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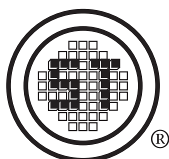

SINO-TECH INTERNATIONAL HOLDINGS LIMITED
泰豐國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2014

The board of directors (the "Board") of Sino-Tech International Holdings Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014.

RESULTS OVERVIEW

For the year ended 31 December 2014 (the "Reporting Period"), the Group reported revenue from continuing operation of approximately HK$599.9 million, representing a decrease of 9.2% as compared with approximately HK$660.4 million for the year ended 31 December 2013 (the "Corresponding Period").

Loss from continuing operation for the Reporting Period increased to approximately HK$40.4 million from approximately HK$23.6 million for the Corresponding Period. Loss attributable to owners of the Company was approximately HK$40.4 million for the Reporting Period as compared with approximately HK$24.7 million for the Corresponding Period. The increase in loss for the Reporting Period was mainly due to, among others, the decrease in the gross profit from the electronic products business, the gain on disposal of 50% equity interest in a subsidiary in the Corresponding Period but not in the Reporting Period, the compensation for the loss of office by a former director and chief executive officer of the Company ("CEO") and the impairment loss on interests in joint ventures. The Group's loss for the Reporting Period, however, was partly offset by the first interim dividend received from CITIC Logistics (International) Company Limited (in liquidation) ("CLI").

* *For identification purpose only*

The gain on loss of control over subsidiaries, the impairment loss on interests in joint ventures and the imputed interest expenses on convertible notes (collectively, the "Non-cash Items") arose as a result of accounting treatment under the provisions of the applicable accounting standards and were of non-cash nature. Before the Non-cash Items, the Group made a loss of approximately HK$20.5 million in the Reporting Period, as compared with a loss of approximately HK$15.7 million in the Corresponding Period.

FINANCIAL HIGHLIGHTS

	2014	2013
	HK$'000	*HK$'000*
Revenue from continuing operation	**599,867**	660,388
Gross profit from continuing operation	**33,300**	44,464
Loss for the year from continuing operation	**(40,434)**	(23,581)
Loss for the year from discontinued operation	**–**	(1,094)
Loss for the year	**(40,434)**	(24,675)
Gain on loss of control over subsidiaries	**–**	11,002
Impairment loss on interests in joint ventures (included in other expenses)	**(998)**	–
Imputed interest expenses on convertible notes	**(18,941)**	(20,021)
Loss for the year before gain on loss of control over subsidiaries, impairment loss on interests in joint ventures and imputed interest expenses on convertible notes	**(20,495)**	(15,656)

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the Reporting Period (2013: nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Notes	**2014**	2013
		HK$'000	*HK$'000*
Continuing operation			
Revenue	*3*	**599,867**	660,388
Cost of sales		**(566,567)**	(615,924)
Gross profit		**33,300**	44,464
Other income		**7,641**	1,241
Gain on loss of control over subsidiaries		**–**	11,002
Distribution costs		**(11,247)**	(12,343)
Administrative expenses		**(50,166)**	(46,933)
Share of results of joint ventures		**(9)**	(7)
Provision for financial guarantees		**–**	(260)
Other expenses		**(1,011)**	(723)
Finance costs	*4*	**(18,942)**	(20,022)
Loss before taxation	*5*	**(40,434)**	(23,581)
Taxation	*6*	**–**	–
Loss for the year from continuing operation		**(40,434)**	(23,581)
Discontinued operation			
Loss for the year from discontinued operation		**–**	(1,094)
Loss for the year		**(40,434)**	(24,675)
Loss for the year attributable to owners of the Company:			
– from continuing operation		**(40,434)**	(23,581)
– from discontinued operation		**–**	(1,094)
Loss for the year attributable to owners of the Company		**(40,434)**	(24,675)
Loss per share	*8*		
From continuing and discontinued operations			
Basic and diluted *(HK cents)*		**(0.34)**	(0.21)
From continuing operation			
Basic and diluted *(HK cents)*		**(0.34)**	(0.20)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
Loss for the year	**(40,434)**	(24,675)
Other comprehensive income (expense) for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations		
Exchange gain (loss) arising during the year	**22**	(29)
Total comprehensive expenses for the year attributable to owners of the Company	**(40,412)**	(24,704)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**28,687**	46,299
Interests in joint ventures	*9*	**4,984**	5,991
Deposits paid for acquisition of property, plant and equipment		**–**	470
		33,671	52,760
Current assets			
Inventories		**108,239**	136,779
Trade and bills receivables	*10*	**204,778**	194,157
Prepayments, deposits and other receivables		**2,699**	1,917
Amount due from a joint venture		**31**	10
Amounts due from former subsidiaries		**–**	–
Tax recoverable		**4,910**	2,515
Deposits in other financial institutions		**446**	446
Bank balances and cash		**45,097**	80,462
		366,200	416,286
Current liabilities			
Trade and bills payables	*11*	**47,547**	94,358
Other payables and accruals		**13,862**	11,830
Amounts due to former subsidiaries		**4,417**	7,379
Obligations under finance leases		**4**	5
Convertible notes		**302,400**	283,459
		368,230	397,031
Net current (liabilities) assets		**(2,030)**	19,255
Total assets less current liabilities		**31,641**	72,015

	2014	2013
	HK$'000	*HK$'000*
Non-current liabilities		
Obligations under finance leases	**–**	4
Employee benefits	**143**	101
	143	105
Net assets	**31,498**	71,910
Capital and reserves		
Share capital	**119,667**	119,667
Reserves	**(88,169)**	(47,757)
Total equity	**31,498**	71,910

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. Basis of preparation

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

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated and have been approved for issue by the Board on 27 March 2015.

Going concern basis

In preparing the consolidated financial statements, the directors of the Company (the "Directors") have given consideration to the future liquidity of the Group.

The Group incurred a loss attributable to the owners of the Company of approximately HK$40,434,000 for the year ended 31 December 2014. In addition, the convertible notes with outstanding principal amount of HK$302,400,000 were matured on 15 November 2014, resulting in net current liabilities of approximately HK$2,030,000 as at 31 December 2014. The Directors are of the opinion that it is still appropriate to prepare the consolidated financial statements for the year ended 31 December 2014 on a going concern basis by taking into consideration of the following.

Subsequent to the Reporting Period, the maturity date of the abovementioned convertible notes was extended to 31 December 2016 pursuant to the relevant ordinary resolution duly passed on 9 January 2015 at a special general meeting of the Company and the conversion price of the convertible notes was adjusted from HK$0.12 per share to HK$0.035 per share. For details, please refer to the announcements of the Company dated 14 November 2014, 17 November 2014 and 9 January 2015, as well as the circular of the Company dated 19 December 2014.

The Directors consider that the Group will be able to finance its future working capital and to fulfill its financial obligations as and when they fall due. The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2. Principal accounting policies

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

In the current year, the Group has applied for the first time the following amendments to HKFRSs and a new interpretation ("Int"), issued by the HKICPA.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Hong Kong (IFRS Interpretations Committee) – Int 21	Levies

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

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

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

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

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

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

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

As the Company is not an investment entity, the Directors consider that the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit is categorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;

- each key assumption on which management has based its determination of fair value less costs of disposal;

- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

The amendments have been applied retrospectively. The Directors consider that the application of the amendments to HKAS 36 has resulted in more extensive disclosures in the Group's consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[2]
HKFRS 9 (2014)	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 19	Defined Benefits Plans: Employee Contributions[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]

[1] *Effective for annual periods beginning on or after 1 July 2014.*
[2] *Effective for annual periods beginning on or after 1 January 2016.*
[3] *Effective for annual periods beginning on or after 1 January 2017.*
[4] *Effective for annual periods beginning on or after 1 January 2018.*

Annual Improvements to HKFRSs 2010 – 2012 Cycle

The Annual Improvements to HKFRSs 2010 – 2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010 – 2012 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011 – 2013 Cycle

The Annual Improvements to HKFRSs 2011 – 2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The Directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011 – 2013 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012 – 2014 Cycle

The Annual Improvements to HKFRSs 2012 – 2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The Directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012 – 2014 Cycle will have a material effect on the Group's consolidated financial statements.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

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

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

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The Directors anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

- Step 1: Identify the contract with the customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted. The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16.

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group use straight-line method for depreciation of property, plant and equipment, the Directors do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Specifically, contributions that are linked to services are attributed to periods of services as a negative benefit. The amendments to HKAS 19 specifies that such negative benefit are attributed in the same way as the gross benefit, i.e. attribute to periods of services under the plan's contribution formula or on a straight-line basis.

Besides, the amendments also states that if the contributions are independent of the number of years of employee service, such contributions may be recognised as a reduction of the service cost as they fall due.

The amendments to HKAS 19 will become effective for annual periods beginning on or after 1 July 2014 with early application permitted.

The Directors anticipate that the application of the amendments to HKAS 19 will have no material impact to the Group.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The Directors anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

Except for disclosed above, the Directors do not anticipate that the application of other new HKFRSs will have material impact on the results and the financial position of the Group.

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

3. Revenue and segment information

Information reported to the Directors, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered. As set out in the Company's annual report for the year ended 31 December 2013, following the discontinuance of the property investment operation, the Group is principally engaged in the manufacturing and trading of electronic and electrical parts and components. Accordingly, the Group's continuing operation is attributable to a single reportable and operating segment under HKFRS 8 and no segment information is presented. No operating segments have been aggregated in arriving at the reportable segment of the Group.

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

(a) Geographical information

The Group's continuing operation is mainly located in Hong Kong and the People's Republic of China (the "PRC"). However, the external customers of the Group are located world-wide, such as Hong Kong, the PRC and Asia Pacific etc.

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

	Revenue from external customers		**Non-current assets**	
	Year ended 31 December 2014	Year ended 31 December 2013	**As at 31 December 2014**	As at 31 December 2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**195,549**	175,395	**5,565**	7,257
Elsewhere in the PRC	**312,445**	364,685	**28,106**	45,503
Asia Pacific	**67,188**	89,147	**–**	–
Others	**24,685**	31,161	**–**	–
Total	**599,867**	660,388	**33,671**	52,760

(b) Information about major customers

During the years ended 31 December 2014 and 2013, none of the Group's individual customer contributed more than 10% to the total revenue of the Group.

4. Finance costs

	2014	2013
	HK$'000	*HK$'000*
Continuing operation		
Borrowing costs on obligations under finance leases	**1**	1
Imputed interest expenses on convertible notes	**18,941**	20,021
	18,942	20,022

5. Loss before taxation

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

	2014	2013
	HK$'000	*HK$'000*
Cost of inventories recognised as expenses	**566,567**	615,924
Staff costs	**32,526**	30,464
Depreciation of property, plant and equipment		
– owned assets	**23,817**	26,076
– assets held under finance leases	**5**	5
Auditor's remuneration	**674**	641
Write-offs of property, plant and equipment (included in other expenses)	**13**	723
Net exchange loss	**682**	1,294
Impairment loss on interests in joint ventures (included in other expenses)	**998**	–
Impairment loss on trade receivables	**–**	8

6. Taxation

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2014 and 2013 as the Group either has no assessable profits arising in Hong Kong or has sufficient tax losses brought forward from previous years to offset the estimated assessable profits for both reporting periods. The tax rate of Hong Kong Profits Tax is 16.5% (2013: 16.5%).

During the years ended 31 December 2014 and 2013, the Hong Kong Inland Revenue Department (the "IRD") enquired the Hong Kong Profits Tax of a subsidiary of the Company in respect of the years of assessment 2006/07 to 2011/12 (the "Tax Enquiries"). As the assessment would be statutorily time-barred within 7 years from the beginning of the year of assessment which the assessment is related, a protective assessment of approximately HK$1,555,000 and HK$2,395,000, in respect of years of assessment 2006/07 and 2007/08, were raised by the IRD on 7 March 2013 and 18 March 2014 respectively. The subsidiary lodged objections against the assessment and the IRD held over the payment of the profits tax and an equal amount of tax reserve certificates were purchased and recorded as tax recoverable as at 31 December 2013 and 2014 respectively.

Subsequent to the Reporting Period, in respect of the Tax Enquiries, as the assessment for the year of assessment 2008/09 would be statutorily time-barred by 31 March 2015, a protective assessment of approximately HK$5,217,000 was raised by the IRD on 18 March 2015. The subsidiary lodged an objection against the assessment. As at the date of this announcement, no replies have been received from the IRD.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiary registered in the PRC is 25% from 1 January 2008 onwards. No provision for the Enterprise Income Tax have been made for the years ended 31 December 2014 and 2013 as the subsidiary of the Company has no assessable profits for both reporting periods.

7. Dividends

No dividend was paid or proposed for the year ended 31 December 2014, nor has any dividend been proposed since the end of the Reporting Period (2013: nil).

8. Loss per share

From continuing and discontinued operations

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to the owners of the Company is based on the loss for the year from continuing and discontinued operations of approximately HK$40,434,000 (2013: HK$24,675,000) and the weighted average number of approximately 11,966,699,000 (2013: 11,966,699,000) ordinary shares in issue during the Reporting Period.

From continuing operation

The calculation of basic and diluted loss per share from continuing operation attributable to the owners of the Company is based on the loss for the year from continuing operation of approximately HK$40,434,000 (2013: HK$23,581,000) and the weighted average number of approximately 11,966,699,000 (2013: 11,966,699,000) ordinary shares in issue during the Reporting Period.

From discontinued operation

For the year ended 31 December 2013, basic and diluted loss per share for the discontinued operation attributable to the owners of the Company was HK0.01 cents per share (2014: nil), based on the loss for the year from the discontinued operation of approximately HK$1,094,000 (2014: nil) and the denominators detailed above for both basic and diluted loss per share.

For the years ended 31 December 2014 and 2013, the diluted loss per share is the same as the basic loss per share.

The computation of diluted loss per share for the years ended 31 December 2014 and 2013 did not assume the exercise of the Company's share options as the exercise prices of the share options were higher than the average market price for shares. The computation of diluted loss per share for the years ended 31 December 2014 and 2013 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. Interests in joint ventures

	2014	2013
	HK$'000	*HK$'000*
Cost of unlisted investment in joint ventures	**5,998**	5,998
Less: impairment loss	**(998)**	–
Share of post-acquisition losses and other comprehensive expenses	**(16)**	(7)
	4,984	5,991

Details of each of the Group's joint ventures, which are accounted for using the equity method in the consolidated financial statements, as at 31 December 2014 and 2013, are as follows:

Name	**Form of business structure**	**Place of incorporation**	**Principal place of operation**	**Class of shares held**	**Proportion of ownership interest and voting power held by the Group**				**Principal activities**
					2014		**2013**		
					Direct	**Indirect**	**Direct**	**Indirect**	
Semtech International (B.V.I.) Limited ("Semtech BVI")	Corporation	British Virgin Islands	Hong Kong	Ordinary	50%	–	50%	–	Investment holding
Semtech Electronics Limited ("Semtech Electronics")	Corporation	Hong Kong	Hong Kong	Ordinary	–	50%	–	50%	Trademark holding

Since the disposal of 50% equity interest in Semtech BVI, the Group's remaining 50% equity interest in Semtech BVI and its wholly-owned subsidiary, Semtech Electronics (collectively referred to as "Semtech BVI Group") have been classified as joint ventures on the basis that certain significant decisions about the financial and operating activities of the Semtech BVI Group require the unanimous consent of both the Group and the other shareholder of Semtech BVI Group.

Semtech BVI is the only directly held joint venture of the Group. Summarised financial information of Semtech BVI Group is set out below. The summarised financial information below represents amounts shown in Semtech BVI's consolidated management accounts prepared in accordance with HKFRSs.

	2014	2013
	HK$'000	*HK$'000*
Current assets	**4**	1
Non-current assets	**12,000**	12,000
Current liabilities	**(41)**	(20)
The above amounts of assets and liabilities include the following:		
Current financial liabilities (excluding trade and other payables and provisions)	**(31)**	(10)

	Year ended 31 December 2014	Period from 1 June 2013 to 31 December 2013
	HK$'000	*HK$'000*
Loss and total comprehensive expenses for the year/period	**18**	14

	2014	2013
	HK$'000	*HK$'000*
Net assets of Semtech BVI Group	**11,963**	11,981
Proportion of the Group's ownership interest in Semtech BVI Group	**50%**	50%
Impairment losses recognised	**(998)**	–
Carrying amount of the Group's interest in Semtech BVI Group	**4,984**	5,991

10. Trade and bills receivables

The Group allows an average credit period of 30 to 120 days (2013: 30 to 120 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 periods:

	2014	2013
	HK$'000	*HK$'000*
Current	**157,245**	163,605
Overdue:		
– within 3 months	**35,405**	27,067
– 4-6 months	**10,393**	2,494
– 7-12 months	**1,735**	991
	47,533	30,552
	204,778	194,157

11. 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 periods:

	2014	2013
	HK$'000	*HK$'000*
Current	**42,577**	85,958
Overdue:		
– within 3 months	**3,876**	7,493
– 4-6 months	**905**	800
– 7-12 months	**4**	–
– over 12 months	**185**	107
	47,547	94,358

12. Contingent liabilities

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

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

13. Event after the Reporting Period

As at 31 December 2014, the principal amount of convertible notes that remained outstanding was HK$302,400,000. The Company and the convertible notes holder entered into the deed of variation dated 14 November 2014, pursuant to which it was agreed that, subject to the fulfilment of conditions precedent, (i) the maturity date of the outstanding convertible notes in the principal amount of HK$302,400,000 would be extended from 15 November 2014 to 31 December 2016; and (ii) the original conversion price of HK$0.12 per share would be adjusted to the conversion price of HK$0.035 per share. On 9 January 2015, the relevant ordinary resolution was duly passed at the special general meeting and the extension of the maturity date and the adjustment of the conversion price of the outstanding convertible notes became effective. For details, please refer to the announcements of the Company dated 14 November 2014, 17 November 2014 and 9 January 2015, as well as the circular of the Company dated 19 December 2014.

The extension of the maturity date and the adjustment of the conversion price resulted in the extinguishment of the financial liability of the convertible notes and the recognition of new financial liability and equity components. On 9 January 2015, the carrying values of liability component and equity component of the convertible notes immediately before the modification were approximately HK$302,400,000 and HK$92,707,000 respectively. According to a valuation report issued by an independent professional valuer not connected with the Group, the fair value of the new liability component and equity component immediately following the modification are approximately HK$274,579,000 and HK$57,442,000. The estimated financial effect of the above is a recognition of gain of approximately HK$27,821,000 credited to profit or loss and a transfer of approximately HK$35,265,000 from the convertible notes reserve to accumulated losses during the year ending 31 December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

The electronic products business reported a decrease of 9.2% in revenue to approximately HK$599.9 million in the Reporting Period from approximately HK$660.4 million in the Corresponding Period. The decrease was mainly attributable to the drop in revenue from the PRC and other Asia Pacific markets, as the continued slowdown of the PRC economy posed a negative impact on the semiconductor industry in general. The average selling price and profit margin of electronic products remained under pressure, which weakened the profitability and resulted in the decrease in the overall gross profit to cover the fixed production costs and maintenance costs. During the Reporting Period, the electronic products business reported a gross profit of approximately HK$33.3 million as compared with approximately HK$44.5 million in the Corresponding Period.

An impairment loss on interests in joint ventures of approximately HK$1.0 million was recognised in the Reporting Period. During the Corresponding Period, a gain of approximately HK$11.0 million was recorded upon the disposal of 50% equity interest in a subsidiary of the Group to an independent third party. However, no similar gain was recorded in the Reporting Period.

As at the date of this announcement, the winding-up of CLI is still in process. During the Reporting Period, the Group received from CLI the first interim dividend of approximately HK$6.7 million in respect of the admitted claims against CLI by the Company and Top Victory Industries Limited (a wholly-owned subsidiary of the Company), both of which are creditors of CLI. At this stage, the Company is unable to ascertain the extent of recovery from CLI for the remaining balance given that CLI is still in the process of winding up. Subsequent to the Reporting Period, the disposal of the entire 90% equity interest in CITIC Logistics Company Limited ("CLBJ") was completed, according to CLBJ and the liquidators of CLI. During the Reporting Period, the Company made the compensation of approximately HK$4.1 million for the loss of office by a former director and CEO.

As at 31 December 2014, the principal amount of convertible notes that remained outstanding was HK$302.4 million. The Company and the convertible notes holder entered into the deed of variation dated 14 November 2014, pursuant to which it was agreed that, subject to the fulfilment of conditions precedent, (i) the maturity date of the outstanding convertible notes in the principal amount of HK$302.4 million would be extended from 15 November 2014 to 31 December 2016; and (ii) the original conversion price of HK$0.12 per share would be adjusted to the conversion price of HK$0.035 per share. On 9 January 2015, the relevant ordinary resolution was duly passed at the special general meeting and the extension of the maturity date and the adjustment of the conversion price of the outstanding convertible notes became effective. For details, please refer to the announcements of the Company dated 14 November 2014, 17 November 2014 and 9 January 2015, as well as the circular of the Company dated 19 December 2014. Accordingly, the consolidated financial statements for the Reporting Period have been prepared on a going concern basis, as set out in notes 1 and 13 to the consolidated financial statements in this announcement. The Company is considering various alternatives to more permanently improve the Group's financial position.

Liquidity, Financial Resources and Capital Structure

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

As at 31 December 2014, the Group had bank balances and cash of approximately HK$45.1 million (2013: HK$80.5 million). The Group's current ratio (measured as total current assets to total current liabilities) was 1.0 time (2013: 1.0 time).

As at 31 December 2014, the Company had outstanding zero coupon convertible notes due on 15 November 2014 in the aggregate principal amount of HK$302.4 million (2013: HK$302.4 million) with an initial conversion price of HK$0.12 per conversion share. Subsequent to the Reporting Period, the maturity date of the convertible notes was extended to 31 December 2016 and the conversion price of the convertible notes was adjusted from HK$0.12 per share to HK$0.035 per share. Details are set out in notes 1 and 13 to the consolidated financial statements and the paragraphs headed "Business and Financial Review" in the Management Discussion and Analysis on page 22 in this announcement.

As at 31 December 2014, the Group had no outstanding bank borrowings (2013: nil).

As at 31 December 2014, the Group had no capital expenditure commitments (2013: approximately HK$4.0 million in respect of the acquisition of property, plant and equipment).

Significant Investments

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

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

The Group does not have any material acquisitions or disposals of subsidiaries and associated companies during the Reporting Period.

Charge on Group's Assets

As at 31 December 2014, the Group did not have any assets pledged (2013: nil).

Foreign Exchange Exposures

The Group mainly earns revenue and incurs costs in Hong Kong dollars, U.S. dollars and Renminbi ("RMB") The management is aware of the possible exchange rate exposure resulting from the fluctuation of RMB against the Hong Kong dollars and will closely monitor its impact on the performance of the Group to determine if any hedging policy is necessary. With regard to the U.S. 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 U.S. dollars remains in effect.

Contingent Liabilities

Details of the contingent liabilities of the Group are set out in note 12 to the consolidated financial statements in this announcement.

Employee and Remuneration Policy

As at 31 December 2014, the Group had 794 (2013: 1,804) full time employees in Hong Kong and the PRC. Total staff costs (including directors' remuneration) for the Reporting Period amounted to approximately HK$32.5 million (2013: HK$30.5 million). The employees are remunerated with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Apart from the basic remuneration package, the mandatory provident fund scheme and the central provident scheme in the PRC, the Company also operates a share option scheme based on which the Board may, at its discretion, grant options to eligible employees of the Group.

Event after the Reporting Period

Details of the event after the Reporting Period of the Group are set out in note 13 to the consolidated financial statements in this announcement.

FUTURE OUTLOOK

According to the International Monetary Fund (the "IMF"), global growth will receive a boost from lower oil prices, but this boost is projected to be more than offset by negative factors, including investment weakness as adjustment to diminished expectations about medium-term growth continues in many advanced and emerging market economies. Specifically, while the recovery in the United States was stronger than expected, economic performance in all other major economies fell short of expectations. Reflecting a reassessment of the prospects, the IMF has cut its global economic growth forecast by 0.3 percentage points for 2015 and 2016 to 3.5% and 3.7%, respectively. Though these are better than the growth of 3.3% in 2014, the IMF believes that global growth is still too low, too brittle and too lopsided.

The IMF warns that there are significant risks to the recovery including the asynchronous normalisation of monetary policies in advanced economies; a triple hit of a strengthening U.S. dollar, higher global interest rates and more volatile capital flows faced by emerging and developing economies; stagnation and low inflation in the euro area and Japan; and increased geopolitical risks. According to a report dated 20 January 2015 in the Financial Times (the "FT"), to improve the outlook, the IMF continues to recommend loose monetary policy and increased infrastructure investment, which it believes will help increase medium-term growth and more immediate recovery. This appears to be in line with the reported fears among U.S. officials that the rebound in the U.S. mainly driven by consumer spending could be curtailed by sluggish demand overseas. According to a report dated 3 February 2015 in the FT, Jack Lew, the U.S. treasury secretary, signaled his concern about the health of the world economy as a whole and warned that governments in other major economies need to do more to stimulate demand.

China's economy grew by 7.4% in 2014, its slowest pace since 1990. The slowdown is expected to continue in the coming years, partly due to a far larger base as 7% growth this year is equivalent in absolute terms to 10% growth just a couple of years ago, according to a report dated 20 January 2015 in the FT. However, as the world's most populous nation approaches middle-income levels, its credit-fuelled, investment-led growth model, with its reliance on low wages, polluting industries and real estate construction, is also running out of steam. Slowing growth is mainly driven by the slowdown in fixed asset investment, especially in real estate and manufacturing investment which face oversupply problems, according to the FT report which quoted Haibin Zhu, chief China economists at JP Morgan as saying. The IMF has lowered its forecast for China's economic growth in 2015 and 2016 by 0.3 and 0.5 percentage points to 6.8% and 6.3%, respectively. According to the IMF, its forecast reflects the decision by the authorities to take care of some of the imbalances which are in place, and the desire to reorient the economy towards consumption and away from the real estate sector and shadow banking. However, the IMF warns that lower growth in China will have an adverse effect on its trade partners, in particular on the rest of Asia.

The Chinese government has set its 2015 GDP growth target at around 7%, down from the growth target of around 7.5% in 2014. In his annual government work report, Premier Li Keqiang highlighted that with downward pressure on China's economy building and deep-seated problems in development surfacing, the difficulties that the country would encounter in the year ahead might be even more formidable than those of last year. According to reports dated 1 February and 2 March 2015 in the FT, China's manufacturing sector shrank in January and February 2015 with the official Purchasing Mangers' Index ("PMI") falling to 49.8 and 49.9, respectively, down from 50.1 in December 2014 and the first time since September 2012 that the gauge fell below the 50-point level, separating expansion from contraction. According to a report dated 27 January 2015 in the FT, Chinese industrial profits slumped by a record 8% in December 2014 and the fall highlights the challenges facing the industrial sector racked by overcapacity and falling prices, adding to pressure on authorities to loosen monetary policy and boosting infrastructure spending to cushion the slowdown.

Against this backdrop, the operating environment for manufacturers in the PRC is likely to remain challenging and would continue to have an impact on the Group's performance in the future. Certain electronics products manufacturers in the PRC have started to implement their plans to close down and move their production plants to other developing countries in Asia in order to lower their production costs. This is a signal for the manufacturers in the PRC that the operating environment in the PRC will experience an ordeal. The two key drivers of electronics and semiconductor growth over the last few years have been smartphones and tablets. Although the demand for both smartphones and tablets are expected to grow continuously, severe competition, market fluctuations and economic uncertainties may affect product demand and customer orders. Profit margin of the Group's electronics products has been squeezed by growing competition within the industry, fixed production costs as well as the increasing wages rate. Shortage of labour was another problem encountered by manufacturers in Dongguan, Guangdong Province, the PRC. As a result, the Group will take a cautious view of its business in the coming year.

In order to improve the operational performance of the electronic products business, the Group will continue to impose conservative and stringent cost controls over its products costs. The Group will also streamline the operation and outsource the production process in order to lower the overall production costs. The Group will endeavour to trim the increasing manufacturing overheads and production costs as well as improve productivity in view of the imminent raise in minimum wages rate and production overheads in the PRC in the coming future.

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

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

CORPORATE GOVERNANCE PRACTICE

The Company is committed to maintaining high standards of corporate governance. During the Reporting Period, the Company has applied the principles of and complied with the code provisions ("Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules except for the following deviations:

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 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 six Directors.

Moreover, under the Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Given that Mr. Lim Chuan Yang ("Mr. Lim") was not re-elected as a Director at the Company's annual general meeting held on 9 June 2014, the Board resolved that Mr. Lim should step down as the CEO with effect from 16 June 2014. The Board is presently identifying a suitable candidate to be appointed as the CEO. Prior to identifying a suitable candidate, the duties and responsibilities of the CEO will be shared among the members of the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE REVIEW

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

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at http://www.irasia.com/listco/hk/sinotech and the website of the Stock Exchange. The 2014 Annual Report will be despatched to the shareholders of the Company and will be available at the above websites in due course.

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

Hong Kong, 27 March 2015

As at the date of this announcement, the Board comprises Mr. Lam Yat Keung (President), Mr. Huang Hanshui and Mr. Wang Zhaofeng as executive directors; and Mr. Ho Chi Fai, Ms. Liu Yanfang and Professor Ma Hongwei as independent non-executive directors.