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 2014

Financial Highlights

- Revenue for the year ended 31 December 2014 was approximately US$1,377.0 million, increased by approximately 8.7% as compared with approximately US$1,267.3 million for the year ended 31 December 2013.

- Gross profit for the year ended 31 December 2014 increased by 16.2% from approximately US$143.0 million for the year ended 31 December 2013 to approximately US$166.1 million for the corresponding period in year 2014, which translated to an increase in gross profit margin to approximately 12.1% for the year ended 31 December 2014 from approximately 11.3% for the year ended 31 December 2013.

- Profit for the year ended 31 December 2014 was US$121.1 million, representing an increase of 7.1% from US$113.1 million for the year ended 31 December 2013.

- Basic earnings per share for the year ended 31 December 2014 amounted to US4.67 cents (2013: US4.35 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 2014, together with the comparative figures for the year ended 31 December 2013, 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 2014

	Notes	**2014** *US$'000*	**2013** *US$'000*
REVENUE	3	1,376,952	1,267,329
Cost of sales		(1,210,874)	(1,124,350)
Gross profit		166,078	142,979
Other income and gains, net	3	31,443	37,772
Administrative expenses		(69,375)	(65,150)
Other expenses and losses		(3,466)	(185)
Finance costs	5	(9,504)	(8,177)
Share of profits and losses of:			
Joint ventures		9,349	7,742
Associates		701	371
PROFIT BEFORE TAX	4	125,226	115,352
Income tax	6	(4,130)	(2,251)
PROFIT FOR THE YEAR		121,096	113,101

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
Year ended 31 December 2014

	2014	**2013**
	US$'000	*US$'000*
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	(264)	32
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	16,734	12,588
Reclassification adjustments for gains included in consolidated profit or loss	(2,698)	(7,972)
	14,036	4,616
Exchange differences on translation of foreign operations	(3,810)	(832)
Share of other comprehensive income of joint ventures	(742)	514
Share of other comprehensive income of associates	(249)	286
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	8,971	4,616
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	8,971	4,616
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	130,067	117,717
Profit for the year attributable to:		
Shareholders of the Company	120,680	112,410
Non-controlling interests	416	691
	121,096	113,101

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
Year ended 31 December 2014

	Note	**2014**	**2013**
		US$'000	*US$'000*
Total comprehensive income attributable to:			
Shareholders of the Company		129,692	116,986
Non-controlling interests		375	731
		130,067	117,717
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	8		
Basic (US cents per share)		4.67	4.35
Diluted (US cents per share)		4.66	4.34

Details of the dividends paid and proposed for the year are disclosed in note 7.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Note	**2014** *US$'000*	**2013** *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		668,825	616,661
Prepaid land lease payments		21,104	12,676
Advance payments for acquisition of property, plant and equipment		37,985	21,020
Goodwill		1,142	—
Investments in joint ventures		29,807	26,906
Investments in associates		10,812	10,400
Held-to-maturity investments		—	8,262
Available-for-sale investments		3,571	1,239
Derivative financial instruments		282	690
Total non-current assets		773,528	697,854
CURRENT ASSETS			
Bunkers		16,996	18,927
Trade receivables	9	66,633	76,560
Prepayments, deposits and other receivables		43,753	37,181
Due from related companies		247	996
Held-to-maturity investments		57,127	—
Derivative financial instruments		3,314	4,824
Restricted bank balances		—	1,890
Cash and cash equivalents		428,247	431,136
Total current assets		616,317	571,514

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2014

	Note	**2014** *US$'000*	**2013** *US$'000*
CURRENT LIABILITIES			
Trade payables	10	141,294	145,462
Other payables and accruals		42,621	42,244
Due to related companies		3,409	13,528
Derivative financial instruments		170	855
Interest-bearing bank borrowings		131,152	56,457
Income tax payables		2,612	479
Total current liabilities		321,258	259,025
NET CURRENT ASSETS		295,059	312,489
TOTAL ASSETS LESS CURRENT LIABILITIES		1,068,587	1,010,343
NON-CURRENT LIABILITIES			
Derivative financial instruments		579	345
Interest-bearing bank borrowings		270,814	264,707
Total non-current liabilities		271,393	265,052
Net assets		797,194	745,291
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		33,378	33,333
Reserves		717,501	660,028
Proposed final dividend	7	40,054	49,988
		790,933	743,349
Non-controlling interests		6,261	1,942
Total equity		797,194	745,291

NOTES

1.1 BASIS OF PREPARATION

The Group's 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") and accounting principles generally accepted in Hong Kong. The Group's financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in Sections 76 to 87 of Schedule 11 to that Ordinance. The Group's financial statements 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. The Group's 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 2014. 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. 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 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.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendments to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendments to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendments to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendments to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

The adoption of the above revised standards and interpretation has had no significant financial effect on this announcement.

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, 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, income tax payable 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 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	445,480	23,960	469,440
	1,060,315	786,077	1,846,392
Reconciliation:			
Elimination of intersegment sales			(469,440)
Revenue			1,376,952
Segment results	51,316	66,295	117,611
Reconciliation:			
Bank interest income			9,774
Interest income on held-to-maturity investments			7,345
Finance costs			(9,504)
Profit before tax			125,226
Segment assets	697,571	327,134	1,024,705
Reconciliation:			
Elimination of intersegment receivables			(163,129)
Corporate and other unallocated assets			528,269
Total assets			1,389,845
Segment liabilities	121,023	220,660	341,683
Reconciliation:			
Elimination of intersegment payables			(163,129)
Corporate and other unallocated liabilities			414,097
Total liabilities			592,651
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*	107,220	2,433	109,653

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

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
Interest income on held-to-maturity investments			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.

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.

	2014	**2013**
	US$'000	*US$'000*
Mainland China	589,977	588,078
Japan	391,528	308,933
Southeast Asia	204,746	144,101
Others	190,701	226,217
	1,376,952	1,267,329

Major customer information disclosure

During the year, there was no customer individually accounted for 10% or more of the Group's revenue (2013: None).

3. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents the net value of the services rendered.

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

	Note	**2014** *US$'000*	**2013** *US$'000*
Other income			
Bank interest income		9,774	8,501
Interest income on held-to-maturity investments		7,345	7,292
Government subsidies*		3,217	1,498
		20,336	17,291
Gains, net			
Gain on bargain purchase	11	654	—
Gain on disposal of items of property, plant and equipment, net		—	84
Fair value gains on cash flow hedges (transfer from equity), net		2,698	7,972
Fair value gains on derivatives — transactions not qualifying as hedges, net		3,068	1,232
Foreign exchange gains arising from the capital reduction of a subsidiary		520	1,974
Other foreign exchange differences, net		4,167	9,219
		11,107	20,481
		31,443	37,772

* 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):

	Note	2014 US$'000	2013 US$'000
Cost of services provided:			
Cost of bunkers consumed		234,801	237,305
Other cost of services provided		771,457	708,654
		1,006,258	945,959
Depreciation		35,619	28,727
Impairment of property, plant and equipment*		2,371	—
Loss/(gain) on disposal of items of property, plant and equipment, net*		911	(84)
Recognition of prepaid land lease payments		357	317
Auditors' remuneration		400	432
Minimum lease payments under operating leases in respect of:			
Buildings		4,296	4,294
Vessels		83,665	69,408
Containers		62,884	60,343
		150,845	134,045
Employee benefits expense (including directors' and the chief executive officer's remuneration):			
Wages and salaries		58,477	53,815
Equity-settled share option expense		32	446
Pension scheme contributions (defined contribution scheme)		8,320	7,120
		66,829	61,381
Impairment of trade receivables*	9	47	163

* 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

	Group 2014	Group 2013
	US$'000	*US$'000*
Current:		
Mainland China	3,802	1,430
Hong Kong	296	713
Elsewhere	221	108
Overprovision in prior years:		
Mainland China	(3)	—
Hong Kong	(186)	—
Total tax charge for the year	4,130	2,251

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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

	2014		2013	
	HK$'000	*US$'000 equivalent*	*HK$'000*	*US$'000 equivalent*
Special — HK10 cents (equivalent to US1.30 cents) (2013: HK10 cents (equivalent to US1.30 cents)) per ordinary share	258,698	33,369	256,492	33,344
Proposed final — HK12 cents (equivalent to US1.54 cents) (2013: HK15 cents (equivalent to US1.93 cents)) per ordinary share	310,652	40,054	387,806	49,988
	569,350	73,423	644,298	83,332

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 2,586,328,381 (2013: 2,584,805,699) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to shareholders of the Company. 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.

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

	2014 *US$'000*	2013 *US$'000*
Earnings		
Profit attributable to shareholders of the Company, used in the basic and diluted earnings per share calculations	120,680	112,410

	Number of shares 2014	 2013
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	2,586,328,381	2,584,805,699
Effect of dilution — weighted average number of ordinary shares — share options	4,285,298	3,405,648
Weighted average number of ordinary shares in issue during the year, used in the diluted earnings per share calculation	2,590,613,679	2,588,211,347

9. TRADE RECEIVABLES

	Group 2014 *US$'000*	 2013 *US$'000*
Trade receivables	66,842	76,725
Impairment	(209)	(165)
	66,633	76,560

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	
	2014	**2013**
	US$'000	*US$'000*
Within 1 month	55,839	64,932
1 to 2 months	8,523	9,339
2 to 3 months	1,849	1,681
Over 3 months	422	608
	66,633	76,560

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

	Group	
	2014	**2013**
	US$'000	*US$'000*
At 1 January	165	—
Impairment losses recognised (note 4)	47	163
Exchange realignment	(3)	2
At 31 December	209	165

Included in the above provision for impairment of trade receivable is a provision for individually impaired trade receivables of US$209,000 (2013: US$163,000) with a carrying amount before provision of US$209,000 (2013: US$163,000).

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	
	2014	**2013**
	US$'000	*US$'000*
Neither past due nor impaired	66,211	75,952
Less than 1 month past due	422	608
	66,633	76,560

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$10,140,000 (2013: US$7,767,000) and US$2,278,000 (2013: US$37,000), respectively. In addition, as at 31 December 2013, also included in the Group's trade receivables are amounts due from companies controlled by the controlling shareholder of the Company's ultimate holding company (the "Controlling Shareholder") of US$1,000. 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 aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2014	**2013**
	US$'000	*US$'000*
Within 1 month	114,352	128,208
1 to 2 months	16,031	9,248
2 to 3 months	6,484	3,093
Over 3 months	4,427	4,913
	141,294	145,462

Included in the Group's trade payables are amounts due to companies controlled by the Controlling Shareholder and the Group's joint ventures of US$467,000 (2013: US$499,000) and US$2,270,000 (2013: US$2,156,000), respectively. In addition, as at 31 December 2013, also included in the Group's trade payables are amounts due to the Group's associates of US$739,000. 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.

11. BUSINESS COMBINATIONS

On 22 April 2014, the Group acquired 60% of the registered capital of Tianjin Xin Hua Xi Logistics Co., Ltd. ("Tianjin Xin Hua Xi"), a private company established in the People's Republic of China (the "PRC") specialising in depot services, for a total cash consideration of US$2,146,000, of which US$1,940,000 was paid on 22 April 2014 and the remaining balance of US$206,000 was paid on 8 July 2014.

On 30 June 2014, the Group acquired 60% of the registered capital of Qingdao Smart Cargo Logistics Co., Ltd. ("Qingdao Smart Cargo"), a private company established in the PRC specialising in warehouse and depot services, for a total cash consideration of US$5,487,000, of which US$2,496,000 was paid on 30 June 2014 and the remaining balance of US$2,991,000 was paid on 3 July 2014.

The purpose of the acquisitions of Tianjin Xin Hua Xi and Qingdao Smart Cargo is to consolidate and expand the Group's land-based logistics service chain as part of the Group's strategy. The Group has elected to measure the non-controlling interest in Tianjin Xin Hua Xi and Qingdao Smart Cargo at the non-controlling interest's proportionate share of Tianjin Xin Hua Xi and Qingdao Smart Cargo's identifiable net assets, respectively.

The fair values of the identifiable assets and liabilities of Tianjin Xin Hua Xi and Qingdao Smart Cargo as at their respective dates of acquisition were as follows:

	Fair value recognised on acquisition		
	Tianjin Xin Hua Xi	**Qingdao Smart Cargo**	**Total**
	US$'000	*US$'000*	*US$'000*
Property, plant and equipment	1,523	2,939	4,462
Prepaid land lease payments	—	9,273	9,273
Cash and bank balances	156	5	161
Trade receivables	171	—	171
Other current assets	368	167	535
Trade payables	(158)	—	(158)
Other current liabilities	(386)	(2,149)	(2,535)
Total identifiable net assets at fair value	1,674	10,235	11,909
Non-controlling interests	(670)	(4,094)	(4,764)
Goodwill arising on acquisition	1,142	—	1,142
Gain on bargain purchase recognised in other income and gains, net in profit or loss *(note 3)*	—	(654)	(654)
	2,146	5,487	7,633
Satisfied by cash	2,146	5,487	7,633
Revenue contribution since acquisition	3,917	17	3,934
Profit/(loss) for the year since acquisition	(283)	175	(108)

The Group incurred transaction costs of US$28,000 and US$36,000 for the acquisition of Tianjin Xin Hua Xia and Qingdao Smart Cargo, respectively. These transaction costs have been expensed off and are included in administrative expenses in profit or loss.

The goodwill arising from the acquisition of Tianjin Xin Hua Xi represented the premium paid for the Group's strategy to consolidate its land-based logistics service chain. The goodwill is not expected to be deductible for income tax purpose.

The gain on bargain purchase arising from the acquisition of Qingdao Smart Cargo represented the difference between the consideration for the acquisition of Qingdao Smart Cargo and the fair value of the assets acquired.

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	Tianjin Xin Hua Xi	**Qingdao Smart Cargo**	**Total**
	US$'000	*US$'000*	*US$'000*
Cash consideration	(2,146)	(5,487)	(7,633)
Cash and bank balances acquired	156	5	161
Net cash outflow included in cash flows from investing activities	(1,990)	(5,482)	(7,472)
Transaction costs of the acquisitions included in cash flows from operating activities	(28)	(36)	(64)
	(2,018)	(5,518)	(7,536)

Had the business combinations taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been US$1,374,318,000 and US$103,880,000, respectively.

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 2014, 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 2014, the Company operated a total of 59 trade lanes, including 12 trade lanes through joint services and 20 trade lanes through container slot exchange arrangements. These trade lanes cover 53 major ports in the People's Republic of China ("**PRC**"), Japan, Korea, Taiwan, Hong Kong, Vietnam, Thailand, the Philippines, Cambodia, Indonesia, Singapore and Malaysia. As at 31 December 2014, the Company operated a fleet of 67 container vessels with total capacity of 78,478 TEU, comprising of 32 self-owned vessels and 35 chartered vessels, with an average age of 9.0 years. 52 of these 67 container vessels were of the 1,000 TEU type. Revenue generated by the Group's sea freight logistics business for the year 2014 amounted to US$1,060.3 million, representing an increase of approximately 9% as compared to the same period in the year 2013. The increase is a combined effect of (i) the increase in the container shipping volume from 1,981,576 TEU in 2013 to 2,077,355 TEU in 2014; and (ii) increase in average container shipping freight rate from US$486/TEU in 2013 to US$500/TEU in 2014. The sea freight logistics business also included leasing out dry bulk vessels. As at 31 December 2014, the Company owned 6 dry bulk vessels with a gross tonnage of 438,596 DWT and an average age of 2.1 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 2014, the Group's freight forwarding network covered 38 major cities in the PRC, Japan, Korea, Hong Kong, Vietnam, the Philippines, Singapore and Cambodia while the Group's shipping agency network covered 52 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 900,000 m^2 of depot and 100,000 m^2 of warehousing space. Revenue generated by its land-based logistics business for the year ended 31 December 2014 amounted to US$786.1 million as compared to US$730.7 million for the year 2013. The land-based logistic business achieved an increase of 4.1% growth in the freight forwarding volume from 1,530,471 TEU in 2013 to 1,593,001 TEU in 2014.

Undeniably, there are many uncertainties facing global logistics business in 2015, but the management of the Group is still confident with the business environment and performance of container logistics in Asian area for 2015. With the stepwise progressing of the PRC's "One Belt and One Road and Interconnection" strategy, the Group enjoys more business opportunities arising from such rearrangement of industrial structures and international divisions among Asian countries. The Group will also fine-tune sea-land intermodal operation model, improve comprehensive logistics facilities and networks and upgrade information technology systems, for the sake of providing individualised logistics solutions and quality services for customers. The Group will strive to become a world-class integrated logistics supplier as the first choice of customers.

Market Review

The global economy grew disappointedly in 2014, container shipping companies maintained excess capacities, and unavoidably, the container shipping industry was still weak as a whole in the world, except individual company cut costs and improved efficiency and profitability through forming several large container shipping alliances which enhanced its competitiveness. The intra-Asia trade and container shipping volume still kept a remarkable growth and remained the world's largest container shipping market, which brought about a lot of benefits to the Group.

Financial Overview

	Year ended 31 December							
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	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	1,060,315	972,729	786,077	730,710	(469,440)	(436,110)	1,376,952	1,267,329
Cost of sales	(1,002,028)	(926,283)	(678,286)	(634,177)	469,440	436,110	(1,210,874)	(1,124,350)
Gross profit	58,287	46,446	107,791	96,533			166,078	142,979
Other income and gains (excluding interest and investment income)	12,911	18,708	1,413	3,271			14,324	21,979
Administrative expenses	(16,538)	(15,653)	(52,837)	(49,497)			(69,375)	(65,150)
Share of profits and losses of:								
Joint ventures	—	—	9,349	7,742			9,349	7,742
Associates	—	—	701	371			701	371
Other expenses and losses	(3,344)	(34)	(122)	(151)			(3,466)	(185)
Segment results	51,316	49,467	66,295	58,269			117,611	107,736
Finance costs							(9,504)	(8,177)
Interest and investment income							17,119	15,793
Profit before tax							125,226	115,352
Income tax expense							(4,130)	(2,251)
Profit for the year							121,096	113,101
Profit attributable to:								
Owners of the parents							120,680	112,410
Non-controlling interests							416	691
							121,096	113,101

Revenue

The Group's total revenue after inter-segment elimination increased by approximately 8.7% from approximately US$1,267.3 million for the year ended 31 December 2013 to approximately US$1,377.0 million for the year ended 31 December 2014. The increase was primarily attributable to (i) the increase in shipping volume; and (ii) the continuous growth in the Group's freight forwarding business.

Cost of Sales

Cost of sales of the Group increased by approximately 7.7% from approximately US$1,124.4 million for the year ended 31 December 2013 to approximately US$1,210.9 million for the year ended 31 December 2014. The increase was primarily attributable to the expansion in our overall operation scale.

Gross Profit

As a result of the foregoing, gross profit increased from approximately US$143.0 million for the year ended 31 December 2013 to approximately US$166.1 million for the year 2014. The Group's gross profit margin increased from approximately 11.3% for the year ended 31 December 2013 to approximately 12.1% for the year ended 31 December 2014.

Other Income and Gains (excluding interest and investment income)

The Group's other income and gains (excluding interest and investment income) decreased by approximately US$7.7 million from approximately US$22.0 million for the year ended 31 December 2013 to approximately US$14.3 million for the year ended 31 December 2014. The decrease was mainly attributable to (i) the decrease in foreign exchange translation gain due to RMB depreciation against US dollar; (ii) decrease in fair value gained of cash flow hedges and non-hedge derivatives from US$9.2 million in 2013 to US$5.8 million in 2014.; and (ii) foreign exchange gains from capital reduction of a subsidiary was US$0.5 million and US$2.0 million, respectively.

Administrative Expenses

Administrative expenses increased by approximately 6.4% from approximately US$65.2 million for the year ended 31 December 2013 to approximately US$69.4 million for the year ended 31 December 2014. 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 20.8% from approximately US$7.7 million in 2013 to approximately US$9.3 million in 2014. 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$0.7 million and US$0.4 million for the year ended 31 December 2014 and 2013, respectively. There is no material change in the amount.

Other Expenses and Losses

For the year ended 31 December 2014, the Group's other expenses and losses increased from approximately US$0.2 million for the year ended 31 December 2013 to approximately US$3.5 million for the same period in 2014. The amount in 2014 mainly represented loss on disposal of a vessel and the relevant impairment provision recognised as a result of the vessel disposal amounted to US$3.3 million.

Finance Costs

Finance cost was US$9.5 million and US$8.2 million for the years ended 31 December 2014 and 2013, respectively. The increase was mainly due to the increase in the average bank borrowing balance in 2014. 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$15.8 million for the year ended 31 December 2013 to approximately US$17.1 million for the year ended 31 December 2014. The increase was mainly attributable to the increase in average surplus fund balance available for investment.

Profit Before Tax

As a result of the foregoing, the Group's profit before tax increased by approximately 8.5% from approximately US$115.4 million for the year ended 31 December 2013 to approximately US$125.2 million for the year ended 31 December 2014.

Income Tax Expense

The Group's income tax expense was US$4.1 million and US$2.3 million for the years ended 31 December 2014 and 2013, respectively.

Profit for the Year

The Group's profit for the year ended 31 December 2014 was approximately US$121.1 million, representing an increase of approximately 7.1% as compared to the profit of approximately US$113.1 million for the year ended 31 December 2013.

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			
	2014		**2013**	
	Amount (US$'000)	*% of segment revenue*	*Amount (US$'000)*	*% of segment revenue*
Income Statement Data:				
Sales to external customers — container shipping	593,242	56.0%	548,218	56.4%
Sales to external customers — dry bulk chartering	21,593	2.0%	9,944	1%
Inter-segment sales	445,480	42.0%	414,567	42.6%
Segment revenue	1,060,315	100.0%	972,729	100%
Cost of Sales	(1,002,028)	(94.5)%	(926,283)	(95.2)%
Equipment and cargos transportation costs	(551,666)	(52.0)%	(503,778)	(51.8)%
Voyage costs	(294,475)	(27.8)%	(294,165)	(30.2)%
Container shipping vessels costs	(140,200)	(13.2)%	(120,285)	(12.4)%
Dry bulk vessels costs	(15,687)	(1.5)%	(8,055)	(0.8)%
Gross Profit	58,287	5.5%	46,446	4.8%
Other income and gains (excluding interest and investment income)	12,911	1.2%	18,708	1.9%
Administrative expenses	(16,538)	(1.6)%	(15,653)	(1.6)%
Other expenses and losses	(3,344)	(0.3)%	(34)	—%
Segment results	51,316	4.8%	49,467	5.1%

Segment results

The following table sets forth the number of trade lanes of the Group for the years ended 31 December 2013 and 2014, and port calls per week and the average freight rates for the years indicated:

Year ended 31 December		As at 31 December			
2014	2013	2014	2013	2014	2013
Average freight rate *(US$ per TEU)*		Number of trade lanes		Port calls per week	
500	486	59	47	340	301

Revenue

Revenue of the Group's sea freight logistics business before inter-segment elimination increased by approximately 9.0% from approximately US$972.7 million for the year ended 31 December 2013 to approximately US$1,060.3 million for the year ended 31 December 2014. The increase was a combined effect of (i) the increase in container shipping volume from 1,981,576 TEU in 2013 to 2,077,335 TEU in 2014; (ii) the increase in average container shipping freight rate from US$486/TEU in 2013 to US$500/TEU in 2014 and (iii) US$11.6 million increase in the day bulk chartering income due to the expansion in fleet size.

Cost of Sales

The cost of sales of the Group's sea freight logistics business increased by approximately 8.2% from approximately US$926.3 million for the year ended 31 December 2013 to approximately US$1,002.0 million for the year ended 31 December 2014. The increase was primarily attributable to:

- the increase in equipment and cargos transportation costs by 9.5% from US$503.8 million to US$551.7 million. It was mainly attributable to (i) the increase in slot exchange fee from US$38.7 million to US$66.8 million as a result of network expansion; and (ii) the increase in other equipment and cargos transportation cost from US$84.8 million to US$97.3 million due to the increase in shipping volume;

- the voyage costs were US$294.5 million and US$294.2 million for the year ended 31 December 2014 and 2013, respectively. There is no material fluctuation in 2014. During 2014, the bunker cost decreased from US$237.3 million in 2013 to US$234.8 million mainly attributable to the decrease in average bunker cost by 5.6% from US$642.5/tonne in 2013 to US$608.2/tonne in 2014;

- increase in vessel costs by approximately US$19.9 million from approximately US$120.3 million for the year ended 31 December 2013 to approximately US$140.2 million for the same period in 2014 as a result of the increase in average charter rate and the number of self-operated vessels.

- increase in dry bulk vessels cost from US$8.1 million for the year ended 31 December 2013 to US$15.7 million to 2014. The increase is mainly attributable to the increase in depreciation and vessel crew cost as a result of 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$58.3 million in its sea freight logistics business for the year ended 31 December 2014, representing an approximately 25.6% increase as compared to approximately US$46.4 million for the corresponding period in 2013. The gross profit margin of the Group's sea freight logistics increased from 4.8% in 2013 to 5.4% in 2014.

Other Income and Gains (excluding interest and investment income)

For the year ended 31 December 2014, the other income and gains (excluding bank interest income and other investment income) decreased to approximately US$12.9 million in 2014 from US$18.7 million in 2013. In 2014, the amount mainly due to the decrease in foreign exchange translation gain from the RMB assets as RMB depreciated against US dollar in the year.

Administrative Expenses

Administrative expenses of the Group's sea freight logistics business increased by approximately 5.1% from approximately US$15.7 million for the year ended 31 December 2013 to approximately US$16.5 million in the corresponding period in 2014. The increase as 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$3.3 million and US$0.1 million for the year ended 31 December 2014 and 2013, respectively. The amount in 2014 mainly represented loss on disposal of a vessel and the impairment provision made against a vessel from a confirmed disposal amounted to US$3.3 million.

Segment Results

As a result of the foregoing, the segment result of the Group's sea freight logistic increased by 3.6% from US$49.5 million in 2013 to US$51.3 million in 2014.

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			
	2014		**2013** *(Restated)*	
	Amount (US$'000)	*% of segment revenue*	*Amount (US$'000)*	*% of segment revenue*
Income Statement Data:				
Sales to external customers	762,117	97.0%	709,167	97.1%
Inter-segment sales	23,960	3.0%	21,543	2.9%
Segment revenue	786,077	100.0%	730,710	100.0%
Freight forwarding and shipping agency	753,971	95.9%	703,420	96.3%
Other land-based logistics business	32,106	4.1%	27,290	3.7%
Cost of Sales	(678,286)	(86.3)%	(634,177)	(86.8)%
Freight forwarding and shipping agency	(655,079)	(83.3)%	(615,954)	(84.3)%
Other land-based logistics business	(23,207)	(3.0)%	(18,223)	(2.5)%
Gross Profit	107,791	13.7%	96,533	13.2%
Other income and gains (excluding interest and investment income)	1,413	0.2%	3,271	0.4%
Administrative expenses	(52,837)	(6.7)%	(49,497)	(6.7)%
Other expenses and losses	(122)	(0.1)%	(151)	(0.1)%
Share of profits and losses of:				
Joint ventures	9,349	1.2%	7,742	1.1%
Associates	701	0.1%	371	0.1%
Segment results	66,295	8.4%	58,269	8.0%

Revenue

The revenue of the Group's land-based logistics business before inter-segment elimination increased by approximately 7.6% from approximately US$730.7 million for the year ended 31 December 2013 to approximately US$786.1 million for the year ended 31 December 2014. The increase was mainly a combined effect of the following:

- *Freight forwarding and shipping agency.* Revenue of the Group's freight forwarding and shipping agency business increased by approximately 7.2% from approximately US$703.4 million for the year ended 31 December 2013 to approximately US$754.0 million for the corresponding period in 2014. The increase was a combined effect of (i) increase in freight forwarding volume from 1,530,471 TEU in 2013 to 1,593,001 TEU in 2014; and (ii) the increase in average freight forwarding rate.

- *Other land-based logistics business.* Revenue of the Group's other land-based logistics business increased by approximately 17.6% from approximately US$27.3 million for the year ended 31 December 2013 to approximately US$32.1 million for the same period in 2014. The increase was primarily reflected the expansion of third party logistic business and other land-based logistic business.

Cost of Sales

The cost of sales of the Group's land-based logistics business increased by approximately 7.0% from approximately US$634.2 million for the year ended 31 December 2013 to approximately US$678.3 million for the corresponding period in 2014. The increase 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 increased by 6.3% from US$616.0 million for the year ended 31 December 2013 to US$655.1 million for the corresponding period in 2014, primarily reflecting expansion in operation scale.

- *Other land-based logistics businesses.* Cost of sales of the Group's other land-based logistics business increased by approximately 27.5% from US$18.2 million for the year ended 31 December 2013 to US$23.2 million for the corresponding period in 2014. This increase primarily reflected the cost increase in connection with the third party logistics business and the cost for other land-based logistic business.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company recorded the gross profit of approximately US$107.8 million in its land-based logistics business for the year ended 31 December 2014, representing an approximately 11.7% increase from approximately US$96.5 million for the year ended 31 December 2013. The gross profit margin of the Group's land-based logistics business was approximately 13.2% and approximately 13.7% for the years ended 31 December 2013 and 2014, 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$1.4 million for the year ended 31 December 2014. The decrease of approximately US$1.9 million from was mainly due to an one-time foreign exchange gain from capital reduction of a subsidiary in Mainland China in 2013.

Administrative Expenses

The Group's administrative expenses of its land-based logistics business increased by approximately 6.7% from approximately US$49.5 million for the year ended 31 December 2013 to approximately US$52.8 million for the same period in 2014. 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$0.1 million for the year ended 31 December 2014 (2013: US0.2 million). There was no material changes in the balance.

Share of profits and losses of joint ventures

The Group's share of profits and losses of joint ventures increased from approximately US$7.7 million in 2013 to approximately US$9.3 million in 2014. 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 increased from approximately US$0.4 million in 2013 to approximately US$0.7 million in 2014. 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 13.7% from approximately US$58.3 million for the year ended 31 December 2013 to approximately US$66.3 million for the year ended 31 December 2014.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Total assets of the Group increased by approximately 9.5% from approximately US$1,269.4 million as at 31 December 2013 to approximately US$1,389.8 million as at 31 December 2014. As at 31 December 2014, the Group had cash and cash equivalents amounting to approximately US$428.2 million, mainly denominated in US dollar, Renminbi, Japanese Yen and other currencies.

Total liabilities of the Group increased by approximately 13.1% from approximately US$524.1 million as at 31 December 2013 to approximately US$592.7 million as at 31 December 2014. At 31 December 2014, the Group had secured interest-bearing bank loans of approximately US$402 million. The maturity profile is spread over a period, with approximately US$131.2 million repayable within one year or on demand, approximately US$43.2 million within the second year, approximately US$128.4 million within third to fifth years and approximately US$99.2 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 2014, the Group hedged approximately 16.3% (2013: 11.7%) of its foreign currency sales for which firm commitments existed at the end of the reporting period.

As at 31 December 2014, the Group had current ratio (being the current assets divided by the current liabilities) of approximately 1.9 compared to that of 2.2 as at 31 December 2013. 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 shareholders of the Company less the hedging reserve. The Group's gearing ratio was 11% and 17% as at 31 December 2013 and 2014, respectively.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group had no significant contingent liabilities.

CHARGE ON ASSETS

As at 31 December 2014, the Group's bank loans were secured by mortgages over the Group's container vessels, dry-bulk vessels and containers which had an aggregate carrying value at the end of the reporting period of approximately US$590.9 million.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2014, the Group had an aggregate of 1,360 full-time employees. The related employees' costs for the period (including directors' emoluments) amounted to approximately US$66.8 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 9 March 2015 (Monday), it was proposed that a final dividend of HK$12 cents (equivalent to US$1.54 cents) per ordinary share would be paid after 13 May 2015 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 30 April 2015 (Thursday). The proposed final dividend is subject to approval by the shareholders at the annual general meeting of the Company to be held on 27 April 2015 (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 27 April 2015 (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 23 April 2015 (Thursday) to 27 April 2015 (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, unregistered holders of shares of the Company shall ensure that all transfers of shares documents, accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 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 22 April 2015 (Wednesday).

For determining the entitlement to the proposed final dividend (subject to approval by the shareholder at the Annual General Meeting), the register of members of the Company will be closed on 4 May 2015 (Monday), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, unregistered holders of shares of the Company shall ensure that all transfers of shares documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 30 April 2015 (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 2014, and there has been no deviation from the code provisions for the year ended 31 December 2014.

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 2014.

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 2014.

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 2014.

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 2014 of the Group have been reviewed by the Audit Committee.

Auditors

The Company appointed Ernst & Young as its auditors for the year ended 31 December 2014. The Company will submit a resolution in the coming Annual General Meeting to re-appoint Ernst & Young as the auditors of the Company.

Publication of Annual Results Announcement and Annual Report

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) and the Company (http://www.sitc.com). The annual report of the Company for the year ended 31 December 2014 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 aforesaid websites in due course.

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

Hong Kong, 9 March 2015

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.