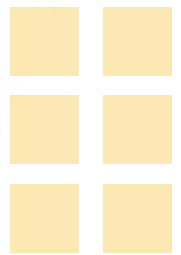




# Interim Report 2009



泰豐國際集團有限公司\*

Sino-Tech International Holdings Limited

(Incorporated in Bermuda with limited liability)  
(Stock Code: 00724)

\*For Identification Purpose Only

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## 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 costs 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.

## **BUSINESS REVIEW** (Continued)

### **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.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

The Group continued to maintain a healthy financial position, as at 30 June 2009, the Group has outstanding borrowings of approximately HK\$975,000 (as at 31 December 2008: 1,983,000) and finance lease obligations of HK\$640,000 (as at 31 December 2008: HK\$885,000). Our gearing was at a ratio of 0.38% (as at 31 December 2008: 0.69%). The computation is based on interest bearing borrowings divided by equity attributable to shareholders of the Company as at 30 June 2009.

The net current assets and current ratio of the Group as at 30 June 2009 were approximately HK\$314.9 million (as at 31 December 2008: HK\$297.7 million) and 4.24 (as at 31 December 2008: 3.42) respectively. Bank balances and cash together with cash in other financial institutions as at the reporting date was approximately HK\$121.8 million (as at 31 December 2008: HK\$127.8 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 reporting date, the Group did not have any charges on assets (as at 31 December 2008: nil).

## **FINANCIAL REVIEW** (Continued)

### **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 reporting date (as at 31 December 2008: nil).

## **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 costs and various overhead costs in the PRC especially in Guangdong was increasing during the Reporting Period and we expected that these costs 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.

## DISCLOSURE OF INTERESTS

### Directors' Interests in Shares

At 30 June 2009, 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*

Name of directors	Capacity	Number of issued ordinary shares held	Approximate percentage of shareholding (%)	Number of warrants held
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 2009, 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 2009, 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 2009.

## OTHER INFORMATION

### Employees and Remuneration Policies

As at 30 June 2009, the Group had about 1,720 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 2009, no options were granted, lapsed nor exercised 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 2009	Granted during the period	Lapsed during the period	Exercised during the period	Balance at 30 June 2009
Employees	5 August 2006	HK\$0.1246	94,000,000	-	-	-	94,000,000
Customers, suppliers and other eligible persons	5 August 2006	HK\$0.1246	265,750,000	-	-	-	265,750,000
			<u>359,750,000</u>	<u>-</u>	<u>-</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 2009 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, 27 August 2009

## CONDENSED CONSOLIDATED INCOME STATEMENT

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
	Notes		
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>7,873</b>	20,390
Attributable to :			
Owners of the Company		<b>7,873</b>	20,390
Non-controlling interests		<b>–</b>	–
		<b>7,873</b>	20,390
Earnings per share	8		
Basic		<b>HK0.21 cent</b>	HK0.54 cent
Diluted		<b>HK0.21 cent</b>	HK0.51 cent

## 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	—	—
	<hr/>	<hr/>
Other comprehensive income for the period (net of tax)	<b>1,078</b>	(73)
	<hr/>	<hr/>
Total comprehensive income for the period	<b>8,951</b>	20,317
	<hr/>	<hr/>
Total comprehensive income attributable to:		
Owners of the Company	<b>8,951</b>	20,317
Non-controlling interests	—	—
	<hr/>	<hr/>
	<b>8,951</b>	20,317
	<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

		<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
	Notes		
<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	10	<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 balances and cash		<b>103,020</b>	127,797
		<b>412,063</b>	420,502
<b>Current liabilities</b>			
Trade and bills payables	11	<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	12	<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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30 June 2009

		<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
	Notes		
<b>Capital and reserves</b>			
Share capital	13	<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		<b>–</b>	–
		<hr/>	<hr/>
<b>Total equity</b>		<b>426,838</b>	417,887
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Borrowings – unsecured	12	<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
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Share-based compensation reserve HK\$'000	Other comprehensive income HK\$'000	Proposed dividend HK\$'000	Retained earnings HK\$'000	Equity attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 January 2009 (audited)	37,975	169,876	5,800	7,340	978	3,798	192,120	417,887	-	417,887
Profit for the period	-	-	-	-	-	-	7,873	7,873	-	7,873
Other comprehensive income for the period	-	-	-	-	1,078	-	-	1,078	-	1,078
Total comprehensive income for the period	-	-	-	-	1,078	-	7,873	8,951	-	8,951
Dividends proposed	-	-	-	-	-	3,798	(3,798)	-	-	-
<b>Balance at 30 June 2009 (unaudited)</b>	<b>37,975</b>	<b>169,876</b>	<b>5,800</b>	<b>7,340</b>	<b>2,056</b>	<b>7,596</b>	<b>196,195</b>	<b>426,838</b>	<b>-</b>	<b>426,838</b>

For the six months ended 30 June 2008

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Share-based compensation reserve HK\$'000	Other comprehensive income/(loss) HK\$'000	Proposed dividend HK\$'000	Retained earnings HK\$'000	Equity attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 January 2008 (audited)	37,975	169,876	5,800	7,748	240	3,798	192,908	418,345	-	418,345
Profit for the period	-	-	-	-	-	-	20,390	20,390	-	20,390
Other comprehensive income/(loss) for the period	-	-	-	-	(73)	-	-	(73)	-	(73)
Total comprehensive income/(loss) for the period	-	-	-	-	(73)	-	20,390	20,317	-	20,317
Dividends proposed	-	-	-	-	-	3,798	(3,798)	-	-	-
Share option waived	-	-	-	(408)	-	-	408	-	-	-
<b>Balance at 30 June 2008 (unaudited)</b>	<b>37,975</b>	<b>169,876</b>	<b>5,800</b>	<b>7,340</b>	<b>167</b>	<b>7,596</b>	<b>209,908</b>	<b>438,662</b>	<b>-</b>	<b>438,662</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	<b>Six months ended</b>	
	<b>30 June</b>	30 June
	<b>2009</b>	2008
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Net cash from operating activities	<b>1,214</b>	47,774
Net cash used in investing activities	<b>(6,852)</b>	(19,256)
Net cash used in financing activities	<b>(1,350)</b>	(274)
Net (decrease) increase in cash and cash equivalents	<b>(6,988)</b>	28,244
Cash and cash equivalents at the beginning of period	<b>127,797</b>	59,374
Effect of foreign exchange rate changes	<b>1,013</b>	120
Cash and cash equivalents at the end of period	<b>121,822</b>	87,738
Analysis of balances of cash and cash equivalents:		
Cash in other financial institutions	<b>18,802</b>	–
Bank balances and cash	<b>103,020</b>	87,738
	<b>121,822</b>	87,738



# 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.

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

For the six months ended 30 June 2009

### 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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>1</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs May 2008 <sup>2</sup>
HKFRSs (Amendments)	Improvements to HKFRSs April 2009 <sup>3</sup>
HKFRS 1 (Revised)	First-time Adoption of HKFRSs <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>1</sup>
HKFRS 8 (Amendment)	Operating Segments <sup>4</sup>
HK(IFRIC)-INT 17	Distributions of Non-cash Assets to Owners <sup>1</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 July 2009.

<sup>2</sup> Amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010 as appropriate.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2010.

<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.

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

For the six months ended 30 June 2009

### 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 Six months ended 30 June		Segment profit Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
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.

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

For the six months ended 30 June 2009

### 4. SEGMENT INFORMATION (Continued)

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	<b>447,171</b>	454,463
Lighter products	<b>41,755</b>	51,795
Unallocated corporate assets	<b>47,611</b>	47,150
	<b>536,537</b>	553,408

### 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	<b>14,064</b>	11,903
Amortisation of prepaid lease payments	<b>20</b>	21
Amortisation on other intangible assets	<b>290</b>	206
and after crediting:		
Investment income	<b>1,500</b>	–
Interest income	<b>94</b>	218
Others	<b>1,247</b>	3,147

### 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	<b>2,917</b>	4,378

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

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

For the six months ended 30 June 2009

### 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. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$6,349,000 (1.1.2008-30.6.2008: HK\$13,002,000) 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 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>173,901</b>	171,020

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

For the six months ended 30 June 2009

### 11. TRADE AND BILLS PAYABLES

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

	<b>30 June 2009 HK\$'000</b>	31 December 2008 HK\$'000
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
	<b>78,851</b>	100,113

### 12. BORROWINGS – UNSECURED

	<b>30 June 2009 HK\$'000</b>	31 December 2008 HK\$'000
Bank borrowing (note a)	<b>325</b>	433
Other borrowing (note b)	<b>650</b>	1,550
	<b>975</b>	1,983
Carrying amount repayable:		
Within one year	<b>857</b>	1,769
More than one year, but not exceeding five years	<b>118</b>	214
	<b>975</b>	1,983
Less: Amounts due within one year shown under current liabilities	<b>(857)</b>	(1,769)
	<b>118</b>	214

Notes:

- a Bank borrowing is guaranteed by the directors of a subsidiary of the Company, Mr. Sher Tak Chi and Ms. Kang Hsiao Fang, and carries interest at Prime Lending Rate plus 1.5% per annum.
- b Other borrowing is guaranteed by Mr. Sher Tak Chi, a director of a subsidiary of the Company, and carries a fixed interest rate at 9% per annum.

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

For the six months ended 30 June 2009

### 13. SHARE CAPITAL

	<b>30 June 2009 HK\$'000</b>	31 December 2008 HK\$'000
Authorised:		
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

### 14. CAPITAL COMMITMENTS

	<b>30 June 2009 HK\$'000</b>	31 December 2008 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment:		
– Contracted, but not provided for	<b>1,472</b>	790
– Authorised, but not contracted for	<b>66</b>	–
	<b>1,538</b>	790

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

For the six months ended 30 June 2009

### 15. RELATED PARTY TRANSACTIONS

- (a) During the six months ended 30 June 2008, the Group had the following material transactions with its jointly controlled entry:

	Six months ended	
	30 June 2009 HK\$'000	30 June 2008 HK\$'000
Purchases of finished goods	–	15,696
Purchases of raw materials	–	93
Sales of raw materials	–	5,116

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.

During the year ended 31 December 2008, the Group disposed of one subsidiary, Tak Fi Brothers Limited, which held the interest in the jointly controlled entity in the PRC, Shangdong Luneng Plastics & Metal Mfy. Co. Ltd.

### (b) Emoluments of key management personnel

During the period, the emoluments of directors and other members of key management were HK\$3,131,000 (HK\$2,700,000 for the six months ended 30 June 2008).

There was no share option issued to the key management under the Share Option Scheme for the Company during the period (2008: NIL).

### 16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period's presentation.



## CORPORATE 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

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)