SITC International Holdings Company Limited
海豐國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1308)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

Financial Highlights

- Revenue for the year ended 31 December 2012 was approximately US$1,204.6 million, increased by approximately 13.6% as compared with approximately US$1,060.0 million for the year ended 31 December 2011.

- Gross profit for the year ended 31 December 2012 increased by 20.6% from approximately US$114.7 million for the year ended 31 December 2011 to approximately US$138.4 million for the corresponding period in year 2012, which translated to an increase in gross profit margin of approximately 11.5% for the year ended 31 December 2012 from 10.8% for the year ended 31 December 2011.

- Profit for the year ended 31 December 2012 decreased by approximately 0.6% to approximately US$93.8 million from approximately US$94.4 million for the corresponding period in year 2011, which correspond to a net profit margin of approximately 7.8% for the year ended 2012 compared to approximately 8.9% for the corresponding period in the year 2011.

- Basic earnings per share for the year ended 31 December 2012 amounted to 3.61 US cents (2011: 3.60 US cents).

The board (the "**Board**") of directors (the "**Directors**") of SITC International Holdings Company Limited (the "**Company**" or "**SITC**", together with its subsidiaries, the "**Group**") is pleased to announce the consolidated results of the Group for the year ended 31 December 2012, together with the restated comparative figures for the year ended 31 December 2011, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") as below.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
	Notes	**2012**	**2011**
		US$'000	*US$'000*
			(Restated)
REVENUE	3	1,204,615	1,060,004
Cost of sales		(1,066,258)	(945,304)
Gross profit		138,357	114,700
Other income and gains	4	14,205	34,478
Administrative expenses		(60,674)	(52,089)
Other expenses and losses		(842)	(4,509)
Finance costs	6	(2,141)	(1,622)
Share of profits and losses of:			
Joint ventures		6,640	5,145
Associates		548	258
PROFIT BEFORE TAX	5	96,093	96,361
Income tax expense	7	(2,293)	(2,004)
PROFIT FOR THE YEAR		93,800	94,357

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

		Year ended 31 December	
	Notes	**2012**	**2011**
		US$'000	*US$'000*
			(Restated)
OTHER COMPREHENSIVE INCOME			
Available-for-sale investments:			
Changes in fair value		121	—
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the year		5,476	(2,360)
Reclassification adjustments for losses/(gains) included in profit or loss		(835)	4,207
		4,641	1,847
Exchange differences on translation of foreign operations		2,394	2,025
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		7,156	3,872
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		100,956	98,229
Profit for the year attributable to:			
Owners of the parent		93,488	93,558
Non-controlling interests		312	799
		93,800	94,357
Total comprehensive income attributable to:			
Owners of the parent		100,985	97,407
Non-controlling interests		(29)	822
		100,956	98,229
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic (US cents per share)		3.61	3.60
Diluted (US cents per share)		3.61	3.60

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	**31 December 2012** *US$'000*	**31 December 2011** *US$'000* *(Restated)*	**1 January 2011** *US$'000* *(Restated)*
NON-CURRENT ASSETS				
Property, plant and equipment		443,961	264,178	188,843
Prepaid land lease payments		12,627	—	—
Investments in joint ventures		22,690	18,084	14,335
Investments in associates		9,874	9,187	2,402
Available-for-sale investments		1,207	782	394
Total non-current assets		490,359	292,231	205,974
CURRENT ASSETS				
Bunkers		18,657	15,796	11,531
Trade receivables	10	72,789	78,511	49,337
Prepayments, deposits and other receivables		35,430	26,723	13,847
Due from related companies		614	1,470	2,228
Derivative financial instruments		3,928	—	—
Pledged deposits		80	79	75
Cash and cash equivalents		378,781	436,896	504,418
Total current assets		510,279	559,475	581,436
CURRENT LIABILITIES				
Trade payables	11	138,065	141,103	85,640
Other payables and accruals		22,904	15,719	21,960
Due to related companies		59	1,918	751
Derivative financial instruments		136	775	2,693
Interest-bearing bank borrowings		17,379	31,205	12,772
Tax payable		1,181	1,302	825
Total current liabilities		179,724	192,022	124,641
NET CURRENT ASSETS		330,555	367,453	456,795
TOTAL ASSETS LESS CURRENT LIABILITIES		820,914	659,684	662,769

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2012

	Notes	**31 December 2012** *US$'000*	**31 December 2011** *US$'000* *(Restated)*	**1 January 2011** *US$'000* *(Restated)*
TOTAL ASSETS LESS CURRENT LIABILITIES		820,914	659,684	662,769
NON-CURRENT LIABILITIES				
Derivative financial instruments		599	239	430
Interest-bearing bank borrowings		115,488	5,948	65,644
Deferred tax liabilities		—	49	205
Total non-current liabilities		116,087	6,236	66,279
Net assets		704,827	653,448	596,490
EQUITY				
Equity attributable to owners of the parent				
Issued capital		33,323	33,446	33,522
Reserves		629,523	576,527	520,349
Proposed final dividend	8	40,010	39,997	40,088
		702,856	649,970	593,959
Non-controlling interests		1,971	3,478	2,531
Total equity		704,827	653,448	596,490

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

During the year, the Group acquired the entire 100% interests in SITC Ship Management (Shandong) Co., Ltd. ("Shandong Shipping Management") and Qingdao SITC Logistics Park Management Company Limited ("Qingdao Logistics") for an aggregate consideration of RMB5,522,000 (equivalent to US$877,000) and RMB169,000,000 (equivalent to US$26,598,000), respectively. These acquired entities were wholly-owned subsidiaries of SITC Maritime Group Company Limited (formerly known as SITC Investment Holdings (Qingdao) Company Limited), in which 62.5% interests are owned by Mr. Yang Shaopeng, the controlling shareholder of the Company's ultimate holding company (the "Controlling Shareholder").

These transactions are collectively referred to as the "Acquisition Transactions" and the entities acquired in the Acquisition Transactions 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 Transactions, 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 Transactions, the Acquisition Transactions were accounted for using the principles of merger accounting.

The consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 December 2012 and 2011 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 Transactions had been in existence throughout the years ended 31 December 2012 and 2011, 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 2011 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 Transactions 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 2011.

Early adoption of HKFRSs

The following five new or revised standards are effective for annual periods beginning on or after 1 January 2013 and should be applied in accordance with respective transition requirements. Early application is permitted so long as all of the five new or revised standards are applied early. The Group has adopted these five new or revised standards on 1 January 2012.

(a) HKFRS 10 *Consolidated Financial Statements*

HKFRS 10 replaces the portion of HKAS 27 that addresses the accounting for consolidated financial statements. It establishes a single control model that applies to all entities. It requires management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by a parent.

The standard introduces a new definition on control under which control of investee requires an investor to possess all the following three elements: (1) the power over the investee; (2) the exposure or rights to variable returns from its involvement with the investee; and (3) the ability to use its power over the investee to affect the amount of the investor's returns.

(b) HKFRS 11 *Joint Arrangements*

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and Hong Kong (SIC) ("HK(SIC)") - Int 13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. HKFRS 11 addresses only two forms of joint arrangements (joint operations and joint ventures) where there is joint control. In determining the type of arrangements, HKFRS 11 requires parties to the arrangement to assess: (1) the legal form of the separate vehicle; (2) the terms of the contractual arrangement; and (3) other facts and circumstances that give them rights to the assets and obligations for the liabilities or rights to the net assets of the vehicle. A joint arrangement that meets the definition of a joint venture must be accounted for using the equity method. For a joint operation, an entity recognises its assets, liabilities, revenues and expenses relating to its relative shares thereof.

(c) HKFRS 12 *Disclosure of Interests in Other Entities*

HKFRS 12 establishes the disclosure objectives for an entity to disclose information concerning its interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. It also requires an entity to disclose the significant judgements and assumptions it has made in determining the nature of its interest in another entity or arrangement, also in determining the type of joint arrangement in which it has an interest.

(d) HKAS 27 (2011) *Separate Financial Statements*

Revisions are made resulting from the issuance of HKFRS 10 and consolidated financial statements are now addressed by HKFRS 10. Therefore, HKAS 27 is revised to only address separate financial statements, including how to prepare separate financial statements of an investor and what disclosures should be made in the separate financial statements.

(e) HKAS 28 (2011) *Investments in Associates and Joint Ventures*

Revisions are made resulting from the issuance of HKFRS 11. An entity applies HKFRS 11 to determine the type of a joint arrangement in which it is involved. Once it has determined that it has an interest in a joint venture, the entity recognises an investment and accounts for it using the equity method.

<u>Impacts of early adopting new accounting standards</u>

The adoption of HKFRS 10 and HKAS 27 (2011) has no material impact on the accounting policies of the Group and has no material financial impacts on the Group's consolidated financial statements.

Summarised below are the significant assumptions and judgements adopted by the Company in determining the nature of its interest in another entity or arrangement and the type of joint arrangement in which it has an interest:

Subsidiaries

The Company directly or indirectly controls the financial and operating policies of its subsidiaries so as to obtain benefits from their activities. Therefore, the Company controls the subsidiaries for the purpose of consolidation.

Associates

Based on the Group's ownership percentage (considering its direct ownership as well as potentially exercisable or convertible shares) and other contractual rights, the Group has significant influence over its associates, rather than the power to control.

Joint arrangements

Certain of the Group's activities are conducted through joint arrangements.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. All jointly-controlled entities ("JCEs") were separate legal entities that control their own assets, earn their own income and incur their own expenses and liabilities. The Group's rights as a shareholder of these entities are limited to dividends or distributions of the net assets of JCEs, rather than having direct rights to any operating assets, liabilities or production output. Accordingly, the Group has evaluated its investments in JCEs as investments in joint ventures under HKFRS 11.

Prior to 2012, the Group's investments in JCEs were included in the consolidated financial statements in proportion to the Group's interests in their assets, liabilities, income and expenses since the date of acquisition, incorporation or registration of JCEs in accordance with HKAS 31. Upon the adoption of HKFRS 11, the Company changed the accounting for its investments in JCEs from proportionate consolidation to the equity accounting method from the date of acquisition, incorporation or registration of JCEs. The comparative amount has been restated with the investments in JCEs being equity accounted for since the date of acquisition, incorporation or registration of JCEs.

The effect arising from the adoption of HKFRS 11 on the Group's operating results for the current year is to increase the share of profits and losses of joint ventures by US$6,640,000, as well as to decrease the revenue by US$80,748,000, decrease the cost of sales by US$65,603,000, decrease in the other income and gains by US$506,000, decrease the administrative expenses by US$6,953,000, decrease the other expenses and losses by US$14,000 and decrease the income tax expenses by US$2,044,000.

The effect arising from the adoption of HKFRS 11 on the Group's financial position at 31 December 2012 is to increase the investments in joint ventures by US$22,690,000, as well as to decrease the property, plant and equipment by US$7,972,000, decrease other non-current assets by US$4,262,000, decrease the trade receivables by US$9,302,000, decrease the cash and cash equivalents by US$13,157,000, decrease other current assets by US$4,517,000, decrease the trade payables by US$9,497,000 and decrease other current liabilities by US$7,023,000.

Restatement of comparative amounts

The operating results previously reported by the Group for the year ended 31 December 2011 have been restated to include the operating results of the Acquired Entities and to equity account for the Group's JCEs as set out below:

	The Group (as previously reported)	Acquired Entities	JCEs	Elimination	The Group (combined)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
					(Restated)
Revenue	1,087,241	528	(27,349)	(416)	1,060,004
Cost of sales	(960,332)	—	14,612	416	(945,304)
Other income and gains	34,603	—	(125)	—	34,478
Administrative expenses	(57,434)	(606)	5,951	—	(52,089)
Other expenses and losses	(4,524)	—	15	—	(4,509)
Finance costs	(1,625)	—	3	—	(1,622)
Share of profits and losses of:					
Joint ventures	—	—	5,145	—	5,145
Associates	258	—	—	—	258
Income tax expenses	(3,752)	—	1,748	—	(2,004)
	94,435	(78)	—	—	94,357

The financial position previously reported by the Group at 31 December 2011 has been restated to include assets and liabilities of the Acquired Entities and to equity account for the Group's JCEs as set out below:

	The Group (as previously reported)	Acquired Entities	JCEs	Elimination	The Group (combined)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
					(Restated)
Assets					
Property, plant and equipment	271,081	25	(6,928)	—	264,178
Investments in joint ventures	—	—	18,084	—	18,084
Other non-current assets	13,752	—	(3,783)	—	9,969
Trade receivables	84,290	—	(5,779)	—	78,511
Cash and cash equivalents	449,018	944	(13,066)	—	436,896
Other current assets	46,563	1,215	(3,710)	—	44,068
Total assets	864,704	2,184	(15,182)	—	851,706
Liabilities					
Trade payables	151,355	—	(10,252)	—	141,103
Other current liabilities	54,459	1,390	(4,930)	—	50,919
Non-current liabilities	6,236	—	—	—	6,236
Total liabilities	212,050	1,390	(15,182)	—	198,258

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2012. 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 of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

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.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following 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 — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*

The adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

(a) the sea freight logistics segment is engaged in the provision of marine transportation services and related businesses; and

(b) the land-based logistics segment is engaged in the provision of integrated freight forwarding, marine transportation, shipping agency, depot and warehousing, trucking and ship brokerage services and related businesses mainly through the Group's branch office operating in Mainland China.

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, 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 which individually accounted for 10% or more of the Group's revenue (2011: Nil).

Year ended 31 December 2012

	Sea freight logistics *US$'000*	Land-based logistics *US$'000*	Total *US$'000*
Segment revenue:			
Sales to external customers	488,163	716,452	1,204,615
Intersegment sales	467,961	23,109	491,070
	956,124	739,561	1,695,685
Reconciliation:			
Elimination of intersegment sales			(491,070)
Revenue			1,204,615
Segment results	32,033	53,234	85,267
Reconciliation:			
Bank interest income			6,911
Other investment income			6,056
Finance costs			(2,141)
Profit before tax			96,093
Segment assets	443,112	330,516	773,628
Reconciliation:			
Elimination of intersegment receivables			(189,936)
Corporate and other unallocated assets			416,946
Total assets			1,000,638
Segment liabilities	333,968	13,045	347,013
Reconciliation:			
Elimination of intersegment payables			(189,936)
Corporate and other unallocated liabilities			138,734
Total liabilities			295,811
Other segment information:			
Share of profits and losses of:			
Joint ventures	—	6,640	6,640
Associates	—	548	548
Depreciation	11,217	4,950	16,167
Recognition of prepaid land lease payments	—	257	257
Gain on disposal of items of property, plant and equipment, net	32	39	71
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*	177,625	31,446	209,071

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

Year ended 31 December 2011

	Sea freight logistics *US$'000* *(Restated)*	**Land-based logistics** *US$'000* *(Restated)*	**Total** *US$'000* *(Restated)*
Segment revenue:			
Sales to external customers	407,158	652,846	1,060,004
Intersegment sales	432,441	20,739	453,180
	839,599	673,585	1,513,184
Reconciliation:			
Elimination of intersegment sales			(453,180)
Revenue			1,060,004
Segment results	45,214	40,397	85,611
Reconciliation:			
Bank interest income			10,755
Other investment income			1,617
Finance costs			(1,622)
Profit before tax			96,361
Segment assets	274,986	392,624	667,610
Reconciliation:			
Elimination of intersegment receivables			(281,113)
Corporate and other unallocated assets			465,209
Total assets			851,706
Segment liabilities	99,597	334,866	434,463
Reconciliation:			
Elimination of intersegment payables			(281,113)
Corporate and other unallocated liabilities			44,908
Total liabilities			198,258
Other segment information:			
Share of profits and losses of:			
Joint ventures	—	5,145	5,145
Associates	—	258	258
Depreciation	7,945	3,386	11,331
Gain on disposal of items of property, plant and equipment, net	817	55	872
Reversal of impairment of trade receivables	—	—	—
Investments in joint ventures	—	18,084	18,084
Investments in associates	—	9,187	9,187
Capital expenditure*	71,276	23,460	94,736

* 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, only geographical segment information on revenue is presented.

The revenue information is based on the locations of customers.

	2012	**2011**
	US$'000	*US$'000*
		(Restated)
Mainland China	458,985	489,455
Japan	427,873	419,026
Korea	131,040	61,040
Others	186,717	90,483
	1,204,615	1,060,004

4. REVENUE, OTHER INCOME AND GAINS

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

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

	2012 *US$'000*	2011 *US$'000* *(Restated)*
Other income		
Bank interest income	6,911	10,755
Other investment income	6,056	1,617
Terminal compensation income	—	2,363
Government subsidies*	332	74
	13,299	14,809
Gains		
Gain on disposal of items of property, plant and equipment, net	71	872
Fair value gains on cash flow hedges (transfer from equity), net	835	—
Foreign exchange differences, net	—	18,797
	906	19,669
	14,205	34,478

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

5. PROFIT BEFORE TAX

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

	2012	2011
	US$'000	*US$'000*
		(Restated)
Cost of bunkers consumed	240,468	206,454
Depreciation	16,167	11,331
Recognition of prepaid land lease payments	257	—
Auditors' remuneration	413	372
Minimum lease payments under operating leases in respect of:		
Land and buildings	4,652	4,154
Vessels	89,380	94,252
Containers	58,814	49,740
	152,846	148,146
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	40,763	33,097
Equity-settled share option expense	1,252	867
Pension scheme contributions (defined contribution scheme)	6,207	5,088
	48,222	39,052
Foreign exchange differences, net*	418	(18,797)
Reversal of impairment of trade receivables*	(15)	—
Fair value losses on cash flow hedges (transfer from equity), net *	—	4,207
Fair value losses on derivative instruments — transactions not qualifying as hedges, net*	439	302

* 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 comprehensive income.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2012	**2011**
	US$'000	*US$'000*
		(Restated)
Interest on bank loans	2,141	1,622

7. INCOME TAX EXPENSE

	Group	
	2012	**2011**
	US$'000	*US$'000*
		(Restated)
Current:		
Mainland China	1,415	839
Hong Kong	821	1,005
Elsewhere	106	316
Deferred	(49)	(156)
Total tax charge for the year	2,293	2,004

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

8. DIVIDENDS

	2012		2011	
	HK$'000	*US$'000 equivalent*	*HK$'000*	*US$'000 equivalent*
Proposed final — HK12 cents (equivalent to US1.55 cents) per ordinary share (2011: HK12 cents (equivalent to US1.54 cents))	310,140	40,010	310,764	39,997

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

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,587,278,337 (2011: 2,599,662,866) in issue during the year.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 December 2012 and 2011 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 earnings per share are based on:

	2012	**2011**
	US$'000	*US$'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	93,488	93,558

	Number of shares	
	2012	**2011**
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	2,587,278,337	2,599,662,866

10. TRADE RECEIVABLES

	Group		
	31 December 2012	**31 December 2011**	**1 January 2011**
	US$'000	*US$'000* *(Restated)*	*US$'000* *(Restated)*
Trade receivables	72,789	78,526	49,352
Impairment	—	(15)	(15)
	72,789	78,511	49,337

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 three months. 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		
	31 December 2012	**31 December 2011**	**1 January 2011**
	US$'000	*US$'000* *(Restated)*	*US$'000* *(Restated)*
Within 1 month	56,645	70,500	37,962
1 to 2 months	15,144	7,298	10,879
2 to 3 months	615	544	315
Over 3 months	385	169	181
	72,789	78,511	49,337

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

	Group		
	31 December 2012	**31 December 2011**	**1 January 2011**
	US$'000	*US$'000* *(Restated)*	*US$'000* *(Restated)*
Neither past due nor impaired	72,404	78,342	49,156
Less than 1 month past due	385	169	181
	72,789	78,511	49,337

11. TRADE PAYABLES

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

	Group		
	31 December 2012	**31 December 2011**	**1 January 2011**
	US$'000	*US$'000*	*US$'000*
		(Restated)	*(Restated)*
Within 1 month	122,570	132,440	62,283
1 to 2 months	7,694	5,068	17,327
2 to 3 months	1,958	2,488	4,118
Over 3 months	5,843	1,107	1,912
	138,065	141,103	85,640

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 2012, the Group's sea freight logistics business continued to provide container shipping services that focused exclusively on the intra-Asia market. As of 31 December 2012, the Company operated a total of 52 trade lanes, including 4 trade lanes through joint services and 19 trade lanes through container slot exchange arrangements. These trade lanes cover 46 major ports in the PRC, Japan, Korea, Taiwan, Hong Kong, Vietnam, Thailand, the Philippines, Cambodia and Indonesia. As of 31 December 2012, the Company operated a fleet of 60 vessels with total capacity of 61,303 TEU, comprised of 27 self-owned and 33 chartered vessels, with an average age of 7.2 years. 53 of these 60 vessels were of the 1,000 TEU type. Revenue generated by the Group's sea freight logistics business for the year 2012 amounted to US$956.1 million, representing an increase of approximately 13.9% as compared to the same period in the year 2011. The increase represented mainly the increases in the shipping volume due to the increase in the shipping capacity from 1,546,259 TEU in 2011 to 1,774,054 TEU in 2012.

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 of 31 December 2012, the Group's freight forwarding network covered 29 major cities in the PRC, Japan, Korea, Hong Kong, Vietnam and Singapore while the Group's shipping agency network covered 42 major ports and cities in the PRC, Japan, Korea, Hong Kong, Vietnam, Thailand and the Philippines. The Group also operated, including joint ventures, approximately 676,000 m^2 of depot and 76,000 m^2 of warehousing space. Revenue generated by its land-based logistics business for the year ended 31 December 2012 amounted to US$739.6 million as compared to US$673.6 million for the same period in the year 2011. The increase was mainly attributed to the increase in the Group's freight forwarding business.

Shipping industry worldwide is expected to face various difficulties and challenges in 2013. The management of the Group remains confident in the Asia's operating environment and performance of container shipping logistics in 2013. 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 client 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 2012, 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.

For the year ended 31 December 2012, the Company recorded an approximately 14.7% increase in shipping volume and an increase of approximately 8.0% in land-based freight forwarding volume.

Financial Overview

	Year ended 31 December							
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	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	956,124	839,599	739,561	673,585	(491,070)	(453,180)	1,204,615	1,060,004
Cost of sales	(909,709)	(797,466)	(647,619)	(601,018)	491,070	453,180	(1,066,258)	(945,304)
Gross profit	46,415	42,133	91,942	72,567			138,357	114,700
Other income and gains (excluding interest and investment income)	144	19,638	1,094	2,468			1,238	22,106
Administrative expenses	(13,684)	(12,194)	(46,990)	(39,895)			(60,674)	(52,089)
Share of profits and losses of:								
Jointly ventures	—	—	6,640	5,145			6,640	5,145
Associates	—	—	548	258			548	258
Other expenses and losses	(842)	(4,363)	—	(146)			(842)	(4,509)
Segment results	32,033	45,214	53,234	40,397			85,267	85,611
Finance costs							(2,141)	(1,622)
Interest and investment income							12,967	12,372
Profit before tax							96,093	96,361
Income tax expense							(2,293)	(2,004)
Profit for the year							93,800	94,357
Profit attributable to:								
Owners of the parents							93,488	93,558
Non-controlling interests							312	799
							93,800	94,357

Revenue

The Group's total revenue after inter-segment elimination increased by approximately 13.6% from approximately US$1,060.0 million for the year ended 31 December 2011 to US$1,204.6 million for the year ended 31 December 2012. The increase primarily reflected (i) the increase in its shipping volume; and (ii) the continuous growth in the Group's freight forwarding operations.

Cost of Sales, Gross Profit and Gross Profit Margin

Cost of sales of the Group increased by approximately 12.8% from approximately US$945.3 million for the year ended 31 December 2011 to approximately US$1,066.3 million for the year ended 31 December 2012. This increase was primarily attributable to (i) the increase in the Group's shipping volume; and (ii) the increase in the major components of its cost of sales, such as bunkers.

As a result of the foregoing, gross profit increased from approximately US$114.7 million for the year ended 31 December 2011 to approximately US$138.4 million for the year 2012. The Group's gross profit margin increased from approximately 10.8% for the year ended 31 December 2011 to approximately 11.5% for the year ended 31 December 2012.

Other Income and Gains (excluding interest and investment income)

For the year ended 31 December 2012, the Group's other income and gains (excluding interest and investment income) decreased by US$20.9 million from US$22.1 million for the year ended 31 December 2011 to US$1.2 million for the year 2012. In 2011, the amount mainly represented the US$18.8 million gain in the foreign exchange translation from RMB deposits, whereas the Group recorded a foreign exchange loss in 2012.

Administrative Expenses

Administrative expenses increased by 16.5% from US$52.1 million for the year ended 31 December 2011 to US$60.7 million for the year ended 31 December 2012. 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 profit and losses of joint ventures increased from US$5.1 million in 2011 to US$6.6 million in 2012. The increase was mainly attributable to the expansion in the Group's warehouse and depot businesses.

Share of profits and losses of associates

The Group's share of profits and losses of associates increased from US$0.3 million in 2011 to US$0.5 million in 2012. The increase was mainly attributable to the commencement of the terminal business in Qingdao in 2012.

Other Expenses and Losses

For the year ended 31 December 2012, the Group's other expenses and losses decreased from US$4.5 million for the year ended 31 December 2011 to US$0.8 million for the same period in 2012. The amount in 2011 mainly represented the fair value losses of the Group's financial instruments of US$3.9 million and the amount dropped to US$0.4 million in 2012.

Finance Costs

Finance costs remain stable at approximately US$2.1 million for the year ended 31 December 2012. There was no material change in the effective interest rate for the year 2012 compared as to that for the year 2011.

Interest and Investment Income

The Group's amount of interest and investment income increased from US$12.4 million for the year ended 31 December 2011 to US$13.0 million for the year ended 31 December 2012. The increase was mainly attributable to higher average interest yield from the Group's principal guarantee investment products.

Profit Before Tax

As a result of the foregoing, the Group's profit before tax decreased by approximately 0.3% from US$96.4 million for the year ended 31 December 2011 to US$96.1 million for the year ended 31 December 2012.

Income Tax Expense

The Group's income tax expenses increased by approximately 15% from US$2 million for the year ended 31 December 2011 to US$2.3 million for the year ended 31 December 2012.

Profit for the Year

The Group's profit for the year ended 31 December 2012 was US$93.8 million, representing an decrease of approximately 0.6% as compared to the profit of US$94.4 million for the year ended 31 December 2011.

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			
	2012		2011 *(Restated)*	
	Amount (US$'000)	*% of segment revenue*	*Amount (US$'000)*	*% of segment revenue*
Income Statement Data:				
Sales to external customers	488,163	51.1%	407,158	48.5%
Inter-segment sales	467,961	48.9%	432,441	51.5%
Segment revenue	956,124	100.0%	839,599	100%
Cost of Sales	(909,709)	(95.1)%	(797,466)	(95.0)%
Equipment and cargos transportation costs	(495,325)	(51.8)%	(425,677)	(50.7)%
Voyage costs	(294,012)	(30.8)%	(254,221)	(30.3)%
Vessels costs	(120,372)	(12.6)%	(117,568)	(14.0)%
Gross Profit	46,415	4.9%	42,133	5.0%
Other income and gains (excluding interest and investment income)	144	—%	19,638	2.4%
Administrative expenses	(13,684)	(1.4)%	(12,194)	(1.5)%
Other expenses and losses	(842)	(0.1)%	(4,363)	(0.5)%
Segment results	32,033	3.4%	45,214	5.4%

Segment results

The following table sets forth the number of trade lanes of the Group as at the years ended 31 December 2011 and 2012, and port calls per week and the average freight rates for the years indicated:

Year ended 31 December		As at 31 December			
2012	2011	2012	2011	2012	2011
Average freight rate *(US$ per TEU)*		**Number of trade lanes**		**Port calls per week**	
539	543	52	51	308	279

Revenue

Revenue of the Group's sea freight logistics business before inter-segment elimination increased by approximately 13.9% from US$839.6 million for the year ended 31 December 2011 to US$956.1 for the year ended 31 December 2012. This increase was primarily attributable to the increase in shipping volume from 1,546,259 TEU in 2011 to 1,774,054 TEU in 2012. In 2012, the averge freight rate was US$539 per TEU, representing a decrease of 0.7% over the average freight rate of US$543 per TEU in 2011.

Cost of Sales, Gross Profit and Gross Profit Margin

The cost of sales of the Group's sea freight logistics business increased by approximately 14.1% from US$797.5 million for the year ended 31 December 2011 to US$909.7 million for the year ended 31 December 2012. This increase primarily reflected the followings:

- Equipment and cargos transportation costs increased by approximately 16.3% from US$425.7 million for the year ended 31 December 2011 to US$495.3 million for the same period in 2012, primarily reflecting an increase in loading and discharge cost by approximately 10.8% from US$274.7 million for the year ended 31 December 2011 to US$304.4 million for the year ended 31 December 2012 as a result of an increase in the Group's loading and discharge volume due to its increased shipping volume. The average loading and discharge expenses per TEU were generally stable during these periods. The costs of containers increased by approximately 18.3% from US$49.7 million for the year ended 31 December 2011 to US$58.8 million for the year ended 31 December 2012. Such increase was primarily attributable to the increase in the number of containers leased to support the Group's business expansion.

- Voyage costs increased by approximately 15.7% from US$254.2 million for the year ended 31 December 2011 to US$294 million for the same period in 2012. The increase primarily reflected an increase in (i) bunkers cost of approximately 16.5% from US$206.5 million for the year ended 31 December 2011 to US$240.5 million for the year ended 31 December 2012; and (ii) average bunker costs per tonne by approximately 4.5% from US$669 in 2011 to US$699 in 2012. The volume of bunker consumption for the year ended 31 December 2012 was 344 thousand tonnes, which represented a grow of 11.3% from 309 thousand tonnes from that of 2011.

- Vessel costs increased by approximately 2.4% from US$117.6 million for the year ended 31 December 2011 to US$120.4 million for the same period in 2012. The increase is a combined effect of (i) decrease in the vessel charter expense as a result of the decrease in average daily bulk vessel charter rate from US$7,684 in 2011 to US$6,412 in 2012; (ii) the increase in vessel crew cost; and (iii) increased depreciation as a result of the expansion of the Group's fleet size.

As a result of the foregoing, the Company recorded gross profit of US$46.4 million in its sea freight logistics business for the year ended 31 December 2012, representing an approximately 10.2% increased as compared to US$42.1 million for the corresponding period in 2011. The Group's gross profit margin of 5.0% in 2011 was comparable to that of 4.9% in 2012.

Other Income and Gains (excluding interest income)

For the year ended 31 December 2012, the other income and gains (excluding interest and investment income) decreased from US$19.6 million for the year ended 31 December 2011 to US$0.1 million. In 2011, the amount mainly represented the gain in the foreign exchange translation from RMB deposits whereas the Group recorded a foreign exchange loss in 2012.

Administrative Expenses

Administrative expenses of the Group's sea freight logistics business increased by 12.3% from US$12.2 million for the year ended 31 December 2011 to US$13.7 million in the corresponding period in 2012. The increase primarily reflected the overall increase in the Group's staff costs.

Other Expenses and Losses

Other expenses and losses for the Group's sea freight logistics business decreased from US$4.4 million for the year ended 31 December 2011 to US$0.8 million for the same period in 2012. The amount in 2011 mainly represented the fair value losses of financial instruments.

Segment Results

As a result of the foregoing, the segment results of the Group's sea freight logistics business decreased by 29.2% from US$45.2 million for the year ended 31 December 2011 and US$32 million for the year ended 31 December 2012.

Land-Based Logistics

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

	Year ended 31 December			
	2012		2011 *(Restated)*	
	Amount (US$'000)	*% of segment revenue*	*Amount (US$'000)*	*% of segment revenue*
Income Statement Data:				
Sales to external customers	716,452	96.9%	652,846	96.9%
Inter-segment sales	23,109	3.1%	20,739	3.1%
Segment revenue	739,561	100%	673,585	100.0%
Freight forwarding and shipping agency	717,531	97%	655,786	97.4%
Other land-based logistic businesses	22,030	3%	17,799	2.6%
Cost of Sales	(647,619)	(87.6)%	(601,018)	(89.2)%
Freight forwarding and shipping agency	(633,956)	(85.7)%	(588,256)	(87.3)%
Other land-based logistic businesses	(13,663)	(1.8)%	(12,762)	(1.9)%
Gross Profit	91,942	12.4%	72,567	10.8%
Other income and gains (excluding interest income)	1,094	0.1%	2,468	0.4%
Administrative expenses	(46,990)	(6.4)%	(39,895)	(5.9)%
Other expenses and losses	—	—	(146)	(0.02)%
Share of profits and losses of:				
Joint ventures	6,640	0.9%	5,145	0.8%
Associates	548	0.1%	258	—
Segment results	53,234	7.2%	40,397	6.0%

Revenue

The revenue of the Group's land-based logistics business before inter-segment elimination increased by approximately 9.8% from US$673.6 million for the year ended 31 December 2011 to US$739.6 million for the year ended 31 December 2012. This increase was mainly attributable to the continuous growth of the Group's freight forwarding business.

- *Freight forwarding and shipping agency.* Revenue of the Group's freight forwarding and shipping agency business increased by approximately 9.4% from US$655.8 million for the year ended 31 December 2011 to US$717.5 million for the corresponding period in 2012. This increase primarily reflected the increase in our freight forwarding volume from 1.29 million TEU in the year ended 31 December 2011 to 1.39 million TEU for the corresponding period in the year 2012 due to the increased scale of our business.

- *Other land-based logistic business.* Revenue of the Group's other land-based logistic business increased by approximately 23.6% from US$17.8 million for the year ended 31 December 2011 to US$22 million for the same period in 2012. This increase primarily reflected the expansion of third party logistics business and other land-based logistics businesses.

Cost of Sales, Gross Profit and Gross Profit Margin

The cost of sales of the Group's land-based logistics business increased by approximately 7.8% from US$601 million for the year ended 31 December 2011 to US$647.6 million for the corresponding period in 2012. This increase primarily reflected the expansion of the Group's freight forwarding business.

- *Freight Forwarding and Shipping Agency.* Cost of sales of the Group's freight forwarding and shipping agency businesses increased by approximately 7.8% from US$588.3 million for the year ended 31 December 2011 to US$634 million for the same period in 2012, primarily reflecting an increase in the Group's freight forwarding volume.

- *Other land-based logistic businesses.* Cost of sales of the Group's other land-based logistic business increased by approximately 7.0% from US$12.8 million for the year ended 31 December 2011 to US$13.7 million for the same period in 2012. This increase primarily reflected the cost increase in connection with the expansion in third party logistics businesses and cost for other logistics projects.

As a result of the foregoing, the gross profit of our land-based logistics business increased by approximately 26.6% from US$72.6 million for the year ended 31 December 2011 to US$91.9 million for the same period in 2012. The gross profit margin of the Group's land-based logistics business was 10.8% and 12.4% for the year ended 31 December 2011 and 2012, 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 business were US$1.1 million for the year ended 31 December 2012. It represented a decrease of US$1.4 million from US$2.5 million for the year ended 31 December 2011 as the Group recorded a one time terminal compensation income of US$2.4 million in 2011.

Administrative Expenses

The Group's administrative expenses of its land-based logistics business increased by approximately 17.8% from US$39.9 million for the year ended 31 December 2011 to US$47.0 million for the same period in 2012. The increase primarily reflected overall increase in staff cost and headcount.

Other Expenses and Losses

Other expenses and losses by the Group's land-based logistics business for 2012 was comparable to the corresponding period in 2011.

Share of profits and losses of joint ventures

The Group's share of profit and losses of joint ventures increased from US$5.1 million in 2011 to US$6.6 million in 2012. The increase was mainly attributable to the expansion in our warehouse and depot businesses.

Share of profits and losses of associates

The Group's share of profits and losses of associates increased from US$0.3 million in 2011 to US$0.5 million in 2012. The increase was mainly attributable to commencement of the terminal business in Qingdao in 2012.

Segment Results

As a result of the foregoing, the segment results of the Group's land-based logistics business increased by approximately 31.7% from US$40.4 million for the year ended 31 December 2011 to US$53.2 million for the year ended 31 December 2012.

Assets and Liabilities

As at 31 December 2012, total assets of the Group amounted to US$1,000.6 million, representing an increase of 17.5% in an amount of US$148.9 million as compared to US$851.7 million as of 31 December 2011. Total liabilities of the Group increased by approximately 49.2% from US$198.3 million as of 31 December 2011 to US$295.8 million as of 31 December 2012.

OTHER INFORMATION

Final Dividend

At the Board meeting held on 11 March 2013 (Monday), it was proposed that a final dividend of HK$12 cents (equivalent to US1.55 cents) per ordinary share would be paid after 15 May 2013 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 6 May 2013 (Monday). The proposed final dividend is subject to approval by the shareholders at the annual general meeting of the Company to be held on 30 April 2013 (Tuesday) (the "**Annual General Meeting**").

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

Annual General Meeting

The Annual General Meeting will be held on 30 April 2013 (Tuesday). A notice convening the Annual General Meeting will be published and despatched to the shareholders of the Company in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in due course.

Closure of Register of Members

For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from 26 April 2013 (Friday) to 30 April 2013 (Tuesday), 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 25 April 2013 (Thursday).

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 7 May 2013 (Tuesday) to 9 May 2013 (Thursday), 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 6 May 2013 (Monday).

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 the Code on Corporate Governance Practices 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 2012, and there has been no deviation from the code provisions for the year ended 31 December 2012 save for the deviation of the Code Provision A.6.7 of the CG Code as disclosed in the announcement of the interim results of the Company for the six months ended 30 June 2012 dated 29 August 2012.

Further information of the corporate governance practice of the Company will also be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2012.

Purchase, Sale and Re-purchase of Shares

During the year 2012, pursuant to the mandate to purchase shares of the Company obtained from the Company's shareholders at the annual general meeting of the Company held on 4 May 2012, the Company repurchased an aggregate of 5,400,000 shares on the Stock Exchange, detailed below, for an aggregate consideration of

HK$10,352,069.29 before expenses and all these shares were subsequently cancelled by the Company on respectively and accounted for approximately 0.21% of the total issued share capital of the Company as at 31 December 2012:

Month of repurchase	Price per share Highest	Price per share Lowest	Number of ordinary shares of HK$0.10 each	Aggregate Consideration
	HK$	*HK$*		*HK$*
June 2012	2.00	1.84	3,780,000	7,243,362.94
September 2012	1.97	1.86	1,620,000	3,108,706.35
Total			5,400,000	10,352,069.29

Except as disclosed above, 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 2012.

Model Code for Securities Transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules (the "**Appendix 10**") and devised its own code of conduct regarding directors' dealings in the Company's securities (the "**Company Code**") on terms no less exacting than the Model Code as set out in Appendix 10. Having made specific enquiries with all directors of the Company, they have confirmed that they complied with the required standards set out in the Model Code and the Company Code throughout the year ended 31 December 2012.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") consists of Messrs. TSUI Yung Kwok, LO Wing Yan, William, and NGAI Wai Fung, all of whom are the Company's independent non-executive directors. The chairman of the Audit Committee is Mr. TSUI Yung Kwok. The annual results for the year ended 31 December 2012 of the Group have been reviewed by the Audit Committee.

Auditor

The Company appointed Ernst & Young as its auditor for the year ended 31 December 2012. The Company will submit a resolution in the coming Annual General Meeting to re-appoint Ernst & Young as the auditor of the Company.

Publication of Annual Report

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.sitc.com). The annual report of the Company for the year ended 31 December 2012 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and made available for review on the same websites in due course.

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

Hong Kong, 11 March 2013

As at the date of this announcement, the executive Directors of the Company are Mr. Yang Shaopeng, Mr. Yang Xianxiang, Mr. Liu Kecheng, Mr. Xue Peng, Mr. Xue Mingyuan (appointed on 11 March 2013) and Mr. Lai Zhiyong (appointed on 11 March 2013); and the independent non-executive Directors of the Company are Mr. Tsui Yung Kwok, Mr. Yeung Kwok On, Dr. Lo Wing Yan, William and Dr. Ngai Wai Fung.