aggregate consideration of US\$25,750,000.

Saved as disclosed above, there are no other significant events occurred subsequent to the reporting period.

FINAL DIVIDEND

At the Board meeting held on 7 March 2023 (Tuesday), it was proposed that a final dividend of HK\$1.60 (equivalent to US\$0.20) per ordinary share would be paid on 17 May 2023 (Wednesday) to the shareholders of the Company whose names appear on the Company's register of members at the close of business at 4:30 p.m. on 4 May 2023 (Thursday). The proposed final dividend is subject to approval by the shareholders at the annual general meeting of the Company to be convened and held on 24 April 2023 (Monday) (the "**Annual General Meeting**").

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

OTHER INFORMATION

Annual General Meeting

The Annual General Meeting will be convened and held on 24 April 2023 (Monday). A notice convening the Annual General Meeting will be published and despatched to the shareholders of the Company in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in due course.

Closure of Register of Members

For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from 19 April 2023 (Wednesday) to 24 April 2023 (Monday), both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 18 April 2023 (Tuesday).

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 28 April 2023 (Friday) to 4 May 2023 (Thursday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 27 April 2023 (Thursday).

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 year ended 31 December 2022.

Corporate Governance

The Company is committed to maintaining a stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. For the year ended 31 December 2022, the Board is of the view that the Company had complied with the code provisions set out in Part 2 of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules and there had been no deviation from the code provisions set out the CG Code for the year ended 31 December 2022.

Model Code for Securities Transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 “**Company Code**”) on terms no less exacting than the Model Code. Having made specific enquiries with all Directors, they have confirmed that they complied with the required standards set out in the Model Code and the Company Code throughout the year ended 31 December 2022.

Audit Committee

The audit committee of the Company (the “**Audit Committee**”) consists of 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 annual results of the Group for the year ended 31 December 2022 have been reviewed by the Audit Committee.

Auditor

The Company appointed Ernst & Young as its auditor for the year ended 31 December 2022. The Company will submit a resolution in the forthcoming Annual General Meeting to re-appoint Ernst & Young as the auditor of the Company.

Scope of Work of the Company’s Auditor

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Company’s auditor to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by the Company’s auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company’s auditor on the preliminary announcement.

Publication of Annual Report

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.sitc.com). The annual report of the Company for the year ended 31 December 2022 containing all the information as required by the Listing Rules will be despatched to the shareholders of the Company and made available for review on the same websites in due course.

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

Hong Kong, 7 March 2023

As at the date of this announcement, the executive Directors are Mr. Yang Shaopeng, Mr. Yang Xianxiang, Mr. Liu Kecheng, Mr. Xue Mingyuan and Mr. Lai Zhiyong; the non-executive Director is Ms. Yang Xin; and the independent non-executive Directors are Dr. Liu Ka Ying, Rebecca, Mr. Tse Siu Ngan and Dr. Hu Mantian (Mandy).