



先科國際集團有限公司*

Semtech International Holdings Limited

Stock Code: 724



* for identification purposes only



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FINANCIAL HIGHLIGHTS

The Board of Directors of Semtech 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 2006.

Financial Performance Highlights

	Unaudited		increase %
	2006 <i>HK\$ million</i>	2005 <i>HK\$ million</i>	
Turnover	291.7	241.2	21
Profit attributable to shareholders	27.2	20.9	30
Basic earnings per share	8.07 cents	7.15 cents	13
Interim dividend per share	1.5 cents	1.0 cent	50

Interim Dividend

The directors have resolved to declare an interim dividend of HK1.5 cents (2005: HK1 cent) per share for the six months ended 30 June 2006 to be paid on or around 17 October 2006 to shareholders of the Company whose names appear in the Register of Members of the Company on 29 September 2006.

Closure of Register of Members

The Register of Members of the Company will be closed from 27 September 2006 to 29 September 2006, both days inclusive, during which period no transfer of shares will be effected. In order to be qualified for the declared dividend, all completed transfers accompanied by the relevant share certificates must be lodged with the Company’s Branch Registrars, Tengis Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 26 September 2006.



BUSINESS REVIEW

Result

During the six months ended 30 June 2006 (the “Reporting Period”), the Group’s turnover increased by 21% to approximately HK\$291.7 million compared with the six months ended 30 June 2005 (the “Corresponding Period”). A net profit of approximately HK\$27.2 million attributable to shareholders is being reported, a 30% increase over the approximately HK\$20.9 million for the Corresponding Period.

Electronic and Electrical Components Business

The increase in turnover for the Group is mainly attributed by the outstanding performance in the electronic and electrical components segment, of which the turnover increased by about 30% to HK\$219.9 million. This segment profit amounted to HK\$33.6 million, which is an increase of 31% over the Corresponding Period.

After spending almost two years’ effort in the product development and market exploration, the manufacturing of SMD SOD/SOT-series components have been able to attain and sustain the stability in production quality. As a result, the “ST” brand SOD/SOT series products are able to obtain excellent reception in the market during the first half of 2006, they are now widely accepted by many renowned and notable customers. Externally, the increase in demand of compact but sophisticated consumer products have also led to the increase in demand for smaller size components, thus providing a strong market potential for our newly developed products. Turnover of this category of product has increased drastically during this Reporting Period to HK\$34.5 million when compared with approximately HK\$9.9 million in the Corresponding Period.

Lighters and Lighter Related Accessories Business

Due to keen competition in the lighter industry, the segment turnover during the Reporting Period has just maintained at HK\$71.8 million with a segment profit of approximately HK\$0.06 million as compared to approximately HK\$1.0 million in the Corresponding Period. This business segment is operating in a difficult environment, it experienced severe price fluctuation in material cost, serious labour shortage problem and increased demand in compliance with safety regulations. All these took away most of its contribution to the Group and it can only remain in a breakeven situation.



FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to maintain a healthy financial position, as at 30 June 2006, net current assets and current ratio of the Group were approximately HK\$238.0 million (as at 31 December 2005: HK\$167.8 million) and 2.77 (as at 31 December 2005: 2.43) respectively. The current assets comprised inventories of approximately HK\$109.1 million (as at 31 December 2005: HK\$82.6 million), trade and bills receivables of approximately HK\$165.8 million (as at 31 December 2005: HK\$137.4 million) and cash and cash equivalents of approximately HK\$87.2 million (as at 31 December 2005: HK\$48.1 million).

As at 30 June 2006, the Group had no bank loan and no overdrafts (as at 31 December 2005: nil) but only has finance lease obligations of HK\$1.0 million (as at 31 December 2005: HK\$0.1 million). Our gearing was at a ratio of 0.29% (as at 31 December 2005: 0.05%). The computation is based on interest bearing borrowing divided by equity attributable to shareholders of the Company as at 30 June 2006.

Capital Structure

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

Charges on Group's Assets

At 30 June 2006, the lighter business segment has pledged certain investment properties with an aggregate fair value of approximately HK\$8.2 million to secure banking facilities granted to a lighter business subsidiary for a maximum of HK\$5 million (as at 31 December 2005: Nil). At the balance sheet date, the Group did not utilize any of the facilities granted.



FINANCIAL REVIEW (Continued)

Foreign Exchange Exposure

The Group mainly earns revenue and incurs costs in US dollars, Renminbi and Hong Kong dollars. The management is aware of possible exchange rate exposure due to the appreciation of Renminbi. However, the Group's cash outlay on purchase of raw materials are mainly denominated in US dollars, foreign exchange exposure to the Group 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 and the use of financial instruments for hedging purposes is considered not necessary at the present moment.

Contingent Liabilities

The Group did not have any significant contingent liabilities at the balance sheet date (as at 31 December 2005: 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.

The Group has achieved a remarkable result during this interim period. However, we need to be more cautious in assessing the world's current economic situation, in particular, in the People's Republic of China. Under the new round of austerity measures announced by the Chinese Government recently, interest rate has been increased twice in the current year and the continuous appreciation of Renminbi against the United States dollars put increased pressure to the Group's overall performance. At the same time, cost increase and price fluctuation in commodities like copper and oil, together with the problem of labour shortage further eroded our gross profit margin. In order to cope with all these cost pressure, the Group is planning to implement a series of cost control procedures to minimize the negative impact of the above concerns.

From the revision of the forecast for the world sales of semiconductors in 2006 by both the Semiconductor Industry Association and the World Semiconductor Trade Statistics Inc. to around 10%, which is about 2% increase as compared to their own forecast six months ago, growth in semiconductor industry is expected to remain strong due to the continuing buoyant world economy and this gives a solid growth foundation for the Group. With the surge in demand for personal computers, digital cameras, digital televisions and MP3 players in the current year, we expect this momentum will continue in the coming years. This provides a great market potential for our SOD/SOT products and it is anticipated that total sales in this category will continue to increase significantly for the latter half of 2006. We have already started to renovate an additional production floor to accommodate the increase in production capacity and to capture this buoyant market opportunity aiming to bring a healthy profit growth to our shareholders.

We will not content with the current performance. Further effort has already been put in other new areas of product advancement and enhancement. After recognizing the radio frequency identification technology (RFID) will become an inevitable trend in the future, the Group has started to explore and study the potential of this market segment and to penetrate further and wider in this new spectrum of high-end electronics business with an aim to seize every opportunity that may come across in the future.

DISCLOSURE OF INTERESTS

Directors' Interests in Shares

At 30 June 2006, 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 by 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 Position in the Shares of the Company

Name of directors	Capacity	Number of issued ordinary shares held	Percentage of shareholding (%)
Ms. Lam Pik Wah	Held by controlled corporation	60,000,000 (<i>Note 1</i>)	15.80
Mr. Lam Hung Kit	Held by controlled corporation	60,000,000 (<i>Note 1</i>)	15.80
Mr. Lam Yat Keung	Held by family	60,000,000 (<i>Note 2</i>)	15.80

Note 1: The 60,000,000 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

At 30 June 2006, 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 Position in the Shares of the Company

Name of shareholders	Capacity	Number of issued ordinary shares held	Percentage of shareholding (%)
Smart Number Investments Limited (Note 1)	Beneficial owner	60,000,000	15.80
Forever Gain Profits Limited (Note 2)	Beneficial owner	58,000,000	15.27
Mr. Wan Bing Hung (Note 2)	Held by controlled corporation	58,000,000	15.27
Mr. Kwong Chi Shing Savio (Note 3)	Beneficial owner	23,998,000	6.32

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 17 March 2004, 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 at the date of this report.

Save as disclosed above, the directors are not aware of any other persons who, as at 30 June 2006, 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.



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. With regard to the deviation stated in the Corporate Governance Report in the 2005 Annual Report, the required practice under code E.1.2 has been complied as the President has attended the annual general meeting held during the interim period.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors 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 2006.

OTHER INFORMATION

Employees and Remuneration Policies

As at 30 June 2006, the Group had about 2,200 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.

During the period ended 30 June 2006, no options were granted under the Scheme and there were no outstanding share options under the Scheme.



OTHER INFORMATION (Continued)

Purchase, Sale or Redemption of the Company's Listed Securities

During the 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 2006 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, 13 September 2006

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2006

	Notes	Six months ended	
		30 June 2006 HK\$'000 (Unaudited)	30 June 2005 HK\$'000 (Unaudited)
Turnover	3	291,692	241,227
Cost of sales		(238,173)	(197,683)
Gross profit		53,519	43,544
Other income		3,582	1,200
Distribution costs		(5,538)	(5,362)
Administrative expenses		(14,974)	(14,262)
Other expenses		(3,574)	–
Profit from operations	5	33,015	25,120
Finance costs		(22)	(5)
Profit before tax		32,993	25,115
Tax expense	6	(5,801)	(4,198)
Net profit for the period		27,192	20,917
Attributable to:			
Equity holders of the Company		27,192	20,917
Minority interests		–	–
		27,192	20,917
Dividend	7	5,696	2,925
Earnings per share			
Basic	8	HK8.07 cents	HK7.15 cents
Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2006

	Notes	30 June 2006 HK\$'000 (Unaudited)	31 December 2005 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	95,733	98,749
Investment properties		12,392	11,700
Interest in leasehold land held for own use under operating lease		1,569	1,564
Other intangible assets		1,229	1,399
Interest in a jointly controlled entity		(3,014)	(2,409)
Total non-current assets		107,909	111,003
Current assets			
Inventories		109,149	82,584
Trade and bills receivables	10	165,828	137,367
Prepayments, deposits and other receivables		10,348	16,742
Cash and cash equivalents		87,193	48,051
Total current assets		372,518	284,744
Current liabilities			
Trade and bills payables	11	95,057	79,194
Other payables and accruals		12,976	14,829
Amounts due to directors		1,339	8,045
Dividend payable		11,393	–
Tax payable		13,440	14,793
Obligations under finance leases		312	119
Total current liabilities		134,517	116,980
Net current assets		238,001	167,764
Total assets less current liabilities		345,910	278,767
Non-current liabilities			
Obligations under finance leases		657	16
Employee benefits		443	443
Deferred tax liabilities		11,604	11,127
Total non-current liabilities		12,704	11,586
TOTAL NET ASSETS		333,206	267,181
Capital and reserves attributable to equity holders of the Company			
Share capital	12	37,975	32,175
Reserves		289,515	225,333
Proposed dividend		5,696	9,653
Equity attributable to equity holders of the Company		333,186	267,161
Minority interests		20	20
TOTAL EQUITY		333,206	267,181

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2006

	Share capital	Share premium	Contributed surplus	Leasehold buildings revaluation reserves	Retained earnings	Foreign exchange reserve	Proposed dividend	Equity attributable to equity holders 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
At 1 January 2006	32,175	124,707	5,800	713	94,245	(132)	9,653	267,161	20	267,181
Exchange realignments	-	-	-	-	-	(30)	-	(30)	-	(30)
Profit for the period	-	-	-	-	27,192	-	-	27,192	-	27,192
Total recognized profit for the period	-	-	-	-	27,192	(30)	-	27,162	-	27,162
Proceeds from issue of shares on private placements	5,800	45,169	-	-	-	-	-	50,969	-	50,969
2005 final dividend payable	-	-	-	-	(1,740)	-	(9,653)	(11,393)	-	(11,393)
2006 interim dividend proposed	-	-	-	-	(5,696)	-	5,696	-	-	-
Deficit on revaluation of property	-	-	-	(713)	-	-	-	(713)	-	(713)
At 30 June 2006	37,975	169,876	5,800	-	114,001	(162)	5,696	333,186	20	333,206
At 1 January 2005 (as originally stated)	29,250	104,013	5,800	21,524	61,808	(63)	8,775	231,107	20	231,127
Effect of changes in accounting policies	-	-	-	(20,592)	2,285	-	-	(18,307)	-	(18,307)
At 1 January 2005 (restated)	29,250	104,013	5,800	932	64,093	(63)	8,775	212,800	20	212,820
Exchange realignments	-	-	-	-	-	(44)	-	(44)	-	(44)
Profit for the period	-	-	-	-	20,917	-	-	20,917	-	20,917
Total recognized profit	-	-	-	-	20,917	(44)	-	20,873	-	20,873
2004 final dividend paid	-	-	-	-	-	-	(8,775)	(8,775)	-	(8,775)
2005 interim dividend proposed	-	-	-	-	(2,925)	-	2,925	-	-	-
At 30 June 2005	29,250	104,013	5,800	932	82,085	(107)	2,925	224,898	20	224,918



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2006

	Six months ended	
	30 June 2006	30 June 2005
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash from operating activities	7,051	11,856
Net cash used in investing activities	(18,750)	(3,238)
Net cash from/(used in) financing activities	50,841	(8,845)
Net increase/(decrease) in cash and cash equivalents	39,142	(227)
Cash and cash equivalents at the beginning of period	48,051	38,839
Cash and cash equivalents at the end of period, represented by bank balances and cash	87,193	38,612



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2006

1. Basis of Preparation

These unaudited interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 2005 annual report.

2. Changes in Accounting Policies

The accounting policies used in the condensed financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2005, except as described below.

The following new standards, amendments to standards and interpretations which are relevant to the Group’s operations are mandatory for financial year ending 31 December 2006.

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendment)	Financial Guarantee Contracts
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The adoption of new/revised HKAS 19 (Amendment), 21 (Amendment), 39 (Amendments), HKFRS 4 (Amendment) and HK(IFRIC)-Int 4 did not result in substantial changes to the Group’s accounting policies.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2006

2. Changes in Accounting Policies (Continued)

The following new standards, amendments to standards and interpretations relevant to the Group's operations have been issued but are not effective for 2006 and have not been early adopted:

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives

3. Turnover

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers, less returns and allowances.

4. Segment Information

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products. These businesses are the basis on which the Group reports its primary segment information and their details are as follows:

- (a) Electronic products segment engages in the manufacture and trading of electronic and electrical parts and components.
- (b) Lighter products segment engages in the design, manufacture and sale of cigarette lighters and related accessories.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2006

4. Segment Information (Continued)

The Group's turnover and net profit for the period by business segment are as follows:

	Electronic products		Lighter products		Consolidated	
	Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June	
	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	219,881	169,407	71,811	71,820	291,692	241,227
Other income	2,080	2	1,502	1,198	3,582	1,200
Total segment revenue	221,961	169,409	73,313	73,018	295,274	242,427
Segment results	33,558	25,664	62	953	33,620	26,617
Unallocated expenses					(605)	(1,497)
Finance costs					(22)	(5)
Profit before tax					32,993	25,115
Tax expense					(5,801)	(4,198)
Net profit for the period					27,192	20,917

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2006

5. Profit from Operations

	Six months ended	
	30 June 2006	30 June 2005
	HK\$'000	HK\$'000
Profit from operations is stated after charging:		
Depreciation of property, plant and equipment	8,076	7,365
Amortisation on interests in leasehold land held for own use under operating lease	18	17
Amortisation on other intangible assets	319	348
Impairment of goodwill	-	12
and after crediting:		
Gain on fair value changes of investment properties	692	69
Interest income	45	14

6. Tax Expense

	Six months ended	
	30 June 2006	30 June 2005
	HK\$'000	HK\$'000
Current tax		
Hong Kong	5,317	4,663
Other jurisdictions	7	4
	5,324	4,667
Deferred taxation	477	(469)
	5,801	4,198

Hong Kong Profits Tax is calculated at 17.5% (2005: 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.



NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2006

7. Dividend

The directors have resolved that an interim dividend of HK1.5 cents (2005: HK1 cent) per share should be paid to the shareholders of the Company whose names appear in the Register of Members on 29 September 2006.

8. Earnings Per Share

The calculation of the basic earnings per share is based on the net profit attributable to equity holders of the Company for the period of HK\$27,192,000 (1.1.2005-30.6.2005: net profit of HK\$20,917,000) and the weighted average number of 336,811,000 (1.1.2005-30.6.2005: 292,500,000) ordinary shares in issue during the period.

There were no dilutive potential ordinary shares in issue during the six months ended 30 June 2006 and 2005 and, accordingly, no diluted earnings per share was presented.

9. Movement in Property, Plant and Equipment

During the period, the Group spent approximately HK\$8,214,000 on acquisition of property, plant and equipment.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2006

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:

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Within 3 months	142,242	121,822
4 – 6 months	5,177	8,166
7 – 12 months	11,574	3,788
Over 12 months	6,835	3,591
	165,828	137,367

11. Trade and Bills Payables

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

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Within 3 months	72,818	69,870
4 – 6 months	12,323	8,754
7 – 12 months	9,873	490
Over 12 months	43	80
	95,057	79,194

Included in trade and bills payables at 30 June 2006 was a trade and bills payable of HK\$9,207,000 (31 December 2005: HK\$7,260,000) due to the jointly controlled entity of the Group, which was unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2006

12. Share Capital

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Authorized:		
800,000,000 ordinary shares of HK\$0.1 each	80,000	80,000
Issued and fully paid:		
379,750,000 ordinary shares of HK\$0.1 each	37,975	32,175

During the period, 58,000,000 shares were issued pursuant to a top-up placing and subscription arrangement on 10 May 2006.

13. Capital Commitments

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment:		
– Contracted, but not provided for	4,119	4,605
– Authorised, but not contracted for	9,099	643
	13,218	5,248

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2006

14. Related Party Transactions

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

	Six months ended	
	30 June 2006	30 June 2005
	HK\$'000	HK\$'000
Purchases of finished goods	14,462	16,774
Purchases of raw materials	818	–
Sales of raw materials	4,397	5,113

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 11 to the condensed 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

Ms. Yu Miu Yee, Iris

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

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