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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 2015

Financial Highlights

- Revenue for the year ended 31 December 2015 was approximately US\$1,284.6 million, decreased by approximately 6.7% as compared with approximately US\$1,377.0 million for the year ended 31 December 2014.
- Gross profit for the year ended 31 December 2015 increased by 9.6% from approximately US\$166.1 million for the year ended 31 December 2014 to approximately US\$182.1 million for the corresponding period in year 2015, which translated to an increase in gross profit margin to approximately 14.2% for the year ended 31 December 2015 from approximately 12.1% for the year ended 31 December 2014.
- Profit for the year ended 31 December 2015 was US\$144.2 million, representing an increase of 19.1% from US\$121.1 million for the year ended 31 December 2014.
- Basic earnings per share for the year ended 31 December 2015 amounted to US5.50 cents (2014: US4.67 cents).

The board (the “**Board**”) of directors (the “**Directors**”) of SITC International Holdings Company Limited (the “**Company**” or “**SITC**”, together with its subsidiaries, the “**Group**”) is pleased to announce the consolidated results of the Group for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014, 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 2015

	<i>Notes</i>	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
REVENUE	3	1,284,555	1,376,952
Cost of sales		<u>(1,102,463)</u>	<u>(1,210,874)</u>
Gross profit		182,092	166,078
Other income and gains, net	3	39,476	31,443
Administrative expenses		(74,114)	(69,375)
Other expenses and losses		(1,030)	(3,466)
Finance costs	5	(8,532)	(9,504)
Share of profits and losses of:			
Joint ventures		9,913	9,349
Associates		<u>617</u>	<u>701</u>
PROFIT BEFORE TAX	4	148,422	125,226
Income tax	6	<u>(4,272)</u>	<u>(4,130)</u>
PROFIT FOR THE YEAR		<u><u>144,150</u></u>	<u><u>121,096</u></u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (continued)**
Year ended 31 December 2015

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale investments	<u>71</u>	<u>(264)</u>
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	3,240	16,734
Reclassification adjustments for gains included in profit or loss	<u>(18,960)</u>	<u>(2,698)</u>
	(15,720)	14,036
Exchange differences on translation of foreign operations	(6,566)	(3,810)
Share of other comprehensive (loss) of joint ventures	(1,088)	(742)
Share of other comprehensive (loss) of associates	<u>(505)</u>	<u>(249)</u>
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	<u>(23,808)</u>	<u>8,971</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX	<u>(23,808)</u>	<u>8,971</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>120,342</u></u>	<u><u>130,067</u></u>
Profit for the year attributable to:		
Shareholders of the Company	143,247	120,680
Non-controlling interests	<u>903</u>	<u>416</u>
	<u><u>144,150</u></u>	<u><u>121,096</u></u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (continued)**
Year ended 31 December 2015

	<i>Note</i>	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Total comprehensive income for the year attributable to:			
Shareholders of the Company		119,781	129,692
Non-controlling interests		<u>561</u>	<u>375</u>
		<u>120,342</u>	<u>130,067</u>
 EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	 8		
Basic (US cents per share)		<u>5.50</u>	<u>4.67</u>
Diluted (US cents per share)		<u>5.48</u>	<u>4.66</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	<i>Note</i>	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		914,543	668,825
Prepaid land lease payments		19,671	21,104
Advance payments for acquisition of property, plant and equipment		11,181	37,985
Goodwill		1,091	1,142
Investments in joint ventures		29,690	29,807
Investments in associates		10,911	10,812
Available-for-sale investments		6,579	3,571
Derivative financial instruments		<u>127</u>	<u>282</u>
Total non-current assets		<u>993,793</u>	<u>773,528</u>
CURRENT ASSETS			
Bunkers		10,744	16,996
Trade receivables	9	57,111	66,633
Prepayments, deposits and other receivables		31,500	43,753
Due from related companies		201	247
Held-to-maturity investments		4,620	57,127
Derivative financial instruments		29	3,314
Cash and cash equivalents		<u>279,443</u>	<u>428,247</u>
Total current assets		<u>383,648</u>	<u>616,317</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**31 December 2015**

	<i>Notes</i>	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
CURRENT LIABILITIES			
Trade payables	10	122,383	141,294
Other payables and accruals		39,889	42,621
Due to related companies		2,478	3,409
Derivative financial instruments		619	170
Bank borrowings		45,863	131,152
Income tax payables		<u>2,094</u>	<u>2,612</u>
Total current liabilities		<u>213,326</u>	<u>321,258</u>
NET CURRENT ASSETS		<u>170,322</u>	<u>295,059</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,164,115</u>	<u>1,068,587</u>
NON-CURRENT LIABILITIES			
Derivative financial instruments		50	579
Bank borrowings		<u>308,716</u>	<u>270,814</u>
Total non-current liabilities		<u>308,766</u>	<u>271,393</u>
Net assets		<u>855,349</u>	<u>797,194</u>
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		33,675	33,378
Reserves		<u>814,767</u>	<u>757,555</u>
		848,442	790,933
Non-controlling interests		<u>6,907</u>	<u>6,261</u>
Total equity		<u>855,349</u>	<u>797,194</u>

NOTES

1.1 BASIS OF PREPARATION

The consolidated 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 (“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 certain available-for-sale investments, which have been measured at fair value. These financial statements are presented in the United States dollars (“US\$” or “US dollars”) 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 for the year ended 31 December 2015. 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 in the accounting policy for subsidiaries. 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.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements:

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

Annual Improvements to HKFRSs 2010-2012 Cycle

Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

- (a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.
- (b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:
 - *HKFRS 8 Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.
 - HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.
- (c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:
- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.
 - HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.
 - HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group has not acquired any investment property during the year and so this amendment is not applicable.

In addition, the Company has adopted the amendments to The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2. 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 sea freight logistics segment is engaged in the provision of marine transportation services and related businesses; and
- (b) the land-based logistics segment is engaged in the provision of integrated freight forwarding, marine transportation, shipping agency, depot and warehousing, trucking and ship brokerage services and related businesses operating in Asia.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that bank interest income, interest income on held-to-maturity investments and finance costs are excluded from such measurement.

Segment assets exclude cash and cash equivalents, 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.

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

Year ended 31 December 2015

	Sea freight logistics US\$'000	Land-based logistics US\$'000	Total US\$'000
Segment revenue:			
Sales to external customers	572,869	711,686	1,284,555
Intersegment sales	<u>413,899</u>	<u>31,408</u>	<u>445,307</u>
	<u>986,768</u>	<u>743,094</u>	1,729,862
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(445,307)</u>
Revenue			<u>1,284,555</u>
Segment results	<u>65,145</u>	<u>80,389</u>	145,534
<i>Reconciliation:</i>			
Bank interest income			8,114
Interest income on held-to-maturity investments			3,306
Finance costs			<u>(8,532)</u>
Profit before tax			<u>148,422</u>
Segment assets	<u>901,024</u>	<u>271,779</u>	1,172,803
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(112,654)
Corporate and other unallocated assets			<u>317,292</u>
Total assets			<u>1,377,441</u>
Segment liabilities	<u>97,534</u>	<u>173,928</u>	271,462
<i>Reconciliation:</i>			
Elimination of intersegment payables			(112,654)
Corporate and other unallocated liabilities			<u>363,284</u>
Total liabilities			<u>522,092</u>
Other segment information:			
Share of profits and losses of:			
Joint ventures	—	9,913	9,913
Associates	—	617	617
Depreciation	40,229	1,740	41,969
Recognition of prepaid land lease payments	—	497	497
Gain on disposal of items of property, plant and equipment, net	122	13	135
Impairment of trade receivables	110	2	112
Investments in joint ventures	—	29,690	29,690
Investments in associates	—	10,911	10,911
Capital expenditure*	<u>265,516</u>	<u>5,377</u>	<u>270,893</u>

* Capital expenditure consists of additions to property, plant and equipment.

Year ended 31 December 2014

	Sea freight logistics US\$'000	Land-based logistics US\$'000	Total US\$'000
Segment revenue:			
Sales to external customers	614,835	762,117	1,376,952
Intersegment sales	<u>445,480</u>	<u>23,960</u>	<u>469,440</u>
	<u>1,060,315</u>	<u>786,077</u>	1,846,392
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(469,440)</u>
Revenue			<u>1,376,952</u>
Segment results	<u>51,316</u>	<u>66,295</u>	117,611
<i>Reconciliation:</i>			
Bank interest income			9,774
Interest income on held-to-maturity investments			7,345
Finance costs			<u>(9,504)</u>
Profit before tax			<u>125,226</u>
Segment assets	<u>697,571</u>	<u>327,134</u>	1,024,705
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(163,129)
Corporate and other unallocated assets			<u>528,269</u>
Total assets			<u>1,389,845</u>
Segment liabilities	<u>121,023</u>	<u>220,660</u>	341,683
<i>Reconciliation:</i>			
Elimination of intersegment payables			(163,129)
Corporate and other unallocated liabilities			<u>414,097</u>
Total liabilities			<u>592,651</u>
Other segment information:			
Share of profits and losses of:			
Joint ventures	—	9,349	9,349
Associates	—	701	701
Depreciation	30,254	5,365	35,619
Recognition of prepaid land lease payments	—	357	357
Loss/(gain) on disposal of items of property, plant and equipment, net	969	(58)	911
Impairment of property, plant, and equipment	2,371	—	2,371
Impairment of trade receivables	33	14	47
Investments in joint ventures	—	29,807	29,807
Investments in associates	—	10,812	10,812
Capital expenditure*	<u>107,220</u>	<u>2,433</u>	<u>109,653</u>

* Capital expenditure consists of additions to property, plant and equipment.

Geographical information

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

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

	2015	2014
	<i>US\$'000</i>	<i>US\$'000</i>
Mainland China	543,400	589,977
Japan	305,785	391,528
Southeast Asia	248,343	204,746
Others	<u>187,029</u>	<u>190,701</u>
	<u><u>1,284,555</u></u>	<u><u>1,376,952</u></u>

Major customer information disclosure

During each of the years ended 31 December 2015 and 2014, there was no single customer from which the revenue derived has accounted for 10% or more of the Group's revenue.

3. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, represents the net value of services rendered.

An analysis of the Group's other income and gains, net is as follows:

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
<u>Other income</u>		
Bank interest income	8,114	9,774
Interest income on held-to-maturity investments	3,306	7,345
Dividend income from available-for-sale investments	47	—
Government subsidies*	6,248	3,217
Insurance claimed	<u>166</u>	<u>—</u>
	<u>17,881</u>	<u>20,336</u>
<u>Gains, net</u>		
Fair value gains on cash flow hedges (transfer from equity), net	18,960	2,698
Fair value gains on derivatives — transactions not qualifying as hedges, net	2,500	3,068
Gain on disposal of items of property, plant and equipment, net	135	—
Gain on bargain purchase of a subsidiary	—	654
Foreign exchange gains arising from the capital reduction of a subsidiary	—	520
Other foreign exchange gains, net	<u>—</u>	<u>4,167</u>
	<u>21,595</u>	<u>11,107</u>
Other income and gains, net	<u><u>39,476</u></u>	<u><u>31,443</u></u>

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

4. PROFIT BEFORE TAX

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

	<i>Notes</i>	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Cost of services provided:			
Cost of bunkers consumed		144,997	234,801
Others		<u>736,266</u>	<u>771,457</u>
		<u>881,263</u>	<u>1,006,258</u>
Depreciation		41,969	35,619
Impairment of property, plant and equipment*		—	2,371
Loss/(gain) on disposal of items of property, plant and equipment, net		(135)	911*
Recognition of prepaid land lease payments		497	357
Minimum lease payments under operating leases		156,881	150,845
Foreign exchange gains arising from the capital reduction of a subsidiary		—	520
Other foreign exchange differences, net		666	(4,167)
Employee benefits expense (including directors' and the chief executive officer's remuneration):			
Wages and salaries		64,162	58,477
Equity-settled share option expense		1,340	32
Pension scheme contributions (defined contribution scheme)		<u>8,605</u>	<u>8,320</u>
		<u>74,107</u>	<u>66,829</u>
Impairment of trade receivables*	9	<u>112</u>	<u>47</u>

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

5. FINANCE COSTS

Finance costs are interest on bank loans.

6. INCOME TAX

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Current:		
Mainland China	2,909	3,802
Hong Kong	743	296
Elsewhere	626	221
Overprovision in prior years:		
Mainland China	—	(3)
Hong Kong	<u>(6)</u>	<u>(186)</u>
Total tax charge for the year	<u>4,272</u>	<u>4,130</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. 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.

7. DIVIDENDS

	2015		2014	
	<i>HK\$'000</i>	<i>US\$'000</i> <i>equivalent</i>	<i>HK\$'000</i>	<i>US\$'000</i> <i>equivalent</i>
Special — HK10 cents (equivalent to US1.30 cents) (2014: HK10 cents (equivalent to US1.30 cents)) per ordinary share	261,169	33,699	258,698	33,369
Proposed final — HK16 cents (equivalent to US2.06 cents) (2014: HK12 cents (equivalent to US1.54 cents)) per ordinary share	<u>417,888</u>	<u>53,915</u>	<u>310,652</u>	<u>40,054</u>
	<u>679,057</u>	<u>87,614</u>	<u>569,350</u>	<u>73,423</u>

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

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to shareholders of the Company, and the weighted average number of ordinary shares of 2,605,704,959 (2014: 2,586,328,381) in issue during the year.

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

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

	2015	2014
	<i>US\$'000</i>	<i>US\$'000</i>
<u>Earnings</u>		
Profit attributable to shareholders of the Company, used in the basic and diluted earnings per share calculations	<u>143,247</u>	<u>120,680</u>
	2015	2014
	Number of shares	
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	2,605,704,959	2,586,328,381
Effect of dilution of share options — weighted average number of ordinary shares	<u>10,143,901</u>	<u>4,285,298</u>
Weighted average number of ordinary shares in issue during the year, used in the diluted earnings per share calculation	<u>2,615,848,860</u>	<u>2,590,613,679</u>

9. TRADE RECEIVABLES

	2015	2014
	<i>US\$'000</i>	<i>US\$'000</i>
Trade receivables	57,256	66,842
Impairment	<u>(145)</u>	<u>(209)</u>
	<u>57,111</u>	<u>66,633</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 15 days, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2015	2014
	<i>US\$'000</i>	<i>US\$'000</i>
Within 1 month	45,410	55,839
1 to 2 months	7,794	8,523
2 to 3 months	2,905	1,849
Over 3 months	<u>1,002</u>	<u>422</u>
	<u><u>57,111</u></u>	<u><u>66,633</u></u>

The movements in provision for impairment of trade receivables are as follows:

	2015	2014
	<i>US\$'000</i>	<i>US\$'000</i>
At 1 January	209	165
Impairment losses recognised (note 4)	112	47
Amount written off as uncollectible	(172)	—
Exchange realignment	<u>(4)</u>	<u>(3)</u>
At 31 December	<u><u>145</u></u>	<u><u>209</u></u>

Included in the above provision for impairment of trade receivables are provisions for individually impaired trade receivables of US\$145,000 (2014: US\$209,000) with a total carrying amount before provision of US\$145,000 (2014: US\$209,000).

The individually impaired trade receivables related to customers that were in financial difficulties or were in default in principal payments and the full amount of the receivables was not expected to be recovered.

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Neither past due nor impaired	56,109	66,211
Less than one month past due	<u>1,002</u>	<u>422</u>
	<u><u>57,111</u></u>	<u><u>66,633</u></u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Included in the Group's trade receivables are amounts due from the Group's joint ventures and associates of US\$6,826,000 (2014: US\$10,140,000) and US\$11,000 (2014: US\$2,278,000), respectively. All of the above amounts are repayable on credit terms similar to those offered to the major customers of the Group.

10. TRADE PAYABLES

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

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Within 1 month	101,693	114,352
1 to 2 months	13,426	16,031
2 to 3 months	2,589	6,484
Over 3 months	<u>4,675</u>	<u>4,427</u>
	<u><u>122,383</u></u>	<u><u>141,294</u></u>

Included in the Group's trade payables are amounts due to companies controlled by the Controlling Shareholder, the Group's joint ventures and associates of US\$882,000 (2014: US\$467,000), US\$4,013,000 (2014: US\$2,270,000) and US\$3,324,000 (2014: Nil) respectively. All of the above amounts are repayable within 30 days, and on credit terms similar to those offered by the major suppliers of the Group.

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

MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW

Business Review

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

In the year 2015, the Group's sea freight logistics business continued to provide container shipping services that focused exclusively on the intra-Asia market. As at 31 December 2015, the Company operated a total of 61 trade lanes, including 10 trade lanes through joint services and 24 trade lanes through container slot exchange arrangements. These trade lanes cover 58 major ports in the People's Republic of China ("PRC"), Japan, Korea, Taiwan, Hong Kong, Vietnam, Thailand, the Philippines, Cambodia, Indonesia, Singapore, Malaysia and Brunei. As at 31 December 2015, the Company operated a fleet of 71 container vessels with total capacity of 86,948 TEU, comprising of 44 self-owned vessels and 27 chartered vessels, with an average age of 7.6 years. 51 of these 71 container vessels were of the 1,000 TEU type. Revenue generated by the Group's sea freight logistics business for the year 2015 amounted to US\$986.8 million, representing a decrease of approximately 6.9% as compared to the same period in the year 2014. The decrease was a result of a combined effect of (i) the increase in the container shipping volume from 2,077,355 TEU in 2014 to 2,163,179 TEU in 2015; and (ii) decrease in average container shipping freight rate from US\$470/TEU in 2014 to US\$414/TEU in 2015 (excluding slot exchange fee income). The sea freight logistics business also included leasing out dry bulk vessels. As at 31 December 2015, the Company owned 6 dry bulk vessels with a gross tonnage of 438,595 DWT and an average age of 3.1 years.

The Group's land-based logistics business is another key part of its business model, which includes freight forwarding, shipping agency, depot and warehousing, trucking and ship brokerage services. As at 31 December 2015, the Group's freight forwarding network covered 37 major cities, including PRC, Japan, Korea, Hong Kong, Vietnam, Thailand, the Philippines, Singapore, Cambodia and Indonesia while the Group's shipping agency network covered 55 major ports and cities including the PRC, Japan, Korea, Hong Kong, Vietnam, Thailand, the Philippines, Singapore, Cambodia and Indonesia. The Group, together with its joint ventures, also operated approximately 1,000,000 m² of depot and 100,000 m² of warehousing space. Revenue generated by its land-based logistics business for the year ended 31 December 2015 decreased by 5.5% to US\$743.1 million as compared to US\$786.1 million for the year 2014. The land-based logistic business achieved an increase of 1.5% growth in the freight forwarding volume from 1,593,001 TEU in 2014 to 1,616,974 TEU in 2015.

While the global shipping industry is expected to face various difficulties and challenges in 2016, the Group's management remains confident about the business environment in intra-Asia container shipping and logistics market in the year of 2016. As its business expands, SITC will continue to optimize its unique business model, expand its intra-Asia service network, work for the objective of becoming the first choice of customers, provide its customers with quality services through construction of comprehensive logistics facilities and tailor-made logistics solutions, and bring itself closer to the goal of becoming a world-class integrated logistics service provider.

Market Review

During the year ended 31 December 2015, the global economic and trade environment remained volatile and was marked by several industry-changing events. The economic and trade development in Asia slowed down. Shipping logistics companies generally operated under challenging conditions due to slower growth of global container logistics as well as intensified market competition and decreasing shipping prices resulted from overcapacity and cost reduction. Despite so, the intra-Asia container shipping market (which is the focus of the Group's sea freight logistics business) still maintained a remarkable growth benefiting from higher economic and trade growth in the PRC and Southeast Asian countries.

Financial Overview

	Year ended 31 December							
	2015	2014	2015	2014	2015	2014	2015	2014
	Sea freight logistics		Land-based logistics		Inter-segment sales		Total	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	986,768	1,060,315	743,094	786,077	(445,307)	(469,440)	1,284,555	1,376,952
Cost of sales	(929,575)	(1,002,028)	(618,195)	(678,286)	445,307	469,440	(1,102,463)	(1,210,874)
Gross profit	57,193	58,287	124,899	107,791			182,092	166,078
Other income and gains (excluding interest and investment income)	26,738	12,911	1,318	1,413			28,056	14,324
Administrative expenses	(17,756)	(16,538)	(56,358)	(52,837)			(74,114)	(69,375)
Share of profits and losses of:								
Joint ventures	—	—	9,913	9,349			9,913	9,349
Associates	—	—	617	701			617	701
Other expenses and losses	(1,030)	(3,344)	—	(122)			(1,030)	(3,466)
Segment results	65,145	51,316	80,389	66,295			145,534	117,611
Finance costs							(8,532)	(9,504)
Interest and investment income							11,420	17,119
Profit before tax							148,422	125,226
Income tax expense							(4,272)	(4,130)
Profit for the year							<u>144,150</u>	<u>121,096</u>
Profit attributable to:								
Owners of the parents							143,247	120,680
Non-controlling interests							903	416
							<u>144,150</u>	<u>121,096</u>

Revenue

The Group's total revenue after inter-segment elimination decreased by approximately 6.7% from approximately US\$1,377.0 million for the year ended 31 December 2014 to approximately US\$1,284.6 million for the year ended 31 December 2015. The decrease was primarily attributable to the decrease in container shipping freight rate and freight forwarding rate in both of the sea freight logistics and land-based logistics businesses.

Cost of Sales

Cost of sales of the Group decreased by approximately 9.0% from approximately US\$1,210.9 million for the year ended 31 December 2014 to approximately US\$1,102.5 million for the year ended 31 December 2015. The decrease was primarily attributable to the decrease in bunker cost.

Gross Profit

As a result of the foregoing, gross profit increased from approximately US\$166.1 million for the year ended 31 December 2014 to approximately US\$182.1 million for the year 2015. The Group's gross profit margin increased from approximately 12.1% for the year ended 31 December 2014 to approximately 14.2% for the year ended 31 December 2015.

Other Income and Gains (excluding interest and investment income)

The Group's other income and gains (excluding interest and investment income) increased by approximately US\$13.8 million from approximately US\$14.3 million for the year ended 31 December 2014 to approximately US\$28.1 million for the year ended 31 December 2015. The increase was mainly attributable to the realisation of Japanese Yen hedging gain of US\$16.6 million.

Administrative Expenses

Administrative expenses of the Group increased by approximately 6.8% from approximately US\$69.4 million for the year ended 31 December 2014 to approximately US\$74.1 million for the year ended 31 December 2015. 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 6.5% from approximately US\$9.3 million in 2014 to approximately US\$9.9 million in 2015. The increase was mainly attributable to the expansion in the warehouse and depot business.

Share of profits and losses of associates

The Group's share of profits and losses of associates was US\$0.6 million and US\$0.7 million for 2015 and 2014, respectively. There was no material change in the amount.

Other Expenses and Losses

For the year ended 31 December 2015, the Group's other expenses and losses decreased from approximately US\$3.5 million for the year ended 31 December 2014 to approximately US\$1.0 million in 2015. The amount in 2014 mainly represented the one-time impairment provision made against the vessel disposal during that year.

Finance Costs

Finance cost was US\$8.5 million and US\$9.5 million for the years ended 31 December 2015 and 2014, respectively. The decrease was mainly due to the decrease in the average bank borrowing balance and average borrowing interest rate in 2015.

Interest and Investment Income

The Group's amount of interest and investment income decrease from approximately US\$17.1 million for the year ended 31 December 2014 to approximately US\$11.4 million for the year ended 31 December 2015. The decrease was mainly attributable to the decrease in the average amount available for investment and average return in 2015.

Profit Before Tax

As a result of the foregoing, the Group's profit before tax increased by approximately 18.5% from approximately US\$125.2 million for the year ended 31 December 2014 to approximately US\$148.4 million for the year ended 31 December 2015.

Income Tax Expense

The Group's income tax expense was US\$4.3 million and US\$4.1 million for the years ended 31 December 2015 and 2014, respectively. There is no material fluctuation in the amount.

Profit for the Year

The Group's profit for the year ended 31 December 2015 was approximately US\$144.2 million, representing an increase of approximately 19.1% as compared to the profit of approximately US\$121.1 million for the year ended 31 December 2014.

Sea Freight Logistics

The following table sets forth selected income statement data for the sea freight logistics segment for the years indicated:

	Year ended 31 December			
	2015		2014	
		<i>% of</i>		<i>% of</i>
	<i>Amount</i>	<i>segment</i>	<i>Amount</i>	<i>segment</i>
	<i>(US\$'000)</i>	<i>revenue</i>	<i>(US\$'000)</i>	<i>revenue</i>
Income Statement Data:				
Sales to external customers —				
container shipping	548,940	55.6%	593,242	56.0%
Sales to external customers —				
dry bulk chartering	23,929	2.4%	21,593	2.0%
Inter-segment sales	413,899	42.0%	445,480	42.0%
Segment revenue	986,768	100.0%	1,060,315	100.0%
Cost of Sales	929,575	(94.2)%	(1,002,028)	(94.5)%
Equipment and cargos				
transportation costs	(547,133)	(55.4)%	(551,666)	(52.0)%
Voyage costs	(208,086)	(21.1)%	(294,475)	(27.8)%
Container shipping vessels costs	(156,536)	(15.9)%	(140,200)	(13.2)%
Dry bulk vessels costs	(17,820)	(1.8)%	(15,687)	(1.5)%
Gross Profit	57,193	5.8%	58,287	5.5%
Other income and gains (excluding				
interest and investment income)	26,738	2.7%	12,911	1.2%
Administrative expenses	(17,756)	(1.8)%	(16,538)	(1.6)%
Other expenses and losses	<u>(1,030)</u>	<u>(0.1)%</u>	<u>(3,344)</u>	<u>(0.3)%</u>
Segment results	<u>65,145</u>	<u>6.6%</u>	<u>51,316</u>	<u>4.8%</u>

Segment results

The following table sets forth the number of trade lanes of the Group for the years ended 31 December 2014 and 2015, and port calls per week and the average freight rates for the years indicated:

Year ended 31 December		As at 31 December			
2015	2014	2015	2014	2015	2014
Average freight rate (US\$ per TEU)		Number of trade lanes		Port calls per week	
445	500	61	59	360	340

Revenue

Revenue of the Group's sea freight logistics business before inter-segment elimination decreased by approximately 6.9% from approximately US\$1,060.3 million for the year ended 31 December 2014 to approximately US\$986.8 million for the year ended 31 December 2015. The decrease was a combined effect of (i) the increase in container shipping volume from 2,077,335 TEU in 2014 to 2,163,179 TEU in 2015; and (ii) the decrease in average container shipping freight rate from US\$470/TEU in 2014 to US\$414/TEU in 2015 (excluding slot exchange fee income).

Cost of Sales

The cost of sales of the Group's sea freight logistics business decreased by approximately 7.2% from approximately US\$1,002.0 million for the year ended 31 December 2014 to approximately US\$929.6 million for the year ended 31 December 2015. The decrease was mainly attributable to the significant decrease in the bunker cost.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company recorded gross profit of approximately US\$57.2 million in its sea freight logistics business for the year ended 31 December 2015, representing a decrease of approximately 1.9% as compared to approximately US\$58.3 million for the corresponding period in 2014. The gross profit margin of the Group's sea freight logistics increased by 0.3 percentage point from 5.5% in 2014 to 5.8% in 2015.

Other Income and Gains (excluding interest and investment income)

For the year ended 31 December 2015, the other income and gains (excluding bank interest income and other investment income) increased to approximately US\$26.7 million in 2015 from US\$12.9 million in 2014. In 2015, the increase was mainly attributable to the realisation of Japanese Yen hedging gain of USD16.6 million.

Administrative Expenses

Administrative expenses of the Group's sea freight logistics business increased by approximately 7.9% from approximately US\$16.5 million for the year ended 31 December 2014 to approximately US\$17.8 million in the corresponding period in 2015. The increase is primarily attributable to the increase in staff cost.

Other Expenses and Losses

Other expenses and losses for the Group's sea freight logistics business were approximately US\$1.0 million and US\$3.3 million for the year ended 31 December 2015 and 2014, respectively. The amount in 2014 included the one-time impairment provision made against the vessel disposal during that year.

Segment Results

As a result of the foregoing, the segment result of the Group's sea freight logistics increased by approximately 26.9% from US\$51.3 million in 2014 to US\$65.1 million in 2015.

Land-based Logistics

The following table sets forth selected income statement data for the Group's land-based logistics segment for the years indicated:

	Year ended 31 December			
	2015		2014	
	<i>Amount</i>	<i>% of</i>	<i>Amount</i>	<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:				
Sales to external customers	711,686	95.8%	762,117	97.0%
Inter-segment sales	31,408	4.2%	23,960	3.0%
Segment revenue	743,094	100.0%	786,077	100.0%
Freight forwarding and shipping agency	698,474	94.0%	753,971	95.9%
Other land-based logistics business	44,620	6.0%	32,106	4.1%
Cost of Sales	(618,195)	(83.2)%	(678,286)	(86.3)%
Freight forwarding and shipping agency	(588,365)	(79.2)%	(655,079)	(83.3)%
Other land-based logistics business	(29,830)	(4.0)%	(23,207)	(3.0)%
Gross Profit	124,899	16.8%	107,791	13.7%
Other income and gains (excluding interest and investment income)	1,318	0.2%	1,413	0.2%
Administrative expenses	(56,358)	(7.6)%	(52,837)	(6.7)%
Other expenses and losses	—	—%	(122)	(0.1)%
Share of profits and losses of:				
Joint ventures	9,913	1.3%	9,349	1.2%
Associates	617	0.1%	701	0.1%
Segment results	<u>80,389</u>	<u>10.8%</u>	<u>66,295</u>	<u>8.4%</u>

Revenue

The revenue of the Group's land-based logistics business before inter-segment elimination decreased by approximately 5.5% from approximately US\$786.1 million for the year ended 31 December 2014 to approximately US\$743.1 million for the year ended 31 December 2015. The decrease was mainly a combined effect of the following:

- *Freight forwarding and shipping agency.* Revenue of the Group's freight forwarding and shipping agency business decreased by approximately 7.4% from approximately US\$754.0 million for the year ended 31 December 2014 to approximately US\$698.5 million for the corresponding period in 2015. The decrease was a combined effect of (i) increase in freight forwarding volume from 1,593,001 TEU in 2014 to 1,616,974 TEU in 2015; and (ii) the decrease in average freight forwarding rate.
- *Other land-based logistics business.* Revenue of the Group's other land-based logistics business increased by approximately 39.0% from approximately US\$32.1 million for the year ended 31 December 2014 to approximately US\$44.6 million for the same period in 2015. The increase was primarily attributable to:
 - (i) the continuous growth in warehouse and depot business as well as the full year contribution from the warehouse and depot business acquired in 2014; and
 - (ii) the continuous expansion of third-party logistics business and other Land-based logistics business.

Cost of Sales

The cost of sales of the Group's land-based logistics business decreased by approximately 8.9% from approximately US\$678.3 million for the year ended 31 December 2014 to approximately US\$618.2 million for the corresponding period in 2015. The decrease was a combined effect of the following:

- *Freight forwarding and shipping agency.* Cost of sales of the Group's freight forwarding and shipping agency business decreased by 10.2% from US\$655.1 million for the year ended 31 December 2014 to US\$588.4 million for the corresponding period in 2015, primarily reflecting a decrease in the Group's average freight forwarding cost per TEU.

- *Other land-based logistics businesses.* Cost of sales of the Group's other land-based logistics business increased by approximately 28.5% from US\$23.2 million for the year ended 31 December 2014 to US\$29.8 million for the corresponding period in 2015. This increase was consistent with the growth of the operation scale.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company recorded the gross profit of approximately US\$124.9 million in its land-based logistics business for the year ended 31 December 2015, representing an approximately 15.9% increase from approximately US\$107.8 million for the year ended 31 December 2014. The gross profit margin of the Group's land-based logistics business was approximately 13.7% and approximately 16.8% for the years ended 31 December 2014 and 2015, respectively.

Other Income and Gains (excluding interest and investment income)

Other income and gains (excluding interest and investment income) of the Group's land-based logistics business were approximately US\$1.3 million and US\$1.4 million for the year ended 31 December 2015 and 2014, respectively. There was no material change in the amount.

Administrative Expenses

The Group's administrative expenses of its land-based logistics business increased by approximately 6.8% from approximately US\$52.8 million for the year ended 31 December 2014 to approximately US\$56.4 million for the same period in 2015. The increase was primarily attributable to the increase in staff cost.

Other Expenses and Losses

There was no other expenses and losses of the Group's land-based logistics business for the year ended 31 December 2015 (2014: US\$0.1 million).

Share of profits and losses of joint ventures

The Group's share of profits and losses of joint ventures increased from approximately US\$9.3 million in 2014 to approximately US\$9.9 million in 2015. The increase was primarily attributable to the expansion in the warehouse and depot business.

Share of profits and losses of associates

The Group's share of profits and losses of associates decreased from approximately US\$0.7 million in 2014 to approximately US\$0.6 million in 2015. There is no material change in the amount.

Segment Results

As a result of the foregoing, the segment results of the Group's land-based logistics business increased by approximately 21.3% from approximately US\$66.3 million for the year ended 31 December 2014 to approximately US\$80.4 million for the year ended 31 December 2015.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Total assets of the Group decreased by approximately 0.9% from approximately US\$1,389.8 million as at 31 December 2014 to approximately US\$1,377.4 million as at 31 December 2015. As at 31 December 2015, the Group had cash and cash equivalents amounting to approximately US\$279.4 million, mainly denominated in US dollar, Renminbi, Japanese Yen and other currencies.

Total liabilities of the Group decreased by approximately 12.0% from approximately US\$592.7 million as at 31 December 2014 to approximately US\$522.1 million as at 31 December 2015. At 31 December 2015, the Group had secured interest-bearing bank loans of approximately US\$354.6 million. The maturity profile is spread over a period, with approximately US\$45.9 million repayable within one year or on demand, approximately US\$46.7 million within the second year, approximately US\$128.8 million within third to fifth years and approximately US\$133.1 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 2015, the Group hedged approximately 18.4% (2014: 16.3%) of its foreign currency sales for which firm commitments existed at the end of the reporting period.

As at 31 December 2015, the Group had current ratio (being the current assets divided by the current liabilities) of approximately 1.8 compared to that of 1.9 as at 31 December 2014. 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 17% and 22% as at 31 December 2014 and 2015, respectively.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no significant contingent liabilities.

CHARGE ON ASSETS

As at 31 December 2015, 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\$578.4 million.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2015, the Group had an aggregate of 1,324 full-time employees. The related employees' costs for the period (including directors' emoluments) amounted to approximately US\$74.1 million. The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees (including the directors) with reference to corporate performance, individual performance and current market salary scale. Further, the Group adopted the Pre-IPO share option scheme and post-IPO share option scheme on 10 September 2010. Further information of those share option schemes will be available in the annual report of the Group.

OTHER INFORMATION

Final Dividend

At the Board meeting held on 11 March 2016 (Friday), it was proposed that a final dividend of HK16 cents (equivalent to US2.06 cents) per ordinary share would be paid after 11 May 2016 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 28 April 2016 (Thursday). 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 2016 (Friday) (the "**Annual General Meeting**").

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

Annual General Meeting

The Annual General Meeting will be held on 22 April 2016 (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 20 April 2016 (Wednesday) to 22 April 2016 (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 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 19 April 2016 (Tuesday).

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 29 April 2016 (Friday) to 3 May 2016 (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 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 28 April 2016 (Thursday).

Corporate Governance

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company’s accountability and transparency. The Company strives to maintain high corporate governance standard and has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules as in effective from time to time (the “**CG Code**”) for the year ended 31 December 2015, and there has been no deviation from the code provisions throughout the year ended 31 December 2015.

Further information of the corporate governance practice of the Company will also be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2015.

Purchase, Sale and Re-purchase of Shares

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2015.

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 of the Company, 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 2015.

Audit Committee

The audit committee of the Company (the “**Audit Committee**”) consists of Mr. Tsui Yung Kwok, Dr. Lo Wing Yan, William and Dr. Ngai Wai Fung, all of whom are the Company's independent non-executive directors. The chairman of the Audit Committee is Mr. Tsui Yung Kwok. The annual results for the year ended 31 December 2015 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 2015. The Company will submit a resolution in the coming Annual General Meeting to re-appoint Ernst & Young as the auditor of the Company.

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 2015 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, 11 March 2016

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