



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 2007

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 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

	Notes	Six months ended	
		30 June 2007 HK\$'000 (Unaudited)	30 June 2006 HK\$'000 (Unaudited)
Turnover	3	366,274	291,692
Cost of sales		(312,900)	(238,173)
Gross profit		53,374	53,519
Other income		4,424	3,582
Distribution costs		(5,557)	(5,538)
Administrative expenses		(16,087)	(14,974)
Other expenses		–	(3,574)
Profit from operations		36,154	33,015
Finance costs		(80)	(22)
Profit before taxation	5	36,074	32,993
Tax expenses	6	(5,740)	(5,801)
Net profit for the period		30,334	27,192
Attributable to:			
Equity holders of the Company		30,334	27,192
Minority interests		–	–
		30,334	27,192
Dividends	7	5,696	5,696
Earnings per share	8		
Basic		HK7.99 cents	HK8.07 cents
Diluted		HK7.88 cents	N/A

* For identification purpose only

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2007

		30 June	31 December
		2007	2006
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		102,901	99,313
Prepaid lease payment		1,557	1,554
Other intangible assets		839	1,031
Interest in a jointly controlled entity		(1,682)	(1,928)
		<hr/> 103,615	<hr/> 99,970
Current assets			
Inventories		148,371	156,394
Trade and bills receivables	9	206,721	157,345
Prepaid lease payment		36	36
Prepayments, deposits and other receivables		14,345	9,014
Bank balances and cash		72,604	86,588
		<hr/> 442,077	<hr/> 409,377
Current liabilities			
Trade and bills payables	10	104,156	104,421
Other payables and accruals		16,254	16,582
Tax payable		9,954	5,329
Obligations under finance leases		131	273
		<hr/> 130,495	<hr/> 126,605
Net current assets		<hr/> 311,582	<hr/> 282,772
Total assets less current liabilities		<hr/> 415,197	<hr/> 382,742

	30 June	31 December
	2007	2006
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Non-current liabilities		
Obligations under finance leases	526	526
Employee benefits	437	437
Deferred tax liabilities	12,681	11,606
	<u>13,644</u>	<u>12,569</u>
Total net assets	<u>401,553</u>	<u>370,173</u>
Capital and reserves		
Share capital	37,975	37,975
Reserves	363,578	332,198
	<u>401,553</u>	<u>370,173</u>
Equity attributable to equity holders of the Company	401,553	370,173
Minority interests	–	–
	<u>401,553</u>	<u>370,173</u>
Total equity	<u>401,553</u>	<u>370,173</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

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 2006 annual report.

2. PRINCIPAL OF 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 2006, except as described below.

The following new standards, amendments to standards and interpretations (“new HKFRSs”) which are relevant to the Group’s operations are mandatory for financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments : Disclosures
HK(IFRIC)-Interpretation (“Int”) 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Re-assessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

The adoption of these new HKFRSs did not result in material changes to the results or financial position of the Group for the current and prior accounting periods. Accordingly, no prior period adjustment has been recognized.

The following new standards, amendments to standards and interpretations relevant to the Group's operations have been issued but are not effective for this interim period and have not been early adopted:

HKAS 23 (revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions ²
HK(IFRIC)-Int 12	Service Concession Arrangements ³

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

² *Effective for annual periods beginning on or after 1 March 2007*

³ *Effective for annual periods beginning on or after 1 January 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	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue :						
Sales to external customers	299,142	219,881	67,132	71,811	366,274	291,692
Other income	1,272	2,080	3,152	1,502	4,424	3,582
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total segment revenue	300,414	221,961	70,284	73,313	370,698	295,274
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Segment results	33,091	33,558	3,486	62	36,577	33,620
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net unallocated expenses					(423)	(605)
Finance costs					(80)	(22)
					<u> </u>	<u> </u>
Profit before taxation					36,074	32,993
Tax expenses					(5,740)	(5,801)
					<u> </u>	<u> </u>
Net profit for the period					30,334	27,192
					<u> </u>	<u> </u>

5. PROFIT BEFORE TAXATION

	Six months ended	
	30 June	30 June
	2007	2006
	HK\$'000	HK\$'000
Profit before taxation is stated after charging:		
Depreciation of property, plant and equipment	10,017	8,076
Amortisation of prepaid lease payment	18	18
Amortisation on other intangible assets	255	319
and after crediting:		
Increase in fair value of investment properties	–	692
Interest income	630	45
	<u> </u>	<u> </u>

6. TAX EXPENSES

	Six months ended	
	30 June	30 June
	2007	2006
	HK\$'000	HK\$'000
Current tax		
Hong Kong	4,626	5,317
Other jurisdictions	39	7
	<hr/>	<hr/>
	4,665	5,324
Deferred taxation	1,075	477
	<hr/>	<hr/>
	5,740	5,801
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 17.5% (2006: 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. DIVIDEND

The Board has resolved that an interim dividend of HK1.5 cents (2006: HK1.5 cents) per share should be paid to the shareholders of the Company whose names appear on the Register of Members on 9 October 2007.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit attributable to equity holders of the Company for the period of HK\$30,334,000 (1.1.2006-30.6.2006: net profit of HK\$27,192,000) and the weighted average number of 379,750,000 (1.1.2006-30.6.2006: 336,811,000) ordinary shares in issue during the period.

The weighted average number of 384,766,000 ordinary shares is used for the calculation of diluted earnings per share. There were no dilutive potential ordinary shares in issue during the period ended 30 June 2006 and, accordingly, no diluted earnings per share was presented.

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 2007 <i>HK\$'000</i>	31 December 2006 <i>HK\$'000</i>
Within 3 months	184,537	143,313
4 – 6 months	11,452	7,915
7 – 12 months	9,218	5,752
Over 12 months	1,514	365
	<hr/> 206,721 <hr/>	<hr/> 157,345 <hr/>

Included in trade and bills receivables at 30 June 2007 was an amount of HK\$1,167,000 (31 December 2006: Nil) 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 2007 <i>HK\$'000</i>	31 December 2006 <i>HK\$'000</i>
Within 3 months	73,268	72,930
4 – 6 months	19,780	14,304
7 – 12 months	10,296	17,186
Over 12 months	812	1
	<hr/> 104,156 <hr/>	<hr/> 104,421 <hr/>

Included in trade and bills payables at 30 June 2007 was an amount of Nil (31 December 2006: HK\$7,070,000) due to the jointly controlled entity of the Group, which was unsecured, interest-free and repayable on demand.

BUSINESS REVIEW

Result

During the six months ended 30 June 2007 (the “Reporting Period”), the Group’s turnover increased by 25.6% to approximately HK\$366.3 million compared with the six months ended 30 June 2006 (the “Corresponding Period”). A net profit of approximately HK\$30.3 million attributable to shareholders is being reported, an increase of 11.6% over the Corresponding Period.

Electronic and Electrical Components Business

The increase in turnover for the Group is mainly attributed by the increase in turnover for the electronic and electrical components segment by about 36.0% to HK\$299.1 million with a segment profit amounted to HK\$33.1 million.

During the Reporting Period, the turnover for our “ST” brand SMD SOD/SOT series products continued to increase to about HK\$74.6 million, representing an increase of 34.4% when compared with the second half of year 2006. The strong continuous demand in sophisticated consumer products like HDTVs, mobile phones and personal computers provides an extensive market for the sales of our products. The “ST” brand products are well perceived and recognized in the market as they are widely accepted and used by many renowned customers.

In the past, the Group has tried to reduce the production cost and overhead by expanding the procurement of raw materials and consumables from different sources including the PRC, however the appreciation of RMB by almost 5% during the Reporting Period had weakened part of the effect of the above measures. The impact of the increase in the labour cost and the continuous appreciation in RMB are problems faced by almost all companies with establishment in the PRC, the Group will keep on working cautiously to minimize the adverse effect to the overall performance of the Group.

Lighters and Lighter Related Accessories Business

The turnover for the lighter and its related accessories has continued to compress due to keen competition and low margin. With better cost control measures being implemented during the Reporting Period, the performance of this segment has improved. The Group will continue to streamline the lighter business’s operation and focus on products with higher contribution margin.

Interim Dividend

The Board has resolved to declare an interim dividend of HK1.5 cents (2006: HK1.5 cents) per share for the six months ended 30 June 2007 to be paid on or around 21 November 2007 to shareholders of the Company whose names appear on the Register of Members of the Company on 9 October 2007.

Closure of Register of Members

The Register of Members of the Company will be closed from 5 October 2007 to 9 October 2007, both days inclusive, during which period no transfer of shares will be effected. In order to be qualified for the declared dividend, all completed transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 4 October 2007.

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.

Our electronic components, especially the SMD SOD/SOT series products are widely used in electronic consumer products like HDTVs, mobile phones, PDAs and personal computers. With the continuous economic growth in the world and more specifically, in the PRC, we expect the demand for electronic consumer products will continue to surge in the coming years thus providing an excellent market potential for our components, especially, the SMD SOD/SOT series products.

Regarding the production of RFID tags and inlays, our engineers have already completed the training in June this year provided by Mühlbauer in Germany, the world's leading supplier of production equipment of RFID and smart card industry. We are ready to start the pilot run once the production machines delivered to us and the installation being completed in the forth quarter of this year.

For the Light Emitting Diodes (“LEDs”) project, we have started the initial study of the production line set up with our business counterpart, Harvatek Corporation, a leading manufacturer of surface mount LEDs in Taiwan and whose shares are listed on the Taiwan Stock Exchange. LEDs are energy saving and cost effective solid state lighting solution and will be an important direction in the lighting industry in the coming decades. In the meantime, we are in the process of studying and assessing various production solutions, and we expect to have an initial production capacity of up to 30 million pieces per month and the pilot production is planned to start in the first quarter of 2008.

On 16 August 2007, the Group announced an investment in Vietnam, an indirect investment in Vinaminco Vietnam Mineral Exploiting – Processing Group Limited Company (“Vinaminco”). The principal activities of Vinaminco are expected to be exploiting, refining and exporting of chromium. The acquisition is expected to be completed by the end of this year. We have engaged an independent technical advisor in preparing an assessment of the estimated reserves in the mine area, once the report is finalized and all other conditions regarding the acquisition are fulfilled, we will announce to the public as and when required. As a result of Vietnam entering into the World Trade Organization, the growth prospects in Vietnam are expected to excel. The acquisition enables the Group to seek future opportunity to expand its business and broaden its income source for the ultimate purpose of increasing our shareholders’ wealth.

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 2007.

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 2007 have been reviewed by the Audit Committee.

On behalf of the Board

Lam Yat Keung

President

Hong Kong, 22 September 2007

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.