

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



SITC

Interim Report

2013

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2013

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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

AUTHORISED 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

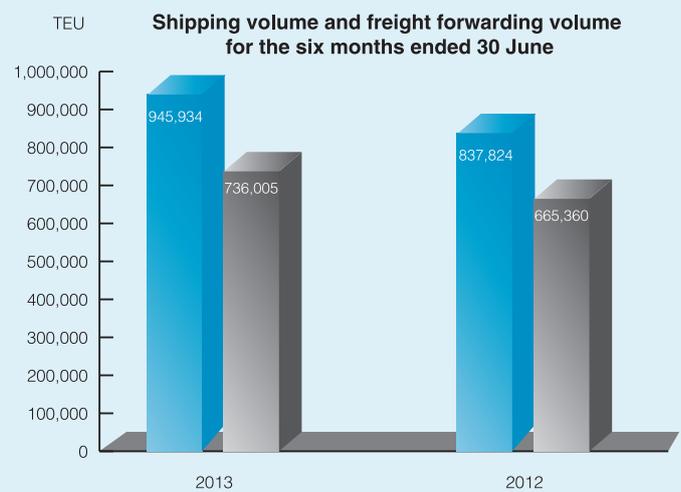
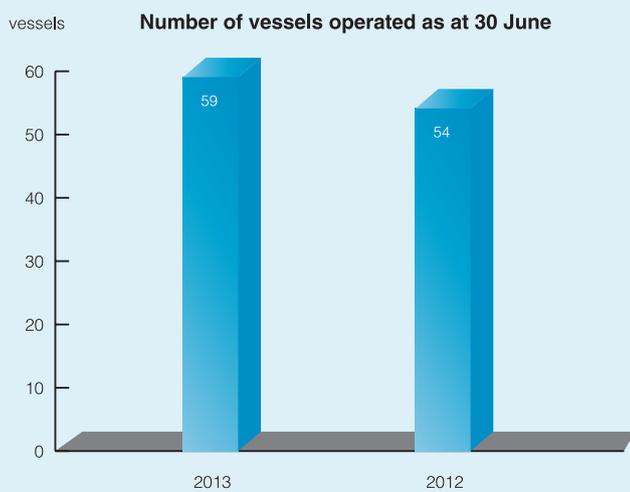
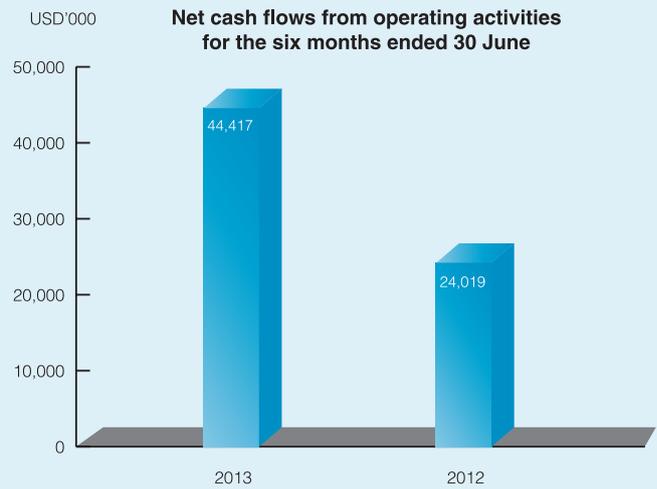
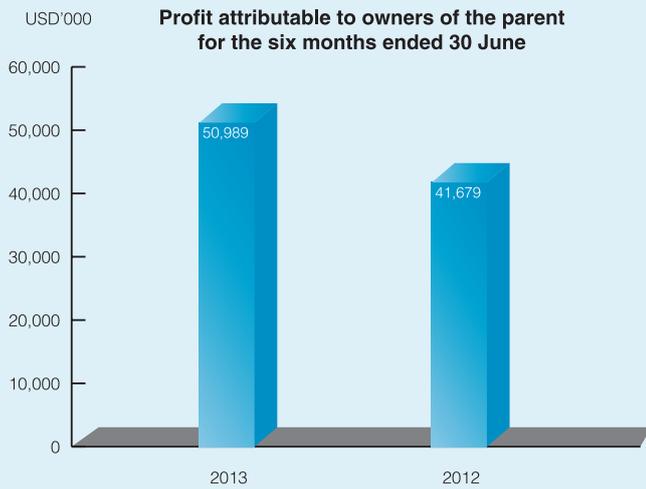
As to Cayman Islands law:

Conyers Dill & Pearman
Cricket Square
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Cayman Islands

WEBSITE

www.sitc.com

Financial and Operating Highlights



■ Shipping volume ■ Freight forwarding volume

Management Discussion and Analysis

OVERVIEW

Business Review

SITC International Holding Company Limited (“SITC” or the “Company”, together with its subsidiaries referred to as the “Group”) is Asia’s leading shipping logistics company that provides integrated transportation and logistics solutions.

During the six months ended 30 June 2013, the Group’s sea freight logistics business continued to provide container shipping services that focus exclusively on the intra-Asia market as the Company believes that the intra-Asia trade market will continue to experience healthy growth. As of 30 June 2013, the Group operated 48 trade lanes, including 5 trade lanes through joint services and 17 trade lanes through container slot exchange arrangements. These lanes covered major ports in the PRC, Japan, Korea, Taiwan, Hong Kong, Vietnam, Thailand, the Philippines, Cambodia and Indonesia. As of 30 June 2013, the Group operated a fleet of 59 vessels with a total capacity of 62,178 TEU, comprised of 30 self-owned (30,696 TEU) and 29 chartered vessels (31,482 TEU), with an average age of 7.1 years. 52 of these 59 vessels were of the 1,000 TEU type. For the six months ended 30 June 2013, US\$28.6 million out of US\$29.3 million of capital expenditure was attributable to vessel purchases. Revenue generated by the Group’s sea freight logistics business before inter-segment elimination for the first half of 2013 increased by approximately 0.6% as compared to the same period in 2012. The increase represented mainly the increase in the Group’s shipping volume.

The land-based logistics business is another key component of the Group’s business model, which comprised freight forwarding, shipping agency, terminal, depot and warehousing, trucking and ship brokerage businesses. As of 30 June 2013, the Group’s freight forwarding network covered 32 major cities in the PRC, Japan, Korea, Vietnam, Hong Kong and Singapore, while the Group’s shipping agency network covered 43 major ports and cities in the PRC, Japan, Korea, Hong Kong, Vietnam, Thailand and the Philippines. The Group also operated (including through joint ventures) approximately 665,000 m² of depot and 78,000 m² of warehousing space. Revenue generated by the Group’s land-based logistics business before inter-segment elimination for the first half of 2013 decreased by approximately 1.0% as compared to the same period in 2012. The decrease was a combined effect of (i) increase in the freight forwarding volume from 665,360 TEU for the first half of 2012 to 736,005 TEU for the corresponding period in 2013; and (ii) decrease in average freight forwarding fee per TEU in 2013.

With the Group’s continuous business expansion, the Company will continue to optimize its unique business model and expand its intra-Asia service network. Targeting at become the first choice of customers, the Company will continue to provide premium services to its customers by creating comprehensive logistics facilities and customized logistics solutions. Through the above measures and together with the continuous enhancement on the Group’s information technology systems, the Group will strive for the goal in becoming a world-class integrated logistics service solutions provider.

Market Review

During the first half of 2013, the performance of the global container shipping industry was volatile due to the fast expansion of freight capacity.

For the six months ended 30 June 2013, the Group marked a 12.9% increase in total sea freight shipping volume as compared to the corresponding period in 2012. Meanwhile, the business volume of the Group’s land freight forwarding business increased by 10.6% as compared to the corresponding period in 2012.

Management Discussion and Analysis

Financial Overview

	For the six months ended 30 June							
	Sea freight logistics		Land-based logistics		Inter-segment sales		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	US\$' 000	US\$' 000	US\$' 000	US\$' 000	US\$' 000	US\$' 000	US\$' 000	US\$' 000
Revenue	466,367	463,623	354,559	358,141	(231,677)	(238,971)	589,249	582,793
Cost of sales	(449,480)	(442,883)	(310,322)	(314,983)	231,677	238,971	(528,125)	(518,895)
Gross profit	16,887	20,740	44,237	43,158			61,124	63,898
Other income and gains (excluding bank interest income and other investment income)	10,260	19	3,269	146			13,529	165
Administrative expenses	(6,641)	(6,192)	(23,696)	(22,286)			(30,337)	(28,478)
Profits and losses of:								
Joint ventures	—	—	3,608	3,407			3,608	3,407
Associates	—	—	253	421			253	421
Other expenses and losses	(16)	(2,302)	(5)	(39)			(21)	(2,341)
Segment results	20,490	12,265	27,666	24,807			48,156	37,072
Finance costs							(2,618)	(747)
Other investment income							2,239	3,620
Bank interest income							4,659	2,874
Profit before tax							52,436	42,819
Income tax expense							(1,175)	(1,101)
Profit for the period							51,261	41,718
Profit attributable to:								
Owners of the parent							50,989	41,679
Non-controlling interests							272	39
							51,261	41,718

Management Discussion and Analysis

Revenue

The Group's total revenue after inter-segment elimination increased by 1.1% from US\$582.8 million for the six months ended 30 June 2012 to US\$589.2 million for the corresponding period in 2013. This increase primarily reflects (i) the increase in the shipping volume; (ii) the continuous growth in the Group's freight forwarding business.

Cost of Sales, Gross Profit and Gross Profit Margin

The Group's cost of sales after inter-segment elimination increased by 1.8% from US\$518.9 million for the six months ended 30 June 2012 to US\$528.1 million for the corresponding period in 2013. This increase was primarily attributable to the expansion in our overall operation scale.

As a result of the foregoing, the Group's gross profit margin decreased from 11% for the six months ended 30 June 2012 to 10.4% for the corresponding period in 2013.

Administrative Expenses

The Group's administrative expenses increased from US\$28.5 million for the six months ended 30 June 2012 to US\$30.3 million for the corresponding period in 2013. The increase was mainly attributable to the increase in the staff costs.

Other Expenses and Losses

The Group's other expenses and losses was US\$21,000 for the six months ended 30 June 2013. The amount for 2012 mainly represented the loss from foreign exchange translation from RMB assets.

Other Income and Gains (excluding bank interest income and other investment income)

For the six months ended 30 June 2013, other income and gains (excluding bank interest income and other investment income) increased by US\$13.3 million compared to the corresponding period in 2012. The amount in 2013 mainly represented (i) gains from foreign exchange translation from RMB assets and bank loan denominated in Japanese Yen; (ii) foreign exchange gains arising from the capital reduction of a subsidiary in Mainland China of approximately US\$2 million; and (iii) gains from the Japanese Yen forward contracts.

Finance Costs

The Group's finance costs increased from US\$0.7 million for the six months ended 30 June 2012 to US\$2.6 million for the corresponding period in 2013. The increase was mainly attributable to the increase in bank loan balance. The effective interest rate remain stable in both 2012 and 2013.

Profit Before Tax

As a result of the foregoing, the Group's profit before tax increased from US\$42.8 million for the six months ended 30 June 2012 to US\$52.4 million for the corresponding period in 2013.

Income Tax Expense

The Group's income tax expenses was US\$1.1 million and US\$1.2 million for the six months ended 30 June 2012 and 2013, respectively.

Profit for the Period

The Group's profit for the six months ended 30 June 2013 was US\$51.3 million, representing an increase of US\$9.6 million over the profit of US\$41.7 million for the corresponding period in 2012.

Management Discussion and Analysis

Sea Freight Logistics

The following table sets forth selected income statement data for the Group's sea freight logistics segment for the periods indicated:

	Six months ended 30 June			
	2013		2012	
	Amount (US\$' 000)	% of segment revenue	Amount (US\$' 000)	% of segment revenue
Income Statement Data:				
Segment revenue	466,367	100%	463,623	100%
Cost of Sales	(449,480)	(96.4%)	(442,883)	(95.5%)
Equipment, cargos transportation and other costs	(244,474)	(52.4%)	(236,314)	(51.0%)
Voyage costs	(146,517)	(31.5%)	(146,802)	(31.6%)
Vessels costs	(58,489)	(12.5%)	(59,767)	(12.9%)
Gross Profit	16,887	3.6%	20,740	4.5%
Other income and gains (excluding bank interest income and other investment income)	10,260	2.2%	19	—
Administrative expenses	(6,641)	(1.4%)	(6,192)	(1.3%)
Other expenses and losses	(16)	—	(2,302)	(0.5%)
Segment Results	20,490	4.4%	12,265	2.6%

Revenue

Revenue of the Group's sea freight logistics business before inter-segment elimination increased by 0.6% from US\$463.6 million for the six months ended 30 June 2012 to US\$466.4 million for the six months ended 30 June 2013. This increase was mainly attributable to the increase in shipping volume from 837,824 TEU to 945,934 TEU for the corresponding period in 2013. In the first half of 2013, the average freight rate was US\$493, representing a decrease of 10.8% over the average freight rate of US\$553 for the corresponding period in 2012.

Cost of Sales, Gross Profit and Gross Profit Margin

The cost of sales of the Group's sea freight logistics business before inter-segment elimination increased by 1.5% from US\$442.9 million for the six months ended 30 June 2012 to US\$449.5 million for the corresponding period in 2013. This primarily reflected increases in the loading and discharge cost, which corresponds to the increase in the shipping volume.

As a result of the foregoing, the Group recorded gross profit of US\$16.9 million for its sea freight logistics business for the six months ended 30 June 2013, representing a decrease of US\$3.8 million compared to the corresponding period in 2012.

Management Discussion and Analysis

Other Income and Gains (excluding bank interest income and other investment income)

For the six months ended 30 June 2013, the other income and gains (excluding bank interest income and other investment income) increased to approximately US\$10.3 million in 2013 from US\$19,000 in 2012. In 2013, the amount mainly represented (i) foreign exchange gain from the translation of RMB assets and bank loan denominated in Japanese Yen; and (ii) gains from Japanese Yen forward contracts.

Administrative Expenses

Administrative expenses of the Group's sea freight logistics business increased from US\$6.2 million for the six months ended 30 June

2012 to US\$6.6 million in the corresponding period of 2013. The change in the amount was mainly due to the increase in staff cost.

Other Expenses and Losses

Other expenses and losses for the Group's sea freight logistics business of 2013 was US\$16,000. The amount in 2012 mainly represented the foreign exchange loss.

Segment Results

As a result of the foregoing, the segment results of the Group's sea freight logistics business increased by US\$8.2 million from US\$12.3 million for the six months ended 30 June 2012 to US\$20.5 million for the six months ended 30 June 2013.

Land-Based Logistics

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

	Six months ended 30 June			
	2013		2012	
	Amount (US\$' 000)	% of segment revenue	Amount (US\$' 000)	% of segment revenue
Income Statement Data:				
Segment revenue	354,559	100%	358,141	100%
Freight forwarding and shipping agency	342,559	96.6%	348,960	97.4%
Other land-based logistic businesses	12,000	3.4%	9,181	2.6%
Cost of Sales	(310,322)	(87.5%)	(314,983)	(87.9%)
Freight forwarding and shipping agency	(302,084)	(85.2%)	(308,865)	(86.2%)
Other land-based logistics businesses	(8,238)	(2.3%)	(6,118)	(1.7%)
Gross Profit	44,237	12.5%	43,158	12.1%
Other income and gains (excluding bank interest income and other investment income)	3,269	0.9%	146	—
Administrative expenses	(23,696)	(6.7%)	(22,286)	(6.2%)
Other expenses and losses	(5)	—	(39)	—
Share of profits and losses of:				
Joint ventures	3,608	1.0%	3,407	1.0%
Associates	253	0.1%	421	0.1%
Segment results	27,666	7.8%	24,807	6.9%

Management Discussion and Analysis

Revenue

The revenue of the Group's land-based logistics business before inter-segment elimination decreased by 1.0% from US\$358.1 million for the six months ended 30 June 2012 to US\$354.6 million for the corresponding period in 2013. This decrease was a combined effect of the following:

- *Freight forwarding and shipping agency.* Revenue of the Group's freight forwarding and shipping agency business decreased by 1.8% from US\$349 million for the six months ended 30 June 2012 to US\$342.6 million for the corresponding period in 2013. Despite the increase in the freight forwarding volume from 665,360 TEU for the six months ended 30 June 2012 to 736,005 TEU for the corresponding period in 2013, it was offset by the decrease in average freight forwarding rate per TEU in 2013.
- *Other land-based logistics businesses.* Revenue of the Group's other land-based logistics business increased by 30.4% from US\$9.2 million for the six months ended 30 June 2012 to US\$12 million for the corresponding period in 2013. This increase primarily reflected the expansion of third party logistic business and other land-based logistic business.

Cost of Sales, Gross Profit and Gross Profit Margin

The cost of sales of the Group's land-based logistics business decreased by 1.5% from US\$315.0 million for the six months ended 30 June 2012 to US\$310.3 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 freight forwarding and shipping agency business decreased by 2.2% from US\$308.9 million for the six months ended 30 June 2012 to US\$302.1 million for the corresponding period in 2013, primarily reflecting an 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 34.4% from US\$6.1 million for the six months ended 30 June 2012 to US\$8.2 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.

As a result of the foregoing, the gross profit of the Group's land-based logistics business increased by 2.3% from US\$43.2 million for the six months ended 30 June 2012 to US\$44.2 million for the corresponding period in year 2013. The gross profit margin of the Group's land-based logistics business, was 12.1% and 12.5% for the six months ended 30 June 2012 and 30 June 2013, respectively.

Other Income and Gains (excluding bank interest income and other investment income)

Other income and gains (excluding interest income and other investment income) of the Group's land-based business for 2013 was approximately US\$3.3 million. The amount in 2013 mainly represented (i) gains from Japanese Yen forward contracts; and (ii) foreign exchange gains arising from the capital reduction of a subsidiary in Mainland China of approximately US\$2 million.

Administrative Expenses

Administrative expenses of the Group's land-based logistics business increased by 6.3% from US\$22.3 million for the six months ended 30 June 2012 to US\$23.7 million for the corresponding period in 2013. The increase primarily reflected the overall increase in the staff cost and headcounts.

Other Expenses and Losses

Other expenses and losses incurred by the Group's land-based logistics business for 2013 was comparable to the corresponding period for 2012.

Segment Results

As a result of the foregoing, the segment results of the Group's land-based logistics business increased by 11.7% from US\$24.8 million for the six months ended 30 June 2012 to US\$27.7 million for the corresponding period in 2013.

Management Discussion and Analysis

Liquidity, Financial and Capital Resources

As at 30 June 2013, the Group's cash and cash equivalent was approximately US\$486.2 million (31 December 2012: approximately US\$378.8 million), representing an increase of 28.4% as compared to that as at 31 December 2012.

As at 30 June 2013, the Group had current ratio (being current assets over current liabilities) of approximately 2.3 compared to that

of 2.8 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 gearing ratios as at 30 June 2013 and 31 December 2012 were as follows:

	30 June 2013	31 December 2012
	US\$' 000	US\$' 000
	(Unaudited)	(Audited)
Interest-bearing bank borrowings	260,215	132,867
Trade payables	123,745	138,065
Other payables and accruals	22,266	22,904
Due to related companies	162	59
Less: Cash and cash equivalents	(486,222)	(378,781)
Net cash	(79,834)	(84,886)
Equity attributable to owners of the parent	710,960	702,856
Hedging reserve	(1,925)	(3,928)
Adjusted capital	709,035	698,928
Capital and net debt	629,201	614,042
Gearing ratio	N/A	N/A

Management Discussion and Analysis

Borrowings and Charges on the Group's Assets

As at 30 June 2013, the Group had an aggregate bank borrowings of approximately US\$260.2 million (31 December 2012: approximately US\$132.9 million). Amongst the bank borrowings, approximately US\$118.1 million (31 December 2012: approximately US\$17.4 million) will be repayable within one year and approximately US\$142.1 million (31 December 2012: approximately US\$115.5 million) will be repayable after one year. Except for certain bank loans of JPY 3,841.5 million (equivalent to approximately US\$38.4 million) which were denominated in Japanese Yen and RMB denominated bank loan of RMB117.5 million (US\$37.4 million) as at 30 June 2013 (31 December 2012: JPY 920 million (equivalent to approximately US\$10.7 million) and Nil in RMB), all other bank loans are denominated in US dollars.

Further, certain of the Group's bank loans are secured by mortgages over the Group's container vessels which had an aggregate carrying value at the end of the reporting period of approximately US\$350.7 million (31 December 2012: US\$186.1 million).

Exchange Rate Risk

The Group mainly operates its business in intra-Asia. Other than the foreign currency denominated bank deposits and bank borrowings, the Group does not have any other material direct exposure to foreign exchange fluctuations. Appreciation in RMB would have a positive effect on the value on paying interest and repayment of foreign currency bank borrowings and senior notes. During the six months ended 30 June 2013, though the exchange rates of RMB against U.S. dollar and the Hong Kong dollar kept on increasing, the Directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Employees and Remuneration Policies

As of 30 June 2013, the Group had an aggregate of 1,237 full-time employees. 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.

Other Information

INTERIM DIVIDEND

At the meeting of the board of directors of the Company (the “**Board**”) held on 14 August 2013 (Wednesday), the Board has resolved not to declare any interim dividend for the six months ended 30 June 2013.

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

SHARE OPTION SCHEME

On 10 September 2010, the Company adopted a share option scheme (the “**Share Option Scheme**”) whereby the Board can grant options for the subscription of the shares of the Company (the “**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 of the Company dated 20 September 2010). 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 of Hong Kong Limited (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 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 takes effect from the date it was adopted and shall remain effective within a period of 10 years from that date.

Other Information

The followings are details of the options granted pursuant to the Share Option Scheme but not yet exercised:

Grantee and position	Date of grant of options	Number of options outstanding as at 1 January 2013	Number of options of granted during the period	Number of options exercised/ cancelled/lapsed during the period	Number of options not yet exercised on 30 June 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	—	550,000	6,250,000	0.24%
Total		11,400,000	—	550,000	10,850,000	0.42%

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 subscription 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 participants 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;

Other Information

- (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:

Grantee and position	Date of grant of options	Number of	Number of	Number of options not yet exercised on 30 June 2013	Approximate percentage of shareholding upon the exercise of the options
		options outstanding as at 1 January 2013	options exercised/ cancelled/lapsed during the period		
YANG Shaopeng (Executive Director)	10 September 2010	7,200,000	—	7,200,000	0.28%
YANG Xianxiang (Executive Director)	10 September 2010	5,220,000	—	5,220,000	0.20%
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	58,180,000	800,000	57,380,000	2.22%
Total		73,200,000	800,000	72,400,000	2.80%

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.

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 can be found in the Prospectus.

Other Information

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

As at 30 June 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”) as set out in Appendix 10 of the Listing Rules, are as follows:

(i) Interest in the Company

Name of Director	Nature of Interest	Number of Securities	Approximate percentage of Shareholding
YANG Shaopeng ⁽¹⁾	Beneficiary of the Pengli Trust	1,431,898,158	55.40%
XUE Peng ⁽²⁾	Interest in controlled corporation	12,866,176	0.50%
LAI Zhiyong ⁽³⁾	Beneficiary of the Go Thirve Trust	3,037,847	0.12%
	Beneficiary	185,000	0.007%
XUE Mingyuan ⁽³⁾	Beneficiary of the Go Thirve Trust	1,906,100	0.07%
LIU Kecheng	Beneficiary	300,000	0.01%
YEUNG Kwok On	Beneficiary	1,649,000	0.06%

Notes:

(1) 1,431,898,158 Shares are held by Resourceful Link Management Limited (“Resourceful Link”). The issued share capital of Resourceful Link is owned as to 76.67% by Better Master Investments Limited (“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 YANG Shaopeng and his family. The Pengli Trust is a revocable discretionary trust established under the laws and regulations of the Cayman Islands. YANG Shaopeng is the settlor and a beneficiary of the Pengli Trust.

(2) The 12,866,176 Shares represents interests of Mr. Xue Peng held by Add Investments Company Limited, a company which is wholly owned by Mr. Xue Peng.

(3) The Shares are the interests held by the Director through Go Thirve Limited. The sole shareholder of Go Thirve Limited is Mr. Zhao Zhiyong.

Other Information

(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 Share Option Scheme	Approximate percentage of shareholding attributable to the options under the Pre-IPO Share Option Scheme and 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 Yan, William	Beneficial owner	—	400,000	0.02%
NGAI Wai Fung	Beneficial owner	—	400,000	0.02%

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

(iii) Interest in associate 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 55.40% 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 YANG Shaopeng and his family. The Pengli Trust is a revocable discretionary trust established under the laws and regulations of the Cayman Islands. YANG Shaopeng is the settlor and a beneficiary of the Pengli Trust.

(2) Resourceful Link is interested in approximately 55.40% 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 YANG Xianxiang and his family. The Jixiang Trust is a revocable discretionary trust established under the laws and regulations of the Cayman Islands.

YANG Xianxiang is the settlor and a beneficiary of the Jixiang Trust.

Other Information

- (3) Resourceful Link is interested in approximately 55.40% 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 LIU Kecheng and his family. The Yicheng Trust is a revocable discretionary trust established under the laws and regulations of the Cayman Islands. LIU Kecheng is the settlor and a beneficiary of the Yicheng Trust.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at 30 June 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:

Name	Capacity	Number of shares	Percentage of Shareholding
Resourceful Link ⁽¹⁾	Beneficial owner	1,431,898,158	55.40%
Better Master ⁽¹⁾	Interest in controlled corporation	1,431,898,158	55.40%
Pengli Holdings Limited ⁽¹⁾	Interest in controlled corporation	1,431,898,158	55.40%
Barclays Wealth Trustees (Singapore) Limited ⁽¹⁾	Trustee	1,431,898,158	55.40%
Karr Robert A. ⁽²⁾	Interest in controlled corporation	145,593,000	5.63%
RAK Capital, LLC ⁽²⁾	Interest in controlled corporation	145,593,000	5.63%

Notes:

- (1) 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.

- (2) The 145,593,000 Shares held by Karr Robert A. and RAK Capital, LLC represents the 140,095,409 Shares and 5,497,591 Shares beneficially held by Joho Partners, L.P. and Joho Asia Growth Partners, L.P., respectively. Joho Partners, L.P. is owned as to 7.0% by RAK Capital, LLC while Joho Asia Growth Partners, L.P. is owned as to 11.9% by RAK Capital, LLC, and RAK Capital is owned as to 74.25% by Karr Roberts A.

Other Information

CORPORATE GOVERNANCE

The Company is committed to maintain a stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. For the six months ended 30 June 2013, the Board is of the view that the Company has complied with the code provisions on the Code on Corporate Governance Practices as in effect from time to time, set out in Appendix 14 to the Listing Rules .

MODEL CODE FOR SECURITIES

TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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. The Company has made specific enquiry with all Directors regarding any non-compliance with the Model Code and all Directors confirmed that they have complied with the Model Code and the Company Code during the six months ended 30 June 2013.

PURCHASE, SALES OR REDEMPTION

OF SHARES

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months under review.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company subsequent to the publication of the 2012 Annual Report in March 2013 are set out below:-

The annual directors' remuneration of both Mr YANG Shaopeng and Mr YANG Xianxiang, the executive Directors of the Company, have been adjusted from HKD1,450,000 to HKD1,550,000 according to the service contracts signed on 14 August 2013.

The annual directors' remuneration of both Mr LIU Kecheng and Mr XUE Peng, the executive Directors of the Company, have been adjusted from HKD550,000 to HKD570,000 according to the service contracts signed on 14 August 2013.

The above adjustments on the annual directors' remuneration were due to the fluctuation of exchange rate between Hong Kong Dollars and Renminbi.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the Directors, the Company maintained adequate public float throughout six months ended 30 June 2013.

Other Information

AUDIT COMMITTEE

The Company has an audit committee (the “**Audit Committee**”) which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three members who are the independent non-executive Directors of the Company, namely Mr TSUI Yung Kwok, Dr LO Wing Yan, William and Dr NGAI Wai Fung. The Audit Committee and the Company’s management have reviewed the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters including review of the unaudited interim results of the Group for the six months ended 30 June 2013.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2013 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available for review on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sitc.com>) in due course.

For and on behalf of the Board of Directors

YANG Shaopeng

Chairman

14 August 2013

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

The Board of Directors (the “Board”) of SITC International Holdings Company Limited (the “Company”) hereby presents the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2013 together with the comparative figures for the corresponding period in 2012. These interim condensed consolidated financial statements have not been audited, but have been reviewed by the Company’s audit committee.

	Notes	For the six months ended 30 June	
		2013 US\$' 000 (Unaudited)	2012 US\$' 000 (Unaudited)
REVENUE		589,249	582,793
Cost of sales		(528,125)	(518,895)
Gross profit		61,124	63,898
Other income and gains	3	20,427	6,659
Administrative expenses		(30,337)	(28,478)
Other expenses and losses		(21)	(2,341)
Finance costs	5	(2,618)	(747)
Share of profits and losses of:			
Joint ventures		3,608	3,407
Associates		253	421
PROFIT BEFORE TAX	4	52,436	42,819
Income tax expense	6	(1,175)	(1,101)
PROFIT FOR THE PERIOD		51,261	41,718
OTHER COMPREHENSIVE INCOME/(LOSS)			
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the period		3,712	1,593
Reclassification adjustments for gains included in profit or loss		(5,715)	(318)
		(2,003)	1,275
Exchange differences on translation of foreign operations		(1,242)	(111)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		(3,245)	1,164
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		48,016	42,882

Condensed Consolidated Statement of Comprehensive Income (continued)

For the six months ended 30 June 2013

		For the six months ended 30 June	
	Note	2013 US\$' 000 (Unaudited)	2012 US\$' 000 (Unaudited)
Profit attributable to:			
Owners of the parent		50,989	41,679
Non-controlling interests		272	39
		51,261	41,718
Total comprehensive income attributable to:			
Owners of the parent		47,770	43,009
Non-controlling interests		246	(127)
		48,016	42,882
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic (US cents per share)		1.97	1.61
Diluted (US cents per share)		1.97	1.61

Condensed Consolidated Statement of Financial Position

30 June 2013

	Notes	30 June 2013 US\$' 000 (Unaudited)	31 December 2012 US\$' 000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	461,926	443,961
Prepaid land lease payments		12,645	12,627
Investments in joint ventures		23,876	22,690
Investments in associates		10,135	9,874
Available-for-sale investments		1,207	1,207
Derivative financial instruments		417	—
Total non-current assets		510,206	490,359
CURRENT ASSETS			
Bunkers		19,114	18,657
Trade receivables	10	69,974	72,789
Prepayments, deposits and other receivables		32,426	35,430
Due from related companies		50	614
Derivative financial instruments		3,821	3,928
Pledged deposits		—	80
Cash and cash equivalents		486,222	378,781
Total current assets		611,607	510,279
CURRENT LIABILITIES			
Trade payables	11	123,745	138,065
Other payables and accruals		22,266	22,904
Due to related companies		162	59
Derivative financial instruments		1,560	136
Interest-bearing bank borrowings		118,103	17,379
Tax payable		800	1,181
Total current liabilities		266,636	179,724
NET CURRENT ASSETS		344,971	330,555
TOTAL ASSETS LESS CURRENT LIABILITIES		855,177	820,914

Condensed Consolidated Statement of Financial Position (continued)

30 June 2013

	Note	30 June 2013 US\$' 000 (Unaudited)	31 December 2012 US\$' 000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		855,177	820,914
NON-CURRENT LIABILITIES			
Derivative financial instruments		260	599
Interest-bearing bank borrowings		142,112	115,488
Total non-current liabilities		142,372	116,087
Net assets		712,805	704,827
EQUITY			
Equity attributable to owners of the parent			
Issued capital	12	33,327	33,323
Reserves		677,633	629,523
Proposed final dividend		—	40,010
		710,960	702,856
Non-controlling interests		1,845	1,971
Total equity		712,805	704,827

Condensed Consolidated Statement Of Changes In Equity

For the six months ended 30 June 2013

	Attributable to owners of the parent											Non-controlling interests (Unaudited) US\$'000	Total equity (Unaudited) US\$'000			
	Share issued capital (Unaudited) US\$'000	Share premium account (Unaudited) US\$'000	Treasury shares (Unaudited) US\$'000	Capital redemption reserve (Unaudited) US\$'000	Capital reserve (Unaudited) US\$'000	Share-based compensation reserve (Unaudited) US\$'000	Share option reserve (Unaudited) US\$'000	Hedging reserve (Unaudited) US\$'000	Exchange fluctuation reserve (Unaudited) US\$'000	Retained profits (Unaudited) US\$'000	Proposed final dividend (Unaudited) US\$'000			Total (Unaudited) US\$'000		
At 1 January 2012	33,446	349,662	(56)	132	(2,770)	2,900	(463)	4,597	1,614	(713)	6,864	214,780	39,997	649,970	3,478	653,448
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	41,679	—	41,679	39	41,718
Other comprehensive income for the period:																
Changes in fair value of hedging instruments, net of tax	—	—	—	—	—	—	—	—	—	1,275	—	—	—	1,275	—	1,275
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	—	55	—	—	55	(166)	(111)
Total comprehensive income for the period	—	—	—	—	—	—	—	—	—	1,275	55	41,679	—	43,009	(127)	42,882
Repurchase of shares	(56)	(884)	8	48	—	—	—	—	—	—	—	(46)	—	(932)	—	(932)
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)
Transfer to PRC reserve funds	—	—	—	—	—	446	—	—	—	—	—	(446)	—	—	—	—
Final 2011 dividend paid	—	—	—	—	—	—	—	—	—	—	—	—	(39,997)	(39,997)	—	(39,997)
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(498)	(498)
Share option expense	—	—	—	—	—	—	—	—	626	—	—	—	—	626	—	626
At 30 June 2012	33,390	348,768	(48)	180	(10,842)	3,346	(463)	4,597	2,240	562	6,909	255,965	—	644,604	2,589	647,193

Condensed Consolidated Statement Of Changes In Equity (continued)

For the six months ended 30 June 2013

	Attributable to owners of the parent															
	Share premium account (Unaudited) US\$'000	Treasury shares (Unaudited) US\$'000	Capital redemption reserve (Unaudited) US\$'000	Merger reserve (Unaudited) US\$'000	PRC reserve funds (Unaudited) US\$'000	Capital reserve (Unaudited) US\$'000	Share-based compensation reserve (Unaudited) US\$'000	Share option reserve (Unaudited) US\$'000	Hedging reserve (Unaudited) US\$'000	Available-for-sale investment revaluation reserve (Unaudited) US\$'000	Exchange fluctuation reserve (Unaudited) US\$'000	Retained profits (Unaudited) US\$'000	Proposed final dividend (Unaudited) US\$'000	Total (Unaudited) US\$'000	Non-controlling interests (Unaudited) US\$'000	Total equity (Unaudited) US\$'000
At 1 January 2013	33,323	—	202*	(10,842)*	3,722*	(463)*	4,597*	2,779*	3,928*	121*	9,589*	267,430*	40,010	704,856	1,971	704,827
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	50,989	—	50,989	272	51,261
Other comprehensive income for the period:																
Changes in fair value of hedging instruments, net of tax	—	—	—	—	—	—	—	—	(2,003)	—	—	—	—	(2,003)	—	(2,003)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	—	(1,216)	—	—	(1,216)	(26)	(1,242)
Total comprehensive income for the period	—	—	—	—	—	—	—	—	(2,003)	—	(1,216)	50,989	—	47,770	246	48,016
Issue of shares (note 12(a))	4	108	—	—	—	—	—	(65)	—	—	—	—	—	77	—	77
Capital contribution from a non-controlling shareholder	—	—	—	—	—	—	—	—	—	—	—	—	—	—	100	100
Deregistration of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(312)	(312)
Transfer to PRC reserve funds	—	—	—	—	247	—	—	—	—	—	—	(247)	—	—	—	—
Final 2012 dividend paid	—	—	—	—	—	—	—	—	—	—	—	44	(40,010)	(39,966)	—	(39,966)
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(160)	(160)
Transfer of share option reserve upon the forfeiture or expiry of share options	—	—	—	—	—	—	—	(52)	—	—	—	52	—	—	—	—
Share option expense	—	—	—	—	—	—	—	223	—	—	—	—	—	223	—	223
At 30 June 2013	33,327	348,568*	—	202*	(10,842)*	3,969*	4,597*	2,915*	1,925*	121*	8,373*	318,266*	—	710,960	1,845	712,805

* These reserve accounts comprise the consolidated reserves of US\$677,633,000 (unaudited) (31 December 2012: US\$629,523,000) in the condensed consolidated statement of financial position as at 30 June 2013.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013 US\$' 000 (Unaudited)	2012 US\$' 000 (Unaudited)
NET CASH FLOWS FROM OPERATING ACTIVITIES	44,417	24,019
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(61,360)	(150,741)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	87,177	(21,535)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	70,234	(148,257)
Cash and cash equivalents at beginning of period	356,180	435,778
Effect of foreign exchange rate changes, net	(773)	(1,442)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	425,641	286,079
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	348,311	191,079
Non-pledged time deposits with original maturity of less than three months when acquired	77,330	95,000
Cash and cash equivalents as stated in the statement of cash flows	425,641	286,079
Non-pledged time deposits with original maturity of over three months when acquired	60,581	95,507
Cash and cash equivalents as stated in the statement of financial position	486,222	381,586

Notes to the Condensed Consolidated Financial Statements

30 June 2013

1.1 CORPORATE INFORMATION

SITC International Holdings Company Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 9 April 2010. The registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY-1111, Cayman Islands. The Company’s headquarter in Hong Kong is located at Room 2203, 22/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

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.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are described in note 2 to the interim condensed consolidated financial statements.

1.2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants. These financial statements are presented in United States Dollars (“US\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2012.

The accounting policies and basis of preparation adopted in the preparation of these interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2012, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period’s financial statements:

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

The adoption of the above new and revised HKFRSs has had no material financial effect on these interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these interim condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

30 June 2013

2. OPERATING SEGMENT INFORMATION

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

- (a) the sea freight logistics segment is engaged in the provision of marine transportation services and related businesses; and
- (b) the land-based logistics segment is engaged in the provision of integrated freight forwarding, shipping agency, depot and warehousing, trucking and ship brokerage services and related businesses mainly through the Group's branch offices 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 results for the six months ended 30 June 2013

	Sea freight logistics US\$' 000 (Unaudited)	Land-based logistics US\$' 000 (Unaudited)	Total US\$' 000 (Unaudited)
Segment revenue:			
Sales to external customers	246,386	342,863	589,249
Intersegment sales	219,981	11,696	231,677
	466,367	354,559	820,926
<i>Reconciliation:</i>			
Elimination of intersegment sales			(231,677)
Revenue			589,249
Segment results	20,490	27,666	48,156
<i>Reconciliation:</i>			
Bank interest income			4,659
Other investment income			2,239
Finance costs			(2,618)
Profit before tax			52,436

Notes to the Condensed Consolidated Financial Statements

30 June 2013

2. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets as at 30 June 2013

	Sea freight logistics US\$' 000 (Unaudited)	Land-based logistics US\$' 000 (Unaudited)	Total US\$' 000 (Unaudited)
Segment assets	455,336	411,128	866,464
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(269,749)
Corporate and other unallocated assets			525,098
Total assets			<u>1,121,813</u>

Segment results for the six months ended 30 June 2012

	Sea freight logistics US\$' 000 (Unaudited)	Land-based logistics US\$' 000 (Unaudited)	Total US\$' 000 (Unaudited)
Segment revenue:			
Sales to external customers	235,789	347,004	582,793
Intersegment sales	227,834	11,137	238,971
	463,623	358,141	821,764
<i>Reconciliation:</i>			
Elimination of intersegment sales			(238,971)
Revenue			<u>582,793</u>
Segment results	12,265	24,807	37,072
<i>Reconciliation:</i>			
Bank interest income			2,874
Other investment income			3,620
Finance costs			(747)
Profit before tax			<u>42,819</u>

Notes to the Condensed Consolidated Financial Statements

30 June 2013

2. OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets as at 31 December 2012

	Sea freight logistics US\$' 000 (Audited)	Land-based logistics US\$' 000 (Audited)	Total US\$' 000 (Audited)
Segment assets	443,112	330,516	773,628
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(189,936)
Corporate and other unallocated assets			416,946
Total assets			1,000,638

3. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2013 US\$' 000 (Unaudited)	2012 US\$' 000 (Unaudited)
Other income		
Bank interest income	4,659	2,874
Other investment income	2,239	3,620
Others	114	159
	7,012	6,653
Gains		
Gain on disposal of items of property, plant and equipment, net	170	6
Fair value gains, net:		
Derivative instruments – transactions not qualifying as hedges	624	—
Cash flow hedges (transfer from equity)	5,715	—
Foreign exchange differences, net	4,932	—
Foreign exchange gains arising from the capital reduction of a subsidiary	1,974	—
	13,415	6
	20,427	6,659

Notes to the Condensed Consolidated Financial Statements

30 June 2013

4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2013 US\$' 000 (Unaudited)	2012 US\$' 000 (Unaudited)
Depreciation	12,175	6,095
Recognition of prepaid land lease payments	157	106
Foreign exchange differences, net*	(4,932)	2,302
Impairment of trade receivables*	—	16
Fair value losses/(gains), net*:		
Derivative instruments - transactions not qualifying as hedges	(624)	341
Cash flow hedges (transfer from equity)	(5,715)	(318)

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

5. FINANCE COSTS

	For the six months ended 30 June	
	2013 US\$' 000 (Unaudited)	2012 US\$' 000 (Unaudited)
Interest on bank loans	2,618	747

Notes to the Condensed Consolidated Financial Statements

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6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2013 US\$' 000 (Unaudited)	2012 US\$' 000 (Unaudited)
Current:		
Mainland China	409	578
Hong Kong	723	324
Elsewhere	43	43
Deferred	—	156
Total tax charge for the period	1,175	1,101

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. 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 period, based on the existing legislation, interpretations and practices in respect thereof.

The share of tax attributable to joint ventures and associates for the six months ended 30 June 2013 amounting to US\$1,057,000 and US\$10,000 (six months ended 30 June 2012: US\$1,020,000 and US\$26,000) is included in "Share of profits and losses of joint ventures" and "Share of profits and losses of associates", respectively, in the interim condensed consolidated statement of comprehensive income.

7. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend in respect of the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

Notes to the Condensed Consolidated Financial Statements

30 June 2013

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

The calculation of basic earnings per share amount for the period is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,584,537,293 (six months ended 30 June 2012: 2,589,601,398) in issue during the period.

The calculation of diluted earnings per share amount is based on the profit for the period 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 period, 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 six months ended 30 June 2012 in respect of a dilution as the shares options outstanding had no dilutive effect on the basic earnings per share amount presented.

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

	For the six months ended 30 June	
	2013 US\$' 000 (Unaudited)	2012 US\$' 000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	50,989	41,679
	Number of shares For the six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	2,584,537,293	2,589,601,398
Effect of dilution - weighted average number of ordinary shares:		
Share options	2,812,199	—
	2,587,349,492	2,589,601,398

Notes to the Condensed Consolidated Financial Statements

30 June 2013

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group acquired items of property, plant and equipment at a total cost of US\$29,284,000 (six months ended 30 June 2012: US\$56,354,000) and disposed of items of property, plant and equipment with an aggregate carrying amount of US\$766,000 (six months ended 30 June 2012: US\$220,000).

10. TRADE RECEIVABLES

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 enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	30 June 2013 US\$' 000 (Unaudited)	31 December 2012 US\$' 000 (Audited)
Within 1 month	48,684	56,645
1 to 2 months	16,504	15,144
2 to 3 months	4,147	615
Over 3 months	639	385
	69,974	72,789

Included in the Group's trade receivables are amounts due from the companies controlled by the controlling shareholder of the Company's ultimate holding company (the "Controlling Shareholder"), the Group's joint ventures and the Group's associates of US\$447,000 (2012: US\$611,000), US\$7,254,000 (2012: US\$4,812,000) and US\$894,000 (2012: US\$2,693,000), respectively, which are repayable on similar credit terms to those offered to the major customers of the Group.

Notes to the Condensed Consolidated Financial Statements

30 June 2013

11. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period is as follows:

	30 June 2013 US\$' 000 (Unaudited)	31 December 2012 US\$' 000 (Audited)
Within 1 month	104,655	122,570
1 to 2 months	11,393	7,694
2 to 3 months	2,310	1,958
Over 3 months	5,387	5,843
	123,745	138,065

Included in the Group's trade payables are amounts due to the Group's joint ventures and the Group's associates of US\$1,610,000 (2012: US\$1,784,000) and nil (2012: US\$770,000), respectively, which are repayable within 30 days, which represents similar credit terms 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.

12. SHARE CAPITAL

	30 June 2013		31 December 2012	
	HK\$' 000 (Unaudited)	US\$' 000 equivalent (Unaudited)	HK\$' 000 (Audited)	US\$' 000 equivalent (Audited)
Authorised:				
5,000,000,000 ordinary shares of HK\$0.1 each	500,000		500,000	
Issued and fully paid:				
2,584,800,000 (2012: 2,584,500,000) ordinary shares of HK\$0.1 each	258,480	33,327	258,450	33,323

Notes to the Condensed Consolidated Financial Statements

30 June 2013

12. SHARE CAPITAL (CONTINUED)

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

	Number of issued and fully paid ordinary shares (Unaudited)	Issued share capital	
		HK\$' 000 (Unaudited)	US\$' 000 equivalent (Unaudited)
At 1 January 2013	2,584,500,000	258,450	33,323
Share options exercised (note (a))	300,000	30	4
At 30 June 2013	2,584,800,000	258,480	33,327

Note:

- (a) The subscription rights attaching to 300,000 share options were exercised at the subscription price of HK\$1.968 per share, resulting in the issue of 300,000 shares of HK\$0.1 each for a total cash consideration, before expenses, of approximately HK\$590,000 (equivalent to approximately US\$77,000). An amount of US\$35,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

13. CAPITAL COMMITMENTS

The Group had the following commitments at the end of the reporting period:

	30 June 2013 US\$' 000 (Unaudited)	31 December 2012 US\$' 000 (Audited)
Contracted, but not provided for:		
Container vessels	95,140	5,800

14. CONTINGENT LIABILITIES

As at the end of the reporting period, there were no significant contingent liabilities.

Notes to the Condensed Consolidated Financial Statements

30 June 2013

15. RELATED PARTY DISCLOSURES

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

	For the six months ended 30 June	
	2013 US\$' 000 (Unaudited)	2012 US\$' 000 (Unaudited)
Companies controlled by the Controlling Shareholder:		
Freight forwarding services income for marine transportation	7,805	7,454
Freight forwarding services expenses	26	—
Shipping agency fee expenses	541	187
Custom services income	1	11
Container vessels rental expenses	998	1,274
Vessel management income	120	110
Land and buildings rental expenses	—	5
Property management services expenses	—	1
Associates:		
Container marine transportation services income	8,125	6,570
Shipping agency fee expenses	193	55
Joint ventures:		
Container marine transportation services income	53,821	42,416
Freight forwarding services income for marine transportation	1,348	1,005
Warehousing expenses	4,080	3,496
Freight forwarding services expenses	969	340

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

Notes to the Condensed Consolidated Financial Statements

30 June 2013

15. RELATED PARTY DISCLOSURES (CONTINUED)

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

	For the six months ended 30 June	
	2013 US\$' 000 (Unaudited)	2012 US\$' 000 (Unaudited)
Short term employee benefits	947	877
Post-employment benefits	31	20
Equity-settled share option expense	72	208
Total compensation paid to key management	1,050	1,105

- (c) Outstanding balances with related companies

The balances with related companies represent balances with companies which are controlled by the Controlling Shareholder, the joint ventures and the associates. The balances are unsecured, interest-free and repayable on demand.

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

Notes to the Condensed Consolidated Financial Statements

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16. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's financial instruments are as follows:

	Carrying amounts		Fair values	
	30 June 2013 US\$' 000 (Unaudited)	31 December 2012 US\$' 000 (Audited)	30 June 2013 US\$' 000 (Unaudited)	31 December 2012 US\$' 000 (Audited)
Financial assets				
Cash and cash equivalents	486,222	378,781	486,222	378,781
Pledged deposits	—	80	—	80
Trade receivables	69,974	72,789	69,974	72,789
Financial assets included in prepayments, deposits and other receivables	9,603	9,385	9,603	9,385
Derivative financial instruments	4,238	3,928	4,238	3,928
Available-for-sale investments	1,207	1,207	1,207	1,207
Due from related companies	50	614	50	614
	571,294	466,784	571,294	466,784
Financial liabilities				
Trade payables	123,745	138,065	123,745	138,065
Financial liabilities included in other payables and accruals	15,971	14,823	15,971	14,823
Derivative financial instruments	1,820	735	1,820	735
Interest-bearing bank borrowings	260,215	132,867	260,215	132,867
Due to related companies	162	59	162	59
	401,913	286,549	401,913	286,549

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.

The fair values of the financial assets and liabilities are included at the amount at which the instrument 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 value of cash and cash equivalents, pledged deposits, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and amounts due from/to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

Notes to the Condensed Consolidated Financial Statements

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16. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

The fair values of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

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 Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value

As at 30 June 2013

	Level 1 US\$' 000 (Unaudited)	Level 2 US\$' 000 (Unaudited)	Level 3 US\$' 000 (Unaudited)	Total US\$' 000 (Unaudited)
Available-for-sale investments, at fair value	527	—	—	527
Derivative financial instruments	—	4,238	—	4,238
	527	4,238	—	4,765

As at 31 December 2012

	Level 1 US\$' 000 (Audited)	Level 2 US\$' 000 (Audited)	Level 3 US\$' 000 (Audited)	Total US\$' 000 (Audited)
Available-for-sale investments, at fair value	527	—	—	527
Derivative financial instruments	—	3,928	—	3,928
	527	3,928	—	4,455

Notes to the Condensed Consolidated Financial Statements

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16. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

Liabilities measured at fair value

As at 30 June 2013

	Level 1 US\$' 000 (Unaudited)	Level 2 US\$' 000 (Unaudited)	Level 3 US\$' 000 (Unaudited)	Total US\$' 000 (Unaudited)
Derivative financial instruments	—	1,820	—	1,820

As at 31 December 2012

	Level 1 US\$' 000 (Audited)	Level 2 US\$' 000 (Audited)	Level 3 US\$' 000 (Audited)	Total US\$' 000 (Audited)
Derivative financial instruments	—	735	—	735

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 (2012: Nil) and no transfers into or out of Level 3 (2012: Nil).

17. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 14 August 2013.