



SINO-TECH INTERNATIONAL HOLDINGS LIMITED

泰豐國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 724)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

The board of directors (the “Board”) of Sino-Tech International Holdings Limited (the “Company”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

		Six months ended	
		30 June 2008	30 June 2007
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(Unaudited)	(Unaudited)
Turnover	3	381,689	366,274
Cost of sales		(329,980)	(312,900)
Gross profit		51,709	53,374
Other income		3,365	4,424
Distribution costs		(6,955)	(5,557)
Administrative expenses		(23,310)	(16,087)
Profit from operations		24,809	36,154
Finance costs		(41)	(80)
Profit before taxation	5	24,768	36,074
Taxation	6	(4,378)	(5,740)
Profit for the period attributable to equity holders of the Company		20,390	30,334
Dividends	7	3,798	5,696
Earnings per share	8		
Basic		HK0.54 cent	HK0.80 cent
Diluted		HK0.51 cent	HK0.79 cent

* For identification purpose only

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2008

		30 June 2008	31 December 2007
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		119,157	102,354
Prepaid lease payments		1,714	1,628
Other intangible assets		426	632
Interest in a jointly controlled entity		(1,431)	(1,435)
Deposits for acquisition of property, plant and equipment		7,352	16,364
		127,218	119,543
Current assets			
Inventories		141,175	159,489
Trade and bills receivables	9	220,308	207,608
Prepaid lease payments		41	39
Prepayments, deposits and other receivables		21,646	29,467
Bank balances and cash		87,738	59,374
		470,908	455,977
Current liabilities			
Trade and bills payables	10	116,990	113,207
Other payables and accruals		19,867	22,028
Tax payable		10,803	9,902
Obligations under finance leases – due within one year		485	474
		148,145	145,611
Net current assets		322,763	310,366
Total assets less current liabilities		449,981	429,909

	30 June	31 December
	2008	2007
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Non-current liabilities		
Obligations under finance leases		
– due after one year	640	885
Employee benefits	394	394
Deferred tax liabilities	10,285	10,285
	<u>11,319</u>	<u>11,564</u>
Total net assets	<u>438,662</u>	<u>418,345</u>
Capital and reserves		
Share capital	37,975	37,975
Reserves	400,687	380,370
	<u>438,662</u>	<u>418,345</u>
Equity attributable to equity holders of the Company	438,662	418,345
Minority interests	<u>–</u>	<u>–</u>
Total equity	<u>438,662</u>	<u>418,345</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2008

1. BASIS OF PREPARATION

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

These interim financial statements for the six months ended should be read in conjunction with the 2007 annual report.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the condensed financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2007.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 January 2008.

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required. The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective, the directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Cost ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combination ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – INT 13	Customer Loyalty Programmes ³

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

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 July 2008

3. TURNOVER

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

4. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products. These businesses are the basis on which the Group reports its primary segment information and their details are as follows:

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

The Group's revenue and results for the period by business segment are as follows:

	Electronic products		Lighter products		Consolidated	
	Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June	
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	313,704	299,142	67,985	67,132	381,689	366,274
Other income	2,209	1,272	970	3,152	3,179	4,424
Total segment revenue	<u>315,913</u>	<u>300,414</u>	<u>68,955</u>	<u>70,284</u>	<u>384,868</u>	<u>370,698</u>
Segment results	<u>27,145</u>	<u>33,091</u>	<u>(1,774)</u>	<u>3,486</u>	<u>25,371</u>	<u>36,577</u>
Unallocated corporate income					186	–
Net unallocated expenses					(748)	(423)
Finance costs					(41)	(80)
Profit before taxation					24,768	36,074
Taxation					(4,378)	(5,740)
Profit for the period					<u>20,390</u>	<u>30,334</u>

5. PROFIT BEFORE TAXATION

	Six months ended	
	30 June	30 June
	2008	2007
	HK\$'000	HK\$'000
Profit before taxation is stated after charging:		
Depreciation of property, plant and equipment	11,903	10,017
Amortisation of prepaid lease payments	21	18
Amortisation on other intangible assets	206	255
and after crediting:		
Interest income	<u>218</u>	<u>630</u>

6. TAXATION

	Six months ended	
	30 June 2008 HK\$'000	30 June 2007 HK\$'000
Current tax		
Hong Kong	4,378	4,626
Other jurisdictions	—	39
	<hr/>	<hr/>
	4,378	4,665
Deferred taxation	—	1,075
	<hr/>	<hr/>
	4,378	5,740
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the period.

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

7. DIVIDENDS

The Board has resolved that an interim dividend of HK0.1 cent (2007: HK0.15 cent) per share should be paid to the shareholders of the Company whose names appear on the Register of Members on 15 October 2008.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company for the period of HK\$20,390,000 (1.1.2007-30.6.2007: HK\$30,334,000) and the weighted average number of 3,797,500,000 (1.1.2007-30.6.2007: 3,797,500,000) ordinary shares in issue during the period.

The weighted average number of 3,999,704,000 (1.1.2007-30.6.2007: 3,847,660,000) ordinary shares is used for the calculation of diluted earnings per share.

9. TRADE AND BILLS RECEIVABLES

The Group allows an average credit period of 30 to 120 days to its trade customers.

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

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Within 3 months	204,977	203,160
4 – 6 months	14,910	3,207
7 – 12 months	421	1,241
	<hr/> 220,308 <hr/>	<hr/> 207,608 <hr/>

Included in trade and bills receivables at 30 June 2008 was an amount of HK\$4,981,000 (31 December 2007: HK\$949,000) due from the jointly controlled entity of the Group, which was unsecured, interest-free and repayable on demand.

10. TRADE AND BILLS PAYABLES

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

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Within 3 months	89,057	68,960
4 – 6 months	14,012	20,233
7 – 12 months	13,697	23,569
Over 12 months	224	445
	<hr/> 116,990 <hr/>	<hr/> 113,207 <hr/>

BUSINESS REVIEW

Result

During the six months ended 30 June 2008 (the “Reporting Period”), the Group’s turnover increased by 4.2% to approximately HK\$381.7 million compared with the six months ended 30 June 2007 (the “Corresponding Period”). A profit of approximately HK\$20.4 million attributable to shareholders is being reported, a decrease of 32.8% over the Corresponding Period.

Although the turnover for the electronic and electrical components segment continued to increase during the Reporting Period by 4.9% to approximately HK\$313.7 million, the segment profit decreased by 18.0% to approximately HK\$27.1 million. The soften in the US and European markets, high inflation rate and soaring energy price in the mainland China have dampened consumers’ confidence and slowed down end user consumer products growth which has in turn significantly affected the demand of our components. The uplifted material costs and overhead further absorbed our contribution margin and resulted in a drop in profit in this segment.

The turnover for the lighter and its related accessories was flattened due to keen competition. The persistent appreciation in RMB, rise in oil price and increase in labour costs have significantly eroded most of the gross margin in this segment. The lighter segment resulted in a loss during this Reporting Period is a reflection of the widespread increase in operating costs. With the further deterioration in the market sentiment in the lighter industry, the Group expects this segment of our business will face a very tough and difficult time in the remaining half of the year.

Interim dividend

The Board has resolved to declare an interim dividend of HK0.1 cent (2007: HK0.15 cent) per share for the six months ended 30 June 2008 to be paid on or around 17 November 2008 to shareholders of the Company whose names appear on the Register of Members of the Company on 15 October 2008.

Closure of register of members and register of warrant holders

The Register of Members and the Register of Warrant holders of the Company will be closed from 13 October 2008 to 15 October 2008, both days inclusive, during which period no transfer of shares/warrants will be effected and no share to be issued upon exercise of any subscription rights attaching to the outstanding warrants issued by the Company.

In order to be qualified for the declared dividend, all share transfer documents accompanied by the relevant share certificates or in the case of warrant holders, all subscription forms accompanied by the relevant warrant certificates and subscription monies, must be lodged with the Company’s Branch Registrar, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 10 October 2008.

Prospects

The principal business activities of the Group includes (i) manufacturing and trading of high-end electronics and electrical parts and components; and (ii) engaging in the design, manufacture and trading of a wide range of cigarette lighters and lighter-related accessories.

For the electronics business segment, the forecast done by Semiconductor Industry Association for semiconductor sales excluding memory products is a growth by 7.4% for 2008 as it predicts the healthy demand from key end-markets will keep worldwide semiconductor sales at record levels through 2011. Despite positive forecast, uncertainty in market conditions since the outbreak of the sub-prime mortgage crisis will certainly last for some time or even get worse. The situation is further intensified by high inflation rate, energy price and commodity price and widespread increase in other operating costs.

In general, to all companies with operation in the PRC, 2008 is going to be a tough year. The Group with its healthy financial position, persistence in technological development and the management's forward-looking attitude will adopt a more prudent approach in order to minimize any potential risks brought by the macroeconomic environment and maintain our competitiveness in the market.

CORPORATE GOVERNANCE PRACTICE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting period covered by this interim report. The Company will regularly review its corporate governance practices to ensure compliance with the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of the directors of the Company, all the directors confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2008.

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

During the Reporting Period, there was no purchase, sale or redemption by the Company or any of its subsidiary companies of the Company's listed securities.

AUDIT COMMITTEE & REVIEW OF INTERIM RESULTS

The Audit Committee is composed of the three independent non-executive directors of the Company. Its principal duty is to review and supervise the Company's and the Group's financial reporting process and internal controls. The unaudited interim results of the Group for the six months ended 30 June 2008 have been reviewed by the Audit Committee.

On behalf of the Board
Lam Yat Keung
President

Hong Kong, 19 September 2008

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