



SITC

SITC International Holdings Company Limited
海豐國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1308

Interim Report
2018

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Corporate Information

DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

TSUI Yung Kwok
YEUNG Kwok On
LO Wing Yan, William
NGAI Wai Fung

BOARD COMMITTEES

Audit and Risk Management Committee

TSUI Yung Kwok (*Chairman*)
LO Wing Yan, William
NGAI Wai Fung

Remuneration Committee

YEUNG Kwok On (*Chairman*)
NGAI Wai Fung
TSUI Yung Kwok
YANG Shaopeng
YANG Xianxiang

Nomination Committee

YANG Shaopeng (*Chairman*)
LO Wing Yan, William
NGAI Wai Fung
YANG Xianxiang
YEUNG Kwok On

Disclosure Committee

YANG Xianxiang (*Chairman*)
LIU Kecheng
XUE Peng (*Joint Company Secretary*)
LAI Zhiyong
XUE Mingyuan

REGISTERED OFFICE

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

CORPORATE HEADQUARTER

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

AUTHORISED REPRESENTATIVES

LIU Kecheng
XUE Peng (*Joint Company Secretary*)

JOINT COMPANY SECRETARIES

XUE Peng
CHAN Wai Ling (FCS, FCIS (PE))

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

PLACE OF LISTING

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

NAME OF STOCK

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

STOCK CODE

01308

PRINCIPAL BANKERS (by alphabetical order)

ANZ Bank
Bank of America
Bank of China
Bank of China (Hong Kong) Limited
China Merchants Bank
Citibank, N.A
Standard Chartered Bank (HongKong)
Limited
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

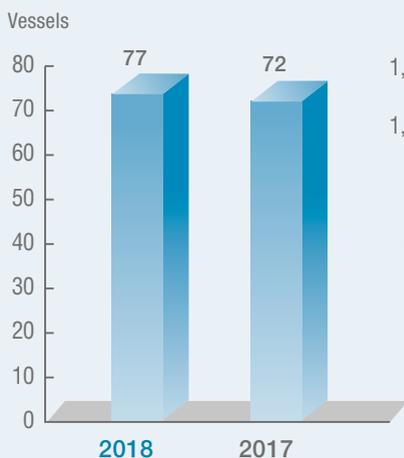
Profit attributable to shareholders of the Company for the six months ended 30 June



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



Number of container vessels as at 30 June



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



Management Discussion and Analysis

OVERVIEW

Business Review

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

(i) Container shipping and logistics business

The Group's container shipping and logistics business covers integrated logistics services, such as the provision of container transportation, freight forwarding, shipping agency, depot and warehousing, etc. During the six months ended 30 June 2018, the Group's container shipping and logistics business continued to provide container transportation and integrated logistics services that focus exclusively on the intra-Asia market as the Company believes that the intra-Asia trade market will continue to experience healthy growth.

As of 30 June 2018, the Group operated 66 trade lanes, including 9 trade lanes through joint services and 28 trade lanes through container slot exchange arrangements. These trade lanes and land-based integrated logistics business network covered 68 major ports in the Mainland China, Japan, Korea, Taiwan, Hong Kong, Vietnam, Thailand, the Philippines, Cambodia, Indonesia, Singapore, Malaysia and Brunei. As of 30 June 2018, the Group operated a fleet of 77 vessels with a total capacity of 108,367 TEU, comprised of 48 self-owned (63,072 TEU) and 29 chartered vessels (45,295 TEU), with an average age of 9.9 years. 50 of these 77 vessels were of the 1,000 TEU type. For the six months ended 30 June 2018, US\$25.2 million out of US\$39.7 million of paid out capital expenditure was attributable to vessel purchases. In addition, the Group also operated (including through joint ventures) approximately 1,120,000 m² of depot and 86,000 m² of warehousing space.

Management Discussion and Analysis

Revenue generated by the Group's container shipping and logistics business for the first half of 2018 increased by approximately 6.8% from US\$638.1 million for the six months ended 30 June 2017 to US\$681.3 million for the corresponding period in 2018. The increase was a combined effect, from container shipping and supporting logistics business, where (i) the average freight rate (excluding slot exchange fee income) increased by approximately 8.9% from US\$480.3/TEU for the six months ended 30 June 2017 to US\$522.9/TEU for the corresponding period in 2018; and (ii) the container shipping volume decreased by approximately 1.9% from 1,166,845 TEUs for the six months ended 30 June 2017 to 1,144,871 TEUs for the corresponding period in 2018.

(ii) Dry bulk and others business

The Group's dry bulk and others business covers the provision of dry bulk vessel leasing, land leasing and air-freight forwarding services. As of 30 June 2018, the Group has 6 dry bulk vessels with a total tonnage of 438,595 tons and an average age of 5.6 years.

Revenue generated by the Group's dry bulk and others business for the first half of 2018 increased by approximately 52.0% from approximately US\$7.5 million for the six months ended 30 June 2017 to approximately US\$11.4 million. The increase was primarily attributable to the increase in average daily charter hire of dry bulk vessels.

With the Group's continuous business expansion, the Company will continue to optimize its unique business model and expand its intra-Asia service network. At the same time, the Company will continue to optimize the Group's fleet structure by capturing vessel price dynamics, so as to keep pace with the development of the business and secure a long-term cost-competitive position. With the continuous enhancement on the Group's organization process, information technology systems and operational efficiency, the Company will strive for the goal in becoming a world-class integrated logistics service solutions provider.

Management Discussion and Analysis

Financial Overview

	For the six months ended 30 June					
	2018	2017	2018	2017	2018	2017
	Container shipping and logistics		Dry bulk and others		Total	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	681,336	638,068	11,418	7,485	692,754	645,553
Cost of sales	(567,001)	(524,619)	(7,675)	(7,219)	(574,676)	(531,838)
Gross profit	114,335	113,449	3,743	266	118,078	113,715
Other income and gains (excluding bank interest income and other investment income)	7,167	4,325	95	106	7,262	4,431
Administrative expenses	(36,772)	(33,579)	(82)	(122)	(36,854)	(33,701)
Other expenses and losses	(989)	(356)	(3)	–	(992)	(356)
Share of profits and losses of:						
Joint ventures	5,158	4,986	(133)	93	5,025	5,079
Associates	178	352	–	–	178	352
Segment results	89,077	89,177	3,620	343	92,697	89,520
Finance costs					(4,937)	(4,176)
Bank interest and other investment income					8,238	4,170
Profit before tax					95,998	89,514
Income tax					(4,183)	(3,680)
Profit for the period					91,815	85,834
Profit attributable to:						
Shareholders of the Company					91,010	85,078
Non-controlling interests					805	756
					91,815	85,834

Management Discussion and Analysis

Revenue

The Group's total revenue increased by approximately 7.3% from approximately US\$645.6 million for the six months ended 30 June 2017 to approximately US\$692.8 million for the corresponding period in 2018. The increase was primarily attributable to the increase from container shipping and supporting logistics business in average freight rate.

Cost of Sales

The Group's cost of sales increased by approximately 8.1% from approximately US\$531.8 million for the six months ended 30 June 2017 to approximately US\$574.7 million for the corresponding period in 2018. The increase was primarily attributable to the increase from container shipping and supporting logistics business in bunker cost and equipment and cargos transportation costs.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit increased from approximately US\$113.7 million for the six months ended 30 June 2017 to approximately US\$118.1 million for the six months ended 30 June 2018. The Group's gross profit margin was approximately 17.0% and 17.6% for the six months ended 30 June 2018 and 2017, respectively.

Other Income and Gains (excluding bank interest income and other investment income)

For the six months ended 30 June 2018, other income and gains (excluding bank interest income and other investment income) increased by approximately US\$2.9 million from approximately US\$4.4 million for the six months ended 30 June 2017 to approximately US\$7.3 million for the corresponding period in 2018. The increase was primarily attributable to a year on year increase of approximately US\$2.7 million for gains on disposal of fixed assets, including containers and others.

Bank Interest Income and Other Investment Income

The Group's bank interest income and other investment income was approximately US\$8.2 million and US\$4.2 million for the six months ended 30 June 2018 and 2017, respectively. The increase was mainly attributable to the increase in both average amount available for investment and average return generated during the six months ended 30 June 2018.

Administrative Expenses

The Group's administrative expenses increased from approximately US\$33.7 million for the six months ended 30 June 2017 to approximately US\$36.9 million for the corresponding period in 2018, representing an increase of approximately 9.5%. The increase was primarily attributable to the overall increase in staff cost.

Management Discussion and Analysis

Other Expenses and Losses

The Group's other expenses and losses was approximately US\$1.0 million and US\$0.4 million for the six months ended 30 June 2018 and 2017, respectively. The increase was mainly attributable to a year on year increase of approximately US\$0.6 million in the hedging losses arising from realization of Japanese Yen.

Finance Costs

The Group's finance costs increased from approximately US\$4.2 million for the six months ended 30 June 2017 to approximately US\$4.9 million for the corresponding period in 2018. The increase was mainly attributable to the increase in average bank borrowing interest rate.

Share of Profits of Joint Ventures

The Group's share of profits of joint ventures was approximately US\$5.0 million and US\$5.1 million for the six months ended 30 June 2018 and 2017, respectively. There was no material fluctuation in the amount.

Share of Profits of Associates

The Group's share of profits of associates was approximately US\$0.2 million and US\$0.4 million for the six months ended 30 June 2018 and 2017, respectively. There was no material change in the amount.

Profit before Tax

As a result of the foregoing, the Group's profit before tax increased from approximately US\$89.5 million for the six months ended 30 June 2017 to approximately US\$96.0 million for the corresponding period in 2018.

Income Tax Expenses

The Group's income tax expense was approximately US\$4.2 million and US\$3.7 million for the six months ended 30 June 2018 and 2017, respectively. The increase was primarily attributable to the increase in taxable profit of the Group.

Profit for the Period

The Group's profit for the six months ended 30 June 2018 was approximately US\$91.8 million, representing an increase of approximately US\$6.0 million over the profit of approximately US\$85.8 million for the corresponding period in 2017.

Management Discussion and Analysis

Container Shipping and Logistics

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

	For the six months ended 30 June			
	2018		2017	
	Amount (US\$'000)	% of segment revenue	Amount (US\$'000)	% of segment revenue
Income Statement Data:				
Segment revenue	681,336	100%	638,068	100%
Container shipping and supporting logistics income	624,081	91.6%	586,116	91.9%
Other container logistics income	57,255	8.4%	51,952	8.1%
Cost of Sales	(567,001)	(83.2%)	(524,619)	(82.2%)
Equipment and cargos transportation costs	(320,837)	(47.1%)	(306,443)	(48.0%)
Voyage costs	(118,211)	(17.3%)	(103,360)	(16.2%)
Container shipping vessels cost	(79,124)	(11.6%)	(71,802)	(11.3%)
Other container logistics costs	(48,829)	(7.2%)	(43,014)	(6.7%)
Gross Profit	114,335	16.8%	113,449	17.8%
Other income and gains (excluding bank interest income and other investment income)	7,167	1.1%	4,325	0.7%
Administrative expenses	(36,772)	(5.4%)	(33,579)	(5.3%)
Other expenses and losses	(989)	(0.2%)	(356)	(0.1%)
Share of profits of:				
Joint ventures	5,158	0.7%	4,986	0.8%
Associates	178	0.1%	352	0.1%
Segment results	89,077	13.1%	89,177	14.0%

Management Discussion and Analysis

Segment results

The following table sets forth the number of trade lanes and port calls per week as of 30 June 2018 and 2017, and the average freight rate for the periods indicated:

Six months ended		As of 30 June			
30 June		2018		2017	
2018	2017	2018	2017	2018	2017
Average freight rate (US\$ per TEU, excluding slot exchange fee rate)		Number of trade lanes		Port calls per week	
522.9	480.3	66	59	403	363

Revenue

Revenue of the Group's container shipping and logistics business increased by approximately 6.8% from approximately US\$638.1 million for the six months ended 30 June 2017 to approximately US\$681.3 million for the six months ended 30 June 2018. The increase was a combined effect, from container shipping and supporting logistics business, where (i) the average freight rate (excluding slot exchange fee income) increased by approximately 8.9% from US\$480.3/TEU for the six months ended 30 June 2017 to US\$522.9/TEU for the corresponding period in 2018; and (ii) the container shipping volume decreased by approximately 1.9% from 1,166,845 TEUs for the six months ended 30 June 2017 to 1,144,871 TEUs for the corresponding period in 2018.

Cost of Sales

The cost of sales of the Group's container shipping and logistics business increased by approximately 8.1% from approximately US\$524.6 million for the six months ended 30 June 2017 to approximately US\$567.0 million for the corresponding period in 2018. Such increase was primarily attributable to the increase from container shipping and supporting logistics business in bunker cost and equipment and cargos transportation costs.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group recorded gross profit of approximately US\$114.3 million for its container shipping and logistics business for the six months ended 30 June 2018, representing an increase of approximately US\$0.9 million as compared to approximately US\$113.4 million for the corresponding period in 2017. The gross profit margin of the Group's container shipping and logistics business was approximately 16.8% and 17.8% for the six months ended 30 June 2018 and 2017, respectively.

Management Discussion and Analysis

Other Income and Gains (excluding bank interest income and other investment income)

For the six months ended 30 June 2018, other income and gains (excluding bank interest income and other investment income) increased to approximately US\$7.2 million for the six months ended 30 June 2018 from approximately US\$4.3 million for the corresponding period in 2017. The increase was primarily attributable to a year on year increase of approximately US\$2.7 million for gains on disposal of fixed assets including containers and others.

Administrative Expenses

Administrative expenses of the Group's container shipping and logistics business increased from approximately US\$33.6 million for the six months ended 30 June 2017 to approximately US\$36.8 million in the corresponding period of 2018. The change in the amount was mainly attributable to the overall increase in staff cost.

Other Expenses and Losses

Other expenses and losses increased from approximately US\$0.4 million for the six months ended 30 June 2017 to approximately US\$1.0 million for the corresponding period in 2018. It was mainly attributable to a year on year increase of approximately US\$0.6 million in the hedging losses arising from realization of Japanese Yen.

Share of Profits of Joint Ventures

The Group's container shipping and logistics business's share of profits of joint ventures was approximately US\$5.2 million and US\$5.0 million for the six months ended 30 June 2018 and 2017, respectively. There was no material fluctuation in the amount.

Share of Profits of Associates

The Group's container shipping and logistics business's share of profits of associates was approximately US\$0.2 million and US\$0.4 million for the six months ended 30 June 2018 and 2017, respectively. 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 was approximately US\$89.1 million and US\$89.2 million for the six months ended 30 June 2018 and 2017, respectively.

Management Discussion and Analysis

Dry Bulk and Others

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

	For the six months ended 30 June			
	2018		2017	
	Amount (US\$'000)	% of segment revenue	Amount (US\$'000)	% of segment revenue
Income Statement Data:				
Segment revenue	11,418	100%	7,485	100%
Dry bulk business	10,650	93.3%	6,847	91.5%
Other businesses	768	6.7%	638	8.5%
Cost of Sales	(7,675)	(67.2%)	(7,219)	(96.4%)
Dry bulk business	(7,296)	(63.9%)	(6,868)	(91.8%)
Other businesses	(379)	(3.3%)	(351)	(4.6%)
Gross Profit	3,743	32.8%	266	3.6%
Other income and gains (excluding bank interest income and investment income)	95	0.9%	106	1.4%
Administrative expenses	(82)	(0.7%)	(122)	(1.6%)
Other expenses and losses	(3)	(0.1%)	–	–%
Share of profit and losses of: Joint ventures	(133)	(1.2%)	93	1.2%
Segment results	3,620	31.7%	343	4.6%

Management Discussion and Analysis

Revenue

The revenue of the Group's dry bulk and others business increased by approximately 52.0% from approximately US\$7.5 million for the six months ended 30 June 2017 to approximately US\$11.4 million for the corresponding period in 2018. This increase was mainly attributable to the following:

- *Dry bulk business.* Revenue of the Group's dry bulk business increased by approximately 57.4% from approximately US\$6.8 million for the six months ended 30 June 2017 to approximately US\$10.7 million for the corresponding period in 2018. This primarily reflected the increase in average daily charter hire of dry bulk vessels.
- *Other businesses.* Revenue of the Group's other businesses was approximately US\$0.8 million and US\$0.6 million for the six months ended 30 June 2018 and 2017, respectively. There was no material change in the amount.

Cost of Sales

The cost of sales of the Group's dry bulk and others business was approximately US\$7.7 million and US\$7.2 million for the six months ended 30 June 2018 and 2017 respectively, of which:

- *Dry bulk business.* Cost of sales of dry bulk business was approximately US\$7.3 million and US\$6.9 million for the six months ended 30 June 2018 and 2017 respectively. There was no material change in the amount.
- *Other businesses.* Cost of sales of the Group's other businesses was approximately US\$0.4 million for both the six months ended 30 June 2018 and 2017. There was no change in the amount.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the gross profit of the Group's dry bulk and others business increased by approximately US\$3.4 million from approximately US\$0.3 million for the six months ended 30 June 2017 to approximately US\$3.7 million for the corresponding period in year 2018. The gross profit margin of the Group's dry bulk and others business increased from approximately 3.6% for the six months ended 30 June 2017 to approximately 32.8% for the corresponding period in 2018.

Management Discussion and Analysis

Other Income and Gains (excluding bank interest income and other investment income)

Other income and gains (excluding bank interest income and other investment income) of the Group's dry bulk and others business was approximately US\$0.1 million for both the six months ended 30 June 2017 and 2018. There was no change in the amount.

Administrative Expenses

Administrative expenses of the Group's dry bulk and others business was approximately US\$0.1 million for both the six months ended 30 June 2018 and 2017. There was no change in the amount.

Share of Profits and Losses of Joint Ventures

The Group's dry bulk and others business's share of profits of joint ventures translated from a profit of approximately US\$0.1 million for the six months ended 30 June 2017 to a loss of approximately US\$0.1 million for the corresponding period in 2018, which was mainly due to the operating loss of a joint controlled air-freight forwarding enterprise.

Segment Results

As a result of the foregoing, the segment results of the Group's dry bulk and others business increased by approximately US\$3.3 million from approximately US\$0.3 million for the six months ended 30 June 2017 to approximately US\$3.6 million for the corresponding period in 2018.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Total assets of the Group decreased by approximately 5.9% from approximately US\$1,608.4 million as at 31 December 2017 to approximately US\$1,512.9 million as at 30 June 2018. As at 30 June 2018, the Group had cash and cash equivalents amounting to approximately US\$397.6 million, mainly denominated in US dollar, Renminbi, Japanese Yen and other currencies.

Management Discussion and Analysis

Total liabilities of the Group decreased by approximately 18.2% from approximately US\$636.9 million as at 31 December 2017 to approximately US\$520.9 million as at 30 June 2018. At 30 June 2018, the Group had secured interest-bearing bank loans of approximately US\$328.6 million. The maturity profile is spread over a period, with approximately US\$55.1 million repayable within one year or on demand, approximately US\$51.6 million within the second year, approximately US\$135.1 million within third to fifth years and approximately US\$86.8 million beyond five years.

Further, the Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. As at 30 June 2018, the Group hedged approximately 21.6% (31 December 2017: 23.0%) of its foreign currency sales for which firm commitments existed at the end of the reporting period.

As at 30 June 2018, the Group had current ratio (being the current assets divided by the current liabilities) of approximately 2.1 compared to that of 1.8 as at 31 December 2017. 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 11% and 9% as at 30 June 2018 and 31 December 2017, respectively.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group had no significant contingent liabilities.

CHARGE ON ASSETS

As at 30 June 2018, the Group's bank loans were secured by mortgages over the Group's container vessels and dry-bulk vessels which had an aggregate carrying value at the end of the reporting period of approximately US\$577.6 million (31 December 2017: US\$605.7 million).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2018, the Group had an aggregate of 1,388 full-time employees (30 June 2017: 1,188). The related employees' costs for the period (including directors' emoluments) amounted to approximately US\$43.7 million (30 June 2017: US\$41.1 million). The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees (including the directors) with reference to corporate performance, individual performance and current market salary scale. Further, the Group has in place a pre-IPO share option scheme, post-IPO share option scheme and adopted a share award scheme on 13 September 2017. Further information of those share option schemes and the share award scheme will be available in the interim report of the Company.

SIGNIFICANT INVESTMENTS

During the six months ended 30 June 2018, the Group exercised two options for construction of two container vessels and entered into shipbuilding contracts to construct of two container vessels. For further details, please refer to the announcement of the Company dated 26 January 2018 and 26 June 2018.

Save as otherwise, the Group did not have any other material investments during the six months ended 30 June 2018.

MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2018, the Group did not have any material acquisitions and disposals of its subsidiaries and associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company will continue to purchase container vessels and/or containers and invest in land-based logistic projects, as and when appropriate. The Company expected 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.

Other Information

INTERIM DIVIDEND

At the meeting of the board of directors of the Company (the **“Board”**) held on 17 August 2018 (Friday), the Board has resolved to declare an interim dividend of HK15 cents (equivalent to US1.91 cents) per share for the six months ended 30 June 2018 (six months ended 30 June 2017: HK10 cents) to shareholders whose name appear on the register of members of the Company at the close of business on 31 August 2018. The dividend is expected to be paid on 14 September 2018 (Friday).

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

POST-IPO SHARE OPTION SCHEME

On 10 September 2010, the Company adopted a Post-IPO share option scheme (the **“Post-IPO Share Option Scheme”**) whereby the Board can grant options for the subscription of the shares of the Company (the **“Shares”**) to the employees, managerial staff and senior employees and those other persons that the Board considers that they will contribute or have contributed to the Group (the **“Participants”**) as described in the Post-IPO Share Option Scheme in order to serve as compliment and to reciprocate their contribution to the Group. The maximum number of shares that can be issued according to the Post-IPO Share Option Scheme was 260,000,000 shares which is equivalent to 10% of the issued capital of the Company after completion of the Global Offering (as defined in the prospectus of the Company dated 20 September 2010 (the **“Prospectus”**)). The number of options that may be granted pursuant to the terms of the Post-IPO Share Option Scheme shall not exceed 10% of the issued shares immediately after the completion of the Global Offering. Unless otherwise approved by the shareholders of the Company in general meeting, the number of shares that may be granted to the Participants under the options shall not exceed 1% within any 12-month period (other than those granted to the substantial shareholders (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **“Listing Rules”**))), or the total number of shares that may be granted under the options to the independent non-executive Directors or any of their respective connected persons shall not exceed 0.1% of the shares in issue of the Company 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 of Hong

Other Information

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

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

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 2018:

Grantee and position	Date of grant of options	Options outstanding as at 1 January 2018	Number of options of granted during the period	Number of options exercised/ cancelled/lapsed during the period	Number of options not yet exercised on 30 June 2018	Approximate percentage of shareholding upon the exercise of the options
Executive Director						
XUE Peng	25 October 2011	300,000	-	-	300,000	
	10 March 2015	400,000	-	-	400,000	0.03%
LAI Zhiyong	25 October 2011	100,000	-	100,000	-	
	10 March 2015	600,000	-	300,000	300,000	0.01%
XUE Mingyuan	25 October 2011	500,000	-	-	500,000	
	10 March 2015	600,000	-	-	600,000	0.04%
Independent non-executive Director						
LO Wing Yan, William	10 March 2015	400,000	-	300,000	100,000	0.01%
Other Employees						
Other employees	25 October 2011	1,439,000	-	150,000	1,289,000	
	10 March 2015	4,511,000	-	289,000	4,222,000	0.21%
Total		8,850,000	-	1,139,000	7,711,000	0.29%

As at 30 June 2018, the Company had 7,711,000 share options outstanding under the Post-IPO Share Option Scheme, which represented approximately 0.29% of the Shares of the Company in issue as at 30 June 2018.

PRE-IPO SHARE OPTION SCHEME

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

- (a) The exercise price per share shall be a price equivalent to a 20% discount to the Offer Price of the Shares under the Global Offering, that means HK\$3.824 per share;
- (b) The total number of shares involved in the Pre-IPO Share Option Scheme was 79,160,000 shares, which is equivalent to approximately 3.0% of the Shares in issue of the Company after completion of the Global Offering; and
- (c) the eligible participants under the Pre-IPO Share Option Scheme are the full-time employees, executives or officers (including executive, non-executive and independent non- executive Directors) of the Company or the full-time employees of any of the subsidiaries of the level of manager or above and other full-time employees of the Company or any of the subsidiaries who have been in employment with the Company for over one year prior to the date of the adoption of the Pre-IPO Share Option Scheme or any other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of the subsidiaries;
- (d) the conditions which the Board may in its absolute discretion to consider (including, without limitation, any minimum period for which an Option must be held before it can be exercised and/or any performance targets which must be achieved before an Option can be exercised) as it may think fit; and
- (e) save for the options which have been granted under the Pre-IPO Share Option Scheme, no further options will be offered or granted under the Pre-IPO Share Option Scheme, as the right to do so will terminate upon the listing of the Shares on the Stock Exchange.

Other Information

The followings are details of the options granted pursuant to the Pre-IPO Share Option Scheme but not yet exercised for the six months ended 30 June 2018:

Grantee and position	Date of grant of options	Number of options granted and outstanding as at 1 January 2018	Number of options exercised/ cancelled/lapsed during the period	Number of options not yet exercised on 30 June 2018	Approximate percentage of shareholding upon the exercise of the options
LAI Zhiyong (<i>Executive Director</i>)	10 September 2010	200,000	200,000	-	-
Other employees	10 September 2010	14,736,000	4,697,000	10,039,000	0.38%
Total		14,936,000	4,897,000	10,039,000	0.38%

As at 30 June 2018, the Company had 10,039,000 share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 0.38% of the Shares of the Company in issue as at 30 June 2018.

The grantees to whom an option has been granted under the Pre-IPO Share Option Scheme will be entitled to exercise his/her option in the following manner:

- (a) up to 25% of the Shares that are subject to the Option so granted to him/her (rounded down to the nearest whole number) at any time during the period commencing from the first anniversary of 6 October 2010 (the "**Listing Date**") and ending on the second anniversary of the Listing Date;
- (b) up to 25% of the Shares that are subject to the Option so granted to him/her (rounded down to the nearest whole number) at any time during the period commencing from the second anniversary of the Listing Date and ending on the third anniversary of the Listing Date;

Other Information

- (c) up to 25% of the Shares that are subject to the Option so granted to him/her (rounded down to the nearest whole number) at any time during the period commencing from the third anniversary of the Listing Date and ending on the fourth anniversary of the Listing Date; and
- (d) such number of Shares that are subject to the Option so granted to him/her less the number of Shares in respect of which the Options has been exercised at any time during the period commencing from the fourth anniversary of the Listing Date and ending on the expiry of the option period.

The options granted under the Pre-IPO share option scheme are not transferable and options not exercised within the exercise period above will lapse and cease to be of further effect.

Upon acceptance of the Options, the grantee shall pay HK\$1.00 to the Company as consideration for each grant of the Option. The Options granted under the Pre-IPO Share Option Scheme are not transferable and options not exercised within the exercise period above will lapse and cease to be of further effect.

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

SHARE AWARD SCHEME

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

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

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

Other Information

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

Details of the rules of the Share Award Scheme are set out in the announcement of the Company dated 13 September 2017.

On 22 December 2017, the Board resolved to grant an aggregate of 3,890,033 Awarded Shares to 518 Selected Participants pursuant to the rules under the Scheme Rules. Please refer to the announcement of the Company dated 22 December 2017 for details of the grant.

A summary of the Awarded Shares granted to Selected Participants are set forth below:

Name of Awardees	No. of Awarded Shares granted		Total	Vesting Date	Vesting conditions
	on	Sub-total			
Yang Xianxiang	22 December 2017	106,223		The third anniversary of the date of grant, i.e. 22 December 2020 or an earlier date as approved by the Board.	Subject to the terms of the Scheme Rules and the fulfillment of such additional performance requirements as specified by the Board.
	29 March 2018	180,381	286,604	The third anniversary of the date of grant (i.e. 29 March 2021) or such earlier date as otherwise approved by the Board.	
Liu Kecheng	22 December 2017	106,223		The third anniversary of the date of grant, i.e. 22 December 2020 or an earlier date as approved by the Board.	

Other Information

Name of Awardees	No. of Awarded Shares granted on	Sub-total	Total	Vesting Date	Vesting conditions
	29 March 2018	180,381	286,604		The third anniversary of the date of grant (i.e. 29 March 2021) or such earlier date as otherwise approved by the Board.
Xue Peng	22 December 2017	70,815			The third anniversary of the date of grant, i.e. 22 December 2020 or an earlier date as approved by the Board.
	29 March 2018	127,328	198,143		The third anniversary of the date of grant (i.e. 29 March 2021) or such earlier date as otherwise approved by the Board.
Xue Mingyuan	22 December 2017	177,039			The third anniversary of the date of grant, i.e. 22 December 2020 or an earlier date as approved by the Board.
	29 March 2018	291,794	468,833		The third anniversary of the date of grant (i.e. 29 March 2021) or such earlier date as otherwise approved by the Board.
Lai Zhiyong	22 December 2017	53,111			The third anniversary of the date of grant, i.e. 22 December 2020 or an earlier date as approved by the Board.

Other Information

Name of Awardees	No. of Awarded Shares granted on	Sub-total	Total	Vesting Date	Vesting conditions
	29 March 2018	84,885	137,996		The third anniversary of the date of grant (i.e. 29 March 2021) or such earlier date as otherwise approved by the Board.
Tsui Yung Kwok	22 December 2017	10,622			The third anniversary of the date of grant, i.e. 22 December 2020 or an earlier date as approved by the Board.
	29 March 2018	18,568	29,190		The third anniversary of the date of grant (i.e. 29 March 2021) or such earlier date as otherwise approved by the Board.
Yeung Kwok On	22 December 2017	10,622			The third anniversary of the date of grant, i.e. 22 December 2020 or an earlier date as approved by the Board.
	29 March 2018	18,568	29,190		The third anniversary of the date of grant (i.e. 29 March 2021) or such earlier date as otherwise approved by the Board.
Lo Wing Yan	22 December 2017	10,622			The third anniversary of the date of grant, i.e. 22 December 2020 or an earlier date as approved by the Board.

Other Information

Name of Awardees	No. of Awarded Shares granted on	Sub-total	Total	Vesting Date	Vesting conditions
	29 March 2018	18,568	29,190		The third anniversary of the date of grant (i.e. 29 March 2021) or such earlier date as otherwise approved by the Board.
Ngai Wai Fung	22 December 2017	10,622			The third anniversary of the date of grant, i.e. 22 December 2020 or an earlier date as approved by the Board.
	29 March 2018	18,568	29,190		The third anniversary of the date of grant (i.e. 29 March 2021) or such earlier date as otherwise approved by the Board.
Other employees	22 December 2017	3,334,134			The third anniversary of the date of grant, i.e. 22 December 2020 or an earlier date as approved by the Board.
	29 March 2018	5,631,319	8,965,453		The third anniversary of the date of grant (i.e. 29 March 2021) or such earlier date as otherwise approved by the Board.
Total		<u>10,460,393</u>			

Note: The grant on 29 March 2018 to directors was approved by shareholders on 14 May 2018.

Other Information

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

As at 30 June 2018, the interest or short position of the Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) are as follows:

(i) Interest in the Company

Name of Director	Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage of Shareholding
YANG Shaopeng ⁽²⁾	Beneficiary of the Pengli Trust	1,375,390,231 (L)	51.59%
	Beneficial Owner	10,619,000 (L)	0.40%
YANG Xianxiang	Beneficial Owner	8,506,604 (L)	0.32%
LIU Kecheng	Beneficial Owner	1,286,604 (L)	0.05%
XUE Peng ⁽³⁾	Settlor of the Xue Trust	12,866,176 (L)	0.48%
	Beneficial Owner	1,698,143 (L)	0.06%
LAI Zhiyong ⁽⁴⁾	Beneficiary of the Go Thrive Trust	3,037,847 (L)	0.11%
	Beneficial Owner	1,222,996 (L)	0.05%
XUE Mingyuan ⁽⁴⁾	Beneficiary of the Go Thrive Trust	1,906,100 (L)	0.07%
	Beneficial Owner	2,368,833 (L)	0.09%
TSUI Yung Kwok	Beneficial Owner	829,190 (L)	0.03%
YEUNG Kwok On	Beneficial Owner	730,190 (L)	0.03%
LO Wing Yan, William	Beneficial Owner	129,190 (L)	0.01%
NGAI Wai Fung	Beneficial Owner	829,190 (L)	0.03%

Other Information

Notes:

- (1) The letters “L” denotes the person’s long position in the Shares.
 - (2) 1,375,390,231 Shares are held by Resourceful Link. The issued share capital of Resourceful Link is owned as to 79.82% by Better Master. Better Master is owned as to 100% by UBS Nominees Limited. UBS Trustees (B.V.I.) Limited, as the trustee, holds such interests for the beneficiaries of the Pengli Trust, namely Mr. YANG Shaopeng and his family. The Pengli Trust is a revocable discretionary trust established under the laws and regulations of the British Virgin Islands. Mr. YANG Shaopeng is the settlor and a beneficiary of the Pengli Trust.
 - (3) 12,866,176 Shares were held by Watercrests Profits Limited, which was owned as to 52.8% by Add Investments Company Limited, which was owned as to 100% by JTC Trustees (BVI) Limited as the trustee of the Xue Trust holding such interests for the beneficiary of the Xue Trust, namely Ms. Jiao Lei, the spouse of Mr. XUE Peng. Mr. XUE Peng is the settlor.
 - (4) 3,037,847 Shares and 1,906,100 Shares are held by Go Thrive Limited, which is 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	Share Option Scheme	Number of Shares in the Company subject to options under the Pre-IPO	Number of Shares in the Company subject to options under the Post-IPO	Approximate percentage
					of shareholding attributable to the options under the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme ^(Note)
XUE Peng	Beneficial owner	-	-	700,000	0.06%
LAI Zhiyong	Beneficial owner	-	-	300,000	0.03%
XUE Mingyuan	Beneficial owner	-	-	1,100,000	0.07%
LO Wing Yan, William	Beneficial owner	-	-	100,000	0.01%

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

Other Information

(iii) Interest in associated corporations

Name of Director	Name of associated corporation	Number of shares	Percentage of Shareholding
YANG Shaopeng ⁽¹⁾	Resourceful Link	55,290	79.82%
YANG Xianxiang ⁽²⁾	Resourceful Link	11,776	17.00%
LIU Kecheng ⁽³⁾	Resourceful Link	2,205	3.18%

Notes:

- (1) Resourceful Link is interested in approximately 51.59% of the issued share capital of the Company. Resourceful Link is owned as to 79.82% by Better Master, which is owned as to 100% by UBS Nominees Limited. UBS Trustees (B.V.I.) Limited, as the trustee, holds such interests for the beneficiaries of the Pengli Trust, namely Mr. YANG Shaopeng and his family. The Pengli Trust is a revocable discretionary trust established under the laws and regulations of the British Virgin Islands. Mr. YANG Shaopeng is the settlor and a beneficiary of the Pengli Trust.
- (2) Resourceful Link is interested in approximately 51.59% of the issued share capital of the Company. Jixiang Limited is interested in 17.00% of the issued share capital of Resourceful Link. Jixiang Limited is in turn owned as to 100% by UBS Nominees Limited. UBS Trustees (B.V.I.) Limited, as the trustee, holds such interests for the beneficiaries of the Jixiang Trust, namely Mr. YANG Xianxiang and his family. The Jixiang Trust is a revocable discretionary trust established under the laws and regulations of the British Virgin Islands. Mr. YANG Xianxiang is the settlor and a beneficiary of the Jixiang Trust. YANG Xianxiang is the settlor and a beneficiary of the Jixiang Trust.
- (3) Resourceful Link is interested in approximately 51.59% of the issued share capital of the Company. Yicheng Investments Limited is interested in 3.18% of the issued share capital of Resourceful Link. Yicheng Group Limited is in turn owned as to 100% by UBS Nominees Limited. UBS Trustees (B.V.I.) Limited, as the trustee, holds such interests for the beneficiaries of the Yicheng Trust, namely Mr. LIU Kecheng and his family. The Yicheng Trust is a revocable discretionary trust established under the laws and regulations of the British Virgin Islands. Mr. LIU Kecheng is the settlor and a beneficiary of the Yicheng Trust.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

So far as is known to any Director, as at 30 June 2018, the following persons (other than the Directors and chief executives of the Company) had or deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

Name	Capacity	Number of Shares ⁽¹⁾	Percentage of Shareholding
LIU Rongli ⁽²⁾	Beneficiary of the Pengli Trust	1,375,390,231 (L)	51.59%
	Beneficial owner	10,619,000 (L)	0.40%
Resourceful Link ⁽³⁾	Beneficial owner	1,375,390,231 (L)	51.59%
Better Master ⁽³⁾	Interest in controlled corporation	1,375,390,231 (L)	51.59%
UBS Trustees (B.V.I.) Limited ⁽³⁾	Trustee	1,375,390,231 (L)	51.59%

Notes:

- (1) The letters "L" denotes the person's long position in the Shares.
- (2) Ms. LIU Rongli is the spouse of Mr. YANG Shaopeng and is also deemed to be interested in all the shares of the Company held by Mr. YANG Shaopeng by virtue of the SFO.
- (3) Resourceful Link is owned as to 79.82%, 17.00% and 3.18% by Better Master, Jixiang Limited and Yicheng Group Limited. Better Master is owned as to 100% by UBS Nominees Limited. UBS Trustees (B.V.I.) Limited, as the trustee, holds such interests for the beneficiaries of the Pengli Trust. Jixiang Limited is owned as to 100% by UBS Nominees Limited. UBS Trustees (B.V.I.) Limited as the trustee, holds such interests for the beneficiaries of the Jixiang Trust. Yicheng Group Limited is owned as to 100% by UBS Nominees Limited. UBS Trustees (B.V.I.) Limited, as the trustee, holds such interests for the beneficiaries of the Yicheng Trust. Each of the Pengli Trust, the Jixiang Trust and the Yicheng Trust is a revocable discretionary trust established under the laws and regulations of the British Virgin Islands by certain of the Directors to hold their family interests in the Company.

Other Information

CORPORATE GOVERNANCE

The Company is committed to maintain a 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 2018, the Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted 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 for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code and all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2018.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2018.

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 2018.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has an audit and risk management committee (the "**Audit and Risk Management Committee**") which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls as well as internal audit. The members currently are Dr. LO Wing Yan, William and Dr. NGAI Wai Fung and Mr. TSUI Yung Kwok, being the Chairman of the Audit and Risk Management Committee. The Audit and Risk Management Committee and the Company's management have reviewed the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters including review of the unaudited interim results of the Group for the six months ended 30 June 2018.

Other Information

The condensed consolidated interim financial information has not been audited, but has been reviewed by the Company's Audit and Risk Management Committee.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2018 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available for review on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sitc.com>) in due course.

For and on behalf of the Board of Directors

YANG Shaopeng

Chairman

17 August 2018

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June	
		2018 US\$'000 (Unaudited)	2017 US\$'000 (Unaudited)
REVENUE	2	692,754	645,553
Cost of sales		(574,676)	(531,838)
Gross profit		118,078	113,715
Other income and gains, net	4	15,406	8,524
Administrative expenses		(36,854)	(33,701)
Other expenses and losses		(898)	(279)
Finance costs	6	(4,937)	(4,176)
Share of profits and losses of:			
Joint ventures		5,025	5,079
Associates		178	352
PROFIT BEFORE TAX	5	95,998	89,514
Income tax	7	(4,183)	(3,680)
PROFIT FOR THE PERIOD		91,815	85,834

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018 US\$'000 (Unaudited)	2017 US\$'000 (Unaudited)
OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX		
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	(3,263)	(8,672)
Reclassification adjustments for losses included in consolidated profit or loss	876	270
	(2,387)	(8,402)
Changes in financial assets at fair value through other comprehensive income (recycling)	(2,115)	154
Exchange differences on translation of foreign operations	(3,213)	2,148
Share of other comprehensive income of joint ventures	650	657
Share of other comprehensive income of associates	167	280
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(6,898)	(5,163)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018 US\$'000 (Unaudited)	2017 US\$'000 (Unaudited)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX	(6,898)	(5,163)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	84,917	80,671
Profit for the period attributable to:		
Shareholders of the Company	91,010	85,078
Non-controlling interests	805	756
	91,815	85,834
Total comprehensive income for the period attributable to:		
Shareholders of the Company	84,280	79,702
Non-controlling interests	637	969
	84,917	80,671

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

		For the six months ended 30 June	
	Note	2018 US\$'000 (Unaudited)	2017 US\$'000 (Unaudited)
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
	9		
Basic (US cents per share)		3.43	3.24
Diluted (US cents per share)		3.42	3.23

Condensed Consolidated Statement of Financial Position

30 June 2018

	Notes	30 June 2018 US\$'000 (Unaudited)	31 December 2017 US\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	876,113	891,787
Prepaid land lease payments		18,115	18,656
Advance payments for acquisition of vessels and trademarks		38,384	13,172
Goodwill		1,070	1,088
Investments in joint ventures		36,897	32,743
Investments in associates		9,811	9,800
Non-current financial assets	11	22,368	26,983
Total non-current assets		1,002,758	994,229
CURRENT ASSETS			
Bunkers		21,943	17,723
Trade receivables	12	63,489	64,065
Prepayments, deposits and other receivables		18,626	13,513
Due from related companies		1,214	1,126
Other current financial assets	11	7,302	12,023
Cash and bank balances		397,578	505,684
Total current assets		510,152	614,134

Condensed Consolidated Statement of Financial Position

30 June 2018

	Notes	30 June 2018 US\$'000 (Unaudited)	31 December 2017 US\$'000 (Audited)
CURRENT LIABILITIES			
Trade payables	13	140,600	131,812
Other payables and accruals	14	50,435	53,555
Due to related companies		365	164
Bank borrowings		55,145	117,407
Dividend payables		1	33,964
Other current financial liabilities	11	–	709
Income tax payables		950	1,298
Total current liabilities		247,496	338,909
NET CURRENT ASSETS		262,656	275,225
TOTAL ASSETS LESS CURRENT LIABILITIES		1,265,414	1,269,454
NON-CURRENT LIABILITIES			
Bank borrowings		273,434	298,016
Net assets		991,980	971,438

Condensed Consolidated Statement of Financial Position

30 June 2018

	Note	30 June 2018 US\$'000 (Unaudited)	31 December 2017 US\$'000 (Audited)
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	15	34,368	34,213
Reserves		949,427	929,305
		983,795	963,518
Non-controlling interests		8,185	7,920
Total equity		991,980	971,438

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

Six months ended 30 June 2017

	Attributable to shareholders of the Company											Total equity (Unaudited) US\$'000		
	Issued capital (Unaudited) US\$'000	Share premium account (Unaudited) US\$'000	Capital redemption reserve (Unaudited) US\$'000	Mergers reserve (Unaudited) US\$'000	PRC reserve funds (Unaudited) US\$'000	Capital reserve (Unaudited) US\$'000	State-based compensation reserve (Unaudited) US\$'000	Hedging reserve (Unaudited) US\$'000	Investment revaluation reserve (Unaudited) US\$'000	Exchange fluctuation reserve (Unaudited) US\$'000	Retained profits (Unaudited) US\$'000		Total (Unaudited) US\$'000	Non-controlling interests (Unaudited) US\$'000
At 1 January 2017	33,713	392,787	202	(7,382)	4,543	(463)	63,998	2,788	275	(5,144)	491,266	879,997	7,245	887,240
Profit for the period	-	-	-	-	-	-	-	-	-	-	86,078	86,078	756	86,834
Other comprehensive income/loss for the period:														
Changes in fair value of available-for-sale investments, net of income tax	-	-	-	-	-	-	-	154	-	-	-	154	-	154
Cash flow hedges, net of income tax	-	-	-	-	-	-	(8,402)	-	-	-	-	(8,402)	-	(8,402)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	1,935	-	1,935	213	2,148
Share of other comprehensive income of joint ventures	-	-	-	-	-	-	-	-	-	667	-	667	-	667
Associates	-	-	-	-	-	-	-	-	-	280	-	280	-	280
Total comprehensive income/loss for the period	-	-	-	-	-	-	(8,402)	154	2,872	86,078	79,702	80,671	969	80,671
Acquisition of non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	97	97
Issue of shares upon exercise of share options under pre-PO share option scheme (note 15)	229	8,935	-	-	-	-	(484)	-	-	-	-	8,700	-	8,700
Issue of shares upon exercise of share options under post-PO share option scheme (note 15)	87	4,336	-	-	-	(1,016)	-	-	-	-	-	3,407	-	3,407
Transfer to share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	(18)	-	-	-	-	18	-	-	-
Share option expense	-	-	-	-	-	105	-	-	-	-	(262)	105	-	105
Transfer to PRC reserve funds	-	-	-	-	262	-	-	-	-	-	-	-	-	-
Dividends paid to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1,239)	(1,239)
Final 2016 dividend paid	-	-	-	-	-	-	-	-	-	-	(54,171)	(54,171)	-	(54,171)
At 30 June 2017	34,029	376,088	202	(7,382)	4,805	(463)	63,775	(5,614)	429	(2,268)	510,949	917,740	7,000	924,750

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

Six months ended 30 June 2018

	Attributable to shareholders of the Company											Total equity US\$'000				
	Share premium account US\$'000	Share capital account US\$'000	Share award scheme account US\$'000	Capital redemption reserve US\$'000	Merger reserve US\$'000	Reserve funds US\$'000	Capital reserve US\$'000	Share-based compensation reserve US\$'000	Hedging reserve US\$'000	Financial assets revaluation reserve (reserving) US\$'000	Financial assets revaluation reserve (non- reserving) US\$'000		Exchange fluctuation reserve US\$'000	Retained profits US\$'000	Total US\$'000	Non- controlling interests US\$'000
At 1 January 2018	34213	383,313	(4,659)	202	(7,352)	4,779	(463)	6,365	(4,332)	1,601	(152)	2,165	546,446	963,316	7,920	971,438
Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 1 January 2018	34213	383,313*	(4,659)*	202*	(7,352)*	4,779*	(463)*	6,365*	(4,332)*	1,449*	(152)*	2,165*	546,498*	963,316	7,920	971,438
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	9,170	9,170	805	9,975
Other comprehensive income/(loss) for the period:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of financial assets at fair value through other comprehensive income (reserving)	-	-	-	-	-	-	-	-	(2,387)	(2,115)	-	-	-	(2,115)	-	(2,115)
Cash flow hedges: net of income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation	-	-	-	-	-	-	-	-	-	-	-	(3,045)	-	(3,045)	(168)	(2,143)
Share of other comprehensive income of joint ventures	-	-	-	-	-	-	-	-	-	-	-	650	-	650	-	650
Associates	-	-	-	-	-	-	-	-	-	-	-	167	-	167	-	167
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	(2,387)	(2,115)	-	(2,228)	9,170	84,280	637	84,917
Acquisition of a subsidiary (note 16)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	813
Acquisition of additional interest in a joint venture (note 17)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	161
Injection of capital to a subsidiary by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	195
Issue of shares by shares held under share award scheme	84	6,329	(6,613)	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of shares upon exercise of share options under pre-FCO share option scheme (note 15)	57	2,223	-	-	-	-	(116)	-	-	-	-	-	2,164	-	-	2,164
Issue of shares upon exercise of share options under post-FCO share option scheme (note 15)	14	700	-	-	-	-	(172)	-	-	-	-	-	572	-	-	572
Transfer of share option reserve upon forfeiture or expiry of share options	-	-	-	-	-	-	(11)	-	-	-	-	-	11	-	-	-
Share award expense	-	-	-	-	-	-	1,137	-	-	-	-	-	-	1,137	-	1,137
Transfers to reserve funds	-	-	-	-	-	215	-	-	-	-	-	-	(215)	-	-	-
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(67,276)	(67,276)	-	(67,276)
At 30 June 2018	34,388	382,965*	(10,272)*	202*	(7,352)*	4,994*	(463)*	7,203*	(6,719)*	(666)*	(152)*	631*	563,428*	933,795	8,185	941,980

* These reserve accounts comprise the consolidated reserves of US\$949,427,000 (unaudited) (31 December 2017: US\$929,305,000) in the condensed consolidated statement of financial position as at 30 June 2018.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

		For the six months ended 30 June	
		2018 US\$'000 (Unaudited)	2017 US\$'000 (Unaudited)
Notes			
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash generated from operations	110,339	104,459
	Interest income received	6,437	2,916
	Interest paid	(5,047)	(3,943)
	Hong Kong profits tax paid	(94)	(22)
	Overseas tax paid	(4,457)	(3,381)
	Net cash flows from operating activities	107,178	100,029
CASH FLOWS FROM INVESTING ACTIVITIES			
	Contribution of capital to a non-wholly owned subsidiary	195	–
	Purchases of items of property, plant and equipment	(13,734)	(3,801)
	Proceeds from disposal of items of property, plant and equipment	2,447	1,021
	Advance payments for acquisition of vessels	(25,212)	(825)
	Investment in a joint venture	(779)	–
	Proceeds from disposal of financial assets at fair value through profit or loss	4,095	6,570
	Proceeds from disposal of financial assets at fair value through other comprehensive income	5,026	3,103
	Net cash flows from acquisition of a subsidiary	1,244	–
	Net cash flows from acquisition of additional interest in a joint venture	455	–
	Purchase of listed debt investments	–	(7,627)
	Increase in non-pledged time deposits with original maturity of over three months but less than one year when acquired	(30,992)	(128,957)
	Dividends received from joint ventures	1,144	2,281
	Other cash flows from investing activities, net	505	1,113
	Net cash flows used in investing activities	(55,606)	(127,122)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018 US\$'000 (Unaudited)	2017 US\$'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares pursuant to exercise of share options	2,736	12,107
New bank borrowings	–	58,769
Repayment of bank borrowings	(91,749)	(60,850)
Dividends paid	(101,839)	(54,171)
Dividends paid to non-controlling equity holders of subsidiaries	(1,541)	(2,501)
Net cash flows used in financing activities	(192,393)	(46,646)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(140,821)	(73,739)
Cash and cash equivalents at beginning of period	293,654	157,235
Effect of foreign exchange rate changes, net	1,722	739
CASH AND CASH EQUIVALENTS AT END OF PERIOD	154,555	84,235
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances other than time deposits	68,829	50,296
Non-pledged time deposits with original maturity of less than three months when acquired	85,726	33,939
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	154,555	84,235
Non-pledged time deposits with original maturity of over three months when acquired	243,023	324,679
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	397,578	408,914

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

1.1 CORPORATE INFORMATION

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

The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the provision of marine, transportation services, freight forwarding services for marine transportation, depot and warehouse services and related business.

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 Investments Limited, which is incorporated in the BVI.

1.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

This condensed consolidated interim financial information has not been audited but has been reviewed by the Audit and Risk Management Committee of the Company. It does not include all the information and disclosures required in the annual financial information, and should be read in conjunction with the Group’s financial information for the year ended 31 December 2017.

1.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Changes in accounting policies and disclosures

In the accounting period from 1 January 2018, the Group has adopted, for the first time, the following the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that affect the Group and are adopted for the first time for the current period’s financial information:

HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
HK (IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>

Other than as explained below regarding the impact of HKFRS 9, HKFRS 15 and Amendments to HKFRS 15, the adoption of the above new and revised standards has had no significant financial effect on the interim financial information.

The nature and the impact of the changes are described below:

HKFRS 9 Financial Instruments

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The impacts relating to the classification and measurement and the impairment requirements are summarised as follows:

1.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Changes in accounting policies and disclosures (continued)

HKFRS 9 Financial Instruments (continued)

(i) *Classification and measurement*

Under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss or amortised cost. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "**SPPI criterion**").

The new classification and measurement of the Group's financial assets are as follows:

- Debt instruments at amortised cost that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.
- Financial assets at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition. Financial assets in this category are the Group's quoted debt instruments that meet the SPPI criterion and are held within a business model both to collect cash flows and to sell. Under HKAS 39, the Group's quoted debt instruments were classified as available-for-sale ("**AFS**") financial assets.
- Financial assets at fair value through profit or loss include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

1.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Changes in accounting policies and disclosures (continued)

HKFRS 9 Financial Instruments (continued)

(i) *Classification and measurement* (continued)

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39. Similar to the requirements of HKAS 39, HKFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in profit or loss.

Under HKFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed from that required by HKAS 39.

The adoption of HKFRS 9 has had no significant impact on the Group's interim financial information on classification and measurement of its financial assets.

(ii) *Impairment*

HKFRS 9 requires an impairment on trades receivables, contract assets, other receivables and amounts due from joint ventures and associates that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group applied the simplified approach and recorded lifetime expected losses on its trade receivables and contract assets. The Group applied general approach and recorded twelve-month expected losses on its other receivables and amounts due from joint ventures and associates. The adoption of HKFRS 9 has had no significant impact on the impairment of the financial assets of the Group.

1.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Changes in accounting policies and disclosures (continued)

HKFRS 15 Revenue from Contracts with Customers

The Group's principal activities which are in the scope of HKFRS 15 consist of the provision of container shipping services, freight forwarding services, shipping agency services, and depot and warehousing services, etc. After assessment, the accounting policy adopted under HKAS 18 for recognition of container shipping revenue based on the percentage of completion is an appropriate method under HKFRS 15. In respect of other services, given the short period of time to complete the services, the Group continues to recognise revenue from other services when the services have been rendered upon the adoption of HKFRS 15. Accordingly, there is no significant impact on the Group's financial position and financial performance upon the adoption of HKFRS 15. The Group assessed that the application of HKFRS 15 resulted in more disclosures in the current period's financial information.

1.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a potential impact on its results of operations and financial position.

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

2. REVENUE

Revenue represents the net value of services rendered, and net chartering income received and receivables from dry bulk vessels during the period.

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Six months ended 30 June 2018

	Container shipping and logistics US\$'000 (Unaudited)	Dry bulk and others US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Type of services			
Container shipping and supporting logistics income	624,081	–	624,081
Other container logistics income [#]	57,255	–	57,255
Total revenue from contracts with customers	681,336	–	681,336
Dry bulk vessel chartering service and other businesses	–	11,418	11,418
Total revenue	681,336	11,418	692,754
Geographical markets based on locations of customers			
Greater China [*]	283,934	–	286,414
Japan	170,967	–	170,967
Southeast Asia	140,237	–	140,237
Others	86,198	–	86,198
Total revenue from contracts with customers	681,336	–	681,336
Dry bulk vessel chartering service and other businesses	–	11,418	11,418
	681,336	11,418	692,754

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

2. REVENUE (continued)

Six months ended 30 June 2018 (continued)

	Container shipping and logistics US\$'000 (Unaudited)	Dry bulk and others US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Timing of revenue recognition			
Services transferred over time	624,081	–	624,081
Services transferred at a point in time	57,255	–	57,255
Total revenue from contracts with customers	681,336	–	681,336
Dry bulk vessel chartering service and other businesses	–	11,418	11,418
	681,336	11,418	692,754

The amount includes freight forwarding income, shipping agency income and depot and warehousing income.

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

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

2. REVENUE (continued)

Six months ended 30 June 2017

Type of services	Container shipping and logistics US\$'000 (Unaudited)	Dry bulk and others US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Container shipping and supporting logistics income	586,116	–	586,116
Other container logistics income	51,952	–	51,952
Total revenue form contracts with customers	638,068	–	638,068
Dry bulk vessel chartering service and other business	–	7,485	7,485
Total revenue	638,068	7,485	645,553
Geographical markets based on locations of customers			
Greater China*	261,891	–	262,529
Japan	164,300	–	164,300
Southeast Asia	129,155	–	129,155
Others	82,722	–	89,569
Total revenue form contracts with customers	638,068	–	638,068
Dry bulk vessel chartering service and other business	–	7,485	7,485
Total revenue	638,068	7,485	645,553
Timing of revenue recognition			
Services transferred over time	586,116	–	586,116
Services transferred at a point in time	51,952	–	51,952
Total revenue form contracts with customers	638,068	–	638,068
Dry bulk vessel chartering service and other business	–	7,485	7,485
Total revenue	638,068	7,485	645,553

The amount includes freight forwarding income, shipping agency income and depot and warehousing income.

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

3. OPERATING SEGMENT INFORMATION

Change in reportable segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company who make key operating decisions.

CODM reviews operating activities on a number of bases, including by types of freight transportation methods, types of revenue generating assets and so on. As disclosed in the Group’s financial information for the year ended 31 December 2017, in prior years, management considered the reportable segments to be the types of freight transportation methods, namely sea based and land based, over time the focus of internal management reporting provided to the CODM has moved towards by types of revenue generating assets. The shift in the focus of internal reporting was further augmented in recent years to include financial information and metrics on the consumption of, and returns on, capital by types of core revenue generating assets in using the Group’s resources. As a result, the two reporting segments (i.e., defined by types of revenue generating assets), namely (i) container shipping and logistics assets; and (ii) dry bulk and other services related assets, are now the most prominent view used by CODM to allocate resources and assess performance. Consequently, management believes that the change in reportable segments would give out a more reliable and objective presentation of the segment information. Accordingly, the presentation of segment information for the period ended 30 June 2017 has been restated to reflect this change of segment composition.

3. OPERATING SEGMENT INFORMATION *(continued)*

Basis of segment information

The Group restated its business segments from “sea freight logistics” and “land-based logistics” into two new reportable operating segments as follows:

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

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that bank and other interest income, investment income, dividend income, finance costs and gains on disposal of financial assets at fair value through other comprehensive income are excluded from such measurement.

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

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

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

3. OPERATING SEGMENT INFORMATION (continued)

Basis of segment information (continued)

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

Six months ended 30 June 2018

	Container shipping and logistics US\$'000 (Unaudited)	Dry bulk and others US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Segment revenue:			
Sales to external customers	681,336	11,418	692,754
Segment results	89,077	3,620	92,697
<i>Reconciliation:</i>			
Bank interest income			5,364
Investment income of financial assets at fair value through profit or loss			944
Interest income of financial assets at fair value through other comprehensive income			457
Gain on disposal of a financial asset at fair value through profit or loss			1,473
Finance costs			(4,937)
Profit before tax			95,998

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

3. OPERATING SEGMENT INFORMATION (continued)

Basis of segment information (continued)

Six months ended 30 June 2018 (continued)

	Container shipping and logistics US\$'000	Dry bulk and others US\$'000	Total US\$'000
As at 30 June 2018			
Segment assets	914,268	150,875	1,065,143
<i>Reconciliation:</i>			
Corporate and other unallocated assets			447,767
Total assets			1,512,910
Segment liabilities	177,318	3,929	181,247
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			339,683
Total liabilities			520,930

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

3. OPERATING SEGMENT INFORMATION (continued)

Basis of segment information (continued)

Six months ended 30 June 2017

	Container shipping and logistics US\$'000 (Unaudited) (Restated)	Dry bulk and others US\$'000 (Unaudited) (Restated)	Total US\$'000 (Unaudited) (Restated)
Segment revenue:			
Sales to external customers	638,068	7,485	645,553
Segment results	<u>89,177</u>	<u>343</u>	89,520
<i>Reconciliation:</i>			
Bank interest income			3,395
Interest income of financial assets at fair value through profit or loss			330
Interest income of financial assets at fair value through other comprehensive income			278
Gain on disposal of financial assets at fair value through other comprehensive income			166
Finance costs			<u>(4,175)</u>
Profit before tax			<u>89,514</u>

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

3. OPERATING SEGMENT INFORMATION (continued)

Basis of segment information (continued)

Six months ended 30 June 2017 (continued)

	Container shipping and logistics US\$'000	Dry bulk and others US\$'000	Total US\$'000
As at 31 December 2017			
Segment assets	885,692	154,202	1,039,894
<i>Reconciliation:</i>			
Corporate and other unallocated assets			568,469
Total assets			1,608,363
Segment liabilities	170,680	4,553	175,233
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			461,692
Total liabilities			636,925

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

4. OTHER INCOME AND GAINS, NET

	For the six months ended 30 June	
	2018 US\$'000 (Unaudited)	2017 US\$'000 (Unaudited)
Other income		
Bank interest income	5,364	3,395
Investment income of financial assets at fair value through profit or loss	944	330
Interest income of financial assets at fair value through other comprehensive income	457	278
Government subsidies*	1,134	498
Others	996	10
	8,895	4,511
Gains		
Gain on disposal of items of property, plant and equipment, net	3,504	830
Gains on disposal of financial assets at fair value through profit or loss	1,473	166
Fair value gains of derivative instruments not qualifying as hedges, net	127	778
Realised gain on settlement of derivative financial instruments	328	1,347
Foreign exchange gains, net	1,079	892
	6,511	4,013
Other income and gains, net	15,406	8,524

* The amount represented subsidies received from certain governmental authorities in Mainland China for the Group's operation of marine and logistics businesses. There are no unfulfilled conditions or contingencies relating to these grants.

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2018 US\$'000 (Unaudited)	2017 US\$'000 (Unaudited)
Cost of services provided:		
Cost of bunkers consumed	88,074	72,765
Depreciation	27,323	25,601
Others	459,279	433,472
	574,676	531,838
Depreciation	29,300	27,465
Less: Included in cost of services provided	(27,323)	(25,601)
	1,977	1,864
Recognition of prepaid land lease payments	247	228
Fair value losses on cash flow hedges (transfer from equity), net*	876	270

* This loss item is included in "Other expenses and losses" on the face of the condensed consolidated statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

Finance costs are interest on bank loans.

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

7. INCOME TAX

	For the six months ended 30 June	
	2018 US\$'000 (Unaudited)	2017 US\$'000 (Unaudited)
Current:		
Mainland China	420	829
Hong Kong	342	295
Elsewhere	3,421	2,556
Total tax expense for the period	4,183	3,680

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. 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 2018 amounting to US\$1,362,000 (six months ended 30 June 2017: US\$1,396,000) and nil (six months ended 30 June 2017: tax credit of US\$38,000) are included in "Share of profits and losses of joint ventures and associates" in the condensed consolidated statement of profit or loss and other comprehensive income.

8. INTERIM DIVIDEND

At the meeting of the board of directors of the Company (the "Board") held on 17 August 2018, the Board resolved to declare an interim dividend of HK15 cents (equivalent to US1.91 cents) (six months ended 30 June 2017: HK10 cents) per share, totaling US\$50,920,000 (six months ended 30 June 2017: US\$33,815,000).

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit attributable to shareholders of the Company and the weighted average number of ordinary shares in issue during the period.

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

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

	For the six months ended 30 June	
	2018	2017
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	91,010	85,078

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

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

	Number of shares for the six months ended 30 June	
	2018 (Unaudited)	2017 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	2,653,340,144	2,624,372,762
Effect of dilution of share options – weighted average number of ordinary shares	11,443,004	10,612,329
Weighted average number of ordinary shares during the period, used in the diluted earnings per share calculation	2,664,783,148	2,634,985,091

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired items of property, plant and equipment at a total cost of US\$60,724,000 (six months ended 30 June 2017: US\$4,413,000) and disposed of items of property, plant and equipment with an aggregate carrying amount of US\$6,072,000 (six months ended 30 June 2017: US\$189,000). Included in the additions to property, plant and equipment during the period are assets of US\$602,000 and US\$28,000 acquired through acquisition of Dalian Hantong Logistics Company Limited (“**Dalian Hantong**”) and PT. SITC Indonesia, respectively, during the period.

Notes to the Condensed Consolidated Interim Financial Information

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11. OTHER FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITIES

Other financial assets

Set out below is an analysis of other financial assets held by the Group as at 30 June 2018 and 31 December 2017:

	30 June 2018 US\$'000 (Unaudited)	31 December 2017 US\$'000 (Audited)
Financial assets at fair value through other comprehensive income (recycling)		
Listed bond investment	21,549	22,697
Derivatives designated as hedging instruments		
– Foreign exchange forward contracts	306	–
Equity instruments at fair value through other comprehensive income (non-recycling)		
– Club debentures	558	558
Financial assets at fair value through profit or loss:		
Listed equity investment	–	3,553
Debts instrument at fair value through profit or loss	6,792	10,887
Derivatives not designated as hedging instruments		
– Foreign exchange forward contracts	109	1,071
– Interest rate swap contracts	356	240
Total	29,670	39,006
Portion classified as current assets	(7,302)	(12,023)
Non-current portion	22,368	26,983

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

11. OTHER FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITIES

(continued)

Other financial liabilities

Set out below is an analysis of other financial liabilities held by the Group as at 30 June 2018 and 31 December 2017:

	30 June 2018 US\$'000 (Unaudited)	31 December 2017 US\$'000 (Audited)
Financial liabilities at fair value through other comprehensive income (recycling):		
Derivatives designated as hedging instruments		
– Foreign exchange forward contracts	–	174
Financial liabilities at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
– Foreign exchange forward contracts	–	535
Total other current financial liabilities	–	709

Notes to the Condensed Consolidated Interim Financial Information

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12. TRADE RECEIVABLES

	30 June 2018 US\$'000 (Unaudited)	31 December 2017 US\$'000 (Audited)
Trade receivables	63,809	64,414
Impairment	(320)	(349)
	63,489	64,065

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 major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

Notes to the Condensed Consolidated Interim Financial Information

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12. TRADE RECEIVABLES (continued)

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

	30 June 2018 US\$'000 (Unaudited)	31 December 2017 US\$'000 (Audited)
Within 1 month	52,802	55,630
1 to 2 months	7,806	6,248
2 to 3 months	1,518	1,273
Over 3 months	1,363	914
	63,489	64,065

Included in the Group's trade receivables are amounts due from the Group's joint ventures, associates and companies controlled by the Mr. Yang Shaopeng, the controlling shareholder (the "**Controlling Shareholder**") of the Group of US\$8,085,000 (31 December 2017: US\$6,971,000), US\$10,000 (31 December 2017: US\$6,000) and Nil (31 December 2017: US\$258,000), respectively. All of the above amounts are repayable on credit terms similar to those offered to the major customers of the Group.

Notes to the Condensed Consolidated Interim Financial Information

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13. 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:

	30 June 2018 US\$'000 (Unaudited)	31 December 2017 US\$'000 (Audited)
Within 1 month	108,807	101,644
1 to 2 months	21,587	18,949
2 to 3 months	3,965	2,288
Over 3 months	6,241	8,931
	140,600	131,812

Included in the Group's trade payables are amounts due to the Group's joint ventures and associates of US\$3,830,000 (31 December 2017: US\$7,131,000), and US\$3,261,000 (31 December 2017: US\$990,000), respectively.

The above balances are repayable within 30 days, on credit terms similar to those offered by major suppliers of the Group.

The trade payables are non-interest-bearing and are normally settled on terms ranging from 15 to 45 days.

Notes to the Condensed Consolidated Interim Financial Information

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14. OTHER PAYABLES AND ACCRUALS

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue.

Included in the balance as at 30 June 2018 are receipts in advance from customers (i.e. contract liabilities) amounting to US\$9,459,000 (31 December 2017: US\$15,287,000).

15. SHARE CAPITAL

	30 June 2018		31 December 2017	
	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:				
2,665,851,360 (31 December 2017: 2,653,685,000) ordinary shares of HK\$0.1 each	266,585	34,368	265,369	34,213

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

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	Issued share capital HK\$'000	US\$'000 equivalent
	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2018	2,653,685,000	265,369	34,213
Issue of new shares upon exercise of share options (note (i))	5,596,000	559	71
Issue of new shares for shares held under share award scheme (note (ii))	6,570,360	657	84
At 30 June 2018	2,665,851,360	266,585	34,368

Notes:

- (i) The subscription rights attaching to 4,457,000 share options issued under the pre-IPO share option scheme were exercised at subscription price of HK\$3.824 per share, resulting in the issue of 4,457,000 share of HK\$0.1 each for a total cash consideration, before expenses, of approximately HK\$17,044,000 (equivalent to approximately US\$2,164,000). An amount of US\$116,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

The subscription rights attaching to 250,000 and 889,000 share options issued under the post-IPO share option schemes were exercised at the subscription price of HK\$1.968 and HK\$4.531 per share respectively, resulting in the issue of 1,139,000 shares of HK\$0.1 each for a total cash consideration, before expenses, of approximately HK\$4,520,000 (equivalent to approximately US\$572,000). An amount of US\$172,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

- (ii) During the period, the Company issued and allotted 6,570,360 ordinary shares, with aggregate nominal value of approximately HK\$657,000 (equivalent to approximately US\$84,000) to the trustee of the share award scheme for the purpose of granting awarded shares to the participants under the share award scheme.

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

16. BUSINESS COMBINATION

On 13 March 2018, the Group acquired 80% interest in Dalian Hantong from Pantos Holding Inc. and Kerry Datong Logistics Company Limited. Dalian Hantong is engaged in the warehousing services. The acquisition was made as part of the Group's strategy to support the Group's warehousing services. The purchase consideration for the acquisition amounted to US\$3,224,000 in cash, with US\$1,375,000 paid at the date of acquisition and the remaining US\$1,849,000 will be settled within 2018.

The fair values of the identifiable assets and liabilities of Dalian Hantong as at the date of acquisition were as follows:

	Note	Fair value recognised on acquisition US\$'000 (Unaudited)
Property, plant and equipment	10	602
Inventories		56
Cash and bank balances		3,093
Trade receivables		220
Prepayments and other receivables		123
Trade payables		(6)
Accruals and other payables		(30)
Income tax payable		(1)
Total identifiable net assets at fair value		4,057
Non-controlling interests		(813)
		3,244
Satisfied by cash		3,244

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

16. BUSINESS COMBINATION (continued)

The fair values of the property, plant and equipment as at the date of acquisition amounted to US\$602,000. The carrying amount of property, plant and equipment was US\$497,000.

The Group incurred transaction costs of US\$44,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the profit or loss.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	US\$'000 (Unaudited)
Cash consideration paid	(1,849)
Cash and bank balances acquired	3,093
	<hr/>
Net inflow of cash and cash equivalents included in cash flows from investing activities	1,244
Transaction costs of the acquisition included in cash flows from operating activities	(44)
	<hr/>
	1,200
	<hr/>

Since the acquisition, Dalian Hantong contributed US\$406,000 to the Group's revenue and incurred a loss of US\$6,000 for the period ended 30 June 2018.

Had the combination taken place at 1 January 2018, the revenue of the Group and the profit of the Group for the six months period ended 30 June 2018 would have been US\$692,701,000 and US\$91,757,000, respectively.

17. CAPITAL COMMITMENTS

At 30 June 2018, the Group had capital commitments of US\$237,280,000 in total (31 December 2017: US\$140,100,000) in total, which are contracted but not provided for, in respect of acquisition of vessels.

Notes to the Condensed Consolidated Interim Financial Information

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18. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2018 US\$'000 (Unaudited)	2017 US\$'000 (Unaudited)
Companies controlled by the Controlling Shareholder:		
Container marine transportation services income	11,659	8,133
Freight forwarding services expense for marine transportation	303	2
Freight forwarding services income for marine transportation	3	-
Shipping agency expenses	971	860
Vessel management income	35	35
Vessel rental expenses	2,195	1,941
Joint ventures:		
Container marine transportation services income	86,195	87,240
Freight forwarding services income for marine transportation	524	262
Warehousing expenses	212	5,124
Warehousing income	2	-
Land and building rental income	850	840
Shipping agency expenses	2,470	2,527
Custom service income	2	-
Freight forwarding services expenses	2,055	1,097
Technology outsourcing services income	255	694
Associates:		
Container marine transportation services income	67,926	65,798
Freight forwarding services income for marine transportation	1	132
Shipping agency expenses	933	997
Freight forwarding services expenses	10	-

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

Notes to the Condensed Consolidated Interim Financial Information

30 June 2018

18. RELATED PARTY TRANSACTIONS (continued)

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

	For the six months ended 30 June	
	2018 US\$'000 (Unaudited)	2017 US\$'000 (Unaudited)
Short term employee benefits	4,470	2,513
Post-employment benefits	47	34
Equity-settled share option expense	–	44
Share-based compensation expense	158	–
Total compensation paid to key management	4,675	2,591

(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 demand.

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.

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and amounts due from/to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

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 and Risk Management 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 and Risk Management Committee twice a year for interim and annual financial reporting.

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:

The fair value of club debenture of financial assets at fair value through other comprehensive income is based on quoted market prices. The directors believe that the estimated fair values resulting from the changes in quoted market prices, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair values of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The non-performance risk from the Group for its interest-bearing bank borrowings as at 30 June 2018 was assessed to be insignificant.

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.

Notes to the Condensed Consolidated Interim Financial Information

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19. 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

As at 30 June 2018

	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)	
Financial assets at fair value through other comprehensive income:				
Listed debt investments	21,549	-	-	21,549
Club debentures	558	-	-	558
Derivatives designated as hedging instruments	-	306	-	306
Financial assets at fair value through profit or loss:				
Debt instrument at fair value through profit or loss	-	6,792	-	6,792
Derivatives not designated as hedging instruments	-	465	-	465
	22,107	7,563	-	29,670

Notes to the Condensed Consolidated Interim Financial Information

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

Assets measured at fair value (continued)

As at 31 December 2017

	Fair value measurement using			Total US\$'000
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
Financial assets at fair value through other comprehensive income:				
Listed debt investments	22,697	–	–	22,697
Club debentures	558	–	–	558
Financial assets at fair value through profit or loss:				
Debt investment at fair value through profit or loss	–	10,887	–	10,887
Listed equity investments	3,553	–	–	3,553
Derivatives not designated as hedging instrument	–	1,311	–	1,311
	<u>26,808</u>	<u>12,198</u>	<u>–</u>	<u>39,006</u>

Notes to the Condensed Consolidated Interim Financial Information

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

Liabilities measured at fair value

There was no liabilities measured at fair value as at 30 June 2018.

As at 31 December 2017

	Fair value measurement using			Total US\$'000
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
Debt instruments at fair value through other comprehensive income (recycling):				
Derivatives designated as hedging instrument				
– Foreign exchange forward contracts	–	174	–	174
Financial assets at fair value through profit or loss:				
Derivatives not designated as hedging instruments				
– Foreign exchange forward contracts	–	535	–	535
	–	709	–	709

During the period, there were no transfer of fair value measurements between Level 1 and Level 2 (six months ended 30 June 2017: Nil) and no transfer into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2017: Nil).

20. COMPARATIVE AMOUNTS

As further explained in note 3 to the financial information, due to the change in the focus of internal management reporting, the presentation of segment information in the financial information have been revised. Accordingly, certain comparative amounts have been reclassified and restated to conform to the current period's segment presentation.

Furthermore, the Group has initially applied HKFRS 9 at 1 January 2018. Under the transition method chosen, certain comparative amounts have been reclassified. Further details of the change in accounting policies are disclosed in note 1.2.

21. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

These condensed consolidated interim financial information was approved and authorised for issue by the board of directors on 17 August 2018.