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SITC International Holdings Company Limited

海豐國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1308)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Financial Highlights

- Revenue for the six months ended 30 June 2024 was approximately US\$1,300.5 million, increased by approximately 3.8% as compared to approximately US\$1,253.4 million for the corresponding period in 2023.
- Gross profit for the six months ended 30 June 2024 increased by approximately 21.2% from approximately US\$332.2 million for the six months ended 30 June 2023 to approximately US\$402.6 million, which translated to an increase in gross profit margin to approximately 31.0% for the six months ended 30 June 2024 from approximately 26.5% for the six months ended 30 June 2023.
- Profit for the six months ended 30 June 2024 increased by approximately 12.8% to approximately US\$352.8 million from approximately US\$312.7 million for the corresponding period in 2023.
- Basic earnings per share for the six months ended 30 June 2024 amounted to US13.25 cents (30 June 2023: US11.70 cents).
- An interim dividend of HK72 cents per share (equivalent to US9.22 cents per share) was declared for the six months ended 30 June 2024.

The board (the “**Board**”) of directors (the “**Directors**”) of SITC International Holdings Company Limited (“**SITC**” or the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2024, together with the comparative figures for the corresponding period in 2023 as below.

FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
	<i>Notes</i>	2024 <i>US\$'000</i> (Unaudited)	2023 <i>US\$'000</i> (Unaudited)
REVENUE	3	1,300,521	1,253,379
Cost of sales		<u>(897,906)</u>	<u>(921,201)</u>
Gross profit		402,615	332,178
Other income and gains, net		20,228	58,777
Administrative expenses		(63,824)	(63,981)
Other expenses, net		(399)	(4,402)
Finance costs	4	(7,345)	(10,511)
Share of profits and losses of:			
Joint ventures		10,491	10,027
Associates		<u>612</u>	<u>153</u>
PROFIT BEFORE TAX	5	362,378	322,241
Income tax	6	<u>(9,532)</u>	<u>(9,561)</u>
PROFIT FOR THE PERIOD		<u><u>352,846</u></u>	<u><u>312,680</u></u>

Six months ended 30 June	
2024	2023
<i>US\$'000</i>	<i>US\$'000</i>
(Unaudited)	(Unaudited)

OTHER COMPREHENSIVE LOSS

Other comprehensive 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	(181)	(797)
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Reclassification adjustments for gains included in profit or loss	<u>—</u>	<u>(7,669)</u>
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	<u>(181)</u>	<u>(8,466)</u>
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Exchange differences on translation of foreign operations	(4,755)	(7,333)
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Share of other comprehensive income/(loss) of joint ventures	1,265	(4,924)
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Share of other comprehensive income/(loss) of associates	<u>152</u>	<u>(522)</u>
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Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(3,519)</u>	<u>(21,245)</u>
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		Six months ended 30 June	
	<i>Note</i>	2024	2023
		<i>US\$'000</i>	<i>US\$'000</i>
		(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX		<u>(3,519)</u>	<u>(21,245)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>349,327</u>	<u>291,435</u>
Profit for the period attributable to:			
Shareholders of the Company		350,674	310,297
Non-controlling interests		<u>2,172</u>	<u>2,383</u>
		<u>352,846</u>	<u>312,680</u>
Total comprehensive income for the period attributable to:			
Shareholders of the Company		348,088	289,234
Non-controlling interests		<u>1,239</u>	<u>2,201</u>
		<u>349,327</u>	<u>291,435</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	8		
Basic (US cents per share)		<u>13.25</u>	<u>11.70</u>
Diluted (US cents per share)		<u>13.07</u>	<u>11.56</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 June 2024	31 December 2023
		<i>US\$'000</i>	<i>US\$'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		1,717,839	1,661,852
Right-of-use assets		211,282	215,463
Advance payments for acquisition of vessels		85,556	70,833
Goodwill		971	998
Other intangible assets		1,579	1,579
Investments in joint ventures		61,688	57,965
Investments in associates		12,788	12,604
Derivative financial instruments		4,251	4,584
		<hr/>	<hr/>
Total non-current assets		2,095,954	2,025,878
CURRENT ASSETS			
Bunkers		46,528	43,324
Trade receivables	9	153,423	113,333
Prepayments, deposits and other receivables		44,156	37,340
Derivative financial instruments		1,629	1,485
Financial assets at fair value through profit or loss		737	14,780
Cash and bank balances		507,534	416,323
		<hr/>	<hr/>
Total current assets		754,007	626,585
CURRENT LIABILITIES			
Trade payables	10	233,318	203,514
Other payables and accruals		119,224	137,265
Derivative financial instruments		384	–
Bank borrowings		115,265	104,219
Lease liabilities		43,101	50,937
Income tax payables		4,973	7,065
		<hr/>	<hr/>
Total current liabilities		516,265	503,000

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
NET CURRENT ASSETS	<u>237,742</u>	<u>123,585</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>2,333,696</u>	<u>2,149,463</u>
NON-CURRENT LIABILITIES		
Bank borrowings	58,072	64,815
Lease liabilities	156,773	150,733
Provision for reinstatement costs	<u>2,599</u>	<u>2,857</u>
Total non-current liabilities	<u>217,444</u>	<u>218,405</u>
Net assets	<u>2,116,252</u>	<u>1,931,058</u>
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	34,587	34,583
Reserves	<u>2,065,355</u>	<u>1,879,953</u>
	2,099,942	1,914,536
Non-controlling interests	<u>16,310</u>	<u>16,522</u>
Total equity	<u>2,116,252</u>	<u>1,931,058</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1.1 CORPORATE INFORMATION

SITC International Holdings Company Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY-1111, Cayman Islands. The Company’s principal place of business in Hong Kong is located at 31/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong.

The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the provision of integrated shipping logistics services, including provision of container transportation, freight forwarding, shipping agency, depot, warehousing services, container vessel leasing, land leasing and other services.

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

1.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This interim condensed consolidated financial information for the six months ended 30 June 2024 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 D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). This interim condensed consolidated financial information is presented in the United States dollar (“**US\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

This interim condensed consolidated financial information has not been audited but has been reviewed by the Audit Committee of the Company. It does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2023.

Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

2. OPERATING SEGMENT INFORMATION

Six months ended 30 June 2024 and 2023

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

3. REVENUE

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

	Six months ended 30 June	
	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	1,299,443	1,252,182
Revenue from other sources:		
Vessels time charter income	–	154
Other rental income	1,078	1,043
	<hr/>	<hr/>
Total	1,300,521	1,253,379
	<hr/> <hr/>	<hr/> <hr/>

4. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank borrowings	3,180	5,616
Interest on lease liabilities	4,107	4,832
Increase in discounted amounts of provision for reinstatement costs arising from the passage of time	58	63
	<u>7,345</u>	<u>10,511</u>
Total finance costs	<u>7,345</u>	<u>10,511</u>

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
Cost of services provided:		
Cost of bunkers consumed	158,762	162,742
Others	739,144	758,459
	<u>897,906</u>	<u>921,201</u>
Total	<u>897,906</u>	<u>921,201</u>
Depreciation of property, plant and equipment	54,332	48,173
Less: Included in cost of services provided	(52,289)	(46,109)
	<u>2,043</u>	<u>2,064</u>
Total	<u>2,043</u>	<u>2,064</u>
Depreciation of right-of-use assets	26,111	29,736
Less: Included in cost of services provided	(24,829)	(28,417)
	<u>1,282</u>	<u>1,319</u>
Total	<u>1,282</u>	<u>1,319</u>
Fair value losses/(gains) of financial assets at fair value through profit or loss, net	(63)	752*
Impairment loss of trade receivables, net*	8	10
	<u>8</u>	<u>10</u>

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

6. INCOME TAX

	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Current:		
Chinese Mainland	3,250	2,867
Hong Kong	452	415
Elsewhere	5,830	6,279
	<hr/>	<hr/>
Total tax expense for the period	<u>9,532</u>	<u>9,561</u>

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (six months ended 30 June 2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2023: 16.5%). Taxes on profits assessable in Chinese Mainland 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 2024 amounting to US\$3,248,000 (six months ended 30 June 2023: US\$2,851,000) are included in “Share of profits and losses of joint ventures and associates” in the interim condensed consolidated statement of profit or loss and other comprehensive income.

7. INTERIM DIVIDEND

At the meeting of the board of directors of the Company (the “**Board**”) held on 21 August 2024 (Wednesday), the Board resolved to declare an interim dividend of HK72 cents (equivalent to US9.22 cents) (six months ended 30 June 2023: HK60 cents, equivalent to US7.66 cents) per share, totaling US\$247,264,000 (six months ended 30 June 2023: US\$205,414,000).

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

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

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

	Six months ended 30 June	
	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	350,674	310,297
	2,645,698,301	2,651,290,996
Number of shares for the six months ended 30 June		
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period less shares held under the share award scheme, used in the basic earnings per share calculation	2,645,698,301	2,651,290,996
Effect of dilution – weighted average number of ordinary shares:		
Share options	448,884	532,856
Shares held under the share award scheme	37,011,444	31,297,036
Weighted average number of ordinary shares during the period, used in the diluted earnings per share calculation	2,683,158,629	2,683,120,888

9. TRADE RECEIVABLES

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

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Within 1 month	130,559	92,187
1 to 2 months	14,273	13,756
2 to 3 months	4,800	4,609
Over 3 months	3,791	2,781
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Total	153,423	113,333
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10. TRADE PAYABLES

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

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Within 1 month	180,198	161,108
1 to 2 months	23,419	19,997
2 to 3 months	9,040	4,642
Over 3 months	20,661	17,767
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Total	233,318	203,514
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MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

Business Review

The Group's business covers integrated shipping logistics services, such as the provision of container transportation, freight forwarding, shipping agency, depot, warehousing services, container vessel leasing, land leasing and other services. During the six months ended 30 June 2024, the Group's business continued to provide container transportation and integrated logistics services that focus exclusively on the Asian market, as the Company believes that the Asian market will continue to experience healthy growth.

As of 30 June 2024, the Group operated 78 trade lanes, including 15 trade lanes through joint services and 26 trade lanes through container slot exchange arrangements. These trade lanes and land-based integrated logistics business network covered 84 major ports in various countries and regions including the Chinese Mainland, Japan, Korea, Taiwan, Hong Kong, Vietnam, Thailand, the Philippines, Cambodia, Indonesia, Singapore, Malaysia, Brunei, Bengal, Myanmar and India. As of 30 June 2024, the Group operated a fleet of 108 vessels with a total capacity of 170,380 TEU, comprised of 99 self-owned (160,270 TEU) and 9 chartered vessels (10,110 TEU), with an average age of 9.2 years. Of these 108 vessels, 84 were of less than 2,000 TEU, and 24 were of 2,000 TEU to 3,000 TEU. For the six months ended 30 June 2024, US\$105.1 million out of US\$130.2 million of paid out capital expenditure was attributable to vessel purchases. In addition, the Group also operated (including through joint ventures) approximately 1,897,000 m² of depot and 156,000 m² of warehousing space.

Revenue of the Group for the first half of 2024 increased by approximately 3.8% from approximately US\$1,253.4 million for the six months ended 30 June 2023 to approximately US\$1,300.5 million for the six months ended 30 June 2024. The increase was a result of a combined effect, where (i) container shipping volume increased by approximately 10.0% from 1,550,075 TEUs for the six months ended 30 June 2023 to 1,705,164 TEUs for the six months ended 30 June 2024; and (ii) average freight rate (excluding slot exchange fee income) decreased by approximately 5.3% from US\$667.5/TEU for the six months ended 30 June 2023 to US\$632.4/TEU for the six months ended 30 June 2024.

The Group will continue to optimize its unique operation model, expand its service coverage, increase the voyage frequency and direct route service of its lanes, and extend the sea-land integrated service value chain to meet customer's demand for supply chain management and position itself as the preferred choice for quality customers. At the same time, the Group will constantly optimize its own fleet structure to secure a long-term cost-competitive position and reduce hazardous gas emissions. Focusing efficiency improvement on asset turnover and utilization efficiency, the Group will continue to improve its organization process and information technology systems, and strive for the goal in becoming a world-class integrated logistics service solutions provider.

Financial Overview

	For the six months ended 30 June	
	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
	(Unaudited)	(Unaudited)
Revenue	1,300,521	1,253,379
Container shipping and supporting logistics income	1,160,241	1,142,527
Other container logistics income	139,202	109,655
Other income	1,078	1,197
	<hr/>	<hr/>
Cost of sales	(897,906)	(921,201)
Equipment and cargos transportation costs	(458,622)	(467,477)
Voyage costs	(204,713)	(209,038)
Container shipping vessels cost	(122,149)	(163,193)
Other container logistics costs	(112,066)	(81,021)
Other costs	(356)	(472)
	<hr/>	<hr/>
Gross profit	402,615	332,178
Other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset)	7,832	38,885
Administrative expenses	(63,824)	(63,981)
Share of profits of:		
Joint ventures	10,491	10,027
Associates	612	153
Other expenses, net	(399)	(4,402)
	<hr/>	<hr/>
Segment results	357,327	312,860
Finance costs	(7,345)	(10,511)
Bank interest, other investment income and fair value gain on a financial asset	12,396	19,892
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Profit before tax	362,378	322,241
Income tax	(9,532)	(9,561)
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Profit for the period	352,846	312,680
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Profit attributable to:		
Shareholders of the Company	350,674	310,297
Non-controlling interests	2,172	2,383
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	352,846	312,680
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The following table sets forth the number of trade lanes and port calls per week of the Group as at 30 June 2023 and 2024, and the average freight rate for the six months ended 30 June 2023 and 2024:

Six months ended 30 June		As of 30 June			
2024	2023	2024	2023	2024	2023
<i>Average freight rate</i>		<i>Number of trade lanes</i>		<i>Port calls per week</i>	
<i>(US\$ per TEU, excluding slot exchange rate)</i>					
632.4	667.5	78	72	475	443

Revenue

The Group's total revenue increased by approximately 3.8% from approximately US\$1,253.4 million for the six months ended 30 June 2023 to approximately US\$1,300.5 million for the corresponding period in 2024. The increase was a result of a combined effect, where (i) container shipping volume increased by approximately 10.0% from 1,550,075 TEUs for the six months ended 30 June 2023 to 1,705,164 TEUs for the corresponding period in 2024; and (ii) average freight rate (excluding slot exchange fee income) decreased by approximately 5.3% from US\$667.5/TEU for the six months ended 30 June 2023 to US\$632.4/TEU for the corresponding period in 2024.

Cost of Sales

The Group's cost of sales decreased by approximately 2.5% from approximately US\$921.2 million for the six months ended 30 June 2023 to approximately US\$897.9 million for the corresponding period in 2024. The decrease was primarily attributable to the decrease in chartering vessel costs of approximately US\$34.2 million due to the combined effect of the decrease in the number of vessels chartered and the decrease in vessel charter rates.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the gross profit increased from approximately US\$332.2 million for the six months ended 30 June 2023 to approximately US\$402.6 million for the six months ended 30 June 2024. The Group's gross profit margin increased from approximately 26.5% for the six months ended 30 June 2023 to approximately 31.0% for the corresponding period in 2024.

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

For the six months ended 30 June 2024, other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset) decreased by approximately US\$31.1 million from approximately US\$38.9 million for the six months ended 30 June 2023 to approximately US\$7.8 million for the corresponding period in 2024. The decrease was a result of a combined effect, reflecting (i) the gains on disposal of vessels of approximately US\$3.4 million from the disposal of 1 container vessel during the first half of 2024, as compared to approximately US\$22.1 million from the disposal of 4 container vessels for the corresponding period in 2023; (ii) a year-on-year decrease of approximately US\$7.9 million in the fair value gains on derivative instruments; and (iii) a year-on-year decrease of approximately US\$3.4 million in foreign exchange gain.

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

The Group's bank interest income, other investment income, and fair value gain on a financial asset was approximately US\$12.4 million and US\$19.9 million for the six months ended 30 June 2024 and 2023, respectively. The decrease was primarily attributable to the decrease in average deposit balances compared to last year.

Administrative Expenses

The Group's administrative expenses decreased from approximately US\$64.0 million for the six months ended 30 June 2023 to approximately US\$63.8 million for the corresponding period in 2024, representing a decrease of approximately 0.2%. There was no material change in the amount.

Other Expenses, net

The Group's other expenses, net were approximately US\$0.4 million and US\$4.4 million for the six months ended 30 June 2024 and 2023, respectively. The decrease was mainly attributable to the non-recurring provision for litigation of approximately US\$3.5 million for the six months ended 30 June 2023.

Finance Costs

The Group's finance costs decreased from approximately US\$10.5 million for the six months ended 30 June 2023 to approximately US\$7.3 million for the six months ended 30 June 2024. The decrease was primarily attributable to the decrease in the average amount of the borrowings.

Share of Profits of Joint Ventures

The Group's share of profits of joint ventures increased by approximately 4.6% from approximately US\$10.0 million for the six months ended 30 June 2023 to approximately US\$10.5 million in for the six months ended 30 June 2024. The increase was mainly attributable to the growth in the profits of part of the jointly controlled depots.

Share of Profits of Associates

The Group's share of profits of associates was approximately US\$0.6 million and US\$0.2 million for the six months ended 30 June 2024 and 2023, 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\$322.2 million for the six months ended 30 June 2023 to approximately US\$362.4 million for the corresponding period in 2024.

Income Tax Expenses

The Group's income tax expense was approximately US\$9.5 million and US\$9.6 million for the six months ended 30 June 2024 and 2023, respectively. There was no material change in the amount.

Profit for the Period

The Group's profit for the six months ended 30 June 2024 was approximately US\$352.8 million, representing an increase of approximately 12.8% over the profit of approximately US\$312.7 million for the corresponding period in 2023.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Total assets of the Group increased by approximately 7.4% from approximately US\$2,652.5 million as at 31 December 2023 to approximately US\$2,850.0 million as at 30 June 2024. As at 30 June 2024, the Group had cash and cash equivalents amounting to approximately US\$507.5 million, mainly denominated in US dollar, Renminbi, Japanese Yen and other currencies.

Total liabilities of the Group increased by approximately 1.7% from approximately US\$721.4 million as at 31 December 2023 to approximately US\$733.7 million as at 30 June 2024. At 30 June 2024, the Group had secured interest-bearing bank loans of approximately US\$142.9 million. The maturity profile is spread over a period, with approximately US\$84.9 million repayable within one year or on demand, approximately US\$13.0 million within the second year, approximately US\$45.0 million within the third to fifth years.

Further, the Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. As at 30 June 2024, the Group had no foreign exchange hedging instruments (31 December 2023: nil) of its foreign currency sales.

As at 30 June 2024, the Group had current ratio (being the current assets divided by the current liabilities) of approximately 1.5 compared to that of 1.2 as at 31 December 2023. 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 9.5% and 13.4% as at 30 June 2024 and 31 December 2023, respectively.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no significant contingent liabilities (31 December 2023: nil).

CHARGE ON ASSETS

As at 30 June 2024, the Group's bank loans were secured by mortgages over the Group's vessels and land which had an aggregate carrying value at the end of the reporting period of approximately US\$227.5 million (31 December 2023: US\$232.6 million) and US\$9.1 million (31 December 2023: US\$9.8 million), respectively.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2024, the Group had an aggregate of 2,132 full-time employees (excluding crew member, 30 June 2023: 2,093). The related employees' costs for the period (including directors' emoluments) amounted to approximately US\$97.4 million (30 June 2023: US\$102.2 million). The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees (including the directors) with reference to corporate performance, individual performance and current market salary scale. Further, the Company has adopted a new share scheme on 26 April 2024 (the "New Share Scheme") to provide incentive to eligible participants in order to promote the development and success of the business of the Group. Further information of the Company's share schemes will be available in the interim report of the Company for the six months ended 30 June 2024.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 June 2024, a total of 2 new container vessels and 1 second-hand new container vessel were delivered. Furthermore, the Group entered into shipbuilding contracts with an independent third party for the building of 4 container vessels.

For the six months ended 30 June 2024, the Group disposed of and delivered a total of 1 old container vessel.

Save as disclosed above, the Group did not have other significant investments, material acquisitions or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to purchase container vessels and containers, and invest in logistics projects, as and when appropriate. The Group expects that the internal financial resources and bank borrowings will be sufficient to meet the necessary funding requirements.

As at 30 June 2024, 6 new container vessels are expected to be delivered in the second half of 2024. Save as disclosed, the Group does not have any future plans for significant investments or capital assets as at the date of this announcement.

EVENT AFTER THE REPORTING PERIOD

As at the date of this announcement, no significant event has taken place subsequent to the reporting period.

INTERIM DIVIDEND

At the meeting of the Board held on 21 August 2024, the Board has resolved to declare an interim dividend of HK72 cents (equivalent to US9.22 cents) (six months ended 30 June 2023: HK60 cents) per share for the six months ended 30 June 2024 to shareholders whose name appear on the register of members of the Company at the close of business on 6 September 2024 (Friday). The dividend is expected to be paid on or before 20 September 2024 (Friday).

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

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the proposed interim dividend, the register of members of the Company will be closed from 4 September 2024 (Wednesday) to 6 September 2024 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 3 September 2024 (Tuesday).

OTHER INFORMATION

Purchase, Sale and Redemption of Shares

During the period from 31 May 2024 to 30 June 2024, the trustee of the New Share Scheme purchased on the market an aggregate of 966,000 Shares for the purpose of the New Share Scheme at an average consideration of approximately HK\$19.99 per share, totalling approximately HK\$19.31 million for the purpose of the New Share Scheme.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares) during the six months ended 30 June 2024. As at 30 June 2024, the Company did not hold any treasury shares.

Corporate Governance

The Company is committed to maintaining stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. For the period throughout the six months ended 30 June 2024, the Board is of the view that the Company has complied with the code provisions set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and there had been no deviation from the code provisions set out in the CG Code for the six months ended 30 June 2024.

Model Code for Securities Transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules and devised its own code of conduct regarding directors' dealings in the Company's securities (the "**Company Code**") on terms no less exacting than the Model Code. Having made specific enquiries, all Directors confirmed that they have complied with the required standards set out in the Model Code and the Company Code throughout the six months ended 30 June 2024.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors. The members currently are Dr. Liu Ka Ying, Rebecca (chairlady of the Audit Committee), Mr. Tse Siu Ngan and Dr. Hu Mantian (Mandy). The Audit Committee and the Company's management have reviewed the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters including review of the unaudited interim results of the Group for the six months ended 30 June 2024.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the websites of The Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.sitc.com>). The interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be made available on the aforesaid websites in due course.

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

Hong Kong, 21 August 2024

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