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

Interim Report

2011

2011

Contents

Corporate Information

DIRECTORS

Executive Directors

YANG Shaopeng *(Chairman)*

YANG Xianxiang *(Chief Executive Officer)*

LIU Kecheng *(Joint Company Secretary)*

LI Xuexia

XUE Peng

Non-executive Director

LIU Rongli

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

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEADQUARTER IN THE PRC

No. 30, 1388 Zhangdong Road

Pudong District

Shanghai

PRC

HEADQUARTER IN HONG KONG

Rooms 2202-2203, 22/F,

Office Tower, Convention Plaza

1 Harbour Road

Wanchai

Hong Kong

AUTHORISED REPRESENTATIVES

LIU Kecheng

XUE Peng

JOINT COMPANY SECRETARIES

LIU Kecheng

HO Siu Pik (ACS, ACIS)

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Cayman) Limited

Butterfield House

68 Fort Street

P.O. Box 609

Grand Cayman KY1-1107

Cayman Islands

Corporate Information

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
(listed on the Stock Exchange on 6 October 2010) (the "**Listing Date**")

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

AUDITORS

Ernst & Young

LEGAL ADVISORS

As to Hong Kong law:

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

As to Cayman Islands law:

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

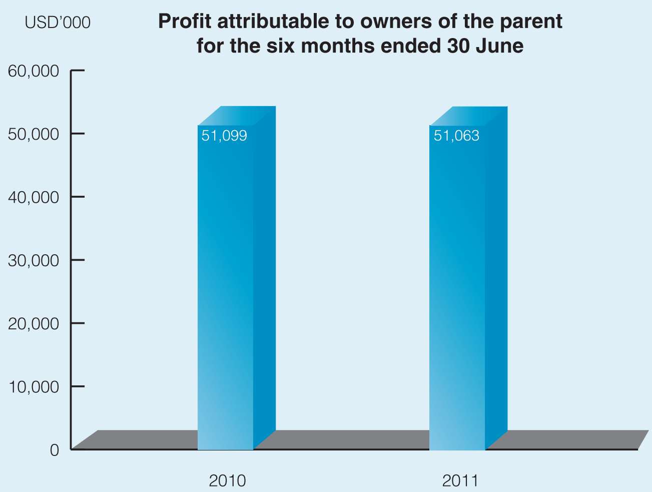
COMPLIANCE ADVISOR

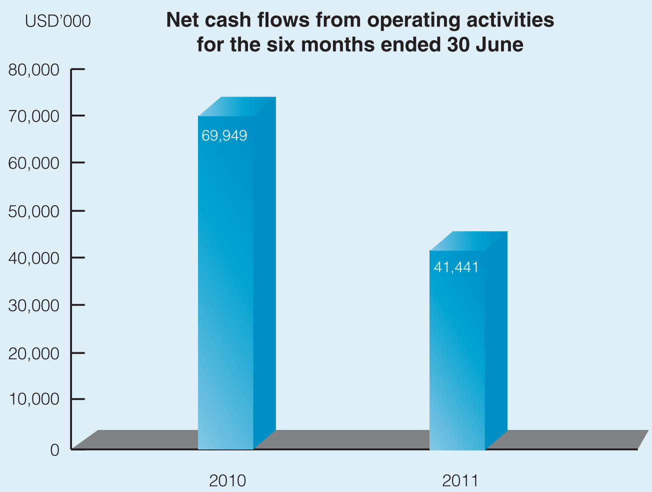
Citigroup Global Markets Asia Limited
50/F Citibank Tower
Citibank Plaza
3 Garden Road, Central
Hong Kong

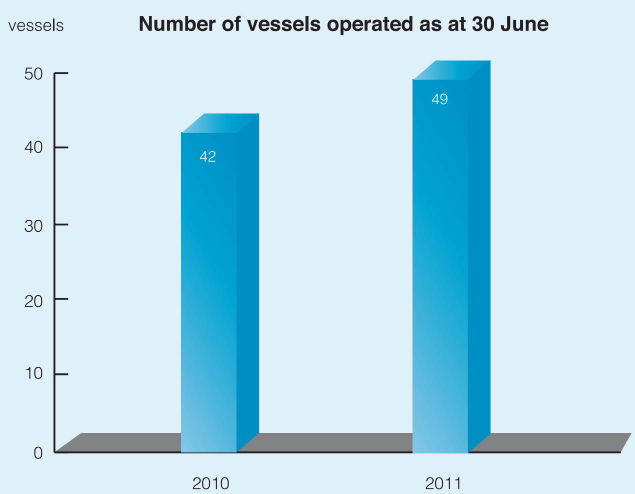
WEBSITE

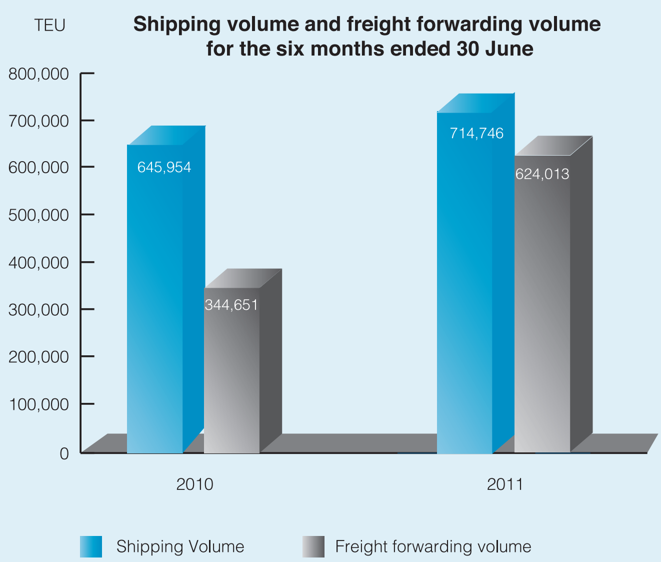
www.sitc.com

Financial and Operating Highlights









Management Discussion and Analysis

Overview

Business Review

SITC is a leading PRC-based shipping logistics company that provides integrated transportation and logistics solutions.

During the six months ended 30 June 2011, our sea freight logistics business continued to provide container shipping services that focus exclusively on the intra-Asia market as we believe that the intra-Asia trade market will continue to experience healthy growth. As of 30 June 2011, we operated 50 trade lanes, including 6 trade lanes through joint services and 20 trade lanes through container slot exchange arrangements. These lanes covered major ports in the PRC, Japan, Korea, Taiwan, Hong Kong, Vietnam, Thailand and the Philippines. As of 30 June 2011, we operated a fleet of 49 vessels with total capacity of 44,810 TEU, comprised of 16 self-owned (13,589 TEU) and 33 chartered vessels (31,221 TEU), with an average age of 6.9 years. 42 of these 49 vessels were of the 1,000 TEU type. For the six months ended 30 June 2011, US$52.0 million out of US$53.2 million of capital expenditure was attributable to vessel purchases. Revenue generated by our sea freight logistics business before inter-segment elimination for the first half of 2011 increased by approximately 24% as compared to the same period in 2010. The increase represented mainly the increases in shipping volume and average freight rate.

Our land-based logistics business is another key part of our business model, which comprised our freight forwarding, shipping agency, terminal, depot and warehousing, trucking and ship brokerage businesses. As of 30 June 2011, our freight forwarding network covered 24 major cities in the PRC, Japan, Korea, Vietnam and Hong Kong, while our shipping agency network covered 37 major ports and cities in the PRC, Japan, Korea, Hong Kong, Vietnam, Thailand and the Philippines. We also operated approximately 540,000 m^2 of depot and 84,000 m^2 of warehousing space. Revenue generated by our land-based logistics business before inter-segment elimination for the first half of 2011 increased by approximately 92.2% as compared to the same period in 2010. The increase represented mainly the increased scale of our freight forwarding businesses.

The Group is optimistic about the business environment for container shipping and logistics within the intra-Asia market in the second half of 2011. With our business expansion we will continue to optimize our unique business model, expand our intra-Asia service network, as well as replicate our integrated service model within our network. At the same time, we will continue to expand our fleet by capturing vessel price dynamics, so as to keep pace with the development of our business and secure a long-term competitive cost position. Through the above measures and together with our continuous enhancement on our information technology systems, we will strive for the goal in becoming a world-class integrated logistics service solutions provider.

Market Review

During the first half of 2011, the global container shipping industry came under pressure from over capacity and increased costs. Nevertheless, global container throughput was estimated to have grown by 4.5% in the first half of 2011 as compared to the corresponding period in the year 2010.

Our Company continued to outperform the industry during the first half of 2011. For the six months ended 30 June 2011, we marked a 10.6% increase in total sea freight shipping volume and an increase of 12.3% in terms of average freight rate. Meanwhile, the business volume of our land freight forwarding business increased by 81.1% as compared to the corresponding period in 2010.

Financial Overview

	For the six months ended 30 June							
	Sea freight logistics		Land-based logistics		Inter-segment sales		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	394,126	317,235	340,821	177,341	(224,350)	(93,908)	510,597	400,668
Cost of sales	(366,225)	(274,609)	(301,391)	(146,978)	224,350	93,908	(443,266)	(327,679)
Gross profit	27,901	42,626	39,430	30,363			67,331	72,989
Other income and gains (excluding interest income and other investment income)	8,861	1,216	132	17			8,993	1,233
Administrative expenses	(5,307)	(6,117)	(20,662)	(15,421)			(25,969)	(21,538)
Share of profit and loss of associates	—	—	71	53			71	53
Other expenses and losses	(2,193)	(3)	(133)	(15)			(2,326)	(18)
Segment results	29,262	37,722	18,838	14,997			48,100	52,719
Finance costs							(812)	(863)
Other investment income							293	296
Interest income							5,091	234
Profit before tax							52,672	52,386
Income tax expense							(1,192)	(1,051)
Profit for the period							51,480	51,335
Profit attributable to:								
Owners of the parent							51,063	51,099
Non-controlling interests							417	236
							51,480	51,335

Revenue

Our total revenue after inter-segment elimination increased by 27.4% from US$400.7 million for the six months ended 30 June 2010 to US$510.6 million for the corresponding period in 2011. This increase reflected the growth in revenue of both the sea freight logistics and the land-based logistics segments, primarily reflecting (i) the increase in our shipping volume due to the increase in our shipping capacity of trade lines and the higher average freight rate; as well as (ii) increased scale of our freight forwarding operations.

Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales after inter-segment elimination increased by 35.3% from US$327.7 million for the six months ended 30 June 2010 to US$443.3 million for the corresponding period in 2011. This increase was primarily attributable to (i) the increase in our shipping volume of sea freight container and land freight forwarding volume; and (ii) the increase in the major components of our cost of sales, such as bunkers cost and vessels charter cost.

As a result of the foregoing, our gross profit margin decreased from 18.2% for the six months ended 30 June 2010 to 13.2% for the corresponding period in 2011, primarily reflecting (i) an increase in our average bunkers cost per tonne and average daily vessel charter rate; and (ii) the increased scale of our freight forwarding business, which has lower margin than the overall land-based logistics business.

Administrative Expenses

Our administrative expenses increased from US$21.5 million for the six months ended 30 June 2010 to US$26.0 million for the corresponding period in 2011. The US$4.5 million increase was mainly attributable to the network expansion for our land-based logistics business in the first six months of 2011 as compared with the corresponding period in 2010.

Other Expenses and Losses

Our other expenses and losses increased from less than US$0.1 million for the six months ended 30 June 2010 to US$2.3 million for the corresponding period in 2011. The increase was mainly attributable to (i) the realised hedging loss arising from our forward contracts of US$2.0 million; and (ii) certain asset write-offs.

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

For the six months ended 30 June 2011, other income and gains (excluding interest income and other investment income) increased by US$7.8 million as compared to the corresponding period in 2010. In 2011, the amount mainly represented the US$8.9 million gain in the foreign exchange translation from our RMB deposits.

Finance Costs

Our finance costs remained stable at approximately US$0.8 million for the six months ended 30 June 2011. The effective interest rates slightly decreased from 2.0% for the six months ended 30 June 2010 to 1.8% for the corresponding period in 2011.

Profit Before Tax

As a result of the foregoing, our profit before tax increased from US$52.4 million for the six months ended 30 June 2010 to US$52.7 million for the corresponding period in 2011.

Income Tax Expense

Our income tax expenses was US$1.1 million and US$1.2 million for the six months ended 30 June 2010 and 2011, respectively. There was no material fluctuation in the amount.

Profit for the Period

Our profit for the six months ended 30 June 2011 was US$51.5 million, representing an increase of US$0.2 million over the profit of US$51.3 million for the corresponding period in 2010.

Sea Freight Logistics

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

	Six months ended 30 June			
	2011		2010	
	Amount US$'000	% of segment revenue	Amount US$'000	% of segment revenue
Income Statement Data:				
Segment revenue	394,126	100%	317,235	100%
Cost of Sales	(366,225)	(92.9%)	(274,609)	(86.6%)
Equipment and cargos transportation costs	(195,246)	(49.5%)	(159,490)	(50.3%)
Voyage costs	(119,114)	(30.2%)	(82,938)	(26.1%)
Vessels costs	(51,865)	(13.2%)	(32,181)	(10.2%)
Gross Profit	27,901	7.1%	42,626	13.4%
Other income and gains (excluding interest income and other investment income)	8,861	2.2%	1,216	0.4%
Administrative expenses	(5,307)	(1.3%)	(6,117)	(1.9%)
Other expenses and losses	(2,193)	(0.6%)	(3)	—
Segment results	29,262	7.4%	37,722	11.9%

Revenue

Revenue of our sea freight logistics business before inter-segment elimination increased by 24.2% from US$317.2 million for the six months ended 30 June 2010 to US$394.1 million for the six months ended 30 June 2011. This increase was mainly attributable to (i) the increase in shipping volume from 645,954 TEU for the six months ended 30 June 2010 to 714,746 TEU for the corresponding period in 2011; and (ii) the increase in our average freight rate by 12.3% to US$551 per TEU for the six months ended 30 June 2011 from US$491 per TEU for the corresponding period in 2010, primarily reflecting additional fee charged to our customers as a result of the increase in our cost of sales.

Cost of Sales, Gross Profit and Gross Profit Margin

The cost of sales of our sea freight logistics business before inter-segment elimination increased by 33.4% from US$274.6 million for the six months ended 30 June 2010 to US$366.2 million for the corresponding period in 2011. This primarily reflected increases in all major components of our cost of sales, particularly bunkers cost and charter rates. During the six months ended 30 June 2011, the average bunker cost per tonne and average daily vessels charter rate increased by approximately 27.5% and 51.1% as compared with the corresponding period in 2010, respectively.

As a result of the foregoing, we recorded gross profit of US$27.9 million for our sea freight logistics business for the six months ended 30 June 2011 and it represented a decrease of US$14.7 million compared to the corresponding period in 2010. The improvement in our sea freight logistics revenue was largely offset by the overall increase in cost of sales and hence our gross profit margin decreased from 13.4% in 2010 to 7.1% in 2011, primarily reflecting an increase in our average bunker cost per tonne and average daily vessel charter rate.

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

For the six months ended 30 June 2011, the other income and gains (excluding interest income and other investment income) increased by US$7.7 million compared to the corresponding period in 2010. In 2011, the amount mainly represented the US$8.9 million gain in the foreign exchange translation from our RMB deposits.

Administrative Expenses

Administrative expenses of our sea freight logistics business decreased from US$6.1 million for the six months ended 30 June 2010 to US$5.3 million in the corresponding period of 2011. The change in the amount was mainly due to a loss from net foreign exchange of US$1.1 million recorded in 2010.

Other Expenses and Losses

Other expenses and losses for our sea freight logistics business increased by US$2.2 million from less than US$0.1 million for the six months ended 30 June 2010. The increase was primarily attributable to the realised hedging losses on the derivative contracts of the Group.

Segment Results

As a result of the foregoing, the segment results of our sea freight logistics business decreased by US$8.4 million from US$37.7 million for the six months ended 30 June 2010 to US$29.3 million for the six months ended 30 June 2011.

Land-Based Logistics

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

	Six months ended 30 June			
	2011		2010	
	Amount US$'000	% of segment revenue	Amount US$"000	% of segment revenue
Income Statement Data:				
Segment revenue	340,821	100.0%	177,341	100.0%
Freight forwarding and shipping agency	319,816	93.8%	164,137	92.6%
Warehousing and others	21,005	6.2%	13,204	7.4%
Cost of Sales	(301,391)	(88.4%)	(146,978)	(82.9%)
Freight forwarding and shipping agency	(288,135)	(84.5%)	(139,456)	(78.7%)
Warehousing and others	(13,256)	(3.9%)	(7,522)	(4.2%)
Gross Profit	39,430	11.6%	30,363	17.1%
Other income and gains (excluding interest income and other investment income)	132	—	17	—
Administrative expenses	(20,662)	(6.1%)	(15,421)	(8.7%)
Other expenses and losses	(133)	—	(15)	—
Share of profits and losses of associates	71	—	53	—
Segment results	18,838	5.5%	14,997	8.4%

Revenue

The revenue of our land-based logistics business before inter-segment elimination increased by 92.2% from US$177.3 million for the six months ended 30 June 2010 to US$340.8 million for the corresponding period in 2011. This increase was mainly attributable to the increased scale of our freight forwarding business.

- Freight forwarding and shipping agency. Revenue of our freight forwarding and shipping agency business increased by 94.9% from US$164.1 million for the six months ended 30 June 2010 to US$319.8 million for the corresponding period in 2011. This increase primarily reflected (i) an increase in the freight forwarding volume from 344,651 TEU for the six months ended 30 June 2010 to 624,013 TEU for the corresponding period in 2011, which primarily reflected the increase in freight rates; and (ii) an increase in the average freight forwarding fee.

- Warehousing and others. Revenue of our warehousing and other business increased by 59.1% from US$13.2 million for the six months ended 30 June 2010 to US$21.0 million for the corresponding period in 2011. This increase primarily reflected an increased number of containers handled by our depot services.

Cost of Sales, Gross Profit and Gross Profit Margin

The cost of sales of our land-based logistics business increased by 105.0% from US$147.0 million for the six months ended 30 June 2010 to US$301.4 million for the corresponding period in 2011. This mainly represented the expansion in our freight forwarding business.

- Freight forwarding and shipping agency. Cost of sales of freight forwarding and shipping agency business increased by 106.5% from US$139.5 million for the six months ended 30 June 2010 to US$288.1 million for the corresponding period in 2011, primarily reflecting an increase in our freight forwarding volume.

- Warehousing and others. Cost of sales of our warehousing and other business increased by 77.3% from US$7.5 million for the six months ended 30 June 2010 to US$13.3 million for the corresponding period in 2011. This increase primarily reflected (i) an increased number of containers handled by our depot services; and (ii) the increase in fuel and trucking expenses to cope with the business growth.

As a result of the foregoing, the gross profit of our land-based logistics business increased by 29.6% from US$30.4 million for the six months ended 30 June 2010 to US$39.4 million for the corresponding period in year 2011. The gross profit margin of our land-based logistics business decreased from 17.1% for the six months ended 30 June 2010 to 11.6% for the corresponding period in 2011, primarily due to the increased scale of our freight forwarding business, which has lower margin than the overall land-based logistic business.

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

Other income and gains (excluding interest income and other investment income) of our land-based business were US$0.1 million and less than US$0.1 million for the six months ended 30 June 2011 and 2010, respectively.

Administrative Expenses

Administrative expenses of our land-based logistics business increased by 34.4% from US$15.4 million for the six months ended 30 June 2010 to US$20.7 million for the corresponding period in 2011. The increase primarily reflected the network expansion for our land-based logistics business in the first six months of 2011 as compared to the corresponding period in 2010.

Other Expenses and Losses

Other expenses and losses incurred by our land-based logistics business were approximately US$0.1 million for the six months ended 30 June 2010 and 2011.

Segment Results

As a result of the foregoing, the segment results of our land-based logistics business increased by 25.3% from US$15.0 million for the six months ended 30 June 2010 to US$18.8 million for the corresponding period in 2011.

Liquidity and Financial Resources

The Group has maintained a healthy financial and liquidity position with a current ratio of 272.9% as at 30 June 2011 (31 December 2010: 434.9%). As at 30 June 2011, the Group had a cash and cash equivalent balance of US$451.3 million (31 December 2010: US$515.3 million). Interest-bearing bank borrowings amounted to approximately US$100.4 million (31 December 2010: US$78.4 million), of which US$83.2 million was due within one year (31 December 2010: US$12.7 million), and approximately US$17.2 million was due after one year (31 December 2010: US$65.7 million).

By focusing on cashflow management, the Group has been able to maintain a strong cash position with a net cash balance (cash balance less borrowings) of US$350.9 million as at 30 June 2011 (31 December 2010: US$436.9 million). The Group's healthy liquidity position ensures the financial flexibility to capture investment and acquisition opportunities as they arise.

Other Information

INTERIM DIVIDEND

At the meeting of the board of directors of the Company (the "**Board**") held on 11 August 2011 (Thursday), the Board has resolved not to declare any interim dividend for the six months ended 30 June 2011.

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 ("**Share Option Scheme**") whereby the Board of Directors can grant options for the subscription of our shares to the employees, managerial staff and senior employees and those other persons that the Board of Directors 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 (the "**Prospectus**") 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 (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 of Directors, 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 shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date.

Since the Share Option Scheme was adopted, no options have been granted.

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;

(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;

(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:

Grantees and position	Date of grant of options	Number of options granted	Number of options granted during the six months ended 30 June 2011	Number of options exercised/ cancelled/ lapsed during the six months ended 30 June 2011	Number of options not yet exercised on 30 June 2011	Approximate percentage of shareholding upon the exercise of the options
YANG Shaopeng (Executive Director)	10 September 2010	7,200,000	—	—	7,200,000	0.27%
YANG Xianxiang (Executive Director)	10 September 2010	5,220,000	—	—	5,220,000	0.19%
LIU Kecheng (Executive Director)	10 September 2010	800,000	—	—	800,000	0.03%
LI Xuexia (Executive Director)	10 September 2010	800,000	—	—	800,000	0.03%
XUE Peng (Executive Director)	10 September 2010	800,000	—	—	800,000	0.03%
Other employees	10 September 2010	63,740,000	—	1,240,000	62,500,000	2.42%
Total		**78,560,000**	**—**	**1,240,000**	**77,320,000**	**2.97%**

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 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.

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

As at 30 June 2011, the interest or short positions 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 (the "**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 as set out in Appendix 10 of the Listing Rules (the "**Model Code**"), are as follows:

(i) Interest in the Company

Name of Director	Nature of Interest	Number of Securities	Approximate percentage of Shareholding
YANG Shaopeng (Note 1)	Beneficiary of the Pengli Trust	1,431,898,158	55.07%
LIU Rongli (Note 2)	Beneficiary of the Pengli Trust	1,431,898,158	55.07%
XUE Peng (Note 3)	Beneficiary of the Watercrest Trust	12,866,176	0.495%
LI Xuexia (Note 3)	Beneficiary of the Watercrest Trust	12,707,334	0.489%

Notes:

(1) The Shares are held by Resourceful Link Management Limited ("**Resourceful Link**"), the issued share capital of which is owned as to 76.67% by Better Master Investment Limited ("**Better Master**"). Better Master is owned as to 100% by Pengli Holdings Limited, a company wholly-owned by Barclays Wealth Trustees (Hong Kong) 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) LIU Rongli is the spouse of YANG Shaopeng and is deemed to be interested in all the shares of YANG Shaopeng by virtue of the SFO.

(3) The Shares are the interests held by Watercrest Profits Limited attributable to the Director. The sole shareholder of Watercrest Profits Limited is Wang Yanan, as nominee and trustee for the Watercrest Trust, a trust established to hold the interests of certain employees in the Company.

(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	Approximate percentage of shareholding attributable to the options under the Pre-IPO Share Option Scheme (Note)
YANG Shaopeng	Beneficial owner	7,200,000	0.27%
YANG Xianxiang	Beneficial owner	5,220,000	0.19%
LIU Kecheng	Beneficial owner	800,000	0.03%
LI Xuexia	Beneficial owner	800,000	0.03%
XUE Peng	Beneficial owner	800,000	0.03%

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

(iii) Interest in associated corporations

Name of Director	Name of associated corporation	Number of shares	Percentage of Shareholding
YANG Shaopeng (Note 1)	Resourceful Link	55,290	76.67%
YANG Xianxiang (Note 2)	Resourceful Link	11,776	16.33%
LIU Kecheng (Note 3)	Resourceful Link	2,205	3.05%
LIU Rongli (Note 4)	Resourceful Link	55,290	76.67%

Notes:

(1) Resourceful Link is interested in approximately 55.07% 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 Trustees (Hong Kong) 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 55.07% 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 Trustees (Hong Kong) 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.

(3) Resourceful Link is interested in approximately 55.07% 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 Trustees (Hong Kong) 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.

(4) LIU Rongli is the spouse of YANG Shaopeng and is deemed to be interested in all the shares of YANG Shaopeng by virtue of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at 30 June 2011, to the best of the Director's Knowledge, 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 (Note 1)	Beneficial owner	1,431,898,158	55.07%
Better Master (Note 1)	Interest in controlled corporation	1,431,898,158	55.07%
Pengli Holdings Limited (Note 1)	Interest in controlled corporation	1,431,898,158	55.07%
Barclays Wealth Trustees (Hong Kong) Limited (Note 1)	Trustee	1,431,898,158	55.07%
Watercrest Profits Limited (Note 2)	Beneficial owner	518,101,842	19.93%
Wang Yanan (Note 2)	Trustee	518,101,842	19.93%

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 Trustees (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 (Hong Kong) 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 Trustees (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 (Hong Kong) 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 sole shareholder of Watercrest Profits Limited is WANG Yanan, who holds such interest as the trustee for certain employees of the Company.

CORPORATE GOVERNANCE

The Company strived to maintain a high standard of corporate governance and complied with the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules. To the knowledge of the Board, the Company had fully complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2011, and there has been no deviation from the code provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct for dealings in securities of the Company by the directors. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code and all Directors confirmed that they have complied with the Model Code during the six months ended 30 June 2011.

PURCHASE, SALE AND RE-PURCHASE OF SHARES

There was no purchase, sale and re-purchase of any listed securities of the Company by the Company or any of its subsidiaries for the six months ended 30 June 2011.

CHANGES TO DIRECTORS UNDER RULE 13.51B(1) OF LISTING RULES

The following is the change to Directors disclosed under Rule 13.51B(1) of Listing Rules:-

Mr NGAI Wai Fung, an independent non-executive Director of the Company, has retired as an independent non-executive Director of Franshion Properties (China) Limited (a company listed in the Stock Exchange, Stock Code 817) with effect from 17 June 2011.

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 2011.

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 Mr 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 2011.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2011 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.hkex.com.hk) and the Company (http://www.sitc.com) in due course.

For and on behalf of the Board of Directors
YANG Shaopeng
Chairman

11 August 2011

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

	Notes	For the six months ended 30 June 2011 US$'000 (Unaudited)	2010 US$'000 (Audited)
REVENUE		**510,597**	400,668
Cost of sales		**(443,266)**	(327,679)
Gross profit		**67,331**	72,989
Other income and gains	3	**14,377**	1,763
Administrative expenses		**(25,969)**	(21,538)
Other expenses and losses		**(2,326)**	(18)
Finance costs	5	**(812)**	(863)
Share of profits and losses of associates		**71**	53
PROFIT BEFORE TAX	4	**52,672**	52,386
Income tax expense	6	**(1,192)**	(1,051)
PROFIT FOR THE PERIOD		**51,480**	51,335
OTHER COMPREHENSIVE INCOME/(LOSS)			
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the period		**(672)**	(857)
Reclassification adjustments for losses/(gains) included in profit or loss		**1,885**	(545)
		1,213	(1,402)
Exchange differences on translation of foreign operations		**1,519**	285
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		**2,732**	(1,117)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**54,212**	50,218

Condensed Consolidated Statement of Comprehensive Income (continued)

For the six months ended 30 June 2011

	Note	For the six months ended 30 June 2011 US$'000 (Unaudited)	2010 US$'000 (Audited)
Profit attributable to:			
Owners of the parent		**51,063**	51,099
Non-controlling interests		**417**	236
		51,480	51,335
Total comprehensive income attributable to:			
Owners of the parent		**53,865**	49,992
Non-controlling interests		**347**	226
		54,212	50,218
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic (US cents per share)		**1.96**	1.97
Diluted (US cents per share)		**1.95**	1.97

Details of the interim dividend proposed for the period are disclosed in note 7 to the condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

30 June 2011

	Notes	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**244,780**	194,823
Prepaid land lease payments		**2,061**	2,045
Investments in associates		**2,468**	2,402
Available-for-sale investment		**402**	394
Total non-current assets		**249,711**	199,664
CURRENT ASSETS			
Bunkers		**15,411**	11,796
Trade receivables	10	**64,685**	55,910
Prepayments, deposits and other receivables		**20,038**	15,476
Due from related companies	14	**983**	2,133
Derivative financial instruments		**125**	—
Financial assets at fair value through profit or loss		**4,641**	—
Pledged deposits		**40,223**	75
Cash and cash equivalents		**451,309**	515,334
Total current assets		**597,415**	600,724
CURRENT LIABILITIES			
Trade payables	11	**112,072**	93,194
Other payables and accruals		**20,250**	27,160
Due to related companies	14	**868**	1,096
Derivative financial instruments		**1,608**	2,693
Interest-bearing bank borrowings		**83,153**	12,772
Tax payable		**943**	1,221
Total current liabilities		**218,894**	138,136
NET CURRENT ASSETS		**378,521**	462,588
TOTAL ASSETS LESS CURRENT LIABILITIES		**628,232**	662,252

Condensed Consolidated Statement of Financial Position (continued)

30 June 2011

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	**628,232**	662,252
NON-CURRENT LIABILITIES		
Derivative financial instruments	**508**	430
Interest-bearing bank borrowings	**17,216**	65,644
Deferred tax liabilities	**71**	205
Total non-current liabilities	**17,795**	66,279
Net assets	**610,437**	595,973
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**33,522**	33,522
Reserves	**574,231**	520,026
Proposed final dividend	**—**	40,088
	607,753	593,636
Non-controlling interests	**2,684**	2,337
Total equity	**610,437**	595,973

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Attributable to owners of the parent											
	Issued capital (Audited) US$'000	Merger reserve (Audited) US$'000	PRC reserve funds (Audited) US$'000	Capital reserve (Audited) US$'000	Share-based compensation reserve (Audited) US$'000	Share option reserve (Audited) US$'000	Hedging reserve (Audited) US$'000	Exchange fluctuation reserve (Audited) US$'000	Retained profits (Audited) US$'000	Total (Audited) US$'000	Non-controlling interests (Audited) US$'000	Total equity (Audited) US$'000
At 1 January 2010	—	(2,999)	1,419	(463)	4,597	—	1,008	3,648	90,816	98,026	1,895	99,921
Profit for the period	—	—	—	—	—	—	—	—	51,099	51,099	236	51,335
Other comprehensive loss for the period:												
Changes in fair value of hedging instruments, net of tax	—	—	—	—	—	—	(1,402)	—	—	(1,402)	—	(1,402)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	295	—	295	(10)	285
Total comprehensive income for the period	—	—	—	—	—	—	(1,402)	295	51,099	49,992	226	50,218
Deemed distributions to a company controlled by the controlling shareholder of the Company's ultimate holding company	—	(276)	—	—	—	—	—	—	—	(276)	—	(276)
Issued of shares in connection with the Group reorganisation	1	(1)	—	—	—	—	—	—	—	—	—	—
Transfer to PRC reserve funds	—	—	355	—	—	—	—	—	(355)	—	—	—
Share option expense	—	—	—	—	—	277	—	—	—	277	—	277
At 30 June 2010	1	(3,276)	1,774	(463)	4,597	277	(394)	3,943	141,560	148,019	2,121	150,140

Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2011

	Attributable to owners of the parent													
	Issued capital (Unaudited) US$'000	Share premium account (Unaudited) US$'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	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 2011	33,522	351,903	(3,276)	1,827	(463)	4,597	838	(2,560)	4,857	162,303	40,088	593,636	2,337	595,973
Profit for the period	–	–	–	–	–	–	–	–	–	51,063	–	51,063	417	51,480
Other comprehensive income for the period:														
Changes in fair value of hedging instruments, net of tax	–	–	–	–	–	–	–	1,213	–	–	–	1,213	–	1,213
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	1,589	–	–	1,589	(70)	1,519
Total comprehensive income for the period	–	–	–	–	–	–	–	1,213	1,589	51,063	–	53,865	347	54,212
Transfer to PRC reserve funds	–	–	–	352	–	–	–	–	–	(352)	–	–	–	–
Final 2010 dividend paid	–	–	–	–	–	–	–	–	–	–	(40,088)	(40,088)	–	(40,088)
Share option expense	–	–	–	–	–	–	340	–	–	–	–	340	–	340
At 30 June 2011	33,522	351,903 *	(3,276)*	2,179 *	(463)*	4,597 *	1,178 *	(1,347)*	6,446 *	213,014 *	–	607,753	2,684	610,437

* These reserve accounts comprise the consolidated reserves of US$574,231,000 (31 December 2010: US$520,026,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2011

	2011 US$'000 (Unaudited)	2010 US$'000 (Audited)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**41,441**	69,949
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(191,462)**	(1,643)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	**(18,042)**	(51,244)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(168,063)**	17,062
Cash and cash equivalents at beginning of period	**515,334**	66,251
Effect of foreign exchange rate changes, net	**10,440**	439
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**357,711**	83,752
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**235,112**	67,037
Non-pledged time deposits with original maturity of less than three months when acquired	**122,599**	16,715
Cash and cash equivalents as stated in the statement of cash flows	**357,711**	83,752
Non-pledged time deposits with original maturity of over three months when acquired	**93,598**	—
Cash and cash equivalents as stated in the statement of financial position	**451,309**	83,752

Notes to the Condensed Consolidated Financial Statements

30 June 2011

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated interim 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.

The condensed consolidated interim 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 2010.

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2010, 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 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative* HKFRS 7 *Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised) and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transactional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had significant impact on the Group. Details of the key amendments most applicable to the Group are as follows:

(a) HKFRS 3 *Business Combinations*: Clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

(b) HKAS 1 *Presentation of Financial Statements*: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

(c) HKAS 27 *Consolidated and Separate Financial Statements*: Clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

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 provides marine transportation services and related businesses; and

(b) the land-based logistics segment provides freight forwarding, shipping agency, depot and warehousing, trucking and ship brokerage services and related businesses.

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

2. OPERATING SEGMENT INFORMATION (continued)

Segment assets exclude pledged deposits, cash and cash equivalents, financial assets at fair value through profit or loss, 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 2011

	Sea freight logistics US$'000 (Unaudited)	Land-based logistics US$'000 (Unaudited)	Total US$'000 (Unaudited)
Segment revenue:			
Sales to external customers	179,594	331,003	510,597
Intersegment sales	214,532	9,818	224,350
	394,126	340,821	734,947
Reconciliation:			
Elimination of intersegment sales			(224,350)
Revenue			510,597
Segment results	29,262	18,838	48,100
Reconciliation:			
Interest income			5,091
Other investment income			293
Finance costs			(812)
Profit before tax			52,672

2. OPERATING SEGMENT INFORMATION (continued)

Segment assets as at 30 June 2011

	Sea freight logistics US$'000 (Unaudited)	Land-based logistics US$'000 (Unaudited)	Total US$'000 (Unaudited)
Segment assets	**255,137**	**187,173**	**442,310**
Reconciliation:			
Elimination of intersegment receivables			**(112,512)**
Corporate and other unallocated assets			**517,328**
Total assets			**847,126**

Segment results for the six months ended 30 June 2010

	Sea freight logistics US$'000 (Audited)	Land-based logistics US$'000 (Audited)	Total US$'000 (Audited)
Segment revenue:			
Sales to external customers	228,825	171,843	400,668
Intersegment sales	88,410	5,498	93,908
	317,235	177,341	494,576
Reconciliation:			
Elimination of intersegment sales			(93,908)
Revenue			400,668
Segment results	37,722	14,997	52,719
Reconciliation:			
Interest income			234
Other investment income			296
Finance costs			(863)
Profit before tax			52,386

2. OPERATING SEGMENT INFORMATION (continued)

Segment assets as at 31 December 2010

	Sea freight logistics US$'000 (Audited)	Land-based logistics US$'000 (Audited)	Total US$'000 (Audited)
Segment assets	204,753	208,438	413,191
Reconciliation:			
Elimination of intersegment receivable			(143,788)
Corporate and other unallocated assets			530,985
Total assets			800,388

3. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2011 US$'000 (Unaudited)	2010 US$'000 (Audited)
Other income		
Bank interest income	**5,091**	234
Other investment income	**293**	296
Government subsidies*	**—**	17
Others	**70**	—
	5,454	547
Gains		
Fair value gains, net:		
Derivative instruments - transactions not qualifying as hedges	**—**	671
Cash flow hedges (transfer from equity)	**—**	545
Gain on early termination of derivative instruments	**14**	—
Gain on disposal of items of property, plant and equipment, net	**51**	—
Foreign exchange differences, net	**8,858**	—
	8,923	1,216
	14,377	1,763

* The amount received represented subsidies received from the relevant authorities of the Jiangsu Lianyungang Municipality for the Group's operation of container lines.

4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Audited)
Depreciation	**5,168**	5,256
Recognition of prepaid land lease payments	**26**	23
Foreign exchange differences, net	**(8,858)**	1,111
(Gain)/loss on disposal of items of property, plant and equipment, net	**(51)**	18
Impairment of trade receivables*	**—**	440
Fair value losses/(gains), net:		
Derivative instruments - transactions not qualifying as hedges*	**152**	(671)
Cash flow hedges (transfer from equity)*	**1,885**	(545)

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

5. FINANCE COSTS

	For the six months ended 30 June	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Audited)
Interest on bank loans wholly repayable within five years	**384**	672
Interest on bank loans wholly repayable beyond five years	**428**	191
	812	863

6. INCOME TAX

	For the six months ended 30 June	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Audited)
Current		
Mainland China	**1,033**	710
Hong Kong	**144**	176
Elsewhere	**149**	165
Deferred	**(134)**	—
Total tax charge for the period	**1,192**	1,051

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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 countries 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.

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2011 (2010: Nil).

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

The calculation of basic earnings per share amount for the six months ended 30 June 2011 is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,600,000,000 (six months ended 30 June 2010: 2,600,000,000) in issue during the period ended 30 June 2011.

The calculation of basic earnings per share amount for the six months ended 30 June 2010 is based on the assumption that the group reorganisation, the capitalisation issue of shares and the issue of shares in connection with the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited had been completed on 1 January 2010.

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.

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

	For the six months ended 30 June	
	2011 **US$'000** **(Unaudited)**	2010 US$'000 (Audited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**51,063**	51,099

	Number of shares **For the six months ended 30 June**	
	2011 **(Unaudited)**	2010 (Audited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**2,600,000,000**	2,600,000,000
Effect of dilution - weighted average number of ordinary shares:		
Share options	**12,824,000**	—
	2,612,824,000	2,600,000,000

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group acquired items of property, plant and equipment at a total cost of US$53,193,000 (six months ended 30 June 2010: US$2,485,000) and disposed of items of property, plant and equipment with a total net carrying amount of US$67,000 (six months ended 30 June 2010: US$750,000).

10. TRADE RECEIVABLES

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Trade receivables	**65,028**	56,243
Impairment	**(343)**	(333)
	64,685	55,910

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 15 days, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. 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. 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 and net of provisions, is as follows:

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Neither past due nor impaired:		
Within 1 month	**51,259**	41,705
1 to 2 months	**10,878**	12,691
2 to 3 months	**1,520**	971
Over 3 months	**1,028**	543
	64,685	55,910

10. TRADE RECEIVABLES (continued)

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

	2011 US$'000 (Unaudited)	2010 US$'000 (Audited)
At 1 January	**333**	—
Impairment losses recognised	**—**	440
Exchange realignment	**10**	—
At 30 June	**343**	440

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of US$343,000 (30 June 2010: US$440,000) with a carrying amount before provision of US$687,000 (30 June 2010: US$440,000). The Group does not hold any collateral or other credit enhancements over these balances.

Included in the Group's trade receivables is an amount of US$2,586,000 (2010: US$2,999,000) due from Shanghai Jia Xiang Logistics Co., Ltd., a company which the spouse of Mr. Yang Xianxiang, an executive director of the Company, has 25% interests in. The amount is repayable on similar credit terms to those offered to the major customers of the Group.

11. TRADE PAYABLES

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

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Within 1 month	**72,195**	66,260
1 to 2 months	**31,363**	18,397
2 to 3 months	**4,574**	4,663
Over 3 months	**3,940**	3,874
	112,072	93,194

Included in the Group's trade payables are amounts due to the companies controlled by the controlling shareholder of the Company's ultimate holding company (the "Controlling Shareholder") of US$126,000 (2010: US$441,000) which are repayable within 30 days, which represents similar credit terms to those offered by the companies controlled by the Controlling Shareholder to their major customers.

12. CAPITAL COMMITMENTS

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

	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Contracted, but not provided for:		
Computer systems	—	927
Container vessels	**212,090**	135,700
	212,090	136,627
Contracted, but not provided for:		
Capital contributions payable to:		
Jointly-controlled entity	**490**	490
Associate	**1,949**	778
	2,439	1,268
	214,529	137,895

13. CONTINGENT LIABILITIES

On 31 May 2008, SITC Yantai ("SITC Yantai"), a vessel registered under the name of a subsidiary of the Group, collided with a cargo vessel (the "Cargo Vessel") in the Port of Hakata, Fukuoka, Japan (the "Collision") and the Cargo Vessel was sunk.

On 17 May 2009, Moji Local Marine Accident Inquiry Tribunal Court handed out its judgement that the Collision was caused by the negligence of SITC Yantai and the owner of the Cargo Vessel and the owners of the cargos on the Cargo Vessel made claims against the Group of approximately US$5 million in aggregate.

SITC Yantai is fully insured and the Collision is covered by the insurance policy up to approximately US$7 million. On 2 May 2011, the settlement of Collision was agreed between SITC Yantai and Cargo Vessel.

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

14. 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	
	2011 **US$'000** **(Unaudited)**	2010 US$'000 (Audited)
Companies controlled by the Controlling Shareholder:		
Container marine transportation services income	**—**	78,546
Shipping agency income	**—**	85
Freight forwarding services income for marine transportation	**2**	81
Shipping agency fee expenses	**—**	14,286
Container vessels rental expenses	**701**	692
Vessel management fee	**211**	516
Land and buildings rental expenses	**—**	256
Labour service fee expenses	**388**	—
Associates:		
Container marine transportation services income	**—**	2,554
Shipping agency fee expenses	**252**	26
Jointly-controlled entities:		
Container marine transportation services income	**23,689**	5,004
Freight forwarding services income for marine transportation	**311**	274
Warehousing expenses	**—**	1,447
Freight forwarding services expenses	**—**	33
Land and buildings rental expenses	**147**	—

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

14. RELATED PARTY DISCLOSURES (continued)

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

	For the six months ended 30 June	
	2011	2010
	US$'000	US$'000
	(Unaudited)	(Audited)
Short term employee benefits	**1,006**	731
Post-employment benefits	**44**	7
Share option expense	**86**	55
Total compensation paid to key management	**1,136**	793

(c) In 2010, the Group acquired 50% interests in Bright Logistics from a company controlled by the Controlling Shareholder at a cash consideration of approximately RMB8,906,000 (equivalent to approximately US$1,312,000) which was mutually agreed by the two parties.

(d) In 2010, the Group disposed of a building with a carrying amount of US$359,000 to Shandong SITC for a cash consideration of US$359,000. The consideration was determined with reference to the carrying amount of the building immediately before the disposal.

(e) Outstanding balances with related companies

The balances with related companies represent balances with companies which are controlled by the Controlling Shareholders. 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.

15. 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 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)	30 June 2011 US$'000 (Unaudited)	31 December 2010 US$'000 (Audited)
Financial assets				
Cash and cash equivalents	**451,309**	515,334	**451,309**	515,334
Pledged deposits	**40,223**	75	**40,223**	75
Trade receivables	**64,685**	55,910	**64,685**	55,910
Financial assets included in prepayments, deposits and other receivables	**6,425**	6,323	**6,425**	6,323
Available-for-sale investment	**402**	394	**402**	394
Financial assets at fair value through profit or loss	**4,641**	—	**4,641**	—
Due from related companies	**983**	2,133	**983**	2,133
Derivative financial instruments	**125**	—	**125**	—
	568,793	580,169	**568,793**	580,169
Financial liabilities				
Trade payables	**112,072**	93,194	**112,072**	93,194
Financial liabilities included in other payables and accruals	**13,061**	22,005	**13,061**	22,005
Derivative financial instruments	**2,116**	3,123	**2,116**	3,123
Interest-bearing bank borrowings	**100,369**	78,416	**100,369**	78,416
Due to related companies	**868**	1,096	**868**	1,096
	228,486	197,834	**228,486**	197,834

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:

Cash and cash equivalents, pledged deposits, trade receivables, financial assets at fair value through profit or loss, 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.

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.

15. FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

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 2011:

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Available-for-sale investment	402	—	—	402
Derivative financial instruments	—	125	—	125
Financial assets at fair value through profit and loss	—	—	4,641	4,641
	402	125	4,641	5,168

As at 31 December 2010:

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Available-for-sale investment	394	—	—	394

15. FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

Liabilities measured at fair value :

As at 30 June 2011:

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Derivative financial instruments	**—**	**2,116**	**—**	**2,116**

As at 31 December 2010:

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Derivative financial instruments	—	3,123	—	3,123

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 (2010: Nil) and no transfers into or out of Level 3 (2010: Nil).

16. APPROVAL OF THE FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 11 August 2011.