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 2013

Financial Highlights

- Revenue for the year ended 31 December 2013 was approximately US$1,267.3 million, increased by approximately 4.5% as compared with approximately US$1,212.4 million (restated) for the year ended 31 December 2012.

- Gross profit for the year ended 31 December 2013 increased by 0.8% from approximately US$141.8 million (restated) for the year ended 31 December 2012 to approximately US$143.0 million for the corresponding period in year 2013, which translated to a decrease in gross profit margin of approximately 11.3% for the year ended 31 December 2013 from approximately 11.7% for the year ended 31 December 2012.

- Profit for the year ended 31 December 2013 was US$113.1 million, representing an increase of 44.1% from US$78.5 million (restated) in the year 2012. An one-off provision for impairment of US$17 million was made against the dry bulk vessels in the year 2012.

- Basic earnings per share for the year ended 31 December 2013 amounted to US4.35 cents (2012: US3.24 cents (restated)).

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 2013, together with the restated comparative figures for the year ended 31 December 2012, 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 2013

	Notes	**2013**	**2012**
		US$'000	*US$'000*
			(Restated)
REVENUE	4	1,267,329	1,212,431
Cost of sales		(1,124,350)	(1,070,664)
Gross profit		142,979	141,767
Other income and gains	4	37,772	14,205
Administrative expenses		(65,150)	(60,682)
Other expenses and losses		(185)	(18,325)
Finance costs	6	(8,177)	(3,369)
Share of profits and losses of:			
Joint ventures		7,742	6,640
Associates		371	548
PROFIT BEFORE TAX	5	115,352	80,784
Income tax expense	7	(2,251)	(2,293)
PROFIT FOR THE YEAR		113,101	78,491

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
Year ended 31 December 2013

	2013	**2012**
	US$'000	*US$'000*
		(Restated)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	32	121
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	12,588	5,476
Reclassification adjustments for gains included in consolidated profit or loss	(7,972)	(835)
	4,616	4,641
Exchange differences on translation of foreign operations	(832)	1,581
Share of other comprehensive income of joint ventures	514	521
Share of other comprehensive income of associates	286	292
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	4,616	7,156
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	4,616	7,156
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	117,717	85,647
Profit for the year attributable to:		
Owners of the parent	112,410	83,920
Non-controlling interests	691	(5,429)
	113,101	78,491

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
Year ended 31 December 2013

	Note	**2013**	**2012**
		US$'000	*US$'000*
			(Restated)
Total comprehensive income attributable to:			
Owners of the parent		116,986	91,417
Non-controlling interests		731	(5,770)
		117,717	85,647
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic (US cents per share)		4.35	3.24
Diluted (US cents per share)		4.34	3.24

Details of the dividends paid and proposed for the year are disclosed in note 8.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Note	**31 December 2013** *US$'000*	**31 December 2012** *US$'000* *(Restated)*	**1 January 2012** *US$'000* *(Restated)*
NON-CURRENT ASSETS				
Property, plant and equipment		616,661	521,951	311,960
Prepaid land lease payments		12,676	12,627	—
Prepayments for property, plants and equipment		21,020	—	—
Investments in joint ventures		26,906	22,690	18,084
Investments in associates		10,400	9,874	9,187
Held-to-maturity investments		8,262	—	—
Available-for-sale investments		1,239	1,207	782
Derivative financial instruments		690	—	—
Total non-current assets		697,854	568,349	340,013
CURRENT ASSETS				
Bunkers		18,927	18,859	15,881
Trade receivables	10	76,560	72,789	78,511
Prepayments, deposits and other receivables		37,181	35,619	26,779
Due from related companies		996	614	1,470
Derivative financial instruments		4,824	3,928	—
Pledged deposits		—	80	79
Restricted bank balances		1,890	979	534
Cash and cash equivalents		431,136	379,773	436,900
Total current assets		571,514	512,641	560,154

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2013

	Notes	**31 December 2013** *US$'000*	**31 December 2012** *US$'000* *(Restated)*	**1 January 2012** *US$'000* *(Restated)*
CURRENT LIABILITIES				
Trade payables	11	145,462	138,299	141,155
Other payables and accruals		42,244	23,516	15,882
Due to related companies		13,528	34,463	27,126
Derivative financial instruments		855	626	820
Interest-bearing bank borrowings		56,457	23,579	33,405
Tax payable		479	1,181	1,424
Total current liabilities		259,025	221,664	219,812
NET CURRENT ASSETS		312,489	290,977	340,342
TOTAL ASSETS LESS CURRENT LIABILITIES		1,010,343	859,326	680,355
NON-CURRENT LIABILITIES				
Derivative financial instruments		345	599	239
Interest-bearing bank borrowings		264,707	165,588	22,998
Deferred tax liabilities		—	—	49
Total non-current liabilities		265,052	166,187	23,286
Net assets		745,291	693,139	657,069
EQUITY				
Equity attributable to owners of the parent				
Issued capital		33,333	33,323	33,446
Reserves		660,028	622,218	578,790
Proposed final dividend	8	49,988	40,010	39,997
		743,349	695,551	652,233
Non-controlling interests		1,942	(2,412)	4,836
Total equity		745,291	693,139	657,069

NOTES

1. CORPORATE INFORMATION

During the year, the Group acquired the entire 100% interests in SITC Huangshan Shipping Company Limited, SITC Huashan Shipping Company Limited, SITC Taishan Shipping Company Limited, SITC Lushan Shipping Company Limited and SITC Zhoushan Shipping Company Limited for a total consideration of US$50,614,000 which was determined based on (i) the preliminary net asset valuation of the entities acquired in the amount of US$7,755,000 in deficit as at 30 September 2013 performed by an independent valuer, BMI Appraisals Limited; and (ii) the total amount of loan assigned to the Group amounted to US$58,369,000. These acquired entities were wholly-owned subsidiaries of SITC Shipowning Holding Pte. Ltd ("SITC Shipowning"), in which 62.5% interests is owned by Mr. Yang Shaopeng, the controlling shareholder of the Company's ultimate holding company (the "Controlling Shareholder").

The transaction is referred to as the "Acquisition Transaction" and the entities acquired in the Acquisition Transaction are collectively referred to as the "Acquired Entities".

2.1 BASIS OF PREPARATION

This announcement has 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 certain derivative financial instruments and financial assets, which have been measured at fair value. This announcement is presented in United States Dollars ("US$" or "US dollars") and all values are rounded to the nearest thousand except when otherwise indicated.

Merger accounting for business combinations under common control

Pursuant to the Acquisition Transaction, the Company became a holding company of the Acquired Entities. Since the Company and the Acquired Entities were ultimately controlled by the Controlling Shareholder both before and after the completion of the Acquisition Transaction, the Acquisition Transaction was accounted for using the principles of merger accounting.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 December 2013 and 2012 include the results, changes in equity and cash flows of all companies comprising the Group and the Acquired Entities, as if the corporate structure of the Group immediately after the completion of the Acquisition Transaction had been in existence throughout the years ended 31 December 2013 and 2012, or since their respective dates of acquisition, incorporation or registration, where this is a shorter period. The consolidated statement of financial position of the Group as at 31 December 2012 was prepared to present the state of affairs of the Group and the Acquired Entities as if the corporate structure of the Group immediately after the completion of the Acquisition Transaction had been in existence and in accordance with the respective equity interests and/or the power to exercise control over the individual companies attributable to the Company as at 31 December 2012.

Restatement of comparative amounts

The operating results previously reported by the Group for the year ended 31 December 2012 have been restated to include the operating results of the Acquired Entities as set out below:

	The Group (as previously reported) *US$'000*	Acquired Entities *US$'000*	Elimination *US$'000*	The Group (combined) *US$'000* *(Restated)*
Revenue	1,204,615	7,951	(135)	1,212,431
Cost of sales	(1,066,258)	(4,541)	135	(1,070,664)
Other income and gains	14,205	—	—	14,205
Administrative expenses	(60,674)	(8)	—	(60,682)
Other expenses and losses	(842)	(17,483)	—	(18,325)
Finance costs	(2,141)	(1,228)	—	(3,369)
Share of profits and losses of:				
Joint ventures	6,640	—	—	6,640
Associates	548	—	—	548
Income tax expense	(2,293)	—	—	(2,293)
	93,800	(15,309)	—	78,491

The financial position previously reported by the Group at 31 December 2012 has been restated to include assets and liabilities of the Acquired Entities as set out below:

	The Group (as previously reported) *US$'000*	Acquired Entities *US$'000*	Elimination *US$'000*	The Group (combined) *US$'000* *(Restated)*
Assets				
Property, plant and equipment	443,961	77,990	—	521,951
Prepaid land lease payments	12,627	—	—	12,627
Investment in joint ventures	22,690	—	—	22,690
Other non-current assets	11,081	—	—	11,081
Trade receivables	72,789	—	—	72,789
Cash and cash equivalents	378,781	992	—	379,773
Other current assets	58,709	1,370	—	60,079
Total assets	1,000,638	80,352	—	1,080,990
Liabilities				
Trade payables	138,065	234	—	138,299
Interest-bearing bank borrowings				
- current	17,379	6,200	—	23,579
- non-current	115,488	50,100	—	165,588
Other current liabilities	24,280	35,506	—	59,786
Other non-current liabilities	599	—	—	599
Total liabilities	295,811	92,040	—	387,851

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group 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 below. 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards— Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 13, amendments to HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 1, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on this announcement.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

(b) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

(c) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss and other comprehensive income" as introduced by the amendments in these consolidated financial statements.

(d) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 Financial *Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

The Group previously early adopted HKFRS10, HKFRS11, HKFRS 12, HKAS 27 (2011) and HKAS 28 (2011) for its consolidated financial statements for the year ended 31 December 2012.

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 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, other investment income and finance costs are excluded from such measurement.

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

Segment liabilities exclude interest-bearing bank borrowings, derivative financial instruments, tax payable, deferred tax liabilities 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.

During the year, there was no customer individually accounted for 10% or more of the Group's revenue (2012: Nil).

Year ended 31 December 2013

	Sea freight logistics *US$'000*	Land-based logistics *US$'000*	Total *US$'000*
Segment revenue:			
Sales to external customers	558,162	709,167	1,267,329
Intersegment sales	414,567	21,543	436,110
	972,729	730,710	1,703,439
Reconciliation:			
Elimination of intersegment sales			(436,110)
Revenue			1,267,329
Segment results	49,467	58,269	107,736
Reconciliation:			
Bank interest income			8,501
Other investment income			7,292
Finance costs			(8,177)
Profit before tax			115,352
Segment assets	621,660	304,760	926,420
Reconciliation:			
Elimination of intersegment receivables			(139,328)
Corporate and other unallocated assets			482,276
Total assets			1,269,368
Segment liabilities	137,182	200,091	337,273
Reconciliation:			
Elimination of intersegment payables			(139,328)
Corporate and other unallocated liabilities			326,132
Total liabilities			524,077
Other segment information:			
Share of profits and losses of:			
Joint ventures	—	7,742	7,742
Associates	—	371	371
Depreciation	23,178	5,549	28,727
Recognition of prepaid land lease payments	—	317	317
Gain on disposal of items of property, plant and equipment, net	18	66	84
Impairment of trade receivables	—	163	163
Investments in joint ventures	—	26,906	26,906
Investments in associates	—	10,400	10,400
Capital expenditure*	118,220	4,225	122,445

* Capital expenditure consists of additions to property, plant and equipment and prepaid land lease payments.

Year ended 31 December 2012

	Sea freight logistics *US$'000* *(Restated)*	Land-based logistics *US$'000* *(Restated)*	Total *US$'000* *(Restated)*
Segment revenue:			
Sales to external customers	496,114	716,317	1,212,431
Intersegment sales	467,961	23,244	491,205
	964,075	739,561	1,703,636
Reconciliation:			
Elimination of intersegment sales			(491,205)
Revenue			1,212,431
Segment results	17,952	53,234	71,186
Reconciliation:			
Bank interest income			6,911
Other investment income			6,056
Finance costs			(3,369)
Profit before tax			80,784
Segment assets	521,493	330,516	852,009
Reconciliation:			
Elimination of intersegment receivables			(189,936)
Corporate and other unallocated assets			418,917
Total assets			1,080,990
Segment liabilities	141,137	297,916	439,053
Reconciliation:			
Elimination of intersegment payables			(189,936)
Corporate and other unallocated liabilities			138,734
Total liabilities			387,851
Other segment information:			
Share of profits and losses of:			
Joint ventures	—	6,640	6,640
Associate	—	548	548
Depreciation	13,180	4,950	18,130
Recognition of prepaid land lease payments	—	257	257
Gain on disposal of items of property, plant and equipment, net	32	39	71
Impairment of property, plant and equipment	17,033	—	17,033
Reversal of impairment of trade receivables	—	15	15
Investments in joint ventures	—	22,690	22,690
Investments in associates	—	9,874	9,874
Capital expenditure*	226,829	31,446	258,275

* Capital expenditure consists of additions to property, plant and equipment and prepaid land lease payments.

Geographical information

The Group's non-current assets are primarily dominated by its container 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 container 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 container 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 revenue information is based on the locations of customers.

	2013	**2012**
	US$'000	*US$'000*
		(Restated)
Mainland China	588,078	458,985
Japan	308,933	427,873
Korea	140,898	131,040
Others	229,420	194,533
	1,267,329	1,212,431

4. **REVENUE, OTHER INCOME AND GAINS**

Revenue, which is also the Group's turnover, represents the net invoiced value of the rendering of service.

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

	2013	**2012**
	US$'000	*US$'000*
Other income		
Bank interest income	8,501	6,911
Other investment income	7,292	6,056
Government subsidies*	1,498	332
	17,291	13,299
Gains		
Gain on disposal of items of property, plant and equipment, net	84	71
Fair value gains on cash flow hedges (transfer from equity), net	7,972	835
Fair value gain on derivatives — transactions not qualifying as hedges, net	1,232	—
Foreign exchange differences, net	9,219	—
Foreign exchange gains arising from the capital reduction of a subsidiary	1,974	—
	20,481	906
	37,772	14,205

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

5. PROFIT BEFORE TAX

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

	2013	2012
	US$'000	*US$'000*
		(Restated)
Cost of bunkers consumed	237,305	240,468
Cost of services provided	708,654	654,195
Depreciation	28,727	18,130
Impairment of property, plant and equipment*	—	17,033
Recognition of prepaid land lease payments	317	257
Auditors' remuneration	432	413
Minimum lease payments under operating leases in respect of:		
Buildings	4,294	4,652
Vessels	69,408	89,380
Containers	60,343	58,814
	134,045	152,846
Employee benefits expense (including directors' and chief executive's remuneration):		
Wages and salaries	53,815	42,030
Equity-settled share option expense	446	1,252
Pension scheme contributions (defined contribution scheme)	7,120	6,258
	61,381	49,540
Foreign exchange differences, net*	(9,219)	423
Impairment/(reversal of impairment) of trade receivables*	163	(15)
Fair value losses on derivative instruments — transactions not qualifying as hedges, net*	—	884

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

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2013	**2012**
	US$'000	*US$'000*
		(Restated)
Interest on bank loans	8,177	3,369

7. INCOME TAX EXPENSE

	Group	
	2013	**2012**
	US$'000	*US$'000*
Current:		
Mainland China	1,430	1,415
Hong Kong	713	821
Elsewhere	108	106
Deferred	—	(49)
Total tax charge for the year	2,251	2,293

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits during the year, based on the existing legislation, interpretations and practices in respect thereof.

8. DIVIDENDS

	2013		2012	
	HK$'000	*US$'000 equivalent*	*HK$'000*	*US$'000 equivalent*
Special — HK10 cents per ordinary share (equivalent to US1.30 cents) (2012: nil)	256,492	33,344	—	—
Proposed final — HK15 cents (equivalent to US1.93 cents) per ordinary share (2012: HK12 cents (equivalent to US1.55 cents))	387,806	49,988	310,014	40,010
	644,298	83,332	310,014	40,010

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 ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,584,805,699 (2012: 2,587,278,337) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the 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.

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 December 2012 in respect of a dilution as the share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

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

	2013	2012
	US$'000	*US$'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	112,410	83,920

	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	2,584,805,699	2,587,278,337
Effect of dilution — weighted average number of ordinary shares — share options	3,405,648	—
	2,588,211,347	2,587,278,337

10. TRADE RECEIVABLES

	Group	
	2013	2012
	US$'000	*US$'000*
Trade receivables	76,725	72,789
Impairment	(165)	—
	76,560	72,789

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 aged 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:

	Group	
	2013	**2012**
	US$'000	*US$'000*
Within 1 month	64,932	56,645
1 to 2 months	9,339	15,144
2 to 3 months	1,681	615
Over 3 months	608	385
	76,560	72,789

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

	Group	
	2013	**2012**
	US$'000	*US$'000*
At 1 January	—	15
Impairment losses recognised	163	—
Impairment losses reversed	—	(15)
Exchange realignment	2	—
At 31 December	165	—

Included in the above provision for impairment of trade receivable is a provision for individually impaired trade receivables of US$163,000 (2012: Nil) with a carrying amount before provision of US$163,000 (2012: Nil).

The individually impaired trade receivables related to customers that were in financial difficulties or were in default in both interest and/or principal payments and only a portion of the receivables was expected to be recovered.

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

	Group	
	2013	**2012**
	US$'000	*US$'000*
Neither past due nor impaired	75,952	72,404
Less than 1 month past due	608	385
	76,560	72,789

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.

11. TRADE PAYABLES

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

	Group	
	2013	**2012**
	US$'000	*US$'000*
		(Restated)
Within 1 month	128,208	122,673
1 to 2 months	9,248	7,822
2 to 3 months	3,093	1,961
Over 3 months	4,913	5,843
	145,462	138,299

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 2013, 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 2013, the Company operated a total of 47 trade lanes, including 7 trade lanes through joint services and 15 trade lanes through container slot exchange arrangements. These trade lanes cover 47 major ports in the People's Republic of China ("**PRC**"), Japan, Korea, Taiwan, Hong Kong, Vietnam, Thailand, the Philippines, Cambodia and Indonesia. As at 31 December 2013, the Company operated a fleet of 61 container vessels with total capacity of 63,814 TEU, comprising of 32 self-owned vessels and 29 chartered vessels, with an average age of 7.9 years. 53 of these 61 container vessels were of the 1,000 TEU type. Revenue generated by the Group's sea freight logistics business for the year 2013 amounted to US$972.7 million, representing an increase of approximately 0.9% as compared to the same period in the year 2012. The increase is a combined effect of (i) the increase in the container shipping volume from 1,774,054 TEU in 2012 to 1,981,576 TEU in 2013; and (ii) decrease in average container shipping freight rate from US$539/TEU in 2012 to US$486/TEU in 2013. The sea freight logistics business also included leasing out dry bulk vessels. As at 31 December 2013, the Company owned 5 dry bulk vessels with a gross tonnage of 362,107 DWT and an average age of 1.1 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 2013, the Group's freight forwarding network covered 35 major cities in the PRC, Japan, Korea, Hong Kong, Vietnam, Singapore and Cambodia while the Group's shipping agency network covered 45 major ports and cities in the PRC, Japan, Korea, Hong Kong, Vietnam, Thailand, the Philippines, Indonesia and Cambodia. The Group, together with its joint ventures, also operated approximately 640,000 m^2 of depot and 92,000 m^2 of warehousing space. Revenue generated by its land-based logistics business for the year ended 31 December 2013 amounted to US$730.7 million as compared to US$739.6 million for the year 2012. The land-based logistic business achieved an increase of 9.8% growth in the freight forwarding volume from 1,394,358 TEU in 2012 to 1,530,471 TEU in 2013.

Shipping industry worldwide is expected to face various difficulties and challenges in 2014. The management of the Group remains confident in the Asia's operating environment and performance of container shipping logistics in 2014. With the Group's business continuing to expand, the Group will continue to optimize its unique business model, expand its intra-Asia service network, aim at being the priority choice for customers and provide premier services to clients by way of integrated logistics facilities and tailor-made logistics solutions. Through the above measures and together with the Group's continuous enhancement on its information technology systems, the Group will strive to become a world-class integrated logistics service solutions provider.

Market Review

During the year 2013, the global shipping industry performance was still lingering at the bottom on the whole despite a slow recovery was underway. 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, and remained the world's largest shipping market.

Financial Overview

	Year ended 31 December							
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
	Sea freight logistics		**Land-based logistics**		**Inter-segment sales**		**Total**	
	US$'000	*US$'000 (Restated)*	*US$'000*	*US$'000 (Restated)*	*US$'000*	*US$'000 (Restated)*	*US$'000*	*US$'000 (Restated)*
Revenue	972,729	964,075	730,710	739,561	(436,110)	(491,205)	1,267,329	1,212,431
Cost of sales	(926,283)	(914,250)	(634,177)	(647,619)	436,110	491,205	(1,124,350)	(1,070,664)
Gross profit	46,446	49,825	96,533	91,942			142,979	141,767
Other income and gains (excluding interest and investment income)	18,708	144	3,271	1,094			21,979	1,238
Administrative expenses	(15,653)	(13,692)	(49,497)	(46,990)			(65,150)	(60,682)
Share of profits and losses of:								
Joint ventures	—	—	7,742	6,640			7,742	6,640
Associates	—	—	371	548			371	548
Other expenses and losses	(34)	(18,325)	(151)	—			(185)	(18,325)
Segment results	49,467	17,952	58,269	53,234			107,736	71,186
Finance costs							(8,177)	(3,369)
Interest and investment income							15,793	12,967
Profit before tax							115,352	80,784
Income tax expense							(2,251)	(2,293)
Profit for the year							113,101	78,491
Profit attributable to:								
Owners of the parents							112,410	83,920
Non-controlling interests							691	(5,429)
							113,101	78,491

Revenue

The Group's total revenue after inter-segment elimination increased by approximately 4.5% from approximately US$1,212.4 million for the year ended 31 December 2012 to approximately US$1,267.3 million for the year ended 31 December 2013. The increase was primarily attributable to the continuous growth in the shipping and freight forwarding volume in both sea-freight logistics and land-based logistic businesses.

Cost of Sales

Cost of sales of the Group increased by approximately 5% from approximately US$1,070.7 million for the year ended 31 December 2012 to approximately US$1,124.4 million for the year ended 31 December 2013. The increase was primarily attributable to the expansion in the overall operation scale.

Gross Profit

As a result of the foregoing, gross profit increased from approximately US$141.8 million for the year ended 31 December 2012 to approximately US$143.0 million for the year 2013. The Group's gross profit margin decreased from approximately 11.7% for the year ended 31 December 2012 to approximately 11.3% for the year ended 31 December 2013.

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$20.8 million from approximately US$1.2 million for the year ended 31 December 2012 to approximately US$22.0 million for the year ended 31 December 2013. The increase was mainly attributable to (i) gain from foreign exchange translation from RMB assets; (ii) gains from the Japanese Yen forward contracts; and (iii) foreign exchange gains arising from the capital reduction of a subsidiary in Mainland China of approximately US$2 million.

Administrative Expenses

Administrative expenses increased by approximately 7.4% from approximately US$60.7 million for the year ended 31 December 2012 to approximately US$65.2 million for the year ended 31 December 2013. 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 16.7% from approximately US$6.6 million in 2012 to approximately US$7.7 million in 2013. 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$0.4 million and US$0.5 million for the year ended 31 December 2013 and 2012, respective. There is no material change in the amount.

Other Expenses and Losses

For the year ended 31 December 2013, the Group's other expenses and losses decreased from approximately US$18.3 million for the year ended 31 December 2012 to approximately US$0.2 million for the same period in 2013. The amount in 2012 mainly represented an one-off impairment provision made against the dry bulk vessels of US$17 million.

Finance Costs

Finance cost was US$8.2 million and US$3.4 million for the years ended 31 December 2013 and 2012, respectively. The increase was mainly due to the increase in the average bank borrowing balance in 2013. There is no material change in the effective interest rate of the Group.

Interest and Investment Income

The Group's amount of interest and investment income increased from approximately US$13.0 million for the year ended 31 December 2012 to approximately US$15.8 million for the year ended 31 December 2013. The increase was mainly attributable to (i) higher average interest yield from the Group's principal guarantee investment products; and (ii) increase in the average amount available for investment.

Profit Before Tax

As a result of the foregoing, the Group's profit before tax increased by approximately 42.8% from approximately US$80.8 million for the year ended 31 December 2012 to approximately US$115.4 million for the year ended 31 December 2013.

Income Tax Expense

The Group's income tax expense was US$2.3 million and US$2.3 million for the years ended 31 December 2013 and 2012, respectively. There is no material fluctuation in the amount.

Profit for the Year

The Group's profit for the year ended 31 December 2013 was approximately US$113.1 million, representing an increase of approximately 44.1% as compared to the profit of approximately US$78.5 million for the year ended 31 December 2012.

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			
	2013		**2012**	
			(Restated)	
	Amount (US$'000)	*% of segment revenue*	*Amount (US$'000)*	*% of segment revenue*
Income Statement Data:				
Sales to external customers - container shipping	548,218	56.4%	488,163	50.6%
Sales to external customers - dry bulk chartering	9,944	1%	7,951	0.8%
Inter-segment sales	414,567	42.6%	467,961	48.6%
Segment revenue	972,729	100.0%	964,075	100.0%
Cost of Sales	(926,283)	(95.2%)	(914,250)	(94.8%)
Equipment and cargos transportation costs	(503,778)	(51.8%)	(495,324)	(51.3%)
Voyage costs	(294,165)	(30.2%)	(294,013)	(30.5%)
Container shipping vessels costs	(120,285)	(12.4%)	(120,372)	(12.5%)
Dry bulk vessels costs	(8,055)	(0.8%)	(4,541)	(0.5%)
Gross Profit	46,446	4.8%	49,825	5.2%
Other income and gains (excluding interest and investment income)	18,708	1.9%	144	—%
Administrative expenses	(15,653)	(1.6%)	(13,692)	(1.4%)
Other expenses and losses	(34)	—%	(18,325)	(1.9%)
Segment results	49,467	5.1%	17,952	1.9%

Segment results

The following table sets forth the number of trade lanes of the Group for the years ended 31 December 2012 and 2013, and port calls per week and the average freight rates for the years indicated:

Year ended 31 December		As at 31 December			
2013	2012	2013	2012	2013	2012
Average freight rate *(US$ per TEU)*		Number of trade lanes		Port calls per week	
486	539	47	52	301	308

Revenue

Revenue of the Group's sea freight logistics business before inter-segment elimination increased by approximately 0.9% from approximately US$964.1 million for the year ended 31 December 2012 to approximately US$972.7 million for the year ended 31 December 2013. The increase was a combined effect of (i) the increase in container shipping volume from 1,774,054 TEU in 2012 to 1,981,576 TEU in 2013; (ii) the decrease in average container shipping freight rate from US$539/TEU in 2012 to US$486/TEU in 2013 and (iii) US$2 million increased in the dry bulk chartering income due to the expansion in the fleet size.

Cost of Sales

The cost of sales of the Group's sea freight logistics business increased by approximately 1.3% from approximately US$914.3 million for the year ended 31 December 2012 to approximately US$926.3 million for the year ended 31 December 2013. The increase was primarily attributable to:

- Increase in equipment and cargos transportation costs by approximately 1.7% from approximately US$495.3 million for the year ended 31 December 2012 to approximately US$503.8 million for the same period in 2013, primarily reflecting an increase in loading and discharge cost by approximately 4.6% from approximately US$304.4 million for the year ended 31 December 2012 to approximately US$318.4 million for the year ended 31 December 2013 as a result of an increase in the Group's loading and discharge volume due to its increased shipping volume.

- The voyage costs were US$294.2 million and US$294.0 million for the year ended 31 December 2013 and 2012, respectively. There is no material fluctuation in 2013. During 2013, the bunker cost decreased from US$240.5 million in 2012 to US$237.3 million mainly attributable to the decrease in average bunker cost by 8% from US$698.9/tonne in 2012 to US$642.5/tonne in 2013. The saving in the bunker cost attributable to the decrease in average banker cost was offset by the port and terminal expenses as a result of the increased shipping volume.
- Decrease in vessel costs by approximately US$0.1 million from approximately US$120.4 million for the year ended 31 December 2012 to approximately US$120.3 million for the same period in 2013. There is no material change in the amount.
- Increase in dry bulk vessels cost from US$4.5 million for the year ended 31 December 2012 to US$8.1 million to 2013. The increase is mainly attributable to the expansion in the dry bulk fleet size.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company recorded gross profit of approximately US$46.4 million in its sea freight logistics business for the year ended 31 December 2013, representing an approximately 6.8% decrease as compared to approximately US$49.8 million for the corresponding period in 2012. The gross profit margin of the Group's sea freight logistics decreased by 0.4 percentage point from 5.2% in 2012 to 4.8% in 2013.

Other Income and Gains (excluding interest and investment income)

For the year ended 31 December 2013, the other income and gains (excluding bank interest income and other investment income) increased to approximately US$18.7 million in 2013 from US$0.1 million in 2012. In 2013, the amount mainly represented (i) foreign exchange gain from the translation of RMB assets; and (ii) gains from Japanese Yen forward contracts.

Administrative Expenses

Administrative expenses of the Group's sea freight logistics business increased by approximately 14.6% from approximately US$13.7 million for the year ended 31 December 2012 to approximately US$15.7 million in the corresponding period in 2013. The increase was primarily attributable to the increase in staff cost.

Other Expenses and Losses

Other expenses and loses for the Group's sea freight logistics business was approximately US$0.1 million and US$18.3 million for the year ended 31 December 2013 and 2012, respectively. The amount in 2012 mainly represented the one-off impairment for provision made against the dry bulk vessels.

Segment Results

As a result of the foregoing, the segment result of the Group's sea freight logistic increased by 175% from US$18.0 million in 2012 to US$49.5 million in 2013. The segment result of the sea freight logistics business was US$49.5 million for the year ended 31 December 2013 and it presented a 41.4% increase from that of US$35.0 million for 2012 excluding the one-off impairment provision.

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			
	2013		**2012** *(Restated)*	
	Amount (US$'000)	*% of segment revenue*	*Amount (US$'000)*	*% of segment revenue*
Income Statement Data:				
Sales to external customers	709,167	97.1%	716,317	96.9%
Inter-segment sales	21,543	2.9%	23,244	3.1%
Segment revenue	730,710	100%	739,561	100.0%
Freight forwarding and shipping agency	703,420	96.3%	717,530	97.0%
Other land-based logistics business	27,290	3.7%	22,031	3.0%
Cost of Sales	(634,177)	(86.8%)	(647,619)	(87.6%)
Freight forwarding and shipping agency	(615,954)	(84.3%)	(633,956)	(85.7%)
Other land-based logistics business	(18,223)	(2.5%)	(13,663)	(1.9%)
Gross Profit	96,533	13.2%	91,942	12.4%
Other income and gains (excluding interest and investment income)	3,271	0.4%	1,094	0.1%
Administrative expenses	(49,497)	(6.7%)	(46,990)	(6.3%)
Other expenses and losses	(151)	(0.1%)	—	—
Share of profit and losses of:				
Joint ventures	7,742	1.1%	6,640	0.9%
Associates	371	0.1%	548	0.1%
Segment results	58,269	8.0%	53,234	7.2%

Revenue

The revenue of the Group's land-based logistics business before inter-segment elimination decreased by approximately 1.2% from approximately US$739.6 million for the year ended 31 December 2012 to approximately US$730.7 million for the year ended 31 December 2013. 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 2% from approximately US$717.5 million for the year ended 31 December 2012 to approximately US$703.4 million for the corresponding period in 2013. The decrease was a combined effect of (i) increased in freight forwarding volume from 1,394,358 TEU in 2012 to 1,530,471 TEU in 2013; 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 24.1% from approximately US$22.0 million for the year ended 31 December 2012 to approximately US$27.3 million for the same period in 2013. The increase was primarily reflected the 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 2.1% from approximately US$647.6 million for the year ended 31 December 2012 to approximately US$634.2 million for the corresponding period in 2013. 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 2.8% from US$634 million for the year ended 31 December 2012 to US$616 million for the corresponding period in 2013, 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 32.8% from US$13.7 million for the year ended 31 December 2012 to US$18.2 million for the corresponding period in 2013. This increase primarily reflected the cost increase in connection with the expansion in third party logistics business and the cost for other logistic projects.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company recorded the gross profit of approximately US$96.5 million in its land-based logistics business for the year ended 31 December 2013, representing an approximately 5% from approximately US$91.9 million for the year ended 31 December 2012. The gross profit margin of the Group's land-based logistics business was approximately 12.4% and approximately 13.2% for the years ended 31 December 2012 and 2013, 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$3.3 million for the year ended 31 December 2013. It represented an increase of approximately US$2.2 million from approximately US$1.1 million for the year ended 31 December 2012. The increase was mainly attributable to a foreign exchange gains from the capital reduction of a Subsidiary in Mainland China of approximately US$2 million.

Administrative Expenses

The Group's administrative expenses of its land-based logistics business increased by approximately 5.3% from approximately US$47.0 million for the year ended 31 December 2012 to approximately US$49.5 million for the same period in 2013. The increase was primarily attributable to the increase in staff cost.

Other Expenses and Losses

Other expenses and losses of the Group's land-based logistics business was US$0.2 million for the year ended 31 December 2013 (2012: nil). The amount mainly represented provision for doubtful debts of its customers.

Share of profits and losses of joint ventures

The Group's share of profits and losses of joint ventures increased from approximately US$6.6 million in 2012 to approximately US$7.7 million in 2013. The increase was primarily attributable to the expansion in our 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$0.5 million in 2012 to approximately US$0.4 million in 2013. 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 9.6% from approximately US$53.2 million for the year ended 31 December 2012 to approximately US$58.3 million for the year ended 31 December 2013.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Total assets of the Group increased by approximately 17.4% from approximately US$1,081.0 million as at 31 December 2012 to approximately US$1,269.4 million as at 31 December 2013. As at 31 December 2013, the Group had cash and cash equivalents amounting to approximately US$431 million, mainly denominated in US dollar, Renminbi, Japanese Yen and other currencies.

Total liabilities of the Group increased by approximately 35.1% from approximately US$387.9 million as at 31 December 2012 to approximately US$524.1 million as at 31 December 2013. At 31 December 2013, the Group had secured interest-bearing bank loans of approximately US$321.2 million. The maturity profile is spread over a period, with approximately US$56.5 million repayable within one year or on demand, approximately US$37.5 million within the second year, approximately US$122.0 million within third to fifth years and approximately US$105.2 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 2013, the Group hedged approximately 11.7% (2012: 7.3% (restated)) of its foreign currency sales for which firm commitments existed at the end of the reporting period.

As at 31 December 2013, the Group had current ratio (being the current assets divided by the current liabilities) of approximately 2.2 compared to that of 2.3 as at 31 December 2012. 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 1% and 11% as at 31 December 2012 and 2013, respectively.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group had no significant contingent liabilities.

CHARGE ON ASSETS

As at 31 December 2013, 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$505 million.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2013, the Group had an aggregate of 1,300 full-time employees. The related employees' costs for the period (including directors' emoluments) amounted to approximately US$53.8 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 2014 (Tuesday), it was proposed that a final dividend of HK$15 cents (equivalent to US1.93 cents) per ordinary share would be paid after 19 May 2014 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 2 May 2014 (Friday). The proposed final dividend is subject to approval by the shareholders at the annual general meeting of the Company to be held on 28 April 2014 (Monday) (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 28 April 2014 (Monday). A notice convening the Annual General Meeting will be published and despatched to the shareholders of the Company in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in due course.

Closure of Register of Members

For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from 24 April 2014 (Thursday) to 28 April 2014 (Monday), both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 23 April 2014 (Wednesday).

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 5 May 2014 (Monday) to 7 May 2014 (Wednesday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 2 May 2014 (Friday).

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 2013, and there has been no deviation from the code provisions for the year ended 31 December 2013, save for the deviation of the Code Provision A.6.7 of the CG Code as below.

Code Provision A.6.7 of the CG Code provides that the independent non-executive directors should attend general meetings of the Company. Due to prior business engagements external to the Company, one independent non-executive director of the Company, Dr. LO Wing Yan, William was unable to attend the annual general meeting of the Company held on 30 April 2013.

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 2013.

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 2013.

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 2013.

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 2013 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 2013. 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 2013 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 2014

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.