



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 2006

The Board of Directors of Sino-Tech International Holdings Limited (the “Company”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2006.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	<i>Notes</i>	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Turnover	3	636,237	553,983
Cost of sales		(505,839)	(454,060)
Gross profit		130,398	99,923
Other income		10,370	3,990
Distribution costs		(13,655)	(10,868)
Administrative expenses		(41,131)	(32,367)
Other expenses		(9,102)	(7,360)
Finance costs	4	(77)	(11)
Profit before taxation	5	76,803	53,307
Taxation	6	(14,606)	(10,577)
Profit for the year		<u>62,197</u>	<u>42,730</u>
Attributable to:			
– Equity holders of the Company		62,197	42,730
– Minority interests		–	–
		<u>62,197</u>	<u>42,730</u>

* For identification purpose only

	<i>Notes</i>	2006 HK\$'000	2005 HK\$'000
Dividends	7	<u>24,525</u>	<u>12,578</u>
Earnings per share (in Hong Kong cents):	8		
Basic		<u>17.31</u>	<u>14.53</u>
Diluted		<u>17.31</u>	<u>14.41</u>

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2006

	<i>Notes</i>	2006 HK\$'000	2005 HK\$'000
Non-current assets			
Property, plant and equipment		99,313	98,749
Investment properties		–	11,700
Prepaid lease payments		1,554	1,529
Other intangible assets		1,031	1,399
Interest in a jointly controlled entity		(1,928)	(2,409)
		<u>99,970</u>	<u>110,968</u>
Current assets			
Inventories		156,394	82,584
Trade and bills receivables	9	157,345	137,367
Prepaid lease payments		36	35
Prepayments, deposits and other receivables		9,014	16,742
Bank balances and cash		86,588	48,051
		<u>409,377</u>	<u>284,779</u>
Current liabilities			
Trade and bills payables	10	104,421	79,194
Other payables and accruals		16,582	14,829
Amounts due to directors		–	8,045
Tax payable		5,329	14,793
Obligations under finance leases		273	119
		<u>126,605</u>	<u>116,980</u>
Net current assets		<u>282,772</u>	<u>167,799</u>
Total assets less current liabilities		<u>382,742</u>	<u>278,767</u>

	<i>Notes</i>	2006 HK\$'000	2005 HK\$'000
Non-current liabilities			
Obligations under finance leases		526	16
Employee benefits		437	443
Deferred tax liabilities		11,606	11,127
		<u>12,569</u>	<u>11,586</u>
		<u>370,173</u>	<u>267,181</u>
Capital and reserves			
Share capital		37,975	32,175
Reserves		332,198	234,986
		<u>370,173</u>	<u>267,161</u>
Equity attributable to equity holders of the Company		370,173	267,161
Minority interests			
		<u>–</u>	<u>20</u>
		<u>370,173</u>	<u>267,181</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 (the “Stock Exchange”) 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 either effective for accounting periods beginning on or after 1st December 2005 or 1st January 2006. The adoption of the new HKFRSs has no material effect on how the results 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 standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

Hong Kong Accounting Standard 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating segments ²
HK(IFRIC)-Interpretation (“Int”) 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ³
HK(IFRIC)-Int 8	Scope of HKFRS 2 ⁴
HK(IFRIC)-Int 9	Re-assessment of Embedded Derivatives ⁵
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment ⁶
HK(IFRIC)-Int 11	Group and Treasury Share Transactions ⁷
HK(IFRIC)-Int 12	Service concession arrangements ⁸

¹ *Effective for annual periods beginning on or after 1 January 2007.*

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

³ *Effective for annual periods beginning on or after 1 March 2006.*

⁴ *Effective for annual periods beginning on or after 1 May 2006.*

⁵ *Effective for annual periods beginning on or after 1 June 2006.*

⁶ *Effective for annual periods beginning on or after 1 November 2006.*

⁷ *Effective for annual periods beginning on or after 1 March 2007.*

⁸ *Effective for annual periods beginning on or after 1 January 2008.*

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	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	503,416	395,420	132,821	158,563	636,237	553,983
Other income	914	18	8,310	3,367	9,224	3,385
Total segment revenue	<u>504,330</u>	<u>395,438</u>	<u>141,131</u>	<u>161,930</u>	<u>645,461</u>	<u>557,368</u>
Segment results	<u>78,409</u>	<u>55,567</u>	<u>(1,136)</u>	<u>(935)</u>	<u>77,273</u>	<u>54,632</u>
Unallocated corporate income					1,146	605
Net unallocated expenses					(1,539)	(1,919)
Finance costs					(77)	(11)
Profit before taxation					76,803	53,307
Taxation					(14,606)	(10,577)
Profit for the year					<u>62,197</u>	<u>42,730</u>

As at 31 December:

	Electronic products		Lighter products		Consolidated	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Segment assets	368,090	257,644	56,334	92,164	424,424	349,808
Interest in a jointly controlled entity			(1,928)	(2,409)	(1,928)	(2,409)
Unallocated assets					86,851	48,348
Total assets					509,347	395,747
Segment liabilities	98,598	41,770	22,355	52,319	120,953	94,089
Unallocated liabilities					18,221	34,477
Total liabilities					139,174	128,566
Other segment information:						
Capital expenditures	23,529	3,936	962	3,048	24,491	6,984
Depreciation and amortisation	11,760	9,881	5,086	5,589	16,846	15,470
Impairment on goodwill	–	12	–	–	–	12
Impairment on inventories	213	105	1,300	425	1,513	530
Impairment on trade and other receivables	–	3,567	7,042	238	7,042	3,805
Bad debts written off	237	–	1,823	–	2,060	–
Impairment on amount due from a jointly controlled entity	–	–	–	3,132	–	3,132
Loss on disposal of property, plant and equipment	–	–	2,390	–	2,390	–

(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 PRC		Asia Pacific		Others		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	182,027	153,786	316,122	252,760	79,299	77,442	58,789	69,995	636,237	553,983
Other income	8,135	3,153	902	166	–	41	187	25	9,224	3,385
Total segment revenue	<u>190,162</u>	<u>156,939</u>	<u>317,024</u>	<u>252,926</u>	<u>79,299</u>	<u>77,483</u>	<u>58,976</u>	<u>70,020</u>	<u>645,461</u>	<u>557,368</u>
	Hong Kong		Elsewhere in the PRC		Asia Pacific		Others		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information:										
Segment assets	169,275	168,897	253,199	178,727	1,950	2,184	–	–	424,424	349,808
Capital expenditures	<u>1,863</u>	<u>464</u>	<u>22,628</u>	<u>4,180</u>	<u>–</u>	<u>2,340</u>	<u>–</u>	<u>–</u>	<u>24,491</u>	<u>6,984</u>

The contribution to profit from operating activities by geographical area is substantially in line with the overall rate of contribution to turnover and, accordingly, a geographical analysis of contribution, which is discloseable pursuant to the Listing Rules is not presented.

4. **Finance costs**

	2006	2005
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings repayable within one year or on demand	18	–
Finance leases	59	11
	<u>77</u>	<u>11</u>

5. **Profit before taxation**

Profit before taxation is stated after charging:

	2006	2005
	HK\$'000	HK\$'000
Cost of inventories sold	505,839	454,060
Staff costs	26,549	22,154
Depreciation of property, plant and equipment		
– Owned	15,793	14,577
– Leased	443	162
Impairment on goodwill	–	12
Amortisation of other intangible assets	574	665
Amortisation of prepaid lease payments	36	66
Auditors' remuneration	469	510
Impairment on inventories	1,513	530
Exchange losses, net	46	114
Share-based payment (<i>note</i>)	7,748	2,852
Impairment on amount due from a jointly controlled entity	–	3,132
Impairment on trade and other receivables	7,042	3,805
Bad debt written off	2,060	–
Loss on disposal of property, plant and equipment	2,390	–
Operating lease rental	<u>6,375</u>	<u>3,801</u>

Note: Share-based payment included an amount of approximately HK\$2,326,000 (2005: nil) to employees of the Group and is included in the disclosure of total staff costs of the Group

6. Taxation

The amount of tax expense in the consolidated income statement represents:

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Current tax – provision for Hong Kong Profits Tax		
– tax for the year	13,473	11,596
– under-provision in prior years	565	356
	<u>14,038</u>	<u>11,952</u>
Current tax – overseas		
– tax for the year	–	–
– under/(over) provision in prior years	7	(201)
	<u>7</u>	<u>(201)</u>
Deferred tax	561	(1,174)
	<u>14,606</u>	<u>10,577</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profits for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. Dividends

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Interim dividend of HK\$0.015 (2005: HK\$0.01) per share	5,696	2,925
Proposed final dividend of HK\$0.045 (2005: HK\$0.03) per share	17,089	9,653
Additional prior year's dividend paid on private placements subsequent to the issue of the annual report	1,740	–
	<u>24,525</u>	<u>12,578</u>

The directors recommended a final dividend of HK\$0.045 per share. This proposed dividend is not reflected as a dividend payable at 31 December 2006, but is reflected as an appropriation of accumulated profits for the year ended 31 December 2006.

This final dividend per share has been recommended by the directors of the Company 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\$62,197,000 (2005: HK\$42,730,000) and the following data:

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

	2006 Number of shares '000	2005 Number of shares '000
Issued ordinary shares at beginning of the year	321,750	292,500
Effect of issue of shares on private placements	37,501	–
Effect of share options exercised	–	1,639
	<hr/>	<hr/>
Weighted average number of ordinary shares at end of the year	<u>359,251</u>	<u>294,139</u>

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

	2006 Number of shares '000	2005 Number of shares '000
Weighted average number of ordinary shares for the calculation of basic earnings per share	359,251	294,139
Effect of deemed issue of shares under the Company's share option scheme for the year	86	2,444
	<hr/>	<hr/>
Weighted average number of ordinary shares for the calculation of diluted earnings per share	<u>359,337</u>	<u>296,583</u>

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:

	2006 HK\$'000	2005 HK\$'000
Within 3 months	143,313	121,822
4-6 months	7,915	8,166
7-12 months	5,752	3,788
13-24 months	316	3,521
Over 24 months	49	70
	<hr/>	<hr/>
	<u>157,345</u>	<u>137,367</u>

10. Trade and bills payables

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

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Within 3 months	72,930	69,870
4-6 months	14,304	8,754
7-12 months	17,186	490
13-24 months	1	80
	<u>104,421</u>	<u>79,194</u>

RESULT OVERVIEW

The Group reported a delighted result for the financial year 2006. Turnover has risen to approximately HK\$636.2 million from HK\$554.0 million and represented an increase of 14.8% during the year. Net profit attributable to shareholders has increased 45.6 % to approximately HK\$62.2 million.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board recommended the payment of a final dividend of HK\$0.045 per share for the year ended 31 December 2006, 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 HK\$0.06 per share for the financial year 2006.

The register of members of the Company will be closed from 21 June 2007 to 25 June 2007, both days inclusive, during which period no transfer of share will be registered. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant Share certificates must be lodged with the Company's Hong Kong Branch Share Registrars, Tengis Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 20 June 2007.

BUSINESS REVIEW

2006 is a prosperous year for the global economy with tremendous investment and business opportunities. As a result, the demand for consumer products reached a record high. It boosted the global sales of semiconductors by 8.9 percent when compared with 2005 as released by Semiconductor Industry Association. Although the appreciation of RMB, the increase in energy and labour cost and problem of labour shortage were all needed to be solved by many enterprises with establishment in the PRC, the Group was able to increase both the turnover and the profit during 2006. Our sensitivity and awareness to this ever changing environment coupled with the various proper cost control measures help to deliver a better than expected result.

The electronic components business remained the major revenue and profit generator of the Group for the financial year 2006. Turnover for this segment amounted to HK\$503.4 million (2005: HK\$395.4 million) with a segment result of HK\$78.4 million (2005: HK\$55.6 million).

The trend for compact and handy consumer products provide a strong market potential for our SMD SOD/SOT-series component products. Turnover for this series has increased by more than double from 2005 to HK\$90 million this year and more importantly, over 60% of this turnover was generated in the second half of 2006. Apart from the SMD SOD/SOT-series components, the turnover for other existing products has also increased by over 16%, which represented a better than average performance in the semiconductors market.

At the same time, the Group has continued to streamline the operation in the lighter business, turnover for the year has reduced to HK\$132.8 million (2005: HK\$158.6 million) and the segment result was a loss of HK\$1.1 million (2005: loss of HK\$0.9 million). Since the lighter business is facing serve competition with low profit margin and low entry barrier, we will keep on monitoring its performance from time to time and to focus only on the products with higher contribution margin.

FUTURE OUTLOOK

The growth in demand for those popular consumer products such as mobile phones, MP3 players, PDAs, personal computers and HDTV sets has driven the surge in global sales of semiconductors. We expected that the growth will continue in the coming years. People are now demanding consumer products with increased capacity and functionality, more handy and fashionable. With the PRC government's announcement of the digital TV terrestrial transmission standard in August 2006 and the formal launch of the terrestrial transmission by the end of 2007 in Hong Kong, the production of the HDTVs will start to speed up in the coming two years in order to seize the golden opportunity during the Beijing's 2008 Olympic Games. The Group, being one of the major players in the electronic components industry, should be able to benefit from such a boom.

The Group does not stop its pace in its development route. As indicated last year, we have initiated the study in the possibility of the radio frequency identification technology (the "RFID") in different applications. During this year, we have started the discussion in exploring business opportunity in the RFID industry with many technical parties, orders for the production machines of RFID tags and inlays have been placed with Mühlbauer, Germany, the world leading supplier of production equipment in the RFID and smart card industry. The machines are expected to be delivered to us by the end of second quarter 2007 and we expect production will start in third quarter 2007. An informal network has been established for both technical support and customer base, we foresee this inevitable trend will be another source of contribution for the Group in the future.

On top of this, the Group also started the study and analysis in the production of light emitting diodes ("LEDs") in view of the energy saving and environmental concerns in the world. LEDs, a cost effective solid state lighting solution, which produce more light per watt, ideal for use in applications that are subject to frequent on-off cycling and have extremely long life span, is now an advanced methodology in the lighting applications which include traffic lights and signals, railroad crossing signals, Christmas lights, architectural lighting, exit signs and outdoor display panels etc. We are now considering possible cooperation with one of the market leaders in this field, when we have a solid investment plan, we will publish an announcement if it is required by the Listing Rules.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group continued to maintain a healthy financial position. The Group does not have any outstanding bank loan nor overdraft as at 31 December 2006 (2005: Nil). The only borrowing refers to finance lease obligation of approximately HK\$799,000 (2005: HK\$135,000). The gearing ratio (defined as total interest bearing borrowing divided by shareholder's fund) was 0.22% (2005: 0.05%).

The Group's bank balances and cash amounted to HK\$86.6 million (2005: HK\$48.1 million) and its current ratio at year end increased from 2.43 to 3.23. 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 (2005: 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 to 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 2006.

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 2006.

REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2006 have been agreed by the Group's auditors, Messrs. SHINEWING (HK) CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Messrs. SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. SHINEWING (HK) CPA Limited on the preliminary announcement.

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 2006 Annual Report will be dispatched to shareholders of the Company and will be available at the above websites in due course.

ACKNOWLEDGEMENTS

On behalf of the Board, I wish to sincerely thank my fellow directors, dedicated employees, supportive shareholders and our customers and suppliers for their continued support to the Group in the past year, the delightful performance and achievement could not been accomplished without their wholehearted devotion and commitment.

By Order of the Board
Lam Yat Keung
President

Hong Kong
16 April 2007

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.