SITC International Holdings Company Limited
海 豐 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1308)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

Financial Highlights

- Revenue for the six months ended 30 June 2011 was approximately US$510.6 million, increased by 27.4% as compared with approximately US$400.7 million for the corresponding period in 2010;
- Gross profit margin for the six months ended 30 June 2011 decreased from approximately 18.2% for the six-months ended 30 June 2010 to 13.2%;
- Profit for the six months ended 30 June 2011 increased to US$51.5 million from US$51.3 million for the corresponding period in 2010; and
- Basic earnings per share for the six months ended 30 June 2011 amounted to 1.96 US cents (30 June 2010: 1.97 US cents).

The board of directors (the "**Board**") of SITC International Holdings Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2011, together with the comparative figures for the corresponding period in the year 2010 as below.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	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)

	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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2011	**31 December 2010**
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
NON-CURRENT ASSETS		
Property, plant and equipment	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	64,685	55,910
Prepayments, deposits and other receivables	20,038	15,476
Due from related companies	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	112,072	93,194
Other payables and accruals	20,250	27,160
Due to related companies	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	31 December 2010
	US$'000	*US$'000*
	(Unaudited)	*(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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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.

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.

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	**Land-based logistics**	**Total**
	US$'000	*US$'000*	*US$'000*
	(Unaudited)	*(Unaudited)*	*(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

Segment results for the six months ended 30 June 2010

	Sea freight logistics	Land-based logistics	Total
	US$'000	*US$'000*	*US$'000*
	(Audited)	*(Audited)*	*(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

3. OTHER INCOME AND GAINS

	For the six months ended 30 June 2011	2010
	US$'000	*US$'000*
	(Unaudited)	*(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 ("Stock Exchange") has 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	**2010**
	US$'000	*US$'000*
	(Unaudited)	(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	**2010**
	(Unaudited)	(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

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)							8,993	1,233
Administrative expenses							(25,969)	(21,538)
Share of profit and loss of associates							71	53
Other expenses and losses							(2,326)	(18)
Segment results							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.

OTHER INFORMATION

Purchase, Sales or Redemption of Shares

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Code on Corporate Governance

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. For the six months ended 30 June 2011, the Board is of the view that the Company has complied with the code provisions on the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules and there has been no deviation from the code provisions since the date of listing of the shares of the Company on the Main Board of Stock Exchange on 6 October 2010.

Review of Accounts

The audit committee of the Company (the "**Audit Committee**") comprises the three independent non-executive directors of the Company. 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

This interim results announcement is published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.sitc.com). 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 aforesaid websites in due course.

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

Hong Kong, 11 August 2011

As at the date of this announcement, the executive directors of the Company are Mr. Yang Shaopeng, Mr. Yang Xianxiang, Mr. Liu Kecheng, Ms. Li Xuexia and Mr. Xue Peng; the non-executive director of the Company is Ms. Liu Rongli; and the independent non-executive directors of the Company are Mr. Tsui Yung Kwok, Mr. Yeung Kwok On, Mr. Lo Wing Yan, William and Mr. Ngai Wai Fung.