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 2019

Financial Highlights

- Revenue for the six months ended 30 June 2019 was approximately US$746.1 million, increased by approximately 7.7% as compared to approximately US$692.8 million for the corresponding period in 2018.

- Gross profit for the six months ended 30 June 2019 increased by approximately 21.0% from approximately US$118.1 million for the six months ended 30 June 2018 to approximately US$142.9 million, which translated to an increase in gross profit margin to approximately 19.2% for the six months ended 30 June 2019 from approximately 17.0% for the six months ended 30 June 2018.

- Profit for the six months ended 30 June 2019 increased by approximately 18.5% to approximately US$108.8 million from approximately US$91.8 million for the corresponding period in 2018.

- Basic earnings per share for the six months ended 30 June 2019 amounted to US4.07 cents (30 June 2018: US3.43 cents).

- The Board has resolved to declare an interim dividend of HK18 cents per share (equivalent to US2.30 cents per share) for the six months ended 30 June 2019.

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 2019, together with the comparative figures for the corresponding period in 2018 as below.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
	Notes	**2019**	**2018**
		US$'000	*US$'000*
		(Unaudited)	(Unaudited)
REVENUE		**746,081**	692,754
Cost of sales		**(603,173)**	(574,676)
Gross profit		**142,908**	118,078
Other income and gains, net	3	**11,634**	15,406
Administrative expenses		**(37,997)**	(36,854)
Other expenses, net		**(785)**	(898)
Finance costs	5	**(6,936)**	(4,937)
Share of profits and losses of:			
Joint ventures		**4,081**	5,025
Associates		**197**	178
PROFIT BEFORE TAX	4	**113,102**	95,998
Income tax	6	**(4,319)**	(4,183)
PROFIT FOR THE PERIOD		**108,783**	91,815

	Six months ended 30 June	
	2019	**2018**
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	**(3,050)**	(3,263)
Reclassification adjustments for losses included in profit or loss	**779**	876
	(2,271)	(2,387)
Changes in fair value of debt investments at fair value through other comprehensive income	**917**	(2,115)
Exchange differences on translation of foreign operations	**69**	(3,213)
Share of other comprehensive income of joint ventures	**58**	650
Share of other comprehensive income/(loss) of associates	**(16)**	167
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(1,243)**	(6,898)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX	**(1,243)**	(6,898)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**107,540**	84,917

	Note	Six months ended 30 June **2019** *US$'000* (Unaudited)	**2018** *US$'000* (Unaudited)
Profit for the period attributable to:			
Shareholders of the Company		**107,964**	91,010
Non-controlling interests		**819**	805
		108,783	91,815
Total comprehensive income for the period attributable to:			
Shareholders of the Company		**106,642**	84,280
Non-controlling interests		**898**	637
		107,540	84,917
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	8		
Basic (US cents per share)		**4.07**	3.43
Diluted (US cents per share)		**4.03**	3.42

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2019** *US$'000* (Unaudited)	**31 December 2018** *US$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		945,313	927,514
Right-of-use assets		144,709	–
Prepaid land lease payments		–	17,196
Advance payments for acquisition of vessels		40,389	46,376
Goodwill		1,032	1,029
Other intangible assets		1,579	1,579
Investments in joint ventures		36,027	35,777
Investments in associates		9,644	9,431
Debt investments at fair value through other comprehensive income		10,348	9,430
Derivative financial instruments		31	155
Total non-current assets		1,189,072	1,048,487
CURRENT ASSETS			
Prepaid land lease payments		–	468
Bunkers		21,488	22,962
Trade receivables	9	70,604	65,877
Prepayments, deposits and other receivables		18,543	16,625
Derivative financial instruments		223	105
Principal-protected investment deposits at fair value through profit or loss		3,771	16,665
Cash and bank balances		499,369	380,702
Total current assets		613,998	503,404
CURRENT LIABILITIES			
Trade payables	10	136,703	138,767
Other payables and accruals		54,376	52,471
Derivative financial instruments		–	18
Bank borrowings		141,761	77,718
Lease liabilities		31,491	–
Income tax payables		820	1,271
Total current liabilities		365,151	270,245
NET CURRENT ASSETS		248,847	233,159
TOTAL ASSETS LESS CURRENT LIABILITIES		1,437,919	1,281,646

	30 June 2019	31 December 2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Bank borrowings	282,361	235,947
Lease liabilities	92,657	–
Provision for reinstatement costs	1,965	–
Total non-current liabilities	376,983	235,947
Net assets	1,060,936	1,045,699
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	34,432	34,393
Reserves	1,019,012	1,002,639
	1,053,444	1,037,032
Non-controlling interests	7,492	8,667
Total equity	1,060,936	1,045,699

NOTES

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 businesses.

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 condensed consolidated interim financial information has been prepared in accordance with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). This condensed consolidated interim financial information 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 statements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2018.

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 2018, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective as of 1 January 2019:

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases*, Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of land, offices, containers and vessels. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on the straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

Provision for reinstatement costs at 1 January 2019 were recognised based on the present value of the expected costs to restore leased assets to their original states, discounting using the incremental borrowing rate at 1 January 2019.

The right-of-use assets were measured at the sum amount of the lease liabilities and provision for reinstatement costs, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the condensed consolidated statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the condensed consolidated statement of financial position. This includes the lease assets recognised previously under a finance lease of US$5,275,000 that were reclassified from property, plant and equipment and upfront payments for leasehold lands in the PRC of US$17,664,000 that were reclassified from prepaid land lease payments.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

– Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

– Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/(decrease) *US$'000* (Unaudited)
Assets	
Decrease in property, plant and equipment	(5,275)
Increase in right-of-use assets	134,342
Decrease in prepaid land lease payments	(17,664)
Decrease in prepayments, deposits and other receivables	(208)
Increase in total assets	111,195
Liabilities	
Increase in lease liabilities	109,672
Increase in provision for reinstatement costs	1,523
Increase in total liabilities	111,195

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	US$'000 (Unaudited)
Operating lease commitments as at 31 December 2018	160,025
Weighted average incremental borrowing rate as at 1 January 2019	4.3%
Discounted operating lease commitments as at 1 January 2019	135,317
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(25,645)
Lease liabilities as at 1 January 2019	109,672

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, reinstatement costs expected to incur and lease payments made at or before the commencement date less any lease incentives received costs (HKAS 37). Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on the straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed lease payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease offices and containers for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Group and affects its ability to exercise the option to renew.

Amounts recognised in the condensed consolidated statement of financial position and profit or loss

The carrying amounts and the movements of the Group's right-of-use assets, lease liabilities and provision for reinstatement costs during the period are as follows:

	Right-of-use assets						Provision for
	Land	**Offices**	**Containers**	**Vessels**	**Total**	**Lease liabilities**	**reinstatements costs**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2019	42,261	3,921	82,885	5,275	134,342	109,672	1,523
Additions	61	407	26,838	–	27,306	26,900	406
Depreciation charge	(1,406)	(970)	(14,296)	(267)	(16,939)	–	–
Interest expense	–	–	–	–	–	2,438	36
Payments	–	–	–	–	–	(14,862)	–
At 30 June 2019	40,916	3,358	95,427	5,008	144,709	124,148	1,965

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

2. OPERATING SEGMENT INFORMATION

Basis of segment information

For management purposes, the Group is organised into business units based on their services and has two reporting operating segments as follows:

(a) the container shipping and logistics segment, which is engaged in the provision of integrated logistics services including provision of container transport, freight forwarding, shipping agency, depot and warehousing services; and

(b) the dry bulk and others segment, which is engaged in the provision of dry-bulk vessel leasing, air-freight forwarding, land leasing and other services.

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, finance costs and fair value gains of equity investments 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.

	Container shipping and logistics		Dry bulk and others		Total	
	Six months ended 30 June 2019	**Six months ended 30 June 2018**	**Six months ended 30 June 2019**	**Six months ended 30 June 2018**	**Six months ended 30 June 2019**	**Six months ended 30 June 2018**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:						
Sales to external customers	**733,123**	681,336	**12,958**	11,418	**746,081**	692,754
Segment results	**108,591**	89,077	**4,442**	3,620	**113,033**	92,697
Reconciliation:						
Bank interest income					**6,318**	6,154
Interest income of debt investments at fair value through other comprehensive income					**264**	457
Investment income of principal-protected investments deposits at fair value through profit or loss					**423**	154
Fair value gains on equity investments – designated as such upon initial recognition					**–**	1,473
Finance costs					**(6,936)**	(4,937)
Profit before tax					**113,102**	95,998

	Container shipping and logistics		Dry bulk and others		Total	
	30 June 2019	**31 December 2018**	**30 June 2019**	**31 December 2018**	**30 June 2019**	**31 December 2018**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	**704,879**	977,788	**148,868**	153,224	**853,747**	1,131,012
Reconciliation:						
Corporate and other unallocated assets					**949,323**	420,879
Total assets					**1,803,070**	1,551,891
Segment liabilities	**304,133**	176,491	**3,723**	4,005	**307,856**	180,496
Reconciliation:						
Corporate and other unallocated liabilities					**434,278**	325,696
Total liabilities					**742,134**	506,192

3. OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**6,318**	6,154
Interest income of debt investments at fair value through other comprehensive income	**264**	457
Investment income of principal-protected investment deposits at fair value through profit or loss	**423**	154
Government subsidies*	**996**	1,134
Others	**94**	996
	8,095	8,895
Gains		
Gain on disposal of items of property, plant and equipment, net	**124**	3,504
Fair value gains, net:		
Derivative instruments – transactions not qualifying as hedges	**360**	455
Equity investments at fair value through profit or loss – designated as such upon initial recognition	**–**	1,473
Foreign exchange differences, net	**3,055**	1,079
	3,539	6,511
Other income and gains, net	**11,634**	15,406

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

4. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Cost of services provided:		
Cost of bunkers consumed	**100,367**	88,074
Others	**502,806**	486,602
	603,173	574,676
Depreciation of property, plant and equipment	**32,845**	29,300
Less: Included in cost of services provided	**(30,811)**	(27,323)
	2,034	1,977
Depreciation of right-of-use assets	**16,939**	–
Less: Included in cost of services provided	**(15,969)**	–
	970	–
Amortisation of prepaid land lease payments	**–**	247
Fair value losses on cash flow hedges (transfer from equity), net*	**779**	876
Reversal of impairment of trade receivables, net*	**(2)**	–

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

5. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest on bank borrowings	**4,461**	4,937
Interest on lease liabilities	**2,438**	-
Increase in discounted amounts of provision for reinstatement costs arising from the passage of time	**37**	–
Total finance costs	**6,936**	4,937

6. INCOME TAX

	Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current:		
Hong Kong	**318**	342
Mainland China	**444**	420
Elsewhere	**3,557**	3,421
Total tax expense for the period	**4,319**	4,183

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2018: 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 for the six months ended 30 June 2019 amounting to US$1,046,000 (six months ended 30 June 2018: US$1,362,000) are included in "Share of profits and losses of joint ventures" in the 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 23 August 2019, the Board resolved to declare an interim dividend of HK18 cents (equivalent to US2.30 cents) (six months ended 30 June 2018: HK15 cents, equivalent to US1.91 cents) per share, totaling US$61,441,000 (six months ended 30 June 2018: US$50,920,000).

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount 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 (i) the weighted average number of ordinary shares in issue during the period; less (ii) the weighted average number of ordinary shares held under the share award scheme of the Company during the period.

The calculation of the diluted earnings per share amount 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) the weighted average number of ordinary shares used in the basic earnings per share calculation; (ii) the weighted average 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 Company's share award scheme.

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

	Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	**107,964**	91,010

	Number of shares	
	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period less weighted average number of ordinary shares held in share award scheme during the period, used in the basic earnings per share calculation	**2,652,743,357**	2,653,340,144
Effect of dilution-weighted average number of ordinary shares:		
Share options	**7,442,298**	11,443,004
Shares held under the share award scheme	**16,543,428**	–
Weighted average number of ordinary shares during the period, used in the diluted earnings per share calculation	**2,676,729,083**	2,664,783,148

9. TRADE RECEIVABLES

		30 June	31 December
		2019	2018
	Notes	***US$'000***	*US$'000*
		(Unaudited)	(Audited)
Trade receivables	*(a)*	**70,858**	66,164
Impairment	*(b)*	**(254)**	(287)
		70,604	65,877

Notes:

(a) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 15 days, extending up to three months for 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.

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

	30 June 2019 *US$'000* **(Unaudited)**	31 December 2018 *US$'000* (Audited)
Within 1 month	**60,437**	55,990
1 to 2 months	**7,693**	7,436
2 to 3 months	**1,354**	1,374
Over 3 months	**1,120**	1,077
	70,604	65,877

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses rate of 0.108% is provided for the external customers with good credit. External customers with credit deterioration (i.e., overdue by more than 3 months) will be assessed on an individual basis for the provision of expected credit losses. Generally, trade receivables will be written off when past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

	Ageing analysis			
	Within 3 months *US$'000*	**3 months to 1 year** *US$'000*	**Over 1 year** *US$'000*	**Total** *US$'000*
Category				
(a) External customers with good credit	62,431	945	171	63,547
(b) External customers with credit deterioration	–	54	134	188
(c) Related parties	7,123	–	–	7,123
Gross trade receivables	69,554	999	305	70,858
Less: Expected credit losses	(70)	(50)	(134)	(254)
Net trade receivables	69,484	949	171	70,604

(c) Included in the Group's trade receivables as at 30 June 2019 are amounts of US$6,533,000 (31 December 2018: US$7,740,000), US$4,300 (31 December 2018: US$230,000) and US$586,000 (31 December 2018: Nil) due from joint ventures, associates and companies controlled by Mr. Yang Shaopang, the controlling shareholder (the "**Controlling Shareholder**") of the Group, respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

10. TRADE PAYABLES

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

	30 June 2019	31 December 2018
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Within 1 month	**104,145**	100,218
1 to 2 months	**20,706**	26,881
2 to 3 months	**3,836**	4,263
Over 3 months	**8,016**	7,405
	136,703	138,767

(b) Included in the Group's trade payables as at 30 June 2019 are amounts of US$3,955,000 (31 December 2018: US$7,185,000), US$10,111,000 (31 December 2018: US$5,896,000) and nil (31 December 2018: US$591,000) due to joint ventures, associates and companies controlled by the Controlling Shareholder, respectively, which are repayable on credit terms similar to those offered by major suppliers of the Group.

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

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 2019, 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 2019, the Group operated 63 trade lanes, including 9 trade lanes through joint services and 22 trade lanes through container slot exchange arrangements. These trade lanes and land-based integrated logistics business network covered 66 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 2019, the Group operated a fleet of 80 vessels with a total capacity of 112,583 TEU, comprised of 55 self-owned (71,839 TEU) and 25 chartered vessels (40,744 TEU), with an average age of 9.9 years. 48 of these 80 vessels were of the 1,000 TEU type. For the six months ended 30 June 2019, US$45.7 million out of US$49.1 million of paid out capital expenditure was attributable to vessel purchases. In addition, the Group also operated (including through joint ventures) approximately 1,144,394 m^2 of depot and 87,374 m^2 of warehousing space.

Revenue generated by the Group's container shipping and logistics business for the first half of 2019 increased by approximately 7.6% from US$681.3 million for the six months ended 30 June 2018 to US$733.1 million for the corresponding period in 2019. The increase was a result of a combined effect, from container shipping and supporting logistics business, where (i) the average freight rate (excluding slot exchange fee income) increased by approximately 4.4% from US$522.9/TEU for the six months ended 30 June 2018 to US$545.8/TEU for the corresponding period in 2019; and (ii) the container shipping volume increased by approximately 3.0% from 1,144,871 TEUs for the six months ended 30 June 2018 to 1,179,341 TEUs for the corresponding period in 2019.

(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 2019, the Group had 6 dry bulk vessels with a total tonnage of 438,595 tons and an average age of 6.6 years.

Revenue generated by the Group's dry bulk and others business for the first half of 2019 increased by approximately 14.0% from US$11.4 million for the six months ended 30 June 2018 to US$13.0 million. The increase was primarily attributable to the increase in the 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, striving to be the first choice of its customers . 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.

Financial Overview

	Container shipping and logistics		Dry bulk and others		Total	
	Six months ended 30 June 2019	Six months ended 30 June 2018	Six months ended 30 June 2019	Six months ended 30 June 2018	Six months ended 30 June 2019	Six months ended 30 June 2018
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	733,123	681,336	12,958	11,418	746,081	692,754
Cost of sales	(594,800)	(567,001)	(8,373)	(7,675)	(603,173)	(574,676)
Gross profit	138,323	114,335	4,585	3,743	142,908	118,078
Other income and gains (excluding bank interest income and other investment income)	4,629	7,167	–	95	4,629	7,262
Administrative expenses	(37,954)	(36,772)	(43)	(82)	(37,997)	(36,854)
Share of profits of:						
Joint ventures	4,180	5,158	(99)	(133)	4,081	5,025
Associates	197	178	–	–	197	178
Other expenses, net	(784)	(989)	(1)	(3)	(785)	(992)
Segment results	108,591	89,077	4,442	3,620	113,033	92,697
Finance costs					(6,936)	(4,937)
Bank interest and other investment income					7,005	8,238
Profit before tax					113,102	95,998
Income tax					(4,319)	(4,183)
Profit for the period					108,783	91,815
Profit attributable to:						
Shareholders of the Company					107,964	91,010
Non-controlling interests					819	805
					108,783	91,815

Revenue

The Group's total revenue increased by approximately 7.7% from approximately US$692.8 million for the six months ended 30 June 2018 to approximately US$746.1 million for the corresponding period in 2019. The increase was primarily attributable to the increase from container shipping and supporting logistics business in both average freight rate and container shipping volume.

Cost of Sales

The Group's cost of sales increased by approximately 5.0% from approximately US$574.7 million for the six months ended 30 June 2018 to approximately US$603.2 million for the corresponding period in 2019. 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 gross profit increased from approximately US$118.1 million for the six months ended 30 June 2018 to approximately US$142.9 for the six months ended 30 June 2019. The Group's gross profit margin increased from approximately 17.0% for the six months ended 30 June 2018 to approximately 19.2% for the corresponding period in 2019.

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

For the six months ended 30 June 2019, other income and gains (excluding bank interest income and other investment income) decreased by approximately US$2.7 million from approximately US$7.3 million for the six months ended 30 June 2018 to US$4.6 million for the corresponding period in 2019. The decrease was mainly attributable to a year on year decrease of approximately US$3.4 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$7.0 million and US$8.2 million for the six months ended 30 June 2019 and 2018, respectively. The decrease was mainly attributable to the decrease in proceeds from disposal of equity investments.

Administrative Expenses

The Group's administrative expenses increased from approximately US$36.9 million for the six months ended 30 June 2018 to approximately US$38.0 million for the corresponding period in 2019, representing an increase of approximately 3.0%. The increase was primarily attributable to the overall increase in staff cost.

Other Expenses, net

The Group's other expenses, net were US$0.8 million and US$1.0 million for the six months ended 30 June 2019 and 2018, respectively. The decrease was mainly attributable to a year on year decrease of approximately US$0.2 million in the hedging losses arising from realization of Japanese Yen.

Finance Costs

The Group's finance costs increased from approximately US$4.9 million for the six months ended 30 June 2018 to approximately US$6.9 million for the six months ended 30 June 2019. The increase was mainly attributable to the increase in interest on the lease liabilities due to the implementation of Hong Kong Financial Reporting Standard 16 *Leases* for the first time.

Share of Profits of Joint Ventures

The Group's share of profits of joint ventures decreased by approximately 18.0% from approximately US$5.0 million for the six months ended 30 June 2018 to approximately US$4.1 million for the six months ended 30 June 2019. The decrease was mainly attributable to the decline in the profits of part of the jointly controlled depots.

Share of Profits of Associates

The Group's share of profits of associates was approximately US$0.2 million for both the six months ended 30 June 2019 and 2018. There was no change in the amount.

Profit before Tax

As a result of the foregoing, the Group's profit before tax increased by approximately 17.8% from approximately US$96.0 million for the six months ended 30 June 2018 to approximately US$113.1 million for the corresponding period in 2019.

Income Tax Expenses

The Group's income tax expense was approximately US$4.3 million and US$4.2 million for the six months ended 30 June 2019 and 2018, respectively. There was no material change in the amount.

Profit for the Period

The Group's profit for the six months ended 30 June 2019 was approximately US$108.8 million, representing an increase of approximately 18.5%, amount to approximately US$17.0 million over the profit of US$91.8 million for the corresponding period in 2018.

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:

	Six months ended 30 June			
	2019		**2018**	
	Amount *(US$'000)* (Unaudited)	*% of segment revenue*	**Amount** *(US$'000)* (Unaudited)	*% of segment revenue*
Income Statement Data:				
Segment revenue	733,123	100%	681,336	100%
Container shipping and supporting logistics income	668,369	91.2%	624,081	91.6%
Other container logistics income	64,754	8.8%	57,255	8.4%
Cost of Sales	(594,800)	(81.1%)	(567,001)	(83.2)%
Equipment and cargos transportation costs	(328,238)	(44.8%)	(320,837)	(47.1)%
Voyage costs	(133,248)	(18.1%)	(118,211)	(17.3)%
Container shipping vessels cost	(79,569)	(10.9%)	(79,124)	(11.6)%
Other container logistics costs	(53,745)	(7.3%)	(48,829)	(7.2)%
Gross Profit	138,323	18.9%	114,335	16.8%
Other income and gains (excluding bank interest income and other investment income)	4,629	0.6%	7,167	1.1%
Administrative expenses	(37,954)	(5.3%)	(36,772)	(5.4)%
Other expenses, net	(784)	(0.1%)	(989)	(0.2)%
Share of profits of:				
Joint ventures	4,180	0.6%	5,158	0.7%
Associates	197	0.1%	178	0.1%
Segment results	108,591	14.8%	89,077	13.1%

Segment results

The following table sets forth the number of trade lanes and port calls per week of the Group as at 30 June 2018 and 2019, and the average freight rate for the six months ended 30 June 2018 and 2019:

Six months ended 30 June		As of 30 June			
2019	**2018**	**2019**	**2018**	**2019**	**2018**
Average freight rate *(US$ per TEU, excluding slot exchange rate)*		**Number of trade lanes**		**Port calls per week**	
545.8	522.9	63	66	379	403

Revenue

Revenue of the Group's container shipping and logistics business increased by approximately 7.6% from approximately US$681.3 million for the six months ended 30 June 2018 to approximately US$733.1 million for the six months ended 30 June 2019. This increase was a combined effect of (i) the increase in container shipping volume from 1,144,871 TEUs for the six months ended 30 June 2018 to 1,179,341 TEU for the corresponding period in 2019; and (ii) the increase in average container shipping freight rate (excluding slot exchange fee income) from US$522.9/TEU for the six months ended 30 June 2018 to US$545.8/TEU for the corresponding period in 2019.

Cost of Sales

The cost of sales of the Group's sea freight logistics business increased by approximately 4.9% from approximately US$567.0 million for the six months ended 30 June 2018 to approximately US$594.8 million for the corresponding period in 2019. Such increase was primarily attributable to the increase 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$138.3 million for its container shipping and logistics business for the six months ended 30 June 2019, representing an increase of approximately US$24.0 million as compared to US$114.3 million for the corresponding period in 2018. The gross profit margin of the Group's container shipping and logistics business was approximately 18.9% and 16.8% for the six months ended 30 June 2019 and 2018, respectively.

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

For the six months ended 30 June 2019, the other income and gains (excluding bank interest income and other investment income) decreased to approximately US$4.6 million from approximately US$7.2 million for the corresponding period in 2018. The decrease was primarily attributable to a year on year decrease of approximately US$3.4 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$36.8 million for the six months ended 30 June 2018 to approximately US$38.0 million in the corresponding period of 2019. The increase was mainly attributable to the overall increase in staff cost.

Other Expenses, net

Other expenses, net decreased from approximately US$1.0 million for the six months ended 30 June 2018 to US$0.8 million for the corresponding period in 2019. It was mainly attributable to a year on year decrease of approximately US$0.2 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$4.2 million and US$5.2 million for the six months ended 30 June 2019 and 2018, respectively. The change in the amount was mainly attributable to the decline in the profits of part of the jointly controlled depots.

Share of Profits of Associates

The Group's container shipping and logistics business' share of profits and losses of associates was approximately US$0.2 million for both the six months ended 30 June 2019 and 2018. There was no change in the amount.

Segment Results

As a result of the foregoing, the segment results of the Group's container shipping and logistics business increased by approximately US$19.5 million from approximately US$89.1 million for the six months ended 30 June 2018 to approximately US$108.6 million in the corresponding period in 2019.

Dry Bulk and Others

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

	Six months ended 30 June			
	2019		2018	
	Amount *(US$'000)* (Unaudited)	*% of segment revenue*	**Amount** *(US$'000)* (Unaudited)	*% of segment revenue*
Income Statement Data:				
Segment revenue	12,958	100%	11,418	100%
Dry bulk business	12,218	94.3%	10,650	93.3%
Other businesses	740	5.7%	768	6.7%
Cost of Sales	(8,373)	(64.6%)	(7,675)	(67.2%)
Dry bulk business	(8,010)	(61.8%)	(7,296)	(63.9%)
Other businesses	(363)	(2.8%)	(379)	(3.3%)
Gross Profit	4,585	35.4%	3,743	32.8%
Other income and gains (excluding bank interest income and investment income)	–	–	95	0.9%
Administrative expenses	(43)	(0.3%)	(82)	(0.7%)
Other expenses, net	(1)	(0.1%)	(3)	(0.1%)
Share of losses of:				
Joint ventures	(99)	(0.7%)	(133)	(1.2%)
Segment results	4,442	34.3%	3,620	31.7%

Revenue

The revenue of the Group's dry bulk and other businesses increased by approximately 14.0% from approximately US$11.4 million for the six months ended 30 June 2018 to approximately US$13.0 million for the corresponding period in 2019. This increase was mainly attributable to the following:

- *Dry bulk business.* Revenue of the Group's dry bulk business increased by approximately 14.0% from approximately US$10.7 million for the six months ended 30 June 2018 to approximately US$12.2 million for the corresponding period in 2019. This primarily reflected the increase in the average daily charter hire of dry bulk vessels.

- *Other businesses.* Revenue of the Group's other businesses was approximately US$0.7 million and US$0.8 million for the six months ended 30 June 2019 and 2018, respectively. There was no material fluctuation in the amount.

Cost of Sales

The cost of sales of the Group's dry bulk and others business increased by approximately 9.1% from approximately US$7.7 million for the six months ended 30 June 2018 to approximately US$8.4 million for the corresponding period in 2019. The increase was mainly a combined effect of the following:

- *Dry bulk business.* Cost of sales for the Group's dry bulk business was approximately US$8.0 million and US$7.3 million for the six months ended 30 June 2019 and 2018, respectively. There was no material fluctuation 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 2019 and 2018. 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 24.3% from approximately US$3.7 million for the six months ended 30 June 2018 to approximately US$4.6 million for the corresponding period in year 2019. The gross profit margin of the Group's dry bulk and others business increased from approximately 32.8% for the six months ended 30 June 2018 to approximately 35.4% for the corresponding period in 2019.

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 2019 and 2018. There was no change in the amount.

Other Expenses, net

Other expenses, net incurred by the Group's dry bulk and others business for the six months ended 30 June 2019 amounted to US$1,000 (for the six months ended 30 June 2018: US$3,000). These was no material change in the amount.

Share of Losses of Joint Ventures

The Group's share of losses of joint ventures for the dry bulk and others business was approximately US$0.1 million for both the six months ended 30 June 2019 and 2018. There was no fluctuation in the amount.

Segment Results

As a result of the foregoing, the segment results of the Group's dry bulk and others business increased by approximately 22.2% from approximately US$3.6 million for the six months ended 30 June 2018 to approximately US$4.4 million for the corresponding period in 2019.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Total assets of the Group increased by approximately 16.2% from approximately US$1,551.9 million as at 31 December 2018 to approximately US$1,803.1 million as at 30 June 2019. As at 30 June 2019, the Group had cash and cash equivalents amounting to approximately US$499.4 million, mainly denominated in US dollar, Renminbi, Japanese Yen and other currencies.

Total liabilities of the Group increased by approximately 46.6% from approximately US$506.2 million as at 31 December 2018 to approximately US$742.1 million as at 30 June 2019. As at 30 June 2019, the Group had secured interest-bearing bank loans of approximately US$424.1 million. The maturity profile is spread over a period, with approximately US$141.8 million repayable within one year or on demand, approximately US$52.7 million within the second year, approximately US$130.7 million within the third to fifth years and approximately US$98.9 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 2019, the Group hedged approximately 14.3% (31 December 2018: 17.1%) of its foreign currency sales for which firm commitments existed at the end of the reporting period.

As at 30 June 2019, the Group had current ratio (being the current assets divided by the current liabilities) of approximately 1.7 compared to that of 1.9 as at 31 December 2018. 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, lease liabilities, provision for reinstatement costs, 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 19% and 11% as at 30 June 2019 and 31 December 2018, respectively.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group had no significant contingent liabilities.

CHARGE ON ASSETS

As at 30 June 2019, 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$604.7 million (31 December 2018: US$565.1 million).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2019, the Group had an aggregate of 1,417 full-time employees (30 June 2018: 1,388). The related employees' costs for the period (including directors' emoluments) amounted to approximately US$47.1 million (30 June 2018: US$43.7 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 (the "**Share Award Scheme**"). Further information of those share option schemes and the Share Award Scheme will be available in the interim report of the Company.

SIGNIFICANT INVESTMENTS

For the six months ended 30 June 2019, the Group did not have any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2019, 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, dry bulk vessels, containers and invest in logistic projects, as and when appropriate. The Company expects that the internal financial resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed, the Company does not have any future plans for significant investments or capital assets as at the date of this announcement.

INTERIM DIVIDEND

At the meeting of the Board held on 23 August 2019, the Board has resolved to declare an interim dividend of HK18 cents (equivalent to US2.30 cents) (six months ended 30 June 2018: HK15 cents) per share for the six months ended 30 June 2019 to shareholders whose name appear on the register of members of the Company at the close of business on 6 September 2019 (Friday). The dividend is expected to be paid on 20 September (Friday) 2019.

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 9 September 2019 (Monday) to 11 September 2019 (Wednesday), 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 6 September 2019 (Friday).

OTHER INFORMATION

Purchase, Sale and Redemption of Shares

Reference is made to the announcements of the Company dated 13 September 2017 and 11 January 2019 in respect of the share purchase pursuant to the Share Award Scheme.

During the period from 4 January 2019 to 10 January 2019, the trustee of the Share Award Scheme, at the Company's instructions, purchased on the market an aggregate of 6,349,000 Shares for the purpose of the Share Award Scheme at a total consideration of approximately HK$44.42 million.

Save as disclosed above, during the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Corporate Governance

The Company is committed to maintaining a stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. For the period throughout the six months ended 30 June 2019, the Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules, save and except for code provision A.5.5(2) which stipulates that when a listed issuer proposes to elect an individual as Independent non-Executive Director ("**INED**") at a general meeting and the individual will be holding his seventh (or more) listed company directorship, it must explain why the board believes the individual would still be able to devote sufficient time to the board in the relevant shareholder circular and/or explanatory statement accompanying the meeting notice.

The Company genuinely believes that the code provision A.5.5(2) which took effect on 1 January 2019 is only applicable to the election of a new INED to the Board, but not the re-election of an existing INED. Based on such understanding, the Company has inadvertently not disclosed in the circular dated 18 April 2019 the details as required under code provision A.5.5(2) in respect of the re-election of Dr. Ngai Wai Fung ("**Dr. Ngai**") as an INED of the Company at the 2019 annual general meeting.

The nomination committee (the "**Nomination Committee**") and the Board of the Company have considered a number of factors including the time commitment before making recommendation to the shareholders on the re-election of the retiring Directors. Although Dr. Ngai has served as director for more than seven listed companies, he has maintained his profession in various directorships of listed companies he served, and has actively participated in all the meetings of the Board and its committees held by the Company during the year 2018. Accordingly, the Board considered that Dr. Ngai has devoted sufficient time to perform his director's duties in the Company.

In terms of disclosure, the Company has made adequate disclosure in its 2018 annual report and the accompanying circular on the re-election of the retiring Directors. The Company has disclosed in the circular the information about Dr. Ngai pursuant to Rule 13.51(2) of the Listing Rules, including the list of directorship in companies which Dr. Ngai served. It has also been clearly stated in the corporate governance report that the Nomination Committee has reviewed the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company's Board Diversity Policy and Director Nomination Policy and the Company's corporate strategy, as well as the independence of all INEDs. Based on such factors and the recommendation from the Nomination Committee, the Board has recommended to the shareholders on the re-election of all the retiring Directors (including the retiring INEDs). Accordingly, we trust that the Company has provided shareholders with sufficient information to form an informed view in order to make their voting decisions at the annual general meeting.

The Company acknowledges the deviation from code provision A.5.5 of the CG Code and will use its best endeavour to ensure full disclosure of requisite details in compliance with code provision A.5.5 for future election or re-election of INEDs at general meetings.

Model Code for Securities Transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules (the "**Appendix 10**") 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 as set out in Appendix 10. Having made specific enquiries with all Directors, they have confirmed that they complied with the required standards set out in the Model Code and the Company Code throughout the six months ended 30 June 2019.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors of the Company. The members currently are Dr. Lo Wing Yan, William, Dr. Ngai Wai Fung and Mr. Tsui Yung Kwok, being the chairman of the Audit Committee. 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 2019.

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 2019 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available for review on the aforesaid websites in due course.

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

Hong Kong, 23 August 2019

As at the date of this announcement, the executive directors of the Company are Mr. Yang Shaopeng, Mr. Yang Xianxiang, Mr. Liu Kecheng, Mr. Xue Peng, Mr. Xue Mingyuan and Mr. Lai Zhiyong; and the independent non-executive directors of the Company are Mr. Tsui Yung Kwok, Mr. Yeung Kwok On, Dr. Lo Wing Yan, William, JP and Dr. Ngai Wai Fung.