



泰豐國際集團有限公司*

Sino-Tech International Holdings Limited

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

*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 2007.

Result

During the six months ended 30 June 2007 (the "Reporting Period"), the Group's turnover increased by 25.6% to approximately HK\$366.3 million compared with the six months ended 30 June 2006 (the "Corresponding Period"). A net profit of approximately HK\$30.3 million attributable to shareholders is being reported, an increase of 11.6% over the Corresponding Period.

Electronic and Electrical Components Business

The increase in turnover for the Group is mainly attributed by the increase in turnover for the electronic and electrical components segment by about 36.0% to HK\$299.1 million with a segment profit amounted to HK\$33.1 million.

During the Reporting Period, the turnover for our "ST" brand SMD SOD/SOT series products continued to increase to about HK\$74.6 million, representing an increase of 34.4% when compared with the second half of year 2006. The strong continuous demand in sophisticated consumer products like HDTVs, mobile phones and personal computers provides an extensive market for the sales of our products. The "ST" brand products are well perceived and recognized in the market as they are widely accepted and used by many renowned customers.

In the past, the Group has tried to reduce the production cost and overhead by expanding the procurement of raw materials and consumables from different sources including the PRC, however the appreciation of RMB by almost 5% during the Reporting Period had weakened part of the effect of the above measures. The impact of the increase in the labour cost and the continuous appreciation in RMB are problems faced by almost all companies with establishment in the PRC, the Group will keep on working cautiously to minimize the adverse effect to the overall performance of the Group.

BUSINESS REVIEW (Continued)

Result (Continued)

Lighters and Lighter Related Accessories Business

The turnover for the lighter and its related accessories has continued to compress due to keen competition and low margin. With better cost control measures being implemented during the Reporting Period, the performance of this segment has improved. The Group will continue to streamline the lighter business's operation and focus on products with higher contribution margin.

Interim Dividend

The Board has resolved to declare an interim dividend of HK1.5 cents (2006: HK1.5 cents) per share for the six months ended 30 June 2007 to be paid on or around 21 November 2007 to shareholders of the Company whose names appear on the Register of Members of the Company on 12 October 2007.

Closure of Register of Members

The Register of Members of the Company will be closed from 10 October 2007 to 12 October 2007, 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, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 9 October 2007.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to maintain a healthy financial position, as at 30 June 2007, the Group had no bank loan and no overdrafts (as at 31 December 2006: nil) but only has finance lease obligations of HK\$0.7 million (as at 31 December 2006: HK\$0.8 million). Our gearing was at a ratio of 0.16% (as at 31 December 2006: 0.22%). The computation is based on interest bearing borrowing divided by equity attributable to shareholders of the Company as at 30 June 2007.

The net current assets and current ratio of the Group were approximately HK\$311.6 million (as at 31 December 2006: HK\$282.8 million) and 3.39 (as at 31 December 2006: 3.23) respectively. Bank balance and cash amount to approximately HK\$72.6 million (as at 31 December 2006: HK\$86.6 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 2006: nil).

Foreign Exchange Exposure

The Group mainly earns revenue and incurs costs in US dollars, Renminbi and Hong Kong dollars. With regard to purchases of raw materials 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. The management is aware of possible exchange rate exposure due to the appreciation of Renminbi and will closely monitor and take further actions to minimize the Group's exposure whenever necessary.

FINANCIAL REVIEW (Continued)

Contingent Liabilities

The Group did not have any significant contingent liabilities at the balance sheet date (as at 31 December 2006: nil).

Others

On 16 August 2007, the Company announced that a wholly owned subsidiary company has entered into a conditional sales and purchase agreement to acquire 80% of Trung Hai Vietnam Investment Company Limited ("Trung Hai") for a total consideration of HK\$300 million to be satisfied as to HK\$88 million in cash and the remaining balance by the issue and allotment of 42.4 million new consideration shares of the Company. As at the date of this report, the Company has paid HK\$19.5 million, being part of the cash consideration to the vendor of the transaction and the balance of the cash consideration for HK\$68.5 million will be paid after the completion of the transaction.

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.

Our electronic components, especially the SMD SOD/SOT series products are widely used in electronic consumer products like HDTVs, mobile phones, PDAs and personal computers. With the continuous economic growth in the world and more specifically, in the PRC, we expect the demand for electronic consumer products will continue to surge in the coming years thus providing an excellent market potential for our components, especially, the SMD SOD/SOT series products.

Regarding the production of RFID tags and inlays, our engineers have already completed the training in June this year provided by Mühlbauer in Germany, the world's leading supplier of production equipment of RFID and smart card industry. We are ready to start the pilot run once the production machines delivered to us and the installation being completed in the fourth quarter of this year.

For the Light Emitting Diodes ("LEDs") project, we have started the initial study of the production line set up with our business counterpart, Harvatek Corporation, a leading manufacturer of surface mount LEDs in Taiwan and whose shares are listed on the Taiwan Stock Exchange. LEDs are energy saving and cost effective solid state lighting solution and will be an important direction in the lighting industry in the coming decades. In the meantime, we are in the process of studying and assessing various production solutions, and we expect to have an initial production capacity of up to 30 million pieces per month and the pilot production is planned to start in the first quarter of 2008.

On 16 August 2007, the Group announced an investment in Vietnam, an indirect investment in Vinaminco Vietnam Mineral Exploiting – Processing Group Limited Company ("Vinaminco"), which is owned as to 49% by Trung Hai. The principal activities of Vinaminco are expected to be exploiting, refining and exporting of chromium. The acquisition is expected to be completed by the end of this year. We have engaged an independent technical advisor in preparing an assessment of the estimated reserves in the mine area, once the report is finalized and all other conditions regarding the acquisition are fulfilled, we will announce to the public as and when required. As a result of Vietnam entering into the World Trade Organization, the growth prospects in Vietnam are expected to excel. The acquisition enables the Group to seek future opportunity to expand its business and broaden its income source for the ultimate purpose of increasing our shareholders' wealth.

DISCLOSURE OF INTERESTS

Directors' Interests in Shares

At 30 June 2007, 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 (Note 1)	15.80
Mr. Lam Hung Kit	Held by controlled corporation	60,000,000 (Note 1)	15.80
Mr. Lam Yat Keung	Held by family	60,000,000 (Note 2)	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. After the balance sheet date, Smart Number increased its shareholding in the Company to 60,500,000 shares on 20 August 2007.

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 2007, 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 25 May 2005, 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 2007, 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. 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 2007.

OTHER INFORMATION

Employees and Remuneration Policies

As at 30 June 2007, the Group had about 2,150 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.

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.

OTHER INFORMATION (Continued)

Share Option Scheme (Continued)

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 2007, 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 2007	Granted during the period	Exercised during the period	Balance at 30 June 2007
Employees	5 August 2006	HK\$1.246	11,400,000	-	-	11,400,000
Customers, suppliers and other eligible persons	5 August 2006	HK\$1.246	26,575,000	-	-	26,575,000
			<u>37,975,000</u>	<u>-</u>	<u>-</u>	<u>37,975,000</u>

The closing price of the Company's shares immediately before the date on which the options were granted in respect of the grant on 5 August 2006 was HK\$1.22. No options were cancelled and lapsed during the period ended 30 June 2007.

Purchase, sale or redemption of the company's listed securities

During the Reporting Period, there was no purchase, sale or redemption by the Company or any of its subsidiary companies of the Company's listed securities.

Audit committee & review of interim results

The Audit Committee is composed of the three independent non-executive directors of the Company. Its principal duty is to review and supervise the Company's and the Group's financial reporting process and internal controls. The unaudited interim results of the Group for the six months ended 30 June 2007 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, 22 September 2007

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

		Six months ended	
		30 June	30 June
		2007	2006
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Turnover	3	366,274	291,692
Cost of sales		(312,900)	(238,173)
Gross profit		53,374	53,519
Other income		4,424	3,582
Distribution costs		(5,557)	(5,538)
Administrative expenses		(16,087)	(14,974)
Other expenses		–	(3,574)
Profit from operations		36,154	33,015
Finance costs		(80)	(22)
Profit before taxation	5	36,074	32,993
Tax expenses	6	(5,740)	(5,801)
Net profit for the period		30,334	27,192
Attributable to:			
Equity holders of the Company		30,334	27,192
Minority interests		–	–
		30,334	27,192
Dividends	7	5,696	5,696
Earnings per share	8		
Basic		HK7.99 cents	HK8.07 cents
Diluted		HK7.88 cents	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2007

	Notes	30 June 2007 HK\$'000 (Unaudited)	31 December 2006 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		102,901	99,313
Prepaid lease payment		1,557	1,554
Other intangible assets		839	1,031
Interest in a jointly controlled entity		(1,682)	(1,928)
		<u>103,615</u>	<u>99,970</u>
Current assets			
Inventories		148,371	156,394
Trade and bills receivables	10	206,721	157,345
Prepaid lease payment		36	36
Prepayments, deposits and other receivables		14,345	9,014
Bank balances and cash		72,604	86,588
		<u>442,077</u>	<u>409,377</u>
Current liabilities			
Trade and bills payables	11	104,156	104,421
Other payables and accruals		16,254	16,582
Tax payable		9,954	5,329
Obligations under finance leases		131	273
		<u>130,495</u>	<u>126,605</u>
Net current assets		<u>311,582</u>	<u>282,772</u>
Total assets less current liabilities		<u>415,197</u>	<u>382,742</u>
Non-current liabilities			
Obligations under finance leases		526	526
Employee benefits		437	437
Deferred tax liabilities		12,681	11,606
		<u>13,644</u>	<u>12,569</u>
Total net assets		<u>401,553</u>	<u>370,173</u>
Capital and reserves			
Share capital	12	37,975	37,975
Reserves		363,578	332,198
Equity attributable to equity holders of the Company		401,553	370,173
Minority interests		–	–
Total equity		<u>401,553</u>	<u>370,173</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	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
Net 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	-	-	-
At 30 June 2007 (unaudited)	37,975	169,876	5,800	7,748	1,151	156,555	(337)	22,785	401,553	-	401,553

	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 2006 (audited)	32,175	124,707	5,800	-	713	94,245	(132)	9,653	267,161	20	267,181
Exchange realignments	-	-	-	-	-	-	(30)	-	(30)	-	(30)
Net 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 (unaudited)	37,975	169,876	5,800	-	-	114,001	(162)	5,696	333,186	20	333,206

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

	Six months ended	
	30 June	30 June
	2007	2006
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(1,849)	6,920
Net cash used in investing activities	(12,787)	(18,750)
Net cash (used in)/generated from financing activities	(142)	50,841
Net (decrease)/increase in cash and cash equivalents	(14,778)	39,011
Effect of foreign exchange rate change	794	131
Cash and cash equivalents at the beginning of period	86,588	48,051
Cash and cash equivalents at the end of period, represented by bank balances and cash	72,604	87,193

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

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 2006 annual report.

2. PRINCIPAL 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 2006, except as described below.

The following new standards, amendments to standards and interpretations ("new HKFRSs") which are relevant to the Group's operations are mandatory for financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Interpretation ("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	Re-assessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

The adoption of these new HKFRSs did not result in material changes to the results or financial position of the Group for the current and prior accounting periods. Accordingly, no prior period adjustments have been recognized.

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

HKAS 23 (revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions ²
HK(IFRIC)-Int 12	Service Concession Arrangements ³

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 March 2007

³ Effective for annual periods beginning on or after 1 January 2008

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2007

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.

The Group's revenue and results 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	
	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	299,142	219,881	67,132	71,811	366,274	291,692
Other income	1,272	2,080	3,152	1,502	4,424	3,582
Total segment revenue	300,414	221,961	70,284	73,313	370,698	295,274
Segment results	33,091	33,558	3,486	62	36,577	33,620
Net unallocated expenses					(423)	(605)
Finance costs					(80)	(22)
Profit before taxation					36,074	32,993
Tax expenses					(5,740)	(5,801)
Net profit for the period					30,334	27,192

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2007

5. PROFIT BEFORE TAXATION

	Six months ended	
	30 June	30 June
	2007	2006
	HK\$'000	HK\$'000
Profit before taxation is stated after charging:		
Depreciation of property, plant and equipment	10,017	8,076
Amortisation of prepaid lease payment	18	18
Amortisation on other intangible assets	255	319
and after crediting:		
Increase in fair value of investment properties	–	692
Interest income	630	45

6. TAX EXPENSES

	Six months ended	
	30 June	30 June
	2007	2006
	HK\$'000	HK\$'000
Current tax		
Hong Kong	4,626	5,317
Other jurisdictions	39	7
	4,665	5,324
Deferred taxation	1,075	477
	5,740	5,801

Hong Kong Profits Tax is calculated at 17.5% (2006: 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. DIVIDEND

The Board has resolved that an interim dividend of HK1.5 cents (2006: HK1.5 cents) per share should be paid to the shareholders of the Company whose names appear on the Register of Members on 12 October 2007.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2007

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\$30,334,000 (1.1.2006-30.6.2006: net profit of HK\$27,192,000) and the weighted average number of 379,750,000 (1.1.2006-30.6.2006: 336,811,000) ordinary shares in issue during the period.

The weighted average number of 384,766,000 ordinary shares is used for the calculation of diluted earnings per share. There were no dilutive potential ordinary shares in issue during the period ended 30 June 2006 and, accordingly, no diluted earnings per share was presented.

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$13,811,000 (1.1.2006-30.6.2006: HK\$8,214,000) 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:

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
Within 3 months	184,537	143,313
4 – 6 months	11,452	7,915
7 – 12 months	9,218	5,752
Over 12 months	1,514	365
	206,721	157,345

Included in trade and bills receivables at 30 June 2007 was an amount of HK\$1,167,000 (31 December 2006: Nil) due from 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 2007

11. TRADE AND BILLS PAYABLES

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

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
Within 3 months	73,268	72,930
4 – 6 months	19,780	14,304
7 – 12 months	10,296	17,186
Over 12 months	812	1
	<u>104,156</u>	<u>104,421</u>

Included in trade and bills payables at 30 June 2007 was an amount of Nil (31 December 2006: HK\$7,070,000) due to the jointly controlled entity of the Group, which was unsecured, interest-free and repayable on demand.

12. SHARE CAPITAL

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
Authorized:		
800,000,000 ordinary shares of HK\$0.1 each	<u>80,000</u>	<u>80,000</u>
Issued and fully paid:		
379,750,000 ordinary shares of HK\$0.1 each	<u>37,975</u>	<u>37,975</u>

During the period ended 30 June 2006, 58,000,000 shares were issued pursuant to a top-up placing and subscription arrangement on 10 May 2006.

13. CAPITAL COMMITMENTS

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment:		
– Contracted, but not provided for	8,203	9,352
– Authorised, but not contracted for	496	114
	<u>8,699</u>	<u>9,466</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 June 2007

14. RELATED PARTY TRANSACTIONS

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

	Six months ended	
	30 June 2007 HK\$'000	30 June 2006 HK\$'000
Purchases of finished goods	14,164	14,462
Purchases of raw materials	–	818
Sales of raw materials	4,676	4,397

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 and 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 & 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

www.irasia.com/listco/hk/sinotech