

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2008

The board of directors (the “Directors”) is pleased to present the audited consolidated financial statements of Sino-Tech International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2008, together with comparative figures for the year ended 31 December 2007 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 HK\$'000	2007 HK\$'000
Turnover	3	729,045	795,909
Cost of sales		<u>(635,633)</u>	<u>(662,766)</u>
Gross profit		93,412	133,143
Other income		4,822	8,692
Distribution costs		(14,097)	(12,335)
Administrative expenses		(39,216)	(39,208)
Impairment loss on trade and other receivables		(27,932)	(2,977)
Other expenses		(3,338)	(612)
Finance costs	4	<u>(121)</u>	<u>(86)</u>
Profit before taxation	5	13,530	86,617
Taxation	6	<u>(7,131)</u>	<u>(16,132)</u>
Profit for the year attributable to equity holders of the Company		<u><u>6,399</u></u>	<u><u>70,485</u></u>
Dividends	7	<u><u>7,595</u></u>	<u><u>9,494</u></u>
Earnings per share (<i>in Hong Kong cents</i>):	8		
Basic		<u><u>0.17</u></u>	<u><u>1.86</u></u>
Diluted		<u><u>0.16</u></u>	<u><u>1.76</u></u>

* For identification purpose only

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2008

	<i>Notes</i>	2008 HK\$'000	2007 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		130,944	102,354
Prepaid lease payments		1,672	1,628
Other intangible assets		290	632
Interest in a jointly controlled entity		–	(1,435)
Deposits for acquisition of property, plant and equipment		–	16,364
		132,906	119,543
Current assets			
Inventories		116,404	159,489
Trade and bills receivables	9	171,020	207,608
Prepaid lease payments		41	39
Prepayments, deposits and other receivables		5,240	29,467
Bank balances and cash		127,797	59,374
		420,502	455,977
Current liabilities			
Trade and bills payables	10	100,113	113,207
Other payables and accruals		16,413	22,028
Tax payable		4,057	9,902
Borrowings – unsecured		1,769	–
Obligations under finance leases – due within one year		444	474
		122,796	145,611
Net current assets		297,706	310,366
Total assets less current liabilities		430,612	429,909

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current liabilities			
Borrowings – unsecured		214	–
Obligations under finance leases			
– due after one year		441	885
Employee benefits		408	394
Deferred tax liabilities		11,662	10,285
		<u>12,725</u>	<u>11,564</u>
		<u>417,887</u>	<u>418,345</u>
Capital and reserves			
Share capital		37,975	37,975
Reserves		379,912	380,370
Equity attributable to equity holders of the Company			
		417,887	418,345
Minority interests		<u>–</u>	<u>–</u>
		<u>417,887</u>	<u>418,345</u>

NOTES:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable 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”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2008. The adoption of the new HKFRSs has no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company have anticipated that the application of these new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendment)	Eligible hedged items ³
HKFRS 1 (Revised)	First-time Adoption of HKFRSs ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments ²
HKFRS 8	Operating Segments ²
HK(IFRIC)-Int 9 and HKAS 39 (Amendments)	Embedded Derivatives ⁷
HK(IFRIC)-Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ²
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ⁵
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ³
HK(IFRIC)-Int 18	Transfers of Assets from Customers ⁶

¹ Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

² Effective for annual periods beginning on or after 1 January 2009.

³ Effective for annual periods beginning on or after 1 July 2009.

⁴ Effective for annual periods beginning on or after 1 July 2008.

⁵ Effective for annual periods beginning on or after 1 October 2008.

⁶ Effective for transfers of assets from customers received on or after 1 July 2009.

⁷ Effective for annual periods ending on or after 30 June 2009.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers, less returns and allowances.

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment, and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products. Details of the business segments are as follows:

- a) Electronic product segment engages in the manufacture and trading of electronic and electrical parts and components.
- b) Lighter product segment engages in the design, manufacture and sale of cigarette lighters and related accessories.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

(a) *Business segments*

The following tables present revenue, results and certain assets, liabilities and expenditure information for the Group's business segments.

For the year ended 31 December:

	Electronic products		Lighter products		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Segment revenue:						
Sales to external customers	588,294	658,777	140,751	137,132	729,045	795,909
Other income	455	1,115	3,733	6,534	4,188	7,649
Total segment revenue	<u>588,749</u>	<u>659,892</u>	<u>144,484</u>	<u>143,666</u>	<u>733,233</u>	<u>803,558</u>
Segment results	<u>27,241</u>	<u>89,632</u>	<u>(12,793)</u>	<u>(2,178)</u>	<u>14,448</u>	<u>87,454</u>
Unallocated corporate income					634	1,043
Unallocated expenses					(1,431)	(1,794)
Finance costs					(121)	(86)
Profit before taxation					13,530	86,617
Taxation					(7,131)	(16,132)
Profit for the year					<u>6,399</u>	<u>70,485</u>

	Electronic products		Lighter products		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
As at 31 December:						
Segment assets	376,620	457,432	48,424	59,717	425,044	517,149
Interest in a jointly controlled entity	-	-	-	(1,435)	-	(1,435)
Unallocated assets					128,364	59,806
Total assets					553,408	575,520
Segment liabilities	96,668	114,659	21,438	20,128	118,106	134,787
Unallocated liabilities					17,415	22,388
Total liabilities					135,521	157,175
For the year ended 31 December:						
Other segment information:						
Capital expenditures	58,386	17,958	1,076	5,357	59,462	23,315
Depreciation and amortisation	22,673	16,260	3,687	5,086	26,360	21,346
Write-down of inventories	245	536	672	-	917	536
Impairment loss on other receivables	19,585	-	-	-	19,585	-
Impairment loss on trade receivables	2,128	1,918	6,219	1,059	8,347	2,977
Gain on disposal of a subsidiary	-	-	(478)	-	(478)	-
Write off of trade receivables	400	-	-	612	400	612
Reversal of impairment loss on trade receivables	-	-	(54)	(1,250)	(54)	(1,250)
Impairment loss on property, plant and equipment	-	-	2,938	-	2,938	-
Revaluation deficit on leasehold buildings - charged to income statement	-	-	2,131	-	2,131	-
- charged to statement of changes in equity	-	-	569	-	569	-
Loss on disposal of property, plant and equipment	-	-	102	28	102	28

(b) **Geographical segments**

The following tables present revenue and certain assets and expenditure information for the Group's geographical segments.

	Hong Kong		Elsewhere in the People's Republic of China (the "PRC")		Asia Pacific		Latin America		Others		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 December:												
Segment revenue:												
Sales to external customers	178,309	200,147	399,472	439,661	63,118	81,749	46,276	14,025	41,870	60,327	729,045	795,909
Other income	3,439	6,588	749	142	-	-	-	-	-	919	4,188	7,649
Total segment revenue	<u>181,748</u>	<u>206,735</u>	<u>400,221</u>	<u>439,803</u>	<u>63,118</u>	<u>81,749</u>	<u>46,276</u>	<u>14,025</u>	<u>41,870</u>	<u>61,246</u>	<u>733,233</u>	<u>803,558</u>
Other segment information:												
As at 31 December:												
Segment assets	<u>303,684</u>	<u>312,697</u>	<u>248,242</u>	<u>261,107</u>	<u>1,482</u>	<u>1,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>553,408</u>	<u>575,520</u>
For the year ended 31 December:												
Capital expenditures	<u>528</u>	<u>1,375</u>	<u>58,934</u>	<u>21,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,462</u>	<u>23,315</u>

4. FINANCE COSTS

	2008 HK\$'000	2007 HK\$'000
Interest on:		
Bank and other borrowings wholly repayable within five years	45	-
Obligations under finance leases	76	86
	<u>121</u>	<u>86</u>

5. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Cost of inventories sold	635,633	662,766
Staff costs	24,647	22,768
Depreciation of property, plant and equipment		
– owned assets	25,250	20,146
– assets held under finance leases	712	700
Amortisation of other intangible assets	357	461
Amortisation of prepaid lease payments	41	39
Auditor's remuneration	660	680
Write-down of inventories (included in cost of sales)	917	536
Exchange losses, net	257	–
Impairment loss on property, plant and equipment (included in other expenses)	2,938	–
Revaluation deficit on leasehold buildings	2,131	–
Write off of trade receivables (included in other expenses)	400	612
Write off of property, plant and equipment	102	–
Loss on disposal of property, plant and equipment	–	28
	<u> </u>	<u> </u>

6. TAXATION

The amount of taxation in the consolidated income statement represents:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current tax – provision for Hong Kong Profits Tax		
– charge for the year	5,778	16,758
– (over) under-provision in prior years	(24)	695
	<u> </u>	<u> </u>
	5,754	17,453
Deferred tax	1,377	(1,321)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	7,131	16,132

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the “New Law”) by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax of the Group's subsidiary in the PRC was reduced from 33% to 25% from 1 January 2008 onwards.

No provision for taxation in other jurisdictions for both years has been made in the consolidated financial statements as neither the Company nor any of its subsidiaries had any assessable profits subject to tax in other jurisdictions.

7. DIVIDENDS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interim dividend of HK0.10 cent (2007: HK0.15 cent) per share	3,797	5,696
Proposed final dividend of HK0.10 cent (2007: HK0.10 cent) per share	<u>3,798</u>	<u>3,798</u>
	<u>7,595</u>	<u>9,494</u>

The directors recommended a final dividend of HK0.10 cent per share (2007: HK0.10 cent per share). This proposed dividend is reflected as an appropriation of accumulated profits for the year ended 31 December 2008 and is subject to approval by the shareholders in annual general meeting.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit attributable to equity holders of the Company for the year of approximately HK\$6,399,000 (2007: HK\$70,485,000) and the following data:

Weighted average number of ordinary shares for the calculation of diluted earnings per share:

	2008 <i>Number of</i> <i>shares</i> <i>'000</i>	2007 <i>Number of</i> <i>shares</i> <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,797,500	3,797,500
Effect of deemed issue of shares under the Company's Share Option Scheme for the year	<u>137,368</u>	<u>206,229</u>
Weighted average number of ordinary shares for the calculation of diluted earnings per share	<u>3,934,868</u>	<u>4,003,729</u>

The weighted average numbers of ordinary shares for the purpose of basic earnings per share and diluted earnings per share for the year ended 31 December 2007 have been adjusted for the share subdivision on 19 December 2007.

The calculation of diluted earnings per share for the year ended 31 December 2008 did not assume the exercise of the Company's warrants as the exercise price of the warrants was higher than the average market price for shares.

9. TRADE AND BILLS RECEIVABLES

The Group allows an average credit period of 30 to 120 days to its trade customers. The following is an aged analysis of trade and bills receivables net of impairment at the balance sheet date:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 3 months	152,853	203,160
4-6 months	18,130	3,207
7-12 months	2	1,241
Over 12 months	35	–
	<u>171,020</u>	<u>207,608</u>

10. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables at the balance sheet date:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 3 months	56,278	68,960
4-6 months	28,811	20,233
7-12 months	14,083	23,569
13-24 months	745	404
Over 24 months	196	41
	<u>100,113</u>	<u>113,207</u>

RESULT OVERVIEW

Turnover of the Group has decreased to approximately HK\$729.0 million in 2008 from HK\$795.9 million in 2007, a decrease of 8.4% compare with last year. Profit for the year attributable to equity holders of the Company has dropped 90.9% to approximately HK\$6.4 million.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors recommended the payment of a final dividend of HK0.10 cent per share for the year ended 31 December 2008, subject to the approval by shareholders at the forthcoming Annual General Meeting. This proposed final dividend together with the interim dividend will make a total of HK0.20 cent per share for the financial year 2008.

The register of members of the Company will be closed from 18 June 2009 to 22 June 2009, both days inclusive, during which period no transfer of share will be registered. In order to qualify for the final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrars, Tricor Tengis Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 17 June 2009.

BUSINESS REVIEW

The outset of the global financial turmoil in 2008 significantly affected every aspect of the business environment, from the financial market down to the consumer market. This global economic contraction led to a widespread uncertainty and a sudden freeze in the global consumption. The financial performance of the Group for the year 2008 was materially affected by this economic downturn, especially in the second half of 2008.

Despite the increase in turnover for the electronic components business segment for the first half of the year 2008 as compared with the interim period 2007, the annual turnover for this segment has decreased from approximately HK\$658.8 million in 2007 to approximately HK\$588.3 million in 2008 and its segment result has decreased from approximately HK\$89.6 million in 2007 to approximately HK\$27.2 million this year. The appreciation of RMB, the rise in labour and material costs, especially in the first half of the year under review all had negative impacts to the manufacturing costs. The spillover effect of the financial crisis in the second half of 2008 has created an unprecedented rate of decline in the global consumer products market, especially the electronic products market.

The result for the electronic components business segment had included an impairment loss provision of approximately HK\$19.6 million in respect of the deposit paid for a mining project in Vietnam. The Directors after assessing the current economic climate of the world, especially the significant drop in value of the raw mineral resources and the potential viability of other mining investment project, had decided to impair the deposit paid due to the uncertainty in its recoverability.

The result for the lighter business segment for the year 2008 was also disappointing. This segment resulted in a loss of approximately HK\$12.8 million (2007: a loss of approximately HK\$2.2 million) despite an increase in turnover to approximately HK\$140.8 million in 2008 from approximately HK\$137.1 million in 2007. During the year, the Group has disposed of its interest in a continuously loss making jointly controlled entity in Shangdong, the PRC. The disposal will release the Group's further responsibility it may face in the upcoming worsen economic condition. Instead, the Group plans to focus its resources to streamline and restructure the existing operation in Jiangxi, the PRC.

FUTURE OUTLOOK

2009 will certainly be a year of challenge to the Group. In view of the significant decline in demand during the second half of 2008, the Group has reacted quickly to lower its inventory level and closely monitor the trade receivables. As a result, the Group has successfully maintained a healthy financial position and a strong liquidity position, with cash and bank balance of approximately HK\$127.8 million being recorded at the 2008 year end, to encounter this tightened credit market condition. With the continued deterioration in global economy and rising unemployment rate, we expect the demand for electronic consumer products will be weakened and market growth for our component products will still be uncertain in year 2009.

However, after the London Summit in April 2009, the G20 groups have agreed to introduce a US\$1 trillion plan and series of policies to combat the global recession. Together with the PRC Government's 4 trillion yuan stimulus package and the subsidy for white goods in rural areas, hopefully all these activities will help to rebuild public confidence and boost market consumption. The Group is confident to be able to capitalize on all these opportunities to further develop the PRC market and increase its market share in the future upcoming world economic recovery. The Directors will continue to review the Group's business in a cautious way, to restructure and sharpen our competitive edge in order to face the challenges ahead with the intention to increase overall shareholders' wealth.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group continued to maintain a healthy financial position. The outstanding borrowings refer to bank and other borrowings of approximately HK\$1,983,000 (2007: Nil) and finance leases obligations of approximately HK\$885,000 (2007: HK\$1,359,000). The gearing ratio (defined as total interest bearing borrowings divided by total equity) was 0.69% (2007: 0.32%).

The Group's cash and bank balances amounted to approximately HK\$127.8 million (2007: HK\$59.4 million) and its current ratio at year end had increased from 3.13 to 3.42. The Group generally finances its operations with internally generated cash flows. At the present moment, the Directors believe that the Group has sufficient financial resources to satisfy its current operations and capital expenditures requirement.

Charges on Group's Assets

The Group did not have any asset pledged at the balance sheet date (2007: Nil).

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICE

The Company has complied throughout the year with the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers 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 (the "Model Code"). Having made specific enquiry of the Directors, all the Directors confirmed that they had complied with the required standard as set out in the Model Code for the year ended 31 December 2008.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2008.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on our website at <http://www.irasia.com/listco/hk/sinotech/index.htm> and the website of the Stock Exchange. The 2008 Annual Report will be despatched to Shareholders and will be available at the above websites in due course.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my sincere gratitude to my fellow directors, dedicated employees for their commitment and contributions to the Group. I would also take this opportunity to thank all shareholders and business partners for their continued support to the Group.

By Order of the Board
Lam Yat Keung
President

Hong Kong
15 April 2009

As at the date of this announcement, the Board comprises Mr. Lam Yat Keung, Ms. Lam Pik Wah and Mr. Lam Hung Kit as executive directors and Mr. Lo Wah Wai, Mr. Ho Chi Fai and Mr. Pai Te Tsun as independent non-executive directors.