

Superior Fastening Technology Limited

Half Year Financial Statement And Dividend Announcement

Financial statements on the consolidated results of Superior Fastening Technology Limited (the "Company") and its subsidiaries (collectively known as the "Group") for the six months ended 30 September 2007

These figures have not been audited.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	6-months ended Sept 2007 HK\$'000	6-months ended Sept 2006 HK\$'000	% increase/ (decrease)
Turnover	77,027	64,331	20%
Cost of sales	(44,514)	(37,428)	19%
Gross profit	32,513	26,903	21%
Selling and distribution expense	(4,719)	(3,201)	47%
General and administrative expenses	(15,315)	(12,114)	26%
Operating profit	12,479	11,588	8%
Finance costs, net	(2,254)	(2,093)	8%
Profits before tax	10,225	9,495	8%
Taxation	(1,100)	(1,495)	(26%)
Net profit for the period	9,125	8,000	14%

Net profit is arrived at after charging/(crediting) the following:

	6-months ended Sept. 2007 HK\$'000	6-months ended Sept. 2006 HK\$'000	% increase /(decrease)
Depreciation of property, plant and equipment	5,697	4,791	19%
Interest income	(916)	(98)	835%
Interest expense	2,596	1,873	39%
Foreign exchange (gain)/loss, net	(249)	226	(210%)
Loss/(gain) on sales of proeprty, plant and equipment	114	-	N/A

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	GROUP		COMPANY	
	As at 30 Sep 2007 HK\$'000	As at 31 Mar 2007 HK\$'000	As at 30 Sep 2007 HK\$'000	As at 31 Mar 2007 HK\$'000
ASSETS				
Non-current assets				
Bank deposits	1,000	2,162	-	-
Investment in subsidiaries	-	-	14,296	14,296
Property, plant and equipment	93,632	83,167	-	-
Construction in progress	26,259	18,484	-	-
Deposits paid for acquiring a lease	7,143	7,143	-	-
	<u>128,034</u>	<u>110,956</u>	<u>14,296</u>	<u>14,296</u>
Current assets				
Cash and bank balances	17,422	22,293	1,027	345
Trade receivables	53,432	31,754	-	-
Inventories	24,782	21,226	-	-
Prepayments, deposits and other receivables	17,633	12,238	1,861	2,046
Due from subsidiaries	-	-	48,797	54,876
	<u>113,269</u>	<u>87,511</u>	<u>51,685</u>	<u>57,267</u>
TOTAL ASSETS	<u>241,303</u>	<u>198,467</u>	<u>65,981</u>	<u>71,563</u>
LIABILITIES				
Non-current liabilities				
Long-term portion of bank loans	50,709	37,723	14,508	17,667
Obligations under finance leases - due after one year	2,828	4,932	-	-
Deferred tax liabilities	2,764	2,783	-	-
	<u>56,301</u>	<u>45,438</u>	<u>14,508</u>	<u>17,667</u>
Current liabilities				
Bank overdraft	3,371	3,974	-	-
Trade and bills payables	42,329	31,815	-	-
Other payables and accruals	11,021	7,527	2,248	2,862
Taxation payable	5,203	4,370	58	58
Amounts due to subsidiaries	-	-	851	739
Current portion of bank loans	23,534	13,730	5,733	4,680
Obligations under finance leases - due within one year	1,838	4,471	-	-
Financial guarantee liabilities	-	-	816	816
Dividend payable	2,744	-	2,744	-
	<u>90,040</u>	<u>65,887</u>	<u>12,450</u>	<u>9,155</u>
Total liabilities	<u>146,341</u>	<u>111,325</u>	<u>26,958</u>	<u>26,822</u>

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (continued)

SHAREHOLDER'S EQUITY

Share capital	20,384	19,043	20,384	19,043
Reserves	74,578	65,355	18,639	22,954
Proposed dividend	-	2,744	-	2,744
	94,962	87,142	39,023	44,741

TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY

	241,303	198,467	65,981	71,563
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1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 September 2007		As at 31 March 2007	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
48,486	-	38,871	-

Amount repayable after one year

As at 30 September 2007		As at 31 March 2007	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
53,537	-	42,655	-

Details of any collateral

The bank loans and borrowings (approximately HK\$102,023,000) were secured by:

- (i) corporate guarantees by certain subsidiaries of the holding company and the holding company
- (ii) certain property, plant and equipment

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Six-months ended Sept 2007 HK\$'000	Six-months ended Sept 2006 HK\$'000
Cash flows from operating activities		
Profits before taxation	10,225	9,495
<i>Adjustments for:</i>		
Interest income	(916)	(98)
Finance costs	2,596	1,873
Loss on sales of property, plant and equipment	114	-
Depreciation	5,697	4,791
Exchange difference	189	-
Operating profit before changes in working capital	17,905	16,061
Increase in inventories	(3,556)	(5,220)
Increase in trade receivables	(21,678)	(12,233)
Increase in prepayments, deposits and other receivables	(5,395)	(10,667)
Increase in trade payables and bills payable	10,513	4,005
Increase/(decrease) in other payables and accruals	3,495	(1,331)
Cash generated from/(used in) operating activities	1,284	(9,385)
Interest paid	(2,596)	(1,873)
Tax paid	(288)	634
<i>Net cash used in operating activities</i>	(1,600)	(10,624)
Cash flows from investing activities		
Interest received	916	98
Proceeds from sales of property, plant and equipment	10	-
Purchase of property, plant and equipment	(16,286)	(25,354)
Increase in construction in progress	(7,775)	-
Decrease in bank deposit maturing beyond one year	1,162	-
<i>Net cash used in investing activities</i>	(21,973)	(25,256)
Cash flows from financing activities		
Proceeds from placement of new shares, net of expenses	-	410
Proceeds from drawdown of bank loans	29,707	30,238
Repayments of bank loans	(6,915)	(4,831)
Finance leases principal payments	(4,738)	6,198
Proceeds from shares issued under warrants	1,251	-
<i>Net cash generated from financing activities</i>	19,305	32,015
Net decrease in cash and cash equivalents	(4,268)	(3,865)
Cash and cash equivalents at beginning of the period	18,319	11,473
Cash and cash equivalents at end of the period	14,051	7,608
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	17,422	11,615
Bank overdrafts	(3,371)	(4,007)
	14,051	7,608

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

For the six months ended 30 September 2006

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Statutory fund reserves <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Warrant reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 1 April 2006	18,727	16,196	153	400	4,848	28,115	68,439
Conversion of warrants into shares	138	272	-	-	-	-	410
Net profit for the period	-	-	-	-	-	8,000	8,000
Balance as at 30 September 2006	18,865	16,468	153	400	4,848	36,115	76,849

For the six months ended 30 September 2007

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Statutory fund reserves <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Warrant reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Proposed dividend <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 1 April 2007	19,043	16,855	153	1,619	4,775	41,953	2,744	87,142
Conversion of warrants into shares	1,341	(90)	-	-	-	-	-	1,251
Exchange realignments	-	-	-	188	-	-	-	188
Net profit for the period	-	-	-	-	-	9,125	-	9,125
Payment of final dividend	-	-	-	-	-	-	(2,744)	(2,744)
Balance as at 30 September 2007	20,384	16,765	153	1,807	4,775	51,078	-	94,962

Company

For the six months ended 30 September 2006

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Warrant reserves <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 1 April 2006	18,727	16,196	4,848	(7,662)	32,109
Conversion of warrants into shares	138	272	-	-	410
Net profit for the period	-	-	-	5,375	5,375
Balance as at 30 September 2006	18,865	16,468	4,848	(2,287)	37,894

For the six months ended 30 September 2007

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Warrant reserves <i>HK\$'000</i>	Retained earnings / (Accumulated losses) <i>HK\$'000</i>	Proposed dividend <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 1 April 2007	19,043	16,855	4,775	1,324	2,744	44,741
Conversion of warrants into shares	1,341	(90)	-	-	-	1,251
Net loss for the period	-	-	-	(4,225)	-	(4,225)
Payment of final dividend	-	-	-	-	(2,744)	(2,744)
Balance as at 30 September 2007	20,384	16,765	4,775	(2,901)	-	39,023

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

A renounceable right issue of 43,878,480 Warrants at an issue price of \$0.03 was authorised by resolutions of the board of directors of the Company passed on 29 September 2005 and of the shareholders of the Company passed on 29 July 2005. The warrant issue was made on the basis of two Warrants for every five existing ordinary shares of HK\$0.17 each in the Company. Each Warrant entitling its holder to subscribe for one new ordinary share of HK\$0.17 each in the capital of the company at the exercise price of S\$0.11 during a three year period. 43,878,480 Warrants were issued. 2,321,100 Warrants were converted into Ordinary Shares up to 31 March 2007. 7,888,000 were converted into Ordinary shares during the six months ended 30 September 2007.

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

These figures have not been audited or reviewed.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

There is no change on the accounting policies and methods of computation.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted consistent accounting policies and methods of computation as compared with the most recently audited annual financial statements

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Six months ended Sept 2007	Six months ended Sept 2006
Basic earnings per ordinary share	7.61 HK cents	7.21 HK cents
Fully diluted earnings per ordinary share	6.92 HK cents	5.98 HK cents

Basic earnings per share is calculated by dividing the Group's net profit for the six months ended 30 September 2007 of HK\$ 9,125,000 (2006: HK\$8,000,000) by the weighted average number of 119,905,300 (2006:110,902,289) issued ordinary shares during the period.

The calculation of diluted earnings per share for the six months ended 30 September 2007 is based on the profit attributable to ordinary equity holders of the Company of HK\$9,125,000 (2006: HK\$8,000,000) and the weighted average number of ordinary shares of 131,927,722 (2006: 133,755,188) in issue during the period.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 30 September 2007	As at 31 March 2007	As at 30 September 2007	As at 31 March 2007
Net asset value per ordinary share based on issued share capital as at	79.20	78.47	32.54	40.29

The net asset value per ordinary share as at 30 September 2007 was calculated based on 119,905,300 issued ordinary shares of the Company as at that date.

The net asset value per ordinary share as at 31 March 2007 was calculated based on 111,049,075 issued ordinary shares of the Company as at that date.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Turnover of the Group for the first half year ended 30 September 2007 increased by 20% from HK\$64.3 million to HK\$77.0 million as compared to the previous corresponding year. The increase in sales was mainly due to the continued increase of sales to our existing customers and new sales generated by our new Shanghai plant. Gross profit increased by 21% to HK\$32.5 million

Selling and distribution expense, and general and administrative expense increased in conjunction with higher sales and more resources being required to support the greater level of business activities. Nevertheless, operating profit increased by 8% to HK\$12.5 million. Finance cost increased slightly from HK\$2.1 million to HK\$ 2.3 million. The increase in finance cost resulted from more bank borrowings acquired during the period to support the business expansion. Tax provided reduced to HK\$1.1 million as the Group is able to enjoy the tax benefit from our new Shanghai plant and also due to an over provision for tax last year. Consequently, the Group's net profit for the period rose by 14% to HK\$9.1 million.

Group's asset base rose by 13% to HK\$93.6 million against HK\$83.1 million on 31 March 2007. The increase was primarily due to our acquisition of production equipment and machineries for our new Shanghai plant, which is also one of the reasons for the increase of total borrowings for the period.

For the period under review, cash and cash equivalents of the Group decreased by HK\$4.9 million attributable mainly to the increase in current assets. The Group's trade receivable has increased substantially which is line with the increase in sales. Also, additional purchase of raw materials is required to cope with the expansion in production in our new Shanghai factory to support anticipated orders from customers, hence inventory increased to HK\$24.8 million.

Total borrowing of the Group amounted to HK\$102.0 million as at 30 September 2007, which represented a 25.1% increase from HK\$81.5 million as at 31 March 2007. Proceeds from additional borrowing were mainly utilized for financing the purchase of new equipment in our new Shanghai plant and to support our business expansion. Trade payables and bills payable increased by HK\$10.5 million due to higher business and production activities.

Overall, the Group's working capital increased to HK\$23.2 million and its debt to equity ratio rose from 1.3 as at 31 March 2007 to 1.5 as at 30 September 2007.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There is no prospect statement previously disclosed.

- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The operating environment is still competitive and challenging. Price fluctuation of raw material remains a key pressure to our margin . Nevertheless, we are confident to cope with the situation and maintain our gross profit ratio, especially with the higher margin products in our Shanghai plant.

- 11. Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

An final dividend of 0.5 Singapore cents per share was declared and approved at the Company's Annual General Meeting held on 27 July 2007.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

The dividend mentioned in item 11 (a) above was paid to shareholders on 17 August 2007

(d) Books closure date

The Shares Transfer Books and Register of Members of the Company was closed on 3 August 2007 for the shareholders entitlement to the dividend mentioned in item 11 (a).

- 12. If no dividend has been declared/recommended, a statement to that effect.**

The board of directors do not recommend the payment of a dividend.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not Applicable

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not Applicable

15. **A breakdown of sales.**


Not Applicable

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

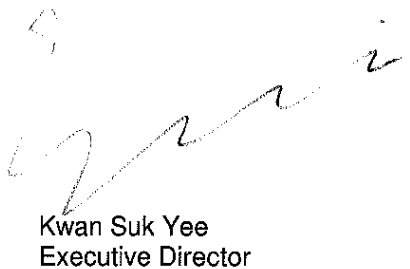
Not Applicable

We, Lam Tak Shing and Kwan Suk Yee, being two Directors of the Company do hereby confirm on behalf of the board of directors of the Company (the "Board") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the financial statement for the period ended 30 September 2007 to be false or misleading.

For and on behalf of the Board

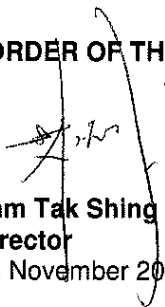


Lam Tak Shing
Chairman and Chief Executive Officer



Kwan Suk Yee
Executive Director

BY ORDER OF THE BOARD



Lam Tak Shing
Director
13 November 2007