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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)**

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009**

The board of directors (the “Board”) of Sino-Tech International Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2009.

#### **CONDENSED CONSOLIDATED INCOME STATEMENT**

*For the six months ended 30 June 2009*

		<b>Six months ended</b>	
		<b>30 June 2009</b>	30 June 2008
		<b>(Unaudited) HK\$'000</b>	(Unaudited) HK\$'000
	<i>Notes</i>		
Turnover	3	<b>283,208</b>	381,689
Cost of sales		<b>(242,945)</b>	(329,980)
Gross profit		<b>40,263</b>	51,709
Other income		<b>2,841</b>	3,365
Distribution costs		<b>(5,406)</b>	(6,955)
Administrative expenses		<b>(26,811)</b>	(23,310)
Financial costs		<b>(97)</b>	(41)
Profit before tax		<b>10,790</b>	24,768
Income tax charge	6	<b>(2,917)</b>	(4,378)
Profit for the period		<b><u>7,873</u></b>	<u>20,390</u>
Attributable to :			
Owners of the Company		<b>7,873</b>	20,390
Non-controlling interests		<b>—</b>	—
		<b><u>7,873</u></b>	<u>20,390</u>
Earnings per share	8		
Basic		<b><u>HK0.21 cent</u></b>	<u>HK0.54 cent</u>
Diluted		<b><u>HK0.21 cent</u></b>	<u>HK0.51 cent</u>

\* *For identification purpose only*

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	<b>Six months ended</b>	
	<b>30 June 2009 (Unaudited) HK\$'000</b>	30 June 2008 (Unaudited) HK\$'000
Profit for the period	<b>7,873</b>	20,390
Other comprehensive income		
Exchange differences arising on translation of foreign operations	<b>1,054</b>	174
Gain (loss) on revaluation of property	<b>24</b>	(247)
Income tax relating to components of other comprehensive income	<u>—</u>	<u>—</u>
Other comprehensive income for the period (net of tax)	<u><b>1,078</b></u>	<u>(73)</u>
Total comprehensive income for the period	<u><b>8,951</b></u>	<u>20,317</u>
Total comprehensive income attributable to :		
Owners of the Company	<b>8,951</b>	20,317
Non-controlling interests	<u>—</u>	<u>—</u>
	<u><b>8,951</b></u>	<u>20,317</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

		<b>30 June</b>	31 December
		<b>2009</b>	2008
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>122,213</b>	130,944
Prepaid lease payments		<b>1,664</b>	1,672
Other intangible assets		–	290
Deposits for acquisition of property, plant and equipment		<b>597</b>	–
		<b>124,474</b>	132,906
<b>Current assets</b>			
Inventories		<b>105,454</b>	116,404
Trade and bills receivables	9	<b>173,901</b>	171,020
Prepaid lease payments		<b>41</b>	41
Prepayments, deposits and other receivables		<b>8,145</b>	5,240
Financial assets at fair value through profit or loss		<b>2,700</b>	–
Cash in other financial institutions		<b>18,802</b>	–
Bank balance and cash		<b>103,020</b>	127,797
		<b>412,063</b>	420,502
<b>Current liabilities</b>			
Trade and bills payables	10	<b>78,851</b>	100,113
Other payables and accruals		<b>12,313</b>	16,413
Tax payable		<b>4,850</b>	4,057
Borrowings – unsecured		<b>857</b>	1,769
Obligations under finance leases – due within one year		<b>297</b>	444
		<b>97,168</b>	122,796
<b>Net current assets</b>		<b>314,895</b>	297,706
<b>Total assets less current liabilities</b>		<b>439,369</b>	430,612

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
<i>Notes</i>		
<b>Capital and reserves</b>		
Share capital	<b>37,975</b>	37,975
Reserves	<b>192,668</b>	187,792
Retained earnings	<b>196,195</b>	192,120
	<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>	<b>426,838</b>	417,887
Non-controlling interests	–	–
	<hr/>	<hr/>
<b>Total equity</b>	<b>426,838</b>	417,887
	<hr/>	<hr/>
<b>Non-current liabilities</b>		
Borrowings – unsecured	<b>118</b>	214
Obligations under finance leases		
– due after one year	<b>343</b>	441
Employee benefits	<b>408</b>	408
Deferred tax liabilities	<b>11,662</b>	11,662
	<hr/>	<hr/>
	<b>12,531</b>	12,725
	<hr/>	<hr/>
<b>Total equity and liabilities</b>	<b>439,369</b>	430,612
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# **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*FOR THE SIX MONTHS ENDED 30 JUNE 2009*

## **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 with 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 2008 annual report.

## **2. Principal accounting policies**

The accounting policies used in the condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2008.

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 2009.

Except as described below, 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.

### ***Presentation of Financial Statement***

In the current period, the Group has adopted Hong Kong Accounting Standards (“HKAS”) 1 (Revised 2007) “Presentation of Financial Statements” which has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, the adoption of HKAS 1 (Revised 2007) has no impact on the reported results or financial position of the Group.

### ***Segment Information***

In the current period, the Group has adopted HKFRS 8 “Operating Segments”. HKFRS 8 required the presentation of operating segments in a manner consistent with the internal reports that regularly reviewed by the Group’s chief operating decision maker (see note 4 for details). HKFRS 8 replaced HKAS 14 “Segment Reporting” which required an entity to identify two sets of segments (business and geographical). However, the adoption of HKFRS 8 has not resulted in redesignation of the Group’s reportable segments.

The Group has not early applied those new and revised standards, amendments 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 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>2</sup>
HKFRSs (Amendments)	Improvements to HKFRSs May 2008 <sup>3</sup>
HKFRSs (Amendments)	Improvements to HKFRSs April 2009 <sup>4</sup>
HKFRS 1 (Revised)	First-time Adoption of HKFRSs <sup>2</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 8 (Amendment)	Operating Segments <sup>1</sup>
HK(IFRIC) – INT 17	Distributions of Non-cash Assets to Owners <sup>2</sup>
HK(IFRIC) – INT 18	Transfer of Assets from Customers <sup>5</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2010.*

<sup>2</sup> *Effective for annual periods beginning on or after 1 July 2009.*

<sup>3</sup> *Amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.*

<sup>4</sup> *Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010 as appropriate.*

<sup>5</sup> *Effective for transfer of assets from customers received on or after 1 July 2009.*

### **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 has adopted HKFRS 8 “Operating Segments” with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group’s chief operating decision maker in order to allocate resources to the segment and to assess its performance. The chief operating decision maker of the Group has been identified as the Chief Executive Officer.

The Group has two reportable segments: electronics components and lighters products. They represent two major types of products manufactured and sold by the Group. The segments are managed separately.

The following is an analysis of the Group’s revenue and results by operating segment for the period under review:

	Segment revenue		Segment profit	
	Six months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Electronic components	<b>228,813</b>	313,704	<b>16,194</b>	24,919
Lighter products	<b>54,395</b>	67,985	<b>(7,679)</b>	(2,767)
Total for operations	<b>283,208</b>	381,689	<b>8,515</b>	22,152
Other revenue			<b>2,747</b>	3,147
Interest income			<b>94</b>	218
Corporate expenses			<b>(566)</b>	(749)
Profit before tax			<b>10,790</b>	24,768
Income tax charge			<b>(2,917)</b>	(4,378)
Profit for the period			<b>7,873</b>	20,390

All of the segment revenue reported above is from external customers.

Segment profit represents the profit earned by each segment without allocation of corporate expenses, investment revenue and other income. This is the measure reported to the Group’s Chief Executive Officer for the purposes of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets by operating segment:

	<b>30 June 2009 HK\$'000</b>	31 December 2008 HK\$'000
Electronic components	447,171	454,463
Lighter products	41,755	51,795
Unallocated corporate assets	<u>47,611</u>	<u>47,150</u>
	<b><u>536,537</u></b>	<b><u>553,408</u></b>

## 5. Profit before taxation

	<b>Six months ended</b>	
	<b>30 June 2009 HK\$'000</b>	30 June 2008 HK\$'000
Profit before taxation is stated after charging:		
Depreciation of property, plant and equipment	14,064	11,903
Amortisation of prepaid lease payments	20	21
Amortisation on other intangible assets	290	206
and after crediting:		
Investment income	1,500	–
Interest income	94	218
Others	<u>1,247</u>	<u>3,147</u>

## 6. Income tax charge

	<b>Six months ended</b>	
	<b>30 June 2009 HK\$'000</b>	30 June 2008 HK\$'000
Current tax		
Hong Kong	<u>2,917</u>	<u>4,378</u>

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the period.



## 7. Dividends

The Board has resolved that an interim dividend of HK0.1 cent (2008: HK0.1 cent) per share should be paid to the shareholders of the Company whose names appear on the Register of Members on 7 October 2009. This dividend was declared after the interim reporting date, and therefore has not been included as a liability in the condensed consolidated statement of financial position.

## 8. Earnings per share

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company for the period of approximately HK\$7,873,000 (1.1.2008 – 30.6.2008: HK\$20,390,000) and the weighted average number of approximately 3,797,500,100 (1.1.2008 – 30.6.2008: 3,797,500,000) ordinary shares in issue during the period.

The weighted average number of approximately 3,744,260,000 (1.1.2008 – 30.6.2008: 3,999,704,000) 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 reporting date:

	<b>30 June 2009 HK\$'000</b>	31 December 2008 HK\$'000
Within 3 months	<b>159,683</b>	152,853
4 – 6 months	<b>4,752</b>	18,130
7 – 12 months	<b>9,466</b>	2
Over 12 months	–	35
	<b><u>173,901</u></b>	<b><u>171,020</u></b>

## 10. Trade and bills payables

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

	<b>30 June</b>	31 December
	<b>2009</b>	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	<b>72,711</b>	56,278
4 – 6 months	<b>3,027</b>	28,811
7 – 12 months	<b>2,764</b>	14,083
Over 12 months	<b>349</b>	941
	<hr/> <b>78,851</b> <hr/>	<hr/> 100,113 <hr/>

## BUSINESS REVIEW

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 2009.

### Result

During the six months ended 30 June 2009 (the “Reporting Period”), the Group’s turnover decreased by 25.8% to approximately HK\$283.2 million compared with the six months ended 30 June 2008 (the “Corresponding Period”). A profit of approximately HK\$7.9 million attributable to shareholders is being reported, a decrease of 61.4% over the Corresponding Period.

As a result of the deteriorated global economy since 2008, contraction was found from all walks of life. The demand for consumer products was especially affected during the Reporting Period. Although there have recently been signs of a bottoming out of the global recession, the path to recovery is expected to be a lengthy process.

Turnover for the electronic and electrical components segment has dropped from approximately HK\$313.7 million to approximately HK\$228.8 million during the Reporting Period, the segment profit has also decreased by 35.0% to approximately HK\$16.2 million. With the expected weakening in product demand and uncertainty in the market growth in 2009, at the beginning of this year the Group had already exercised stringent control on its product cost and manufacturing overhead. As a result, our profit to revenue ratio was only slightly dropped from 7.9% to 7.1% despite a decrease of 27.1% in segment revenue when comparing with the Corresponding Period.

However, the same stabilizing effect was not noticed in the lighter operation segment. The global downturn impact affected the lighter segment result more significantly. The turnover for the segment has decreased from approximately HK\$68.0 million to approximately HK\$54.4 million during the Reporting Period with a further increase in loss of the segment from approximately HK\$2.8 million to a loss of approximately HK\$7.7 million.

### **Interim Dividend**

The Board has resolved to declare an interim dividend of HK0.1 cent (2008: HK0.1 cent) per share for the six months ended 30 June 2009 to be paid on or around 9 November 2009 to shareholders of the Company whose names appear on the Register of Members of the Company on 7 October 2009.

### **Closure of Register of Members**

The Register of Members of the Company will be closed from 5 October 2009 to 7 October 2009, both days inclusive, during which period no transfer of shares will be effected. In order to be qualified for the declared dividend, all share transfer documents accompanied by the relevant share certificates 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 2 October 2009.

## **PROSPECTS**

Despite there are signs of stability in global financial markets after the introduction of various stimulus packages by various governments, the business environment is expected to be challenging and consumer sentiment will remain weak in the second half of 2009. We are not sure whether there are green shoots for future growth, but we believe that the recovery will be a slow and difficult process. The PRC, after this financial turmoil, will take a more important leading role in the coming recovery. However, to boost economic growth, inflation may be resulted and thus increase the cost of production. It was noticed that labour cost and various overhead cost in the PRC especially in Guangdong was increasing during the Reporting Period and we expected that these cost pressure will continue in the remaining 2009.

In this period of uncertainty, we will try to make ourselves better prepared for the recovery. We will continue to strengthen our quality control function as well as the research and development function so as to keep our products in a high standard to obtain greater customers satisfaction and recognition. The Group will also take a very cautious approach to review our operations and seize opportunities from time to time in order to enhance 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 2009.

## **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 2009 have been reviewed by the Audit Committee.

On behalf of the Board  
**Lam Yat Keung**  
*President*

Hong Kong, 27 August 2009

*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.*