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 2011

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 2011.

RESULTS OVERVIEW

During the year ended 31 December 2011 (the "Reporting Period"), the Group recorded a turnover of HK$784.5 million, comparable to HK$785.1 million for the year ended 31 December 2010 (the "Corresponding Period").

Net loss for the Reporting Period rose to HK$936.8 million from HK$532.2 million in the Corresponding Period, mainly due to increased impairment loss on goodwill, and the operating loss in terms of contribution to segment results (the "Operating Loss"). The loss for the year was mainly attributable to the impairment loss on goodwill and other intangible assets, the Operating Loss, the amortisation of other intangible assets, the imputed interest on convertible notes, the share option expenses, the impairment loss on property, plant and equipment and the allowance of inventories.

The impairment loss on goodwill and other intangible assets, the amortisation of other intangible assets, the imputed interest on convertible notes, the share option expenses, the impairment loss on property, plant and equipment, the allowance of inventories and the gain on redemption of convertible notes (collectively, the "Non-cash Items") arise as a result of accounting treatment under the provisions of the applicable accounting standards and are of non-cash nature. Before the Non-cash Items, the Group made a loss of HK$69.3 million in 2011, as compared with a profit of HK$2.3 million in 2010.

* *For identification purpose only*

FINANCIAL HIGHLIGHTS

	2011	2010
	HK$'000	*HK$'000*
Turnover	**784,467**	785,121
Gross (loss) profit	**(41,915)**	51,696
Loss for the year	**936,816**	532,180
Impairment loss on goodwill	**657,895**	98,662
Impairment loss on other intangible assets	**66,481**	211,558
Amortisation of other intangible assets	**51,519**	143,885
Imputed interest on convertible notes	**24,095**	45,944
Share option expenses	**33,081**	31,310
Impairment loss on property, plant and equipment	**21,464**	–
Allowance of inventories	**15,903**	3,100
Gain on redemption of convertible notes	**2,931**	–
Net (loss) profit for the year before impairment loss on goodwill and other intangible assets, amortisation of other intangible assets, imputed interest on convertible notes, share option expenses, impairment loss on property, plant and equipment, allowance of inventories and gain on redemption of convertible notes	**(69,309)**	2,279

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2011 (2010: Nil).

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	3	**784,467**	785,121
Cost of sales		**(826,382)**	(733,425)
Gross (loss) profit		**(41,915)**	51,696
Other income		**4,339**	6,418
Distribution costs		**(9,961)**	(6,934)
Administrative expenses		**(56,379)**	(53,167)
Impairment loss on goodwill		**(657,895)**	(98,662)
Impairment loss on other intangible assets		**(66,481)**	(211,558)
Amortisation of other intangible assets		**(51,519)**	(143,885)
Share option expenses		**(33,081)**	(31,310)
Gain on redemption of convertible notes		**2,931**	–
Gain arising on change in fair value of investment property		**15,000**	6,652
Share of results of an associate		**183**	–
Other expenses		**(24,754)**	(60)
Finance costs	4	**(25,641)**	(47,016)
Loss before taxation	5	**(945,173)**	(527,826)
Taxation	6	**8,357**	(4,354)
Loss for the year		**(936,816)**	(532,180)
Loss for the year attributable to:			
Owners of the Company		**(936,734)**	(532,180)
Non-controlling interests		**(82)**	–
		(936,816)	(532,180)
Loss per share *(in Hong Kong cents)*:	8		
Basic and diluted		**(8.87)**	(7.61)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011	2010
	HK$'000	*HK$'000*
Loss for the year	**(936,816)**	(532,180)
Other comprehensive income (expenses)		
Exchange differences arising on translation of foreign operations	**1,532**	(138)
Share of other comprehensive income of an associate	**83**	–
Other comprehensive income (expenses) for the year	**1,615**	(138)
Total comprehensive expenses for the year	**(935,201)**	(532,318)
Total comprehensive (expenses) income attributable to:		
Owners of the Company	**(935,698)**	(532,318)
Non-controlling interests	**497**	–
	(935,201)	(532,318)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**231,645**	162,945
Investment property		**315,000**	300,000
Goodwill		**38,826**	657,895
Other intangible assets		**140,505**	118,000
Interest in an associate		**7,343**	–
Deposits for acquisition of property, plant and equipment		**–**	21,202
Finance lease receivables		**102**	–
		733,421	1,260,042
Current assets			
Deposits paid for potential investments		**26,000**	64,500
Inventories		**98,259**	197,052
Finance lease receivables		**154**	–
Trade and bills receivables	*9*	**237,347**	272,219
Prepayments, deposits and other receivables		**37,530**	87,024
Dividend receivables		**1,835**	–
Tax recoverable		**960**	1,627
Financial assets at fair value through profit or loss		**7,395**	–
Deposits in other financial institution		**446**	446
Bank balances and cash		**43,533**	30,767
		453,459	653,635
Current liabilities			
Trade and bills payables	*10*	**72,456**	172,707
Other payables and accruals		**82,474**	30,105
Amount due to a director		**–**	471
Amount due to a non-controlling equity holder of a subsidiary		**28,772**	–
Bank borrowings – secured		**153,079**	162,593
Obligations under finance leases		**248**	314
		337,029	366,190
Net current assets		**116,430**	287,445
Total assets less current liabilities		**849,851**	1,547,487

	2011	2010
	HK$'000	*HK$'000*
Non-current liabilities		
Obligations under finance leases	**14**	262
Amount due to a shareholder	**108,620**	–
Convertible notes	**244,831**	498,416
Employee benefits	**123**	150
Deferred tax liabilities	**33,910**	11,678
	387,498	510,506
NET ASSETS	**462,353**	1,036,981
Capital and reserves		
Share capital	**117,545**	86,828
Reserves	**293,855**	950,153
	411,400	1,036,981
Non-controlling interests	**50,953**	–
	462,353	1,036,981

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

1. Basis for 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"), and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated, and have been approved for issue by the Board on 30 March 2012.

2. Principal accounting policies

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

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

Amendments to HKFRSs	Improvements to HKFRSs 2010
Amendments to HKFRS 1	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK (IFRIC) Int 14	Prepayments of a Minimum Funding Requirement
HK (IFRIC) Int 19	Extinguishing Financial Liabilities with Equity Instrument

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

Amendments to HKFRS 3 – Business Combinations (as part of Improvements to HKFRSs issued in 2010)

As part of Improvements to HKFRSs issued in 2010, HKFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other standards.

Such amendments to HKFRS 3 have been applied in the current year and did not result in any changes to the measurement of non-controlling interests arising from the acquisition of CITIC Logistics Company Limited ("CLBJ") in the current year which were measured using the proportionate share of net assets.

Issued but not yet effective HKFRSs

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

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
	First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans[2]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] *Effective for annual periods beginning on or after 1 July 2011.*
[2] *Effective for annual periods beginning on or after 1 January 2013.*
[3] *Effective for annual periods beginning on or after 1 January 2015.*
[4] *Effective for annual periods beginning on or after 1 January 2012.*
[5] *Effective for annual periods beginning on or after 1 July 2012.*
[6] *Effective for annual periods beginning on or after 1 January 2014.*

Amendments to HKFRS 7 – Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors of the Company anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

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

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

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

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

HKFRS 9 – Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

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

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

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

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

Key requirements of these standards are described below:

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial information and HK (SIC) – Interpretation 12 Consolidation – Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

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

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

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

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors of the Company anticipate that these standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The adoption of these standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors of the company have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 – Fair Value Measurement

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

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

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

Amendments to HKAS 12 – Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment property that is measured using the fair value model in accordance with HKAS 40 Investment Property is presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors of the Company anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised regarding the Group's investment property of which the carrying amount is presumed to be recovered through sale. However, the directors of the Company cannot reasonably ascertain the tax consequence when the investment property is sold. Therefore, the impact of adopting amendments to HKAS 12 cannot be quantified at the current stage.

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

3. Turnover and segment information

The Group's operating and reportable segments, based on information reported to the chief operating decision maker ("CODM"), for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided as follows:

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

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

c) Property investment segment engages in properties investments.

Property investment segment was introduced during the year ended 31 December 2010 as a result of the acquisition of an investment property.

Segment revenue and results

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

	Electronic products		Logistics services		Property investment		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Sales to external customers	**742,279**	751,196	**42,188**	33,925	**–**	–	**784,467**	785,121
Other income	**1,988**	3,353	**218**	267	**–**	–	**2,206**	3,620
Total segment revenue	**744,267**	754,549	**42,406**	34,192	**–**	–	**786,673**	788,741
Contribution to segment results	**(60,498)**	21,162	**(8,232)**	(901)	**12,342**	4,851	**(56,388)**	25,112
Impairment loss on goodwill	**–**	–	**(657,895)**	(98,662)	**–**	–	**(657,895)**	(98,662)
Impairment loss on other intangible assets	**–**	–	**(66,481)**	(211,558)	**–**	–	**(66,481)**	(211,558)
Amortisation of other intangible assets	**–**	–	**(51,519)**	(143,885)	**–**	–	**(51,519)**	(143,885)
Impairment loss on property, plant and equipment	**(21,464)**	–	**–**	–	**–**	–	**(21,464)**	–
Allowance of inventories	**(15,903)**	(3,100)	**–**	–	**–**	–	**(15,903)**	(3,100)
Segment results	**(97,865)**	18,062	**(784,127)**	(455,006)	**12,342**	4,851	**(869,650)**	(432,093)
Unallocated corporate income							**5,064**	2,798
Share of results of an associate							**183**	–
Unallocated corporate expenses							**(56,652)**	(52,538)
Finance costs							**(24,118)**	(45,993)
Loss before taxation							**(945,173)**	(527,826)

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

4. Finance costs

	2011	2010
	HK$'000	*HK$'000*
Borrowing costs on:		
– bank borrowings not wholly repayable within five years	**1,523**	1,023
– obligations under finance leases	**23**	49
Imputed interest on convertible notes	**24,095**	45,944
	25,641	47,016

5. Loss before taxation

Loss before taxation has been arrived at after charging:

	2011	2010
	HK$'000	*HK$'000*
Cost of inventories recognised as expenses	**768,575**	700,849
Cost of services provided	**41,904**	29,476
Staff costs	**69,259**	60,971
Depreciation of property, plant and equipment		
– owned assets	**45,521**	32,901
– assets held under finance leases	**273**	270
Auditor's remuneration	**863**	686
Allowance of inventories (included in cost of sales)	**15,903**	3,100
Impairment loss on property, plant and equipment (included in other expenses)	**21,464**	–
Write off of property, plant and equipment (included in other expenses)	**3,290**	60

6. Taxation

The amount of taxation in the consolidated income statement represents:

	2011	2010
	HK$'000	*HK$'000*
Current tax – provision for Hong Kong Profits Tax		
– charge for the year	**–**	982
– under (over)-provision in prior years	**49**	(8)
	49	974
Deferred tax		
– current year	**(8,406)**	3,380
	(8,357)	4,354

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2011 as the Group did not have any assessable profit subject to Hong Kong Profits Tax. Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 December 2010.

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

7. Dividends

The Board does not recommend the payment of any dividends for the year ended 31 December 2011 (2010: Nil).

8. Loss per share

The calculation of basic and diluted loss per share is based on the loss attributable to owners of the Company of HK$936,734,000 (2010: HK$532,180,000) and the weighted average number of 10,565,103,000 (2010: 6,996,793,000) ordinary shares in issue during the period.

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

The calculation of diluted loss per share for the year ended 31 December 2010 did not assume the exercise of the Company's share options as the exercise price of the share options was higher than the average market price for shares. The calculation of diluted loss per share for the year ended 31 December 2010 did not assume the conversion of the Company's outstanding convertible notes and exercise of the Company's warrants as the conversion of convertible notes and exercise of warrants would result in a decrease in loss per share.

9. Trade and bills receivables

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

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

	2011	2010
	HK$'000	*HK$'000*
Current	**156,237**	203,073
Overdue:		
– within 3 months	**22,091**	21,280
– 4-6 months	**2,341**	204
– 7-12 months	**3,234**	47,662
– over 12 months	**53,444**	–
	237,347	272,219

10. Trade and bills payables

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

	2011	2010
	HK$'000	*HK$'000*
Current	**55,832**	111,320
Overdue:		
– within 3 months	**10,802**	58,353
– 4-6 months	**498**	1,423
– 7-12 months	**689**	1
– over 12 months	**4,635**	1,610
	72,456	172,707

11. Events after the reporting period

(a) On 20 January 2012, 212,189,491 ordinary shares of the Company were issued for settlement of the outstanding consideration for the acquisition of the 90% equity interest in CLBJ.

(b) The Board notes that the Chairman of the Company, Mr. Li Weimin, is assisting the relevant authorities in China in the investigation into certain transactions conducted by him in April 2009 prior to his becoming a shareholder and director of the Company. Beijing Municipal Public Security Bureau and the Hong Kong police have advised the Company that only Mr. Li Weimin is under investigation and that the investigation does not relate to the Group. The Board has resolved that a special committee be set up to conduct internal investigation into the matter. The Board will make further announcement(s) regarding the matter as and when appropriate.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

"Basis for qualified opinion – Limitation of scope on the impairment assessment of trade receivables

Included in the Group's gross trade and bills receivables of HK$239,285,000 as at 31 December 2011 were gross trade receivables of approximately HK$34,832,000 which had been overdue and for which no subsequent settlement had been noted up to the date of this report. The directors of the Company consider the Group is able to recover the outstanding balances, therefore no impairment had been provided on such balances. However, we were unable to obtain sufficient appropriate audit evidence we consider necessary in order to assess whether such trade receivables could be recovered in full or to determine the amount of impairment, if any. There were no practical alternative audit procedures that we could perform to satisfy ourselves as to any impairment loss had been occurred against these trade receivables as at 31 December 2011.

Any adjustment to the amount of the above trade receivables found to be necessary would affect the Group's net assets as at 31 December 2011 and the Group's loss for the year then ended and related note disclosures to the consolidated financial statements.

Qualified opinion arising from limitation of scope

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2011 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

Turnover of the Group was HK$784.5 million in 2011, comparable to HK$785.1 million in 2010. Gross loss for the year amounted to HK$41.9 million (2010: gross profit HK$51.7 million) mainly due to steeper margin squeeze in the electronic products segment. Net loss for the year increased to HK$936.8 million from HK$532.2 million in 2010 mainly due to increased impairment loss on goodwill and the operating loss. The loss for the year was mainly attributable to the impairment loss on goodwill and other intangible assets, the operating loss, the amortisation of other intangible assets, the imputed interest on convertible notes, the share option expenses, the impairment loss on property, plant and equipment and the allowance of inventories.

The impairment loss on goodwill and other intangible assets, the amortisation of other intangible assets, the imputed interest on convertible notes, the share option expenses, the impairment loss on property, plant and equipment, the allowance of inventories and the gain on redemption of convertible notes (collectively, the "Non-cash Items") arise as a result of accounting treatment under the provisions of the applicable accounting standards and are of non-cash nature. Before the Non-cash Items, the Group made a loss of HK$69.3 million in 2011, as compared with a profit of HK$2.3 million in 2010.

In November 2011, the Group completed its acquisition of 90% equity interest in 中信物流有限公司 (CITIC Logistics Company Limited*) ("CLBJ"). CLBJ together with its subsidiary are principally engaged in the provision of logistics and related services mainly including chemical logistics, engineering logistics, freight forwarding and logistics project management in the PRC. In 2010, CLBJ has been granted the exclusive rights of eight years to invest, build and operate the Zhanjiang projects that include the provision of raw materials transportation, specialised tanker transportation, and relating services for the Zhanjiang Steel Base of Guangdong Steel Company. Investments for the Zhanjiang projects have not yet started in 2011.

The logistics services segment reported revenue of HK$42.2 million in 2011, an increase of 24.4% from HK$33.9 million in 2010. The increase in revenue was mainly due to the inclusion of revenue by CLBJ after the completion of acquisition in November 2011. The segment recorded a loss of HK$8.2 million, as compared with a marginal loss of HK$0.9 million in 2010, before the impairment loss on goodwill and other intangible assets, and the amortisation of other intangible assets. The main reasons attributable to the loss were the continued suspension of shipments for the Angola project and the loss incurred by CLBJ.

* *For identification purpose only*

The major global economies continued to be feeble in 2011. As a result of this and the tightening of monetary policy in the PRC especially in the second half of the year, the electronic products segment recorded a decrease of 1.2% in turnover to HK$742.3 million (2010: HK$751.2 million), with turnover dropping by more than 20% in the latter half of the year. The drop was found in both quantities sold and the selling price. Segment loss for the year was HK$60.5 million before the impairment loss on property, plant and equipment and allowance of inventories (2010: segment profit HK$21.2 million), the appreciation in RMB for more than 3% in 2011, the increase in minimum wages for more than 20% and the continuous shortage of labour were the major attributes to the loss.

The property investment segment reported a profit of HK$12.3 million in 2011, as compared with a profit of HK$4.9 million in 2010, mainly due to gains of HK$15.0 million in the fair value of the investment property as at the end of the Reporting Period.

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 2011, the Group had bank balances and cash of HK$43.5 million (2010: HK$30.8 million). Working capital of the Group was HK$453.5 million (2010: HK$653.6 million) and the Group's current ratio (measured as total current assets to total current liabilities) was approximately 1.3 times (2010: 1.8 times).

As at 31 December 2011, the secured bank borrowings of the Group amounted to HK$153.1 million (2010: HK$162.6 million), which were secured by the investment property of the Group with carrying value of HK$315.0 million (2010: HK$300.0 million) and the corporate guarantee provided by the Company. The gearing ratio, which is calculated by total interest bearing borrowings to total equity, was approximately 33.2% (2010: 15.7%).

As at 31 December 2011, the Company had zero coupon convertible notes due on 15 November 2014 (the "Convertible Notes") in the aggregate principal amount of HK$302.4 million (2010: HK$662.4 million) with an initial conversion price of HK$0.12 per conversion share. During the year under review, Convertible Notes in the aggregate principal amount of HK$324.0 million were converted into 2,700 million new ordinary shares of HK$0.01 each in the capital of the Company and Convertible Notes in the aggregate principal amount of HK$36.0 million were redeemed by the Company at the redemption price of HK$36.0 million.

As at 31 December 2011, the Group did not have any capital expenditure commitments (2010: HK$33.8 million in respect of the acquisition of property, plant and equipment).

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

Significant Investments

The Group did not have any significant investments during the year ended 31 December 2011.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

During the last year, CITIC Logistics (International) Company Limited ("CLI"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement (as amended by a supplemental agreement dated 14 December 2010) (the "Original 90% Agreement") with Pioneer Blaze Limited, Mr. Lim Chuan Yang (as guarantor to Pioneer Blaze Limited) and Mr. Li Weimin, an executive director and a substantial shareholder of the Company, to acquire a total of 90% equity interest in CLBJ. Mr. Li is a connected person (as defined under the Listing Rules) of the Company by virtue of his substantial shareholdings and directorships in the Company and CLBJ. CLI also entered into a sale and purchase agreement (the "Original 10% Agreement") with CITIC Automobile Company Limited* (中信汽車公司) to acquire the remaining 10% equity interest in CLBJ. As the acquisition of the entire equity interest in CLBJ would be considered as a whole, the transaction under the Original 10% Agreement also constitutes a connected transaction under the Listing Rules.

On 11 February 2011, the Original 90% Agreement was superseded by a new agreement with, among other matters, a revised aggregate consideration of HK$210,393,289, to be satisfied by the issue and allotment of a maximum of 743,439,182 consideration shares by the Company (the "90% Acquisition Agreement"). Completion of the 90% Acquisition Agreement took place on 7 November 2011, and the Company duly issued and allotted 118,703,625 consideration Shares and 253,015,966 consideration Shares, representing 50% of the consideration, to Mr. Li Weimin and Pioneer Blaze Limited, respectively, on 7 November 2011 pursuant to the terms of the 90% Acquisition Agreement. As a result, the CLBJ has become an indirect 90% owned subsidiary of the Company.

On 11 February 2011, the Original 10% Agreement was superseded by a new agreement with, among other matters, a revised aggregate consideration of HK$46,969,595, to be satisfied by the issue and allotment of a maximum of 165,970,300 consideration shares by the Company (the "10% Acquisition Agreement"). As the conditions precedent of the 10% Acquisition Agreement have not been satisfied on or before 31 December 2011, and no further agreement has been reached between CLI and CITIC Automobile Company Limited to extend the long stop date of the 10% Acquisition Agreement, pursuant to the terms of the 10% Acquisition Agreement, the 10% Acquisition Agreement lapsed and terminated on 31 December 2011.

For details of the above transactions, please refer to the circular of the Company dated 28 February 2011.

* *For identification purpose only*

Charge on Group's Assets

As at 31 December 2011, the Group's investment property with a carrying value of HK$315.0 million (2010: HK$300.0 million) was pledged to secure the banking facilities granted to the Group.

Foreign Exchange Exposures

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

Contingent Liabilities

As at 31 December 2011, the Group had the following material 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 judgment (in the amount of US$13.5 million) obtained in a United States court in an action in respect of damages allegedly arising out of use of fire lighters sold by 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 the entire issued share capital of 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 statement.

Employee and Remuneration Policy

As at 31 December 2011, the Group had 2,516 (2010: 2,576) full time employees in Hong Kong and the PRC. Total staff costs (including directors' remuneration but excluding share option expenses) for the year ended 31 December 2011 amounted to HK$43.5 million (2010: HK$36.8 million). The employees are remunerated with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Apart from the basic remuneration package and the mandatory provident fund scheme and the central provident scheme in the PRC, the Company also operates a share option scheme of which the Board may, at its discretion, grant options to eligible employees of the Group.

Events after the Reporting Period

On 20 January 2012, the Company issued and allotted 4,282,198 consideration Shares and 207,907,293 consideration Shares, representing the balance of the total consideration, to Mr. Li and Pioneer Blaze Limited, respectively, pursuant to the terms of the 90% Acquisition Agreement.

The Board notes that the Chairman of the Company, Mr. Li Weimin, is assisting the relevant authorities in China in the investigation into certain transactions conducted by him in April 2009 prior to his becoming a shareholder and director of the Company. Beijing Municipal Public Security Bureau and the Hong Kong police have advised the Company that only Mr. Li is under investigation and that the investigation does not relate to the Group. The Board has resolved that a special committee be set up to conduct internal investigation into the matter. The Board will make further announcement(s) regarding the matter as and when appropriate.

FUTURE OUTLOOK

The Group could face another challenging year in 2012 given an uncertain global economic outlook. Among other matters, the European debt crisis remains a lingering concern, the economic recovery in the US appears feeble and the emerging economies led by China and Brazil are slowing down. Surging oil prices due to geopolitical tensions could add more downside risks to global growth. According to an FT ("Financial Times") report dated 29 February 2012 quoting the Federal Reserve ("the Fed") chairman, the fundamentals supporting consumer spending in the US continue to be weak and the labour market remains far from normal despite recent improvement. The Fed has made no decision about another round of quantitative easing or QE3, which may depend on whether consumer demand gains traction. The International Monetary Fund ("the IMF") in its January 2012 World Economic Outlook ("the WEO") forecast that the US economy will grow by 1.8% in 2012.

Greece buys time with the successful debt swap, but hard work lies ahead given the complexity of the restructuring and the fear of contagion is still a big concern. Moreover, financial markets are already betting that Greece will default again in the future. The Institute of International Finance estimates that a messy default by Greece could cause more than €1 trillion of damage to the eurozone. The IMF in the WEO expects a mild recession for the euro area economy contracting 0.5% in 2012, as a result of the rise in sovereign yields, the effects of bank deleveraging on the real economy, and the impact of additional fiscal consolidation. Growth in emerging and developing economies is forecast to slow to 5.4% in 2012 from 6.2% in 2011 because of the worsening external environment and a weakening of internal demand.

While China is likely to engineer a soft landing, there is downward pressure on growth from deteriorating external demand, continued curbs on the property market, slower increases in capital investment and retail sales. The Chinese government has lowered the economic growth target to 7.5% in 2012 from the 8% level it has stood at for years. As per a SCMP ("South China Morning Post") report dated 10 March 2012, for the first two months of 2012, growth in fixed asset investment slowed to a 10-year low, factory output growth fell back to its lowest since July 2009, and retail sales also cooled more than forecast. The export sector has been a key driver to China's economic growth but exports slumped in February 2012 resulting in a record-high trade deficit. On the positive side, the consumer price index eased to a 20-month low of 3.2% in February 2012 and moderating inflation gives policymakers scope for more loosening to support growth. The IMF in the WEO forecasts that the Chinese economy will grow 8.5% in 2012.

Construction of the Zhanjiang Steel Base has been delayed and the Group believes that economic tightening could be a key reason. A loosening of economic policies, however, should be favorable for the official start of construction of the Zhanjiang Steel Base, which will allow the Group to start preparations for the Zhanjiang projects. Shipments for the Angola project have not resumed as of the report date and there is a risk that shipments for the Angola project may not resume. The Group will continue to improve the execution and cost control of existing logistics projects, and actively source new projects in an effort to expand the revenue stream of its logistics services business.

Given the tough economy and business environment in China, it is likely that the Group will face a continuous downside pressure on the sales order quantities and products selling prices for the electronic products business. Internally, the minimum wages in China is expected to be increased by over 10% this year and the material and overhead costs will rise due the appreciation of RMB. All the above together formed an unprecedented tough environment for the Group's performance in the coming year. To cope with the present difficult time, the Group will try to tighten its operating cost in line with the drop in turnover and will keep the inventory at a minimum level in order to outlive in the current economic environment.

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 with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules during the Reporting Period, however:

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. Mr. Ho Chi Fai, an independent non-executive Director, is not appointed for a specific term but his directorship is subject to retirement by rotation and re-election in accordance with the Bye-Laws 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 eight Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 year ended 31 December 2011.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's consolidated financial statements for the year ended 31 December 2011, including the accounting principles and practices adopted by the Group, in conjunction with the auditors of the Company.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on our website at http://www.irasia.com/listco/hk/sinotech/index.htm and the website of The Stock Exchange of Hong Kong Limited. The 2011 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
Lim Chuan Yang
Executive Director

Hong Kong, 30 March 2012

As at the date of this announcement, the Board comprises Mr. Li Weimin, Mr. Lam Yat Keung, Mr. Lim Chuan Yang and Mr. Huang Hanshui as executive directors; Mr. Xin Luo Lin as non-executive director; and Mr. Ho Chi Fai, Ms. Liu Yanfang and Professor Ma Hongwei as independent nonexecutive directors.