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SINO-TECH INTERNATIONAL HOLDINGS LIMITED
泰豐國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

The board of directors (the "Board") of Sino-Tech International Holdings Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2012.

RESULTS OVERVIEW

During the year ended 31 December 2012 (the "Reporting Period"), the Group recorded a turnover from continuing operation of approximately HK$572.5 million, representing a decrease of 22.9% compared with approximately HK$742.3 million for the year ended 31 December 2011 (the "Corresponding Period").

Loss from continuing operation for the Reporting Period was reduced to approximately HK$80.7 million from approximately HK$165.5 million in the Corresponding Period. Loss from discontinued operations for the Reporting Period was approximately HK$270.3 million as compared with approximately HK$768.7 million in the Corresponding Period. Loss from continuing operation and discontinued operations for the Reporting Period was approximately HK$351.0 million as compared with approximately HK$934.2 million in the Corresponding Period. The loss for the Reporting Period was mainly attributable to the impairment loss on amounts due from former subsidiaries, other intangible assets, goodwill and property, plant and equipment, the operating loss, the loss arising on change in fair value of investment property, the imputed interest expenses on convertible notes and the provision for financial guarantees.

* *For identification purpose only*

The impairment loss on amounts due from former subsidiaries, other intangible assets, goodwill and property, plant and equipment, the gain on deconsolidation of subsidiaries, the loss/gain arising on change in fair value of investment property, the imputed interest expenses on convertible notes, the provision for financial guarantees, the amortisation of other intangible assets, share option expenses, allowance of inventories and the gain on redemption of convertible notes (collectively, the "Non-cash Items") arose as a result of accounting treatment under the provisions of the applicable accounting standards and were of non-cash nature. Before the Non-cash Items, the Group made a net loss of approximately HK$49.1 million in the Reporting Period, as compared with a net loss of approximately HK$81.7 million in the Corresponding Period.

FINANCIAL HIGHLIGHTS

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Turnover from continuing operation	**572,451**	742,279
Gross profit (loss) from continuing operation	**4,785**	(42,199)
Loss for the year from continuing operation	**(80,702)**	(165,536)
Loss for the year from discontinued operations	**(270,283)**	(768,705)
Loss for the year	**(350,985)**	(934,241)
Impairment loss on other intangible assets	**(141,816)**	(66,481)
Gain on deconsolidation of subsidiaries	**136,065**	–
Impairment loss on amounts due from former subsidiaries	**(178,906)**	–
Impairment loss on goodwill	**(39,191)**	(657,895)
(Loss) gain arising on change in fair value of investment property	**(36,000)**	15,000
Impairment loss on property, plant and equipment	**(15,098)**	(21,464)
Imputed interest expenses on convertible notes	**(18,607)**	(24,095)
Provision for financial guarantees	**(8,300)**	–
Amortisation of other intangible assets	**–**	(51,519)
Share option expenses	**–**	(33,081)
Allowance of inventories	**–**	(15,903)
Gain on redemption of convertible notes	**–**	2,931
Loss for the year before impairment loss on other intangible assets, goodwill, property, plant and equipment and amounts due from former subsidiaries, gain on deconsolidation of subsidiaries, (loss) gain arising on change in fair value of investment property, imputed interest expenses on convertible notes, provision for financial guarantees, amortisation of other intangible assets, share option expenses, allowance of inventories and gain on redemption of convertible notes	**(49,132)**	(81,734)

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2012 (2011: nil).

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000 (Restated)
Continuing operation			
Turnover	3	**572,451**	742,279
Cost of sales		**(567,666)**	(784,478)
Gross profit (loss)		**4,785**	(42,199)
Other income		**1,000**	2,517
Distribution costs		**(12,877)**	(8,523)
Administrative expenses		**(45,790)**	(49,015)
Provision for financial guarantees	14	**(8,300)**	–
Share option expenses		**–**	(33,081)
Gain on redemption of convertible notes		**–**	2,931
Other expenses		**(914)**	(24,669)
Finance costs	4	**(18,614)**	(24,118)
Loss before taxation	5	**(80,710)**	(176,157)
Taxation	6	**8**	10,621
Loss for the year from continuing operation		**(80,702)**	(165,536)
Discontinued operations			
Loss for the year from discontinued operations	7	**(270,283)**	(768,705)
Loss for the year		**(350,985)**	(934,241)
Loss for the year attributable to owners of the Company:			
– from continuing operation		**(80,702)**	(165,536)
– from discontinued operations		**(258,710)**	(768,623)
Loss for the year attributable to owners of the Company		**(339,412)**	(934,159)
Loss attributable to non-controlling interests:			
– from continuing operation		**–**	–
– from discontinued operations		**(11,573)**	(82)
Loss for the year attributable to non-controlling interests		**(11,573)**	(82)
		(350,985)	(934,241)
Loss per share	9		
From continuing and discontinued operations			
Basic and diluted *(HK cents)*		**(2.84)**	(8.84)
From continuing operation			
Basic and diluted *(HK cents)*		**(0.68)**	(1.57)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Loss for the year	**(350,985)**	(934,241)
Other comprehensive (expense) income		
Exchange differences arising on translation of foreign operations		
Exchange gain arising during the year	**1,979**	1,532
Reclassification adjustments for the cumulative gain included in profit or loss upon deconsolidation of foreign operations	**(3,437)**	–
	(1,458)	1,532
Share of other comprehensive income of an associate	**74**	83
Other comprehensive (expense) income for the year	**(1,384)**	1,615
Total comprehensive expenses for the year	**(352,369)**	(932,626)
Total comprehensive (expenses) income attributable to:		
Owners of the Company	**(340,217)**	(933,123)
Non-controlling interests	**(12,152)**	497
	(352,369)	(932,626)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment		**55,660**	231,645
Investment property		**–**	315,000
Goodwill		**–**	38,826
Other intangible assets		**–**	140,505
Interest in an associate		**–**	7,343
Finance lease receivables		**–**	102
		55,660	733,421
Current assets			
Deposits paid for potential investments		**–**	26,000
Inventories		**100,661**	98,259
Finance lease receivables		**–**	154
Trade and bills receivables	*10*	**180,875**	237,347
Amounts due from former subsidiaries		**–**	–
Prepayments, deposits and other receivables		**2,662**	37,530
Dividend receivables		**–**	1,835
Tax recoverable		**960**	960
Financial assets at fair value through profit or loss		**–**	7,395
Deposits in other financial institutions		**446**	446
Bank balances and cash		**41,859**	43,533
		327,463	453,459
Asset classified as held for sale	*11*	**279,000**	–
		606,463	453,459

	Notes	**2012** **HK$'000**	2011 *HK$'000* (Restated)
Current liabilities			
Trade and bills payables	*13*	**99,974**	72,456
Other payables and accruals		**42,655**	82,474
Amounts due to former subsidiaries		**7,405**	–
Amount due to a non-controlling equity holder of a subsidiary		**–**	28,772
Bank borrowings		**–**	153,079
Financial guarantee liabilities	*14*	**8,300**	–
Obligations under finance leases		**5**	248
		158,339	337,029
Liabilities associated with asset classified as held for sale	*11*	**143,637**	–
		301,976	337,029
Net current assets		**304,487**	116,430
Total assets less current liabilities		**360,147**	849,851
Non-current liabilities			
Obligations under finance leases		**9**	14
Amount due to a shareholder	*12*	**–**	108,620
Convertible notes		**263,438**	244,831
Employee benefits		**86**	123
Deferred tax liabilities		**–**	30,335
		263,533	383,923
Net assets		**96,614**	465,928
Capital and reserves			
Share capital		**119,667**	117,545
Reserves		**(23,053)**	297,430
		96,614	414,975
Non-controlling interests		**–**	50,953
Total equity		**96,614**	465,928

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated and have been approved for issue by the Board on 28 March 2013.

Discontinued property investment operation

During the year, the directors of the Company resolved to dispose of its investment property (the "Disposal") so as to alleviate the financial position of the Group. On 6 November 2012, the Disposal was approved by the shareholders of the Company in a special general meeting. As the Disposal constituted a separate major line of business disposed of, the property investment operation is presented as part of discontinued operations in accordance with HKFRS 5 Non-Current Assets Held for Sale and Discontinued Operations issued by the HKICPA. Details of the discontinued property investment operation are set out in notes 7b and 11 respectively.

Subsidiaries deconsolidated and discontinued logistics services operation

On 7 December 2012, the directors of the Company considered the operations, prospects and issues surrounding CITIC Logistics (International) Company Limited ("CLI") and its subsidiaries and associate (collectively referred to as the "CLI Group") and resolved that CLI should be wound up. Accordingly, on 10 December 2012, the board of directors of CLI resolved to recommend that Top Victory Industries Limited ("Top Victory"), the sole shareholder of CLI, should voluntarily wind up CLI (the "Winding-up") and nominate liquidators in connection with the Winding-up.

The resolution for the Winding-up under Section 241 of the Hong Kong Companies Ordinance was passed by Top Victory as the sole shareholder of CLI on 27 December 2012, and the winding-up process of CLI commenced. On the same day, the creditors of CLI approved the appointment of liquidators in connection with the Winding-up.

Upon commencement of the Winding-up, the Company lost its control over CLI, and accordingly CLI ceased to be a subsidiary of the Company and the financial results and position of the CLI Group were deconsolidated from those of the Group at the date of deconsolidation, that is, 27 December 2012. As at the date of this announcement, the Winding-up is still in process. The Group, excluding the CLI Group upon the commencement of the Winding-up, is referred to as the Retained Group.

As the financial personnel of CLI's subsidiaries located in the People's Republic of China (the "PRC") were un-cooperative amid the adverse situations faced by the CLBJ Group (as defined below) and the Winding-up as set out in the business and financial review section of this announcement, neither the directors of the Company nor the liquidators of CLI were able to obtain the complete set of accounting books and records of the CLBJ Group for the period from 1 January 2012 to 27 December 2012 (the date of deconsolidation). Accordingly, the Group recorded the loss for the year from discontinued operation and cash flows relating to the CLBJ Group based on their unaudited financial information for the period from 1 January 2012 to 30 June 2012, which were the latest management accounts available to the directors of the Company. The companies under the CLBJ Group are set out below:

Name	Percentage of equity attributable to the Company before deconsolidation %
Subsidiaries	
中信物流有限公司 (CITIC Logistics Company Limited) ("CLBJ")	90
中信物流飛馳有限公司 ("Fritz")	46.8*
Associate	
寧波菱信物流有限公司 ("Ningbo Lingxin")	40

* *The Company indirectly holds 90% equity interest in CLBJ which directly holds 52% equity interest in Fritz.*

Due to lack of the complete set of accounting books and records of the CLBJ Group for the period from 1 January 2012 to 27 December 2012 (the date of deconsolidation), the directors of the Company were unable to ascertain whether the loss for the year from discontinued operation, cash flows and the related disclosure notes in relation to the CLBJ Group included in the consolidated financial statements as stated below, have been accurately recorded and properly accounted for in the consolidated financial statements.

The loss for the year from discontinued operation in relation to the CLBJ Group is analysed as follows:

	Period ended 27 December 2012 *HK$'000*
Loss of the CLBJ Group for the period *(note a)*	(152,678)
Loss on deconsolidation of subsidiaries attributable to the CLBJ Group *(note c)*	(60,178)
	(212,856)

(a) The results of the CLBJ Group included in the loss for the period from 1 January 2012 to 27 December 2012 from discontinued logistics services operation in note 7a are set out as follow:

	Period ended 27 December 2012 *HK$'000*
Turnover	56,344
Cost of sales	(54,086)
Other income	301
Distribution costs	(4,841)
Administrative expenses	(5,548)
Impairment loss on goodwill	(39,191)
Impairment loss on other intangible assets	(141,816)
Share of results of an associate	705
Loss before taxation	(188,132)
Taxation	35,454
Loss for the period	(152,678)

(b) Loss for the period of the CLBJ Group includes the following:

	Period ended 27 December 2012 *HK$'000*
Cost of services provided	54,086
Staff costs	14,395
Depreciation of property, plant and equipment	7,462
Net loss on disposals of property, plant and equipment	59
Bank interest income	(225)
Interest income on finance leases	(6)

(c) The net assets of the CLBJ Group on the date of deconsolidation are as follows:

	As at 27 December 2012 *HK$'000*
Analysis of assets and liabilities over which control was lost:	
Deferred tax assets	4,844
Property, plant and equipment	90,234
Goodwill	–
Other intangible assets	–
Interest in an associate	7,892
Finance lease receivables	182
Trade receivables	30,312
Prepayments, deposits and other receivables	7,254
Dividend receivables	1,092
Financial assets at fair value through profit or loss	2,488
Restricted bank balance	498
Bank balances and cash	8,608
Trade payables	(8,844)
Other payables and accruals	(13,104)
Net amounts due to holding companies	(23,976)
Amount due to a non-controlling equity holder	(29,040)
Net assets derecognised	78,440
Loss on deconsolidation of subsidiaries attributable to the CLBJ Group	
Net assets derecognised	78,440
Intra-group balances with other subsidiaries deconsolidated	23,976
Non-controlling interests	(38,801)
Cumulative exchange differences in respect of the net assets of the CLBJ Group reclassified from equity to profit or loss on deconsolidation of the CLBJ Group	(3,437)
Loss on deconsolidation of subsidiaries attributable to the CLBJ Group	60,178

Details of aggregate financial effect of the deconsolidation of subsidiaries are stated in notes 7a and 15 respectively to the consolidated financial statements in this announcement. As the CLI Group carried out all of the Group's logistics services operation, this business segment is also presented as discontinued operations in accordance with HKFRS 5.

Certain comparatives on the consolidated income statement, consolidated statement of comprehensive income and related notes in this announcement have been re-presented so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

Other than the discontinued operations as described above, there were no significant changes in the Group's operations during the year ended 31 December 2012.

2. Principal accounting policies

The consolidated financial statements have been prepared on the historical cost basis, except for investment property inclusive of investment property held for sale and certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets
Amendments to HKAS 1	As part of Annual Improvements to HKFRSs 2009-2011 Cycle issued in 2012
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets in the current year. Under the amendments to HKAS 12, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment property using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company reviewed the Group's investment property portfolios and concluded that the Group's investment property located in Hong Kong is not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, and that the "sale" presumption set out in the amendments to HKAS 12 is not rebutted.

The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred taxes on changes in fair value of the investment property as the Group is not subject to any income taxes on disposal of its investment property. Previously, the Group recognised deferred taxes on changes in fair value of investment property on the basis that the entire carrying amount of the property was recovered through use.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being decreased by approximately HK$1,000,000 as at 1 January 2011, with the corresponding credit being recognised in accumulated losses. Similarly, the deferred tax liabilities have been decreased by approximately HK$3,575,000 as at 31 December 2011.

In the current year, no deferred taxes have been provided for changes in fair value of the Group's investment property. The change in accounting policy has resulted in the Group's income tax expense for the years ended 31 December 2012 and 31 December 2011 being increased/decreased by approximately HK$3,575,000 and approximately HK$2,575,000 respectively and hence resulted in the loss for the years ended 31 December 2012 and 31 December 2011 being increased/decreased by approximately HK$3,575,000 and approximately HK$2,575,000 respectively.

Amendments to HKAS 1 Presentation of Financial Statements
(as part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012)

Various amendments to HKFRSs were issued in June 2012, the title of which is Annual Improvements to HKFRSs (2009 – 2011 Cycle). The effective date of these amendments is annual periods beginning on or after 1 January 2013.

In current year, the Group has applied for the first time the amendments to HKAS 1 in advance of the effective date (annual periods beginning on or after 1 January 2013).

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

In the current year, the Group has applied the amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets for the first time, which has resulted in an immaterial effect on the information in the consolidated statement of financial position as at 1 January 2011. In accordance with the amendments to HKAS 1, no third statement of financial position was presented.

Summary of the effects of the above changes in accounting policies

The effects of changes in accounting policies described above on the results for the current and prior years by line items are as follows:

	Year ended 31 December 2012	Year ended 31 December 2011
	HK$'000	*HK$'000*
Increase (decrease) in income tax expense, loss for the year and total comprehensive expense for the year from discontinued operations	**3,575**	(2,575)

The effects of the above changes in accounting policies on the financial positions of the Group as at 1 January 2011 and 31 December 2011 are as follows:

	As at 1 January 2011 (Originally stated)	Adjustments	As at 1 January 2011 (Restated)	As at 31 December 2011 (Originally stated)	Adjustments	As at 31 December 2011 (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Deferred tax liabilities	11,678	(1,000)	10,678	33,910	(3,575)	30,335
Total effects on net assets	1,036,981	1,000	1,037,981	462,353	3,575	465,928
Accumulated losses	1,123,848	(1,000)	1,122,848	2,057,907	(3,575)	2,054,332
Total effects on equity	1,036,981	1,000	1,037,981	462,353	3,575	465,928

The effects of the above changes in accounting policies on the Group's basic and diluted loss per share for the current and prior years are as follows:

	Year ended 31 December 2012	Year ended 31 December 2011
	HK cents	*HK cents*
Basic and diluted loss per share from continuing and discontinued operations before adjustment	**2.81**	8.87
Adjustment arising from changes in the Group's accounting policies in relation to the application of amendments to HKAS 12 in respect of deferred taxes on investment property	**0.03**	(0.03)
Basic and diluted loss per share from continuing and discontinued operations after adjustment	**2.84**	8.84

Issued but not yet effective HKFRSs

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle, except for the amendments HKAS 1[2]
Amendments to HKFRS 1	First-time Adoption of HKFRSs – Government Loans[2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Hong Kong (International Financial Reporting Interpretations Committee) – Interpretation ("Int") 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] *Effective for annual periods beginning on or after 1 July 2012.*
[2] *Effective for annual periods beginning on or after 1 January 2013.*
[3] *Effective for annual periods beginning on or after 1 January 2014.*
[4] *Effective for annual periods beginning on or after 1 January 2015.*

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors of the Company do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors of the Company anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group did not recognise any income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction in prior years.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirement) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors of the Company anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 – Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the reclassification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described as follows:

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK (SIC) – Int 12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only on basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. The application of HKFRS 10 is not expected to change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013. However, it may in the future result in investees being consolidated which would not have been consolidated under the Group's existing policies or vice versa.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five standards for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors of the Company anticipate that the application of these standards may not have significant impact on the amounts reported in the consolidated financial statements under the current group structure.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with earlier application permitted. The directors of the Company anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

HKFRS 13 – Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors of the Company anticipate that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

Other than disclosed above, the directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

3. Turnover and segment information

Information reported to the directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. As mentioned in note 1, two operations were discontinued in the current year. Following the discontinued operations, the Group is principally engaged in the manufacturing and trading of electronic and electrical parts and components. Accordingly, the Group's continuing operation is attributable to a single reportable and operating segment under HKFRS 8. No operating segments have been aggregated in arriving at the reportable segment of the Group.

Specifically, the Group's continuing and discontinued operations are as follows:

(i) Continuing operation

– Electronic products segment engages in the manufacture and trading of electronic and electrical parts and components.

(ii) Discontinued operations

– Logistics services segment engages in providing shipping and transportation logistics services.
– Property investment segment engages in properties investments.

Turnover from continuing operation represents revenue arising on manufacturing and trading of electronic and electrical parts and components.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by continuing and discontinued operations:

	Continuing operation		Discontinued operations					
	Electronic products		Logistics services		Property investment		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
For the year ended 31 December								
Sales to external customers	**572,451**	742,279	**80,275**	42,188	**–**	–	**652,726**	784,467
Other income	**1,686**	1,988	**138**	218	**–**	–	**1,824**	2,206
Total segment revenue	**574,137**	744,267	**80,413**	42,406	**–**	–	**654,550**	786,673
Contribution to segment results	**(30,967)**	(60,498)	**(23,699)**	(8,232)	**(38,693)**	12,342	**(93,359)**	(56,388)
Impairment loss on goodwill	**–**	–	**(39,191)**	(657,895)	**–**	–	**(39,191)**	(657,895)
Impairment loss on other intangible assets	**–**	–	**(141,816)**	(66,481)	**–**	–	**(141,816)**	(66,481)
Amortisation of other intangible assets	**–**	–	**–**	(51,519)	**–**	–	**–**	(51,519)
Gain on deconsolidation of subsidiaries	**–**	–	**136,065**	–	**–**	–	**136,065**	–
Impairment loss on amounts due from former subsidiaries	**–**	–	**(178,906)**	–	**–**	–	**(178,906)**	–
Impairment loss on trade receivables	**(515)**	–	**(5,174)**	–	**–**	–	**(5,689)**	–
Impairment loss on other receivables	**–**	–	**(228)**	–	**(14)**	–	**(242)**	–
Impairment loss on property, plant and equipment	**(178)**	(21,464)	**(14,920)**	–	**–**	–	**(15,098)**	(21,464)
Allowance of inventories	**–**	(15,903)	**–**	–	**–**	–	**–**	(15,903)
Segment results	**(31,660)**	(97,865)	**(267,869)**	(784,127)	**(38,707)**	12,342	**(338,236)**	(869,650)
Unallocated corporate income							**767**	5,064
Share of results of an associate							**705**	183
Unallocated corporate expenses							**(30,779)**	(56,652)
Finance costs							**(18,904)**	(24,118)
Loss before taxation							**(386,447)**	(945,173)

Segment results represent the (loss) profit made by each segment without allocation of bank and other interest income, investment income, exchange gains/losses, corporate income and expenses, central administration cost, share option expenses and finance costs (except finance costs on borrowings solely obtained to finance the acquisition of investment property). This is the measure reported to the directors of the Company for the purposes of resource allocation and performance assessment.

(b) Geographical information

The Group's continuing operation is mainly located in Hong Kong and the PRC. However, the external customers of the Group are located world-wide, such as Hong Kong, the PRC, Asia Pacific and Latin America etc.

Information about the Group's revenue from continuing operation from external customers is presented based on the location of customers and information about its non-current assets is presented based on the location of assets are detailed below:

	Revenue from external customers		**Non-current assets***	
	Year ended	Year ended		
	2012	2011	**2012**	2011
	HK'000	*HK'000*	***HK'000***	*HK'000*
Hong Kong	**178,056**	188,887	**2,118**	11,660
Elsewhere in the PRC	**275,942**	422,400	**52,996**	88,294
Asia Pacific	**93,319**	107,044	**546**	780
Latin America	**4,882**	4,992	**–**	–
Others	**20,252**	18,956	**–**	–
Total	**572,451**	742,279	**55,660**	100,734

* *Non-current assets excluding those relating to logistics services and property investment operations.*

4. Finance costs

	2012	2011
	HK$'000	*HK$'000*
Continuing operation		
Borrowing cost on obligations under finance leases	**7**	23
Imputed interest expenses on convertible notes	**18,607**	24,095
	18,614	24,118

5. Loss before taxation

Loss before taxation from continuing operation has been arrived at after charging:

	2012	2011
	HK$'000	*HK$'000*
Cost of inventories recognised as expenses	**567,666**	768,575
Staff costs	**25,339**	50,546
Depreciation of property, plant and equipment		
– owned assets	**34,012**	38,659
– assets held under finance leases	**178**	273
Auditor's remuneration	**880**	753
Allowance of inventories (included in cost of sales)	**–**	15,903
Impairment loss on property, plant and equipment (included in other expenses)	**178**	21,464
Write-offs of property, plant and equipment (included in other expenses)	**709**	3,205
Net exchange loss	**230**	1,011
Impairment loss on trade and bills receivables	**515**	–

6. Taxation

	2012	2011
	HK$'000	*HK$'000*
Continuing operation		
Current tax – provision for Hong Kong Profits Tax		
– charge for the year	**–**	–
– under-provision in prior years	**–**	(49)
	–	(49)
Deferred tax		
– current year	**8**	10,670
	8	10,621

No provision for Hong Kong Profits Tax has been provided as the Group did not have any assessable profits subject to Hong Kong Profits Tax for both years. The tax rate of Hong Kong Profits Tax is 16.5% (2011: 16.5%).

Subsequent to the end of the reporting period, the Hong Kong Inland Revenue Department (the "IRD") enquired the Hong Kong Profits Tax of a subsidiary of the Company in respect of the years of assessment 2006/07 to 2011/12. As the assessment for the year of assessment 2006/07 would be statutorily time-barred by 31 March 2013, a protective assessment of approximately HK$1,555,000 was raised by the IRD on 7 March 2013. The subsidiary lodged objection against the assessment. As at the date of this announcement, no replies have been received from the IRD.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries and the associate registered in the PRC is 25% from 1 January 2008 onwards.

7. Loss for the year from discontinued operations

The (loss) profit for the year from the following discontinued operations is analysed as follows:

	2012	2011
	HK$'000	*HK$'000*
Discontinued logistics services operation *(note a)*	**(231,576)**	(781,047)
Discontinued property investment operation *(note b)*	**(38,707)**	12,342
	(270,283)	(768,705)

(a) Discontinued logistics services operations

As mentioned in note 1, Top Victory, as the sole shareholder of CLI, resolved to voluntarily wind up CLI under Section 241 of the Hong Kong Companies Ordinance and the winding-up process of CLI commenced on 27 December 2012. Upon commencement of the Winding-up, the Company lost its control over CLI, and accordingly CLI ceased to be a subsidiary of the Company and the financial results and position of the CLI Group were deconsolidated from those of the Group at the date of deconsolidation, that is, 27 December 2012. As the CLI Group carried out all of the Group's logistics services operation, this business segment is presented as part of discontinued operations. Details of the Winding-up are set out in the announcements issued by the Company on 12 December 2012 and 27 December 2012 respectively.

The loss for the year from discontinued logistics services operation is analysed as follows:

	2012	2011
	HK$'000	*HK$'000*
Loss of logistics services operation for the year	**(188,735)**	(781,047)
Gain on deconsolidation of subsidiaries *(see note 15)*	**136,065**	–
Impairment loss on amounts due from former subsidiaries	**(178,906)**	–
	(231,576)	(781,047)

The results of the discontinued logistics services operation for the period from 1 January 2012 to 27 December 2012 included in the consolidated income statement are set out as follows:

	Period ended 27 December 2012 *HK$'000*	Year ended 31 December 2011 *HK$'000*
Turnover	**80,275**	42,188
Cost of sales	**(78,591)**	(41,904)
Other income	**642**	3,510
Distribution costs	**(4,840)**	(1,438)
Administrative expenses	**(26,142)**	(7,917)
Impairment loss on goodwill	**(39,191)**	(657,895)
Impairment loss on other intangible assets	**(141,816)**	(66,481)
Amortisation of other intangible assets	**–**	(51,519)
Share of results of an associate	**705**	183
Other expenses	**(14,941)**	(85)
Finance costs	**(290)**	–
Loss before taxation	**(224,189)**	(781,358)
Taxation	**35,454**	311
Loss for the period/year	**(188,735)**	(781,047)

Loss for the year from discontinued logistics services operation for the period from 1 January 2012 to 27 December 2012 includes the following:

	Period ended 27 December 2012 *HK$'000*	Year ended 31 December 2011 *HK$'000*
Auditor's remuneration	**90**	100
Borrowing cost on other borrowing	**290**	–
Staff costs	**32,190**	18,713
Cost of services provided*	**78,591**	41,904
Severance payment	**2,964**	–
Depreciation of property, plant and equipment	**11,845**	6,848
Impairment loss on property, plant and equipment (included in other expenses)	**14,920**	–
Impairment loss on other receivables	**228**	–
Impairment loss on trade and bills receivables	**5,174**	–
Net loss on disposals of property, plant and equipment	**59**	134
Provision for early termination of a tenancy agreement	**6,474**	–
Write-offs of property, plant and equipment (included in other expenses)	**21**	85
Bank interest income	**(228)**	(88)
Interest income from a related company	**(58)**	(243)
Interest income from advances	**(96)**	–
Interest income on finance leases	**(6)**	(3)
Investment income	**(135)**	–
Net exchange gain	**(46)**	(2,281)

* Cost of services provided included staff costs and severance payment of approximately HK$12,089,000 and HK$2,912,000 respectively.

No charge or credit arose on loss on discontinuance of the operation.

(b) Discontinued property investment operation

On 11 November 2012, the Group entered into a sales and purchase agreement with an independent third party to dispose of an investment property owned by a subsidiary of the Company for a consideration of HK$285,000,000. The Disposal was approved by independent shareholders in a special general meeting on 6 November 2012 and the completion of the Disposal shall take place on 8 April 2013 or such other date agreed by both parties in writing. The assets and liabilities attributable to the business, which are expected to be sold within twelve months, have been classified as disposal group held for sale and are presented separately in the consolidated statement of financial position. Details of the Disposal are set out in the announcements issued by the Company on 25 September 2012 and 6 November 2012 and a circular dated 22 October 2012.

As the property investment segment represents a separate major line of business of the Group, the disposal of investment property has constituted a discontinued operation. The results of the property investment operation for the year ended 31 December 2012 included in the consolidated income statement are set out as follows:

	2012	2011
	HK$'000	*HK$'000*
Administrative expenses	**(1,115)**	(1,135)
(Loss) gain arising on change in fair value of investment property	**(36,000)**	15,000
Finance costs	**(1,592)**	(1,523)
(Loss) profit before taxation	**(38,707)**	12,342
Taxation	**–**	–
(Loss) profit for the year	**(38,707)**	12,342

(Loss) profit for the year from discontinued property investment operation includes the following:

	2012	2011
	HK$'000	*HK$'000*
Auditor's remuneration	**20**	10
Depreciation of property, plant and equipment	**14**	14
Borrowing costs on bank borrowings not wholly repayable within five years	**1,592**	1,523
Impairment loss on other receivables	**14**	–

No charge or credit arose on loss on discontinuance of the operation.

The property investment operation has been classified and accounted for at 31 December 2012 as asset held for sale *(note 11)*.

8. **Dividends**

No dividend was paid or proposed for the year ended 31 December 2012, nor has any dividend been proposed since the end of the reporting period (2011: nil).

9. **Loss per share**

From continuing and discontinued operations

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to the owners of the Company is based on the loss for the year from continuing and discontinued operations of approximately HK$339,412,000 (2011: HK$934,159,000) and the weighted average number of 11,955,104,000 (2011: 10,565,103,000) ordinary shares in issue during the period.

From continuing operation

The calculation of basic and diluted loss per share from continuing operation attributable to the owners of the Company is based on the loss for the year from continuing operation of HK$80,702,000 (2011: HK$165,536,000) and the weighted average number of 11,955,104,000 (2011: 10,565,103,000) ordinary shares in issue during the period.

From discontinued operations

Basic and diluted loss per share for the discontinued operations attributable to the owners of the Company is HK2.16 cents per share (2011: HK7.25 cents per share), based on the loss for the year from the discontinued operations of HK$258,710,000 (2011: HK$768,623,000) and the denominators detailed above for both basic and diluted loss per share.

For the years ended 31 December 2012 and 2011, the diluted loss per share is the same as the basic loss per share.

The computation of diluted loss per share for the year ended 31 December 2012 did not assume the exercise of the Company's share options and convertible notes as the exercise prices of the share options and convertible notes were higher than the average market price for shares.

The computation of diluted loss per share for the year ended 31 December 2011 did not assume the exercise of the Company's share options as the exercise prices of the share options were higher than the average market price for shares. The computation of diluted loss per share for the year ended 31 December 2011 did not assume the conversion of the Company's outstanding convertible notes as the conversion of convertible notes would result in a decrease in loss per share.

10. Trade and bills receivables

The Group allows an average credit period of 30 to 180 days to its trade customers.

The following is an aged analysis of trade and bills receivables, net of impairment, presented based on the due date at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
Current	**164,970**	156,237
Overdue:		
– within 3 months	**10,591**	22,091
– 4-6 months	**4,375**	2,341
– 7-12 months	**939**	3,234
– over 12 months	**–**	53,444
	15,905	81,110
	180,875	237,347

11. Asset classified as held for sale/liabilities associated with asset classified as held for sale

As mentioned in note 7b, on 11 November 2012, the Group entered into a sale and purchase agreement with an independent third party to dispose of an investment property at a consideration of HK$285,000,000.

During the year ended 31 December 2012, deposit of approximately HK$28,500,000 has been received as part of the consideration and included in other payables as at 31 December 2012. The remaining balance of approximately HK$256,500,000 will be settled upon the completion of the Disposal.

The major classes of asset and liabilities in relation to the investment property as at 31 December 2012, which have been presented separately in the consolidated statement of financial position, are as follows:

	2012
	HK$'000
Investment property and total asset classified as held for sale	**279,000**
Secured bank borrowings	**143,564**
Other payables and accruals	**73**
Total liabilities associated with asset classified as held for sale	**143,637**

12. Amount due to a shareholder

At 31 December 2011, the amount of approximately HK$108,620,000 due to Pioneer Blaze Limited ("Pioneer Blaze"), a shareholder of the Company, was unsecured, interest-free and not repayable within one year. The amount was denominated in HK$ which was different from the functional currency of the respective reporting entity of the Group.

During the year ended 31 December 2012, deposits paid for potential investments and other receivables including interest accrued in aggregate of approximately HK$52,822,000 were offset against the amount due to Pioneer Blaze, pursuant to a guarantee provided by Pioneer Blaze to the Group on 29 March 2012 and the deeds of assignment and the deed of agreement dated 23 August 2012. After the offsetting, the remaining balance of the shareholder loan due to Pioneer Blaze of approximately HK$55,798,000 was derecognised upon deconsolidation of subsidiaries.

13. Trade and bills payables

The following is an aged analysis of trade and bills payables presented based on the due date at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
Current	**67,723**	55,832
Overdue:		
– within 3 months	**31,922**	10,802
– 4-6 months	**116**	498
– 7-12 months	**213**	689
– over 12 months	**–**	4,635
	99,974	72,456

14. Financial guarantee liabilities

During the year ended 31 December 2012, the Company provided a corporate guarantee in relation to other borrowing of HK$8,000,000 made by an independent third party to CLI. As a result of the Winding-up, the directors of the Company consider it is probable that a claim will be made against the Company pursuant to the guarantee. Accordingly, the Company has made provision of approximately HK$8,300,000 for the principal and the interest accrued. The other borrowing carries interest at 12% per annum and repayable within one year.

15. Deconsolidation of subsidiaries

As referred to in notes 1 and 7a, on 27 December 2012, the Group discontinued its logistics services operation at the time of commencement of the Winding-up of its subsidiary, CLI. The net assets of the CLI Group at the date of deconsolidation were as follows:

	As at 27 December 2012 *HK$'000*
Analysis of assets and liabilities over which control was lost:	
Deferred tax assets	4,844
Property, plant and equipment	105,075
Goodwill	–
Other intangible assets	–
Interest in an associate	7,892
Finance lease receivables	182
Trade receivables	61,487
Prepayments, deposits and other receivables	8,109
Dividend receivables	1,092
Financial assets at fair value through profit and loss	2,488
Restricted bank balance	498
Bank balances and cash	10,042
Amounts due from the Retained Group	7,405
Trade payables	(10,849)
Other payables and accruals	(20,348)
Amount due to a non-controlling equity holder	(29,040)
Other borrowing	(8,000)
Amount due to a shareholder	(55,798)
Amounts due to the Retained Group	(178,906)
Net liabilities derecognised	(93,827)
Gain on deconsolidation of subsidiaries:	
Net liabilities derecognised	93,827
Non-controlling interests	38,801
Cumulative exchange differences in respect of the net liabilities of subsidiaries reclassified from equity to profit or loss on deconsolidation of the subsidiaries	3,437
Gain on deconsolidation	136,065

16. Contingent liabilities

On 15 July 2009, one of the subsidiaries of Classic Line International Limited ("Classic Line"), a former subsidiary of the Company, has been and is the subject of a judgement (in the amount of US$13.5 million) obtained in a United States court in an action in respect of damages allegedly arising out of use of fire lighters sold by the subsidiary of Classic Line. The Company is one of the co-defendants in the case. On 28 September 2009, the Company entered into an agreement to dispose of the entire equity interest in Classic Line and the disposal was completed on 31 October 2009.

Based on the legal advice received by the Company, the directors of the Company considered that the Company has valid grounds in opposing the enforcement of any judgement of the said case against the Company, if obtained, in Hong Kong and Bermuda. Accordingly, no provision has been made in the consolidated financial statements.

17. Litigations

(a) Prior to the acquisition by the Group, CLBJ had an arbitration in process. The arbitration was filed to the China Maritime Arbitration Commission (the "Commission") by a marine transportation company (the "Marine Transportation Company"), a former handling agent of CLBJ, against CLBJ. The underlying claim amounted to US$12,779,000. Simultaneously, CLBJ had also filed a counter claim against the Marine Transportation Company as the directors of CLBJ were in the opinion that the Marine Transportation Company had breached of services contract entered into between the Marine Transportation Company and CLBJ. According to the arbitral decision and the subsequent execution court order, CLBJ was required to make a payment including interest and other costs in aggregate of approximately HK$53,450,000 (the "Arbitration Compensation"). Up to 31 December 2012, the payment has been fully settled.

Mr. Li Weimin, a former shareholder of CLBJ, and Pioneer Blaze, a former beneficial shareholder of CLBJ, had agreed to indemnify CLBJ from Arbitration Compensation. Immediately prior to the acquisition, New Wealth Logistics Limited, an intermediate holding company of CLBJ also acquired by the Group together with CLBJ, had an amount due to Pioneer Blaze of approximately HK$162,070,000. The indemnification receivable was fully offset against the amount due to Pioneer Blaze pursuant to the sale and purchase agreement for the CLBJ Acquisition during the year ended 31 December 2011. After the offsetting, the amount due to Pioneer Blaze was in the amount of approximately HK$108,620,000 as at 31 December 2011.

Details regarding the above were set out in the Company's circular dated 28 February 2011 and the Company's announcements dated 7 July 2011, 7 September 2011 and 3 November 2011.

(b) As announced by the Company on 3 August 2012, CLBJ received a summons dated 2 August 2012 and a civil order dated 5 July 2012 issued by the People's Court of Chaoyang District of Beijing regarding a lawsuit from CITIC Automobile Company Limited ("CITIC Auto") against CLBJ (the "CITIC Auto Lawsuit") in relation to a claim of the repayment of shareholder loan and relevant interest in the amount of approximately RMB39,824,000 plus other expenses and interest (the "CITIC Auto Claim"). Details regarding the CITIC Auto Lawsuit were set out in the Company's interim report for the six months ended 30 June 2012, circular dated 22 October 2012 and announcements dated 3 August 2012, 30 November 2012 and 12 December 2012.

As at 27 December 2012, CLBJ has ceased to be a subsidiary of the Group as a result of the Winding-up. Based on the legal opinion obtained by the Company and due to the Winding-up, the directors of the Company consider that the CITIC Auto Claim would not be extended to the Retained Group.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

"Basis for disclaimer of opinion on the financial performance, cash flows and relevant disclosures

Scope limitation on the corresponding figures

As set out in our report dated 30 March 2012 on the Group's consolidated financial statements for the year ended 31 December 2011, we were not provided with sufficient audit evidence to enable us to assess whether certain trade receivables could be recovered in full or to determine the amount of impairment, if any. We qualified our opinion on the Group's consolidated financial statements for the year ended 31 December 2011 in respect of this scope limitation accordingly.

Any adjustments that might have been found necessary in respect of the above would have had a consequential impact on the Group's opening balances of the consolidated financial statements as at 1 January 2012 and the Group's results for the year ended 31 December 2011 and the related disclosures made in respect of the corresponding figures for the year ended 31 December 2011 in the consolidated financial statements for the year ended 31 December 2012.

Scope limitation on the loss for the year from discontinued operations, cash flows and relevant disclosures

During the year ended 31 December 2012, the Group recorded a loss for the year from discontinued logistics services operation of approximately HK$231,576,000 as set out in note 13 to the consolidated financial statements. As further described in note 1 to the consolidated financial statements, the loss for the year from discontinued logistics services operation related to the voluntary winding-up of CITIC Logistics (International) Company Limited (the "CLI"), a company in which the Group held 100% equity interest, under Section 241 of the Hong Kong Companies Ordinance. Upon the commencement of the winding-up on 27 December 2012, the Company lost its control over CLI, and accordingly CLI ceased to be a subsidiary of the Company and the financial results and position of CLI and its subsidiaries were deconsolidated from those of the Group since that date.

However, the directors of the Company have represented to us that neither they nor the liquidators of CLI were able to obtain the complete set of accounting books and records of the CITIC Logistics Company Limited（中信物流有限公司）("CLBJ") and its subsidiary and associate (collectively referred to as the "CLBJ Group") for the period from 1 January 2012 to 27 December 2012 (the date of deconsolidation) due to the un-cooperation of the financial personnel of CLBJ and its subsidiary amid the adverse situations faced by the CLBJ Group and the winding-up of CLI as set out in note 1 to the consolidated financial statements. Accordingly, the Group recorded the loss for the year from discontinued operation and cash flows relating to the CLBJ Group based on their unaudited financial information for the period from 1 January 2012 to 30 June 2012, which were the latest management accounts available to the directors of the Company. Due to lack of the complete set of accounting books and records of the CLBJ Group, we are unable to carry out audit procedures to obtain sufficient reliable audit evidence to satisfy ourselves as to the completeness of all transactions undertaken by the CLBJ Group and accordingly, whether the loss for the year from discontinued operation in relation to the CLBJ Group of approximately HK$212,856,000 included in the consolidated income statement, consolidated statement of cash flows and the relevant disclosures to the consolidated financial statements are free from material misstatements. Accordingly, we have not been able to provide a basis for an audit opinion on the financial performance and cash flows of the Group and the relevant disclosures to the consolidated financial statements.

Any adjustment that might have been found to be necessary in respect of the above would have a significant effect on the Group's loss and cash flows for the year ended 31 December 2012 and related disclosure notes to the consolidated financial statements.

Disclaimer of opinion on the financial performance, cash flows and relevant disclosures

Because of the significance of the above matter described in the basis for disclaimer of opinion paragraph on the financial performance, cash flows and relevant disclosures, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for audit opinion on the financial performance and cash flows of the Group and the relevant disclosures to the consolidated financial statements. Accordingly, we do not express an audit opinion on the financial performance and cash flows of the Group and the relevant disclosures to the consolidated financial statements for the year ended 31 December 2012.

Unqualified opinion on the financial position

In our opinion, the consolidated statement of financial position gives a true and fair view of the state of the Group's affairs as at 31 December 2012 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

As announced by the Company on 25 April 2012, the Board noted that Mr. Li Weimin ("Mr. Li"), the former executive Director and Chairman of the Company, was assisting the relevant authorities in the People's Republic of China ("PRC") in the investigation into certain transactions conducted by him in April 2009 prior to his becoming a shareholder and director of the Company (the "Investigation"). The Company was advised by the relevant authorities that only Mr. Li was under investigation and that the Investigation did not relate to the Group. Subsequently, as announced by the Company on 14 June 2012 and 8 November 2012, the Board set up the Special Committee to handle matters which may arise from and related to the Investigation, and resolved on the suspension of Mr. Li's duties with effect from 16 May 2012 and the vacation of Mr. Li's offices with effect from 8 November 2012 as an executive Director and the Chairman of the Company pursuant to the bye-laws of the Company (the "Bye-laws"). During the Reporting Period, Mr. Li was also removed as a director and/or the legal representative of the relevant companies within the Retained Group (as defined below).

As set out in the Company's announcement dated 3 August 2012 and circular dated 22 October 2012 (the "Circular"), CITIC Automobile Company Limited ("CITIC Auto") filed a lawsuit (the "CITIC Auto Lawsuit") with a court in Beijing (the "Beijing Court") against CITIC Logistics Company Limited（中信物流有限公司）("CLBJ") in relation to a claim (the "CITIC Auto Claim") of the repayment of shareholder loan and relevant interest (the "CITIC Auto Loan"). The CITIC Auto Lawsuit also revealed that there was a discrepancy between the CITIC Auto Claim and the recorded CITIC Auto Loan (the "Discrepancies"). However, the Company was unable to clarify with Mr. Li regarding the Discrepancies. In connection with the CITIC Auto Lawsuit, certain trade receivables due from CITIC International Contracting Inc.（中信國華國際工程承包有限責任公司）to CITIC Logistics (International) Company Limited ("CLI") and CLBJ and one of CLBJ's bank accounts had been frozen by the Beijing Court.

The Investigation and the CITIC Auto Lawsuit had caused adverse impacts on the financial and business operations of CLBJ and CLI, which were the operating subsidiaries of the Company for the logistics services business. As announced by the Company on 3 August 2012 and 12 December 2012, CITIC Auto required that CLBJ and its subsidiary cease to use the logo and the name of "CITIC" or "中信", and the Company understood that such cessation may affect the continuation of the Zhanjiang Projects. On 22 August 2012, CLBJ received a notice from Bao Steel Zhanjiang Steel Company Limited（寶鋼湛江鋼鐵有限公司）informing CLBJ that the construction of the Zhanjiang Steel Base Project had formally commenced on 31 May 2012.

It was estimated that the Zhanjiang Projects would require a total investment of approximately RMB466.0 million. However, neither CLBJ nor the Group had sufficient funds to invest in the Zhanjiang Projects. As advised by the PRC lawyer of the Group, there was a risk that CLBJ may have already breached the terms of relevant contracts, and the counter party to the contracts can and may take legal actions against CLBJ for losses and damages. As announced by the Company on 30 November 2012 and 12 December 2012, business activities in the Beijing head office of CLBJ had ceased although business of its branch offices in other places in the PRC were still under operation.

Given the adverse situations faced by the Zhanjiang Projects, CLBJ and its subsidiary as mentioned above, the Board considered that the entire amount of goodwill and other intangible assets attributable to CLBJ and its subsidiary were irrecoverable. As set out in note 7 to the consolidated financial statements in this announcement, an impairment loss on goodwill in the amount of approximately HK$39.2 million and an impairment loss on other intangible assets related to the Zhanjiang Projects in the amount of approximately HK$141.8 million were recognised for the Reporting Period, respectively.

As announced by the Company on 12 December 2012 and 27 December 2012, the Board, having considered the operations, prospects and issues surrounding CLI and its subsidiaries, resolved that it was in the interests of the Company and its shareholders to wind up CLI. The winding-up of CLI would help the Company to be insulated from the consequences of any legal actions and claims against the CLI Group. The resolution for the voluntary winding-up of CLI under section 241 of the Companies Ordinance (the "Winding-up") was passed by the sole shareholder of CLI on 27 December 2012 and the winding-up process of CLI commenced. On the same date, the liquidators were appointed in connection with the Winding-up. As at the date of this announcement, the Winding-up is still in process.

Upon the commencement of the Winding-up, the Company lost its control over CLI, and accordingly CLI ceased to be a subsidiary of the Company. As a result, the financial results and position of CLI together with its subsidiaries and associate (collectively, the "CLI Group") were deconsolidated from those of the Group on 27 December 2012 (the "Deconsolidation"). The Group excluding the CLI Group upon commencement of the Winding-up is referred to as the Retained Group in this announcement. As announced by the Company on 12 December 2012, the Company and its remaining subsidiaries are the largest creditors of CLI. The proceeds, if any, from the realisation and/or disposal of the assets and/or the business of the CLI Group will be distributed to all creditors of CLI proportionally in due course after deducting all the preferential payments and relevant costs relating to the Winding-up. At this stage, the Company is unable to ascertain the extent of recovery from the Winding-up.

As set out in note 1 to the consolidated financial statements in this announcement, neither the Company nor the liquidators of CLI were able to obtain the complete set of accounting books and records of CLBJ and its subsidiary and associate (collectively, the "CLBJ Group") for the period from 1 January 2012 to 27 December 2012 (the date of the Deconsolidation) due to the un-cooperation of the finance personnel of CLBJ and its subsidiary amid the adverse situations faced by the CLBJ Group and the Winding-up. Accordingly, the Group recorded the loss for the year from discontinued operation and cash flows relating to the CLBJ Group based on their unaudited financial information for the period from 1 January 2012 to 30 June 2012, which were the latest management accounts available to the Company. In light of this, the Company's auditor, SHINEWING (HK) CPA Limited issued a disclaimer of opinion on the financial performance and cash flows of the Group and the relevant disclosures to the consolidated financial statements, and an unqualified opinion on the financial position of the Retained Group as set out in the Extract From Independent Auditor's Report for the Reporting Period in pages 29 to 30 of this announcement.

Based on the financial information available to the Company, the Deconsolidation resulted in a gain of approximately HK$136.1 million for the Retained Group, as set out in notes 7 and 15 to the consolidated financial statements in this announcement. In addition, as a result of the Winding-up, the Retained Group impaired the receivables due from the CLI Group of approximately HK$178.9 million, as set out in note 7 to the consolidated financial statements in this announcement. Further, the Company has provided a corporate guarantee in relation to other borrowing of HK$8 million (the "Principal") made by an independent third party to CLI. The Company, therefore, has made provisions of approximately HK$8.3 million for the Principal and the interest accrued as a result of the Winding-up, as set out in note 14 to the consolidated financial statements in this announcement. Summing up the above, it is estimated that the overall financial impact on the Retained Group from the Winding-up was a loss of approximately HK$51.1 million.

During the Reporting Period, as reported in the 2012 Interim Report of the Company, trade receivables and the interest accrued due from SUN International Investment Holdings Limited ("SUN International") in the amount of approximately HK$5.4 million (the "Amount Due from SUN International") was fully impaired as the Board believed that the Amount Due from SUN International was irrecoverable. Separately, deposits paid for potential investments and other receivables including interest accrued in aggregate of approximately HK$52.8 million were offset against the amount due to Pioneer Blaze Limited ("Pioneer Blaze"), a shareholder of the Company, pursuant to a guarantee provided by Pioneer Blaze to the Group on 29 March 2012 and the deeds of assignment and the deed of agreement dated 23 August 2012, as set out in note 12 to the consolidated financial statements in this announcement. After the offsetting, the remaining balance of the shareholder loan due to Pioneer Blaze was approximately HK$55.8 million, which was subsequently deconsolidated from the Retained Group, as set out in note 15 to the consolidated financial statements in this announcement.

Based on the financial information available to the Company, the logistics services segment reported revenue of HK$80.3 million and a loss of HK$23.7 million in terms of contribution to segment results in the Reporting Period. These compared with revenue of HK$42.2 million and a loss of HK$8.2 million in terms of contribution to segment results in the Corresponding Period. The main reasons attributable to the loss in the Reporting Period were the loss incurred by CLBJ and that shipments for the Angola Project were not resumed.

The property investment segment reported a loss of HK$38.7 million in the Reporting Period, as compared with a profit of HK$12.3 million in the Corresponding Period, mainly due to a decrease in the fair value of the investment property. As set out in the Company's announcement dated 25 September 2012 and the Circular, the Company disposed of the investment property at a total consideration of HK$285.0 million (the "Disposal"). It is expected that the completion of the Disposal shall take place on 8 April 2013 or such other date agreed by both parties in writing.

The electronic products segment reported a drop of 22.9% in turnover to HK$572.5 million in the Reporting Period from approximately HK$742.3 million in the Corresponding Period. Loss for the segment, however, was reduced to approximately HK$31.7 million in the Reporting Period from approximately HK$97.9 million in the Corresponding Period. Following the lackluster performance in the first half of 2012 (the "1H2012") mainly due to a significant drop in demand and severe competition, this segment has turned around in the second half of 2012 (the "2H2012") with a profit of approximately HK$3.6 million as compared with a loss of approximately HK$35.3 million in the 1H2012. Turnover in the 2H2012 recorded an increase of 27.3% to approximately HK$320.6 million from approximately HK$251.9 million in the 1H2012. The improved performance in the 2H2012 was mainly attributed to tightened cost control, the focus on products with higher margins and a rebound in demand as the quantitative easing programs by various central banks helped to improve market confidence which in turn contributed to an increase in consumption.

Liquidity, Financial Resources and Capital Structure

The Group mainly finances its business operations with internally generated cash flows and general banking facilities.

As at 31 December 2012, the Group had bank balances and cash of HK$41.9 million (2011: HK$43.5 million). The Group's current ratio (measured as total current assets to total current liabilities) was 2.0 times (2011: 1.3 times).

As at 31 December 2012, the secured bank borrowings (which was included in liabilities directly associated with assets classified as held for sale) of the Group amounted to HK$143.6 million (2011: HK$153.1 million), which were secured by the investment property (which was included in assets classified as held for sale) of the Group with carrying value of HK$279.0 million (2011: HK$315.0 million) and the corporate guarantee provided by the Company. The gearing ratio, which is calculated by total interest bearing borrowings to total equity, was 148.6% (2011: 32.9%). The increase in the gearing ratio was mainly due to the drop in total equity.

As at 31 December 2012, the Company had zero coupon convertible notes due on 15 November 2014 in the aggregate principal amount of HK$302.4 million (2011: HK$302.4 million) with an initial conversion price of HK$0.12 per conversion share.

As at 31 December 2012, the Group did not have any capital expenditure commitments (2011: nil).

The Directors believe that existing financial resources will be sufficient for current operations requirement. As the proceeds from the Disposal will be used to fully repay the secured bank borrowings and as general working capital, the Directors believe that the financial position of the Group will be strengthened after the completion of the Disposal.

Significant Investments

The Group did not have any significant investments during the Reporting Period.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

On 27 December 2012, the board of directors of one of the Company's direct wholly-owned subsidiary, Top Victory Industries Limited, the sole shareholder of CLI, resolved to voluntarily wind up CLI and the winding-up process of CLI has commenced. On the same date, the liquidators were appointed in connection with the Winding-up. Upon the commencement of the Winding-up of CLI, the Company lost its control over CLI, and accordingly CLI ceased to be a subsidiary of the Company and the financial results and position of the CLI Group were deconsolidated from those of the Group on 27 December 2012. For details regarding the Wind-up, please refer to the announcements of the Company dated 12 December 2012 and 27 December 2012.

Charge on Group's Assets

As at 31 December 2012, the Group's investment property (which was included in assets classified as held for sale), with carrying value of HK$279.0 million (2011: HK$315.0 million) was pledged to secure bank borrowings of the Group.

Foreign Exchange Exposures

The Group mainly earns revenue and incurs costs in Hong Kong dollars, US dollars and Renminbi. The management is aware of the possible exchange rate exposure resulted from the fluctuation of Renminbi against the Hong Kong dollars and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary. With regard to the US dollars, foreign exchange exposure would be minimal so long as the Hong Kong SAR Government's policy to peg the Hong Kong dollars to the US dollars remains in effect.

Contingent Liabilities

Details of the contingent liabilities of the Group are set out in note 16 to the consolidated financial statements in this announcement.

Litigations

Details of the litigations of the Group are set out in note 17 to the consolidated financial statements in this announcement.

Employee and Remuneration Policy

As at 31 December 2012, the Group had 2,200 (2011: 2,516) full time employees in Hong Kong and the PRC. Total staff costs (including directors' remuneration but excluding share option expenses) for the Reporting Period amounted to HK$57.5 million (2011: HK$43.5 million). The employees are remunerated with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Apart from the basic remuneration package, the mandatory provident fund scheme and the central provident scheme in the PRC, the Company also operates a share option scheme based on which the Board may, at its discretion, grant options to eligible employees of the Group.

FUTURE OUTLOOK

The global economy may have a propensity for a moderate growth pick-up in 2013 underpinned by continued ultra-accommodative monetary policy from major central banks and as evidenced by some better US economic data and easing Eurozone tensions. According to the International Monetary Fund (the "IMF"), global growth is projected to strengthen to 3.5% in 2013 from 3.2% in 2012. As reported by the Financial Times (the "FT"), in the US, manufacturing grew faster than expected in February 2013 with the purchasing managers' index ("PMI") rising to 54.2 from 53.1 in January 2013, and a slowly improving labour and housing market have supported consumer spending gains in recent months. Nonetheless, downside risks to global growth remains significant including a lengthy fiscal crisis over sequestration that may result in a weaker economy in the US, and renewed setbacks in the euro area if political factors affect the ability to tackle budget problems or if the momentum for reform is not maintained.

The Chinese economy slipped to a growth of 7.8% in 2012, its slowest pace in more than a decade. It has rebounded in the fourth quarter of 2012 growing by 7.9% driven by a pick-up in state investment, a surge in lending and resilient consumer spending, up from 7.4% in the third quarter and breaking a streak of seven consecutive weaker quarters, as reported by the FT and Reuters. Concerns about a rebound in inflation and high property prices, however, have led the Chinese government to tap the brakes, and the pace of expansion in both the manufacturing and service sector retreated to multi-month lows in February 2013. While this has reignited some fears about another slowdown and external demand may continue to languish, the Retained Group concurs with the view that the smooth transition of leadership and increased government spending will likely support a stable but mild growth recovery. The Retained Group notes that the Chinese government has planned a record budget deficit of RMB1.2 trillion for 2013 representing a 50% jump year-on-year. The IMF forecast that the Chinese economy will grow 8.2% in 2013.

As announced by the Company on 25 September 2012 and in the Circular, the proceeds from the Disposal will be used to repay the existing bank borrowings and as general working capital, which will strengthen the financial position of the Retained Group. After commencement of the Winding-up, the Retained Group no longer conducts logistics services business and will deploy its resources to focus on the electronic products segment and other opportunities that may arise.

The electronic products segment is still facing severe competition in the market, a shortage of labour, and rising labour and material costs. Although all these factors can undermine the recovery of the electronic products business, the Retained Group will continuously try to streamline its electronic products operation, concentrate on products with higher profit margin and reduce costs by outsourcing its production process and executing necessary cost control programs. With all these implementations and the outlook for a moderate growth pick-up in both the global and Chinese economy, the Retained Group hopes that the electronic products segment will have a better performance in the year of 2013.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintaining high standards of corporate governance. During the Reporting Period, the Company has applied the principles of and complied with the code provisions (“Code Provisions”) of the former Code on Corporate Governance Practices (the “Former Code”) and of the new Corporate Governance Code (the “CG Code”) effective from 1 April 2012 as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) except for the following deviation:

Under the Code Provision A.4.1 of the Former Code and the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. Mr. Ho Chi Fai, an independent non-executive Director, is not appointed for a specific term but his directorship is subject to retirement by rotation and re-election in accordance with the bye-laws of the Company (the "Bye-laws") and the Listing Rules. Under the Bye-laws, one-third of the Directors shall retire from office by rotation at each annual general meeting. This means a director's specific term of appointment cannot exceed three years for a total of nine Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry of the Directors, all the Directors (except Mr. Li Weimin, the former executive Director and Chairman of the Company) confirmed that they had complied with the required standards as set out in the Model Code for the Reporting Period.

AUDIT COMMITTEE REVIEW

The audit committee of the Company has reviewed with the management the Group's consolidated financial statements for the Reporting Period, including the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, in conjunction with the auditors of the Company.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on our website at http://www.irasia.com/listco/hk/sinotech and the website of the Stock Exchange. The 2012 Annual Report will be despatched to the shareholders of the Company and will be available at the above websites in due course.

By order of the Board
Sino-Tech International Holdings Limited
Lam Yat Keung
President

Hong Kong, 28 March 2013

As at the date of this announcement, the Board comprises Mr. Lam Yat Keung (President), Mr. Lim Chuan Yang, Mr. Huang Hanshui and Mr. Lam Hung Kit as executive directors; and Mr. Ho Chi Fai, Ms. Liu Yanfang, Professor Ma Hongwei, Mr. Chau Pong Chi and Ms. Ching Betty Siu Kuen as independent non-executive directors.