



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



2023 Interim Report



SITC LINE

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Corporate Information

DIRECTORS

Executive Directors

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

Non-Executive Director

Yang Xin

Independent Non-Executive Directors

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

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Disclosure Committee

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

Sustainable Development Committee

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

Risk Management Committee

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

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

Suntera (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:

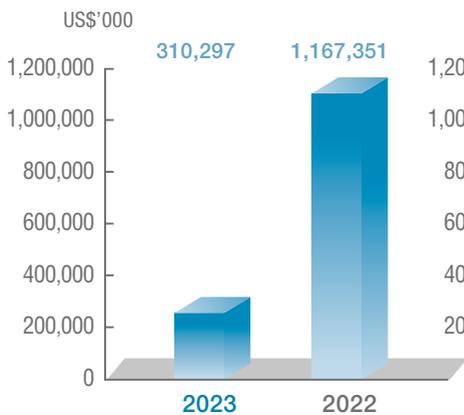
Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

WEBSITE

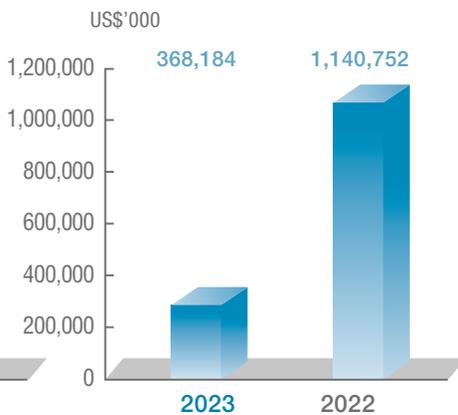
www.sitc.com

Financial and Operating Highlights

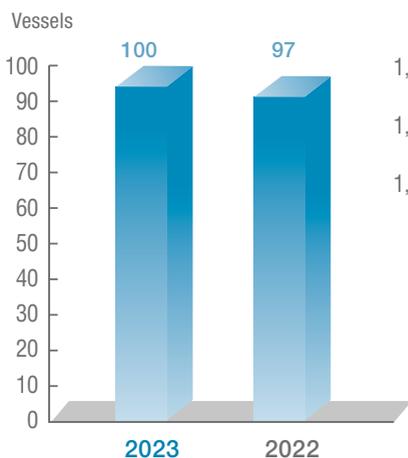
Profit attributable to shareholders of the Company for the six months ended 30 June



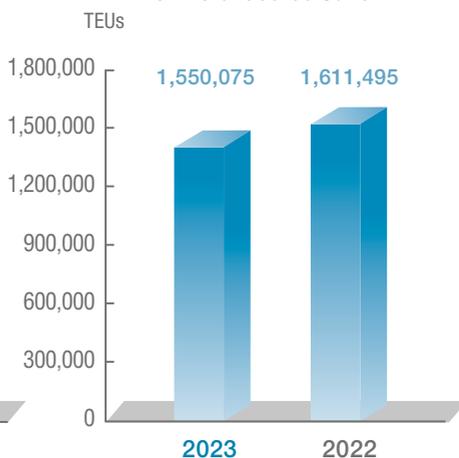
Net cash flows from operating activities for the six months ended 30 June



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.

Business Review

The business of the Company and its subsidiaries (collectively the “**Group**”) covers integrated shipping logistics services, such as the provision of container transportation, freight forwarding, shipping agency, depot, warehousing services, container vessel leasing, land leasing and other services. During the six months ended 30 June 2023, the Group's 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 2023, the Group operated 72 trade lanes, including 15 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 77 major ports in various countries and regions including Mainland China, Japan, Korea, Taiwan, Hong Kong, Vietnam, Thailand, the Philippines, Cambodia, Indonesia, Singapore, Malaysia, Brunei, Bengal, Myanmar and India. As of 30 June 2023, the Group operated a fleet of 100 vessels with a total capacity of 159,505 TEU, comprised of 89 self-owned (147,413 TEU) and 11 chartered vessels (12,092 TEU), with an average age of 8 years. Of these 100 vessels, 76 were of less than 2,000 TEU, and 24 were of 2,000 TEU to 3,000 TEU. For the six months ended 30 June 2023, US\$171.4 million out of US\$190.1 million of paid out capital expenditure was attributable to vessel purchases. As of 30 June 2023, the Group had one 1,043 TEU self-owned vessel on lease. In addition, the Group also operated (including through joint ventures) approximately 1,666,158 m² of depot and 128,322 m² of warehousing space.

Management Discussion and Analysis

Revenue of the Group for the first half of 2023 decreased by approximately 44.5% from approximately US\$2,257.7 million for the six months ended 30 June 2022 to approximately US\$1,253.4 million for the corresponding period in 2023. The decrease was a result of a combined effect, where (i) container shipping volume decreased by approximately 3.8% from 1,611,495 TEUs for the six months ended 30 June 2022 to 1,550,075 TEUs for the corresponding period in 2023; and (ii) average freight rate (excluding slot exchange fee income) decreased by approximately 46.1% from US\$1,239.1/TEU for the six months ended 30 June 2022 to US\$667.5/TEU for the corresponding period in 2023.

Since the beginning of this year, the container shipping and logistics market has faced the dual pressure from a substantial increase in effective shipping capacity and a sharp decline in demand caused by the economic cycle, and the industry has gradually fallen into a downturn. The Group continued to optimize its unique operation model, adhere to the sea-land integrated service to meet customer's demand for supply chain management, and strive to become a world-class integrated logistics service solutions provider. At the same time, with its insight into the relationship between supply and demand of the industry, the Group has flexibly adjusted its shipping capacity, and reduced the average vessel age to 8 years, so as to maintain long-term cost advantages and continuously reduce harmful emissions. The Group's outstanding performance in terms of efficiency, effectiveness and cash flow can still bring sustainable and stable returns to all stakeholders.

Management Discussion and Analysis

Financial Overview

	Six months ended 30 June		2022 Container shipping and logistics US\$'000 (Unaudited)	2022 Dry bulk and others US\$'000 (Unaudited)
	2023	2022		
	Total US\$'000 (Unaudited)	Total US\$'000 (Unaudited)		
Revenue	1,253,379	2,257,663	2,247,722	9,941
Container shipping and supporting logistics income	1,142,528	2,085,526	2,085,526	–
Other container logistics income	109,654	162,196	162,196	–
Other income	1,197	9,941	–	9,941
Cost of sales	(921,201)	(1,053,244)	(1,047,496)	(5,748)
Equipment and cargos transportation costs	(467,477)	(493,588)	(493,588)	–
Voyage costs	(209,038)	(252,949)	(252,949)	–
Container shipping vessels cost	(163,193)	(179,830)	(179,830)	–
Other container logistics costs	(81,021)	(121,129)	(121,129)	–
Other costs	(472)	(5,748)	–	(5,748)
Gross profit	332,178	1,204,419	1,200,226	4,193
Other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset)	38,885	48,031	35,228	12,803
Administrative expenses	(63,981)	(79,214)	(79,081)	(133)
Share of profits of:				
Joint ventures	10,027	11,519	11,519	–
Associates	153	240	240	–
Other expenses, net	(4,402)	(1,183)	(1,183)	–
Segment results	312,860	1,183,812	1,166,949	16,863
Finance costs	(10,511)	(7,780)	–	–
Bank interest, other investment income and fair value gain on a financial asset	19,892	5,253	–	–
Profit before tax	322,241	1,181,285	–	–
Income tax	(9,561)	(11,003)	–	–
Profit for the period	312,680	1,170,282	–	–
Profit attributable to:				
Shareholders of the Company	310,297	1,167,351	–	–
Non-controlling interests	2,383	2,931	–	–
	312,680	1,170,282	–	–

Management Discussion and Analysis

The following table sets forth the number of trade lanes and port calls per week of the Group as at 30 June 2022 and 2023, and the average freight rate for the six months ended 30 June 2022 and 2023:

Six months ended 30 June		As of 30 June			
2023	2022	2023	2022	2023	2022
Average freight rate (US\$ per TEU, excluding slot exchange rate)		Number of trade lanes		Port calls per week	
667.5	1,239.1	72	77	443	457

Revenue

The Group's total revenue decreased by approximately 44.5% from approximately US\$2,257.7 million for the six months ended 30 June 2022 to approximately US\$1,253.4 million for the corresponding period in 2023. The decrease was a result of a combined effect, where (i) container shipping volume decreased by approximately 3.8% from 1,611,495 TEUs for the six months ended 30 June 2022 to 1,550,075 TEUs for the corresponding period in 2023; and (ii) average freight rate (excluding slot exchange fee income) decreased by approximately 46.1% from US\$1,239.1/TEU for the six months ended 30 June 2022 to US\$667.5/TEU for the corresponding period in 2023.

Cost of Sales

The Group's cost of sales decreased by approximately 12.5% from approximately US\$1,053.2 million for the six months ended 30 June 2022 to approximately US\$921.2 million for the corresponding period in 2023. The decrease was mainly attributable to (i) the decrease in bunker costs of approximately US\$49.3 million due to a decrease in bunker rate; and (ii) the decrease in chartering vessel costs of approximately US\$29.0 million due to the decrease in chartered vessel volume.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

As a result of the foregoing, the gross profit decreased from approximately US\$1,204.4 million for the six months ended 30 June 2022 to approximately US\$332.2 million for the six months ended 30 June 2023. The Group's gross profit margin decreased from approximately 53.3% for the six months ended 30 June 2022 to approximately 26.5% for the corresponding period in 2023.

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 2023, other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset) decreased by approximately US\$9.1 million from approximately US\$48.0 million for the six months ended 30 June 2022 to approximately US\$38.9 million for the corresponding period in 2023. The decrease was a result of a combined effect, reflecting (i) the gains on disposal of vessels of approximately US\$22.1 million from the disposal of 4 container vessels during the first half of 2023, as compared to approximately US\$42.9 million from the disposal of 1 container vessel and 5 dry bulk vessels for the corresponding period in 2022; (ii) a year-on-year increase of approximately US\$7.9 million in the fair value gains on derivative instruments; and (iii) a year-on-year increase of approximately US\$3.2 million in foreign exchange gain.

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

The Group's bank interest income, other investment income, and fair value gain on a financial asset was approximately US\$19.9 million and US\$5.3 million for the six months ended 30 June 2023 and 2022, respectively. The increase was mainly attributable to the increase in average deposit interest rate.

Administrative Expenses

The Group's administrative expenses decreased from approximately US\$79.2 million for the six months ended 30 June 2022 to approximately US\$64.0 million for the corresponding period in 2023, representing a decrease of approximately 19.2%. The decrease was primarily attributable to the overall decrease in staff cost.

Management Discussion and Analysis

Other Expenses, net

The Group's other expenses, net were approximately US\$4.4 million and US\$1.2 million for the six months ended 30 June 2023 and 2022, respectively. The increase was mainly attributable to the provision for litigation of approximately US\$3.5 million.

Finance Costs

The Group's finance costs increased from approximately US\$7.8 million for the six months ended 30 June 2022 to approximately US\$10.5 million for the six months ended 30 June 2023. The increase was mainly attributable to the increase in borrowing interest rate.

Share of Profits of Joint Ventures

The Group's share of profits of joint ventures decreased by approximately 13.0% from approximately US\$11.5 million for the six months ended 30 June 2022 to approximately US\$10.0 million in for the six months ended 30 June 2023. The decrease was mainly attributable to the decline in the profits of part of the jointly controlled depots.

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 2023 and 2022. There was no material change in the amount.

Profit before Tax

As a result of the foregoing, the Group's profit before tax decreased from approximately US\$1,181.3 million for the six months ended 30 June 2022 to approximately US\$322.2 million for the corresponding period in 2023.

Income Tax Expenses

The Group's income tax expense was approximately US\$9.6 million and US\$11.0 million for the six months ended 30 June 2023 and 2022, respectively. The decrease was primarily attributable to the decrease in taxable profit of the Group.

Profit for the Period

The Group's profit for the six months ended 30 June 2023 was approximately US\$312.7 million, representing a decrease of approximately US\$857.6 million over the profit of approximately US\$1,170.3 million for the corresponding period in 2022.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Total assets of the Group decreased by approximately 12.6% from approximately US\$3,082.9 million as at 31 December 2022 to approximately US\$2,693.0 million as at 30 June 2023. As at 30 June 2023, the Group had cash and cash equivalents amounting to approximately US\$530.0 million, mainly denominated in US dollar, Renminbi, Japanese Yen and other currencies.

Total liabilities of the Group decreased by approximately 14.3% from approximately US\$917.8 million as at 31 December 2022 to approximately US\$786.2 million as at 30 June 2023. At 30 June 2023, the Group had secured interest-bearing bank loans of approximately US\$208.5 million. The maturity profile is spread over a period, with approximately US\$70.7 million repayable within one year or on demand, approximately US\$83.7 million within the second year, approximately US\$54.1 million within the third to fifth 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 2023, the Group had no foreign exchange hedging instruments (31 December 2022: Nil) of its foreign currency sales.

As at 30 June 2023, the Group had current ratio (being the current assets divided by the current liabilities) of approximately 1.6 compared to that of 2.5 as at 31 December 2022. 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 bank borrowings, lease liabilities, trade and other payables and accruals, less cash and bank balances. Adjusted capital includes equity attributable to shareholders of the Company less the hedging reserve. The Group's gearing ratio was 12% and 0% as at 30 June 2023 and 31 December 2022, respectively.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no significant contingent liabilities.

CHARGE ON ASSETS

As at 30 June 2023, 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\$237.8 million (31 December 2022: US\$459.5 million).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2023, the Group had an aggregate of 2,093 full-time employees (excluding crew member, 30 June 2022: 2,036). The related employees' costs for the period (including directors' emoluments) amounted to approximately US\$102.2 million (30 June 2022: US\$110.8 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 information of the post-IPO share option scheme and the Share Award Scheme is set out in the section headed "Share Schemes" in this report.

SIGNIFICANT INVESTMENTS

During the six months ended 30 June 2023, a total of 10 new container vessels were delivered, with another 10 container vessels to be delivered by the end of 2024. Save as otherwise, the Group did not have other significant investments during the six months ended 30 June 2023.

MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2023, the Group disposed of and delivered a total of 4 old container vessels. Unless otherwise indicated, the Group did not have other 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, 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 report.

Other Information

INTERIM DIVIDEND

At the meeting of the board (the “**Board**”) of directors (the “**Directors**”) of the Company held on 16 August 2023 (Wednesday), the Board resolved to declare an interim dividend of HK60 cents (equivalent to US7.66 cents) per share of the Company (the “**Share**”) for the six months ended 30 June 2023 (six months ended 30 June 2022: HK240 cents) to shareholders of the Company (the “**Shareholders**”) whose name appear on the register of members of the Company at the close of business on 4 September 2023 (Monday). The dividend is expected to be paid on or before 14 September 2023 (Thursday).

There is no arrangement that a Shareholder has waived or agreed to waive any dividends.

SHARE SCHEMES

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 to the employees, managerial staff and senior employees and those other persons that the Board considers that they will contribute or have contributed to the Group (the “**Participants**”) as described in the Post-IPO Share Option Scheme in order to serve as compliment and to reciprocate their contribution to the Group.

The maximum number of Shares that can be issued according to the Post-IPO Share Option Scheme was 260,000,000 Shares which is equivalent to 10% of the issued capital of the Company after completion of the Global Offering (as defined in the prospectus of the Company dated 20 September 2010 (the “**Prospectus**”), representing approximately 9.69% of the issued capital of the Company as at the date of this report.

Other Information

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 in general meeting, the number of Shares that may be granted to the Participants under the options shall not exceed 1% within any 12-month period (other than those granted to the substantial shareholders (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)), or the total number of Shares that may be granted under the options to the independent non-executive Directors or any of their respective connected persons shall not exceed 0.1% of the Shares in issue from time to time.

There is no minimum period that the options must be held before they become exercisable, and the options granted shall be exercised within the period decided by the Board, however no options shall be exercised 10 years after they have been granted. The exercise price of the option shall be the higher of (a) the closing price of the Shares on the daily quotation sheet of the Stock Exchange on the 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 shall take 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.

Other Information

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 2023:

Grantee and position	Date of grant of options	Number of options outstanding as at 1 January 2023	Number of options of granted during the period	Number of options exercised during the period	Number of options cancelled during the period	Number of options lapsed during the period	Number of options not yet exercised as at 30 June 2023
Other employees							
Employees of the Group (Note)	10 March 2015	840,000	-	122,000	-	-	718,000
Total		840,000	-	122,000	-	-	718,000

Note: The weighted average closing price immediately before the date on which the share options were exercised was HK\$15.6.

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 2023, the Company had 718,000 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.

Other Information

Share Award Scheme

A share award scheme was adopted by the Board on 13 September 2017 (the “**Share Award Scheme**”) to:

- (a) recognise and motivate the contributions by certain eligible participants, being any employee of the Company and/or any member of the Group and non-executive directors of the Company and/or any member of the Group (excluding those who have tendered his/her resignation or who have been given a notice of dismissal by the Company and/or the relevant member of the Group) and to give incentives thereto in order to retain them for the continual operation and development of the Group;
- (b) attract suitable personnel for further development of the Group; and
- (c) provide certain eligible participants with a direct economic interest in attaining a long-term relationship between the Group and certain eligible participants.

The Board shall, after having taking into regard the results and all relevant circumstances and affairs of the Group, determine from time to time the maximum amount of the fund to be contributed by the Company for purchasing Shares for the Shares pool under the Share Award Scheme. At no point in time shall the independent trustee (the “**Trustee**”) be holding more than 5% of the total number of Shares in issue under the Share Award Scheme. As at 30 June 2023, such 5% limit represented 134,125,068 Shares, of which 34,275,939 Shares were held by the Trustee pursuant to the Share Award Scheme. Accordingly, the number of Shares that the Trustee may further purchase from the open market or subscribe for the purpose of the Share Award Scheme as at 30 June 2023 was 99,849,129 Shares, representing approximately 3.72% of the issued Shares as at the date of this report.

There is no maximum entitlement of each selected participant under the Share Award Scheme. The Board may, from time to time, at its absolute discretion select any eligible participant(s) for participation in the Share Award Scheme as a selected participant and, subject to compliance with the Listing Rules, determine the number of Shares to be awarded.

Other Information

The Share Award Scheme does not specify a minimum vesting period or any amount payable on application or acceptance of the award. Subject to the fulfilment of all vesting conditions specified by the Board at the time of making the award and become entitled to the Shares forming the subject of the award, the Trustee shall transfer the relevant vested Shares to that selected participant at no cost.

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. As at the date of this report, the remaining life of the Share Award Scheme is approximately 4 years.

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.

The following are details of the awards granted or to be granted pursuant to the Share Award Scheme during the six months ended 30 June 2023:

Grantee and position	Date of grant of awards	Number of unvested awards as at 1 January 2023	Number of awards granted during the period	Number of awards vested during the period	Number of awards cancelled during the period	Number of awards lapsed during the period	Number of unvested awards as at 30 June 2023
Directors							
Yang Xianxiang	20 March 2020 ⁽¹⁾	190,470	-	190,470 ⁽⁴⁾	-	-	-
	12 March 2021 ⁽²⁾	145,902	-	-	-	-	145,902
	8 March 2022 ⁽³⁾	700,000	-	-	-	-	700,000
Liu Kecheng	20 March 2020 ⁽¹⁾	167,216	-	167,216 ⁽⁴⁾	-	-	-
	12 March 2021 ⁽²⁾	131,312	-	-	-	-	131,312
	8 March 2022 ⁽³⁾	420,000	-	-	-	-	420,000
Xue Mingyuan	20 March 2020 ⁽¹⁾	202,937	-	202,937 ⁽⁴⁾	-	-	-
	12 March 2021 ⁽²⁾	218,854	-	-	-	-	218,854
	8 March 2022 ⁽³⁾	700,000	-	-	-	-	700,000

Other Information

Grantee and position	Date of grant of awards	Number of unvested awards as at 1 January 2023	Number of awards granted during the period	Number of awards vested during the period	Number of awards cancelled during the period	Number of awards lapsed during the period	Number of unvested awards as at 30 June 2023
Lai Zhiyong	20 March 2020 ⁽¹⁾	183,807	-	183,807 ⁽⁴⁾	-	-	-
	12 March 2021 ⁽²⁾	131,312	-	-	-	-	131,312
	8 March 2022 ⁽³⁾	300,000	-	-	-	-	300,000
Liu Ka Ying, Rebecca	8 March 2022 ⁽³⁾	5,000	-	-	-	-	5,000
Tse Siu Ngan	8 March 2022 ⁽³⁾	5,000	-	-	-	-	5,000
Hu Mantian	8 March 2022 ⁽³⁾	5,000	-	-	-	-	5,000
		3,506,810	-	744,430	-	-	2,762,380
Other employees							
Employees of the Group	20 March 2020 ⁽¹⁾	6,493,367	-	64,86,205 ⁽⁴⁾	7,162	-	-
	12 March 2021 ⁽²⁾	4,149,842	-	-	13,179	-	4,136,663
	8 March 2022 ⁽³⁾	10,893,420	-	-	48,464	-	10,844,956
		21,536,629	-	6,486,205	68,805	-	14,981,619
Total		25,043,439	-	7,230,635	68,805	-	17,743,999

Notes:

- (1) On 20 March 2020, an aggregate of 6,769,105 awarded Shares were granted to the selected participants. Subject to the terms of the Scheme Rules and the fulfilment of all vesting conditions specified by the Board, the awarded Shares shall be vested on 20 March 2023 or an earlier date as approved by the Board.

Other Information

- (2) On 12 March 2021, an aggregate of 4,887,657 awarded Shares were granted to the selected participants. Subject to the terms of the Scheme Rules and the fulfilment of all vesting conditions specified by the Board, the awarded Shares shall be vested on 9 March 2024 or an earlier date as approved by the Board.
- (3) On 8 March 2022, an aggregate of 13,151,716 awarded Shares were granted to the selected participants. Subject to the terms of the Scheme Rules and the fulfilment of all vesting conditions specified by the Board, the awarded Shares shall be vested on 8 March 2025 or an earlier date as approved by the Board.
- (4) The weighted average closing price of the Shares immediately before the date on which the awarded Shares were vested was HK\$16.0.

The aggregate number of options and awards available for grant under the Post-IPO Share Option Scheme and the Share Award Scheme as at 1 January 2023 and 30 June 2023 is set out below:

	As at 1 January 2023	As at 30 June 2023
Number of options available for grant under the Post-IPO Share Option Scheme	–	–
Number of awards available for grant under the Share Award Scheme	109,081,629	116,381,069
Total number of options and awards available for grant	109,081,629	116,381,069

During the six months ended 30 June 2023, no share option or award was granted under the share schemes of the Company. The number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the six months ended 30 June 2023 divided by the weighted average number of Shares in issue for the six months ended 30 June 2023 is therefore not applicable.

Other Information

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

As at 30 June 2023, 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:

(i) Interest in the Shares

Name of Director	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding
Yang Shaopeng ⁽²⁾	Interest in controlled corporation	1,097,794,544 (L)	40.92%
	Beneficial owner	10,619,000 (L)	0.40%
Yang Xianxiang ⁽³⁾	Interest in controlled corporation	233,814,950 (L)	8.72%
	Beneficial owner	8,870,394 (L)	0.33%
Liu Kecheng ⁽⁴⁾	Interest in controlled corporation	43,780,737 (L)	1.63%
	Beneficial owner	510,307 (L)	0.02%
Lai Zhiyong ⁽⁵⁾	Beneficiary of the Go Thrive Trust	1,537,847 (L)	0.06%
	Beneficial owner	1,488,046 (L)	0.06%
Xue Mingyuan ⁽⁵⁾	Beneficiary of the Go Thrive Trust	926,100 (L)	0.03%
	Beneficial owner	2,869,664 (L)	0.11%
Tse Siu Ngan	Beneficial owner	9,000 (L)	0.00%
Hu Mantian (Mandy)	Beneficial owner	2,000 (L)	0.00%

Notes:

- (1) The letters “L” denotes the person’s long position in the Shares.
- (2) 1,097,794,544 Shares were held by Resourceful Link Management Limited (“Resourceful Link”), which was owned as to 100% by Better Master Limited (“Better Master”), which was in turn owned as to 100% by Mr. Yang Shaopeng.

Other Information

- (3) 233,814,950 Shares were held by Jixiang Limited, which was owned as to 100% by Mr. Yang Xianxiang.
- (4) 43,780,737 Shares were held by Yicheng Group Limited, which was owned as to 100% by Mr. Liu Kecheng.
- (5) 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.
- (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	845,902	0.03%
Liu Kecheng	Beneficial owner	551,312	0.02%
Xue Mingyuan	Beneficial owner	918,854	0.03%
Lai Zhiyong	Beneficial owner	431,312	0.02%
Liu Ka Ying, Rebecca	Beneficial owner	5,000	0.00%
Tse Siu Ngan	Beneficial owner	5,000	0.00%
Hu Mantian	Beneficial owner	5,000	0.00%

Save as disclosed above, as at 30 June 2023, 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.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at 30 June 2023, 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 ⁽¹⁾	Percentage of shareholding
Liu Rongli ⁽²⁾	Interest of spouse	1,108,413,544 (L)	41.32%
Resourceful Link ⁽³⁾	Beneficial owner	1,097,794,544 (L)	40.92%
Better Master ⁽³⁾	Interest in controlled corporation	1,097,794,544 (L)	40.92%
Jixiang Limited ⁽⁴⁾	Beneficial owner	233,814,950 (L)	8.72%

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 100% by Better Master, which was owned as to 100% by Mr. Yang Shaopeng.
- (4) Jixiang Limited was owned as to 100% by Mr. Yang Xianxiang.

Save as disclosed above, as at 30 June 2023, 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 2023, the Board is of the view that the Company has 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 in the CG Code for the six months ended 30 June 2023.

DIRECTORS' SECURITIES TRANSACTIONS

The Board has adopted the Model Code and devised its own code of conduct regarding directors' dealings in the Company's securities (the "**Code of Conduct**") on terms no less exacting than the Model Code. Having made specific enquiries, all Directors confirmed that they had complied with the Model Code during the six months ended 30 June 2023.

UPDATE ON INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to rule 13.51B(1) of the Listing Rules, the changes in information of the Directors during the six months ended 30 June 2022 are as follows:

With effect from 28 March 2023, Dr. Liu Ka Ying Rebecca has been appointed as an independent non-executive director of Paradise Entertainment Limited, the shares of which are listed on the Stock Exchange (stock code: 1180).

PURCHASE, SALE AND REDEMPTION OF SHARES

During the period from 26 April 2023 to 29 June 2023, the Trustee of the Share Award Scheme purchased on the market an aggregate of 6,440,000 Shares for the purpose of the Share Award Scheme at an average consideration of approximately HK\$14.02 per share, totalling approximately HK\$90.27 million for the purpose of the Share Award Scheme.

Save as disclosed above, 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 2023.

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 2023.

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 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 2023.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be despatched to Shareholders 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 2023

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

For the six months ended 30 June 2023

		Six months ended 30 June	
	Notes	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
REVENUE	3	1,253,379	2,257,663
Cost of sales		(921,201)	(1,053,244)
Gross profit		332,178	1,204,419
Other income and gains, net	4	58,777	53,284
Administrative expenses		(63,981)	(79,214)
Other expenses, net		(4,402)	(1,183)
Finance costs	5	(10,511)	(7,780)
Share of profits and losses of:			
Joint ventures		10,027	11,519
Associates		153	240
PROFIT BEFORE TAX	6	322,241	1,181,285
Income tax	7	(9,561)	(11,003)
PROFIT FOR THE PERIOD		312,680	1,170,282

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

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME/ (LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	(797)	14,575
Reclassification adjustments for gains included in profit or loss	(7,669)	(447)
	(8,466)	14,128
Exchange differences on translation of foreign operations	(7,333)	(7,588)
Share of other comprehensive loss of joint ventures	(4,924)	(906)
Share of other comprehensive loss of associates	(522)	(464)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	(21,245)	5,170

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

For the six months ended 30 June 2023

	Six months ended 30 June	
Note	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD, NET OF INCOME TAX	(21,245)	5,170
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	291,435	1,175,452
Profit for the period attributable to:		
Shareholders of the Company	310,297	1,167,351
Non-controlling interests	2,383	2,931
	312,680	1,170,282
Total comprehensive income for the period attributable to:		
Shareholders of the Company	289,234	1,173,129
Non-controlling interests	2,201	2,323
	291,435	1,175,452
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	9	
Basic (US cents per share)	11.70	43.95
Diluted (US cents per share)	11.56	43.51

Interim Condensed Consolidated Statement of Financial Position

30 June 2023

	Notes	30 June 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,578,622	1,396,647
Right-of-use assets		236,003	262,923
Advance payments for acquisition of vessels		45,170	111,722
Goodwill		976	1,019
Other intangible assets		1,579	1,579
Investments in joint ventures		58,035	57,777
Investments in associates		13,600	9,630
Derivative financial instruments		6,360	12,589
Total non-current assets		1,940,345	1,853,886
CURRENT ASSETS			
Bunkers		42,080	53,205
Trade receivables	11	99,849	139,051
Prepayments, deposits and other receivables		40,255	34,487
Derivative financial instruments		1,759	5,116
Financial assets at fair value through profit or loss	12	38,700	15,580
Cash and bank balances		529,993	981,531
Total current assets		752,636	1,228,970

Interim Condensed Consolidated Statement of Financial Position

30 June 2023

	Notes	30 June 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Audited)
CURRENT LIABILITIES			
Trade payables	13	210,248	209,102
Other payables and accruals	14	136,304	177,092
Derivative financial instruments		72	2,992
Bank borrowings		70,716	34,829
Lease liabilities		51,582	54,841
Income tax payables		7,642	9,508
Total current liabilities		476,564	488,364
NET CURRENT ASSETS			
		276,072	740,606
TOTAL ASSETS LESS CURRENT LIABILITIES			
		2,216,417	2,594,492
NON-CURRENT LIABILITIES			
Bank borrowings		137,754	236,609
Lease liabilities		168,863	189,758
Provision for reinstatement costs		3,057	3,114
Total non-current liabilities		309,674	429,481
Net assets		1,906,743	2,165,011

Interim Condensed Consolidated Statement of Financial Position

30 June 2023

	Note	30 June 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Audited)
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	15	34,583	34,582
Reserves		1,858,186	2,115,958
		1,892,769	2,150,540
Non-controlling interests		13,974	14,471
Total equity		1,906,743	2,165,011

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

Six months ended 30 June 2023

Note	Attributable to shareholders of the Company											Total equity US\$'000 (unaudited)
	Issued capital US\$'000 (unaudited)	Share premium account US\$'000 (unaudited)	Shares held under share award scheme account US\$'000 (unaudited)	Share-based compensation reserve US\$'000 (unaudited)	Capital and other reserves US\$'000 (unaudited)	Reserve regarding US\$'000 (unaudited)	Fair value reserves US\$'000 (unaudited)	Exchange fluctuation reserves US\$'000 (unaudited)	Reserve funds US\$'000 (unaudited)	Retained profits US\$'000 (unaudited)	Total US\$'000 (unaudited)	
	34,582	402,040	(73,179)	38,207	(7,823)	21	(4,868)	6,718	1,754,955	2,150,540	144,711	2,165,011
At 1 January 2023	-	-	-	-	-	-	-	-	310,297	310,297	238	312,680
Profit for the period	-	-	-	-	-	-	-	-	-	(8,466)	-	(8,466)
Other comprehensive income/loss for the period:	-	-	-	-	-	-	(8,466)	-	-	-	-	-
Cash flow hedges, net of income tax	-	-	-	-	-	-	(7,151)	-	-	-	(1,315)	(8,466)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(7,151)	-	-	-	(1,315)	(8,466)
Share of other comprehensive loss of:	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive loss of:	-	-	-	-	-	-	-	-	-	-	-	-
Joint ventures	-	-	-	-	-	-	(4,924)	-	-	-	-	(4,924)
Associates	-	-	-	-	-	-	(822)	-	-	-	-	(822)
Total comprehensive income/loss for the period	-	-	-	-	-	-	(8,466)	-	(310,297)	289,234	2,201	291,445
Issue of shares upon exercise of share options under the postIPO share option scheme	1	87	-	(20)	-	-	-	-	-	68	-	68
Expense of share awards under the share award scheme	-	-	-	(6,666)	-	-	-	-	-	-	-	-
Repurchase of shares under the share award scheme	-	-	-	(1,811)	-	-	-	-	-	(11,911)	-	(11,911)
Share award expense	-	-	-	11,520	-	-	-	-	-	11,520	-	11,520
Transfer to reserve funds	-	-	-	-	-	-	-	20	(20)	-	-	-
Dividend declared to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	(6,467,782)	(2,399)	(6,470,181)
Final 2022 dividend paid	-	-	-	-	-	-	-	-	-	(6,467,782)	-	(6,467,782)
At 30 June 2023	34,583	402,027	(84,321)	38,041	(7,823)	21*	(12,221)	6,906	1,518,307	1,882,759	13,974	1,906,740

* These reserve accounts comprise the consolidated reserves of US\$1,858,186,000 (unaudited) (31 December 2022: US\$2,115,968,000) in the interim condensed consolidated statement of financial position as at 30 June 2023.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

Six months ended 30 June 2022

Note	Attributable to subsidiaries of the Company										Total equity (US\$'000) (audited)		
	Issued capital (US\$'000) (audited)	Share premium account (US\$'000) (audited)	Share- based award account (US\$'000) (audited)	Share-based compensation reserve (US\$'000) (audited)	Capital and other reserves (US\$'000) (audited)	Holding reserves (US\$'000) (audited)	Exchange reserve (US\$'000) (audited)	Foreign currency reserve (US\$'000) (audited)	Reserve for dividends (US\$'000) (audited)	Retained profits (US\$'000) (audited)		Total (US\$'000) (audited)	Non- controlling interests (US\$'000) (audited)
At 1 January 2022	34,581	40,865	(70,195)	18,511	(7,823)	3,460	21	4,731	6,236	1,103,949	1,307,657	13,997	1,315,684
Profit for the period	-	-	-	-	-	-	-	-	-	1,167,251	1,167,251	2,931	1,170,282
Other comprehensive income/loss for the period:	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow, foreign exchange, net of income tax	-	-	-	-	-	14,123	-	-	-	-	14,123	-	14,123
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	6,980	-	-	(6,980)	(608)	(7,588)
Share of other comprehensive loss of:	-	-	-	-	-	-	-	-	-	-	-	-	-
Joint ventures	-	-	-	-	-	-	-	906	-	-	906	-	(906)
Associates	-	-	-	-	-	-	-	(464)	-	-	(464)	-	(464)
Total comprehensive income/loss for the period	-	-	-	-	-	14,123	-	8,350	-	1,167,251	1,173,123	2,323	1,175,422
Issue of shares upon exercise of share options under the postIPO share option scheme	1	44	-	(10)	-	-	-	-	-	-	35	-	35
Expense of share awards under the share award scheme	-	-	13,022	(13,022)	-	-	-	-	-	-	-	-	-
Repurchase of shares under the share award scheme	-	-	(3,300)	7,008	-	-	-	-	-	-	(3,306)	-	(3,306)
Equity settled share award scheme	-	-	-	7,008	-	-	-	-	-	-	7,008	-	7,008
Share award expense	-	-	-	6,369	-	-	-	-	-	-	6,369	-	6,369
Transfer to reserve funds	-	-	-	-	-	-	-	-	201	(201)	-	-	-
Dividend declared to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Final 2021 dividend paid	-	-	-	-	-	-	-	-	-	478,391	(478,391)	-	(478,391)
At 30 June 2022	34,582	40,200	(60,459)	21,466	(7,823)	17,588	21	6,619	6,487	1,798,506	2,208,951	15,005	2,224,305

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	364,726	1,150,375
Interest income received	20,094	6,504
Interest paid	(5,613)	(3,134)
Overseas tax paid	(11,023)	(12,993)
	368,184	1,140,752
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(173,460)	(130,103)
Proceeds from disposal of property, plant and equipment	44,031	147,840
Advance payments for acquisition of vessels	(16,608)	(86,923)
Investments in joint ventures	(64)	–
Investments in associates	(4,339)	–
Proceeds from settlement of derivative financial instruments	7,669	–
Proceeds from investment income of principal-protected investment deposit at fair value through profit or loss	69	130
Purchase of financial assets at a fair value through profit or loss	(37,186)	(9,014)
Proceeds from disposal of financial assets at a fair value through profit or loss	14,066	17,387
Increase in non-pledged time deposits with original maturity of over three months	(237,997)	(906,550)
Decrease in non-pledged time deposits with original maturity of over three months	436,868	225,217
Withholding tax paid on dividends received	(499)	(93)
Dividends received from joint ventures	5,129	5,211
	37,679	(736,898)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	68	35
Repurchase of shares	(11,811)	(3,306)
New bank borrowings	59,313	77,044
Repayment of bank borrowings	(121,280)	(70,160)
Principal portion of lease payments	(33,818)	(31,195)
Payment for provision for reinstatement costs	(151)	(133)
Dividends paid	(546,782)	(753,696)
Dividends paid to non-controlling equity holders of subsidiaries	(2,698)	(935)
Net cash flows used in financing activities	(657,159)	(782,346)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	544,663	694,264
Effect of foreign exchange rate changes, net	(1,371)	(8,765)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	291,996	307,007
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances other than time deposits	211,424	226,435
Non-pledged time deposits	318,569	987,122
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	529,993	1,213,557
Less: Non-pledged time deposits with original maturity of over three months when acquired	(237,997)	(906,550)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	291,996	307,007

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

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 shipping logistics services, including provision of container transportation, freight forwarding, shipping agency, depot, warehousing services, container 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 2023 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 2022.

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 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendment to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendment to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendment to HKAS 12	<i>International Tax Reform - Pillar Two Model Rules</i>

1.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Changes in accounting policies and disclosures (continued)

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

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, 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 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases and decommissioning obligations as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases and decommissioning obligations that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. The amendments did not have any significant impact on the Group's interim condensed consolidated financial information.

1.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Changes in accounting policies and disclosures (continued)

- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. The Group has applied the amendments and the mandatory temporary exception retrospectively. The Group is currently assessing its exposure to Pillar Two income taxes.

2. OPERATING SEGMENT INFORMATION

Six months ended 30 June 2023

The Group's operating income was derived from the provision of container transportation, freight forwarding, shipping agency, depot, warehousing services, container vessel leasing, land leasing and other services. For the purposes of resource allocation and performance assessment, the chief operation decision maker (i.e. the executive directors of the Company) reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment.

Six months ended 30 June 2022

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 shipping logistics services, including the provision of container transportation, freight forwarding, shipping agency, depot, 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 2023

2. OPERATING SEGMENT INFORMATION (continued)

Six months ended 30 June 2022 (continued)

Basis of segment information

	Container shipping and logistics	Dry bulk and others	Total
	Six months ended 30 June 2022 US\$'000 (Unaudited)	Six months ended 30 June 2022 US\$'000 (Unaudited)	Six months ended 30 June 2022 US\$'000 (Unaudited)
Segment revenue (note 3):			
Sales to external customers	2,247,722	9,941	2,257,663
Segment results	<u>1,166,949</u>	<u>16,863</u>	1,183,812
<i>Reconciliation:</i>			
Bank interest income			5,123
Investment income of principal- protected investment deposits at fair value through profit or loss			130
Finance costs			<u>(7,780)</u>
Profit before tax			<u>1,181,285</u>

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

2. OPERATING SEGMENT INFORMATION (continued)

Basis of segment information (continued)

	Container shipping and logistics	Dry bulk and others	Total
	31 December 2022	31 December 2022	31 December 2022
	US\$'000 (Audited)	US\$'000 (Audited)	US\$'000 (Audited)
Segment assets	1,513,395	18,972	1,532,367
<i>Reconciliation:</i>			
Corporate and other unallocated assets			1,550,489
Total assets			3,082,856
Segment liabilities	587,567	437	588,004
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			329,841
Total liabilities			917,845

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

3. REVENUE

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

	Six months ended	
	30 June	
	2023	2022
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	1,252,182	2,247,722
Revenue from other sources:		
Vessels time charter income	154	9,110
Other rental income	1,043	831
	1,253,379	2,257,663

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

3. REVENUE (continued)

Notes:

(a) Disaggregated revenue information

	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Type of services		
Container shipping and supporting logistics income	1,142,527	2,085,526
Other container logistics income*	109,655	162,196
	1,252,182	2,247,722
Total revenue from contracts with customers		
Revenue from other sources	1,197	9,941
	1,253,379	2,257,663
Geographical markets		
Greater China#	486,913	1,165,207
Southeast Asia	394,606	611,726
Japan	280,731	360,577
Others	89,932	110,212
	1,252,182	2,247,722
Total revenue from contracts with customers		
Revenue from other sources	1,197	9,941
	1,253,379	2,257,663
Timing of revenue recognition		
Total revenue from contracts with customers		
– Services transferred over time	1,252,182	2,247,722
Revenue from other sources	1,197	9,941
	1,253,379	2,257,663
Total revenue		

3. REVENUE (continued)

Notes: (continued)

(a) Disaggregated revenue information (continued)

* Other container logistics income includes freight forwarding income, shipping agency income, 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 2023

4. OTHER INCOME AND GAINS, NET

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

	Six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Other income		
Bank interest income	19,823	5,123
Investment income of principal-protected investment deposits at fair value through profit or loss	69	130
Government subsidies*	1,692	790
Others	42	31
	21,626	6,074
Gains, net		
Gains on disposal of property, plant and equipment, net	22,067	42,742
Fair value gains, net:		
Cash flow hedges (transfer from equity)	7,669	447
Derivative instruments – transactions not qualifying as hedges	280	–
Foreign exchange differences, net	7,135	4,021
	37,151	47,210
Other income and gains, net	58,777	53,284

- * The government subsidies for the six months ended 30 June 2023 represented subsidies of US\$1,692,000 (six months ended 30 June 2022: US\$691,000) 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 subsidies for the six months ended 30 June 2022 of US\$99,000 under the Employment Support Scheme in Hong Kong which the Group was required to undertake not to implement redundancy during the subsidy period and to use the subsidy to pay wages of the employees and all conditions relating to these grants have been fulfilled.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

5. FINANCE COSTS

	Six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Interest on bank borrowings	5,616	3,168
Interest on lease liabilities	4,832	4,553
Increase in discounted amounts of provision for reinstatement costs arising from the passage of time	63	59
Total finance costs	10,511	7,780

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Cost of services provided:		
Cost of bunkers consumed	162,742	212,021
Others	758,459	841,223
	921,201	1,053,244
Depreciation of property, plant and equipment	48,173	41,443
Less: Included in cost of services provided	(46,109)	(39,500)
	2,064	1,943
Depreciation of right-of-use assets	29,736	28,342
Less: Included in cost of services provided	(28,417)	(26,310)
	1,319	2,032
Fair value loss of a financial asset at fair value through profit or loss*	752	–
Impairment loss/(reversal of impairment) of trade receivables, net* (note 11(c))	10	(16)

* 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 2023

7. INCOME TAX

	Six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Current:		
Mainland China	2,867	2,009
Hong Kong	415	360
Elsewhere	6,279	8,634
Total tax expense for the period	9,561	11,003

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2022: 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 2022: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2022: 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 2023 amounting to US\$2,851,000 (six months ended 30 June 2022: US\$3,330,000) 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 2023 (Wednesday), the Board resolved to declare an interim dividend of HK60 cents (equivalent to US7.66 cents) (six months ended 30 June 2022: HK240 cents, equivalent to US30.68 cents) per share, totaling US\$205,414,000 (six months ended 30 June 2022: US\$820,424,000).

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 2023

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment at a total cost of US\$253,260,000 (six months ended 30 June 2022: US\$182,920,000) and disposed of items of property, plant and equipment with an aggregate carrying amount of US\$21,163,000 (six months ended 30 June 2022: US\$99,444,000).

11. TRADE RECEIVABLES

	Notes	30 June 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Audited)
Trade receivables	(a)	100,293	139,535
Impairment	(c)	(444)	(484)
		99,849	139,051

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 2023

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:

	30 June 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Audited)
Within 1 month	83,481	114,280
1 to 2 months	10,025	18,225
2 to 3 months	4,124	4,902
Over 3 months	2,219	1,644
	99,849	139,051

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

	30 June 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Audited)
At beginning of period/year	484	261
Impairment loss, net	10	284
Amount written off as uncollectible	(50)	(61)
	444	484

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

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 2022: 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 2023 are amounts of US\$11,334,000 (31 December 2022: US\$14,788,000) and US\$165,000 (31 December 2022: US\$170,000) 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

	30 June 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Audited)
Principal-protected investment deposits	37,186	3,895
Unlisted investment	1,514	11,685
	38,700	15,580

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.

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:

	30 June 2023 US\$'000 (Unaudited)	31 December 2022 US\$'000 (Audited)
Within 1 month	155,777	158,363
1 to 2 months	20,862	24,331
2 to 3 months	7,891	4,999
Over 3 months	25,718	21,409
	210,248	209,102

- (b) Included in the Group's trade payables as at 30 June 2023 are amounts of US\$5,230,000 (31 December 2022: US\$4,439,000) and US\$13,074,000 (31 December 2022: US\$11,399,000) 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 2023

14. OTHER PAYABLES AND ACCRUALS

Included in the balances as at 30 June 2023 comprise contract liabilities of US\$16,109,000 (31 December 2022: US\$14,803,000), 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 2023		31 December 2022	
	HK\$'000 (Unaudited)	US\$'000 equivalent (Unaudited)	HK\$'000 (Audited)	US\$'000 equivalent (Audited)
Authorised:				
5,000,000,000 ordinary shares of HK\$0.1 each	500,000		500,000	
Issued and fully paid:				
2,682,623,360 (31 December 2022: 2,682,501,360) ordinary shares of HK\$0.1 each	268,262	34,583	268,250	34,582

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

15. SHARE CAPITAL (continued)

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

	Number of issued and fully paid ordinary shares (Unaudited)	Issued share capital HK\$'000 (Unaudited)	US\$'000 equivalent (Unaudited)
At 1 January 2023	2,682,501,360	268,250	34,582
Issue of new shares upon exercise of share options (note)	122,000	12	1
At 30 June 2023	2,682,623,360	268,262	34,583

Note: The subscription rights attaching to 122,000 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 122,000 shares of HK\$0.1 each for a total cash consideration, before expenses, of approximately HK\$534,000 (equivalent to approximately US\$69,000). An amount of US\$20,000 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 2023, the Group had capital commitments of US\$188,448,000 (31 December 2022: US\$359,856,000) in total, which are contracted but not provided for, in respect of acquisition of vessels.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

17. RELATED PARTY TRANSACTIONS

- (a) The Group had the following transactions with related parties during the period:

	Six months ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Companies controlled by the Controlling Shareholder:		
Container marine transportation services income	13,700	16,009
Container vessels rental expenses	9,064	11,210
Container rental expenses	300	300
Shipping agency fee expenses	782	908
Joint ventures:		
Container marine transportation service income	64,801	117,047
Freight forwarding service income for marine transportation	65,823	108,652
Warehousing expenses	2,264	10,073
Freight forwarding service expenses	1,300	7,299
Shipping agency fee expense	7	6
Rental income from land and buildings	1,141	926
Technology outsourcing service income	410	189
Container maintenance income	421	83

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 2023

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 ended 30 June	
	2023 US\$'000 (Unaudited)	2022 US\$'000 (Unaudited)
Short-term employee benefits	13,140	9,581
Post-employment benefits	6	6
Share-based compensation expense	1,741	1,242
Total compensation paid to key management	14,887	10,829

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

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

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

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments. In addition, management consider the Group's exposure to fair value and cash flow interest rate risks on the bank borrowings is insignificant as majority of the balances bear interest at fixed interest rates.

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 2023

	Fair value measurement using			Total US\$'000 (Unaudited)
	Quoted prices in active markets (Level 1) US\$'000 (Unaudited)	Significant observable inputs (Level 2) US\$'000 (Unaudited)	Significant unobservable inputs (Level 3) US\$'000 (Unaudited)	
Derivative financial instruments	-	8,119	-	8,119
Principal-protected investment deposits at fair value through profit or loss	-	37,186	-	37,186
Unlisted investment at fair value through profit or loss	-	-	1,514	1,514
	-	45,305	1,514	46,819

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

At 31 December 2022

	Fair value measurement using			Total US\$'000 (Audited)
	Quoted prices in active markets (Level 1) US\$'000 (Audited)	Significant observable inputs (Level 2) US\$'000 (Audited)	Significant unobservable inputs (Level 3) US\$'000 (Audited)	
Derivative financial instruments	–	17,705	–	17,705
Principal-protected investment deposits at fair value through profit or loss	–	3,895	–	3,895
Unlisted investment at fair value through profit or loss	–	–	11,685	11,685
	–	21,600	11,685	33,285

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

Liabilities measured at fair value

At 30 June 2023

	Fair value measurement using			Total US\$'000 (Unaudited)
	Quoted prices in active markets (Level 1) US\$'000 (Unaudited)	Significant observable inputs (Level 2) US\$'000 (Unaudited)	Significant unobservable inputs (Level 3) US\$'000 (Unaudited)	
Derivatives financial instruments	-	72	-	72

At 31 December 2022

	Fair value measurement using			Total US\$'000 (Audited)
	Quoted prices in active markets (Level 1) US\$'000 (Audited)	Significant observable inputs (Level 2) US\$'000 (Audited)	Significant unobservable inputs (Level 3) US\$'000 (Audited)	
Derivatives financial instruments	-	2,992	-	2,992

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 2022: Nil) and no transfer into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2022: 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 2023.