

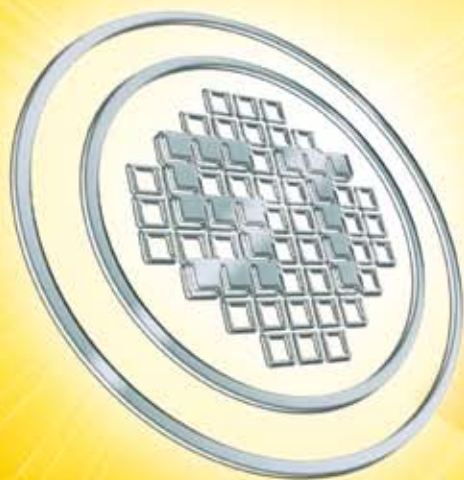


泰豐國際集團有限公司\*

Sino-Tech International Holdings Limited

(Incorporated in Bermuda with limited liability)  
(Stock Code: 724)

Interim Report 2008





## CONTENTS

Business Review	2
Financial Review	4
Prospects	5
Disclosure of Interests	6
Corporate Governance	8
Other Information	8
Condensed Consolidated Income Statement	11
Condensed Consolidated Balance Sheet	12
Condensed Consolidated Statement of Changes in Equity	14
Condensed Consolidated Cash Flow Statement	15
Notes to the Condensed Consolidated Financial Statements	16
Corporate Information	22

## 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 2008.

### 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 softening 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.

## **BUSINESS REVIEW** (Continued)

### **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 Warranholders**

The Register of Members and the Register of Warranholders 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 warranholders, 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.

## FINANCIAL REVIEW

### Liquidity and Financial Resources

The Group continued to maintain a healthy financial position, as at 30 June 2008, the Group had no bank loan and no overdrafts (as at 31 December 2007: nil) but only has finance lease obligations of HK\$1.1 million (as at 31 December 2007: HK\$1.4 million). Our gearing was at a ratio of 0.26% (as at 31 December 2007: 0.32%). The computation is based on interest bearing borrowing divided by equity attributable to shareholders of the Company as at 30 June 2008.

The net current assets and current ratio of the Group as at 30 June 2008 were approximately HK\$322.8 million (as at 31 December 2007: HK\$310.4 million) and 3.18 (as at 31 December 2007: 3.13) respectively. Bank balance and cash amount to approximately HK\$87.7 million (as at 31 December 2007: HK\$59.4 million).

### Capital Structure

The Group generally finances its operations with internally generated resources. The Board believes that the Group has sufficient financial resources to satisfy its current operations and capital expenditure requirement.

### Charges on Group's Assets

At the balance sheet date, the Group did not have any charges on asset (as at 31 December 2007: nil).

### Foreign Exchange Exposure

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 to 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

The Group did not have any significant contingent liabilities at the balance sheet date (as at 31 December 2007: nil).

## 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.

## DISCLOSURE OF INTERESTS

### Directors' Interests in Shares

At 30 June 2008, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

#### *Long Positions in the Shares of the Company*

<b>Name of directors</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held</b>	<b>Approximate percentage of shareholding (%)</b>	<b>Number of warrants held</b>
Ms. Lam Pik Wah	Held by controlled corporation	608,400,000 (Note 1)	16.02	121,000,000
Mr. Lam Hung Kit	Held by controlled corporation	608,400,000 (Note 1)	16.02	121,000,000
Mr. Lam Yat Keung	Held by family	608,400,000 (Note 2)	16.02	121,000,000

Note 1: The 608,400,000 shares in the Company were owned by Smart Number Investments Limited ("Smart Number"), which is beneficially owned as to 66.7% by Ms. Lam Pik Wah and as to 33.3% by Mr. Lam Hung Kit.

Note 2: These ordinary shares are owned by Smart Number, a controlled corporation of Ms. Lam Pik Wah, the wife of Mr. Lam Yat Keung.

Save as disclosed above, none of the directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DISCLOSURE OF INTERESTS (Continued)

### Substantial Shareholders' Interests in Shares

At 30 June 2008, to the best knowledge of the directors, the parties (other than a director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

#### *Long Positions in the Shares of the Company*

Name of shareholders	Capacity	Number of issued ordinary shares held	Approximate percentage of shareholding (%)	Number of warrants held
Smart Number Investments Limited (Note 1)	Beneficial owner	608,400,000	16.02	121,000,000
Forever Gain Profits Limited (Note 2)	Beneficial owner	580,000,000	15.27	116,000,000
Mr. Wan Bing Hung (Note 2)	Held by controlled corporation	580,000,000	15.27	116,000,000
Mr. Kwong Chi Shing Savio (Note 3)	Beneficial owner	239,980,000	6.32	0

Note 1: The above interests in the name of Smart Number was also disclosed as interests of certain directors under the heading "Directors' Interests in Shares".

Note 2: According to the Disclosure of Interests filing dated 3 January 2008, Forever Gain Profits Limited is wholly owned by Mr. Wan Bing Hung.

Note 3: According to the Disclosure of Interests filing dated 16 May 2006, Mr. Kwong Chi Shing Savio is beneficially interested in 6.32% of the shares capital of the Company.

Save as disclosed above, the directors are not aware of any other persons who, as at 30 June 2008, had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.





## CORPORATE GOVERNANCE

### 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.

## OTHER INFORMATION

### Employees and Remuneration Policies

As at 30 June 2008, the Group had about 2,148 employees spreading from Hong Kong to the PRC. Industrial relationship had been well maintained. Employees are remunerated by reference to qualifications, experience, responsibility and performance. The Group had also adopted a share option scheme whereby certain employees of the Group may be granted options to acquire shares.

## OTHER INFORMATION (Continued)

### Share Option Scheme

Pursuant to the Share Option Scheme adopted on 28 November 2002 (the "Scheme"), the directors of the Company may grant options to employees, non-executive directors, suppliers, customers, persons or entities that provide research, development or technological support or services to the Group, shareholders and ex-employees who have contributed to the development and growth of the Group to subscribe for shares in the Company at a consideration of HK\$1. The subscription price for the shares under the Scheme shall be a price determined by the directors of the Company being at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; or (ii) the average closing price of the shares stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; or (iii) the nominal value of the shares. Options granted are exercisable at any time during a period of ten years after the date of the options are granted. Options granted should be accepted within 28 days from the date of offer.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and the other schemes shall not exceed 10% of the shares in issue at the date on which the Scheme becomes unconditional.

The Company may, by approval of the shareholders in general meeting, grant options beyond the 10% limit provided that the options in excess of the 10% limit are granted only to participants specifically identified by the Company before shareholders' approval is sought.

Unless approved by the shareholders as set out herein, the total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any twelve-month period must not exceed 1% of the shares of the Company in issue. Where any further grant of options to a participant would result in the shares issued and to be issued upon exercise of any options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the twelve-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by the shareholders in general meeting with such participant and his associates abstaining from voting.

However, the overall limit on the number of shares which may be issued upon exercise of all options granted under all share option schemes of the Company must not exceed 30% of the shares in issue from time to time.

## OTHER INFORMATION (Continued)

### Share Option Scheme (Continued)

During the six months ended 30 June 2008, no options were granted under the Scheme. Set out below was the movement of options from the beginning to the end of this Reporting Period.

Participants	Date of grant	Exercise price	Number of share options				
			Balance at 1 January 2008	Granted during the period	Lapsed during the period	Exercised during the period	Balance at 30 June 2008
Employees	5 August 2006	HK\$0.1246	114,000,000	-	20,000,000	-	94,000,000
Customers, suppliers and other eligible persons	5 August 2006	HK\$0.1246	265,750,000	-	-	-	265,750,000
			<u>379,750,000</u>	<u>-</u>	<u>20,000,000</u>	<u>-</u>	<u>359,750,000</u>

### Purchase, Sales 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.

### Appreciation

On behalf of the Board, I would like to thank all employees for their hard work and dedication and our shareholders and business partners for their continued support.

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

Hong Kong, 19 September 2008

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

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

## CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2008

	Notes	30 June 2008 HK\$'000 (Unaudited)	31 December 2007 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	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
		<b>127,218</b>	<b>119,543</b>
<b>Current assets</b>			
Inventories		141,175	159,489
Trade and bills receivables	10	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
		<b>470,908</b>	<b>455,977</b>
<b>Current liabilities</b>			
Trade and bills payables	11	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
		<b>148,145</b>	<b>145,611</b>
<b>Net current assets</b>		<b>322,763</b>	<b>310,366</b>
<b>Total assets less current liabilities</b>		<b>449,981</b>	<b>429,909</b>

## CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

At 30 June 2008

	Notes	30 June 2008 HK\$'000 (Unaudited)	31 December 2007 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
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>
<b>Total net assets</b>		<u>438,662</u>	<u>418,345</u>
<b>Capital and reserves</b>			
Share capital	12	37,975	37,975
Reserves		400,687	380,370
		<u>438,662</u>	<u>418,345</u>
<b>Equity attributable to equity holders of the Company</b>			
Minority interests		–	–
		<u>438,662</u>	<u>418,345</u>
<b>Total equity</b>		<u>438,662</u>	<u>418,345</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Share capital	Share premium	Contributed surplus	Share-based compensation reserve	Property revaluation reserve	Accumulated profits	Foreign exchange reserve	Proposed dividend	Equity attributable to shareholders of the Company	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2008 (audited)	37,975	169,876	5,800	7,748	569	192,908	(329)	3,798	418,345	-	418,345
Share option waived	-	-	-	(408)	-	408	-	-	-	-	-
Exchange realignments	-	-	-	-	-	-	174	-	174	-	174
Profit for the period	-	-	-	-	-	20,390	-	-	20,390	-	20,390
Total recognized profit for the period	-	-	-	(408)	-	20,798	174	-	20,564	-	20,564
2008 interim dividend proposed	-	-	-	-	-	(3,798)	-	3,798	-	-	-
Deficit on revaluation of property	-	-	-	-	(247)	-	-	-	(247)	-	(247)
<b>At 30 June 2008 (unaudited)</b>	<b>37,975</b>	<b>169,876</b>	<b>5,800</b>	<b>7,340</b>	<b>322</b>	<b>209,908</b>	<b>(155)</b>	<b>7,596</b>	<b>438,662</b>	<b>-</b>	<b>438,662</b>

	Share capital	Share premium	Contributed surplus	Share-based compensation reserve	Property revaluation reserve	Accumulated profits	Foreign exchange reserve	Proposed dividend	Equity attributable to shareholders of the Company	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2007 (audited)	37,975	169,876	5,800	7,748	952	131,917	(1,184)	17,089	370,173	-	370,173
Exchange realignments	-	-	-	-	199	-	847	-	1,046	-	1,046
Profit for the period	-	-	-	-	-	30,334	-	-	30,334	-	30,334
Total recognized profit for the period	-	-	-	-	199	30,334	847	-	31,380	-	31,380
2007 interim dividend proposed	-	-	-	-	-	(5,696)	-	5,696	-	-	-
<b>At 30 June 2007 (unaudited)</b>	<b>37,975</b>	<b>169,876</b>	<b>5,800</b>	<b>7,748</b>	<b>1,151</b>	<b>156,555</b>	<b>(337)</b>	<b>22,785</b>	<b>401,553</b>	<b>-</b>	<b>401,553</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

	Six months ended	
	30 June 2008	30 June 2007
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	<b>47,774</b>	(1,849)
Net cash (used in) investing activities	<b>(19,256)</b>	(12,787)
Net cash (used in) financing activities	<b>(274)</b>	(142)
Net increase/(decrease) in cash and cash equivalents	<b>28,244</b>	(14,778)
Cash and cash equivalents at the beginning of period	<b>59,374</b>	86,588
Effect of foreign exchange rate changes	<b>120</b>	794
Cash and cash equivalents at end of period, represented by bank balances and cash	<b>87,738</b>	72,604



# NOTES TO THE CONDENSED CONSOLIDATED 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 consolidated 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 <sup>1</sup>
HKAS 23 (Revised)	Borrowing Cost <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combination <sup>2</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC)-INT 13	Customer Loyalty Programmes <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

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

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 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:

- Electronic products segment engages in the manufacture and trading of electronic and electrical parts and components.
- 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 30 June		Six months ended 30 June		Six months ended 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	<b>313,704</b>	299,142	<b>67,985</b>	67,132	<b>381,689</b>	366,274
Other income	<b>2,209</b>	1,272	<b>970</b>	3,152	<b>3,179</b>	4,424
Total segment revenue	<b>315,913</b>	300,414	<b>68,955</b>	70,284	<b>384,868</b>	370,698
Segment results	<b>27,145</b>	33,091	<b>(1,774)</b>	3,486	<b>25,371</b>	36,577
Unallocated corporate income					<b>186</b>	-
Net unallocated expenses					<b>(748)</b>	(423)
Finance costs					<b>(41)</b>	(80)
Profit before taxation					<b>24,768</b>	36,074
Taxation					<b>(4,378)</b>	(5,740)
Profit for the period					<b>20,390</b>	30,334

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2008

### 5. PROFIT BEFORE TAXATION

	Six months ended	
	30 June 2008 HK\$'000	30 June 2007 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	218	630
	<b>218</b>	<b>630</b>

### 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
	<b>4,378</b>	4,665
Deferred taxation	–	1,075
	<b>4,378</b>	5,740

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 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. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$13,002,000 (1.1.2007-30.6.2007: HK\$13,811,000) on acquisition of property, plant and equipment.

### 10. 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:

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

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2008

### 11. TRADE AND BILLS PAYABLES

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

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

### 12. SHARE CAPITAL

	<b>30 June 2008 HK\$'000</b>	31 December 2007 HK\$'000
Authorized:		
12,000,000,000 ordinary shares of HK\$0.01 each	<b>120,000</b>	120,000
Issued and fully paid:		
3,797,500,100 ordinary shares of HK\$0.01 each	<b>37,975</b>	37,975

During the period ended 30 June 2008, 100 shares were issued on exercise of warrant on 6 March 2008.

### 13. CAPITAL COMMITMENTS

	<b>30 June 2008 HK\$'000</b>	31 December 2007 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment:		
– Contracted, but not provided for	<b>16,813</b>	12,320
– Authorised, but not contracted for	<b>539</b>	2,563
	<b>17,352</b>	14,883

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2008

### 14. RELATED PARTY TRANSACTIONS

During the period, the Group had the following material transactions with its jointly controlled entry:

	Six months ended	
	30 June 2008 HK\$'000	30 June 2007 HK\$'000
Purchases of finished goods	15,696	14,164
Purchases of raw materials	93	–
Sales of raw materials	5,116	4,676

The above transactions were carried out on terms agreed between the Group and the jointly controlled entity and were conducted in the normal course of business with reference to the prevailing market prices.

Details of the Group's trade balances with the jointly controlled entity at the balance sheet date are disclosed in note 10 to the condensed consolidated financial statements.

## CORPORATION INFORMATION

### BOARD OF DIRECTORS

*Executive Directors :*

Mr. Lam Yat Keung (*President*)

Mr. Lam Hung Kit

(*Chief Executive Officer*)

Ms. Lam Pik Wah

*Independent Non-executive Directors:*

Mr. Lo Wah Wai

Mr. Pai Te-Tsun

Mr. Ho Chi Fai

### AUDIT COMMITTEE

Mr. Lo Wah Wai

Mr. Pai Te-Tsun

Mr. Ho Chi Fai

### REMUNERATION COMMITTEE

Mr. Lo Wah Wai

Mr. Lam Hung Kit

Mr. Pai Te-Tsun

Mr. Ho Chi Fai

### COMPANY SECRETARY & QUALIFIED ACCOUNTANT

Ms. Yu Miu Yee, Iris

### REGISTERED OFFICE

Clarendon House, 2 Church Street,  
Hamilton HM 11, Bermuda.

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

26/F, CCT Telecom Building

11 Wo Shing Street

Fotan, Shatin

Hong Kong

### REGISTRARS

*Principal Share Registrar and Transfer  
Office*

The Bank of Bermuda Limited

Bank of Bermuda Building

6 Front Street

Hamilton HM11

Bermuda

*Hong Kong Branch Share Registrar and  
Transfer Office*

Tricor Tengis Limited

26/F, Tesbury Centre

28 Queen's Road East

Wanchai, Hong Kong

### SHARE LISTING

The Stock Exchange of Hong Kong Limited  
Stock Code: 724

### WEBSITE

[www.semtech.com.hk](http://www.semtech.com.hk)

[www.irasia.com/listco/hk/sinotech](http://www.irasia.com/listco/hk/sinotech)