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

Annual Report

2013


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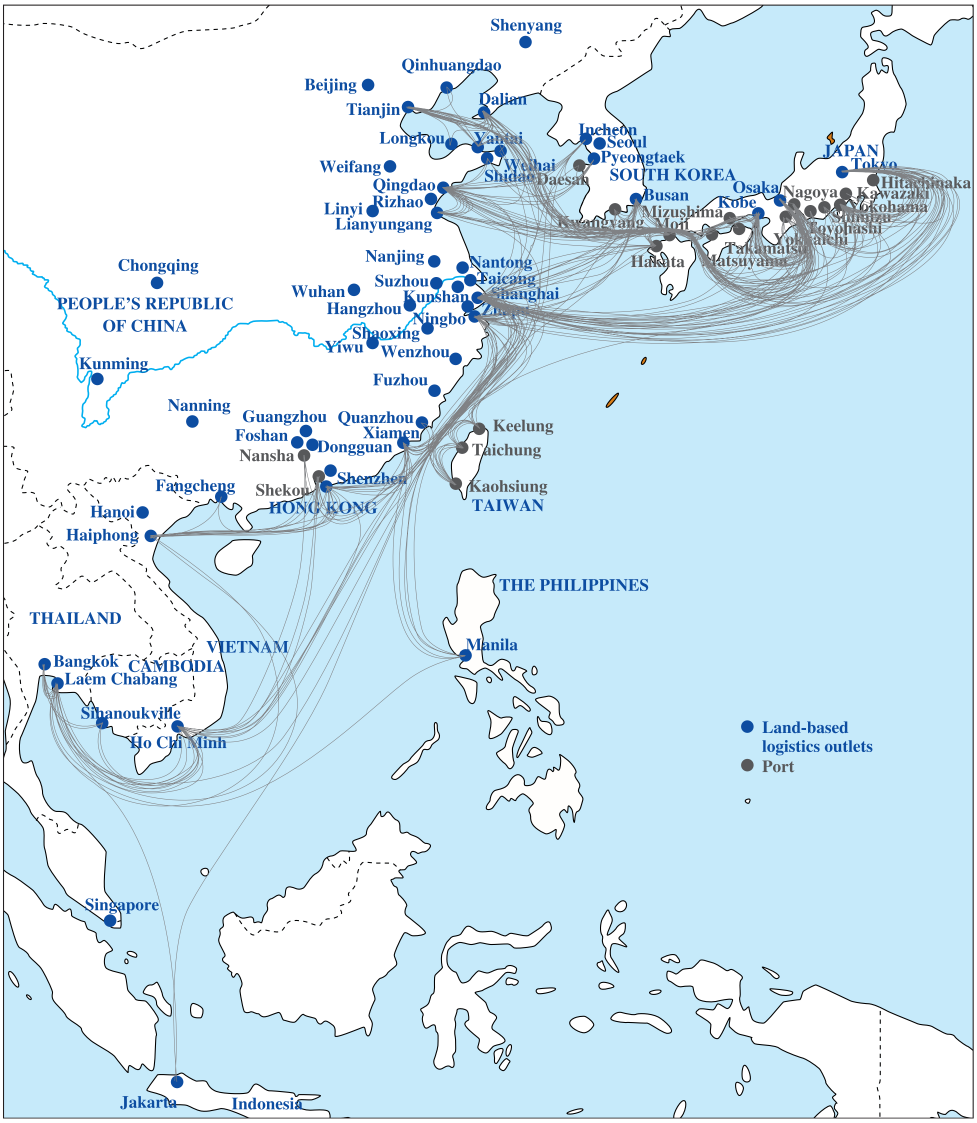
Corporate Profile

SITC International Holdings Company Limited (the "**Company**" or "**SITC**" or "**we**") is a leading Asia-based shipping logistics company that provides integrated transportation and logistics solutions. As at 31 December 2013, we ranked 26 among international container shipping companies in terms of shipping capacity. We focus exclusively on servicing the intra-Asia trade market, which is the largest in the world and one of the fastest growing in terms of shipping volume, according to Drewry Maritime Services (Asia) Pte Ltd, an independent industry consultant.

The following map illustrates our intra-Asia container shipping route (including trade lanes operated through joint services and container slot exchange arrangements) and land-based logistics network as of 31 December 2013:



Our business can be segregated into two main business segments: our sea freight logistics business and our land-based logistics business. Our sea freight logistics business seeks to provide high-frequency container shipping services on our high-density intra-Asia route network. Together with our container shipping route network, our land-based logistics business offers integrated logistics services, including freight forwarding, shipping agency, depot and warehousing, customs clearance, trucking and ship brokerage services.

Corporate Information

DIRECTORS

Executive Directors

YANG Shaopeng (Chairman)
YANG Xianxiang (Vice Chairman and Chief Executive Officer)
LIU Kecheng
XUE Peng (Joint Company Secretary)
LAI Zhiyong
XUE Mingyuan

Independent Non-Executive Directors

TSUI Yung Kwok
YEUNG Kwok On
LO Wing Yan, William
NGAI Wai Fung

BOARD COMMITTEES

Audit Committee

TSUI Yung Kwok (Chairman)
LO Wing Yan, William
NGAI Wai Fung

Remuneration Committee

YEUNG Kwok On (Chairman)
NGAI Wai Fung
TSUI Yung Kwok
YANG Shaopeng
YANG Xianxiang

Nomination Committee

YANG Shaopeng (Chairman)
LO Wing Yan, William
NGAI Wai Fung
YANG Xianxiang
YEUNG Kwok On

Disclosure Committee

YANG Xianxiang (Chairman)
LIU Kecheng
XUE Peng
LAI Zhiyong
XUE Mingyuan

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

CORPORATE HEADQUARTERS

Rooms 2202-2203, 22/F
Office Tower, Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

HEADQUARTER IN THE PRC

No. 30, 1388 Zhangdong Road
Pudong District
Shanghai
PRC

AUTHORIZED REPRESENTATIVES

LIU Kecheng
XUE Peng

JOINT COMPANY SECRETARIES

XUE Peng
HO Siu Pik (FCS, FCIS)

Corporate Information

PRINCIPAL SHARE REGISTRAR

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")

NAME OF STOCK

SITC International Holdings Company Limited (SITC)

STOCK CODE

01308

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
China Merchants Bank
Bank of China
Bank of America
Citibank

AUDITORS

Ernst & Young

LEGAL ADVISORS

As to Hong Kong law:

Sidley Austin
Level 39, Two International Finance Centre
8 Finance Street
Central
Hong Kong

As to Cayman Islands law:

Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

WEBSITE

www.sitc.com

Financial and Operating Highlights

		2013	2012 (Restated)	Change
Results				
Turnover	US$' 000	**1,267,329**	1,212,431	**4.5%**
Profit attributable to owners of the parent	US$' 000	**112,410**	83,920	**33.9%**
Basic earnings per share	US cents	**4.35**	3.24	**34.3%**
Profit margin	%	**8.9**	6.5	**2.4% pt.**
Net cash flows from operating activities	US$' 000	**137,543**	107,419	**28%**
Financial Position				
Equity attributable to owners of the parent	US$' 000	**743,349**	695,551	**6.9%**
Net current assets	US$' 000	**312,489**	290,977	**7.4%**
Interest bearing bank borrowings	US$' 000	**321,164**	189,167	**69.8%**
Financial Ratio				
Return on equity (note 1)	%	**15.7**	11.6	**4.1% pt.**
Return on assets (note 2)	%	**9.6**	7.9	**1.7% pt.**
Assets turnover ratio (note 3)	times	**1.08**	1.22	**(0.14)**
Gearing ratio	%	**11%**	1%	**10% pt.**
Operating Statistics				
Number of container vessels operated as at year end	vessels	**61**	60	**1**
Shipping volume – Sea freight logistics	TEU	**1,981,576**	1,774,054	**207,522**
Freight forwarding volume – Land-based logistics	TEU	**1,530,471**	1,394,358	**136,113**

Note 1

Return on equity is calculated by using profit for the year and the average balance of total equity as at beginning of year and end of year.

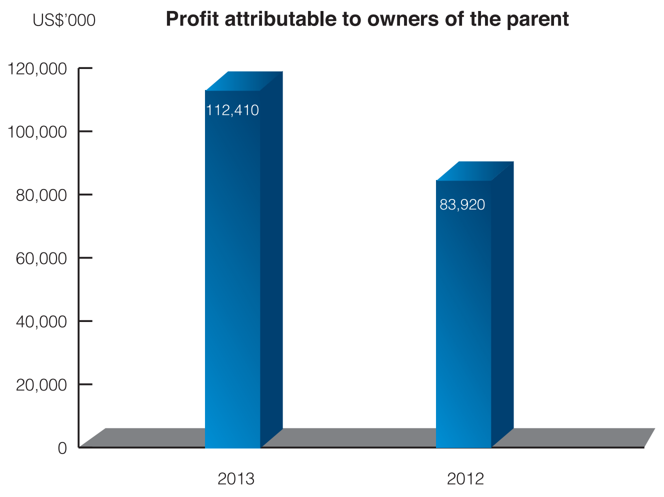
Note 2

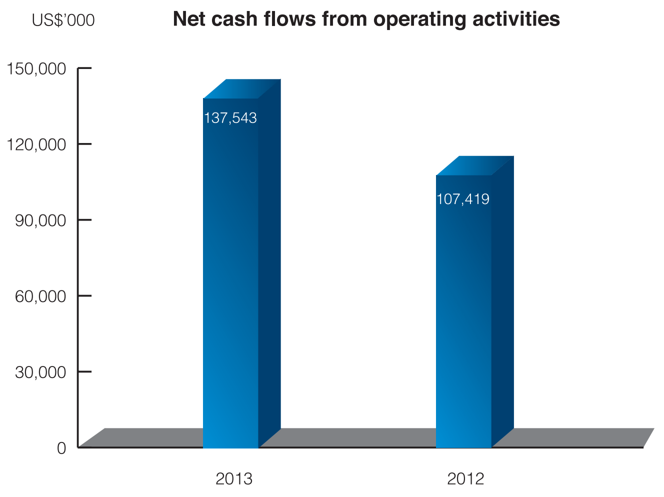
Return on assets is calculated by using the profit of the year and the average balance of total assets as at beginning of year and end of year.

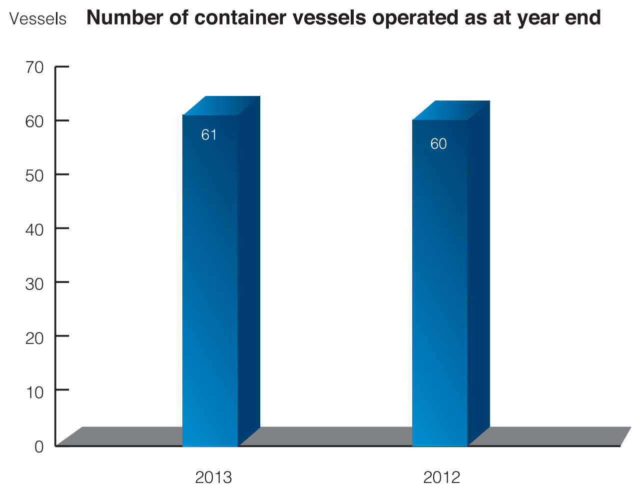
Note 3

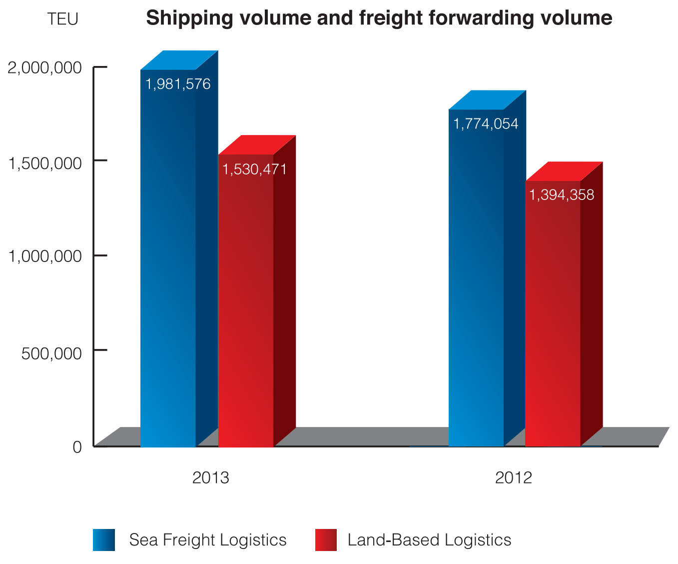
Assets turnover ratio is calculated by using the turnover and the average balance of total assets as at beginning of year and end of year.

Financial and Operating Highlights









Major Milestones in 2013

JANUARY 2013

Phase-II 50,000 m^2 depot of SITC-DINH VU LOGISTICS COMPANY LIMITED (herein after referred to as "SITC-DINH VU"), a joint venture of SITC was formally put into operation.

SITC Container Lines Co., Ltd. Integrated Management and Information System (ABBR: SIMIS) was officially implemented in Thailand and Philippines.

APRIL 2013

SITC SHIPOWNING GROUP COMPANY LIMITED, a wholly-owned subsidiary of STIC, and CSBC Corporation entered into an agreement in Taipei in relation to the construction of 8* 1800 TEU container vessels.

JUNE 2013

SITC was awarded several awards in "The 4th China International Shipping Culture Festival", including the shipping team of "Top 10 Enterprise Comprehensive Service of Container Liner", "Best Container Liner Company of China-Japan Shipping Route-Gold Award", "Best Container Liner Company of China-Southeast Asia Shipping Route-Gold Award", "Best Container Liner Company of China-Korea Shipping Route-Silver Award" and "Best Container Liner Company of China-Taiwan Shipping Route-Silver Award"; and the freight forwarding team of "Top 10 Enterprise Comprehensive Service of Freight Forwarding" and "Best Freight Forwarder Company of Export Service".

JULY 2013

SITC-DINH VU and Minh Phuong Real Estate Investment Joint Stock Company entered into an agreement in relation to the purchasing of a 63,700 m^2 land at Hai Phong in Vietnam. This land will be used to purchase the phase-III depot of SITC-DINH VU.

SEPTEMBER 2013

TaiLian (hereinafter referred to as "TaiLian"), a wholly-owned subsidiary of SITC, entered into an 10000 TEU contract of containers manufacturing with Shanghai Baoshan Pacific Container Co., Ltd. (hereinafter referred to as "Baoshan Pacific") and Dong Fang International Container (Lianyungang) Co., Ltd. (hereinafter referred to as the "Oriental Lianyungang").

SITC SHIPOWNING GROUP COMPANY LIMITED, a wholly-owned subsidiary of STIC, and CSBC Corporation entered into a further agreement in relation to the construction of 4*1800 TEU container vessels.

SITC Logistics Development Co., Ltd., a wholly-owned subsidiary of SITC, and Newport First Agency Joint Stock Company jointly invested to establish SITC Newport Logistics Co., Ltd.

NOVEMBER 2013

SITC was awarded seven awards in "China Enterprise Organization Management Summit Forum":

Organization Capacity "Yangsanjiao" Outstanding award
Best contribution award-WeChat Share
Best contribution award-open enterprise
Best contribution award-new member recommendation
Sharing culture ambassador
Open culture ambassador
Best participation award

SITC acquired entire equity interests of five bulk companies, including HUASHAN/TAISHAN/HUANGSHAN/LUSHAN/ZHOUSHAN.

Major Milestones in 2013

FLEET EXPANSION

In 2013, SITC was delivered a total of 1 newly-built container vessel and four second-hand container vessels, totally owned 32 self-owned container vessels.

In 2013, SITC acquired 5 bulk vessel companies, totally owned 5 bulk vessels.

NETWORK EXPANSION

SITC established eight new shipping agency and freight forwarding outlets in several cities in China, including Weihai, Kunshan, Yiwu, Beijing, Southwest China (Nanning); Hanoi, Vietnam, Jakarta, Indonesia and Sihanoukville, Cambodia, which were all put into operation.

COMMUNITY WELFARE

SITC donated RMB3.5 million to Sichuan Nature Conservancy, for panda protection.

Chairman's Statement

SITC will continue to optimize its unique business model, expand its intra-Asia service network, work for the objective of becoming the first choice of customers, provide its customers with quality services through construction of comprehensive logistics facilities and tailor-made logistics solutions, and bring itself closer to the goal of becoming a world-class integrated logistics service provider.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of SITC International Holdings Company Limited ("**SITC**" or the "**Company**", together with its subsidiaries referred to as the "**Group**"), I hereby present to you the Group's annual results for the year ended 31 December 2013.

The market environment of the global shipping sector remained sluggish in the year 2013. As demand in the global shipping market slowed down and excess shipping capacity resulted in increased competition and declining freight rates. Shipping companies generally operated in challenging conditions.

In line with the increasing spending power and the infrastructure investment and the urbanization development in Asia as well as the relocation of more production bases to Southeast Asian countries, including Vietnam, Cambodia and Myanmar, merchandise trade between this region and other parts of Asia also kept increasing. Consequently, the overall intra-Asia container shipping volume experienced continuous growth in 2013 on a year-on-year basis and remained the world's largest container shipping market.

SITC is a leading shipping logistics company dedicated to serving the intra-Asia trade market. The Group leverages on the comprehensive coverage of its shipping and logistics supply chain, unique business model, high quality customer base and its high-density, high-frequency container shipping route and logistics network covering major ports in Asia to derive full benefits of the growth in the trade and economies of China and other Asian countries. Despite the declining shipping rate as a result of the intense competition in the sea freight market and high fuel costs, the Group still performed well during the year under review, with turnover reaching approximately US$1,267.3 million, representing an increase of approximately 4.5% as compared with 2012. Gross profit reached approximately US$143 million, representing an increase of approximately 0.8% as compared with 2012. Profit before income tax amounted to approximately US$115.4 million, representing an increase of approximately 42.8% from 2012. Profit attributable to owners of the parent amounted to approximately US$112.4 million and earnings per share was approximately US$4.35 cents. For the year ended 31 December 2013, the Board resolved to recommend the payment of a final dividend of HK$0.15 per share.

Over the past years, SITC continued to record significant increase in container shipping volume and outperform many of our peers by actively capitalizing on the intra-Asia economic development. The total container shipping volume for the year increased by approximately 11.7% to 1,981,576 TEU, with average freight rate of US$486/TEU, down 9.8% year on year. The Group's land-based freight forwarding business achieved total volume of 1,530,471 TEU, up 9.8% year on year. SITC maintained stable growth in intra-Asia shipping market share in 2013.

The Group leveraged on its strong operating cash flow to expand its operations amidst the unfavorable industrial trend, and pursued development opportunities at low costs. SITC has actively pursued expansion of its fleet. In 2013, a total of 1 new vessels and 4 second-hand vessel were delivered. Our total fleet capacity at the end of 2013 reached 63,814 TEU. The Group considers that the new vessel orders placed at a time of low vessel price helps the Group expand its self-owned fleet and secure a long-term cost advantage for SITC. As at 31 December 2013, the Group had 32 self-owned container vessels and 29 chartered container vessels. Meanwhile, the Group owned 5 dry bulk vessels with a gross tonnage of 362,107 DWT.

In respect of the sea freight logistics business, the Group continued to extend its intra-Asia shipping routes by adding 3 ports of call, namely Weihai in China, Mizushima and Takamatsu in Japan, to expand the coverage of its network. As of 31 December 2013, the Group operated 47 trade lanes, including 7 trade lanes through joint services and 15 trade lanes through container slot exchange arrangements.

In respect of the land-based logistics business, the Group added 8 on-land marketing centers, ie Hanoi in vietnam, Yiwu, Kunshan, Beijing, Nanning, Weihai in China, Jakarta in Indonesia, Sihanoukville in Cambodia during the year. The Group also actively developed the land-based third party logistics businesses and operated (including through joint ventures) approximately 640,000 m^2 of depot and 92,000 m^2 of warehousing space.

While the global shipping industry is expected to face various difficulties and challenges in 2014, the Group's management remains confident about the business environment in intra-Asia container shipping and logistics market in the year of 2014. As its business expands, SITC will continue to optimize its unique business model, expand its intra-Asia service network, work for the objective of becoming the first choice of customers, provide its customers with quality services through construction of comprehensive logistics facilities and tailor-made logistics solutions, and bring itself closer to the goal of becoming a world-class integrated logistics service provider.

Finally, I would like to extend my heartfelt gratitude to our shareholders for their concern and support to the Group. I would like to express my appreciation to all directors of the Company ("**Directors**"), members of senior management and staff of the Group for their hard work during the past year. I believe that SITC is progressing towards its goal of becoming a world-class shipping logistics enterprise and will deliver more outstanding results in the future.

YANG Shaopeng

Chairman

11 March 2014

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, respectively. 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 is available in this report.

SIGNIFICANT INVESTMENTS

On 14 November 2013, the Company entered into the sale and purchase agreement ("Sale and Purchase Agreement") with SITC Shipowning Holdings Pte. Ltd. ("SITC Shipowning"), pursuant to which the Company conditionally agreed to procure one of its wholly owned subsidiary to acquire and SITC Shipowning agreed to sell, (a) the entire issued share capital of each of SITC Huangshan Shipping Company Limited ("Huangshan Shipping"), SITC Taishan Shipping Company Limited ("Taishan Shipping"), SITC Huashan Shipping Company Limited ("Huashan Shipping"), SITC Lushan Shipping Company Limited ("Lushan Shipping") and SITC Zhoushan Shipping Company Limited ("Zhoushan Shipping") below, which in turn hold the titles to the dry-bulk vessels, namely SITC Huangshan, SITC Taishan, SITC Huashan, SITC Lushan and SITC Zhoushan, respectively; and (b) the amount advanced by SITC Shipowning to Huangshan Shipping, Taishan Shipping, Huashan Shipping, Lushan Shipping and Zhoushan Shipping, which as at 30 September 2013 amounted to US$58,368,682 in total, at an aggregate consideration of US$50,613,838 (the "Acquisition"). Details of the above transactions are set out in the circular of the Company dated 30 November 2013.

Save as disclosed above, the Company did not have any significant investments for the year ended 31 December 2013.

MATERIAL ACQUISITIONS AND DISPOSALS

During the period for the year ended 31 December 2013, the Group did not have any material acquisitions and disposals of its subsidiaries and associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Company will continue to purchase container vessels and/or dry-bulk vessels, if thought fit. The Company expected that the internal financial resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed, we did not have any future plans for significant investments or capital assets as at the date of this report.

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Yang Shaopeng (楊紹鵬), aged 57, is the Chairman of the Board of Directors (the "**Board**"), an executive Director, the Chairman of the nomination committee ("**Nomination Committee**") and a member of the remuneration committee ("**Remuneration Committee**") of our Company. Mr. Yang has been the Chairman of our Company since April 2006 and has been actively and extensively involved in the management and strategic development of our Company, and oversees the overall development of our Company. Mr. Yang graduated from Asia International Open University (Macau) in 2000 with a master's degree in business administration and completed a CEO class in China Europe International Business School in 2004. The CEO program is a non-degree specialized executive education program that is offered to address the business and management issues relating to industry consolidation, globalization, and economic reform. Mr. Yang has over 36 years of experience in the shipping industry through his employment in the shipping and foreign trade companies. From November 1988, Mr. Yang worked as an assistant general manager at Sinotrans (Shandong) Co., Ltd. (中國外運(山東)公司), a state-owned shipping enterprise. From September 1990, he served as the deputy manager in the storage and transportation department of Shandong Foreign Trade Corporation ("**SFTC**"), a state-owned foreign trade corporation. From May 1991 to May 1992, he served as a deputy general manager of Shandong International Transportation Corporation and as general manager between May 1992 and December 1996. From December 1996 to January 2002, he served as the general manager in SITC Maritime (Group) Co., Ltd. ("**SITC Group**"). Prior to its restructuring in December 2000, SITC Group was a state-owned enterprise. From October 1998 to December 2000, Mr. Yang was a vice-president of SFTC. From January 2002 to January 2005, Mr. Yang served as the president of SITC Maritime Group Co., Ltd. (山東海豐國際航運集團有限公司) ("**Shangdong SITC**") and also as the chairman of the same company from January 2001 to November 2011. Save as disclosed above, Mr. Yang is not related to any other Directors or senior management or substantial shareholder of our Company.

Mr. Yang Xianxiang (楊現祥), aged 47, is the Vice-Chairman of the Board, Chief Executive Officer, an executive Director, the Chairman of the disclosure committee ("**Disclosure Committee**") as well as a member of the Nomination Committee and the Remuneration Committee of our Company. Mr. Yang has been a Director and chief executive officer of our Company since January 2008. He is actively involved in the management and the decision-making process of our Company. Mr. Yang graduated from Asia International Open University (Macau) with a master's degree in Business Administration in 2000 and completed a chief executive officer class in Tsinghua University in 2003. He also received a master's degree in business administration from China Europe International Business School in 2006. He completed a non-degree course in Sinology in Fudan University in 2009, which is a course on Chinese heritage classical study, and completed another non-degree Chief Executive Officer Class at the Cheung Kong Graduate School of Business in 2010. Mr. Yang has over 27 years of experience in the shipping industry through his employment in the shipping companies. In July 1987, Mr. Yang joined Lufeng Shipping Co., Ltd. (魯豐航運有限公司) ("**Lufeng Shipping**"), a container shipping company, and was subsequently promoted to be a manager before he left in July 1997. From August 1997 to December 2001, he served as a general manager in SITC Container Lines (Shandong) Co., Ltd. (山東省海豐船務有限公司). Between January 2002 and January 2005, he served as executive vice president in Shangdong SITC and as president in the same company between January 2005 and May 2007. From May 2007 to January 2008, he served as president of SITC Container Lines and as a chief executive officer of SITC Steamship (Shanghai) Co., Ltd.. Mr. Yang was appointed an executive Director on 9 April 2010. Save as disclosed above, Mr. Yang is not related to any other Directors or senior management or substantial shareholder of our Company.

Mr. Liu Kecheng (劉克誠), aged 40, is an executive Director, chief financial officer, authorized representative and a member of the Disclosure Committee of our Company. Mr. Liu has been a Director of our Company since December 2006. From September 2010 to May 2013, he served as joint company secretary of our Company. Since October 2010, Mr. Liu has been appointed as the director for investment and securities, responsible for investments and equity funding. Since May 2013, Mr. Liu has been appointed as the chief financial officer of our Company, responsible for finance accounting and cash management in our Company. Mr. Liu graduated from Shandong Foreign Economic and Trade School in 1994 where he majored in foreign trade and accounting, and from Shandong University of Economics in 1996 where he majored in accounting. In 2005, he graduated from Renmin University of China majoring in accounting. He also received a master's degree in business administration from China Europe International Business School in 2007. Mr. Liu has over 20 years of experience in the shipping industry through his employment in the shipping companies. Mr. Liu worked with the finance department of Shandong Foreign Trade Corporation, a state-owned foreign trade corporation, from July 1994 to June 1998. From July 1998 to May 2000, he served as a finance manager in Shandong SITC International Container Storage and Transportation Company Limited (山東海豐國際集裝箱儲運有限公司). Between June 2000 and January 2003, he served as the manager of the finance centre and the deputy general manager of Shandong SITC. From January 2003 to October 2003, he served as the deputy general manager in the planning & development center of Shandong SITC. Between October 2003 and December 2006, Mr. Liu served as the general manager of the investment and development center in Shandong SITC. From December 2006 to January 2008, he served as the director and chief financial officer of SITC Group Company Limited ("**SITC Holding**") and Shandong SITC. Mr. Liu was appointed an executive Director on 9 April 2010. Save as disclosed above, Mr. Liu is not related to any other Directors or senior management or substantial shareholder of our Company.

Mr. Xue Peng (薛鵬), aged 43, is an executive Director, joint company secretary, authorized representative and a member of the Disclosure Committee of our Company. Mr. Xue has been a Director of our Company since January 2008. From January 2008 to May 2013, he served as a chief financial officer of our Company. Mr. Xue graduated from Shandong Province Foreign Trade and Economic University in 1991 majoring in financial accounting, and graduated from Shangdong University of Economics in 1997 majoring in accounting. He was qualified as an accountant in 2004 and also obtained an undergraduate degree in accounting from Renmin University of China in 2006. He received a master's degree in business administration from China Europe International Business School in 2011. Mr. Xue has over 21 years of experience in the shipping industry through his employment in the shipping companies. From March 1993 to March 1996, Mr. Xue worked in Lufeng Shipping, a container shipping company. From March 1996 to January 1998, he served as a financial manager in Guang Lian Shipping Agency (Shandong) Company Limited (山東廣聯船務有限公司), a company that is principally engaged in the shipping agency business. Between January 1998 and March 1999, he served as a financial manager in SITC Container Lines (Shandong) Co., Ltd. and Shandong SITC respectively. From March 1999 to February 2002, he served as the finance manager of SITC Japan Co., Ltd. Between February 2002 and January 2003, he served as the general manager of the supervision department in Shandong SITC. He served as a deputy general manager of the finance center of Shandong SITC from January 2003 to April 2006, and as the general manager of the finance department of SITC Holding between April 2006 and January 2008. Between April 2006 and January 2008, he also served as the financial manager of SITC Holding and SITC Shipping Agency (HK) Company Limited (新海豐船務代理(香港)有限公司), respectively. Mr. Xue was appointed an executive Director and joint company secretary on 9 April 2010 and 3 May 2013 respectively. Save as disclosed above, Mr. Xue is not related to any other Directors or senior management or substantial shareholder of our Company.

Mr. Lai Zhiyong (賴智勇), aged 41, an executive Director and a member of the Disclosure Committee of our Company. He has been serving as the president of SITC Logistics Group since December 2012. Mr. Lai graduated from Ocean University of China (中國海洋大學) in July 1994 specialising in International Trade. Mr. Lai has over 19 years of experience in the shipping industry. During the period from August 1997 to November 2012, Mr. Lai had served as the supervisor of the import division of SITC Lianji (Shandong) Co., Ltd. (山東海豐聯集有限公司) ("**Shandong SITC Lianji**"), the manager of the import department, operation department and marketing department of SITC Container Lines and the general manager of SITC Container Lines (Hong Kong) Co., Ltd. (新海豐集運(香港)有限公司). Mr. Lai was appointed as an executive Director on 11 March 2013. Save as disclosed above, Mr. Lai is not related to any other Directors or senior management or substantial shareholder of our Company.

Mr. Xue Mingyuan (薛明元), aged 40, an executive Director and a member of the Disclosure Committee of our Company. He has been serving as the president of SITC Shipping Group and the general manager of SITC Container Lines since December 2012. Mr. Xue obtained a master degree in international shipping and logistics management from The Hong Kong Polytechnic University (香港理工大學) in November 2004. Mr. Xue has over 17 years of experience in the shipping industry. During the period from August 1997 to November 2012, Mr. Xue had served as the export supervisor of Shandong SITC Lianji, the manager of the customers service department and the sales and marketing department of SITC Container Lines, the deputy general manager and general manager of SITC Container Lines (Korea) Co., Ltd. and the general manager of SITC Container Lines. Mr. Xue was appointed as an executive Director on 11 March 2013. Save as disclosed above, Mr. Xue is not related to any other Directors or senior management or substantial shareholder of our Company.

Independent Non-executive Directors

Mr. Tsui Yung Kwok (徐容國), aged 45, is an independent non-executive Director, the chairman of the audit committee ("**Audit Committee**") and a member of the Remuneration Committee of our Company. Mr. Tsui was appointed as our independent non-executive Director in September 2010. He was awarded a bachelor's degree in business (accounting) from Curtin University of Technology, Australia in 1992 and a master's degree in corporate governance from The Hong Kong Polytechnic University in 2007. Mr. Tsui has nearly 21 years of experience in accounting and finance through his senior position in an international accounting firm in Hong Kong from February 1994 to October 2003 and his office as the chief financial officer of Qin Jia Yuan Media Services Company Limited, a company listed on the Stock Exchange (Stock Code: 2366) from 2003 to 2004. Mr. Tsui has been the chief financial officer and the company secretary of Ju Teng International Holdings Limited, a company listed on the Stock Exchange (Stock Code: 3336), since 2004. Mr. Tsui became an executive director of Ju Teng International Holdings Limited in June 2005. Mr. Tsui has also served as an independent non-executive director of Shenguan Holdings (Group) Limited (Stock Code: 829), 361 Degrees International Limited (Stock Code: 1361) and Cabbeen Fashion Limited (Stock Code: 2030) since September 2009, September 2012 and February 2013 respectively, all are companies listed on the Stock Exchange. Mr. Tsui is a member of the Institute of Chartered Accountants in Australia, CPA Australia, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries.

Mr. Yeung Kwok On (楊國安), aged 53, is an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Nomination Committee of our Company. Mr. Yeung was appointed as our independent non-executive Director in September 2010. He is a Philips Chair Professor of human resources management at China Europe International Business School. He received a Ph.D. of business administration from University of Michigan in 1990. Mr. Yeung worked in Acer Group as chief human resources officer from early 1999 to June 2002. During the same period of time, he simultaneously served as the president of Aspire Academy under Acer Foundation. Mr. Yeung is a member of five editorial advisory boards, including Human Resources Management Journal (USA), and Human Relations Journal (USA). Mr. Yeung is an expert in organizational capabilities, human resources strategy, and leadership development. He is an independent director of Trina Solar Limited, a company listed on the New York Stock Exchange (NYSE: TSL) and an independent non-executive director of Kingdee International Software Group Company Limited, a company listed on the Stock Exchange (Stock Code: 268), respectively. Mr. Yeung also serves as independent board director for other three private corporations, and advises chief executive officers of several leading Chinese firms.

Dr. Lo Wing Yan, William (盧永仁), aged 53, was appointed as an independent non-executive Director and a member of the Audit Committee and Nomination Committee of our Company in September 2010. He received an M. Phil. and a Ph.D. degree, both from the University of Cambridge in England in March 1986 and March 1988, respectively. Dr. Lo is currently the Vice-Chairman of South China Media Group. He was also a Bye-Fellow of Downing College, the University of Cambridge. In 1999, he was appointed as a Justice of Peace (J.P.) by the government of Hong Kong. In 2003, he was appointed as a Member of Shantou Committee of the Chinese People' s Political Consultative Conference. He is also a governor of an independent school, the ISF Academy in Hong Kong, as well as the Director of Junior Achievement Hong Kong. Dr. Lo is currently an independent non-executive director of Varitronix International Limited (the Stock Exchange, Stock Code: 710), International Housewares Retail Company Limited (the Stock Exchange, Stock Code: 1373) and Jingrui Holdings Limited (the Stock Exchange, Stock Code: 1862). He is also an independent non-executive director of Nam Tai Electronics, Inc. (New York Stock Exchange: NTE) and E2-Capital Holdings Limited(Singapore Stock Exchange: E2-Capital)。He was appointed as an independent non-executive director of South China Land Limited (GEM of the Stock Exchange, Stock Code: 8155) since 2002 and was re-designated as a non-executive director in September 2011.

Dr. Ngai Wai Fung (魏偉峰), aged 52, was appointed as an independent non-executive Director as well as a member of the Audit Committee, Remuneration Committee and Nomination Committee of our Company in September 2010. Dr. Ngai is currently a vice president of the Hong Kong Institute of Chartered Secretaries, the Adjunct Professor of Law of Hong Kong Shue Yan University and a member of Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants. He has recently been appointed by the Chief Executive of The HKSAR as a member of Work Group on Professional Services under the Economic Development Commission. He was a director and head of listing services of KCS Hong Kong Limited (formerly the corporate and commercial divisions of KPMG and Grant Thornton), an independent integrated corporate services provider. Dr. Ngai was the company secretary of Industrial and Commercial Bank of China (Asia) Limited (中國工商銀行 (亞洲) 有限公司), a company listed on Stock Exchange (Stock Code 349), in 2005, the company secretary of China Unicom Limited (中 國 聯 通 股 份 有 限 公 司), a company listed on Stock Exchange (Stock Code 762), from 2001 to 2003, an executive director, the company secretary and the chief financial officer of Oriental Union Holdings Limited (東聯控股有限公司) (now known as CY Foundation Group Limited) (中青基業集團有限公司), a company listed on the Stock Exchange from 1999 to 2001, which was involved in the business of feeder operation and management, sea and air freight-forwarding and depot services. Dr. Ngai has led or participated in a number of significant corporate finance projects including listing, mergers and acquisitions as well as issuance of debt securities, and the provision of professional services and support to many state-owned enterprises and red-chip companies in the areas of regulatory compliance, corporate governance and secretarial services. Dr. Ngai received a master's degree in business administration from Andrews University of Michigan in 1992, a master's degree in corporate finance from Hong Kong Polytechnic University in 2002 and a doctorate in Economics (Finance) from Shanghai University of Finance and Economics in 2011. Dr. Ngai is a member of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators, a fellow of the Hong Kong Institute of Company Secretaries, a fellow of the Hong Kong Institute of Directors and a member of the Hong Kong Securities and Investment Institute. Dr. Ngai is currently an independent non-executive director of Bosideng International Holdings Limited (the Stock Exchange, Stock Code 3998), China Railway Construction Limited (the Stock Exchange, Stock Code: 1186), BaWang International (Group) Holdings Limited (the Stock Exchange, Stock Code: 1338), Powerlong Real Estate Holdings Limited (the Stock Exchange, Stock Code: 1238), Sany Heavy Equipment International Holdings Company Limited (the Stock Exchange, Stock Code: 631), Biostime International Holdings Limited (the Stock Exchange, Stock Code: 1112) and China Coal Energy Company Limited (the Stock Exchange, Stock Code: 1898). Dr. Ngai is also an independent director of LDK Solar Co., Ltd. (the New York Stock Exchange, Stock Code: LDK).

LDK Solar Co., Ltd. (a company incorporated in the Cayman Islands and principally engaged in the manufacturing of photovoltaic (PV) products, whose American depositary shares are listed on the New York Stock Exchange, stock code: LDK) ("LDK"), in which Dr. Ngai serves as an independent director, has made a filing on 21 February 2014 with the Grand Court of the Cayman Islands for the appointment of joint provisional liquidators in connection with its plans to resolve its offshore liquidity issues as announced on 24 February 2014. The amount involved in the aforesaid proceeding includes (i) RMB 1,700,000,000 in aggregate principal amount of the Renminbi-denominated US$-settled 10% Senior Notes due 2014 issued by LDK on 28 February 2011 and (ii) US$240,000,000 in original investment amount of series A redeemable convertible preference shares, par value US$0.10 each, issued by LDK Silicon & Chemical Technology Co., Ltd., a subsidiary of LDK on 3 June 2011. As at the date of this report, the proceeding is still in progress.

Dr. Ngai was independent non-executive director of Franshion Properties (China) Limited (Stock Exchange, Stock Code: 817) from May 2007 to June 2011 and China Life Insurance Company Limited (Stock Exchange, Stock Code: 2628) from December 2006 to May 2009.

JOINT COMPANY SECRETARIES

Mr. Xue Peng (薛鵬), is our joint company secretary. For details regarding Mr. Xue's experience, see the paragraph headed "Directors" under the section headed "Directors and Senior Management" in the report. Mr. Xue was appointed as a joint company secretary of our Company on 3 May 2013.

Ms. Ho Siu Pik (何小碧), aged 50, is a fellow of the Hong Kong Institute of Chartered Secretaries and also a fellow of the Institute of Chartered Secretaries and Administrators. Ms. Ho is a joint company secretary of our Company. Ms. Ho is also the director of Tricor Services Limited and she has over 20 years of experience in the company management and secretarial field. She is currently the company secretary of Sun Art Retail Group Limited, China Polymetallic Mining Limited and Natural Beauty Bio-Technology Limited and the joint company secretary of China Molybdenum Co., Ltd. and Yashili International Holdings Ltd., all of which are companies listed on the Hong Kong Stock Exchange. She was appointed as a joint company secretary of our Company on 10 September 2010. In the service contract of Ms. Ho with our Company, Ms. Ho has agreed to maintain the confidentiality of all information she acquires by virtue of her appointment as the company secretary of the Company. She is not a full-time employee of our Company.

SENIOR MANAGEMENT

Due to the adjustment of the organisational structure of the Company during the year 2012, the senior management of the Company are the Company's current Directors.

Report of the Board of Directors

The Directors of the Company are pleased to present their report and the audited financial statements of the Group for the year ended 31 December 2013.

MAJOR BUSINESS

The Company is an Asian shipping logistics company that provides integrated transportation and logistics solutions. The analysis of the revenue of the Group for the year ended 31 December 2013 is set out in Note 4 to the Financial Statements.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2013 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The financial position as at 31 December 2013 of the Group is set out in the Consolidated Statement of Financial Position. The cash flow position of the Group during the year ended 31 December 2013 is set out in the Consolidated Statement of Cash Flows.

SHARE CAPITAL

The changes in the share capital of the Group during the year ended 31 December 2013 are set out in Note 30 to the Financial Statements.

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 (Monday) 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.

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).

RESERVE

Details of the changes in reserve of the Group during the year ended 31 December 2013 are set out in Note 32 to the Financial Statements.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands, the share premium of the Company is available for distribution of dividends to the shareholders subject to the provisions of the Company's articles of association (the "**Articles of Association**"), with the sanction of an ordinary resolution, dividend may be declared and paid out of share premium account of any other fund or account which can be authorised for this propose. As at 31 December 2013, the Company had distributable reserves of approximately US$484 million.

PROPERTY, PLANT AND EQUIPMENT

The changes in property, plant and equipment during the year ended 31 December 2013 are set out in Note 14 to the Financial Statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, the aggregate percentage of purchases attributable to the Group's the largest supplier and the five largest suppliers accounted for approximately 19.3% and approximately 31.6%, respectively, of the Group's total purchases. The percentage of turnover attributable to the Group's five largest customers accounted for approximately 17.7% of the Group's total turnover.

None of the Directors or his/her associates and none of the Shareholders (which to the best knowledge of the Directors, own more than 5% of the share capital of the Company) has any interest in the above-mentioned suppliers and customers.

DONATION

During the year 2013, the charitable contributions in China amounted to approximately RMB3.5 million.

DIRECTORS

The Directors in office during the year and as at the date of this report are as follows:

Executive Directors

YANG Shaopeng
YANG Xianxiang
LIU Kecheng
XUE Peng
XUE Mingyuan (appointed on 11 March 2013)
LAI Zhiyong (appointed on 11 March 2013)
LI Xuexia (resigned on 11 March 2013)

Non-executive Directors

LIU Rongli (resigned on 11 March 2013)

Independent Non-executive Directors

TSUI Yung Kwok
YEUNG Kwok On
LO Wing Yan, William
NGAI Wai Fung

Details of the resume of the directors and senior management are set forth in the section headed "Directors and Senior Management" of this report.

Pursuant to the terms of the Articles of Association and the Corporate Governance Code, Mr. YANG Shaopeng, Mr. XUE Peng, Mr. TSUI Yung Kwok, Mr. YEUNG Kwok On, Dr. LO Wing Yan, William and Dr. NGAI Wai Fung will retire in the coming annual general meeting, and being qualified, have offered to be re-elected and re-appointed at the Annual General Meeting.

SERVICE CONTRACTS OF DIRECTORS

Details of service contracts for our executive Directors are set out under the section headed "Appointment and Re-election of Directors" of the Corporate Governance Report. There was no service contract entered by the Company and any Directors to be re-elected in the coming annual general meeting which is not terminable by the Company within one year without payment of compensation (other than the statutory compensation).

DISCLOSURE OF DIRECTORS' CONFIRMATION PURESUANT TO RULE 13.51B(1) OF THE LISTING RULES

The annual Directors' fee of the Company effective from 1 January 2014 are set out as below:-

Mr. YANG Shaopeng:	HKD1,720,000
Mr. YANG Xianxiang:	HKD1,720,000
Mr. LIU Kecheng:	HKD800,000
Mr. XUE Peng:	HKD800,000
Mr. XUE Mingyuan:	HKD690,000
Mr. LAI Zhiyong:	HKD630,000
Mr. TSUI Yung Kwok:	HKD220,000
Mr. YEUNG Kwok On:	HKD220,000
Dr. Lo Wing Yan, William:	HKD220,000
Dr. Ngai Wai Fung:	HKD240,000

DIRECTORS' INTERESTS IN CONTRACTS

Other than those transactions disclosed in Note 36 to the Financial Statements and in the sections headed "Connected Transactions" and "Continuing Connected Transactions" below, no other significant contract with any member of the Group as the contracting party and in which the Directors were either directly or indirectly, materially interested subsisted at the year end or at any time during the year and related to the business of the Group.

DIRECTORS' INTERESTS IN COMPETITIVE BUSINESS

Our Chairman, Mr. YANG Shaopeng, through Better Master Investments Limited ("**Better Master**") and Resourceful Link Management Limited ("**Resourceful Link**") owns approximately 55.38% of the issued share capital in the Company as at the date of this report. Mr. YANG Shaopeng, Better Master and Resourceful Link are the controlling shareholders of the Company. Mr. YANG Shaopeng, one of the controlling shareholders of the Company, the chairman and an executive Director also owns as to 62.5% in SITC Maritime Group Company Limited (青島海豐國際航運集團有限公司) ("**Qingdao SITC Shipping**") (formerly known as SITC Investment Holdings (Qingdao) Company Limited (青島海豐投資控股有限公司)), which is involved in various business which had been excluded from a supplemental deed of non-competition entered into between the Company and Qingdao SITC Shipping. Pursuant to such supplemental deed of non-competition, the following businesses have been excluded from the supplemental deed of non-competition provided by the controlling shareholders to the Company:

(a) SITC Steamship (Shandong) Co., Ltd. (山東海豐航運有限公司) ("**Shandong Steamship**"), a 100% subsidiary of Qingdao SITC Shipping which is principally engaged in the ship-owning business, continues to hold operating licenses for the mainland China-Taiwan routes. The vessels that operate on this route belong to the Company but are chartered to Shandong Steamship for the mainland China-Taiwan route. These vessels are being used to operate such routes on terms that permit the Company to enjoy the charter fee revenues derived from such operation.

(b) During the year under review, Shandong Steamship owned one PRC-registered vessels named Hei Feng Lian Jie. According to the PRC Regulations Governing the Registration of Ships (中華人民共和國船舶登記條例) promulgated by the State Council on 2 June 1994 and effective as of 1 January 1995, only Chinese enterprises which are owned by Chinese investors as to not less than 50% are permitted to own Chinese flag vessels, and the Company is therefore unable to acquire control of this vessel under applicable laws and regulations for the time being. However, this vessel is subject to a lease to SITC Shipping Company Limited, a subsidiary of our Company.

(c) The Company has invested in companies in which Qingdao SITC Shipping also has shareholding (whether or not such companies are subsidiaries of the Company). These companies are companies in which the Company has already, in terms of economic interests, maximised the shareholding percentage to the highest extent permitted under the laws and regulations at such time. A list of such companies that originally the Company and SITC Maritime Group Co., Limited (山東海豐國際航運集團有限公司) ("**Shandong SITC**") had both invested in, and which were subsequently transferred to Qingdao SITC Shipping, are set out in the section headed "Relationship with our Controlling Shareholders" in the Prospectus.

(d) In December 2009, SITC Container Lines Co., Ltd (新海豐集裝箱運輸有限公司) ("**SITC Container Lines**") and Shanghai Steamship (Shanghai) Co., Ltd. ("**Shanghai Steamship**") entered into a joint venture contract to establish a joint venture, SITC Shipping (Shanghai) Co., Ltd. (上海海嵐豐航運有限公司), to engage in shipping and other businesses within the PRC that can only be conducted by majority PRC-owned companies. As at the date of this report, SITC Shipping (Shanghai) Co., Ltd. was owned as to 49% and 51% by SITC Container Lines and Shanghai Steamship (a wholly-owned subsidiary of Qingdao SITC Shipping), respectively. As at the date of this report, application was made for the deregistration of SITC Shipping (Shanghai) Co., Ltd..

We have received an annual written confirmation from each of the Company's controlling shareholders in respect of the compliance by them and their associates with the supplemental deed of non-competition entered into by and among our Company, our controlling shareholders, Mr. YANG Shaopeng, Better Master and Resourceful Link.

The independent non-executive Directors have reviewed the supplemental deed of non-competition and whether the controlling shareholders have abided by the supplemental non-competition undertaking. The independent non-executive Directors confirmed that the controlling Shareholders have not been in breach of the supplemental non-competition undertaking during the year ended 31 December 2013.

Save as disclosed, none of the Directors or their respective associates have any interests in any business that competed or might compete with the Group's business during the year ended 31 December 2013.

SHARE OPTION SCHEME

On 10 September 2010, the Company adopted a share option scheme ("**Share Option Scheme**") whereby the Board can grant options for the subscription of the shares of the Company ("**Shares**") to the employees, managerial staff and senior employees and those other persons that the Board considers that they will contribute or have contributed to the Group (the "**Participants**") as described in the Share Option Scheme in order to serve as compliment and to reciprocate their contribution to the Group. The maximum number of shares that can be issued according to the Share Option Scheme was 260,000,000 shares which is equivalent to 10% of the issued capital of the Company after completion of the Global Offering (as defined in the Prospectus).

The number of options that may be granted pursuant to the terms of the Share Option Scheme shall not exceed 10% of the issued shares immediately after the completion of the Global Offering. Unless otherwise approved by the shareholders of the Company in general meeting, the number of shares that may be granted to the Participants under the options shall not exceed 1% within any 12-month period (other than those granted to the substantial shareholders (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")), or the total number of shares that may be granted under the options to the independent non-executive Directors or any of their respective connected persons shall not exceed 0.1% of the shares in issue of the Company from time to time. There is no minimum period that the options must be held before they become exercisable, and the options granted shall be exercised within the period decided by the Board, however no options shall be exercised 10 years after they have been granted. The exercise price of the option shall be the higher of (a) the closing price of the Shares on the daily quotation sheet of The Stock Exchange of the Hong Kong Limited (the "**Stock Exchange**") on the date of grant; (b) the average closing price of the Shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) nominal value of the Share.

Each grantee shall pay a consideration of HK$1.00 at the time the option is granted. The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date.

The following are details of the options granted pursuant to the Post-IPO Share Option Scheme but not yet exercised during the year ended 31 December 2013:

Grantee and position	Date of grant of options	Options outstanding as at 1 January 2013	Number of options of granted during the year	Number of options exercised/ cancelled/ lapsed during the year	Number of options not yet exercised on 31 December 2013	Approximate percentage of shareholding upon the exercise of the options
YANG Shaopeng (Executive Director)	25 October 2011	1,000,000	—	—	1,000,000	0.04%
YANG Xianxiang (Executive Director)	25 October 2011	1,000,000	—	—	1,000,000	0.04%
LIU Kecheng (Executive Director)	25 October 2011	300,000	—	—	300,000	0.01%
XUE Peng (Executive Director)	25 October 2011	300,000	—	—	300,000	0.01%
LAI Zhiyong* (Executive Director)	25 October 2011	100,000	—	—	100,000	0.004%
XUE Mingyuan* (Executive Director)	25 October 2011	500,000	—	—	500,000	0.02%
TSUI Yung Kwok (Independent non-executive Director)	25 October 2011	400,000	—	—	400,000	0.02%
YEUNG Kwok On (Independent non-executive Director)	25 October 2011	200,000	—	—	200,000	0.01%
LO Wing Yau, William (Independent non-executive Director)	25 October 2011	400,000	—	—	400,000	0.02%
NGAI Wai Fung (Independent non-executive Director)	25 October 2011	400,000	—	—	400,000	0.02%
Other employees	25 October 2011	6,800,000	—	1,023,000	5,777,000	0.22%
Total		11,400,000	—	1,023,000	10,377,000	0.40%

* appointed on 11 March 2013

As at the date of this report, the Company had 10,227,000 share options outstanding under the Post-IPO Share Option Scheme, which represented approximately 0.40% of the Shares of the Company in issue as at that date.

PRE-IPO SHARE OPTION SCHEME

The Company adopted a pre-IPO share option scheme on 10 September 2010 (the "**Pre-IPO Share Option Scheme**"). The purpose of the Pre-IPO Share Option Scheme is to reward the contribution of certain employees, executives or officers of the Company made or may have made to the growth of the Company and/or the listing of Shares on the Stock Exchange. The principal terms of the Pre-IPO Share Option Scheme, which were confirmed and approved by resolutions in writing of all the Shareholders passed on 10 September 2010, are substantially the same as the terms of the Share Option Scheme except that:

(a) The exercise price per share shall be a price equivalent to a 20% discount to the Offer Price of the Shares under the Global Offering, that means HK$3.824 per share;

(b) The total number of shares involved in the Pre-IPO Share Option Scheme was 79,160,000 shares, which is equivalent to approximately 3.0% of the Shares in issue of the Company after completion of the Global Offering; and

(c) the eligible participant under the Pre-IPO Share Option Scheme are the full-time employees, executives or officers (including executive, non-executive and independent non- executive Directors) of the Company or the full-time employees of any of the subsidiaries of the level of manager or above and other full-time employees of the Company or any of the subsidiaries who have been in employment with the Company for over one year prior to the date of the adoption of the Pre- IPO Share Option Scheme or any other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of the subsidiaries;

(d) the conditions which the Board may in its absolute discretion to consider (including, without limitation, any minimum period for which an Option must be held before it can be exercised and/or any performance targets which must be achieved before an Option can be exercised) as it may think fit; and

(e) save for the options which have been granted under the Pre-IPO Share Option Scheme, no further options will be offered or granted under the Pre-IPO Share Option Scheme, as the right to do so will terminate upon the listing of the Shares on the Stock Exchange.

The followings are details of the options granted pursuant to the Pre-IPO Share Option Scheme but not yet exercised during the year ended 31 December 2013:

Grantee and position	Date of grant of options	Number of options granted outstanding as at 1 January 2013	Number of options exercised/ cancelled/lapsed during the year	Number of options not yet exercised on 31 December 2013	Approximate percentage of shareholding upon the exercise of the options
YANG Shaopeng (Executive Director)	10 September 2010	7,200,000	—	7,200,000	0.04%
YANG Xianxiang (Executive Director)	10 September 2010	5,220,000	—	5,220,000	0.04%
LIU Kecheng (Executive Director)	10 September 2010	800,000	—	800,000	0.03%
XUE Peng (Executive Director)	10 September 2010	800,000	—	800,000	0.03%
LAI Zhiyong* (Executive Director)	10 September 2010	200,000	—	200,000	0.01%
XUE Mingyuan* (Executive Director)	10 September 2010	800,000	—	800,000	0.03%
Other employees	10 September 2010	58,380,000	1,880,000	56,500,000	2.19%
Total		73,200,000	1,880,000	71,320,000	2.76%

* appointed on 11 March 2013

As at the date of this report, the Company had 71,120,000 share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 2.76% of the Shares of the Company in issue as at that date.

The grantees to whom an option has been granted under the Pre-IPO Share Option Scheme will be entitled to exercise his/her option in the following manner:

(a) up to 25% of the Shares that are subject to the Option so granted to him/her (rounded down to the nearest whole number) at any time during the period commencing from the first anniversary of 6 October 2010 (the "**Listing Date**") and ending on the second anniversary of the Listing Date;

(b) up to 25% of the Shares that are subject to the Option so granted to him/her (rounded down to the nearest whole number) at any time during the period commencing from the second anniversary of the Listing Date and ending on the third anniversary of the Listing Date;

(c) up to 25% of the Shares that are subject to the Option so granted to him/her (rounded down to the nearest whole number) at any time during the period commencing from the third anniversary of the Listing Date and ending on the fourth anniversary of the Listing Date; and

(d) such number of Shares that are subject to the Option so granted to him/her less the number of Shares in respect of which the Options has been exercised at any time during the period commencing from the fourth anniversary of the Listing Date and ending on the expiry of the option period.

Upon acceptance of the Options, the grantee shall pay HK$1.00 to the Company as consideration for each grant of the Option. The Options granted under the Pre-IPO Share Option Scheme are not transferable and options not exercised within the exercise period above will lapse and cease to be of further effect.

Other details of the Pre-IPO Share Option Scheme are set forth in the Prospectus.

DEBENTURE

At any time during the year, the Company, its holding company or its subsidiaries were not the contracting parties of any arrangements from which the Directors could make a profit by purchasing the shares or debentures of the Company or any other companies.

INTEREST AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 2013, the interest or short position of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**"), are as follows:

(i) Interest in the Company

Name of Director	Nature of Interest	Number of Shares[1]	Approximate percentage of Shareholding
YANG Shaopeng[2]	Beneficiary of the Pengli Trust	1,431,898,158 (L)	55.38%
XUE Peng[3]	Settlor of the Xue Trust	25,573,510 (L)	0.99%
LAI Zhiyong*[4]	Beneficiary of the Go Thrive Trust	3,037,847 (L)	0.12%
	Beneficial Owner	185,000 (L)	0.01%
XUE Mingyuan*[4]	Beneficiary of the Go Thrive Trust	1,906,100 (L)	0.07%
LIU Kecheng	Beneficial Owner	300,000 (L)	0.01%
YEUNG Kwok On	Beneficial Owner	1,649,000 (L)	0.06%

* appointed on 11 March 2013

Notes:

(1) The letters "L" denotes the person's long position in the Shares.

(2) 1,431,898,158 Shares are held by Resourceful Link. The issued share capital of Resourceful Link is owned as to 76.67% by Better Master. Better Master is owned as to 100% by Pengli Holdings Limited, a company wholly-owned by Barclays Wealth Nominees (Hong Kong) Limited. Barclays Wealth Trustees (Singapore) Limited as the trustee holding such interests for the beneficiaries of the Pengli Trust, namely Mr. YANG Shaopeng and his family. The Pengli Trust is a revocable discretionary trust established under the laws and regulations of the Cayman Islands. Mr. YANG Shaopeng is the settlor and a beneficiary of the Pengli Trust.

(3) 25,573,510 Shares were held by Watercrests Profits Limited, which was owned as to 50.3% by Add Investments Company Limited, which was owned as to 100% by JTC Trustees (BVI) Limited as the trustee of the Xue Trust holding such interests for the beneficiary of the Xue Trust, namely Ms. Jiao Lei, the spouse of Mr. XUE Peng. Mr. XUE Peng is the settlor.

(4) 3,037,847 Shares and 1,906,100 Shares are held by Go Thrive Limited, which is wholly owned by Mr. ZHAO Zhiyong, as the trustee holding such interests for the beneficiaries of Go Thrive Trust, including Mr. LAI Zhiyong and Mr. XUE Mingyuan.

(ii) Interest in underlying Shares

Name of Director	Nature of Interest	Number of Shares in the Company subject to options under the Pre-IPO Share Option Scheme	Number of Shares in the Company subject to options under the Post-IPO Share Option Scheme	Approximate percentage of shareholding attributable to the options under the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme (Note)
YANG Shaopeng	Beneficial owner	7,200,000	1,000,000	0.32%
YANG Xianxiang	Beneficial owner	5,220,000	1,000,000	0.24%
LIU Kecheng	Beneficial owner	800,000	300,000	0.04%
XUE Peng	Beneficial owner	800,000	300,000	0.04%
LAI Zhiyong*	Beneficial owner	200,000	100,000	0.01%
XUE Mingyuan*	Beneficial owner	800,000	500,000	0.05%
TSUI Yung Kwok	Beneficial owner	—	400,000	0.02%
YEUNG Kwok On	Beneficial owner	—	200,000	0.01%
LO Wing Yau, William	Beneficial owner	—	400,000	0.02%
NGAI Wai Fung	Beneficial owner	—	400,000	0.02%

* appointed on 11 March 2013

Note: Assuming full exercise of the options under both the Pre-IPO Share Option and the Post-IPO Share Option Scheme.

(iii) Interest in associated corporations

Name of Director	Name of associated corporation	Number of shares	Percentage of Shareholding
YANG Shaopeng[(1)]	Resourceful Link	55,290	76.67%
YANG Xianxiang[(2)]	Resourceful Link	11,776	16.33%
LIU Kecheng[(3)]	Resourceful Link	2,205	3.05%

Notes:

(1) Resourceful Link is interested in approximately 55.38% of the issued share capital of the Company. Resourceful Link is owned as to 76.67% by Better Master, which is owned as to 100% by Pengli Holdings Limited, a company wholly-owned by Barclays Wealth Nominees (Hong Kong) Limited. Barclays Wealth Trustees (Singapore) Limited as the trustee holding such interests for the beneficiaries of the Pengli Trust, namely Mr. YANG Shaopeng and his family. The Pengli Trust is a revocable discretionary trust established under the laws and regulations of the Cayman Islands. Mr. YANG Shaopeng is the settlor and a beneficiary of the Pengli Trust.

(2) Resourceful Link is interested in approximately 55.38% of the issued share capital of the Company. Jixiang Investments Limited is interested in 16.33% of the issued share capital of Resourceful Link. Jixiang Investments Limited is in turn owned as to 100% by Jixiang Holdings Limited, a company wholly-owned by Barclays Wealth Nominees (Hong Kong) Limited. Barclays Wealth Trustees (Singapore) Limited as the trustee holding such interests for the beneficiaries of the Jixiang Trust, namely Mr. YANG Xianxiang and his family. The Jixiang Trust is a revocable discretionary trust established under the laws and regulations of the Cayman Islands. Mr. YANG Xianxiang is the settlor and a beneficiary of the Jixiang Trust.

(3) Resourceful Link is interested in approximately 55.38% of the issued share capital of the Company. Yicheng Investments Limited is interested in 3.05% of the issued share capital of Resourceful Link. Yicheng Investments Limited is in turn owned as to 100% by Yicheng Holdings Limited, a company wholly-owned by Barclays Wealth Nominees (Hong Kong) Limited. Barclays Wealth Trustees (Singapore) Limited as the trustee holding such interests for the beneficiaries of the Yicheng Trust, namely Mr. LIU Kecheng and his family. The Yicheng Trust is a revocable discretionary trust established under the laws and regulations of the Cayman Islands. Mr. LIU Kecheng is the settlor and a beneficiary of the Yicheng Trust.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at 31 December 2013, the following persons (other than the Directors and chief executives of the Company) had or deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

(i) Interest in the Company

Name	Nature of Interest	Number of Shares [1]	Percentage of Shareholding
Resourceful Link[2]	Beneficial owner	1,431,898,158 (L)	55.38%
Better Master[2]	Interest in controlled corporation	1,431,898,158 (L)	55.38%
Pengli Holdings Limited[2]	Interest in controlled corporation	1,431,898,158 (L)	55.38%
Barclays Wealth Trustees (Singapore) Limited[2]	Trustee	1,431,898,158 (L)	55.38%
Karr Robert A.[3]	Interest in controlled corporation	156,004,000 (L)	6.03%
RAK Capital, LLC[3]	Interest in controlled corporation	156,004,000 (L)	6.03%
Joho Partners, L.P.[3]	Beneficial owner	150,232,798 (L)	5.81%
Liu Rongli[4]	Beneficiary of the Pengli Trust	1,440,098,158 (L)	55.70%

Notes:

(1) The letters "L" denotes the person's long position in the Shares.

(2) Resourceful Link is owned as to 76.67%, 16.33%, 3.95% and 3.05% by Better Master, Jixiang Investments Limited, Xiangtai Investments Limited and Yicheng Investments Limited. Better Master is owned as to 100% by Pengli Holdings Limited, a company wholly-owned by Barclays Wealth Nominees (Hong Kong) Limited, as the trustee holding such interests for the beneficiaries of the Pengli Trust. Jixiang Investments Limited is owned as to 100% by Jixiang Holdings Limited, a company wholly-owned by Barclays Wealth Trustees (Singapore) Limited, as the trustee holding such interests for the beneficiaries of the Jixiang Trust. Xiangtai Investments Limited is owned as to 100% by Xiangtai Holdings Limited, a company wholly-owned by Barclays Wealth Nominees (Hong Kong) Limited, as the trustee holding such interests for the beneficiaries of the Xiangtai Trust. Yicheng Investments Limited is owned as to 100% by Yicheng Holdings Limited, a company wholly-owned by Barclays Wealth Trustees (Singapore) Limited, as the trustee holding such interests for the beneficiaries of the Yicheng Trust. Each of the Pengli Trust, the Jixiang Trust and the Yicheng Trust is a revocable discretionary trust established under the laws and regulations of the Cayman Islands by certain of the Directors to hold their family interests in the Company.

(3) 156,004,000 Shares indirectly held by Karr Robert A. and RAK Capital, LLC represent 150,232,798 Shares and 5,771,202 Shares beneficially held by Joho Partners, L.P. and Joho Asia Growth Partners, L.P., respectively. Joho Partners, L.P. is owned as to 6.90 % by RAK Capital, LLC while Joho Asia Growth Partners, L.P. is owned as to 12.70% by RAK Capital, LLC, and RAK Capital, LLC is owned as to 74.25% by Karr Robert A.

(4) Ms. LIU Rongli is the spouse of Mr. YANG Shaopeng and is deemed to be interested in 8,200,000 options of the Company held by Mr. YANG Shaopeng by virtue of the SFO.

SUBSIDIARIES

Details of the major subsidiaries of the Company as at 31 December 2013 are set out in Note 16 to the Financial Statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

CONNECTED TRANSACTIONS

On 14 November 2013, the Company entered into the sale and purchase agreement ("**Sale and Purchase Agreement**") with SITC Shipowning Holdings Pte. Ltd. ("**SITC Shipowning**"), pursuant to which the Company conditionally agreed to procure one of its wholly owned subsidiary to acquire and SITC Shipowning agreed to sell: (a) the entire issued share capital of each of SITC Huangshan Shipping Company Limited ("**Huangshan Shipping**"), SITC Taishan Shipping Company Limited ("**Taishan Shipping**"), SITC Huashan Shipping Company Limited ("**Huashan Shipping**"), SITC Lushan Shipping Company Limited ("**Lushan Shipping**") and SITC Zhoushan Shipping Company Limited ("**Zhoushan Shipping**") below, which in turn hold the titles to the dry-bulk vessels, namely SITC Huangshan, SITC Taishan, SITC Huashan, SITC Lushan and SITC Zhoushan, respectively; and (b) the amount advanced by SITC Shipowning to Huangshan Shipping, Taishan Shipping, Huashan Shipping, Lushan Shipping and Zhoushan Shipping, which as at 30 September 2013 amounted to US$58,368,682 in total, at an aggregate consideration of US$50,613,838 (the "**Acquisition**").

Prior to the Acquisition, the Company did not have any dry-bulk operation. The Acquisition would enable the Company to expand its self-owned fleet to dry-bulk vessels during the recession of the dry-bulk market and it also expanded the scope of the Company to dry-bulk services, improve the quality of service of the Group.

As at the date of the Sale and Purchase Agreement, SITC Shipowning was indirectly owned as to 62.5% by Mr. YANG Shaopeng, our controlling Shareholder and our executive Director, and his associates and was therefore a connected person of the Company. Accordingly, the entering into of the Sale and Purchase Agreement constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition, were more than 5% but less than 25%, the Acquisition constitutes a discloseable and connected transaction for the Company under Chapter 14 and Chapter 14A of the Listing Rules and was subject to reporting, announcement and independent Shareholders' approval requirements. The Acquisition was approved by the independent Shareholders at the extraordinary general meeting held on 16 December 2013.

Details of the above transactions are set out in the circular of the Company dated 30 November 2013.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions entered into by the Group during the year ended 31 December 2013.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2013, the Group conducted the following continuing connected transactions:

CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT BUT ARE SUBJECT TO THE REPORTING AND ANNOUNCEMENT REQUIREMENTS

Agency Services

On 27 December 2012, the Company entered into a renewed master agency agreement with Qingdao SITC Shipping, in relation to the agency services to be provided by Qingdao SITC Shipping to the Company and the container shipping services to be provided by the Company's subsidiaries to the shipping agency companies of Qingdao SITC Shipping for a term of three years ending on 31 December 2015.

The following table sets forth the annual caps for the periods below:

For the year ending 31 December	Service fees received by the Company (US$)	Service fees paid by the Company (US$)
2013	27,000,000	2,000,000
2014	28,000,000	2,100,000
2015	34,000,000	2,200,000

Details of the renewed master agency agreement are set out in the announcement of the Company dated 27 December 2012.

Chartering of Vessel

On 13 December 2011, SITC Shipping Company Limited, our wholly owned subsidiary, entered into an agreement with Shandong Steamship to charter a PRC flag vessel, Hai Feng Lian Jie, for a term of one year on a time charter basis. In order to meet the Company's operating requirements, on 12 December 2012, the lease was renewed for a term, commencing from 13 December 2012 and expiring on 31 December 2014.

The following table sets forth the annual caps for the periods below:

	(US$)
For the period from 13 December 2012 to 31 December 2012	200,000
For the year ending 31 December 2013	2,300,000
For the year ending 31 December 2014	2,500,000

Details of the renewed charter agreement are set out in the announcement of the Company dated 12 December 2012.

Mutual Container Shipping Services with Sinokor

On 27 December 2012, SITC Container Lines Co., Ltd ("**SITC Container Lines**") and Sinokor Merchant Marine Co., Ltd. ("**Sinokor**") entered into a renewed mutual services agreement with a fixed term of three years ending on 31 December 2015 for the provision of mutual container marine transportation services by SITC Container Liners to Sinokor.

The following table sets forth the annual caps for the periods indicated below:

For the year ending 31 December	Service fees received from Sinokor (US$)	Service fees paid to Sinokor (US$)
2013	3,000,000	3,000,000
2014	3,000,000	3,300,000
2015	3,220,000	3,600,000

Details of the renewed Sinokor mutual services agreement are set out in the announcement of the Company dated 27 December 2012.

Provision of Depot Services

On 27 December 2012, Smart Logistics Co., Ltd. ("**Smart Logistics**") and Damco Global Logistics (Shanghai) Co., Ltd. ("**Damco Logistics**"), a subsidiary of Maersk, entered into a renewed depot services agreement for a fixed term commencing from 1 January 2013 to 31 December 2015 (both days inclusive) for the provision of depot services by Smart Logistics to the Qingdao branch of Damco Logistics.

As Smart Logistics is 51% owned by the Company and 49% owned by Maersk Logistics Warehousing (China) Co., Ltd. (馬士基物流倉儲(中國)有限公司), a subsidiary of the A.P. Moller-Maersk Group and its affiliates ("**Maersk**"), Damco Logistics is therefore a connected person of the Company and transactions between Smart Logistics and Damco Logistics will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The annual caps for the three years ended 31 December 2015 are US$2.8 million, US$3 million and US$3.3 million, respectively. Details of the renewed depot services agreement are set out in the announcement of the Company dated 27 December 2012.

Mutual Services Agreement with the Maersk Shipping

On 27 December 2012, Smart Logistics and Maersk (China) Shipping Co., Ltd. (馬士基中國航運有限公司) ("**Maersk Shipping**"), a subsidiary of Maersk, entered into a renewed mutual maersk services agreement for a fixed term commencing from 1 January 2013 to 31 December 2015 (both days inclusive) for the provision of depot services provision of logistics services by Smart Logistics to Maersk Shipping. Transactions between Smart Logistics and Maersk Shipping constitute connected transactions for the Company under Chapter 14A of the Listing Rules upon Listing.

The annual cap for the three years ended 31 December 2015 are US$1 million, US$1.6 million and US$2.5 million, respectively. Details of the renewed maersk services agreement are set out in the announcement of the Company dated 27 December 2012.

Shipping Management and Crew Management Agreement with Qingdao SITC Shipping

On 28 February 2012, Shanghai SITC Shipping Management (Shanghai) Co., Ltd. ("**Shanghai SITC Shipping Management**"), a subsidiary of the Company, and Qingdao SITC Shipping entered into a shipping management and crew management agreement, pursuant to which Shanghai SITC Shipping Management will provide shipping management and crew management services to Qingdao SITC Shipping for a term of three financial years ending on 31 December 2014.

The following table sets forth the annual caps for the periods indicated below:

For the year ending 31 December	Aggregate annual management fees to be charged by Shanghai SITC Shipping Management (US$)
2012	4,200,000
2013	6,600,000
2014	7,600,000

SPECIAL CASE

On 1 October 2009, SITC Container Lines, a wholly-owned subsidiary of the Company, and Shandong Steamship, an indirect wholly-owned subsidiary of Shandong SITC, entered into a vessels charter agreement, pursuant to which the Company chartered two container vessels, "SITC Shanghai" and "SITC Kaohsiung", with capacities of 847 and 938 TEU, respectively, to Shandong SITC for the operation of the mainland China-Taiwan route. Shandong Steamship has been operating the mainland China-Taiwan route since 2003.

Pursuant to the vessels charter agreement, Shandong Steamship has appointed the Company as its representative for the route, and the charter fee of the vessels shall be the equivalence of the freight charges and service fees income for operating the route. Pursuant to such arrangement, SITC Container Lines shall be responsible for all costs in relation to the operation of the two vessels. Given that: (i) we, as the representative for Shandong Steamship, will be responsible for the business dealings with the qualified shipping agencies and freight forwarders and; and (ii) we would collect freight charges for Shandong Steamship, the economic interests and risks from such operation are passed upon us, and Shandong Steamship will not receive any benefit under the vessels charter agreement.

Due to operational reasons in our normal course of business, and the expiry of the sailing permits of the vessels under the agreement, we have replaced the charters of "SITC Shanghai" and "SITC Kaohsiung" by two other vessels, "SITC Keelung" and "SITC Pyeongtaek", in mid-2010, and have assigned "SITC Shanghai" and "SITC Kaohsiung" to the operation of our other routes. The sailing permits of "SITC Keelung" and "SITC Pyeongtaek" were valid until 30 June 2015.

Although we are not the operator of the mainland China-Taiwan route under the vessels charter agreement, we are able to derive the entire economic interests and risks of the operation of the mainland China-Taiwan route under the present arrangement. In light of the recent normalization of the relationship across the Taiwan Strait, we believe that the trade volume across the Taiwan Strait may increase in the future. Therefore, our Directors believe that the arrangement under the vessel charter agreement is important to our container shipping business, and thus it is in the best interest of the Company to enter into the long-term vessels charter agreement. Given that: (i) Shandong Steamship does not derive any economic benefits from the mainland China-Taiwan route; (ii) Shandong SITC has undertaken not to engage in the mainland China-Taiwan route if we receive approval to operate the route directly; and (iii) the seeking of independent shareholders' approval once every three years would result in unnecessary expenses and inconvenience placed on the Company, our Directors consider the transactions under the vessels charter agreement occupy a special position on the related provisions under the Listing Rules on connected transactions and should not be subject to the usual term of three years or be limited by a fixed term. In this connection, our Directors consider that it would not be appropriate to subject the vessels charter agreement to the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, and thus we have applied to the Stock Exchange for and the Stock Exchange has granted a perpetual waiver from the strict compliance with the requirements of (i) the announcement and independent shareholders' approval, (ii) setting an annual cap for the transactions and (iii) fixing the term of the vessels charter agreement to three years or less.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the continuing connected transactions above of the Group.

All independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that those transactions were entered into:

1. in the ordinary and usual course of business of the Group;
2. under normal commercial terms, or on terms no less favourable to the Group than terms available to or from independent third parties; and
3. in accordance with the agreements related to the above continuing connected transactions, the terms of which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Based on the work performed, the Auditors of the Company confirmed to the Board that the aforesaid continuing connected transactions:

1. have been approved by the Board;
2. are in accordance with the pricing policy of the Group;
3. have been entered into under the terms of the related agreements governing the transactions; and
4. have not exceeded the relevant cap allowed by the Stock Exchange in the previous announcements.

CONFIRMATION OF INDEPENDENCE

The Company received the letters of confirmation of independence issued by all the independent non-executive Directors of the Company in accordance with Rule 3.13 of the Listing Rules. The Company considered all the independent non-executive Directors as independent.

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 is set out in the Corporate Governance Report.

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.

DISCLOSURE UNDER RULE 13.20 OF THE LISTING RULES

The Directors are not aware of any circumstances resulting in the responsibility of disclosure under Rule 13.20 of the Listing Rules regarding the provision of advance by the Company to an entity.

FIVE YEAR FINANCIAL SUMMARY

The summary of the results, assets and liabilities of the Group in the past five years is set out on page 159 of this report.

PRE-EMPTIVE RIGHTS

There are no provisions regarding pre-emptive rights in the Articles of Association of the Company or the ordinance of Cayman Islands. It is stipulated that any new shares shall be offered according to the respective shareholding of the existing shareholders of the Company when new shares are issued by the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to our Company and within the knowledge of our Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 December 2013.

AUDITOR

The Company appointed Ernst & Young as the Auditors of the Company 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.

For and on behalf of the Board

YANG Shaopeng

Chairman

11 March 2014

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Annual Report of the Group for the year ended 31 December 2013.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company believes that high corporate governance standards are essential in providing a framework for the Group to formulate its business strategies and policies, and to enhance its transparency and accountability.

The Company's corporate governance practices are based on the code provisions as set out in the Corporate Governance Code as in effect from time to time, (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

Throughout the year ended 31 December 2013, the Company has complied with all the code provisions as set out in the CG Code, save for the deviation of code provision A.6.7. Details will be set out below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Code of Conduct") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors of the Company have confirmed that they have complied with the Model Code and the Code of Conduct throughout the year ended 31 December 2013.

The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

As at the date of this report, the Board of the Company currently comprises ten members, consisting of six Executive Directors and four Independent Non-executive Directors.

The composition of the Board is set out below:

Executive Directors

Mr YANG Shaopeng	Chairman
Mr YANG Xianxiang	Vice Chairman and Chief Executive Officer
Mr LIU Kecheng (1)	
Mr XUE Peng (2)	Joint Company Secretary
Mr XUE Mingyuan	
Mr LAI Zhiyong	

Independent Non-executive Directors

Mr TSUI Yung Kwok
Mr YEUNG Kwok On
Dr LO Wing Yan, William
Dr NGAI Wai Fung

Notes

(1) Mr LIU Kecheng was appointed by the Board as Chief Financial Officer on 3 May 2013 while Mr XUE Peng resigned as Chief Financial Officer on 3 May 2013.

(2) Mr XUE Peng was appointed by the Board as one of the Joint Company Secretaries on 3 May 2013 while Mr LIU Kecheng resigned as one of the Joint Company Secretaries on 3 May 2013.

(3) Ms. Li Xuexia and Ms. Liu Rongli resigned as an executive director and a non-executive director of the Company, respectively, on11 March 2013; while Mr. Lai Zhiyong and Mr. Xue Mingyuan were appointed as executive directors of the Company on 11 March 2013.

The biographical information of the directors and the relationships I(h)
between the members of the Board are set out and disclosed in the section headed "Directors and Senior Management" on pages 24 to 28 of this annual report.

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr YANG Shaopeng and Mr YANG Xianxiang, respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally. Their respective responsibilities are clearly defined and set out in writing.

Independent Non-executive Directors

During the year ended 31 December 2013, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing one-third of the Board with two of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all Independent Non-executive Directors are independent.

Directors' Re-election

Code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the Executive Directors of the Company is appointed for a specific term of three years while each of the Independent Non-executive Directors is appointed for a specified term of one year, and all the Directors are subject to retirement by rotation once every three years.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2013, the Company organized one training session conducted by lawyer for all directors on the latest update on Listing Rule amendments. The Company has been encouraging the directors to participate continuous professional development courses and seminars organized by professional institutions or professional firms and reading materials on relevant topics so that they can continuously update and further improve their relevant knowledge and skills. According to the records maintained by the Company, a summary of continuous professional development received by the directors for the year ended 31 December 2013 is as follows:

	Type of Continuous Professional Development	
Name of Directors	**Training coordinated by the Company**	**Attending seminars/briefings/ conferences**
Executive Directors		
Mr YANG Shaopeng	✓	✓
Mr YANG Xianxiang	✓	✓
Mr LIU Kecheng	✓	✓
Mr XUE Peng	✓	✓
Mr LAI Zhiyong *	✓	✓
Mr XUE Mingyuan *	✓	✓
Independent Non-Executive Directors		
Mr TSUI Yung Kwok	✓	✓
Mr YEUNG Kwok On	✓	✓
Dr LO Wing Yan, William	✓	✓
Dr NGAI Wai Fung	✓	✓

* Appointed on 11 March 2013

BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee and Disclosure Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

Except the Disclosure Committee, the majority of the members of each Board committee are Independent Non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 3.

Audit Committee

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters.

During the year ended 31 December 2013, the Audit Committee held five meetings to review the annual and interim financial results and reports in respect of the year ended 31 December 2012 and for the six months ended 30 June 2013 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice without the presence of the Executive Directors and the senior management.

Remuneration Committee

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, the remuneration policy and structure for all directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration.

During the year ended 31 December 2013, the Remuneration Committee met twice to determine the policy for the remuneration of executive directors, to assess performance of executive directors and approving the terms of executive directors' service contracts, performed by the remuneration committee.

Nomination Committee

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, and assessing the independence of Independent Non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

The Nomination Committee has reviewed the nomination procedures for selection of candidates for directorship of the Company by making reference to the Company's Board Diversity Policy, characters, skills, experience, professional knowledge, personal integrity, independency and time commitments of such individuals, the Company's needs and other relevant statutory requirements and regulations to complement the corporate strategy and Board diversity, where appropriate, before making recommendation to the Board. External recruitment professionals might be engaged to carry out selection process where necessary.

During the year ended 31 December 2013, the Nomination Committee has reviewed the structure, size and composition of the Board and the independence of the Independent Non-executive Directors, to revise the terms of reference to the Nomination Committee and to consider the qualifications of the retiring directors standing for election at the Annual General Meeting.

Disclosure Committee

The principal duties of the Disclosure Committee include considering and making recommendations to the Board in relation to disclosure policy and guidelines regarding inside information (as defined in the "Inside Information" under the Securities and Futures Ordinance) of the Company, evaluating the information proposed to be disclosed by the Secretary of the Board, if necessary, should obtain professional advice, and report to the Board and provide sufficient details and, in respect of information required to disclose, should propose the Board the disclosure plan, consistently understanding and concerning about the business affairs, financial conditions, as well as occurred and maybe occurred material events and its influence of the Company and its Group, and actively investigating and obtaining the required information for making decision, and considering other businesses, as defined by the Board.

The Disclosure Committee was established on 11 March 2013 and its Terms of Reference was published on the Company's website.

Summary of the Board Diversity Policy

The Board Diversity Policy ("**the Policy**") was adopted by the Company pursuant to the Board resolution passed on 14 August 2013. The Policy aims to set out the approach to diversity on the Board of the Company. The Policy applies to the Board of the Company but not apply to diversity in relation to the employees of the Company, nor the Board and the employees of any subsidiary of the Company. In reviewing and assessing the Board composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge, industry, regional experience and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Nomination Committee will review the Policy, as appropriate, to ensure the effectiveness of the Policy and will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. The Company aims to maintain an appropriate balance of diversity perspectives of the Board in supporting the attainment of its strategic objectives and its sustainable development.

On 28 October 2013, the Board discussed the above measurable objectives, including but not limited to skills, knowledge, professional experience and cultural and educational background, and agreed that these measurable objectives were achieved for the diversity of the board which contributed to the corporate strategy and the business development of the Company.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the year ended 31 December 2013, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each director at the Board, the Nomination Committee, Remuneration Committee and Audit Committee meetings and the general meetings of the Company held during the year ended 31 December 2013 is set out in the table below:

	Attendance/Number of Meetings					
Name of Director	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**Annual General Meeting**	**Extraordinary General Meeting**
YANG Shaopeng	5/5	4/4	2/2	N/A	1/1	1/1
YANG Xianxiang	5/5	4/4	2/2	N/A	1/1	1/1
LIU Kecheng	5/5	N/A	N/A	N/A	1/1	1/1
XUE Peng	5/5	N/A	N/A	N/A	1/1	1/1
XUE Mingyuan *	4/4	N/A	N/A	N/A	1/1	1/1
LAI Zhiyong *	4/4	N/A	N/A	N/A	1/1	1/1
TSUI Yung Kwok	5/5	N/A	2/2	5/5	1/1	1/1
YEUNG Kwon On	5/5	4/4	2/2	N/A	1/1	1/1
LO Wing Yan, William	5/5	4/4	N/A	5/5	0/1 (Note)	1/1
NGAI Wai Fung	5/5	4/4	2/2	5/5	1/1	0/1

* Appointed on 11 March 2013, 4 board meetings have been held after their appointments.

Note: Please refer to the section headed "Communication with shareholders and the investors/investor relations" for the details of the deviation of A.6.7 of the CG Code.

Apart from regular Board meetings, the Chairman also held a meeting with the Independent Non-executive Directors without the presence of Executive Directors during the year ended 31 December 2013.

DIRECTORS' RESPONSIBILTY IN RESPECT OF THE FINANCIAL STATEMENTS

The directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 December 2013.

The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 55 to 56.

AUDITORS' REMUNERATION

The remuneration paid to the Company's external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2013 amounted to HK$2,930,000 and HK$1,154,000 respectively.

An analysis of the remuneration paid to the external auditors of the Company, Messrs Ernst & Young, in respect of audit services and non-audit services for the year ended 31 December 2013 is set out below:

Service Category	Fees Paid/Payable HK$'000
Audit Services	2,930
Non-audit Services	
– Tax advisory services	454
– Others	700
Total:	4,084

INTERNAL CONTROLS

During the year under review, the Board, through the Audit Committee, conducted a review of the effectiveness of the internal control system of the Company and its subsidiaries in respect of the material controls, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

JOINT COMPANY SECRETARIES

Mr. XUE Peng (and Mr. LIU Kecheng who resigned on 3 May 2013), the Executive Director and joint company secretary, reports to the Company's Chairman, Mr. YANG Shaopeng, and/or the Vice Chairman and Chief Executive Officer, Mr. YANG Xianxiang, depends on various matters, respectively.

Ms. HO Siu Pik of Tricor Services Limited, external service provider, has been engaged by the Company as its joint company secretary. Ms. HO's primary contact person at the Company is Mr. XUE Peng, the Executive Director and joint company secretary, and Ms. Elaine XU, the manager of the Investment and Management Centre, of the Company.

All of Mr. XUE, Mr. LIU and Ms. HO undertook not less than 15 hours of relevant professional training during the year ended 31 December 2013.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at shareholder meetings, including the election of individual directors. All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

PROCEDURES FOR CONVENING AN EXTRAORDINARY GENERAL MEETING

The Board may whenever it thinks fit call extraordinary general meetings. Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Room 2202, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong (For the attention of the Company Secretary)
Fax:	852-2824 3748
Tel:	852-2850 0302
Email:	ir@sitc.com

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, shareholders who wish to propose resolutions may follow Article 58 of the articles of association of the Company for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures are set out in the section headed "Procedures for convening an extraordinary general meeting" in this report.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings.

The Chairman of the Board, the chairmen of Audit Committee, Remuneration Committee, Nomination Committee and Disclosure Committee, or, in their absence, other members of the respective committees, will make themselves available at the annual general meetings to meet shareholders and answer their enquiries.

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 Directors of the Company, Dr. LO Wing Yan, William was unable to attend the annual general meeting of the Company held on 30 April 2013.

During the year under review, the Company has not made any changes to its Articles of Association. An up to date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

Independent Auditors' Report

EY 安永

To the shareholders of SITC International Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of SITC International Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 57 to 157, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the shareholders of SITC International Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants

22/F CITIC Tower

1 Tim Mei Avenue

Central, Hong Kong

11 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2013

	Notes	2013 US$' 000	2012 US$' 000 (Restated)
REVENUE	5	**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	5	**37,772**	14,205
Administrative expenses		**(65,150)**	(60,682)
Other expenses and losses		**(185)**	(18,325)
Finance costs	7	**(8,177)**	(3,369)
Share of profits and losses of:			
Joint ventures		**7,742**	6,640
Associates		**371**	548
PROFIT BEFORE TAX	6	**115,352**	80,784
Income tax expense	10	**(2,251)**	(2,293)
PROFIT FOR THE YEAR		**113,101**	78,491
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:	27		
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

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

Year ended 31 December 2013

	Notes	2013 US$'000	2012 US$'000 (Restated)
Profit for the year attributable to:			
Owners of the parent	11	**112,410**	83,920
Non-controlling interests		**691**	(5,429)
		113,101	78,491
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	13		
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 12 to the financial statements.

Consolidated Statement of Financial Position

31 December 2013

	Notes	31 December 2013 US$'000	31 December 2012 US$'000 (Restated)	1 January 2012 US$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	14	**616,661**	521,951	311,960
Prepaid land lease payments	15	**12,676**	12,627	—
Prepayments for property, plant and equipment		**21,020**	—	—
Investments in joint ventures	17	**26,906**	22,690	18,084
Investments in associates	18	**10,400**	9,874	9,187
Held-to-maturity investments	19	**8,262**	—	—
Available-for-sale investments	20	**1,239**	1,207	782
Derivative financial instruments	27	**690**	—	—
Total non-current assets		**697,854**	568,349	340,013
CURRENT ASSETS				
Bunkers		**18,927**	18,859	15,881
Trade receivables	21	**76,560**	72,789	78,511
Prepayments, deposits and other receivables	22	**37,181**	35,619	26,779
Due from related companies	23	**996**	614	1,470
Derivative financial instruments	27	**4,824**	3,928	—
Pledged deposits	24	—	80	79
Restricted bank balances	24	**1,890**	979	534
Cash and cash equivalents	24	**431,136**	379,773	436,900
Total current assets		**571,514**	512,641	560,154
CURRENT LIABILITIES				
Trade payables	25	**145,462**	138,299	141,155
Other payables and accruals	26	**42,244**	23,516	15,882
Due to related companies	23	**13,528**	34,463	27,126
Derivative financial instruments	27	**855**	626	820
Interest-bearing bank borrowings	28	**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

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)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,010,343**	859,326	680,355
NON-CURRENT LIABILITIES				
Derivative financial instruments	27	**345**	599	239
Interest-bearing bank borrowings	28	**264,707**	165,588	22,998
Deferred tax liabilities	29	**—**	—	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	30	**33,333**	33,323	33,446
Reserves	32	**660,028**	622,218	578,790
Proposed final dividend	12	**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

YANG Shaopeng
Director

YANG Xianxiang
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2013

	Attributable to owners of the parent																
	Issued capital US$'000 (note 30)	Share premium account US$'000 (note 30)	Treasury shares US$'000 (note 30)	Capital redemption reserve US$'000 (note 32(a))	Merger reserve US$'000 (note 32(b))	PRC reserve funds US$'000 (note 32(c))	Capital reserve US$'000 (note 32(d))	Share-based compensation reserve US$'000 (note 32(e))	Share option reserve US$'000 (note 32(f))	Hedging reserve US$'000 (note 32(g))	Available-for-sale investment revaluation reserve US$'000 (note 32(h))	Exchange fluctuation reserve US$'000 (note 32(i))	Retained profits US$'000	Proposed final dividend US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2012																	
As previously reported	33,446	349,652	(56)	132	(2,770)	2,900	(463)	4,597	1,614	(713)	–	6,854	214,780	39,997	649,970	3,478	653,448
Effects of business combination	–	–	–	–	–	–	–	–	–	–	–	–	2,263	–	2,263	1,358	3,621
As restated	33,446	349,652	(56)	132	(2,770)	2,900	(463)	4,597	1,614	(713)	–	6,854	217,043	39,997	652,233	4,836	657,069
Profit for the year (restated)	–	–	–	–	–	–	–	–	–	–	–	–	83,920	–	83,920	(5,429)	78,491
Other comprehensive income for the year:																	
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	–	–	–	–	–	–	121	–	–	–	121	–	121
Changes in fair value of hedging instruments, net of tax	–	–	–	–	–	–	–	–	–	4,641	–	–	–	–	4,641	–	4,641
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	–	–	1,922	–	–	1,922	(341)	1,581
Share of other comprehensive income of:																	
Joint ventures	–	–	–	–	–	–	–	–	–	–	–	521	–	–	521	–	521
Associates	–	–	–	–	–	–	–	–	–	–	–	292	–	–	292	–	292
Total comprehensive income for the year	–	–	–	–	–	–	–	–	–	4,641	121	2,735	83,920	–	91,417	(5,770)	85,647
Final 2011 dividend declared	–	–	–	–	–	–	–	–	–	–	–	–	–	(39,997)	(39,997)	–	(39,997)
Cancellation of repurchased shares (note 30)	(56)	–	56	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Repurchase of shares (note 30)	(70)	(1,263)	–	70	–	–	–	–	–	–	–	–	(70)	–	(1,333)	–	(1,333)
Capital contribution from the then holding company of the Group's subsidiaries	–	–	–	–	11,950	–	–	–	–	–	–	–	–	–	11,950	7,189	19,139
Deemed distributions to a company controlled by the controlling shareholder of the Company's ultimate holding company	–	–	–	–	(20,022)	–	–	–	–	–	–	–	–	–	(20,022)	(7,453)	(27,475)
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(716)	(716)
Transfer to PRC reserve funds	–	–	–	–	–	822	–	–	–	–	–	–	(822)	–	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(498)	(498)
Issue of shares pursuant to exercise of share options (note 30)	3	71	–	–	–	–	–	–	(23)	–	–	–	–	–	51	–	51
Transfer of share option reserve upon the forfeiture or expiry of share options	–	–	–	–	–	–	–	–	(64)	–	–	–	64	–	–	–	–
Proposed final 2012 dividend (note 12)	–	–	–	–	–	–	–	–	–	–	–	–	(40,010)	40,010	–	–	–
Share option expense (note 31)	–	–	–	–	–	–	–	–	1,252	–	–	–	–	–	1,252	–	1,252
At 31 December 2012 (restated)	33,323	348,460*	–*	202*	(10,842)*	3,722*	(463)*	4,597*	2,779*	3,928*	121*	9,589*	260,125*	40,010	695,551	(2,412)	693,139

Consolidated Statement of Changes in Equity (continued)

Year ended 31 December 2013

	Attributable to owners of the parent																
	Issued capital US$'000 (note 30)	Share premium account US$'000 (note 30)	Treasury shares US$'000 (note 30)	Capital redemption reserve US$'000 (note 32(a))	Merger reserve US$'000 (note 32(b))	PRC reserve funds US$'000 (note 32(c))	Capital reserve US$'000 (note 32(d))	Share-based compensation reserve US$'000 (note 32(e))	Share option reserve US$'000 (note 32(f))	Hedging reserve US$'000 (note 32(g))	Available-for-sale investment revaluation reserve US$'000 (note 32(h))	Exchange fluctuation reserve US$'000 (note 32(i))	Retained profits US$'000	Proposed final dividend US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2013																	
As previously reported	33,323	348,460	–	202	(10,842)	3,722	(463)	4,597	2,779	3,928	121	9,589	267,430	40,010	702,856	1,971	704,827
Effects of business combination	–	–	–	–	–	–	–	–	–	–	–	–	(7,305)	–	(7,305)	(4,383)	(11,688)
As restated	33,323	348,460*	–*	202*	(10,842)*	3,722*	(463)*	4,597*	2,779*	3,928*	121*	9,589*	260,125*	40,010	695,551	(2,412)	693,139
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	–	112,410	–	112,410	691	113,101
Other comprehensive income for the year:																	
Changes in fair value of available-for-sale investments, net of tax	–	–	–	–	–	–	–	–	–	–	22	–	–	–	22	10	32
Changes in fair value of hedging instruments, net of tax	–	–	–	–	–	–	–	–	–	4,616	–	–	–	–	4,616	–	4,616
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	–	–	(862)	–	–	(862)	30	(832)
Share of other comprehensive income of:																	
Joint ventures	–	–	–	–	–	–	–	–	–	–	–	514	–	–	514	–	514
Associates	–	–	–	–	–	–	–	–	–	–	–	286	–	–	286	–	286
Total comprehensive income for the year	–	–	–	–	–	–	–	–	–	4,616	22	(62)	112,410	–	116,986	731	117,717
Final 2012 dividend declared	–	–	–	–	–	–	–	–	–	–	–	–	44	(40,010)	(39,966)	–	(39,966)
Special dividend paid (note 12)	–	–	–	–	–	–	–	–	–	–	–	–	(33,344)	–	(33,344)	–	(33,344)
Acquisition of subsidiaries with deficiencies in assets under common control (note 1)	–	–	–	–	3,480	–	–	–	–	–	–	–	–	–	3,480	4,275	7,755
De-registration of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(312)	(312)
Transfer to PRC reserve funds	–	–	–	–	–	224	–	–	–	–	–	–	(224)	–	–	–	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(340)	(340)
Issue of shares pursuant to exercise of share options (note 30)	10	274	–	–	–	–	–	–	(88)	–	–	–	–	–	196	–	196
Transfer of share option reserve upon the forfeiture or expiry of share options	–	–	–	–	–	–	–	–	(78)	–	–	–	78	–	–	–	–
Proposed final 2013 dividend (note 12)	–	–	–	–	–	–	–	–	–	–	–	–	(49,988)	49,988	–	–	–
Share option expense (note 31)	–	–	–	–	–	–	–	–	446	–	–	–	–	–	446	–	446
At 31 December 2013	33,333	348,734*	–*	202*	(7,362)*	3,946*	(463)*	4,597*	3,059*	8,544*	143*	9,527*	289,101*	49,988	743,349	1,942	745,291

* These reserve accounts comprise the consolidated reserves of US$660,028,000 (2012: US$622,218,000 (restated)) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2013

	Notes	2013 US$' 000	2012 US$' 000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**115,352**	80,784
Adjustments for:			
Finance costs	7	**8,177**	3,369
Share of profits and losses of joint ventures		**(7,742)**	(6,640)
Share of profits and losses of associates		**(371)**	(548)
Interest income	5	**(8,501)**	(6,911)
Gain on disposal of items of property, plant and equipment, net	5	**(84)**	(71)
Fair value losses/(gains), net:			
Derivative instruments – transactions not qualifying as hedges	5,6	**(1,232)**	884
Cash flow hedges (transfer from equity)	5	**(7,972)**	(835)
Foreign exchange gains arising from the capital reduction of a subsidiary	5	**(1,974)**	—
Depreciation	14	**28,727**	18,130
Recognition of prepaid land lease payments	15	**317**	257
Impairment of property, plant and equipment	14	**—**	17,033
Impairment/(reversal of impairment) of trade receivables	21	**163**	(15)
Equity-settled share option expenses	31	**446**	1,252
		125,306	106,689
Increase in bunkers		**(68)**	(2,978)
Decrease/(increase) in trade receivables		**(3,936)**	5,737
Decrease/(increase) in prepayments, deposits and other receivables		**794**	(8,511)
Decrease/(increase) in amounts due from related companies		**(382)**	856
Increase in derivative financial assets		**(1,586)**	(3,928)
Increase in restricted bank balances		**(911)**	(445)
Increase/(decrease) in trade payables		**7,163**	(2,856)
Increase in other payables and accruals		**1,580**	7,454
Increase/(decrease) in amounts due to related companies		**5,357**	(2,224)
Increase in derivative financial liabilities		**8,444**	4,758
Effect of foreign exchange rate changes, net		**757**	1,730
Cash generated from operations		**142,518**	106,282
Interest income received		**6,155**	6,911
Interest paid		**(8,177)**	(3,189)
Hong Kong profits tax paid		**(758)**	(952)
Overseas tax paid		**(2,195)**	(1,633)
Net cash flows from operating activities		**137,543**	107,419

Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2013

	Note	2013 US$'000	2012 US$'000 (Restated)
Net cash flows from operating activities		**137,543**	107,419
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(105,297)**	(245,217)
Proceeds from disposal of items of property, plant and equipment		**530**	713
Prepayments for property, plant and equipment		**(21,020)**	—
Prepayments of land lease payments		—	(13,058)
Investments in joint ventures		**(2,055)**	(1,975)
Purchases of available-for-sale investments		—	(304)
Purchases of held-to-maturity investments		**(8,262)**	—
Increase in non-pledged time deposits with original maturity of over three months but less than one year when acquired		**(257,999)**	(21,483)
Decrease/(increase) in pledged time deposits		**80**	(1)
Dividends received from joint ventures		**6,095**	4,368
Dividends received from associates		**131**	154
Net cash flows used in investing activities		**(387,797)**	(276,803)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of shares		—	(1,333)
Proceeds from issue of shares	30	**196**	51
New bank borrowings		**328,193**	172,309
Repayment of bank borrowings		**(193,375)**	(39,545)
Capital contribution from the then holding company of the Group's subsidiaries		—	19,139
Deemed distributions to a company controlled by the controlling shareholder of the Company's ultimate holding company		—	(27,475)
Advances from a company controlled by the controlling shareholder of the Company's ultimate holding company		**21,372**	9,561
Repayment of advances from a company controlled by the controlling shareholder of the Company's ultimate holding company		**(40,311)**	—
Acquisition of non-controlling interests		—	(716)
Dividends paid		**(73,310)**	(39,997)
Dividends paid to non-controlling shareholders		**(250)**	(498)
Net cash flows from financing activities		**42,515**	91,496

Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2013

	Note	2013 US$' 000	2012 US$' 000 (Restated)
Net cash flows from financing activities		**42,515**	91,496
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(207,739)**	(77,888)
Cash and cash equivalents at beginning of year		**357,172**	435,782
Effect of foreign exchange rate changes, net		**1,103**	(722)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**150,536**	357,172
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**29,651**	334,392
Short-term financial instruments	24	**23,761**	—
Non-pledged time deposits with original maturity of less than three months when acquired		**97,124**	22,780
Cash and cash equivalents as stated in the consolidated statement of cash flows		**150,536**	357,172
Non-pledged time deposits with original maturity of over three months but less than one year when acquired		**280,600**	22,601
Cash and cash equivalents as stated in the consolidated statement of financial position		**431,136**	379,773

Statement of Financial Position

31 December 2013

	Notes	2013 US$'000	2012 US$'000
NON-CURRENT ASSETS			
Investment in a subsidiary	16	**59,413**	59,413
Total non-current assets		**59,413**	59,413
CURRENT ASSETS			
Deposits and other receivables	22	**61**	—
Due from a subsidiary	16	**410,818**	385,658
Dividend receivable		**49,988**	40,010
Cash and cash equivalents	24	**136**	1,253
Total current assets		**461,003**	426,921
NET CURRENT ASSETS		**461,003**	426,921
TOTAL ASSETS LESS CURRENT LIABILITIES		**520,416**	486,334
Net assets		**520,416**	486,334
EQUITY			
Issued capital	30	**33,333**	33,323
Reserves	32	**437,095**	413,001
Proposed final dividend	12	**49,988**	40,010
Total equity		**520,416**	486,334

YANG Shaopeng
Director

YANG Xianxiang
Director

Notes to the Financial Statements

31 December 2013

1. CORPORATE INFORMATION

SITC International Holdings Company Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 9 April 2010. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is located at Room 2203, 22/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the provision of marine transportation services, freight forwarding services for marine transportation, depot and warehouse services and related business.

In the opinion of the directors, the immediate holding company of the Company is Resourceful Link Management Limited, which is incorporated in the British Virgin Islands (the "BVI"), and the ultimate holding company of the Company is Better Master Investments Limited, which is incorporated in the BVI.

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 at an aggregate 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 are 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

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain derivative financial instruments and financial assets, which have been measured at fair value. These financial statements are 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.

2.1 BASIS OF PREPARATION (continued)

Merger accounting for business combinations under common control (continued)

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

2.1 BASIS OF PREPARATION (continued)

Restatement of comparative amounts (continued)

The financial position previously reported by the Group at 31 December 2012 has been restated to include the 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
Investments 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

2.1 BASIS OF PREPARATION (continued)

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 these financial statements.

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. Additional disclosures required by HKFRS 13 for the fair value measurements of financial instruments are included in note 38 to the financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(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 HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011) and HKAS 28 (2011) for its consolidated financial statements for the year ended 31 December 2012.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
HKFRS 14	*Regulatory Deferral Accounts*[3]

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 July 2014

3 Effective for annual periods beginning on or after 1 January 2016

4 No mandatory effective date yet determined but is available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates and joint ventures are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in associates and joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

As explained in note 2.1 above, the acquisition of subsidiaries under common control has been accounted for using the merger method of accounting. The acquisition method of accounting is used to account for the acquisition of subsidiaries not under common control.

Under the merger method of accounting, the net assets of the combining entities of business are combined using their existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination. The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

Under the acquisition method of accounting, the consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments and club debentures included in available-for-sale investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than bunkers and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for major inspection and drydocking costs are capitalised in the carrying amounts of the assets as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3% to 7%
Vessels	4% to 6%
Containers	9% to 20%
Computers, furniture and equipment	10% to $33^1/_3$%
Motor vehicles	12% to 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building or vessel under construction or equipment under installation or testing, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction/equipment and capitalised borrowing costs on related borrowing funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair values plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in finance costs for loans and in other expenses for receivables in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in other expenses and losses in profit or loss.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other income and gains in profit or loss, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to other expenses and losses in profit or loss. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses and losses in profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss - is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments (continued)

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through profit or loss if the increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to related companies, derivative financial instruments and interest-bearing bank loans.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of hedging derivative is recognised in profit or loss as other expenses and losses. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in profit or loss as other expenses and losses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in profit or loss as other expenses and losses.

Amounts recognised in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as a part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, the amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs or the foreign currency firm commitment is met.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

Bunkers

Bunkers represent fuels and are stated at the lower of the cost and net realisable value. Cost is determined on the weighted average basis.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of assets, the grants are recorded at the fair value of the non-monetary assets and released to profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the rendering of container shipping services, on a percentage of completion basis, which is determined using the time proportion method for each individual voyage;

(b) from the rendering of shipping agency services, freight forwarding services for marine transportation and logistics management services, when the services have been rendered;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates two share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by local municipal governments. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in US dollars, which is the Group's presentation currency. The functional currency of the Company is the Hong Kong dollar while the US dollar is used as the presentation currency of the financial statements of the Company for the purpose of aligning with the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designed as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain subsidiaries, joint ventures and associates are currencies other than the US dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their profit or loss is translated into US dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of subsidiaries are translated into US dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these subsidiaries which arise throughout the year are translated into US dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Income taxes

Significant management judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Recognition of a deferred tax liability for withholding taxes

The New Corporate Income Tax Law of the People's Republic of China (the "PRC"), which became effective on 1 January 2008, states that the distribution of dividends by a foreign invested enterprise established in Mainland China to its foreign investors, from its earnings in 2008 and thereafter, shall be subject to withholding corporate income tax at a rate of 10%. The Group carefully evaluates the necessity of dividend distribution of its PRC subsidiaries out of profits earned after 1 January 2008 based on the senior management's judgement.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Useful lives and residual values of property, plant and equipment

Management determines the residual values, useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual residual values and useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where residual values or useful lives are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation in the future periods.

Impairment of trade receivables

The Group maintains an allowance for the estimated loss arising from the inability of its customers to make the required payments. The Group makes its estimates based on the aging of its trade receivable balances, customers' creditworthiness, and historical write-off experience. If the financial condition of its customers was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected. The carrying amount of trade receivables at 31 December 2013 was US$76,560,000 (2012: US$72,789,000).

Fair value of derivative instruments

The fair value of derivative financial instruments is the estimated amount that the Group would receive or pay to terminate these derivative instruments at the end of the reporting period, taking into account current market conditions. The carrying amount of derivative financial assets at 31 December 2013 was US$5,514,000 (2012: US$3,928,000). The carrying amount of derivative financial liabilities at 31 December 2013 was US$1,200,000 (2012: US$1,225,000 (restated)).

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The Group did not recognise any deferred tax assets as at 31 December 2013 (2012: Nil).

Recognition of equity-settled share option expenses

As further disclosed in note 31 to the financial statements, the Company has granted pre-IPO and post-IPO share options to its employees. The directors have used a binomial model to determine the total fair value of the options granted, which is expensed over the vesting period. Significant estimates, such as the risk-free rate, dividend yield and expected volatility, were required to be made by the directors as the parameters for applying a binomial model. The Company has engaged Jones Lang LaSalle Sallmanns and BMI Appraisals Limited, independent and qualified valuers, to perform appraisals of the fair values of the Company's shares at the grant dates of the pre-IPO and post-IPO share options, respectively. The grants of equity instruments might be conditional upon satisfying specified conditions. Significant management judgement was required to take into account the conditions and adjust the number of equity instruments included in the measurement of equity-settled share option expenses.

For the pre-IPO scheme, determining the number of equity instruments that eventually vest requires management to make assumptions regarding the profit forecast and likelihood of a successful initial public offering, and hence they were subject to uncertainty.

For the post-IPO scheme, determining the number of equity instruments that eventually vest requires management to make assumptions regarding the dividend yield, exercise behaviour of share options and employee exit rate, and hence they were subject to uncertainty.

4. 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).

4. OPERATING SEGMENT INFORMATION (continued)

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

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2013 (continued)

	Sea freight logistics US$'000	Land-based logistics US$'000	Total US$'000
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.

4. OPERATING SEGMENT INFORMATION (continued)

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

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2012 (continued)

	Sea freight logistics US$'000 (Restated)	Land-based logistics US$'000 (Restated)	Total US$'000 (Restated)
Other segment information:			
Share of profits and losses of:			
Joint ventures	—	6,640	6,640
Associates	—	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 US$'000	2012 US$'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

5. 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:

	Note	2013 US$'000	2012 US$'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	27	**7,972**	835
Fair value gains 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.

6. PROFIT BEFORE TAX

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

	Notes	2013 US$'000	2012 US$'000 (Restated)
Cost of bunkers consumed		**237,305**	240,468
Cost of services provided		**708,654**	654,195
Depreciation	14	**28,727**	18,130
Impairment of property, plant and equipment*	14	**—**	17,033
Recognition of prepaid land lease payments	15	**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 (note 8)):			
Wages and salaries		**53,815**	42,030
Equity-settled share option expense	31	**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*	21	**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.

7. 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

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2013	2012
	US$'000	US$'000
Fees	**262**	262
Other emoluments:		
Salaries, allowances and benefits in kind	**1,442**	1,333
Performance related bonuses	**955**	568
Equity-settled share option expense	**169**	103
Pension scheme contributions	**48**	36
	2,614	2,040
	2,876	2,302

In prior years, certain directors were granted share options, in respect of their services to the Group, under the share option schemes of the Company, further details of which are set out in note 31 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors

	Fees US$'000	Equity-settled share option expense US$'000	Total remuneration US$'000
2013			
Mr. Tsui Yung Kwok	**26**	**11**	**37**
Mr. Yeung Kwok On	**26**	**5**	**31**
Dr. Lo Wing Yan, William, J.P.	**26**	**11**	**37**
Dr. Ngai Wai Fung	**28**	**11**	**39**
	106	**38**	**144**
2012			
Mr. Tsui Yung Kwok	26	3	29
Mr. Yeung Kwok On	26	3	29
Dr. Lo Wing Yan, William, J.P.	26	3	29
Dr. Ngai Wai Fung	28	3	31
	106	12	118

There were no other emoluments payable to the independent non-executive directors during the year (2012: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, a non-executive director and the chief executive:

	Fees US$'000	Salaries, allowances and benefits in kind US$'000	Performance related bonuses US$'000	Equity-settled share option expense US$'000	Pension scheme contributions US$'000	Total remuneration US$'000
2013						
Executive directors:						
Mr. Yang Shaopeng	**26**	**586**	**356**	**44**	**—**	**1,012**
Mr. Yang Xianxiang*	**26**	**450**	**263**	**39**	**10**	**788**
Mr. Liu Kecheng	**26**	**100**	**95**	**10**	**10**	**241**
Mr. Xue Peng	**26**	**100**	**79**	**10**	**10**	**225**
Mr. Xue Mingyuan***	**21**	**106**	**103**	**15**	**8**	**253**
Mr. Lai Zhiyong***	**21**	**80**	**45**	**3**	**8**	**157**
Ms. Li Xuexia**	**5**	**20**	**14**	**10**	**2**	**51**
	151	**1,442**	**955**	**131**	**48**	**2,727**
Non-executive director:						
Ms. Liu Rongli**	**5**	**—**	**—**	**—**	**—**	**5**
	156	**1,442**	**955**	**131**	**48**	**2,732**
2012						
Executive directors:						
Mr. Yang Shaopeng	26	589	241	41	—	897
Mr. Yang Xianxiang*	26	453	179	32	9	699
Mr. Liu Kecheng	26	97	51	6	9	189
Ms. Li Xuexia**	26	97	46	6	9	184
Mr. Xue Peng	26	97	51	6	9	189
	130	1,333	568	91	36	2,158
Non-executive director:						
Ms. Liu Rongli**	26	—	—	—	—	26
	156	1,333	568	91	36	2,184

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, a non-executive director and the chief executive: (continued)

* Mr. Yang Xianxiang is also the chief executive officer of the Company.

** Ms. Li Xuexia was resigned as an executive director and Ms. Liu Rongli was resigned as a non-executive director on 11 March 2013.

*** Mr. Xue Mingyuan and Mr. Lai Zhiyong were appointed as executive directors on 11 March 2013.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2012: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included five directors which included the chief executive (2012: four directors which included the chief executive) details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining one non-director, highest paid employee for the year ended 31 December 2012 are as follows:

	Group	
	2013	2012
	US$'000	US$'000
Salaries, allowances and benefits in kind	—	113
Performance related bonuses	—	124
Equity-settled share option expense	—	4
Pension scheme contributions	—	9
	—	250

The number of non-director, highest paid employee whose remuneration fell within the following bands is as follows:

	Number of employees	
	2013	2012
HK$1,500,001 to HK$2,000,000	—	1

In prior years, share options were granted to a non-director, highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 31 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, highest paid employees' remuneration disclosures.

10. INCOME TAX EXPENSE

	Group	
	2013	2012
	US$' 000	US$' 000
		(Restated)
Current:		
Mainland China	**1,430**	1,415
Hong Kong	**713**	821
Elsewhere	**108**	106
Deferred (note 29)	**—**	(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.

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Group - 2013

	Mainland China		Hong Kong		Elsewhere		Total	
	US$' 000	%	US$' 000	%	US$' 000	%	US$' 000	%
Profit before tax	8,991		96,808		9,553		115,352	
Tax at the statutory rate	2,248	25.0	15,974	16.5	2,804	29.3	21,026	18.2
Effect of withholding tax at 5% on the distributable profits of the Group's PRC joint ventures	293	3.3	—	—	—	—	293	0.3
Profits and losses attributable to joint ventures and associates	(95)	(1.1)	(1,068)	(1.1)	(158)	(1.7)	(1,321)	(1.1)
Income not subject to tax	(3,811)	(42.4)	(14,376)	(14.9)	(8,115)	(84.9)	(26,302)	(22.8)
Expenses not deductible for tax	2,795	31.1	183	0.2	5,577	58.4	8,555	7.4
Tax charge at the Group's effective rate	1,430	15.9	713	0.7	108	1.1	2,251	2.0

10. INCOME TAX EXPENSE (continued)

Group - 2012

	Mainland China		Hong Kong		Elsewhere		Total	
	US$'000 (Restated)	%	US$'000 (Restated)	%	US$'000 (Restated)	%	US$'000 (Restated)	%
Profit before tax	9,466		59,209		12,109		80,784	
Tax at the statutory tax rate	2,366	25.0	9,769	16.5	3,244	26.8	15,379	19.0
Effect of withholding tax at 5% on the distributable profits of the Group's PRC joint ventures	181	1.9	—	—	—	—	181	0.2
Profits and losses attributable to joint ventures and associates	(124)	(1.3)	(926)	(1.6)	(112)	(0.9)	(1,162)	(1.4)
Income not subject to tax	(4,042)	(42.7)	(13,329)	(22.5)	(3,241)	(26.8)	(20,612)	(25.5)
Expenses not deductible for tax	2,077	21.9	5,307	9.0	57	0.5	7,441	9.2
Tax losses not recognised	908	9.6	—	—	158	1.3	1,066	1.3
Tax charge at the Group's effective rate	1,366	14.4	821	1.4	106	0.9	2,293	2.8

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2013 includes a loss of US$807,000 (2012: loss of US$1,500,000) which has been dealt with in the financial statements of the Company.

12. DIVIDENDS

	2013		2012	
	HK$'000	**US$'000 equivalent**	HK$'000	US$'000 equivalent
Special – HK10 cents (equivalent to US1.30 cents) per ordinary share (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.

13. 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 US$' 000	2012 US$' 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

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings US$'000	Vessels US$'000	Containers US$'000	Computers, furniture and equipment US$'000	Motor vehicles US$'000	Construction in progress US$'000	Total US$'000
31 December 2013							
At 1 January 2013 (as restated):							
Cost	40,677	520,871	17,115	19,368	3,145	15,086	616,262
Accumulated depreciation	(1,716)	(70,310)	(13,247)	(7,233)	(1,805)	—	(94,311)
Net carrying value	38,961	450,561	3,868	12,135	1,340	15,086	521,951
At 1 January 2013, net of accumulated depreciation (as restated)	38,961	450,561	3,868	12,135	1,340	15,086	521,951
Additions	94	6,796	17,727	1,826	1,064	94,938	122,445
Transfers	—	104,191	—	2,932	—	(107,123)	—
Depreciation provided during the year	(1,302)	(20,988)	(1,522)	(4,402)	(513)	—	(28,727)
Disposals/write-off	—	—	(9)	(34)	(403)	—	(446)
Exchange realignment	1,092	—	—	275	45	26	1,438
At 31 December 2013, net of accumulated depreciation	38,845	540,560	20,064	12,732	1,533	2,927	616,661
At 31 December 2013:							
Cost	41,915	631,858	34,788	24,325	3,329	2,927	739,142
Accumulated depreciation	(3,070)	(91,298)	(14,724)	(11,593)	(1,796)	—	(122,481)
Net carrying value	38,845	540,560	20,064	12,732	1,533	2,927	616,661

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

	Buildings US$'000	Vessels US$'000	Containers US$'000	Computers, furniture and equipment US$'000	Motor vehicles US$'000	Construction in progress US$'000	Total US$'000
31 December 2012 (as restated)							
At 1 January 2012:							
Cost	13,678	215,400	17,123	9,116	3,242	113,296	371,855
Accumulated depreciation	(979)	(41,743)	(11,749)	(3,887)	(1,537)	—	(59,895)
Net carrying value	12,699	173,657	5,374	5,229	1,705	113,296	311,960
At 1 January 2012, net of accumulated depreciation	12,699	173,657	5,374	5,229	1,705	113,296	311,960
Additions	3,778	13,171	—	6,087	418	221,763	245,217
Transfers	22,917	292,390	—	4,673	—	(319,980)	—
Impairment	—	(17,033)	—	—	—	—	(17,033)
Depreciation provided during the year	(770)	(11,535)	(1,502)	(3,664)	(659)	—	(18,130)
Disposals/write-off	(101)	(89)	(4)	(302)	(146)	—	(642)
Exchange realignment	438	—	—	112	22	7	579
At 31 December 2012, net of accumulated depreciation	38,961	450,561	3,868	12,135	1,340	15,086	521,951
At 31 December 2012:							
Cost	40,677	520,871	17,115	19,368	3,145	15,086	616,262
Accumulated depreciation	(1,716)	(70,310)	(13,247)	(7,233)	(1,805)	—	(94,311)
Net carrying value	38,961	450,561	3,868	12,135	1,340	15,086	521,951

The Group's buildings are situated in Mainland China and held under medium term leases.

At 31 December 2013, certain of the Group's vessels with an aggregate net carrying amount of approximately US$505,019,000 (2012: US$264,079,000 (restated)) were pledged to secure bank loans granted to the Group (note 28).

15. PREPAID LAND LEASE PAYMENTS

	Group	
	2013	2012
	US$'000	US$'000
Carrying amount at 1 January	12,956	—
Additions	—	13,058
Recognised during the year	(317)	(257)
Exchange realignment	376	155
Carrying amount at 31 December	13,015	12,956
Current portion included in prepayments, deposits and other receivables	(339)	(329)
Non-current portion	12,676	12,627

The Group's leasehold lands are situated in Mainland China and are held under medium term leases.

16. INVESTMENT IN A SUBSIDIARY

	Company	
	2013	2012
	US$'000	US$'000
Unlisted investments, at cost	59,413	59,413

The amount due from a subsidiary included in the Company's current assets of US$410,818,000 (2012: US$385,658,000) is unsecured, interest-free and repayable on demand.

16. INVESTMENT IN A SUBSIDIARY (continued)

Particulars of the principal subsidiaries are as follows:

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of registered/ paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
SITC Group Company Limited	BVI 18 April 2006	US$10,000	100	—	Investment holding
SITC Shipping Group Company Limited	BVI 12 May 2006	US$1	—	100	Investment holding
SITC Shipowning Group Company Limited	BVI 12 May 2006	US$1	—	100	Investment holding
SITC Logistics Company Limited	BVI 12 May 2006	US$4	—	100	Investment holding
SITC Brokers Company Limited	Hong Kong 7 June 2006	HK$1	—	100	Investment holding
SITC Logistics (HK) Limited	Hong Kong 2 June 2006	HK$1	—	100	Investment holding
New SITC Development Company Limited	BVI 14 February 2006	US$10,000	—	100	Investment holding
SITC Development Company Limited	BVI 27 May 2004	US$1	—	100	Investment holding
SITC Logistics Co., Ltd. * #	PRC 8 March 2001	RMB50,000,000	—	100	Investment holding and provision of freight forwarding services for marine transportation
SITC Customs Broker Co., Ltd. ** #	PRC 8 October 1996	RMB10,000,000	—	100	Provision of declaration services
New SITC Logistics (Japan) Co., Ltd. #	Japan 6 December 1995	JPY10,000,000	—	100	Provision of freight forwarding services for marine transportation
SITC Transportation (Qingdao) Co., Ltd. * #	PRC 9 September 2005	RMB10,000,000	—	100	Provision of freight forwarding services for marine transportation
SITC Container Lines Co., Ltd.	Hong Kong 25 January 1994	HK$1,000,000	—	100	Provision of container marine transportation

16. INVESTMENT IN A SUBSIDIARY (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of registered/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
SITC Logistics Investment Pte. Ltd.	Singapore 15 December 2011	US$500,000	—	100	Investment holding
SITC Qingdao International Development Co. Ltd. * #	PRC 16 December 2010	US$10,000,000	—	100	Investment holding
SITC Shipping Agency (HK) Company Limited	Hong Kong 13 September 2004	HK$5,000,000	—	70	Provision of shipping agency and freight forwarding services for marine transportation
Ken Link Shipping Enterprises Inc.	Panama 25 June 1991	US$1,000,000	—	100	Vessel chartering
Sheng Lian Shipping Enterprises Inc.	Panama 19 May 1994	US$10,000	—	100	Vessel chartering
Xin Lian Shipping Enterprises Inc.	Panama 13 October 1992	US$10,000	—	100	Vessel chartering
Hai Lian Shipping Enterprises Inc.	Panama 10 August 2003	US$10,000	—	100	Vessel chartering
Jia Lian Shipping Enterprises Inc.	Panama 10 September 2003	US$10,000	—	100	Vessel chartering
SITC Xiamen Shipping Enterprises Inc.	Panama 6 December 2004	US$100	—	100	Vessel chartering
SITC Hong Kong Shipping Enterprises Inc.	Panama 6 December 2004	US$100	—	100	Vessel chartering
SITC Kaoshiung Shipping Enterprises Inc.	Panama 12 February 2007	US$10,000	—	100	Vessel chartering
SITC Tianjin Shipping Enterprises Inc.	Panama 17 May 2004	US$10,000	—	100	Vessel chartering
SITC Nagoya Shipping Enterprises Inc.	Panama 17 May 2004	US$10,000	—	100	Vessel chartering
SITC Hakata Shipping Company Limited	Hong Kong 30 November 2009	US$100	—	100	Vessel chartering
SITC Inchon Shipping Company Limited	Hong Kong 1 March 2011	US$100	—	100	Vessel chartering

16. INVESTMENT IN A SUBSIDIARY (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of registered/ paid-up capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
SITC Keelung Shipping Company Limited	Hong Kong 30 November 2009	US$100	—	100	Vessel chartering
SITC Pyeongtaek Shipping Company Limited	Hong Kong 30 November 2009	US$100	—	100	Vessel chartering
SITC Haiphong Shipping Company Limited	Hong Kong 11 October 2011	US$100	—	100	Vessel chartering
SITC Kwangyang Shipping Company Limited	Hong Kong 11 October 2011	US$100	—	100	Vessel chartering
SITC Qingdao Shipping Company Limited	Hong Kong 11 October 2011	US$100	—	100	Vessel chartering
SITC Dalian Shipping Company Limited	Hong Kong 1 December 2011	US$100	—	100	Vessel chartering
SITC Busan Shipping Company Limited	Hong Kong 11 October 2011	US$100	—	100	Vessel chartering
SITC Lianyungang Shipping Company Limited	Hong Kong 1 December 2011	US$100	—	100	Vessel chartering
SITC Fangcheng Shipping Company Limited	Hong Kong 1 December 2011	US$100	—	100	Vessel chartering
SITC Shenzhen Shipping Company Limited	Hong Kong 1 December 2011	US$100	—	100	Vessel chartering
SITC Osaka Shipping Company Limited	Hong Kong 1 December 2011	US$100	—	100	Vessel chartering
SITC Moji Shipping Company Limited	Hong Kong 1 December 2011	US$100	—	100	Vessel chartering
SITC Shimizu Shipping Company Limited	Hong Kong 1 December 2011	US$100	—	100	Vessel chartering
SITC Yokkaichi Shipping Company Limited	Hong Kong 1 December 2011	US$100	—	100	Vessel chartering
SITC Hochiminh Shipping Company Limited	Hong Kong 1 March 2011	US$100	—	100	Vessel chartering

16. INVESTMENT IN A SUBSIDIARY (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of registered/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
SITC Logi Korea Co., Ltd. #	Korea 18 June 2010	KRW300,000,000	—	100	Provision of freight forwarding services for marine transportation
SITC Brokers (Shandong) Co., Ltd. * #	PRC 25 April 2001	RMB1,500,000	—	100	Provision of vessel broking services
SITC Container Lines (Japan) Co., Ltd. #	Japan 9 September 1999	JPY10,000,000	—	100	Provision of container marine transportation
SITC Container Lines (Shanghai) Co., Ltd. * #	PRC 11 August 2008	RMB23,608,450	—	100	Provision of container marine transportation
SITC Container Lines (Korea) Co., Ltd. #	Korea 7 December 2002	KRW600,000,000	—	80	Provision of container marine transportation
SITC Shipping Agency (Qingdao) Co., Ltd. ** # ∫	PRC 19 October 2004	RMB2,000,000	—	49	Provision of shipping agency and freight forwarding services for marine transportation
SITC Shipping Agency (Tianjin) Co., Ltd. ** # Ω	PRC 27 July 2005	RMB2,000,000	—	49	Provision of shipping agency and freight forwarding services for marine transportation
SITC Shipping Agency (Shanghai) Co., Ltd. ** # @	PRC 17 March 2006	RMB2,000,000	—	49	Provision of shipping agency and freight forwarding services for marine transportation
SITC Shipping Asia PTE Limited	Singapore 11 June 2008	US$100,000	—	100	Provision of shipping agency and freight forwarding services for marine transportation
Qingdao SITC Logistics Park Management Company Limited * #	PRC 19 October 2011	RMB121,900,000	—	100	Provision of storage and terminal services
SITC Laem Chabang Shipping Company Limited	Hong Kong 16 March 2013	US$100	—	100	Vessel chartering
SITC Manila Shipping Company Limited	Hong Kong 16 March 2013	US$100	—	100	Vessel chartering

16. INVESTMENT IN A SUBSIDIARY (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of registered/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
SITC Bangkok Shipping Company Limited	Hong Kong 16 March 2013	US$100	—	100	Vessel chartering
SITC Jakarta Shipping Company Limited	Hong Kong 18 March 2013	US$100	—	100	Vessel chartering
SITC Huangshan Shipping Company Limited	Hong Kong 20 April 2011	HK$1	—	100	Vessel chartering
SITC Huashan Shipping Company Limited	Hong Kong 20 April 2011	HK$1	—	100	Vessel chartering
SITC Taishan Shipping Company Limited	Hong Kong 29 April 2010	HK$1	—	100	Vessel chartering
SITC Lushan Shipping Company Limited	Hong Kong 20 April 2011	HK$1	—	100	Vessel chartering
SITC Zhoushan Shipping Company Limited	Hong Kong 20 April 2011	HK$1	—	100	Vessel chartering

* Registered as wholly-foreign-owned enterprises under PRC law.

** Registered as limited liability companies under PRC law.

The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as they have not registered any official English names.

∫ The joint venture contract and articles of association of SITC Shipping Agency (Qingdao) Co., Ltd. stipulate that the board of directors of SITC Shipping Agency (Qingdao) Co., Ltd. should consist of three directors, two of which should be appointed by the Group and one director should be appointed by the non-controlling shareholder. The Group has the power to direct the relevant activities that significantly affect the returns of SITC Shipping Agency (Qingdao) Co., Ltd. and thus the Group is able to control SITC Shipping Agency (Qingdao) Co., Ltd. and hence has accounted for it as a subsidiary.

Ω The articles of association of SITC Shipping Agency (Tianjin) Co., Ltd. stipulate that it should have one executive director rather than a board of directors. Such executive director has been appointed by the Group since its establishment and the non-controlling shareholder has agreed to continue such arrangement during the term of the joint venture. Accordingly, the Group is able to control SITC Shipping Agency (Tianjin) Co., Ltd. and has accounted for it as a subsidiary.

@ By virtue of the entrustment arrangement entered into between SITC Container Lines Co. Ltd., a subsidiary indirectly held by the Company, and the non-controlling shareholders of SITC Shipping Agency (Shanghai) Co., Ltd., the Group has the power to govern the relevant activities that significantly affect the returns of SITC Shipping Agency (Shanghai) Co., Ltd.. Therefore, it is accounted for as a subsidiary of the Group.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

17. INVESTMENTS IN JOINT VENTURES

	Group	
	2013	2012
	US$'000	US$'000
Share of net assets	**26,906**	22,690

The amounts due from and to joint ventures are disclosed in note 23 to the financial statements.

The Group's trade receivable balances due from the joint ventures and trade payable balances due to the joint ventures are disclosed in notes 21 and 25 to the financial statements, respectively.

Particulars of the Group's joint ventures are as follows:

Name	Particulars of issued shares held/capital	Place of registration and operations and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
SITC Tsingtao Beer Warehouse Co., Ltd.	Registered capital of RMB10,000,000	PRC/ Mainland China	45%	40%	45%	Warehouse operation
Smart Logistics Co., Ltd.	Registered capital of RMB25,000,000	PRC/ Mainland China	51%	50%	51%	Provision of storage and terminal services
Singamas Logistics (Qingdao) Co., Ltd.	Registered capital of RMB47,455,820	PRC/ Mainland China	40%	40%	40%	Provision of storage and terminal services
Shandong Hanjin Logistics Co., Ltd.	Registered capital of RMB18,245,128	PRC/ Mainland China	30%	40%	30%	Provision of storage and terminal services
Bright Logistics (Shanghai) Co., Ltd.	Registered capital of RMB21,489,430	PRC/ Mainland China	50%	50%	50%	Warehouse operation
SITC Container Lines Vietnam Co., Ltd.	Registered capital of US$400,000	Vietnam	49%	50%	49%	Provision of shipping agency services
SITC Container Lines Thailand Co., Ltd.	Registered capital of THB12,000,000	Thailand	49%	50%	49%	Provision of shipping agency services
SITC-Dinh Logistics Co., Ltd.	Registered capital of VND225,723,742,500	Vietnam	49%	50%	49%	Provision of depot and warehousing services
SITC Logistics (Vietnam) Co., Ltd	Registered capital of VND4,174,000,000	Vietnam	50%	50%	50%	Provision of freight forwarding services
SITC Newport Logistics Co., Ltd	Registered capital of VND6,155,400,000	Vietnam	50%	50%	50%	Provision of depot and warehousing services

17. INVESTMENTS IN JOINT VENTURES (continued)

All of the above investments in joint ventures are indirectly held by the Company.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2013 US$'000	2012 US$'000
Share of the joint ventures' profit for the year	**7,742**	6,640
Share of the joint ventures' total comprehensive income	**8,256**	7,161
Aggregate carrying amount of the Group's investments in joint ventures	**26,906**	22,690

18. INVESTMENTS IN ASSOCIATES

	Group	
	2013 **US$'000**	2012 US$'000
Share of net assets	**10,400**	9,874

The Group's trade receivable balances due from the associates and trade payable balances due to the associates are disclosed in notes 21 and 25 to the financial statements, respectively.

Particulars of the associates are as follows:

Name	Particulars of issued shares held/capital	Place of registration and operations and business	Percentage of ownership interest attributable to the Group	Principal activities
SITC Container Lines Philippines, Inc.	Ordinary shares of Philippine Peso 100 each	Philippines	40%	Provision of shipping agency and freight forwarding services
Shandong i-Logistics Company Limited	Registered capital of RMB58,000,000	PRC/ Mainland China	25%	Provision of storage and terminal services
APL-SITC Terminal Holdings Pte. Ltd.	Ordinary shares of US$ 1 each	Singapore	20%	Investment holding

All of the above investments in associates are indirectly held by the Company.

18. INVESTMENTS IN ASSOCIATES (continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2013 US$'000	2012 US$'000
Share of the associates' profit for the year	**371**	548
Share of the associates' total comprehensive income	**657**	840
Aggregate carrying amount of the Group's investments in associates	**10,400**	9,874

19. HELD-TO-MATURITY INVESTMENTS

	Group	
	2013 US$'000	2012 US$'000
Unlisted investments, at amortised cost	**8,262**	—

20. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2013 US$'000	2012 US$'000
Club debenture, at fair value	**559**	527
Unlisted equity investments, at cost	**680**	680
	1,239	1,207

During the year, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to US$32,000 (2012: US$121,000).

At the end of the reporting period, the Group's unlisted equity investments were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

21. 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

21. TRADE RECEIVABLES (continued)

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 (note 6)	**163**	—
Impairment losses reversed (note 6)	—	(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.

Included in the Group's trade receivables are amounts due from the companies controlled by the Controlling Shareholder, the Group's joint ventures and the Group's associates of US$1,000 (2012: US$611,000), US$7,767,000 (2012: US$4,812,000) and US$37,000 (2012: US$2,693,000), respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	US$' 000	US$' 000	**US$' 000**	US$' 000
		(Restated)		
Prepayments	**25,725**	26,121	**—**	—
Deposits and other receivables	**11,456**	9,498	**61**	—
	37,181	35,619	**61**	—

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

23. DUE FROM/TO RELATED COMPANIES

An analysis of the balances with related companies is as follows:

	Group	
	2013	2012
	US$' 000	US$' 000
		(Restated)
Due from related companies		
Companies controlled by the Controlling Shareholder	**695**	315
Joint ventures	**301**	299
	996	614
Due to related companies		
Companies controlled by the Controlling Shareholder	**10,303**	34,404
Joint ventures	**3,225**	59
	13,528	34,463

The maximum outstanding amount due from the companies controlled by the Controlling Shareholder during the year was US$695,000 (2012: US$327,000). The balances with related companies are unsecured, interest-free and are repayable on demand.

None of the amounts due from related companies is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

24. CASH AND CASH EQUIVALENTS, RESTRICTED BANK BALANCES AND PLEDGED DEPOSITS

	Group		Company	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
		(Restated)		
Cash and bank balances	**31,020**	335,371	**136**	1,253
Short-term financial instruments (note (a))	**23,761**	—	—	—
Time deposits	**378,245**	45,461	—	—
	433,026	380,832	**136**	1,253
Less:				
Pledged time deposits	—	(80)	—	—
Restricted bank balances (note (b))	**(1,890)**	(979)	—	—
Cash and cash equivalents	**431,136**	379,773	**136**	1,253

Notes:

(a) Short-term financial instruments are listed in Shanghai Stock Exchange, which are pledged by short-term government bonds and with maturity periods ranging from 1 day to 14 days. Owing to their insignificant risk of changes in value and short maturities, the directors are in the opinion that they are cash equivalents.

(b) Restricted bank balances are restricted as to their use for the repayment of the secured borrowings.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to US$140,085,000 (2012: US$142,144,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods ranging between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

25. 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

Included in the Group's trade payables are amounts due to the companies controlled by the Controlling Shareholder, the Group's joint ventures and the Group's associates of US$499,000 (2012: Nil) and US$2,156,000 (2012: US$1,784,000) and US$739,000 (2012: US$777,000), respectively, which 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.

26. OTHER PAYABLES AND ACCRUALS

	Group	
	2013	2012
	US$'000	US$'000
		(Restated)
Other payables	**31,172**	15,072
Accruals	**11,072**	8,444
	42,244	23,516

Other payables are non-interest-bearing and have an average credit term of three months.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
	US$'000	US$'000	US$'000	US$'000
			(Restated)	(Restated)
Forward currency contracts	**4,716**	**712**	3,928	—
Interest rate swaps	**798**	**488**	—	1,225
	5,514	**1,200**	3,928	1,225
Portion classified as non-current:				
Interest rate swaps	**(690)**	**(345)**	—	(599)
Current portion	**4,824**	**855**	3,928	626

The carrying amounts of forward currency contracts and interest rate swaps are the same as their fair values. The above transactions involving derivative financial instruments are conducted with creditworthy banks.

Forward currency contracts – cash flow hedges

Forward currency contracts are designated as hedging instruments in respect of expected future sales in Japanese Yen to which the Group has firm commitments. The forward currency contract balances vary with the levels of expected foreign currency sales and changes in foreign exchange forward rates.

The terms of the forward currency contracts match the terms of the commitments. The cash flow hedges relating to expected future sales in 2014 were assessed to be highly effective and net gains of US$4,616,000 (2012: US$4,641,000) were included in the hedging reserve as follows:

	Group	
	2013	2012
	US$'000	US$'000
Total fair value gains included in the hedging reserve	**12,588**	5,476
Reclassified from other comprehensive income and recognised in profit or loss	**(7,972)**	(835)
Net gains on cash flow hedges	**4,616**	4,641

Interest rate swaps

The Group has entered into various interest rate swap contracts to manage its interest rate exposures. These interest rate swap contracts are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of interest rate swaps amounting to US$1,534,000 were charged to profit or loss during the year (2012: US$884,000 (restated)).

28. INTEREST-BEARING BANK BORROWINGS

Group

	2013			2012		
	Effective interest rate (%)	Maturity	US$'000	Effective interest rate (%)	Maturity	US$'000 (Restated)
Current						
Bank loans - secured	**1.26%**	**2014**	**10,000**	—	—	—
	1.27%	**2014**	**4,000**	—	—	—
	1.35%	**2014**	**5,000**	—	—	—
Current portion of long term bank loans - secured	**LIBOR+0.8 - LIBOR+2.75**	**2014**	**35,873**	LIBOR+0.8 - LIBOR+2.7	2013	22,058
	2.39	**2014**	**792**	2.39	2013	759
	2.49	**2014**	**792**	2.49	2013	762
			56,457			23,579
Non-current						
Bank loans - secured	**LIBOR+0.8 - LIBOR+2.75**	**2015-2023**	**252,624**	LIBOR+0.8 - LIBOR+2.7	2014-2022	151,904
	2.39	**2015-2022**	**6,048**	2.39	2014-2022	6,840
	2.49	**2015-2022**	**6,035**	2.49	2014-2022	6,844
			264,707			165,588
			321,164			189,167

28. INTEREST-BEARING BANK BORROWINGS (continued)

Group (continued)

	Group	
	2013	2012
	US$'000	US$'000
		(Restated)
Analysed into bank loans repayable:		
Within one year or on demand	**56,457**	23,579
In the second year	**37,457**	23,288
In the third to fifth years, inclusive	**121,972**	80,069
Beyond five years	**105,278**	62,231
	321,164	189,167

Notes:

(a) The Group's bank loans are secured by mortgages over the Group's vessels which had an aggregate carrying value at the end of the reporting period of approximately US$505,019,000 (2012: US$264,079,000 (restated)).

(b) Except for certain bank loans of JPY10,465,491,000 (equivalent to approximately US$99,097,000) which are denominated in Japanese Yen as at 31 December 2013 (2012: JPY919,941,000 (equivalent to approximately US$10,690,000), all remaining bank loans are denominated in US dollars.

(c) SITC Maritime (Group) Company Limited, the company controlled by the Controlling Shareholder, has guaranteed certain of the Group's bank loans up to US$50,100,000 (2012: US$56,300,000 (restated)) at the end of the reporting period.

(d) SITC Shipowning, the company controlled by the Controlling Shareholder, has guaranteed certain of the Group's bank loans up to US$36,212,000 (2012: Nil) at the end of the reporting period.

29. DEFERRED TAX

The movements in deferred tax liabilities during the year are as follows:

Group

	Withholding taxes	
	2013	2012
	US$'000	US$'000
At 1 January	—	49
Deferred tax credited to profit or loss during the year (note 10)	—	(49)
At 31 December	—	—

29. DEFERRED TAX (continued)

Group (continued)

The Group had no tax losses arising in Hong Kong during the year that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose (2012: Nil). The Group has tax losses arising in Mainland China of US$4,403,000 (2012: US$5,990,000), that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2013, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

30. SHARE CAPITAL

Shares

	2013		2012	
	HK$'000	**US$'000 equivalent**	HK$'000	US$'000 equivalent
Authorised:				
5,000,000,000 ordinary shares of HK$0.1 each	**500,000**		500,000	
Issued and fully paid:				
2,585,273,000 (2012: 2,584,500,000) ordinary shares of HK$0.1 each	**258,527**	**33,333**	258,450	33,323

30. SHARE CAPITAL (continued)

Shares (continued)

A summary of the transactions during the year in the Company's issued share capital is as follows:

	Number of issued and fully paid ordinary shares	Issued share capital		Share premium account		Treasury shares		Total
		HK$'000	US$'000 equivalent	HK$'000	US$'000 equivalent	HK$'000	US$'000 equivalent	US$'000 equivalent
At 1 January 2012	2,589,700,000	259,410	33,446	3,174,593	409,064	(440)	(56)	442,454
Cancellation of 2012 purchased shares (note (a))	—	(440)	(56)	—	—	440	56	—
Repurchase of shares (note (b))	(5,400,000)	(540)	(70)	(9,812)	(1,263)	—	—	(1,333)
Share options exercised (note (c))	200,000	20	3	554	71	—	—	74
At 31 December 2012 and 1 January 2013	2,584,500,000	258,450	33,323	3,165,335	407,872	—	—	441,195
Share options exercised (note (d))	773,000	77	10	1,455	274	—	—	284
At 31 December 2013	2,585,273,000	258,527	33,333	3,166,790	408,146	—	—	441,479

Notes:

(a) In 2011, the Company purchased in aggregate 10,300,000 ordinary shares of the Company at an aggregate consideration, before expenses, of approximately HK$18,564,000 (equivalent to approximately US$2,383,000). There were 5,900,000 purchased shares cancelled in 2011 and the remaining 4,400,000 purchased shares were cancelled in 2012.

(b) During the year ended 31 December 2012, the Company purchased in aggregate 5,400,000 ordinary shares of the Company for an aggregate consideration, before expenses, of approximately HK$10,352,000 (equivalent to approximately US$1,333,000). All purchased shares were cancelled in 2012.

(c) During the year ended 31 December 2012, the subscription rights attaching to 200,000 share options were exercised at the subscription price of HK$1.968 per share (note 31), resulting in the issue of 200,000 shares of HK$0.1 each for a total cash consideration, before expenses, of approximately HK$394,000 (equivalent to approximately US$51,000). An amount of US$23,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

(d) During the year ended 31 December 2013, the subscription rights attaching to 773,000 share options were exercised at the subscription price of HK$1.968 per share (note 31), resulting in the issue of 773,000 shares of HK$0.1 each for a total cash consideration, before expenses, of approximately HK$1,521,000 (equivalent to approximately US$196,000). An amount of US$88,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

Share options

Details of the Company's share option schemes and the share options issued under the schemes are included in note 31 to the financial statements.

31. SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

The Company adopted a share option scheme in 2010 (the "Pre-IPO Share Option Scheme"). The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of certain employees, executives or officers of the Company made or may have made to the growth of the Company and/or the listing of shares on the Hong Kong Stock Exchange (the "Stock Exchange"). Eligible participants of the Pre-IPO Share Option Scheme include the Company's directors, including independent non-executive directors, and other employees of the Group. Upon the fulfilment of certain conditions, the Pre-IPO Share Option Scheme became effective on 31 March 2010 and will remain effective for five years commencing on the listing date of the Company on the Stock Exchange. The Pre-IPO Share Option Scheme was approved and adopted on 10 September 2010.

The aggregate number of shares that may be issued pursuant to the Pre-IPO Share Option Scheme shall not exceed 80,000,000 shares. The options granted to the participants pursuant to the Pre-IPO Share Option Scheme vest at the rate of 25% of each such grant for each year measured from the date of the first anniversary of the listing date of the Company, provided these employees remain in service at the respective vesting date.

The exercise price of share options is HK$3.824 per share, which was determined at a price equivalent to a 20% discount to the IPO price of the Company's shares of HK$4.78 per share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Pre-IPO Share Option Scheme during the year:

	2013		2012	
	Weighted average exercise price HK$ per share	**Number of options '000**	Weighted average exercise price HK$ per share	Number of options '000
At 1 January	**3.824**	**73,200**	3.824	75,640
Forfeited during the year	**3.824**	**(1,880)**	3.824	(2,440)
At 31 December	**3.824**	**71,320**	3.824	73,200

31. SHARE OPTION SCHEMES (continued)

Pre-IPO Share Option Scheme (continued)

The exercise prices and exercise periods of the share options outstanding under the Pre-IPO Share Option Scheme outstanding as at the end of the reporting period are as follows:

2013

Number of options '000	Exercise price* HK$ per share	Exercise period
11,320	**3.824**	any time commencing from the first anniversary of the IPO date
20,000	**3.824**	any time commencing from the second anniversary of the IPO date
20,000	**3.824**	any time commencing from the third anniversary of the IPO date
20,000	**3.824**	any time commencing from the fourth anniversary of the IPO date
71,320		

2012

Number of options '000	Exercise price* HK$ per share	Exercise period
13,200	3.824	any time commencing from the first anniversary of the IPO date
20,000	3.824	any time commencing from the second anniversary of the IPO date
20,000	3.824	any time commencing from the third anniversary of the IPO date
20,000	3.824	any time commencing from the fourth anniversary of the IPO date
73,200		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted was US$2,084,000 in 2010, of which the Group recognised a share option expense of US$174,000 (2012: US$365,000) during the year.

31. SHARE OPTION SCHEMES (continued)

Pre-IPO Share Option Scheme (continued)

The fair value of equity-settled share options at the date of grant was determined by Jones Lang LaSalle Sallmanns using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the valuation of share options granted:

IPO date	30 September 2010
Maturity date	30 September 2015
Stock price	US$1.0
Exercise price*	HK$3.824 (80% of the IPO price)
Volatility (%)	56.70
Risk-free interest rate (%)	2.23
Dividends yield (%)	2.00
Pre-forfeiture rate (%)	0.00
Post-forfeiture rate (%)	5.00
Early exercise level	3

* The expected exercise price is subject to the adjustments in the event of any capitalisation issue, rights issue, open offer, sub-division, consolidation of shares, or reduction of capital of the Company.

The expected volatility is indicative of future trends, which may also not necessarily be the actual outcomes.

There is no cash settlement alternative. The Company has not developed a past practice of cash settlement.

At the end of the reporting period, the Company had 71,320,000 (2012: 73,200,000) share options outstanding under the Pre-IPO Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 71,320,000 additional ordinary shares of the Company and additional share capital of HK$7,132,000 (equivalent to approximately US$920,000) and share premium of HK$265,596,000 (equivalent to approximately US$34,252,000).

Subsequent to the end of the reporting period, a total of 200,000 share options lapsed.

31. SHARE OPTION SCHEMES (continued)

Post-IPO Share Option Scheme

The Company operates another share option scheme (the "Post-IPO Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Post-IPO Share Option Scheme include the Company's directors, including independent non-executive directors, and other employees of the Group. The Post-IPO Share Option Scheme became effective on 10 September 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Post-IPO Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Post-IPO Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, or in excess of 0.1% of the shares of the Company in issue at any time, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

There is no minimum period that the options must be held before they become exercisable, and the options granted shall be exercised within the period decided by the board of directors, however no options shall be exercised 10 years after the date of grant. Each grantee shall pay a consideration of HK$1.00 at the time the option is granted.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

31. SHARE OPTION SCHEMES (continued)

Post-IPO Share Option Scheme (continued)

The following share options were outstanding under the Post-IPO Share Option Scheme during the year:

	2013		2012	
	Weighted average exercise price HK$ per share	Number of options '000	Weighted average exercise price HK$ per share	Number of options '000
At 1 January	**1.968**	**11,400**	1.968	11,600
Forfeited during the year	**1.968**	**(250)**	—	—
Exercised during the year	**1.968**	**(773)**	1.968	(200)
At 31 December	**1.968**	**10,377**	1.968	11,400

The weighted average share price at the date of exercise for share options exercised during the year was HK$2.746 per share (2012: HK$2.112 per share).

The exercise prices and exercise periods of the share options outstanding under the Post-IPO Share Option Scheme outstanding as at the end of the reporting period are as follows:

2013

Number of options '000	Exercise price* HK$ per share	Exercise period
4,927	1.968	25-10-12 to 25-10-21
5,450	1.968	25-10-13 to 25-10-21
10,377		

31. SHARE OPTION SCHEMES (continued)

Post-IPO Share Option Scheme (continued)

2012

Number of options '000	Exercise price* HK$ per share	Exercise period
5,600	1.968	25-10-12 to 25-10-21
5,800	1.968	25-10-13 to 25-10-21
11,400		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted was US$1,347,000 in 2011, of which the Group recognised a share option expense of US$272,000 (2012: US$887,000) during the year.

The fair value of equity-settled share options at the date of grant was determined by BMI Appraisals Limited using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the valuation of share options granted:

Dividend yield (%)	6.12
Expected volatility (%)	53.25
Risk-free interest rate (%)	1.44
Expected life of options (year)	10
Weighted average share price (HK$ per share)	3.5

The expected life of the options was the contractual life of the options and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 10,377,000 (2012: 11,400,000) share options outstanding under the Post-IPO Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 10,377,000 additional ordinary shares of the Company and additional share capital of HK$1,038,000 (equivalent to approximately US$134,000) and share premium of HK$19,384,000 (equivalent to approximately US$2,450,000).

Subsequent to the end of the reporting period, a total of 100,000 share options exercised.

32. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 61 to 62 of the financial statements.

(a) Capital redemption reserve

The capital redemption reserve arose from the shares repurchased and cancelled during the year. Further details of these shares repurchased and cancelled are set out in note 30 to the financial statements.

(b) Merger reserve

The merger reserve comprises the excess of the Company's share of the nominal value of the paid-up capital of the subsidiaries acquired, over the Company's cost of acquisition of the subsidiaries under common control; the capital contribution from the then holding companies of the Group's subsidiaries; and the deemed distributions to the Controlling Shareholder and the acquisition of subsidiaries in relation to the business combination under common control.

(c) PRC reserve funds

Pursuant to the relevant laws and regulations, a portion of the profits of the Company's subsidiaries which are established in the PRC has been transferred to reserve funds which are restricted as to use.

(d) Capital reserve

The capital reserve represents the difference between the amount of share repurchase consideration and the amount of the subscription monies of repurchased shares.

(e) Share-based compensation reserve

The share-based compensation reserve represents the difference between the fair value and consideration of the shares of the Company or its holding companies purchased by the Group's employees.

32. RESERVES (continued)

Group (continued)

(f) Share option reserve

The share option reserve comprises the fair value of the share options granted which are yet to be exercised as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

(g) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net gain or loss on the hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flows in accordance with the accounting policy adopted for cash flow hedges.

(h) Available-for-sale investment revaluation reserve

The available-for-sale investment revaluation reserve represents unrealised gains and losses arising from changes in fair value of available-for-sale investments.

(i) Exchange fluctuation reserve

The exchange fluctuation reserve represents the differences arising from the translation of assets and liabilities and profit or loss of subsidiaries, whose functional currencies are not the US dollar, into the presentation currency of the Group.

32. RESERVES (continued)

Company

	Share premium account US$'000	Treasury shares US$'000	Capital redemption reserve US$'000	Share option reserve US$'000	Retained profits US$'000	Proposed final dividend US$'000	Total US$'000
At 1 January 2012	409,064	(56)	132	1,614	3,654	39,997	454,405
Total comprehensive income for the year	—	—	—	—	38,510	—	38,510
Final 2011 dividend declared	—	—	—	—	—	(39,997)	(39,997)
Cancellation of repurchased shares (note 30)	—	56	—	—	—	—	56
Repurchase of shares (note 30)	(1,263)	—	70	—	(70)	—	(1,263)
Issue of shares pursuant to the exercise of share options (note 30)	71	—	—	(23)	—	—	48
Transfer of share option reserve upon the forfeiture or expiry of share options	—	—	—	(64)	64	—	—
Proposed final 2012 dividend (note 12)	—	—	—	—	(40,010)	40,010	—
Share option expense (note 31)	—	—	—	1,252	—	—	1,252
At 31 December 2012 and 1 January 2013	407,872	—	202	2,779	2,148	40,010	453,011
Total comprehensive income for the year	—	—	—	—	**106,750**	—	**106,750**
Final 2012 dividend declared	—	—	—	—	**44**	**(40,010)**	**(39,966)**
Special dividend paid (note 12)	—	—	—	—	**(33,344)**	—	**(33,344)**
Issue of shares pursuant to the exercise of share options (note 30)	**274**	—	—	**(88)**	—	—	**186**
Transfer of share option reserve upon the forfeiture or expiry of share options	—	—	—	**(78)**	**78**	—	—
Proposed final 2013 dividend (note 12)	—	—	—	—	**(49,988)**	**49,988**	—
Share option expense (note 31)	—	—	—	**446**	—	—	**446**
At 31 December 2013	**408,146**	—	**202**	**3,059**	**25,688**	**49,988**	**487,083**

33. CONTINGENT LIABILITIES

At the end of the reporting period, neither the Group nor the Company had any significant contingent liabilities.

34. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain of its vessels (note 14 to the financial statements) and prepaid land lease (note 15 to the financial statements) under operating lease arrangements. Leases for vessels are negotiated for terms ranging from 10 to 21 months and those for land are for terms of three years and ten years.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2013	2012
	US$'000	US$'000
		(Restated)
Within one year	**10,341**	4,395
In the second year to fifth years, inclusive	**3,749**	—
After five years	**462**	—
	14,552	4,395

(b) As lessee

The Group leases certain of its containers, container vessels, office properties and warehouses under operating leases arrangements. Leases for containers are negotiated for terms ranging from one to ten years, those for vessels are for terms ranging from one to two years, those for office properties and warehouses are for terms ranging from one to five years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2013	2012
	US$'000	US$'000
		(Restated)
Within one year	**76,444**	65,468
In the second to fifth years, inclusive	**78,334**	64,217
After five years	**771**	9,950
	155,549	139,635

35. COMMITMENTS

In addition to the operating lease commitments detailed in note 34 above, the Group had the following capital commitments at the end of the reporting period:

	2013 US$' 000	2012 US$' 000 (Restated)
Contracted, but not provided for:		
Vessels	**255,880**	53,005

36. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Group	
	2013 US$' 000	2012 US$' 000 (Restated)
Companies controlled by the Controlling Shareholder:		
Container marine transportation services income	**16,453**	15,536
Container vessel rental expenses	**1,987**	2,460
Shipping agency fee expenses	**1,203**	466
Vessel management income	**73**	46
Freight forwarding services expense	**33**	—
Freight forwarding services income	**28**	—
Custom services income	**2**	—
Land and building rental expenses	—	5
Property management services expenses	—	1

36. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

	Group	
	2013	2012
	US$'000	US$'000
		(Restated)
Associates:		
Container marine transportation services income*	18,521	11,116
Shipping agency fee expenses*	493	153
Joint ventures :		
Container marine transportation services income*	56,911	94,186
Freight forwarding services income for marine transportation*	2,056	2,381
Warehousing expenses*	8,850	7,884
Freight forwarding services expenses*	163	751
Land and building rental income*	889	553
Shipping agency fee income*	1,502	—
Shipping agency fee expenses*	2,560	—
Customs service income*	12	—

The above transactions were conducted in accordance with the terms and conditions mutually agreed by the parties involved.

(b) Compensation of key management personnel of the Group:

	2013	2012
	US$'000	US$'000
Short term employee benefits	2,659	2,163
Post-employment benefits	48	36
Equity-settled share option expense	169	103
Total compensation paid to key management personnel	2,876	2,302

Further details of the directors' and chief executive's emoluments are included in note 8 to the financial statements.

36. RELATED PARTY TRANSACTIONS (continued)

(c) Other transactions with related parties:

During the year, the Group acquired the Acquired Entities from a company controlled by the Controlling Shareholder for an aggregate consideration of US$50,614,000. Further details of this transaction are included in note 1 to the financial statements.

The companies controlled by the Controlling Shareholder have guaranteed certain of the Group's bank loans up to US$86,312,000 (2012: US$56,300,000 (restated)) at the end of the reporting period, as further detailed in note 28 to the financial statements.

Except for item (b) and those transactions identified with "*", the above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group

As at 31 December 2013

Financial assets

	Financial assets at fair value through profit or loss-designated as such upon initial recognition US$'000	Held-to-maturity investments US$'000	Loans and receivables US$'000	Available-for-sale financial assets US$'000	Total US$'000
Held-to-maturity investments	—	8,262	—	—	8,262
Available-for-sale investments	—	—	—	1,239	1,239
Trade receivables	—	—	76,560	—	76,560
Financial assets included in prepayments, deposits and other receivables	—	—	11,456	—	11,456
Due from related companies	—	—	996	—	996
Derivative financial instruments	5,514	—	—	—	5,514
Restricted bank balances	—	—	1,890	—	1,890
Cash and cash equivalents	—	—	431,136	—	431,136
	5,514	8,262	522,038	1,239	537,053

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Group (continued)

As at 31 December 2013 (continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss-designated as such upon initial recognition US$'000	Financial liabilities at amortised cost US$'000	Total US$'000
Trade payables	—	145,462	145,462
Financial liabilities included in other payables and accruals	—	31,172	31,172
Due to related companies	—	13,528	13,528
Derivative financial instruments	1,200	—	1,200
Interest-bearing bank borrowings	—	321,164	321,164
	1,200	511,326	512,526

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Group (continued)

As at 31 December 2012

Financial assets

	Financial assets at fair value through profit or loss–designated as such upon initial recognition US$'000 (Restated)	Loans and receivables US$'000 (Restated)	Available-for-sale financial assets US$'000 (Restated)	Total US$'000 (Restated)
Available-for-sale investments	—	—	1,207	1,207
Trade receivables	—	72,789	—	72,789
Financial assets included in prepayments, deposits and other receivables	—	9,498	—	9,498
Due from related companies	—	614	—	614
Derivative financial instruments	3,928	—	—	3,928
Pledged deposits	—	80	—	80
Restricted bank balances	—	979	—	979
Cash and cash equivalents	—	379,773	—	379,773
	3,928	463,733	1,207	468,868

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Group (continued)

As at 31 December 2012 (continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss–designated as such upon initial recognition US$'000 (Restated)	Financial liabilities at amortised cost US$'000 (Restated)	Total US$'000 (Restated)
Trade payables	—	138,299	138,299
Financial liabilities included in other payables and accruals	—	15,072	15,072
Due to related companies	—	34,463	34,463
Derivative financial instruments	1,225	—	1,225
Interest-bearing bank borrowings	—	189,167	189,167
	1,225	377,001	378,226

Company

Financial assets

	2013		2012	
	Loans and receivables US$'000	**Total US$'000**	Loans and receivables US$'000	Total US$'000
Financial assets included in prepayments, deposits and other receivables	**61**	**61**	—	—
Due from a subsidiary	**410,818**	**410,818**	385,658	385,658
Dividend receivable	**49,988**	**49,988**	40,010	40,010
Cash and cash equivalents	**136**	**136**	1,253	1,253
	461,003	**461,003**	426,921	426,921

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Group

	Carrying amounts		Fair values	
	2013	2012	**2013**	2012
	US$'000	US$'000	**US$'000**	US$'000
		(Restated)		(Restated)
Financial assets				
Club debentures, at fair value of available-for-sale investments	**559**	527	**559**	527
Derivative financial instruments	**5,514**	3,928	**5,514**	3,928
	6,073	4,455	**6,073**	4,455
Financial liabilities				
Derivative financial instruments	**1,200**	1,225	**1,200**	1,225

The unlisted equity investments of the Group's available-for-sale investments were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably.

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, pledged deposits, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from/to related companies, amount due from a subsidiary and dividend receivables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of the financial assets and liabilities are included at the amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of club debenture of available-for-sale investments at fair value are based on quoted market prices. The directors believe that the estimated fair values resulting from the changes in quoted market prices, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair values of held-to-maturity financial instruments and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The non-performance risk from the Group for its interest-bearing bank borrowings as at 31 December 2013 was assessed to be insignificant.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions of creditworthy banks. Derivative financial instruments, including forward currency contracts and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts and interest rate swaps are the same as their fair values.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Group

As at 31 December 2013:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Club debentures, at fair value of available-for-sale investments	559	—	—	559
Derivative financial instruments	—	5,514	—	5,514
	559	5,514	—	6,073

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Assets measured at fair value: (continued)

Group (continued)

As at 31 December 2012:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Club debentures, at fair value of available-for-sale investments	527	—	—	527
Derivative financial instruments	—	3,928	—	3,928
	527	3,928	—	4,455

Liabilities measured at fair value:

Group

As at 31 December 2013:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	**Significant observable inputs (Level 2) US$'000**	**Significant unobservable inputs (Level 3) US$'000**	**Total US$'000**
Derivative financial instruments	—	**1,200**	—	**1,200**

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Liabilities measured at fair value: (continued)

Group (continued)

As at 31 December 2012:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000 (Restated)	Significant observable inputs (Level 2) US$'000 (Restated)	Significant unobservable inputs (Level 3) US$'000 (Restated)	Total US$'000 (Restated)
Derivative financial instruments	—	1,225	—	1,225

During the year, there were no transfer of fair value measurements between Level 1 and Level 2 (2012: Nil) and no transfer into or out of Level 3 for both financial assets and financial liabilities (2012: Nil).

The Company did not have any financial assets/liabilities measured at fair value as at 31 December 2013 (2012: Nil).

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group's policy is to maintain between 5% and 50% of its interest-bearing borrowings at fixed interest rates. To manage this mix in a cost-effective manner, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2013, after taking into account the effect of the interest rate swaps, approximately 39% (2012: 31% (restated)) of the Group's interest-bearing borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax US$'000
2013		
United States dollar	**100**	**(997)**
Japanese Yen	**100**	**(991)**
United States dollar	**(100)**	**997**
Japanese Yen	**(100)**	**991**
2012 (Restated)		
United States dollar	100	(1,191)
Japanese Yen	100	(107)
United States dollar	(100)	1,191
Japanese Yen	(100)	107

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 68.1% (2012: 69.1% (restated)) of the Group's sales were denominated in currencies other than the functional currency of the operating units making the sale, whilst approximately 42.9% (2012: 43.3% (restated)) of costs were denominated in the units' functional currencies. The Group requires all its operating units to use forward currency contracts to manage the foreign currency exposures on transactions in excess of certain amounts of Japanese Yen and Renminbi for which payments are anticipated in more than one month after the Group has entered into firm commitments for sales. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm underlying sales or purchase commitment is in place.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

At 31 December 2013, the Group had hedged 11.7% (2012: 7.3% (restated)) of its foreign currency sales for which firm commitments existed at the end of the reporting period.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in rate %	Increase/ (decrease) in profit before tax US$'000
2013		
If United States dollar weakens against Renminbi	**5.0**	**5,590**
If United States dollar strengthens against Renminbi	**(5.0)**	**(5,590)**
If United States dollar weakens against Japanese Yen	**5.0**	**689**
If United States dollar strengthens against Japanese Yen	**(5.0)**	**(689)**
2012		
If United States dollar weakens against Renminbi	5.0	12,067
If United States dollar strengthens against Renminbi	(5.0)	(12,067)
If United States dollar weakens against Japanese Yen	5.0	822
If United States dollar strengthens against Japanese Yen	(5.0)	(822)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale investments, amounts due from related companies, other receivables and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the financial statements.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Group's policy is that not more than 90% of borrowings should mature in any 12-month period. 18% of the Group's debts would mature in less than one year as at 31 December 2013 (2012: 13% (restated)) based on the carrying values of borrowings included in the financial statements.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

	2013				
	Within one year or on demand US$'000	In the second year US$'000	In the third to fifth years, inclusive US$'000	In the sixth to tenth years, inclusive US$'000	Total US$'000
Interest-bearing bank borrowings	**63,762**	**43,807**	**135,615**	**113,516**	**356,700**
Trade payables	**145,462**	—	—	—	**145,462**
Financial liabilities included in other payables and accruals	**31,170**	—	—	—	**31,170**
Due to related companies	**13,528**	—	—	—	**13,528**
Derivative financial instruments	**855**	**143**	**184**	**18**	**1,200**
	254,777	**43,950**	**135,799**	**113,534**	**548,060**

	2012				
	Within one year or on demand US$'000 (Restated)	In the second year US$'000 (Restated)	In the third to fifth years, inclusive US$'000 (Restated)	In the sixth to tenth years, inclusive US$'000 (Restated)	Total US$'000 (Restated)
Interest-bearing bank borrowings	28,634	27,772	89,879	66,185	212,470
Trade payables	138,299	—	—	—	138,299
Financial liabilities included in other payables and accruals	15,072	—	—	—	15,072
Due to related companies	34,463	—	—	—	34,463
Derivative financial instruments	626	135	365	99	1,225
	217,094	27,907	90,244	66,284	401,529

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 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 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 gearing ratios as at the end of the reporting periods were as follows:

Group

	2013	2012
	US$'000	US$'000
		(Restated)
Interest-bearing bank borrowings	**321,164**	189,167
Trade payables	**145,462**	138,299
Other payables and accruals	**42,244**	23,516
Due to related companies	**13,528**	34,463
Less: Cash and cash equivalents	**(431,136)**	(379,773)
Net debt	**91,262**	5,672
Equity attributable to owners of the parent	**743,349**	695,551
Hedging reserve	**(8,544)**	(3,928)
Adjusted capital	**734,805**	691,623
Capital and net debt	**826,067**	697,295
Gearing ratio	**11%**	1%

40. COMPARATIVE AMOUNTS

As further explained in note 1 to the financial statements, due to the acquisition of subsidiaries under common control during the year, certain comparative amounts have been restated, and a third statement of financial position as at 1 January 2012 has been presented.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 11 March 2014.

Five Year Financial Summary

A summary of consolidated results and of the assets, liabilities and non-controlling interests of SITC International Holdings Company Limited (the "Company") and its subsidiaries (together the "Group") for the last five financial years, as extracted from the published audited financial statements or the prospectus issued on 20 September 2010 in connection with the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited on 6 October 2010 and restated as appropriate, is set out below. The amounts for each year in the five year summary have been adjusted as a result of the common control business combination, as detailed in notes 1 to the financial statements.

The summary below does not form part of the audited financial statements.

	Year ended 31 December				
	2013	2012	2011	2010	2009
	US$'000	US$'000	US$'000	US$'000	US$'000
		(Restated)	(Restated)	(Restated)	
RESULTS					
REVENUE	**1,267,329**	1,212,431	1,066,282	857,954	676,142
Cost of sales	**(1,124,350)**	(1,070,664)	(947,800)	(693,391)	(612,590)
Gross profit	**142,979**	141,767	118,482	164,563	63,552
Other income and gains	**37,772**	14,205	34,478	2,374	4,176
Administrative expenses	**(65,150)**	(60,682)	(52,115)	(41,251)	(34,678)
Other expenses and losses	**(185)**	(18,325)	(4,576)	(13,650)	(1,614)
Finance costs	**(8,177)**	(3,369)	(2,685)	(1,849)	(1,725)
Share of profits and losses of:					
Joint ventures	**7,742**	6,640	5,145	4,522	3,382
Associates	**371**	548	258	133	74
PROFIT BEFORE TAX	**115,352**	80,784	98,987	114,842	33,167
Income tax expense	**(2,251)**	(2,293)	(2,004)	(1,518)	(567)
PROFIT FOR THE YEAR	**113,101**	78,491	96,983	113,324	32,600
Profit attributable to:					
Owners of the parent	**112,410**	83,920	95,199	112,604	32,224
Non-controlling interests	**691**	(5,429)	1,784	720	376
	113,101	78,491	96,983	113,324	32,600

	As at 31 December				
	2013	2012	2011	2010	2009
	US$'000	US$'000	US$'000	US$'000	US$'000
		(Restated)	(Restated)	(Restated)	
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**1,269,368**	1,080,990	900,167	819,865	337,603
TOTAL LIABILITIES	**(524,077)**	(387,851)	(243,098)	(222,382)	(237,183)
NON-CONTROLLING INTERESTS	**(1,942)**	2,412	(4,836)	(2,903)	(2,082)
	743,349	695,551	652,233	594,580	98,338