泰豐國際集團有限公司*

Sino-Tech International Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 724)

Interim Report 2011

*For Identification Purpose Only

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Li Weimin *(Chief Executive Officer)*
Mr. Lam Yat Keung
Mr. Huang Hanshui
Mr. Wang Jianzhi
(resigned on 20 May 2011)

NON-EXECUTIVE DIRECTORS

Academician Liu Renhuai *(Chairman)*
Mr. Xin Luo Lin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Chi Fai
Ms. Liu Yanfang
Professor Ma Hongwei

AUDIT COMMITTEE

Mr. Ho Chi Fai
Ms. Liu Yanfang
Professor Ma Hongwei
Academician Liu Renhuai
Mr. Xin Luo Lin

REMUNERATION COMMITTEE

Mr. Ho Chi Fai
Ms. Liu Yanfang
Professor Ma Hongwei

COMPANY SECRETARY

Ms. Lee Wai Yee

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

32/F., Entertainment Building
30 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Securities Services
(Bermuda) Limited
6 Front Street
Hamilton, HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 724

WEBSITE

www.irasia.com/listco/hk/sinotech

The board of directors (the "Board") of Sino-Tech International Holdings Limited (the "Company") is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2011.

Results Overview

During the six months ended 30 June 2011 (the "Reporting Period"), the Group recorded a turnover of HK$425.5 million, representing an increase of 24.5% compared with HK$341.8 million for the six months ended 30 June 2010 (the "Corresponding Period"). The increase in turnover was mainly due to higher sales of electronic products.

Net loss for the Reporting Period was reduced to HK$49.9 million from HK$94.7 million in the Corresponding Period, mainly due to increases in the fair value of investment property, and decreases in the amortisation of other intangible assets and imputed interest on convertible notes. The loss for the period was mainly due to the amortisation of other intangible assets, the imputed interest on convertible notes and the loss on redemption of convertible notes.

The amortisation of other intangible assets and the imputed interest on convertible notes arise as a result of accounting treatment under the provisions of the applicable accounting standards and are of non-cash nature. Before these non-cash items and the loss on redemption of convertible notes, the Group made a marginal loss of HK$1.3 million in the Reporting Period, as compared with a profit of HK$1.9 million in the Corresponding Period.

Financial Highlights

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Turnover	**425,468**	341,789
Gross profit	**3,865**	28,319
Loss for the period	**(49,920)**	(94,690)
Amortisation of other intangible assets	**25,547**	71,351
Imputed interest on convertible notes	**14,926**	25,256
Loss on redemption of convertible notes	**8,106**	–
Net (loss) profit for the period before amortisation of other intangible assets, imputed interest on convertible notes and loss on redemption of convertible notes	**(1,341)**	1,917

Interim Dividend

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The logistics services segment reported revenue of HK$10.4 million and a loss of HK$2.0 million before the amortisation of other intangible assets in the Reporting Period. These compared with revenue of HK$16.4 million and a profit of HK$0.8 million before the amortisation of other intangible assets in the Corresponding Period, which was helped by an ad hoc project.

Shipping services for the Angola project remained temporarily suspended in the Reporting Period as a result of the maritime arbitration (the "Angola Arbitration") between CITIC Logistics Company Limited ("CITIC Logistics BJ") and the former handling agent for the Angola project over the termination of the cooperation agreement made between CITIC Logistics BJ and the former handling agent. According to the notices from China Maritime Arbitration Commission, the deadline for the ruling of the Angola Arbitration has been further extended to 30 June 2011 and subsequently further to 30 August 2011.

As a result of the Japan earthquake in March 2011, there was a sudden surge in demand in the electronic components industry for a short period of time. Turnover of the electronic products segment increased by 27.5% to HK$415.0 million in the Reporting Period compared with HK$325.4 million in the Corresponding Period. However, the earthquake in Japan also led to an abrupt increase in raw material cost, which together with high inflation and continuous appreciation in Renminbi ("RMB") resulted in the continuous margin squeeze in the electronic products segment. This segment, therefore, recorded a loss of HK$13.0 million in the Reporting Period, as compared with a profit of HK$9.9 million in the Corresponding Period.

The property investment segment reported a profit of HK$28.7 million in the Reporting Period versus a loss of HK$0.4 million in the Corresponding Period, mainly due to gains of HK$30.0 million in the fair value of the investment property as at the end of the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Liquidity, Financial Resources and Capital Structure

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

As at 30 June 2011, the Group had bank balances and cash of HK$58.0 million (31 December 2010: HK$30.8 million).

As at 30 June 2011, the secured bank borrowings of the Group amounted to HK$157.8 million (31 December 2010: HK$162.6 million), which were secured by the investment property of the Group with carrying value of HK$330.0 million (31 December 2010: HK$300.0 million) and the corporate guarantee provided by the Company. The directors of the Company (the "Directors") expect that all the bank borrowings will be repaid by internally generated cash flows.

As at 30 June 2011, the Company had zero coupon convertible notes due on 15 November 2014 (the "Convertible Notes") in the aggregate principal amount of HK$446.4 million (31 December 2010: HK$662.4 million) with an initial conversion price of HK$0.12 per conversion share. During the period under review, the Convertible Notes in the aggregate principal amount of HK$180.0 million were converted into 1,500 million new ordinary shares of HK$0.01 each in the capital of the Company and the Convertible Notes in the aggregate principal amount of HK$36.0 million were redeemed by the Company at the redemption price of HK$36.0 million.

The current assets of the Group as at 30 June 2011 were HK$530.2 million (31 December 2010: HK$653.6 million). The Group's current ratio (measured as total current assets to total current liabilities) was 1.7 times as at 30 June 2011 compared with 1.8 times as at 31 December 2010.

The gearing ratio of the Group as at 30 June 2011, which is calculated by total interest bearing borrowings to total equity, was 14.1% (31 December 2010: 15.7%).

As at 30 June 2011, the Group had capital expenditure commitments amounted to HK$13.4 million (31 December 2010: HK$33.8 million) and mainly in respect of the acquisition of property, plant and equipment.

The Directors believe that existing financial resources will be sufficient for current operations and capital expenditures requirement. Should other opportunities arise requiring additional funding, management also believes that the Group is in a good position to obtain financing on favourable terms.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Significant Investments

The Group did not have any significant investments during the six months ended 30 June 2011.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

During the last year, CITIC Logistics (International) Company Limited ("CITIC Logistics"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement (as amended by a supplemental agreement dated 14 December 2010) (the "Original 90% Agreement") with Pioneer Blaze Limited and Mr. Li Weimin, an executive director and a substantial shareholder of the Company, to acquire a total of 90% equity interest in CITIC Logistics BJ. CITIC Logistics also entered into a sale and purchase agreement (the "Original 10% Agreement") with CITIC Automobile Company Limited* (中信汽車公司) to acquire the remaining 10% equity interest in CITIC Logistics BJ.

On 11 February 2011, the Original 90% Agreement was superseded by a new agreement with, among other matters, a revised aggregate consideration of HK$210,393,289, to be satisfied by the issue and allotment of a maximum of 743,439,182 consideration shares by the Company. On 11 February 2011, the Original 10% Agreement was superseded by a new agreement with, among other matters, a revised aggregate consideration of HK$46,969,595, to be satisfied by the issue and allotment of a maximum of 165,970,300 consideration shares by the Company.

The above transactions were approved by the independent shareholders of the Company at the special general meeting held on 25 March 2011. As at the end of the Reporting Period, completion of the above transactions has not yet taken place. For details of these transactions, please refer to the circular of the Company dated 28 February 2011.

Charge on Group's Assets

As at 30 June 2011, the Group's investment property, with carrying value of HK$330.0 million (31 December 2010: HK$300.0 million), was pledged to secure banking facilities granted to the Group and the Group's bank balances of HK$4.2 million (31 December 2010: Nil) was pledged to secure a guarantee to CITIC Logistics BJ by way of an irrevocable standby letter of credit in favour of a bank in the People's Republic of China (the "PRC").

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MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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 due to the continuing appreciation of Renminbi and will closely monitor its impact to 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

As at 30 June 2011, the Group had the following material contingent liabilities:

1. 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 judgment (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 that 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 interests in Classic Line and the disposal was completed on 31 October 2009.

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

2. The Company provided a guarantee to CITIC Logistics BJ in the maximum amount of RMB3,300,000 by way of an irrevocable standby letter of credit in favour of a bank in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Employee and Remuneration Policy

As at 30 June 2011, the Group had 2,376 (30 June 2010: 2,177) full-time employees in Hong Kong and the PRC. Total staff costs (including Directors' remuneration) for the six months ended 30 June 2011 amounted to HK$18.5 million (six months ended 30 June 2010: HK$16.5 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 and the mandatory provident fund scheme, the Company also operates a share option scheme of which the Board may, at its discretion, grant options to eligible employees of the Group.

Event after the Reporting Period

On 21 July 2011, Convertible Notes in the aggregate principal amount of HK$144.0 million were converted into 1,200 million new ordinary shares of HK$0.01 each in the issued share capital of the Company at the conversion price of HK$0.12 per conversion share.

Future Outlook

The Group began the year expecting a slowdown in the global economic expansion with weak growth in the advanced economies cushioned by a continued brisk pace in the emerging economies. The outlook for the second half of 2011 ("2H2011") appears tougher, however, as waning activity in the worldwide manufacturing and service sector in July 2011 is compounded by a worsening in the eurozone debt crisis and an escalation in the US fiscal problems with the recent rating downgrade. These have fuelled fears that deficit-reduction to tackle fiscal difficulties could exacerbate the slowdown and the US could fall into a long cycle of slow growth and deflation or even slide back into recession. The Group concurs with the view that a new round of credible stimulus may be required and the central banks might have to soften their monetary stance.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Future Outlook *(Continued)*

China's economy maintained relatively good momentum in the first half of 2011 ("1H2011") expanding by 9.6% with 9.7% in the first quarter of 2011 and 9.5% in the second quarter of 2011. Inflation, however, hit a 37-month high of 6.5% in July 2011 from 6.4% in June 2011 while industrial output growth slowed to 14% in July 2011 from 15.1% in June 2011. This could put the central bank in a bind as it strives to keep prices in check without dragging down an economy facing threats of weakening external demand. The Chinese government will need to strike a good balance between managing inflationary pressures and maintaining economic growth. Selective easing, therefore, is more likely if the global outlook remains challenging. While inflation may have peaked, it could stay at high levels or come back quickly, which will limit policy room for a big stimulus package as the one in end-2008.

China's total logistics revenue（全國物流社會總額）and total logistics costs（全國社會物流總費用）in 1H2011 rose by 13.7% and 18.5% year-on-year ("y-y"), respectively. These compared with an increase of 18.4% and 17.8% y-y in the first half of 2010 ("1H2010"), respectively. Logistics revenue for industrial products in 1H2011 increased by 14.3% y-y (1H2010: 17.6% y-y) and accounted for 90.8% of total logistics revenue. Domestic logistics companies encountered some operating difficulties in 1H2011 amid tight funds seeing a slowdown in revenue growth but a continued climb in input cost. Such operating difficulties may carry on into 2H2011. The Group, however, continues to see good development opportunities, particularly in the industrial logistics sector and believes that growth in domestic logistics industry will continue to outpace China's GDP in the coming years.

Against this backdrop, the Group will continue to improve the execution and cost control of existing projects, and actively source new projects in an effort to expand the revenue stream of its logistics services business. The Group intends to resume shipping services for the Angola project after the ruling of the Angola Arbitration is issued. The Group is in the process of acquiring the entire equity interest in CITIC Logistics BJ from three vendors holding respective stakes of 60%, 30% and 10% (the "Acquisition"). The transfer of the 30% and 10% ownership requires regulatory approvals in China and applications have been submitted to the respective authorities. The Acquisition may be completed in 2011.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Future Outlook *(Continued)*

Year 2011 is expected to be a tough year for the electronic products industry. The Group believes that the electronic products business is facing an extreme margin pressure. This segment remains competitive in its products amid the increasing competition in the market. Pricing policy will become the most significant market strategy. On the other hand, labour cost continues to increase as a result of the continuous strengthening in labour protection act in China and labour shortage in Guangdong Province. Those pressures will lead to a substantially lower gross margin than it has ever achieved in the past. The Board expects this phenomenon to continue in 2012. The Group will cautiously monitor its performance from time to time to reduce the reliance on the less profitable products and focus more on customers and products with higher profit margins.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2011, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company or The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Long positions in the shares and underlying shares of the Company:

Name of Directors	Capacity	Number of shares and underlying shares held	Percentage of shareholding
Mr. Li Weimin (Note 1)	Beneficial owner	5,577,407,250	54.77%
Mr. Lam Yat Keung (Note 2)	Interest of family	612,400,000	6.01%
Mr. Huang Hanshui (Note 3)	Beneficial owner	86,827,895	0.85%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES *(Continued)*

Notes:

1. Mr. Li Weimin is interested in 5,577,407,250 Shares, consisting of (i) an interest in 1,620,000,000 Shares beneficially owned and held in his own name; (ii) a derivative interest in 3,720,000,000 conversion shares to be allotted and issued upon full conversion of the convertible notes issued to him by the Company in the principal amount of HK$446,400,000; and (iii) an interest in 237,407,250 consideration shares to be allotted and issued to him pursuant to a sale and purchase agreement dated 11 February 2011.

2. Mr. Lam Yat Keung is deemed interested in 612,400,000 Shares owned by Smart Number Investments Limited ("Smart Number"), a company incorporated in the British Virgin Islands. The entire issued share capital of Smart Number is beneficially owned as to 66.67% by Ms. Lam Pik Wah (the spouse of Mr. Lam Yat Keung) and as to 33.33% by Mr. Lam Hung Kit.

3. Mr. Huang Hanshui has a derivative interest in 86,827,895 Shares pursuant to share options granted to him on 6 December 2010.

Save as disclosed above, as at 30 June 2011, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2011, to the best knowledge of the Directors, the parties (other than a director or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in the shares and underlying shares of the Company:

Name of substantial shareholders	Capacity	Number of shares and underlying shares held	Percentage of shareholding
Smart Number (Note)	Beneficial owner	612,400,000	6.01%
Ms. Lam Pik Wah (Note)	Interest of controlled corporation	612,400,000	6.01%
Mr. Lam Hung Kit (Note)	Interest of controlled corporation	612,400,000	6.01%

Notes:

The entire issued share capital of Smart Number is beneficially owned as to 66.67% by Ms. Lam Pik Wah (the spouse of Mr. Lam Yat Keung) and as to 33.33% by Mr. Lam Hung Kit.

Save as disclosed above, as at 30 June 2011, the Directors are not aware of any other persons who had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

CORPORATE GOVERNANCE PRACTICE

The Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the six months ended 30 June 2011, however:

Under the code provision A.4.1 of 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 of the Company (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 eight Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of the directors of the Company, all the Directors confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2011.

CHANGE IN DIRECTOR'S BIOGRAPHICAL DETAILS

During the Reporting Period, Mr. Xin Luo Lin was appointed as a non-executive director of China Environmental Technology Holdings Limited (Stock Code: 646), a company listed on the Stock Exchange.

Save as disclosed above, there is no other information regarding Directors that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SHARE OPTION SCHEME

On 28 November 2002, the Company adopted a share option scheme (the "Scheme") under which the Board may, at its discretion, grant options to eligible participants under the Scheme.

After the refreshment of the maximum limit in respect of the granting of share options under the Scheme has been approved at the annual general meeting of the Company held on 8 June 2011 (the "AGM"), the Board is able to grant options under the Scheme carrying the right to subscribe for a maximum of 1,018,278,950 Shares, representing 10% of the total number of Shares in issue as at the date of the AGM.

The following table disclosed the movements of the Company's share options for the six months ended 30 June 2011:

			Number of share options				
Participants	Date of grant	Exercise price per share	Outstanding at 1 January 2011	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding at 30 June 2011
Director	6 December 2010	HK$0.305	86,827,895	–	–	–	86,827,895
Employees	6 December 2010	HK$0.305	206,094,210	–	–	–	206,094,210
Customers, suppliers and other eligible persons	6 December 2010	HK$0.305	86,827,895	–	–	–	86,827,895
			379,750,000	–	–	–	379,750,000

The options outstanding at 30 June 2011 had an exercisable period from 6 December 2010 to 5 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE REVIEW

The Company established an audit committee on 3 July 2000 (the "Audit Committee") with primary duties to review and supervise the financial reporting process and the internal control system of the Group. The Audit Committee comprises two non-executive Directors, namely, Academician Liu Renhuai and Mr. Xin Luo Lin and three independent non-executive Directors, namely, Mr. Ho Chi Fai (Chairman of the Audit Committee), Ms. Liu Yanfang and Professor Ma Hongwei.

The unaudited interim results of the Group for the six months ended 30 June 2011 have been reviewed by the Audit Committee.

APPRECIATION

On behalf of the Board, I would like to thank all employees for their hard work and dedication as well as our shareholders and business partners for their continued support.

On behalf of the Board
Sino-Tech International Holdings Limited
Li Weimin
Executive Director

Hong Kong, 25 August 2011

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

	Note	Six months ended 30 June 2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000
Turnover	3	**425,468**	341,789
Cost of sales		**(421,603)**	(313,470)
Gross profit		**3,865**	28,319
Other income		**1,045**	961
Distribution costs		**(3,892)**	(2,943)
Administrative expenses		**(26,539)**	(22,729)
Amortisation of other intangible assets	12	**(25,547)**	(71,351)
Loss on redemption of convertible notes		**(8,106)**	–
Gain arising on change in fair value of investment property	10	**30,000**	–
Finance costs	4	**(15,696)**	(25,485)
Loss before taxation	5	**(44,870)**	(93,228)
Income tax	6	**(5,050)**	(1,462)
Loss for the period attributable to owners of the Company		**(49,920)**	(94,690)
Loss per share (in Hong Kong cents):	8		
Basic		**(0.51)**	(1.51)
Diluted		**(0.51)**	(1.51)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Loss for the period	**(49,920)**	(94,690)
Other comprehensive income (expenses)		
Exchange differences arising on translation of foreign operations	**141**	(26)
Other comprehensive income (expenses) for the period	**141**	(26)
Total comprehensive expenses for the period attributable to owners of the Company	**(49,779)**	(94,716)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Note	30 June 2011 (Unaudited) HK$'000	31 December 2010 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	9	159,774	162,945
Investment property	10	330,000	300,000
Goodwill	11	657,895	657,895
Other intangible assets	12	92,453	118,000
Deposits for acquisition of property, plant and equipment		33,745	21,202
		1,273,867	1,260,042
Current assets			
Deposits paid for potential investments		26,000	64,500
Inventories		138,039	197,052
Trade and bills receivables	13	280,827	272,219
Prepayments, deposits and other receivables		24,420	87,024
Deposits in other financial institutions		446	446
Tax recoverable		2,474	1,627
Pledged bank balances		4,200	–
Bank balances and cash		53,838	30,767
		530,244	653,635
Current liabilities			
Trade and bills payables	14	139,036	172,707
Other payables and accruals		17,290	30,105
Amount due to a director	19	–	471
Bank borrowings – secured	15	157,836	162,593
Obligations under finance leases		322	314
		314,484	366,190
Net current assets		215,760	287,445
Total assets less current liabilities		1,489,627	1,547,487

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2011

	Note	30 June 2011 (Unaudited) HK$'000	31 December 2010 (Audited) HK$'000
Non-current liabilities			
Obligations under finance leases		99	262
Convertible notes	16	348,548	498,416
Employee benefits		150	150
Deferred tax liabilities		16,728	11,678
		365,525	510,506
Net assets		1,124,102	1,036,981
Capital and reserves			
Share capital	17	101,828	86,828
Reserves		1,022,274	950,153
		1,124,102	1,036,981

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share-based compensation reserve HK$'000	Foreign exchange reserve HK$'000	Convertible notes reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2011 (audited)	86,828	1,834,074	5,800	31,310	(257)	203,074	–	(1,123,848)	1,036,981
Loss for the period	–	–	–	–	–	–	–	(49,920)	(49,920)
Other comprehensive income for the period	–	–	–	–	141	–	–	–	141
Total comprehensive expenses for the period	–	–	–	–	141	–	–	(49,920)	(49,779)
Issue of shares upon conversion of convertible notes	15,000	177,083	–	–	–	(55,183)	–	–	136,900
Transfer to accumulated losses upon redemption of convertible notes	–	–	–	–	–	(11,037)	–	11,037	–
At 30 June 2011 (unaudited)	101,828	2,011,157	5,800	31,310	(116)	136,854	–	(1,162,731)	1,124,102

For the six months ended 30 June 2010

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share-based compensation reserve HK$'000	Foreign exchange reserve HK$'000	Convertible notes reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2010 (audited)	61,165	1,479,480	5,800	–	(119)	291,367	53,775	(591,668)	1,299,800
Loss for the period	–	–	–	–	–	–	–	(94,690)	(94,690)
Other comprehensive expenses for the period	–	–	–	–	(26)	–	–	–	(26)
Total comprehensive expenses for the period	–	–	–	–	(26)	–	–	(94,690)	(94,716)
Issue of shares upon exercise of warrants	1,663	78,167	–	–	–	–	(53,775)	–	26,055
At 30 June 2010 (unaudited)	62,828	1,557,647	5,800	–	(145)	291,367	–	(686,358)	1,231,139

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
		(Restated)
Net cash used in operating activities	**(3,207)**	(105,205)
Net cash from (used in) investing activities	**68,443**	(314,866)
Net cash (used in) from financing activities	**(42,161)**	194,674
Net increase (decrease) in cash and cash equivalents	**23,075**	(225,397)
Cash and cash equivalents at beginning of the period	**30,767**	345,837
Effect of foreign exchange rate changes	**(4)**	(26)
Cash and cash equivalents at end of the period, representing bank balances and cash	**53,838**	120,414

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2011

1. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

The condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated and has been approved for issue by the Board on 25 August 2011.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared on the historical cost basis, except for investment property and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies used in the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except as described below.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("Int") ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 June 2011

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Statements[4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

HKFRS 9 requires 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 fair value at the end of subsequent accounting periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 June 2011

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, 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 recognised 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, 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 was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. To date, the Group has not entered into transactions involving transfers of financial assets. However, if the Group does enter into any such transactions in the future, disclosures regarding those transfers may be affected.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 June 2011

3. SEGMENT INFORMATION

Management has determined the operating segments based on the internal reports reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. The Group's operating and reportable segments are as follows:

(a) Electronic products segment engages in the manufacture and trading of electronic and electrical parts and components.

(b) Logistics services segment engages in providing shipping and transportation logistics services.

(c) Property investment segment engages in properties investments.

The following is an analysis of the Group's turnover and results by reportable segments:

For the six months ended 30 June 2011

	Electronic products HK$'000	Logistics services HK$'000	Property investment HK$'000	Total HK$'000
Turnover	415,034	10,434	–	425,468
Other income	237	403	–	640
Total segment revenue	415,271	10,837	–	426,108
Contribution to segment results	(12,966)	(2,004)	28,683	13,713
Amortisation of other intangible assets	–	(25,547)	–	(25,547)
Segment results	(12,966)	(27,551)	28,683	(11,834)
Unallocated corporate income				405
Unallocated corporate expenses				(18,502)
Finance costs				(14,939)
Loss before taxation				(44,870)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 June 2011

3. SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2010

	Electronic products HK$'000	Logistics services HK$'000	Property investment HK$'000	Total HK$'000
Turnover	325,425	16,364	–	341,789
Other income	783	164	–	947
Total segment revenue	326,208	16,528	–	342,736
Contribution to segment results	9,898	825	(430)	10,293
Amortisation of other intangible assets	–	(71,351)	–	(71,351)
Segment results	9,898	(70,526)	(430)	(61,058)
Unallocated corporate income				14
Unallocated corporate expenses				(6,897)
Finance costs				(25,287)
Loss before taxation				(93,228)

All of the turnover reported above is from external customers.

Segment results represent the (loss) profit made by each segment without allocation of corporate income and expenses, central administration cost, loss on redemption of convertible notes and finance costs (except finance costs on borrowings solely obtained to finance the acquisition of investment property). This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 June 2011

3. SEGMENT INFORMATION *(Continued)*

The following is an analysis of the Group's assets by reportable segments:

	30 June 2011 HK$'000	31 December 2010 HK$'000
Electronic products	503,881	546,851
Logistics services	856,967	879,428
Property investment	330,184	300,156
Unallocated corporate assets	113,079	187,242
Total assets	1,804,111	1,913,677

For the purposes of monitoring segment performances and allocating resources among segments, segment assets do not include advances, deposits paid for potential investments, deposits in other financial institutions, tax recoverable, pledged bank balances, bank balances and cash and assets used jointly by reportable segments.

4. FINANCE COSTS

	Six months ended 30 June	
	2011 HK$'000	2010 HK$'000
Borrowing costs on:		
– bank borrowings not wholly repayable within five years	757	198
– obligations under finance leases	13	31
Imputed interest on convertible notes	14,926	25,256
	15,696	25,485

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 June 2011

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging (crediting):

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Depreciation of property, plant and equipment	**20,483**	15,593
Loss (gain) on disposal of property, plant and equipment	**115**	(49)
Bank interest income	**(32)**	(21)
Interest income from a related company	**(157)**	–
Interest income from advances	**(353)**	–
Net exchange gain	**(411)**	(776)

6. INCOME TAX

	Six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Current tax		
– Hong Kong Profits Tax	**–**	1,462
Deferred tax	**5,050**	–
	5,050	1,462

The income tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

No provision for Hong Kong Profits Tax has been provided as the Group did not derive any assessable profits in Hong Kong during the period (six months ended 30 June 2010: 16.5%).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 June 2011

7. DIVIDENDS

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

8. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the loss attributable to owners of the Company of HK$49,920,000 (six months ended 30 June 2010: HK$94,690,000) and the weighted average number of 9,753,508,000 (six months ended 30 June 2010: 6,278,432,000) ordinary shares in issue during the period.

The calculation of diluted loss per share for the six months ended 30 June 2011 did not assume the exercise of the Company's share options as the exercise price of the share options was higher than the average market price for shares. The calculation of diluted loss per share for the six months ended 30 June 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.

The calculation of diluted loss per share for the six months ended 30 June 2010 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.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group acquired property, plant and equipment of HK$17,282,000 (six months ended 30 June 2010: HK$10,191,000) and disposed of property, plant and equipment with carrying values of HK$115,000 (six months ended 30 June 2010: HK$41,000), resulting in net loss on disposal of HK$115,000 (six months ended 30 June 2010: net gain on disposal of HK$49,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 June 2011

10. INVESTMENT PROPERTY

The fair value of the Group's investment property at 30 June 2011 has been arrived at on the basis of valuation carried out at that date by Savills Valuation and Professional Services Limited ("Savills"), an independent qualified professional valuer not connected with the Group. Savills has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions. The revaluation gave rise to a fair value gain of HK$30,000,000 (six months ended 30 June 2010: Nil) which has been recognised in the condensed consolidated income statement.

As at 30 June 2011, the Group's investment property has been pledged to secure bank borrowings of the Group. Details of bank borrowings are set out in note 15.

11. GOODWILL

	30 June 2011 HK$'000	31 December 2010 HK$'000
At beginning of the period/year	**657,895**	756,557
Impairment loss recognised	**–**	(98,662)
At end of the period/year	**657,895**	657,895

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 June 2011

12. OTHER INTANGIBLE ASSETS

	30 June 2011 HK$'000	31 December 2010 HK$'000
At beginning of the period/year	**118,000**	473,443
Amortisation	**(25,547)**	(143,885)
Impairment loss recognised	**–**	(211,558)
At end of the period/year	**92,453**	118,000

13. 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:

	30 June 2011 HK$'000	31 December 2010 HK$'000
Within 3 months	**230,139**	224,353
4 – 6 months	**476**	204
7 – 12 months	**2,756**	47,662
Over 12 months	**47,456**	–
	280,827	272,219

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 June 2011

13. TRADE AND BILLS RECEIVABLES *(Continued)*

Included in the Group's trade receivables balance are amounts of HK$47,456,000 (31 December 2010: HK$47,456,000) and HK$8,882,000 (31 December 2010: HK$12,302,000) due from 中信國華國際工程承包有限責任公司(CITIC International Contracting Co., Ltd.) ("CITIC Contracting") and SUN International Investment Holdings Limited ("SUN International") respectively. CITIC Contracting is an affiliate of CITIC Logistics Company Limited ("CITIC Logistics BJ"). Mr. Li Weimin is a director of CITIC Logistics BJ and beneficially holds 30% equity interest in CITIC Logistics BJ. Mr. Li Weimin is a director of SUN International and indirectly holds 40% equity interest in SUN International. Except for an amount due from SUN International of HK$5,903,000 (31 December 2010: HK$5,903,000) which is interest-bearing at 5.346% per annum, the remaining amount due from SUN International was interest-free and has a credit period of 180 days.

14. 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:

	30 June 2011 HK$'000	31 December 2010 HK$'000
Within 3 months	**127,434**	169,673
4 – 6 months	**5,590**	1,423
7 – 12 months	**4,580**	1
Over 12 months	**1,432**	1,610
	139,036	172,707

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 June 2011

15. BANK BORROWINGS – SECURED

	30 June 2011 HK$'000	31 December 2010 HK$'000
Bank borrowings (secured) – repayable on demand		
– mortgage loan	147,550	151,450
– term loan	10,286	11,143
	157,836	162,593

Note:

During the six months ended 30 June 2011, the Group did not raise any new bank borrowings (six months ended 30 June 2010: HK$168,000,000) and repaid bank borrowings of HK$4,757,000 (six months ended 30 June 2010: HK$650,000).

As at 30 June 2011, the bank borrowings were secured by the Group's investment property with carrying value of HK$330,000,000 (31 December 2010: HK$300,000,000) (Note 10) and the corporate guarantee provided by the Company.

16. CONVERTIBLE NOTES

Movements of the liability component of the convertible notes are set out below:

	30 June 2011 HK$'000	31 December 2010 HK$'000
At beginning of the period/year	498,416	664,606
Conversion into shares of the Company	(136,900)	(212,134)
Redemption	(27,894)	–
Effective interest for the period/year	14,926	45,944
At end of the period/year	348,548	498,416

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 June 2011

17. SHARE CAPITAL

	30 June 2011		31 December 2010	
	Number of shares '000	HK$'000	Number of shares '000	HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	30,000,000	300,000	30,000,000	300,000
Issued and fully paid:				
At beginning of the period/year	8,682,790	86,828	6,116,477	61,165
Issue of shares upon exercise of warrants	–	–	166,313	1,663
Issue of shares upon conversion of convertible notes (Note)	1,500,000	15,000	2,400,000	24,000
At end of the period/year	10,182,790	101,828	8,682,790	86,828

Note:

During the six months ended 30 June 2011, convertible notes of the Company with aggregate principal amount of HK$180,000,000 were converted into 1,500,000,000 ordinary shares of HK$0.01 each at a conversion price of HK$0.12 per share. These new shares issued ranked pari passu with other shares then in issue in all respects.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 June 2011

18. CAPITAL COMMITMENTS

	30 June 2011 HK$'000	31 December 2010 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment:		
– contracted but not provided for	**13,437**	32,978
– authorised but not contracted for	**–**	777
	13,437	33,755

19. RELATED PARTY TRANSACTIONS

(a) Pursuant to an authorisation letter dated 20 July 2007, CITIC Logistics BJ has granted the use of its trading logo to CITIC Logistics (International) Company Limited ("CITIC Logistics"), a wholly owned subsidiary of the Company, free of charge for the period from 1 August 2007 to 30 April 2010. The grant was further extended to 30 April 2012 pursuant to an authorisation letter from CITIC Logistics BJ on 17 September 2009.

(b) On 15 April 2009, CITIC Logistics BJ entered into an agreement to transfer its shipping logistics business contracted with CITIC Contracting to CITIC Logistics at zero consideration.

(c) During the six months ended 30 June 2011, interest income from SUN International amounted to HK$157,000. The interest income was charged according to the logistics agreement entered into.

(d) On 30 June 2011, the Company provided a guarantee to CITIC Logistics BJ in the maximum amount of RMB3,300,000 by way of an irrevocable standby letter of credit in favour of a bank in the PRC. Details of the transaction are set out in the Company's announcement dated 30 June 2011.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 June 2011

19. RELATED PARTY TRANSACTIONS *(Continued)*

(e) Balance with related party

Save as disclosed in note 13, the Group has the following balances with related parties:

	30 June 2011 HK$'000	31 December 2010 HK$'000
Amount due from SUN International (included in prepayments, deposits and other receivables)	**236**	79
Amount due to a director (Note)	**–**	471

Note:

The amount is unsecured, interest-free and repayable on demand.

(f) Compensation of key management personnel

During the six months ended 30 June 2011, the emoluments of directors and other members of key management were HK$4,157,000 (six months ended 30 June 2010: HK$3,056,000).

There was no share option granted to the key management under the Share Option Scheme of the Company during the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

For the six months ended 30 June 2011

20. CONTINGENT LIABILITIES

(a) 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 judgment (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 that 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 interests 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 judgment of the said case against the Company, if obtained, in Hong Kong and Bermuda. Accordingly, no provision has been made in the condensed consolidated interim financial information.

(b) The Company provided a guarantee to CITIC Logistics BJ in the maximum amount of RMB3,300,000 by way of an irrevocable standby letter of credit in favour of a bank in the PRC. Details of the transaction are set out in the Company's announcement dated 30 June 2011.

21. EVENT AFTER THE REPORTING PERIOD

On 21 July 2011, convertible notes of the Company with aggregate principal amount of HK$144,000,000 were converted into 1,200,000,000 ordinary shares of HK$0.01 each at a conversion price of HK$0.12 per share.

22. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the current period's presentation.