

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SITC International Holdings Company Limited

海豐國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1308)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial Highlights

- Revenue for the year ended 31 December 2020 was approximately US\$1,685.2 million, increased by approximately 8.5% as compared to approximately US\$1,553.7 million for the year ended 31 December 2019.
- Gross profit for the year ended 31 December 2020 increased by approximately 49.2% from approximately US\$298.2 million for the year ended 31 December 2019 to approximately US\$445.0 million for the year ended 31 December 2020, which translated to an increase in gross profit margin to approximately 26.4% for the year ended 31 December 2020 from approximately 19.2% for the year ended 31 December 2019.
- Profit for the year ended 31 December 2020 increased by approximately 59.7% to approximately US\$353.7 million from approximately US\$221.5 million for the year ended 31 December 2019.
- Basic earnings per share for the year ended 31 December 2020 amounted to US13.22 cents (2019: US8.29 cents).
- A final dividend of HK60 cents (equivalent to US7.74 cents) per share were declared for the year ended 31 December 2020.

The board (the “**Board**”) of directors (the “**Directors**”) of SITC International Holdings Company Limited (“**SITC**” or the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the consolidated results of the Group for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) as below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

	<i>Notes</i>	2020 <i>US\$'000</i>	2019 <i>US\$'000</i>
REVENUE	4	1,685,167	1,553,718
Cost of sales		<u>(1,240,136)</u>	<u>(1,255,566)</u>
Gross profit		445,031	298,152
Other income and gains, net		22,911	22,406
Administrative expenses		(96,970)	(80,246)
Other expenses, net		(2,452)	(4,344)
Finance costs	5	(13,531)	(14,482)
Share of profits and losses of:			
Joint ventures		9,863	8,585
Associates		<u>145</u>	<u>442</u>
PROFIT BEFORE TAX	6	364,997	230,513
Income tax	7	<u>(11,309)</u>	<u>(8,998)</u>
PROFIT FOR THE YEAR		<u><u>353,688</u></u>	<u><u>221,515</u></u>

	<i>Notes</i>	2020 <i>US\$'000</i>	2019 <i>US\$'000</i>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Debt investments at fair value through other comprehensive income:			
Changes in fair value		–	1,015
Reclassification adjustments for losses on disposal included in profit or loss	6	<u>–</u>	<u>143</u>
		<u>–</u>	<u>1,158</u>
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the year		(10,285)	(2,368)
Reclassification adjustments for losses included in profit or loss	6	<u>2,093</u>	<u>4,111</u>
		<u>(8,192)</u>	<u>1,743</u>
Exchange differences on translation of foreign operations		6,933	(783)
Share of other comprehensive income/(loss) of joint ventures		650	(311)
Share of other comprehensive income/(loss) of associates		<u>593</u>	<u>(110)</u>

	<i>Notes</i>	2020 <i>US\$'000</i>	2019 <i>US\$'000</i>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		<u>(16)</u>	<u>1,697</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX		<u>(16)</u>	<u>1,697</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>353,672</u></u>	<u><u>223,212</u></u>
Profit for the year attributable to:			
Shareholders of the Company		351,624	219,977
Non-controlling interests		<u>2,064</u>	<u>1,538</u>
		<u><u>353,688</u></u>	<u><u>221,515</u></u>
Total comprehensive income for the year attributable to:			
Shareholders of the Company		351,326	221,530
Non-controlling interests		<u>2,346</u>	<u>1,682</u>
		<u><u>353,672</u></u>	<u><u>223,212</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	9		
Basic (US cents per share)		<u>13.22</u>	<u>8.29</u>
Diluted (US cents per share)		<u>13.11</u>	<u>8.22</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	<i>Notes</i>	2020 <i>US\$'000</i>	2019 <i>US\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,101,059	969,957
Right-of-use assets		169,557	164,308
Advance payments for the acquisition of vessels		38,451	49,954
Goodwill		1,083	1,016
Other intangible assets		1,579	1,579
Investments in joint ventures		35,968	34,467
Investments in associates		10,441	9,703
Derivative financial instruments		24	14
		1,358,162	1,230,998
TOTAL non-current assets			
CURRENT ASSETS			
Bunkers		20,384	22,067
Trade receivables	10	103,922	70,551
Prepayments, deposits and other receivables		21,087	18,903
Derivative financial instruments		1,726	252
Financial assets at fair value through profit or loss		16,845	7,410
Cash and bank balances		518,713	399,363
		682,677	518,546
TOTAL current assets			
CURRENT LIABILITIES			
Trade payables	11	173,039	137,862
Other payables and accruals		81,401	60,315
Derivative financial instruments		1,070	–
Bank borrowings		75,753	55,416
Lease liabilities		42,118	38,498
Dividend payables		–	102,615
Income tax payables		4,051	1,610
		377,432	396,316
TOTAL current liabilities			
NET CURRENT ASSETS		305,245	122,230

	2020 <i>US\$'000</i>	2019 <i>US\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,663,407</u>	<u>1,353,228</u>
NON-CURRENT LIABILITIES		
Derivative financial instruments	4,378	–
Bank borrowings	353,140	226,596
Lease liabilities	107,856	104,656
Provision for reinstatement costs	<u>2,645</u>	<u>2,406</u>
Total non-current liabilities	<u>468,019</u>	<u>333,658</u>
Net assets	<u><u>1,195,388</u></u>	<u><u>1,019,570</u></u>
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	34,567	34,513
Reserves	<u>1,149,920</u>	<u>975,730</u>
	1,184,487	1,010,243
Non-controlling interests	<u>10,901</u>	<u>9,327</u>
Total equity	<u><u>1,195,388</u></u>	<u><u>1,019,570</u></u>

1. BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “**Conceptual Framework**”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business.

The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any significant impact on the financial position and performance of the Group.
- (d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group’s offices have been reduced or waived by the lessors as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of US\$66,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

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

- (a) the container shipping and logistics segment, which is engaged in the provision of integrated logistics services, including 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.

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.

Year ended 31 December 2020

	Container shipping and logistics US\$'000	Dry bulk and others US\$'000	Total US\$'000
Segment revenue (note 4)			
Sales to external customers	1,662,839	22,328	1,685,167
Segment results	<u>364,515</u>	<u>3,695</u>	368,210
<i>Reconciliation:</i>			
Bank interest income			9,260
Investment income of principal-protected investment deposits at fair value through profit or loss			213
Fair value gain on a financial asset at fair value through profit or loss			845
Finance costs			<u>(13,531)</u>
Profit before tax			<u>364,997</u>

	Container shipping and logistics US\$'000	Dry bulk and others US\$'000	Total US\$'000
At 31 December 2020			
Segment assets	<u>1,354,011</u>	<u>138,295</u>	1,492,306
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>548,533</u>
Total assets			<u><u>2,040,839</u></u>
Segment liabilities	<u>387,175</u>	<u>3,022</u>	390,197
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>455,254</u>
Total liabilities			<u><u>845,451</u></u>
Other segment information:			
Share of profits and losses of:			
Joint ventures	9,827	36	9,863
Associates	145	–	145
Depreciation of property, plant and equipment	61,511	7,911	69,422
Depreciation of right-of-use assets	46,031	452	46,483
Gain on disposal of items of property, plant and equipment, net	16	9	25
Impairment of trade receivables, net	99	222	321
Investments in joint ventures	35,356	612	35,968
Investments in associates	10,441	–	10,441
Capital expenditure*	<u>185,757</u>	<u>1,348</u>	<u>187,105</u>

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

Year ended 31 December 2019

	Container shipping and logistics <i>US\$'000</i>	Dry bulk and others <i>US\$'000</i>	Total <i>US\$'000</i>
Segment revenue (note 4)			
Sales to external customers	<u>1,527,346</u>	<u>26,372</u>	<u>1,553,718</u>
Segment results	<u><u>222,459</u></u>	<u><u>8,367</u></u>	230,826
<i>Reconciliation:</i>			
Bank interest income			13,358
Interest income of debt investments at fair value through other comprehensive income			492
Investment income of principal-protected investment deposits at fair value through profit or loss			319
Finance costs			<u>(14,482)</u>
Profit before tax			<u><u>230,513</u></u>
At 31 December 2019			
Segment assets	<u>1,014,505</u>	<u>145,184</u>	1,159,689
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>589,855</u>
Total assets			<u><u>1,749,544</u></u>
Segment liabilities	<u>431,302</u>	<u>479</u>	431,781
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>298,193</u>
Total liabilities			<u><u>729,974</u></u>

	Container shipping and logistics <i>US\$'000</i>	Dry bulk and others <i>US\$'000</i>	Total <i>US\$'000</i>
Other segment information			
Share of profits and losses of:			
Joint ventures	8,975	(390)	8,585
Associates	442	–	442
Depreciation of property, plant and equipment	58,825	7,931	66,756
Depreciation of right-of-use assets	35,995	455	36,450
Gain on disposal of items of property, plant and equipment, net	151	–	151
Impairment of trade receivables, net	76	–	76
Investments in joint ventures	33,897	570	34,467
Investments in associates	9,703	–	9,703
Capital expenditure*	<u>115,222</u>	<u>868</u>	<u>116,090</u>

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

Geographical information

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

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

	2020	2019
	<i>US\$'000</i>	<i>US\$'000</i>
Greater China*	657,527	592,566
Southeast Asia	525,487	465,022
Japan	415,687	406,557
Others	86,466	89,573
	<u>1,685,167</u>	<u>1,553,718</u>

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

Major customer information disclosure

During the year, there were no sales to any single customer which contributed 10% or more of the Group's revenue (2019: Nil).

4. REVENUE

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

	2020	2019
	<i>US\$'000</i>	<i>US\$'000</i>
Revenue from contracts with customers	1,662,839	1,527,346
Revenue from other sources:		
Time charter income	20,782	24,885
Other rental income	1,546	1,487
	<u>22,328</u>	<u>26,372</u>
	<u>1,685,167</u>	<u>1,553,718</u>

5. FINANCE COSTS

	2020	2019
	<i>US\$'000</i>	<i>US\$'000</i>
Interest on bank borrowings	7,293	9,188
Interest on lease liabilities	6,133	5,209
Increase in discounted amounts of provision for reinstatement costs arising from the passage of time	105	85
	<u>13,531</u>	<u>14,482</u>

6. PROFIT BEFORE TAX

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

	2020 <i>US\$'000</i>	2019 <i>US\$'000</i>
Cost of services provided:		
Cost of bunkers consumed	169,501	207,885
Others	<u>1,070,635</u>	<u>1,047,681</u>
	<u>1,240,136</u>	<u>1,255,566</u>
Depreciation of property, plant and equipment	69,422	66,756
Less: Included in cost of services provided	<u>(66,057)</u>	<u>(65,751)</u>
	<u>3,365</u>	<u>1,005</u>
Depreciation of right-of-use assets	46,483	36,450
Less: Included in cost of services provided	<u>(43,057)</u>	<u>(33,897)</u>
	<u>3,426</u>	<u>2,553</u>
Lease payments not included in the measurement of lease liabilities	83,073	97,652
Less: Included in cost of services provided	<u>(77,605)</u>	<u>(91,659)</u>
	<u>5,468</u>	<u>5,993</u>
Auditor's remuneration	397	393
Employee benefit expense (including directors' remuneration):		
Wages and salaries	110,316	84,486
Share award expense	6,200	5,413
Pension scheme contributions (defined contribution schemes)	<u>5,203</u>	<u>8,795</u>
	<u>121,719</u>	<u>98,694</u>
Less: Included in cost of services provided	<u>(47,740)</u>	<u>(42,187)</u>
	<u>73,979</u>	<u>56,507</u>
Impairment of trade receivables, net*	321	76
Fair value losses, net:		
Cash flow hedges (transfer from equity)*	2,093	4,111
Debt investments at fair value through other comprehensive income (transfer from equity on disposal)*	<u>–</u>	<u>143</u>

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

7. INCOME TAX

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

	2020	2019
	<i>US\$'000</i>	<i>US\$'000</i>
Current:		
Hong Kong	993	379
(Overprovision)/Underprovision in prior years –		
Hong Kong	(227)	44
Mainland China	2,186	1,262
Elsewhere	8,357	7,313
	<hr/>	<hr/>
Total tax expense for the year	11,309	8,998
	<hr/> <hr/>	<hr/> <hr/>

Notes: Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2019: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2019: 8.25%) and the remaining assessable profits are taxed at 16.5% (2019: 16.5%). Taxes on profits assessable in Mainland China and elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

8. DIVIDENDS

	2020		2019	
	<i>HK\$'000</i>	<i>US\$'000 equivalent</i>	<i>HK\$'000</i>	<i>US\$'000 equivalent</i>
Interim – HK22 cents (equivalent to approximately US2.84 cents) (2019: HK18 cents, equivalent to approximately US2.30 cents) per ordinary share	589,749	76,135	481,064	61,331
Special – (2019: HK30 cents, equivalent to approximately US3.83 cents) per ordinary share	–	–	803,246	102,615
Proposed final – HK60 cents (equivalent to approximately US7.74 cents) (2019: HK27 cents, equivalent to approximately US3.47 cents) per ordinary share	<u>1,608,967</u>	<u>207,557</u>	<u>723,067</u>	<u>92,862</u>
	<u><u>2,198,716</u></u>	<u><u>283,692</u></u>	<u><u>2,007,377</u></u>	<u><u>256,808</u></u>

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

9. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

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

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

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

	2020 <i>US\$'000</i>	2019 <i>US\$'000</i>
Earnings		
Profit attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	<u>351,624</u>	<u>219,977</u>
	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year less shares held under the share award scheme, used in the basic earnings per share calculation	2,659,893,672	2,654,606,606
Effect of dilution – weighted average number of ordinary shares:		
Share options	2,908,708	5,442,581
Shares held under the share award scheme	<u>19,437,688</u>	<u>16,677,638</u>
Weighted average number of ordinary shares during the year, used in the diluted earnings per share calculation	<u>2,682,240,068</u>	<u>2,676,726,825</u>

10. TRADE RECEIVABLES

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

	2020	2019
	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 month	90,128	60,916
1 to 2 months	9,955	7,529
2 to 3 months	2,533	1,046
Over 3 months	1,306	1,060
	<hr/>	<hr/>
	103,922	70,551
	<hr/> <hr/>	<hr/> <hr/>

11. 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:

	2020	2019
	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 month	137,131	104,582
1 to 2 months	22,860	22,706
2 to 3 months	4,127	5,099
Over 3 months	8,921	5,475
	<hr/>	<hr/>
	173,039	137,862
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

The Company has two business segments, including (i) "container shipping and logistics" segment; and (ii) "dry bulk and others" segment.

Business Review

(i) Container shipping and logistics business

During the year ended 31 December 2020, the Group's container shipping and logistics business continued to provide container transportation and integrated logistics services that focused exclusively on the Asia market, as the Group believes that the Asia market will continue to experience stable and healthy growth.

As of 31 December 2020, the Group operated 72 trade lanes, including 10 trade lanes through joint services and 28 trade lanes through container slot exchange arrangements. These trade lanes and land-based integrated logistics business network covered 73 major ports and cities in the Mainland China, Japan, Korea, Taiwan, Hong Kong, Vietnam, Thailand, the Philippines, Cambodia, Indonesia, Singapore, Malaysia, Brunei and Bangladesh. As of 31 December 2020, the Group operated a fleet of 90 vessels with a total capacity of 129,652 TEU, comprised of 64 self-owned (94,475 TEU) and 26 chartered vessels (35,177 TEU), with an average age of 10.6 years. In addition, the Group also operated (including through joint ventures) approximately 1,190,000 m² of depot and 74,000 m² of warehousing space.

Revenue generated by the Group's container shipping and logistics business for the year ended 31 December 2020 increased by approximately 8.9% from US\$1,527.3 million for the year ended 31 December 2019 to US\$1,662.8 million for the year ended 31 December 2020. The increase was a result of a combined effect, from container shipping and supporting logistics business, where (i) container shipping volume achieved an increase of 5.3% growth from 2,483,278 TEUs in 2019 to 2,614,203 TEUs in 2020 and (ii) average freight rate (excluding slot exchange fee income) increased by approximately 1.6% from US\$536.6/TEU in 2019 to US\$545.1/TEU in 2020.

(ii) *Dry bulk and others business*

During the year ended 31 December 2020, the Group's dry bulk and others business focused on the provision of dry bulk vessel leasing, land leasing and air freight forwarding services. As at 31 December 2020, the Group had 6 dry bulk vessels with a total tonnage of 439,039 tons and an average age of 8.1 years.

Revenue generated from dry bulk and others business decreased by approximately 15.5% from US\$26.4 million for the year ended 31 December 2019 to US\$22.3 million for the year ended 31 December 2020. The decrease was primarily attributable to the decrease in the average daily charter rate of dry bulk vessels.

With continuous business expansion, the Group will continue to optimize its unique business model and expand its Asia service network. At the same time, the Group will optimize its own 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.

Market Review

For the year ended 31 December 2020, COVID-19 pandemic has had serious impact on the global economy, consumer activities and supply chain. With the full recovery of China's production in the second half of the year, the marine trade and container shipping freight market has picked up steadily. The Shanghai Containerized Freight Index (SCFI) has rebounded since hitting the bottom in late April, surging by 178% in the second half of 2020 and showing a general increase in freight rates of all global routes in the fourth quarter. The chartering market began to recover gradually in mid June and achieved significant growth. By the end of 2020, the chartering rate index increased by 128% compared with the end of June; The price index of container vessels and second-hand vessels also demonstrated a trend of surging after a decline. In December, the price index of container vessels and second-hand vessels increased by 14% compared with the end of the first half of the year. Through the strategy of expanding amidst the unfavorable trend, the Company continued to maintain a stable growth of its performance and increased new vessel orders as appropriate, laying a solid foundation for future development.

Looking forward, the Regional Comprehensive Economic Partnership (RCEP) comprised of 15 countries will stimulate regional trade, especially for the companies serving the shipping and logistics within Asia. The International Monetary Fund (IMF) predicts that the Asian economy could increase by 6.9% in 2021. In addition, the lack of new orders and delivery of small vessels in recent years, as well as the environmental protection target of zero carbon emission in global shipping industry in 2050 and a set of core rules implemented by the International Maritime Organization (IMO) have accelerated the scrapping of old vessels, which also suppressed the growth of container shipping capacity. The above factors will maintain the supply and demand balance of container shipping logistics in Asia. The Company will continue to pay close attention to the COVID-19 pandemic and the changes in various economies around the world, and will seize the opportunity to implement business expansion plan continuously and prudently.

Financial Overview

	Year ended 31 December					
	2020	2019	2020	2019	2020	2019
	Container shipping and logistics		Dry bulk and others		Total	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	1,662,839	1,527,346	22,328	26,372	1,685,167	1,553,718
Cost of sales	(1,221,812)	(1,238,096)	(18,324)	(17,470)	(1,240,136)	(1,255,566)
Gross profit	441,027	289,250	4,004	8,902	445,031	298,152
Other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset)	12,585	8,237	8	–	12,593	8,237
Administrative expenses	(96,839)	(80,101)	(131)	(145)	(96,970)	(80,246)
Share of profits and losses of:						
Joint ventures	9,827	8,975	36	(390)	9,863	8,585
Associates	145	442	–	–	145	442
Other expenses and losses	(2,230)	(4,344)	(222)	–	(2,452)	(4,344)
Segment results	364,515	222,459	3,695	8,367	368,210	230,826
Finance costs					(13,531)	(14,482)
Bank interest income, other investment income and fair value gain on a financial asset					10,318	14,169
Profit before tax					364,997	230,513
Income tax					(11,309)	(8,998)
Profit for the year					<u>353,688</u>	<u>221,515</u>
Profit attributable to:						
Owners of the parents					351,624	219,997
Non-controlling interests					2,064	1,538
					<u>353,688</u>	<u>221,515</u>

Revenue

The Group's total revenue increased by approximately 8.5% from approximately US\$1,553.7 million for the year ended 31 December 2019 to approximately US\$1,685.2 million for the year ended 31 December 2020. 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 decreased by approximately 1.2% from approximately US\$1,255.6 million for the year ended 31 December 2019 to approximately US\$1,240.1 million for the year ended 31 December 2020. The decrease was primarily attributable to the decrease in bunker costs for the container shipping and supporting logistics business.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit increased from approximately US\$298.2 million for the year ended 31 December 2019 to approximately US\$445.0 million for the year ended 31 December 2020. The Group's gross profit margin increased from approximately 19.2% for the year ended 31 December 2019 to approximately 26.4% for the year ended 31 December 2020.

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

For the year ended 31 December 2020, other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset) increased by approximately US\$4.4 million from approximately US\$8.2 million for the year ended 31 December 2019 to approximately US\$12.6 million for the year ended 31 December 2020. The increase for the year ended 31 December 2020 was a result of a combined effect, reflecting (i) the increase of fair value gains on derivative instruments in the amount of approximately US\$2.5 million; and (ii) a year-on-year increase of approximately US\$2.3 million for government subsidies.

Administrative Expenses

The Group's administrative expenses increased from approximately US\$80.2 million for the year ended 31 December 2019 to approximately US\$97.0 million for the year ended 31 December 2020, representing an increase of approximately 20.9%. The increase was primarily attributable to the overall increase in staff cost.

Share of Profits and Losses of Joint Ventures

The Group's share of profits and losses of joint ventures increased by approximately 15.1% from approximately US\$8.6 million in 2019 to approximately US\$9.9 million in 2020. The increase was mainly attributable to the increase in the profits from part of the jointly controlled depots.

Share of Profits and Losses of Associates

The Group's share of profits and losses of associates was US\$0.1 million and US\$0.4 million for 2020 and 2019, respectively. There was no material change in the amount.

Other Expenses and Losses

The Group's other expenses and losses were approximately US\$2.5 million and US\$4.3 million for the year ended 31 December 2020 and 2019, respectively. The decrease was mainly attributable to a year-on-year decrease of approximately US\$2.0 million in the hedging losses arising from realization of Japanese Yen.

Finance Costs

The Group's finance costs decreased from approximately US\$14.5 million for the year ended 31 December 2019 to approximately US\$13.5 million for the year ended 31 December 2020. The decrease was mainly attributable to the decrease in borrowing interest rate.

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

The Group's amount of bank interest income, other investment income and fair value gain on a financial asset was approximately US\$10.3 million and US\$14.2 million for the year ended 31 December 2020 and 2019, respectively. The decrease was mainly attributable to the decrease in average deposit interest rate.

Profit before Tax

As a result of the foregoing, the Group's profit before tax increased from approximately US\$230.5 million for the year ended 31 December 2019 to approximately US\$365.0 million for the year ended 31 December 2020.

Income Tax Expenses

The Group's income tax expense was approximately US\$11.3 million and US\$9.0 million for the year ended 31 December 2020 and 2019, respectively. The increase was primarily attributable to the increase in taxable profit of the Group.

Profit for the Year

The Group's profit for the year ended 31 December 2020 was approximately US\$353.7 million, representing an increase of approximately 59.7% as compared to the profit of approximately US\$221.5 million for the year ended 31 December 2019.

Container Shipping and Logistics

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

	Year ended 31 December			
	2020	% of	2019	% of
	Amount	segment	Amount	segment
	(US\$'000)	revenue	(US\$'000)	revenue
Income Statement Data				
Segment Revenue	1,662,839	100%	1,527,346	100%
Container shipping and supporting logistics income	1,490,285	89.6%	1,390,352	91.0%
Other container logistics income	172,554	10.4%	136,994	9.0%
Cost of Sales	(1,221,812)	(73.5%)	(1,238,096)	(81.1%)
Equipment and cargos transportation costs	(660,306)	(39.7%)	(680,825)	(44.6%)
Voyage costs	(241,647)	(14.5%)	(275,558)	(18.0%)
Container shipping vessels cost	(175,302)	(10.5%)	(166,093)	(10.9%)
Other container logistics costs	(144,557)	(8.7%)	(115,620)	(7.6%)
Gross Profit	441,027	26.5%	289,250	18.9%
Other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset)	12,585	0.8%	8,237	0.5%
Administrative expenses	(96,839)	(5.8%)	(80,101)	(5.2%)
Other expenses and losses	(2,230)	(0.1%)	(4,344)	(0.3%)
Share of profits and losses of:				
Joint ventures	9,827	0.6%	8,975	0.6%
Associates	145	0.1%	442	0.1%
Segment Results	<u>364,515</u>	<u>21.9%</u>	<u>222,459</u>	<u>14.6%</u>

Segment Results

The following table sets forth the number of trade lanes of the Group port calls per week and the average freight rates for the years ended 31 December 2019 and 2020:

Year ended 31 December		As of 31 December			
2020	2019	2020	2019	2020	2019
Aggregate freight rate <i>(US\$ per TEU, excluding slot exchange fee rate)</i>		Number of trade lanes		Port calls per week	
545.1	536.6	72	68	438	408

Revenue

Revenue of the Group's container shipping and logistics segment increased by approximately 8.9% from approximately US\$1,527.3 million for the year ended 31 December 2019 to approximately US\$1,662.8 million for the year ended 31 December 2020. The increase was a result of a combined effect, from container shipping and supporting logistics business, where (i) container shipping volume achieved an increase of 5.3% growth from 2,483,278 TEUs in 2019 to 2,614,203 TEUs in 2020; and (ii) average freight rate (excluding slot exchange fee income) increased by approximately 1.6% from US\$536.6/TEU in 2019 to US\$545.1/TEU in 2020.

Cost of Sales

The cost of sales of the Group's container shipping and logistics business decreased by approximately 1.3% from approximately US\$1,238.1 million for the year ended 31 December 2019 to approximately US\$1,221.8 million for year ended 31 December 2020. Such decrease was primarily attributable to the decrease in bunker cost.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company recorded gross profit of approximately US\$441.0 million in its container shipping and logistics business for the year ended 31 December 2020, representing an increase of approximately 52.4% as compared to approximately US\$289.3 million for the year ended 31 December 2019. The gross profit margin of the Group's container shipping and logistics business increased from approximately 18.9% for the year ended 31 December 2019 to approximately 26.5% for the year ended 31 December 2020.

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

For the year ended 31 December 2020, the other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset) increased to approximately US\$12.6 million from approximately US\$8.2 million for the year ended 31 December 2019. The increase for the year ended 31 December 2020 was a result of a combined effect, reflecting (i) the increase of fair value gains on derivative instruments approximately US\$2.5 million; and (ii) a year-on-year increase of approximately US\$2.3 million for government subsidies.

Administrative Expenses

Administrative expenses of the Group's container shipping and logistics business increased by approximately 20.8% from approximately US\$80.1 million for the year ended 31 December 2019 to approximately US\$96.8 million for the year ended 31 December 2020. The change in the amount was mainly attributable to the overall increase in staff cost.

Share of Profits and Losses of Joint Ventures

The Group's container shipping and logistics business's share of profits and losses of joint ventures increased by approximately 8.9% from approximately US\$9.0 million in 2019 to approximately US\$9.8 million in 2020. The change in the amount was mainly attributable to the increase in the profits from part of the jointly controlled depots.

Share of Profits and Losses of Associates

The Group's container shipping and logistics business' share of profits and losses of associates was approximately US\$0.1 million and US\$0.4 million for 2020 and 2019, respectively. There was no material change in the amount.

Other Expenses and Losses

Other expenses and losses for the Group's container shipping and logistics business decreased from approximately US\$4.3 million for the year ended 31 December 2019 to approximately US\$2.2 million for the year ended 31 December 2020. It was mainly attributable to a year-on-year decrease of approximately US\$2.0 million in the hedging losses arising from realization of Japanese Yen.

Segment Results

As a result of the foregoing, the segment results of the Group's container shipping and logistics business increased by approximately US\$142.0 million from approximately US\$222.5 million for the year ended 31 December 2019 to approximately US\$364.5 million for the year ended 31 December 2020.

Dry Bulk and Others

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

	Year ended 31 December			
	2020		2019	
	Amount	<i>% of</i>	Amount	<i>% of</i>
	<i>(US\$'000)</i>	<i>segment</i>	<i>(US\$'000)</i>	<i>segment</i>
		<i>revenue</i>		<i>revenue</i>
Income Statement Data				
Segment Revenue	22,328	100%	26,372	100%
Dry bulk business	20,782	93.1%	24,885	94.4%
Other business	1,546	6.9%	1,487	5.6%
Cost of Sales	(18,324)	(82.1%)	(17,470)	(66.3%)
Dry bulk business	(17,586)	(78.8%)	(16,738)	(63.5%)
Other business	(738)	(3.3%)	(732)	(2.8%)
Gross Profit	4,004	17.9%	8,902	33.8%
Other income and gains (excluding bank interest income and other investment income)	8	–	–	–
Administrative expenses	(131)	(0.6%)	(145)	(0.5%)
Other expenses and losses	(222)	(1.0%)	–	–
Share of profits and losses of joint ventures	36	0.2%	(390)	(1.5%)
	<hr/>		<hr/>	
Segment Results	3,695	16.5%	8,367	31.7%
	<hr/> <hr/>		<hr/> <hr/>	

Revenue

The revenue of the Group's dry bulk and others business decreased by approximately 15.5% from approximately US\$26.4 million for the year ended 31 December 2019 to approximately US\$22.3 million for year ended 31 December 2020. This decrease was mainly attributable to the Segment's revenue from its dry bulk business decreased by approximately 16.5% from approximately US\$24.9 million for the year ended 31 December 2019 to approximately US\$20.8 million for the year ended 31 December 2020, which primarily reflected the decrease in the average daily charter rate of dry bulk vessels.

Cost of Sales

The cost of sales of the Group's dry bulk and others business increased by approximately 4.6% from approximately US\$17.5 million for the year ended 31 December 2019 to approximately US\$18.3 million for the year ended 31 December 2020. The increase was mainly attributable to the increase in cost of sales for the dry bulk business by approximately 5.4% from approximately US\$16.7 million for the year ended 31 December 2019 to approximately US\$17.6 million for year ended 31 December 2020, primarily reflecting an increase in the Group's operating costs of dry bulk vessels.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the gross profit of the Group's dry bulk and others business decreased by approximately 55.1% from approximately US\$8.9 million for the year ended 31 December 2019 to approximately US\$4.0 million for the year ended 31 December 2020. The gross profit margin of the Group's dry bulk and others business decreased from approximately 33.8% for the year ended 31 December 2019 to approximately 17.9% for the year ended 31 December 2020.

Administrative Expenses

Administrative expenses of the Group's dry bulk and others business was approximately US\$0.1 million for both the year ended 31 December 2020 and 2019. There was no material change in the amount.

Share of Profits and Losses of Joint Ventures

The Group's dry bulk and other business's share of profits and losses of joint ventures translated from a loss of approximately US\$0.4 million for the year ended 31 December 2019 to a profit of approximately US\$0.1 million for the corresponding period in 2020, which was mainly due to the deregistration process of a joint controlled airfreight forwarding enterprise.

Segment Results

As a result of the foregoing, the segment results of the Group's dry bulk logistics and others business decreased by approximately 56.0% from approximately US\$8.4 million for the year ended 31 December 2019 to approximately US\$3.7 million for the year ended 31 December 2020.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Total assets of the Group increased by approximately 16.7% from approximately US\$1,749.5 million as at 31 December 2019 to approximately US\$2,040.8 million as at 31 December 2020. As at 31 December 2020, the Group had cash and cash equivalents amounting to approximately US\$518.7 million, mainly denominated in US dollar, Renminbi, Japanese Yen and other currencies.

Total liabilities of the Group increased by approximately 15.8% from approximately US\$730.0 million as at 31 December 2019 to approximately US\$845.5 million as at 31 December 2020. At 31 December 2020, the Group had secured interest-bearing bank loans of approximately US\$428.9 million. The maturity profile is spread over a period, with approximately US\$75.8 million repayable within one year or on demand, approximately US\$75.4 million within the second year, approximately US\$159.7 million within third to fifth years and approximately US\$118.0 million beyond five years.

Further, the Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. As at 31 December 2020, the Group hedged approximately 13% (31 December 2019: 11%) of its foreign currency sales for which firm commitments existed at the end of the reporting period.

As at 31 December 2020, the Group had current ratio (being the current assets divided by the current liabilities) of approximately 1.8 compared to that of 1.3 as at 31 December 2019. 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, lease liabilities, 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 18% and 21% as at 31 December 2019 and 31 December 2020, respectively.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group had no significant contingent liabilities.

CHARGE ON ASSETS

As at 31 December 2020, 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\$768.8 million (31 December 2019: US\$489.2 million).

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2020, the Group had an aggregate of 1,652 full-time employees (excluding crew member, 31 December 2019: 1,491). The related employees' costs for the period (including directors' emoluments) amounted to approximately US\$121.7 million (31 December 2019: US\$98.7 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 the pre-IPO share option scheme and post-IPO share option scheme and adopted a share award scheme on 13 September 2019. Further information of the share option schemes and share award scheme will be available in the annual report of the Company for the year ended 31 December 2020.

SIGNIFICANT INVESTMENTS

During the year ended 31 December 2020, a total of 6 new container vessels and 2 second hand container vessels were delivered. In addition, the Group also entered into shipbuilding contracts with Jiangsu Yangzijiang Shipbuilding Co., Ltd. for building of 17 container vessels and option contracts for building 10 container vessels.

Save as otherwise, the Group did not have any significant investments for the year ended 31 December 2020.

MATERIAL ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2020, 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, containers and invest in logistics projects, as and when appropriate. The Company expected that the internal financial resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed, the Company does not have any future plans for significant investments or capital assets as at the date of this announcement.

FINAL DIVIDEND

At the Board meeting held on 8 March 2021, it was proposed that a final dividend of HK60 cents (equivalent to US7.74 cents) per ordinary share would be paid on 14 May 2021 to the shareholders of the Company whose names appear on the Company's register of members at the close of business at 4:30 p.m. on 5 May 2021 (Wednesday). The proposed final dividend is subject to approval by the shareholders at the annual general meeting of the Company to be held on 26 April 2021 (Monday) (the "**Annual General Meeting**").

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

OTHER INFORMATION

Annual General Meeting

The Annual General Meeting will be held on 26 April 2021 (Monday). A notice convening the Annual General Meeting will be published and despatched to the shareholders of the Company in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in due course.

Closure of Register of Members

For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from 21 April 2021 (Wednesday) to 26 April 2021 (Monday), both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 20 April 2021 (Tuesday).

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 3 May 2021 (Monday) to 5 May 2021 (Wednesday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 30 April 2021 (Friday).

Purchase, Sale and Redemption of Shares

During the year ended 31 December 2020, 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 year ended 31 December 2020, 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 and there has been no deviation from the code provisions set out in the CG Code for the year ended 31 December 2020.

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 year ended 31 December 2020.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") consists of Dr. Liu Ka Ying, Rebecca, Mr. Tse Siu Ngan and Dr. Hu Mantian (Mandy), all of whom are the Company's independent non-executive directors. The chairman of the Audit Committee is Dr. Liu Ka Ying, Rebecca. The annual results for the year ended 31 December 2020 of the Group have been reviewed by the Audit Committee.

Auditor

The Company appointed Ernst & Young as its auditor for the year ended 31 December 2020. The Company will submit a resolution in the coming Annual General Meeting to re-appoint Ernst & Young as the auditor of the Company.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

Publication of Annual Report

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) and the Company (<http://www.sitc.com>). The annual report of the Company for the year ended 31 December 2020 containing all the information as required by the Listing Rules will be despatched to the shareholders of the Company and made available for review on the same websites in due course.

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

Hong Kong, 8 March 2021

As at the date of this announcement, the executive Directors 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 are Dr. Liu Ka Ying, Rebecca, Mr. Yeung Kwok On, Mr. Tse Siu Ngan and Dr. Hu Mantian (Mandy).