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## **SITC International Holdings Company Limited**

**海豐國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1308)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **Financial Highlights**

- Revenue for the year ended 31 December 2021 was approximately US\$3,012.4 million, increased by approximately 78.8% as compared to approximately US\$1,685.2 million for the year ended 31 December 2020.
- Gross profit for the year ended 31 December 2021 increased by approximately 196.5% from approximately US\$445.0 million for the year ended 31 December 2020 to approximately US\$1,319.4 million for the year ended 31 December 2021, which translated to an increase in gross profit margin to approximately 43.8% for the year ended 31 December 2021 from approximately 26.4% for the year ended 31 December 2020.
- Profit for the year ended 31 December 2021 increased by approximately 230.0% to approximately US\$1,167.2 million from approximately US\$353.7 million for the year ended 31 December 2020.
- Basic earnings per share for the year ended 31 December 2021 amounted to US43.70 cents (2020: US13.22 cents).
- A final dividend of HK140 cents (equivalent to US17.92 cents) per share was declared for the year ended 31 December 2021.

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 2021, together with the comparative figures for the year ended 31 December 2020, 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 2021

	<i>Notes</i>	<b>2021</b> <i>US\$’000</i>	<b>2020</b> <i>US\$’000</i>
REVENUE	4	<b>3,012,447</b>	1,685,167
Cost of sales		<b>(1,693,074)</b>	(1,240,136)
Gross profit		<b>1,319,373</b>	445,031
Other income and gains, net		<b>24,267</b>	22,911
Administrative expenses		<b>(154,764)</b>	(96,970)
Other expenses, net		<b>(4,493)</b>	(2,452)
Finance costs	5	<b>(15,663)</b>	(13,531)
Share of profits and losses of:			
Joint ventures		<b>15,578</b>	9,863
Associates		<b>368</b>	145
PROFIT BEFORE TAX	6	<b>1,184,666</b>	364,997
Income tax	7	<b>(17,487)</b>	(11,309)
PROFIT FOR THE YEAR		<b>1,167,179</b>	353,688

	<i>Note</i>	<b>2021</b> <i>US\$'000</i>	<b>2020</b> <i>US\$'000</i>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
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 year		<b>14,727</b>	(10,285)
Reclassification adjustments for losses included in profit or loss	6	<b>3,236</b>	2,093
		<b>17,963</b>	(8,192)
Exchange differences on translation of foreign operations		<b>2,113</b>	6,933
Share of other comprehensive income of joint ventures		<b>122</b>	650
Share of other comprehensive income of associates		<b>385</b>	593
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		<b>20,583</b>	(16)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX</b>		<b>20,583</b>	(16)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,187,762</b>	353,672
Profit for the year attributable to:			
Shareholders of the Company		<b>1,162,714</b>	351,624
Non-controlling interests		<b>4,465</b>	2,064
		<b>1,167,179</b>	353,688

	<i>Note</i>	<b>2021</b> <i>US\$'000</i>	<b>2020</b> <i>US\$'000</i>
Total comprehensive income for the year attributable to:			
Shareholders of the Company		<b>1,183,348</b>	351,326
Non-controlling interests		<b>4,414</b>	2,346
		<u><b>1,187,762</b></u>	<u>353,672</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>	<b>9</b>		
Basic (US cents per share)		<u><b>43.70</b></u>	<u>13.22</u>
Diluted (US cents per share)		<u><b>43.33</b></u>	<u>13.11</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Notes</i>	<b>2021</b> <i>US\$'000</i>	<b>2020</b> <i>US\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>1,087,704</b>	1,101,059
Right-of-use assets		<b>233,189</b>	169,557
Advance payments for the acquisition of vessels		<b>145,152</b>	38,451
Goodwill		<b>1,111</b>	1,083
Other intangible assets		<b>1,579</b>	1,579
Investments in joint ventures		<b>49,929</b>	35,968
Investments in associates		<b>10,494</b>	10,441
Derivative financial instruments		<b>1,907</b>	24
		<hr/>	<hr/>
Total non-current assets		<b>1,531,065</b>	1,358,162
<b>CURRENT ASSETS</b>			
Bunkers		<b>41,476</b>	20,384
Trade receivables	<i>10</i>	<b>157,038</b>	103,922
Prepayments, deposits and other receivables		<b>34,929</b>	21,087
Derivative financial instruments		<b>329</b>	1,726
Financial assets at fair value through profit or loss		<b>32,105</b>	16,845
Cash and bank balances		<b>919,481</b>	518,713
		<hr/>	<hr/>
Total current assets		<b>1,185,358</b>	682,677
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>11</i>	<b>201,857</b>	173,039
Other payables and accruals		<b>173,445</b>	81,401
Derivative financial instruments		<b>51</b>	1,070
Bank borrowings		<b>83,211</b>	75,753
Lease liabilities		<b>48,186</b>	42,118
Dividend payables		<b>270,829</b>	–
Income tax payables		<b>7,695</b>	4,051
		<hr/>	<hr/>
Total current liabilities		<b>785,274</b>	377,432
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>400,084</b>	305,245
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,931,149</b>	1,663,407
		<hr/>	<hr/>

	<b>2021</b> <i>US\$'000</i>	<b>2020</b> <i>US\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,931,149</u>	<u>1,663,407</u>
NON-CURRENT LIABILITIES		
Derivative financial instruments	195	4,378
Bank borrowings	244,060	353,140
Lease liabilities	168,409	107,856
Provision for reinstatement costs	<u>2,801</u>	<u>2,645</u>
Total non-current liabilities	<u>415,465</u>	<u>468,019</u>
Net assets	<u><u>1,515,684</u></u>	<u><u>1,195,388</u></u>
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	34,581	34,567
Reserves	<u>1,467,106</u>	<u>1,149,920</u>
	<u>1,501,687</u>	<u>1,184,487</u>
Non-controlling interests	<u>13,997</u>	<u>10,901</u>
Total equity	<u><u>1,515,684</u></u>	<u><u>1,195,388</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 2021. 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 following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.



The Group had certain interest-bearing bank borrowings denominated in United States dollars based on the London Interbank Offered Rate (“LIBOR”) as at 31 December 2021. The Group also had an interest rate swap whereby the Group pays interest at a fixed rate of 0.45% to 1.62% and receives interest at a variable rate based on LIBOR on the notional amount. For the LIBOR-based borrowings and interest rate swap, since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings and interest rate swap are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the “economically equivalent” criterion is met. Additional information about the transition and the associated risks is disclosed in note 40 to the financial statements.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the year ended 31 December 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. The amendment did not have a 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 the 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, land leasing and other services.

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

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

**Year ended 31 December 2021**

	<b>Container shipping and logistics US\$'000</b>	<b>Dry bulk and others US\$'000</b>	<b>Total US\$'000</b>
<b>Segment revenue (note 4)</b>			
Sales to external customers	<u>2,983,230</u>	<u>29,217</u>	<u>3,012,447</u>
<b>Segment results</b>	<u><u>1,179,240</u></u>	<u><u>14,551</u></u>	<u>1,193,791</u>
<i>Reconciliation:</i>			
Bank interest income			5,731
Investment income of principal-protected investment deposits at fair value through profit or loss			238
Fair value gain on a financial asset at fair value through profit or loss			569
Finance costs			<u>(15,663)</u>
Profit before tax			<u><u>1,184,666</u></u>

	<b>Container shipping and logistics US\$'000</b>	<b>Dry bulk and others US\$'000</b>	<b>Total US\$'000</b>
<b>At 31 December 2021</b>			
<b>Segment assets</b>	<b>1,663,337</b>	<b>117,190</b>	<b>1,780,527</b>
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>935,896</u>
Total assets			<u><u>2,716,423</u></u>
<b>Segment liabilities</b>	<b>560,283</b>	<b>3,536</b>	<b>563,819</b>
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>636,920</u>
Total liabilities			<u><u>1,200,739</u></u>
<b>Other segment information:</b>			
Share of profits and losses of:			
Joint ventures	15,578	–	15,578
Associates	368	–	368
Depreciation of property, plant and equipment	71,228	8,011	79,239
Depreciation of right-of-use assets	51,648	487	52,135
Gain on disposal of items of property, plant and equipment, net	31	3,110	3,141
(Reversal of impairment)/impairment of trade receivables, net	51	(151)	(100)
Investments in joint ventures	49,929	–	49,929
Investments in associates	10,494	–	10,494
Capital expenditure*	<u>186,773</u>	<u>2,326</u>	<u>189,099</u>

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

**Year ended 31 December 2020**

	Container shipping and logistics <i>US\$'000</i>	Dry bulk and others <i>US\$'000</i>	Total <i>US\$'000</i>
<b>Segment revenue</b> <i>(note 4)</i>			
Sales to external customers	<u>1,662,839</u>	<u>22,328</u>	<u>1,685,167</u>
<b>Segment results</b>	<u><u>364,515</u></u>	<u><u>3,695</u></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><u>364,997</u></u>
<b>At 31 December 2020</b>			
<b>Segment assets</b>	<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>
<b>Segment liabilities</b>	<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>

	Container shipping and logistics <i>US\$'000</i>	Dry bulk and others <i>US\$'000</i>	Total <i>US\$'000</i>
<b>Other segment information:</b>			
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.

### 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:

	<b>2021</b> <i>US\$'000</i>	2020 <i>US\$'000</i>
Greater China*	<b>1,414,641</b>	657,527
Southeast Asia	<b>898,233</b>	525,487
Japan	<b>579,265</b>	415,687
Others	<b>120,308</b>	86,466
	<u><b>3,012,447</b></u>	<u>1,685,167</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 (2020: Nil).

#### 4. REVENUE

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

	<b>2021</b> <i>US\$'000</i>	2020 <i>US\$'000</i>
Revenue from contracts with customers	<b>2,983,230</b>	1,662,839
Revenue from other sources:		
Time charter income	<b>27,561</b>	20,782
Other rental income	<b>1,656</b>	1,546
	<u><b>29,217</b></u>	<u>22,328</u>
	<u><b>3,012,447</b></u>	<u>1,685,167</u>

#### 5. FINANCE COSTS

	<b>2021</b> <i>US\$'000</i>	2020 <i>US\$'000</i>
Interest on bank borrowings	<b>7,512</b>	7,293
Interest on lease liabilities	<b>8,038</b>	6,133
Increase in discounted amounts of provision for reinstatement costs arising from the passage of time	<b>113</b>	105
	<u><b>15,663</b></u>	<u>13,531</u>

## 6. PROFIT BEFORE TAX

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

	<b>2021</b> <i>US\$'000</i>	2020 <i>US\$'000</i>
Cost of services provided:		
Cost of bunkers consumed	<b>272,569</b>	169,501
Others	<b>1,420,505</b>	1,070,635
	<u><b>1,693,074</b></u>	<u>1,240,136</u>
Depreciation of property, plant and equipment	<b>79,239</b>	69,422
Less: Included in cost of services provided	<u><b>(75,427)</b></u>	<u>(66,057)</u>
	<u><b>3,812</b></u>	<u>3,365</u>
Depreciation of right-of-use assets	<b>52,135</b>	46,483
Less: Included in cost of services provided	<u><b>(48,262)</b></u>	<u>(43,057)</u>
	<u><b>3,873</b></u>	<u>3,426</u>
Lease payments not included in the measurement of lease liabilities	<b>158,714</b>	83,073
Less: Included in cost of services provided	<u><b>(152,091)</b></u>	<u>(77,605)</u>
	<u><b>6,623</b></u>	<u>5,468</u>
Auditor's remuneration	<b>412</b>	397
Employee benefit expense (including directors' remuneration):		
Wages and salaries	<b>175,573</b>	110,316
Share award expense	<b>8,444</b>	6,200
Pension scheme contributions (defined contribution schemes)*	<u><b>10,147</b></u>	<u>5,203</u>
	<u><b>194,164</b></u>	<u>121,719</u>
Less: Included in cost of services provided	<u><b>(70,160)</b></u>	<u>(47,740)</u>
	<u><b>124,004</b></u>	<u>73,979</u>

	<b>2021</b>	2020
	<i>US\$'000</i>	<i>US\$'000</i>
(Reversal of impairment)/impairment of trade receivables, net**	<b>(100)</b>	321
Fair value losses, net:		
Cash flow hedges (transfer from equity)**	<b>3,236</b>	2,093

\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

\*\* 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:

	<b>2021</b>	2020
	<i>US\$'000</i>	<i>US\$'000</i>
Current:		
Hong Kong	<b>678</b>	993
Overprovision in prior years		
– Hong Kong	<b>(319)</b>	(227)
Mainland China	<b>4,066</b>	2,186
Elsewhere	<b>13,062</b>	8,357
Total tax expense for the year	<b>17,487</b>	11,309

*Notes:*

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 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

	2021		2020	
	<i>HK\$'000</i>	<i>US\$'000</i> equivalent	<i>HK\$'000</i>	<i>US\$'000</i> equivalent
Interim – HK100 cents (equivalent to approximately US12.88 cents) (2020: HK22 cents, equivalent to approximately US2.84 cents) per ordinary share	<b>2,682,151</b>	<b>344,656</b>	589,749	76,135
Special – HK80 cents (equivalent to approximately US10.26 cents) (2020: Nil) per ordinary share	<b>2,145,906</b>	<b>275,105</b>	–	–
Proposed final – HK140 cents (equivalent to approximately US17.92 cents) (2020: HK60 cents, equivalent to approximately US7.74 cents) per ordinary share	<b>3,755,375</b>	<b>480,688</b>	1,609,248	207,255
	<b><u>8,583,432</u></b>	<b><u>1,100,449</u></b>	<b><u>2,198,997</u></b>	<b><u>283,390</u></b>

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) the 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 the basic and diluted earnings per share amounts are based on:

	<b>2021</b>	2020
	<i>US\$'000</i>	<i>US\$'000</i>
<b>Earnings</b>		
Profit attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	<u><b>1,162,714</b></u>	<u>351,624</u>
	<b>Number of shares</b>	
	<b>2021</b>	2020
<b>Shares</b>		
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	<b>2,660,791,788</b>	2,659,893,672
Effect of dilution – weighted average number of ordinary shares:		
Share options	<b>1,114,029</b>	2,908,708
Shares held under the share award scheme	<u><b>21,198,891</b></u>	<u>19,437,688</u>
Weighted average number of ordinary shares during the year, used in the diluted earnings per share calculation	<u><b>2,683,104,708</b></u>	<u>2,682,240,068</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:

	<b>2021</b>	2020
	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 month	<b>135,589</b>	90,128
1 to 2 months	<b>15,835</b>	9,955
2 to 3 months	<b>3,853</b>	2,533
Over 3 months	<u><b>1,761</b></u>	<u>1,306</u>
	<u><b>157,038</b></u>	<u>103,922</u>

## 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:

	<b>2021</b> <i>US\$'000</i>	2020 <i>US\$'000</i>
Within 1 month	<b>164,050</b>	137,131
1 to 2 months	<b>24,708</b>	22,860
2 to 3 months	<b>3,431</b>	4,127
Over 3 months	<b>9,668</b>	8,921
	<hr/> <b>201,857</b> <hr/>	<hr/> 173,039 <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 2021, 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 2021, the Group operated 74 trade lanes, including 12 trade lanes through joint services and 24 trade lanes through container slot exchange arrangements. These trade lanes and land-based integrated logistics business network covered 74 major ports and cities in the Mainland China, Japan, Korea, Taiwan, Hong Kong, Vietnam, Thailand, the Philippines, Cambodia, Indonesia, Singapore, Malaysia, Brunei, Bengal, Myanmar and Russia. As of 31 December 2021, the Group operated a fleet of 96 vessels with a total capacity of 143,115 TEU, comprised of 68 self-owned (103,663 TEU) and 28 chartered vessels (39,452 TEU), with an average age of 11.7 years. In addition, the Group also operated (including through joint ventures) approximately 1,308,000 m<sup>2</sup> of depot and 133,000 m<sup>2</sup> of warehousing space.

Revenue generated by the Group's container shipping and logistics business for the year ended 31 December 2021 increased by approximately 79.4% from approximately US\$1,662.8 million for the year ended 31 December 2020 to approximately US\$2,983.2 million for the year ended 31 December 2021. 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 20.2% from 2,614,203 TEUs in 2020 to 3,142,118 TEUs in 2021 and (ii) average freight rate (excluding slot exchange fee income) increased by approximately 51.7% from US\$545.1/TEU in 2020 to US\$826.9/TEU in 2021.

(ii) *Dry bulk and others business*

During the year ended 31 December 2021, the Group's dry bulk and others business focused on the provision of dry bulk vessel leasing and land leasing services. As at 31 December 2021, the Group has 5 dry bulk vessels with a total tonnage of 362,000 tons and an average age of 9.1 years. Revenue generated from dry bulk and others business increased by approximately 30.9% from approximately US\$22.3 million for the year ended 31 December 2020 to approximately US\$29.2 million for the year ended 31 December 2021. The increase was primarily attributable to the increase in average daily charter hire of dry bulk vessels.

The Group will continue to optimize its unique operation model, expand its service network, increase the voyage frequency of its lanes, and extend the sea-land integrated service value chain to meet customer's demand for supply chain management. At the same time, the Group will optimize its own fleet structure by capturing vessel price dynamics based on its insight into the relationship between supply and demand of vessels, to secure a long-term cost-competitive position and reduce hazardous gas emissions. Focusing on the improvement of operational efficiency, the Group will continue to improve its organization process and information technology systems, and strive for the goal in becoming a world-class integrated logistics service solutions provider.

## *Market Review*

For the year ended 31 December 2021, the COVID-19 pandemic still impacted the global economy, consumer activities and supply chain. With the full recovery of demand in various countries, the decrease in the efficiency of terminals and international logistics supporting facilities resulted in the serious shortage of effective shipping capacity, and the sharp increase in costs such as vessel and container leasing costs also led to new highs in freight rates on various lanes around the world. The Company optimized its lanes by flexibly deploying shipping capacity and closely monitoring port conditions, thereby providing customers with consistent services in accordance with established contracts in good faith.

Looking ahead, the International Monetary Fund predicts that the global GDP will grow by 4.4% in 2022, while Drewry forecasts that the global port throughput will increase by 4.6% in 2022, and the growth of container fleet capacity is expected to be lower than demand growth. The upcoming annual assessment of the Carbon Intensity Indicator (CII) by the International Maritime Organization (IMO) will result in the gradually scrapping of old vessels, which will suppress the growth of container shipping capacity. The above factors will maintain the supply and demand balance of container shipping logistics in Asia. The Group will pay close attention to the changes in the global economy, and will seize the opportunity to implement business expansion plan prudently.

## Financial Overview

	Year ended 31 December					
	2021	2020	2021	2020	2021	2020
	Container shipping and logistics		Dry bulk and others		Total	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Revenue</b>	2,983,230	1,662,839	29,217	22,328	3,012,447	1,685,167
Cost of sales	<u>(1,675,282)</u>	<u>(1,221,812)</u>	<u>(17,792)</u>	<u>(18,324)</u>	<u>(1,693,074)</u>	<u>(1,240,136)</u>
<b>Gross profit</b>	1,307,948	441,027	11,425	4,004	1,319,373	445,031
Other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset)	14,611	12,585	3,118	8	17,729	12,593
Administrative expenses	(154,621)	(96,839)	(143)	(131)	(154,764)	(96,970)
Share of profits and losses of:						
Joint ventures	15,578	9,827	–	36	15,578	9,863
Associates	368	145	–	–	368	145
Other expenses and losses	<u>(4,644)</u>	<u>(2,230)</u>	<u>151</u>	<u>(222)</u>	<u>(4,493)</u>	<u>(2,452)</u>
Segment results	1,179,240	364,515	14,551	3,695	1,193,791	368,210
Finance costs					(15,663)	(13,531)
Bank interest income, other investment income and fair value gain on a financial asset					<u>6,538</u>	<u>10,318</u>
Profit before tax					1,184,666	364,997
Income tax					<u>(17,487)</u>	<u>(11,309)</u>
<b>Profit for the year</b>					<u>1,167,179</u>	<u>353,688</u>
<b>Profit attributable to:</b>						
Owners of the parents					1,162,714	351,624
Non-controlling interests					<u>4,465</u>	<u>2,064</u>
					<u>1,167,179</u>	<u>353,688</u>

## ***Revenue***

The Group's total revenue increased by approximately 78.8% from approximately US\$1,685.2 million for the year ended 31 December 2020 to approximately US\$3,012.4 million for the year ended 31 December 2021. 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 36.5% from approximately US\$1,240.1 million for the year ended 31 December 2020 to approximately US\$1,693.1 million for the year ended 31 December 2021. The increase was primarily attributable to the increase in equipment and cargos transportation costs and bunker cost from container shipping and supporting logistics business.

## ***Gross Profit and Gross Profit Margin***

As a result of the foregoing, the gross profit increased from approximately US\$445.0 million for the year ended 31 December 2020 to approximately US\$1,319.4 million for the year ended 31 December 2021. The Group's gross profit margin increased from approximately 26.4% for the year ended 31 December 2020 to approximately 43.8% for the year ended 31 December 2021.

## ***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 2021, other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset) increased by approximately US\$5.1 million from approximately US\$12.6 million for the year ended 31 December 2020 to approximately US\$17.7 million for the year ended 31 December 2021. The increase for the year ended 31 December 2021 was a result of a combined effect, reflecting (i) a year-on-year increase of approximately US\$5.0 million for a foreign exchange gain; (ii) a gain of approximately US\$3.1 million on disposal of bulk vessels; and (iii) the decrease of fair value gains on derivative instruments in the amount of approximately US\$3.2 million.



### ***Administrative Expenses***

The Group's administrative expenses increased from approximately US\$97.0 million for the year ended 31 December 2020 to approximately US\$154.8 million for the year ended 31 December 2021, representing an increase of approximately 59.6%. 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 recorded profits of approximately US\$15.6 million and US\$9.9 million in 2021 and 2020, respectively. The increase was mainly attributable to the growth in the profits of part of the jointly controlled depots.

### ***Share of Profits and Losses of Associates***

The Group's share of profits and losses of associates were gains of approximately US\$0.4 million and US\$0.1 million for 2021 and 2020, respectively. The increase was primarily attributable to the growth in the profits of depots of associates.

### ***Other Expenses and Losses***

The Group's other expenses and losses were approximately US\$4.5 million and US\$2.5 million for the year ended 31 December 2021 and 2020, respectively. The increase was mainly attributable to a year-on-year increase of approximately US\$1.1 million in the hedging losses of realization of Japanese Yen arising from early repayment of Japanese Yen loan.

### ***Finance Costs***

The Group's finance costs increased from approximately US\$13.5 million for the year ended 31 December 2020 to approximately US\$15.7 million for the year ended 31 December 2021. The increase was mainly attributable to the increase in interest on lease liabilities.

### ***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\$6.5 million and US\$10.3 million for the year ended 31 December 2021 and 2020, 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\$365.0 million for the year ended 31 December 2020 to approximately US\$1,184.7 million for the year ended 31 December 2021.

### *Income Tax Expenses*

The Group's income tax expense was approximately US\$17.5 million and US\$11.3 million for the year ended 31 December 2021 and 2020, 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 2021 was approximately US\$1,167.2 million, representing an increase of approximately 230.0% as compared to the profit of approximately US\$353.7 million for the year ended 31 December 2020.

### **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			
	2021	% of	2020	% of
	Amount	segment	Amount	segment
	(US\$'000)	revenue	(US\$'000)	revenue
<b>Income Statement Data</b>				
<b>Segment Revenue</b>	2,983,230	100%	1,662,839	100%
Container shipping and supporting logistics income	2,703,808	90.6%	1,490,285	89.6%
Other container logistics income	279,422	9.4%	172,554	10.4%
<b>Cost of Sales</b>	(1,675,282)	(56.2%)	(1,221,812)	(73.5%)
Equipment and cargos transportation costs	(853,830)	(28.6%)	(660,306)	(39.7%)
Voyage costs	(350,506)	(11.7%)	(241,647)	(14.5%)
Container shipping vessels cost	(258,686)	(8.7%)	(175,302)	(10.5%)
Other container logistics costs	(212,260)	(7.1%)	(144,557)	(8.7%)
<b>Gross Profit</b>	1,307,948	43.8%	441,027	26.5%

	Year ended 31 December		Year ended 31 December	
	2021	% of	2020	% of
	Amount	segment	Amount	segment
	(US\$'000)	revenue	(US\$'000)	revenue
Other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset)	14,611	0.5%	12,585	0.8%
Administrative expenses	(154,621)	(5.2%)	(96,839)	(5.8%)
Other expenses and losses	(4,644)	(0.2%)	(2,230)	(0.1%)
Share of profits and losses of:				
Joint ventures	15,578	0.5%	9,827	0.6%
Associates	368	0.1%	145	0.1%
<b>Segment results</b>	<b>1,179,240</b>	<b>39.5%</b>	<b>364,515</b>	<b>21.9%</b>

### *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 2020 and 2021:

Year ended 31 December		As of 31 December			
2021	2020	2021	2020	2021	2020
Average freight rate		Number of trade lanes		Port calls per week	
(US\$ per TEU, excluding slot exchange fee rate)					
826.9	545.1	74	72	445	438

### *Revenue*

Revenue of the Group's container shipping and logistics segment increased by approximately 79.4% from approximately US\$1,662.8 million for the year ended 31 December 2020 to approximately US\$2,983.2 million for the year ended 31 December 2021. This increase was a combined effect, from container shipping and supporting logistics business where (i) container shipping volume achieved an increase of 20.2% from 2,614,203 TEUs in 2020 to 3,142,118 TEUs in 2021 and (ii) average freight rate (excluding slot exchange fee income) increased by approximately 51.7% from US\$545.1/TEU in 2020 to US\$826.9/TEU in 2021.

### ***Cost of Sales***

The cost of sales of the Group's container shipping and logistics business increased by approximately 37.1% from approximately US\$1,221.8 million for the year ended 31 December 2020 to approximately US\$1,675.3 million for year ended 31 December 2021. Such increase was primarily attributable to the increase in equipment and cargos transportation costs and bunker cost.

### ***Gross Profit and Gross Profit Margin***

As a result of the foregoing, the Company recorded gross profit of approximately US\$1,307.9 million in its container shipping and logistics business for the year ended 31 December 2021, representing an increase of approximately 196.6% as compared to approximately US\$441.0 million for the year ended 31 December 2020. The gross profit margin of the Group's container shipping and logistics business increased from approximately 26.5% for the year ended 31 December 2020 to approximately 43.8% for the year ended 31 December 2021.

### ***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 2021, the other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset) increased to approximately US\$14.6 million from approximately US\$12.6 million for the year ended 31 December 2020. The increase was a result of a combined effect, reflecting (i) a year-on-year increase of approximately US\$5.0 million for a foreign exchange gain; and (ii) the decrease of fair value gains on derivative instruments in the amount of approximately US\$3.2 million.

### ***Administrative Expenses***

Administrative expenses of the Group's container shipping and logistics business increased by approximately 59.7% from approximately US\$96.8 million for the year ended 31 December 2020 to approximately US\$154.6 million for the year ended 31 December 2021. 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 recorded profits of approximately US\$15.6 million and US\$9.8 million in 2021 and 2020, respectively. The change in the amount was mainly attributable to the growth in the profits of 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 were gains of approximately US\$0.4 million and US\$0.1 million for 2021 and 2020, respectively. The increase was primarily attributable to the growth in the profits of depots of associates.

### *Other Expenses and Losses*

Other expenses and losses for the Group's container shipping and logistics business increased from approximately US\$2.2 million for the year ended 31 December 2020 to approximately US\$4.6 million for the year ended 31 December 2021, mainly attributable to a year-on-year increase of approximately US\$1.1 million in the hedging losses of realization of Japanese Yen arising from early repayment of Japanese Yen loan.

### *Segment Results*

As a result of the foregoing, the segment results of the Group's container shipping and logistics business increased by approximately US\$814.7 million from approximately US\$364.5 million for the year ended 31 December 2020 to approximately US\$1,179.2 million for the year ended 31 December 2021.

### **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			
	2021	% of	2020	% of
	Amount	segment	Amount	segment
	(US\$'000)	revenue	(US\$'000)	revenue
<b>Income Statement Data</b>				
<b>Segment revenue</b>	29,217	100%	22,328	100%
Dry bulk business	27,561	94.3%	20,782	93.1%
Other business	1,656	5.7%	1,546	6.9%
<b>Cost of Sales</b>	(17,792)	(60.9%)	(18,324)	(82.1%)
Dry bulk business	(16,992)	(58.2%)	(17,586)	(78.8%)
Other business	(800)	(2.7%)	(738)	(3.3%)
<b>Gross Profit</b>	11,425	39.1%	4,004	17.9%

	Year ended 31 December			
	2021	% of	2020	% of
	Amount	segment	Amount	segment
	(US\$'000)	revenue	(US\$'000)	revenue
Other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset)	3,118	10.7%	8	—
Administrative expenses	(143)	(0.5%)	(131)	(0.6%)
Other expenses and losses	151	0.5%	(222)	(1.0%)
Share of profit and losses of:				
Joint ventures	—	—	36	0.2%
<b>Segment results</b>	<b>14,551</b>	<b>49.8%</b>	<b>3,695</b>	<b>16.5%</b>

### *Revenue*

The revenue of the Group's dry bulk and others business increased by approximately 30.9% from approximately US\$22.3 million for the year ended 31 December 2020 to approximately US\$29.2 million for year ended 31 December 2021. This increase was mainly attributable to the Group's revenue from its dry bulk business increased by approximately 32.7% from approximately US\$20.8 million for the year ended 31 December 2020 to approximately US\$27.6 million for the year ended 31 December 2021, which primarily reflected the increase 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 decreased by approximately 2.7% from approximately US\$18.3 million for the year ended 31 December 2020 to approximately US\$17.8 million for the year ended 31 December 2021. The decrease was mainly attributable to the decrease in cost of sales for the dry bulk business by approximately 3.4% from approximately US\$17.6 million for the year ended 31 December 2020 to approximately US\$17.0 million for year ended 31 December 2021, primarily reflected a year-on-year decrease of approximately US\$1.1 million for bunker cost arising from changes in the bunker price when delivery and redelivery of 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 increased by approximately 185.0% from approximately US\$4.0 million for the year ended 31 December 2020 to approximately US\$11.4 million for the year ended 31 December 2021. The gross profit margin of the Group's dry bulk and others business increased from approximately 17.9% for the year ended 31 December 2020 to approximately 39.1% for the year ended 31 December 2021.

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

Other income and gains (excluding bank interest income, other investment income and fair value gain on a financial asset) were approximately US\$3.1 million and US\$8,000 for the year ended 31 December 2021 and 2020, respectively. The increase was primarily attributable to a gain of US\$3.1 million on disposal of bulk vessels.

### ***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 2021 and 2020. There was no material change in the amount.

### ***Other Expenses and Losses***

The Group's other expenses and losses for the dry bulk and others business recorded loss of approximately USD\$0.2 million for the year ended 31 December 2020 and profit of approximately US\$0.2 million for the year ended 31 December 2021, which was mainly due to the reversal of impairment loss of trade receivables arising from collection of previously impaired trade receivables.

### ***Segment Results***

As a result of the foregoing, the segment results of the Group's dry bulk and others business increased by approximately 294.6% from approximately US\$3.7 million for the year ended 31 December 2020 to approximately US\$14.6 million for the year ended 31 December 2021.

## LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Total assets of the Group increased by approximately 33.1% from approximately US\$2,040.8 million as at 31 December 2020 to approximately US\$2,716.4 million as at 31 December 2021. As at 31 December 2021, the Group had cash and cash equivalents amounting to approximately US\$919.5 million, mainly denominated in US dollar, Renminbi, Japanese Yen and other currencies.

Total liabilities of the Group increased by approximately 42.0% from approximately US\$845.5 million as at 31 December 2020 to approximately US\$1,200.7 million as at 31 December 2021. At 31 December 2021, the Group had interest-bearing bank loans of approximately US\$327.3 million. The maturity profile is spread over a period, with approximately US\$83.2 million repayable within one year or on demand, approximately US\$42.2 million within the second year, approximately US\$115.2 million within third to fifth years and approximately US\$86.7 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 2021, the Group hedged approximately 7.3% (31 December 2020: 13%) of its foreign currency sales for which firm commitments existed at the end of the reporting period.

As at 31 December 2021, the Group had current ratio (being the current assets divided by the current liabilities) of approximately 1.5 compared to that of 1.8 as at 31 December 2020. The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. The Group's policy is to maintain a healthy gearing ratio. Net debt includes interest-bearing bank borrowings, trade and other payables, accruals, amounts due to related companies, less cash and cash equivalents. Adjusted capital includes equity attributable to owners of the parent less the hedging reserve. The Group's gearing ratio was 21% and 0% as at 31 December 2020 and 31 December 2021, respectively.



## **CONTINGENT LIABILITIES**

As at 31 December 2021, the Group had no significant contingent liabilities.

## **CHARGE ON ASSETS**

As at 31 December 2021, the Group's bank loans were secured by mortgages over the Group's container vessels which had an aggregate carrying value at the end of the reporting period of approximately US\$702.5 million (31 December 2020: US\$768.8 million).

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 31 December 2021, the Group had an aggregate of 1,920 full-time employees (excluding crew member, 31 December 2020: 1,652). The related employees' costs for the period (including directors' emoluments) amounted to approximately US\$194.2 million (31 December 2020: US\$121.7 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 post-IPO share option scheme and adopted a share award scheme on 13 September 2020 (the "**Share Award Scheme**"). Further information of the post-IPO share option scheme and the Share Award Scheme will be available in the annual report of the Company for the year ended 31 December 2021.

## **SIGNIFICANT INVESTMENTS**

During the year ended 31 December 2021, a total of 2 new container vessels and 1 second hand container vessel were delivered. During the year ended 31 December 2021, the Company also entered into shipbuilding contracts with Dae Sun Shipbuilding & Engineering Co., Ltd. for building of 8 container vessels and entered into option contracts for 2 additional container vessels. Subsequently, the Company announced to exercise the option for building of 8 container vessels with Yangzijiang Shipbuilding (Holdings) Ltd., and further announced to exercise options for building of the 2 additional container vessels with Dae Sun Shipbuilding & Engineering Co., Ltd., totaling an aggregate of 10 container vessels options.

Save as otherwise, the Group did not have other significant investments for the year ended 31 December 2021.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

For the year ended 31 December 2021, the Group did not have any material acquisitions or disposals of its subsidiaries, associates or joint ventures.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Company will continue to purchase container vessels, containers and invest in logistics projects, as and when appropriate. The Company 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 7 March 2022, it was proposed that a final dividend of HK140 cents (equivalent to US17.92 cents) per ordinary share would be paid on 13 May 2022 (Friday) 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 3 May 2022 (Tuesday). The proposed final dividend is subject to approval by the shareholders at the annual general meeting of the Company to be held on 22 April 2022 (Friday) (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 22 April 2022 (Friday). 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 19 April 2022 (Tuesday) to 22 April 2022 (Friday), 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 registrar 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 14 April 2022 (Thursday).

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 28 April 2022 (Thursday) to 3 May 2022 (Tuesday), 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 registrar 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 27 April 2022 (Wednesday).

### **Purchase, Sale and Redemption of Shares**

Reference is made to the announcement of the Company dated 20 October 2021 in relation to the share purchase pursuant to the Share Award Scheme. During the period from 20 October 2021 to 27 October 2021, the trustee of the Share Award Scheme purchased on the market an aggregate of 9,644,000 shares of the Company at an average consideration of approximately HK\$25.81 per share, totalling approximately HK\$248.90 million for the purpose of the Share Award Scheme.

During the period from 22 November 2021 to 10 December 2021, the trustee of the Share Award Scheme purchased on the market an aggregate of 4,091,000 shares of the Company at an average consideration of approximately HK\$29.54 per share, totalling approximately HK\$120.86 million for the purpose of the Share Award Scheme.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2021.

### **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 2021, 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 2021.

## **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 2021.

## **Audit Committee**

The audit committee of the Company (the “**Audit Committee**”) consists of a non-executive director, namely Ms. Yang Xin, and three independent non-executive directors, namely Dr. Liu Ka Ying, Rebecca, Mr. Tse Siu Ngan and Dr. Hu Mantian (Mandy). The chairman of the Audit Committee is Dr. Liu Ka Ying, Rebecca. The annual results for the year ended 31 December 2021 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 2021. 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 2021 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 ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.sitc.com](http://www.sitc.com)). The annual report of the Company for the year ended 31 December 2021 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, 7 March 2022

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