RMIH

峻凌國際控股有限公司
Regent Manner International Holdings Limited

(Incorporated in the Caymen Islands with limited liability)

REFLECTION OF QUALITY

Stock Code: 1997

Interim Report 2008

CONTENTS

CORPORATE INFORMATION

Executive Directors
Wu Kai-Hsiung
(Chief Executive Officer)
Han Min *(Chief Marketing Officer)*
Tseng Yu-Ling *(Chief Financial Officer)*

Non-executive Directors
Wu Kai-Yun *(Chairman)*

Independent non-executive Directors
Kwok Kwan Hung *FCPA (Practising), FCCA, B.S.C. (Hons), FHKIoD*
Wang Mie-Nan
Lin Yen-Yu

Audit Committee
Kwok Kwan Hung *(Chairman)*
Wang Mie-Nan
Lin Yen-Yu

Remuneration Committee
Wang Mie-Nan *(Chairman)*
Lin Yen-Yu
Kwok Kwan Hung

Nomination Committee
Lin Yen-Yu *(Chairman)*
Kwok Kwan Hung
Wang Mie-Nan

Company Secretary and Qualified Accountant
Chan Lai Yi, Karen *FCPA, FCCA*

Authorized Representatives
Wu Kai-Hsiung
Chan Lai Yi, Karen *FCPA, FCCA*

Compliance Advisers
Mega Capital (Asia) Company Limited
TSC Capital Limited

Legal Adviser
Michael Li & Co.

Auditor
Ernst & Young
Certified Public Accountants

Principal Banker
Standard Chartered Bank
(Hong Kong) Limited

Hong Kong Branch Share Registrar and Transfer Office
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The board of directors (the "Directors", collectively the "Board") of Regent Manner International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008, together with the comparative figures for the previous year, as follows:

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2008	2007	Growth
	US$'000	*US$'000*	
	(Unaudited)	(Unaudited)	
Revenue	**255,600**	184,868	38.26%
Profit for the period attributable to equity holders of the parent	**26,610**	17,536	51.74%
Earnings per share	**US$0.0266**	US$0.0234	13.68%

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

	Notes	For the six months ended 30 June 2008 US$'000 (Unaudited)	2007 US$'000 (Unaudited)
Revenue	4	**255,600**	184,868
Cost of sales		**(219,814)**	(160,244)
Gross profit		**35,786**	24,624
Other income and gain	4	**2,205**	731
Selling and distribution costs		**(377)**	(430)
Administrative expenses		**(6,343)**	(4,579)
Other expenses		**(352)**	(485)
Finance costs	5	**(605)**	(396)
Profit before income tax	6	**30,314**	19,465
Income tax	7	**(3,704)**	(1,929)
Profit for the period attributable to equity holders of the parent		**26,610**	17,536
Dividends	8	**10,901**	–
Earnings per share – Basic	9	**US$0.0266**	US$0.0234

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

	Notes	30 June 2008 US$'000 (Unaudited)	31 December 2007 US$'000 (Audited)
Non-Current assets			
Property, plant and equipment	10	**92,343**	84,146
Leasehold land prepayments		**7,567**	7,223
Deferred tax asset		**292**	193
Total non-current assets		**100,202**	91,562
Current assets			
Inventories	11	**19,948**	23,174
Trade receivables	12	**164,851**	168,340
Prepayments, deposits and other receivables		**8,331**	6,285
Tax recoverable		**1,611**	1,611
Cash and bank balances	13	**61,686**	53,990
Total current assets		**256,427**	253,400
Current liabilities			
Trade payables	14	**148,469**	151,212
Accruals and other payables		**9,606**	8,514
Interest-bearing bank borrowings	15	**10,817**	12,891
Finance lease payables		**786**	710
Due to the ultimate holding company	16	**2,255**	4,521
Tax payable		**3,626**	3,475
Total current liabilities		**175,559**	181,323
Net current assets		**80,868**	72,077
Total assets less current liabilities		**181,070**	163,639

	Notes	30 June 2008 US$'000 (Unaudited)	31 December 2007 US$'000 (Audited)
Non- current liabilities			
Finance lease payables		**667**	1,006
Deferred tax liability		**448**	313
Total non-current liabilities		**1,115**	1,319
Net assets		**179,955**	162,320
Equity			
Issued capital	*17*	**1,282**	1,282
Reserves		**167,772**	152,063
Proposed dividend		**10,901**	8,975
Total equity		**179,955**	162,320

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Attributable to equity holders of the parent								
	Issued capital *US$'000*	Share premium account *US$'000*	Statutory reserve fund *US$'000*	Share-based payment reserve *US$'000*	Merger reserve *US$'000*	Retained profits *US$'000*	Proposed dividend *US$'000*	Total reserves *US$'000*	Total equity *US$'000*
At 1 January 2007	39,363	–	3,372	828	–	36,241	–	40,441	79,804
Profit for the period	–	–	–	–	–	17,536	–	17,536	17,536
Merger reserve arising from a group reorganisation	(39,363)	–	–	–	39,363	–	–	39,363	–
Equity-settled share-based arrangements	–	–	–	7	–	–	–	7	7
At 30 June 2007	–	–	3,372	835	39,363	53,777	–	97,347	97,347
At 1 January 2008	**1,282**	**49,891**	**3,372**	**842**	**39,363**	**58,595**	**8,975**	**161,038**	**162,320**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**26,610**	**–**	**26,610**	**26,610**
Transferred from retained profits	**–**	**–**	**2,933**	**–**	**–**	**(2,933)**	**–**	**–**	**–**
Proposed 2008 interim dividend	**–**	**–**	**–**	**–**	**–**	**(10,901)**	**10,901**	**–**	**–**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**(8,975)**	**(8,975)**	**(8,975)**
At 30 June 2008	**1,282**	**49,891***	**6,305***	**842***	**39,363***	**71,371***	**10,901***	**178,673**	**179,955**

* These reserve accounts comprise the consolidated reserves of US$178,673,000 in the condensed consolidated balance sheet.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

	For the six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Net cash inflow from operating activities	**31,577**	15,988
Net cash outflow from investing activities	**(10,084)**	(9,833)
Net cash outflow from financing activities	**(11,603)**	(5,961)
Net increase in cash and cash equivalents	**9,890**	194
Cash and cash equivalents at beginning of period	**49,278**	13,053
Cash and cash equivalents at end of period	**59,168**	13,247
Analysis of balances of cash and cash equivalents		
Cash on hand	**76**	77
Cash at banks, unrestricted	**59,092**	13,170
	59,168	13,247

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 9 August 2006.

Pursuant to a group reorganization (the "Reorganization") to rationalize the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 February 2007, the Company acquired the entire issued share capital of Regent Manner (BVI) Limited ("Regent BVI") through shares exchange with the shareholders of Regent BVI. Prior to that, on 2 January 2007, Regent BVI acquired the entire issued share capital of Regent Manner Limited ("Regent HK") through shares exchange with the shareholders of Regent HK. Consequently, the Company became an intermediate holding company and Regent BVI became the immediate holding company of the subsidiaries now comprising the Group. Details of the Reorganization were set out in the prospectus (the "Prospectus") issued by the Company dated 26 June 2007. The Company's shares have been listed on the Stock Exchange since 10 July 2007. The Group is principally engaged in the manufacture and sale of electronic products and the provision of related subcontracting services.

The Directors consider Taiwan Surface Mounting Technology Corp. ("TSMT Taiwan"), a company incorporated in Taiwan and listed on the GreTai Securities Market, an over-the-counter securities market in Taiwan, to be the ultimate holding company.

The unaudited condensed interim consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange and the Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the companies comprising the Group for the year ended 31 December 2007.

The Group has adopted a number of new and revised Hong Kong Financial Reporting Standards (the "HKFRSs") for the first time for the condensed consolidated financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new revised standards and interpretation has had no material effect on these financial statements.

HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group has not applied the following new and revised HKFRSs relevant to the condensed consolidated financial statements, that have been issued but are not yet effective. The Directors anticipate that the application of these HKFRSs will have no material impact on the results and financial position of the Group.

HKFRS 8	Operating Segments[1]
HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[2]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2008

3. Segment information

The Group's revenue and profit for the six months ended 30 June 2008 were mainly derived from the manufacturing and trading of electronic products. The products of the Group are subject to similar risks and returns and, therefore, the Group has only one business segment.

The Group's revenue is substantially derived from its end customers in the People's Republic of China (the "PRC") and the Group's operating assets are substantially located in PRC.

Accordingly, no segmental analysis by business and geographical segments is provided for the six months ended 30 June 2008.

4. REVENUE AND OTHER INCOME AND GAIN

An analysis of revenue and other income and gain is as below:

	For the six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**248,620**	177,310
Subcontracting service income	**6,980**	7,558
	255,600	184,868
Other income and gain		
Interest income	**621**	122
Exchange gain	**1,386**	394
Others	**198**	215
	2,205	731

5. FINANCE COSTS

	For the six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	**181**	125
Interest on finance leases	**110**	133
Bank charges	**314**	138
	605	396

6. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging the following items:

	For the six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Employee benefits expense:		
Wages and salaries	**9,893**	5,947
Equity-settled share-based payment expenses		
– Share option scheme of TSMT Taiwan	**–**	7
Pension scheme contributions	**873**	569
	10,766	6,523
Cost of inventories sold	**192,430**	138,323
Cost of services provided	**6,003**	6,551
Depreciation of property, plant and equipment	**4,774**	3,082
Amortization of leasehold land prepayments	**49**	125
Loss on disposal of property, plant and equipment	**292**	389
Minimum lease payments under operating leases in respect of:		
– Buildings	**312**	318
– Plant and machinery	**375**	–
Research and development costs	**1,956**	978
Impairment of trade receivables	**128**	–
Write-down of inventories to net realizable value	**722**	–

7. INCOME TAX

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.

Regent BVI is incorporated in the British Virgin Islands under the International Business Companies Acts of the British Virgin Islands and is exempted from payment of the British Virgins Islands income tax.

In accordance with Departmental Interpretation and Practice Note 21 (Revised) paragraph 16 published by the Inland Revenue Department of Hong Kong, the Directors considered that Regent HK, a Hong Kong manufacturing business involved in the manufacturing activities in the PRC, is entitled to 50:50 apportionment of profits generated from the sale of good manufactured in the PRC. As a result, Regent HK provided for Hong Kong profits tax at 8.25% (six months ended 30 June 2007: 8.75%) on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2008.

Regent HK operates through a subcontracting factory in Dongguan, the PRC. The factory is subject to PRC corporate income tax at a rate of 25% (six months ended 30 June 2007: 33%) on the deemed profit generated in the PRC. The deemed profit is calculated at a rate of 7% on the total deemed revenue which is determined by applying 7% mark-up on the total processing costs incurred by the subcontracting factory.

Other PRC subsidiaries are subject to the PRC Corporate Income Tax. The New Corporate Income Tax Law, which became effective on 1 January 2008, introduced the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. Grandfather provisions are available to Taiwan Surface Mounting Technology (Suzhou) Electronic Co., Ltd., Regent Electron (Ningbo) Free Trade Zone Co., Ltd., Regent Electron (Ningbo) Co., Ltd., Taiwan Surface Mounting Technology (Ningbo) Co., Ltd., Taiwan Surface Mounting Technology (Nanjing) Co., Ltd., Regent Electron (Xiamen) Co., Ltd. and Regent Electron (Foshan) Co., Ltd., who are entitled to full exemption from the Corporate Income Tax for the first and second profitable years, or for the first and second year since 1 January 2008, whichever is a shorter period, and further 50% exemption for the succeeding three years.

8. DIVIDENDS

The Directors proposed and declared an interim dividend of HK$0.085 per share, totalling HK$85,000,000 (equivalent to approximately US$10,901,000) for the six months ended 30 June 2008 (30 June 2007: Nil). These condensed financial statements do not reflect this dividend payable.

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to the ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Profit attributable to ordinary equity holders of the parent *(US$'000)*	**26,610**	17,536
Weighted average number of ordinary shares in issue *('000)*	**1,000,000**	750,000

Basic earnings per share for the six months ended 30 June 2008 is calculated by dividing the profit attributable to equity holders of the Company of US$26,610,000 by the weighted average number of 1,000,000,000 ordinary shares in issue during the six months ended 30 June 2008.

The comparative basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company of US$17,536,000 by an aggregate of 750,000,000 shares which were deemed to have been in issue since 1 January 2006. The shares comprise 30,556 shares issued after incorporation of the Company and the 749,969,444 shares issued after a capitalisation issue upon the listing of the Company's shares in the Stock Exchange of Hong Kong Limited on 10 July 2007.

Diluted earnings per share have not been disclosed as there were no dilutive options and other potential dilutive ordinary shares in issues during the periods.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, additions of property, plant and equipment amounted to US$13,372,000 (six months ended 30 June 2007: US$10,353,000). Items of property, plant and equipment with net book value totaling US$402,000 were disposed of during the period (six months ended 30 June 2007: US$391,000), resulting in a loss on disposal of US$292,000 (six months ended 30 June 2007: US$389,000).

As at 30 June 2008, the net book value of the Group's plant and machinery held under finance leases amounted to US$2,482,000 (31 December 2007: US$2,622,000).

11. INVENTORIES

	30 June 2008 US$'000 (Unaudited)	31 December 2007 US$'000 (Audited)
Raw materials	**13,368**	16,432
Work-in-progress	**378**	–
Finished goods	**6,202**	6,742
	19,948	23,174

12. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit terms granted to customers range from 60 days to 120 days. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2008 US$'000 (Unaudited)	31 December 2007 US$'000 (Audited)
Outstanding balances with ages:		
Within 90 days	**120,824**	128,381
Between 91 days and 180 days	**44,018**	39,532
Between 181 days and 365 days	**9**	427
	164,851	168,340

As at 30 June 2008, the provision for impairment of trade receivables amounted to US$128,000 (31 December 2007: Nil).

13. CASH AND BANK BALANCES

	30 June 2008 US$'000 (Unaudited)	31 December 2007 US$'000 (Audited)
Cash on hand	**76**	88
Cash at banks, unrestricted	**59,092**	49,190
Time deposits with initial term of more than three months	**1,604**	3,990
Pledged bank balances	**914**	722
	61,686	53,990

As at 30 June 2008, cash at banks of approximately US$914,000 (31 December 2007: US$722,000) were pledged to relevant PRC custom authorities as trade processing deposits.

As at 30 June 2008, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately US$21,499,000 (31 December 2007: US$15,475,000).

The carrying amounts of cash and cash equivalents and the pledged deposits approximate to their fair values.

14. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2008 US$'000 (Unaudited)	31 December 2007 US$'000 (Audited)
Outstanding balances with ages:		
Within 90 days	**96,946**	100,350
Between 91 days and 180 days	**51,178**	50,805
Between 181 days and 365 days	**345**	56
More than 1 year but less than 2 years	**–**	1
	148,469	151,212

Trade payables are non-interest-bearing and are generally on terms of 30 to 150 days.

15. INTEREST-BEARING BANK BORROWINGS

	30 June 2008 *US$'000* (Unaudited)	31 December 2007 *US$'000* (Audited)
Unsecured bank borrowings repayable within one year, classified as current liabilities	**10,817**	12,891

As at 30 June 2008, the unsecured bank borrowings bore interest at rates ranging from 1.45% to 5.60% per annum (31 December 2007: 1.12% to 5.98% per annum).

As at 30 June 2008, the Group's unsecured bank loan facility of US$37,858,000 (31 December 2007: US$47,850,000) bore interest at rates ranging from 1.45% to 5.60% per annum (31 December 2007: 1.12% to 5.98% per annum), among which US$27,041,000 were not utilised by the Group as at 30 June 2008 (31 December 2007: US$34,959,000).

16. DUE TO ULTIMATE HOLDING COMPANY

The amount due to the ultimate holding company represents trade payables which is aged less than 180 days, unsecured, interest-free and has no fixed terms of repayments.

17. ISSUED CAPITAL

	30 June 2008 *US$'000* (Unaudited)	31 December 2007 *US$'000* (Audited)
Authorised – 5,000,000,000 shares of HK$0.01 each	**6,410**	6,410
Issued and fully paid – 1,000,000,000 shares of HK$0.01 each	**1,282**	1,282

18. PLEDGE OF ASSETS

Details of the Group's pledged bank balances are disclosed in Note 13.

19. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties and machinery under operating lease arrangements. Leases for properties are negotiated for terms ranging from 6 months to 4 years, and those for machinery 4 years.

At 30 June 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2008 ***US$'000*** **(Unaudited)**	31 December 2007 *US$'000* (Audited)
Contracted, but not provided for:		
Within one year	**1,294**	1,247
In the second to fifth years, inclusive	**1,824**	2,286
	3,118	3,533

20. COMMITMENTS

	30 June 2008 ***US$'000*** **(Unaudited)**	31 December 2007 *US$'000* (Audited)
Contracted, but not provided for:		
Purchases of plant and machinery	**19**	103
Construction of buildings	**3,027**	2,533
Capital injection to certain PRC subsidiaries	**40,450**	22,500

21. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

	For the six months ended 30 June	
	2008	2007
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Purchases of raw materials from *(note (i))*:		
TSMT Taiwan	**2,120**	1,444
Purchases of goods from *(note (i))*:		
TSMT Taiwan	**589**	4,214

Note:

(i) The Directors consider that purchase prices of raw materials and goods from TSMT Taiwan are determined according to terms mutually agreed by both parties after taking into account the prevailing market prices.

Pursuant to an undertaking provided by Mr. Wu Kai-Yun, a director and shareholder of the Company, Mr. Wu Kai-Yun agreed to compensate the Group for certain PRC individual income tax liabilities incurred by certain non-PRC employees of the Group upon actual payment of these liabilities to the PRC tax bureau. As at 30 June 2008, individual income tax liabilities amounting to US$1,721,000 have been recorded in the Group's condensed financial statements.

22. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation and accounting treatment.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group is principally engaged in the provision of integrated production solutions deploying surface-mount technology ("SMT") for manufacturers of thin-film transistor liquid crystal display ("TFT-LCD") panels and various electronic products, with an aim to become a specialized provider of electronic manufacturing services ("EMS"). At present, the Group's scope of services includes materials procurement and management, process engineering design, SMT processing, quality assurance, logistics management and after-sales services. The Company's shares were listed on the Main Board of the Stock Exchange on 10 July 2007.

Business and Financial Review

Revenue

For the six months ended 30 June 2008, the Group recorded an unaudited consolidated turnover of approximately US$255,600,000 (six months ended 30 June 2007: approximately US$184,868,000), representing a growth of approximately 38.26% over the corresponding period of last year. Increase in revenue was attributed to the increased orders by the Group's key customers including AU Optronics Corp., and Chi Mei Optoelectronics Ltd. as a well as the steady growth in the global TFT-LCD industry. The Group was able to cater for such increase in demand from its major customers due to the increase in number of SMT production lines from 99 as at 31 December 2007 to 105 as at 30 June 2008.

Gross Profit

As a result of the continuous expansion of production capacity, economies of scale and the enhancement of supply chain management, the Group's gross profit margin improved from approximately 13.32% for the six months ended 30 June 2007 to approximately 14.00% for the six months ended 30 June 2008. The unaudited consolidated gross profit for the period increased by approximately 45.33% to approximately US$35,786,000 for the six months ended 30 June 2008 as compared with the corresponding period of last year.

Net Profit

The unaudited consolidated net profit for the six months ended 30 June 2008 increased by approximately 51.74% to approximately US$26,610,000 (six months ended 30 June 2007: approximately US$17,536,000). It was due mainly to (1) higher turnover and improved gross profit margin, and (2) better cost management of operating expenses.

Liquidity and Financial Resources

As at 30 June 2008, the Group's unaudited net current assets was approximately US$80,868,000 (31 December 2007: approximately US$72,077,000) which consisted of current assets amounting to approximately US$256,427,000 (31 December 2007: approximately US$253,400,000) and current liabilities amounting to approximately US$175,559,000 (31 December 2007: approximately US$181,323,000). The current ratio, defined as current assets over current liabilities, improved from approximately 1.40 times as at 31 December 2007 to approximately 1.46 times as at 30 June 2008.

As at 30 June 2008, the unsecured bank loan repayable within one year was approximately US$10,817,000 (31 December 2007: approximately US$12,891,000). As at 30 June 2008, the Group has no secured bank loan, no other borrowings and no bank loan repayable beyond one year (31 December 2007: Nil, Nil, Nil, respectively).

The gearing ratio, defined as total borrowings (other than payables in ordinary course of business) over total equity, as at 30 June 2008 was approximately 15.67%, as compared with approximately 19.36% as at 31 December 2007.

As at 30 June 2008, the cash and bank balances (including pledged bank deposits) amounted to approximately US$61,686,000 (31 December 2007: approximately US$53,990,000).

The Board is in the opinion that the Group will be in a strong and healthy financial position and has sufficient resources in support of its working capital requirement and meet its foreseeable capital expenditure.

Treasury Policy and Exchange Risk Exposure

The Group centralizes funding for all of its operations at the Group level where foreign exchange exposure is reviewed and monitored. This policy allows the Group to better control its treasury operations and lower average cost of capital.

As the Group's sales and procurements were mainly transacted in US dollars, the Group does not foresee significant exposure to exchange rate risk and no financial instruments are used for hedging such risk.

Capital Expenditure

The Group invested approximately US$13,372,000 during the six months ended 30 June 2008 in construction of factory premises, purchase and installation of plant machinery, equipment and other tangible assets, as compared to approximately US$10,353,000 for the six months ended 30 June 2007. These capital expenditures were fully financed by the proceeds from the Share Offer, internal resources of the Group and bank borrowings.

Capital Commitments and Contingent Liabilities

As at 30 June 2008, the future capital commitments for which the Group had contracted but not provided for amounted to approximately US$43,496,000 which will all be paid off using the proceeds from the initial public offering of shares (the "Share Offer") and cash generated from the Group's operations. Save for the above, the Group had no significant contingent liabilities.

Pledge of Assets

As at 30 June 2008, cash at bank amounting to approximately US$914,000 (31 December 2007: US$722,000) was pledged to relevant PRC custom authorities as trade processing deposits.

Human Resources and Remuneration Policies

The Group offers competitive remuneration package to its employees in Hong Kong and in the PRC, including quality staff quarter, training and development opportunities, medical benefits, insurance coverage and retirement benefits in order to attract, retain and motivate employees. As at 30 June 2008, the Group has 5,970 employees (30 June 2007: 4,874). The total salaries and related cost for the six months ended 30 June 2008 amounted to approximately US$10,766,000 (six months ended 30 June 2007: US$6,523,000).

Use of Proceeds of Share Offer

The net proceeds from the Share Offer received by the Company was approximately HK$401 million.

The planned usage of net proceeds was as follows:

	Usage as disclosed in prospectus *HK$'million*	Utilized as at 30 June 2008 *HK$'million*
Construction of production facilities	74	74
Purchase and installation of production lines	327	222
	401	296

The remaining proceeds have been deposited on short-term basis in licensed financial institutions in Hong Kong.

Prospects

The Group strives to become a leading EMS provider in the global TFT-LCD panel industry. In this regard, the Group intends to strengthen its relationships with leading TFT-LCD panel makers by continuously adopting co-location strategy. The Group will also expand its production capacity to cater for increasing demand from customers and to continuously invest in advanced production facilities to enhance production efficiency and product quality. Furthermore, the Group will maintain its focus on market leaders of TFT-LCD panel industry, and will enlarge its clientele by establishing relationship with other large-scale panel makers. The Group also strives to improve its profitability by engaging in other high-end electronic products.

The Group will continue to expand its business in the rest of 2008 by (1) installing 5 additional SMT production lines mainly in Suzhou, Ningbo and Xiamen to cater for the growing demand and to further strengthen customer relationship; (2) launching new products such as LED light bar to meet new application demand in the TFT-LCD panel industry; and (3) setting up production premises in Langfang, Tianjin and Chengdu.

Looking ahead in the second half of 2008, the global inflation pressure and the possible slowdown in the economy of United States of America will continue to affect the business environment. However, the steady growth of the global demand for LCD products is still driving the TFT-LCD industry. The Group will capture every business opportunity by working closely with its major customers to strive for promising growth of market share. To stay competitive, the Group will continue to strengthen its risk control and cost efficiency. With the continuing positive momentum, the management of the Group is confident that its business will continue to grow in the foreseeable future and generate good returns to the Company's shareholders.

DIVIDEND

The Directors proposed and declared an interim dividend of HK$0.085 per share, totalling HK$85,000,000 (equivalent to approximately US$10,901,000) for the six months ended 30 June 2008 (30 June 2007: Nil).

DATE OF BOOK CLOSURE

The register of members will be closed from 19 September 2008 to 23 September 2008, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 18 September 2008. Dividend warrants are expected to be dispatched on or about 30 September 2008.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to ensure high standards of corporate governance in the interest of its shareholders. The Directors confirm, to the best of their knowledge, the Group has complied with the code provisions set out in the Code of Corporate Governance Practices (the "Corporate Governance Code") as set out in Appendix 14 of the Listing Rules since the listing of the Company's shares on the Main Board of the Stock Exchange on 10 July 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding securities transactions by the Directors as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. All Directors confirmed that they have complied with the required standard set out in the Model Code since the listing of the Company's shares on the Main Board of the Stock Exchange on 10 July 2007.

DIRECTORS' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2008, the interests and short positions of the existing Directors and chief executives of the Company in the shares and underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which the Directors and chief executives of the Company were deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(i) Interests in shares

Name of Director	Company/name of associated corporation	Nature of interest	Number and class of securities	Percentage of interest in the relevant issued share capital
Wu Kai-Yun	the Company	Personal	3,436,314 ordinary shares	0.34%
Wu Kai-Hsiung	the Company	Personal	1,963,608 ordinary shares	0.20%
Tseng Yu-Ling	the Company	Personal	1,546,341 ordinary shares	0.15%
Wang Mie-Nan	the Company	Personal	82,000 ordinary shares	0.01%
Wu Kai-Yun	TSMT Taiwan	Personal	6,813,775 ordinary shares	4.81%
Wu Kai-Yun	TSMT Taiwan	Family *Note 1*	6,443,308 ordinary shares	4.55%
Wu Kai-Hsiung	TSMT Taiwan	Personal	957,393 ordinary shares	0.68%

Name of Director	Company/name of associated corporation	Nature of interest	Number and class of securities	Percentage of interest in the relevant issued share capital
Wa Kai-Hsiung	TSMT Taiwan	Family *Note 2*	128,018 ordinary shares	0.09%
Tseng Yu-Ling	TSMT Taiwan	Personal	74,743 ordinary shares	0.05%
Wu Kai-Yun	Taiwan Surface Mounting Technology (B.V.I.) Co., Limited ("TSMT BVI"), Taiwan Surface Mounting Technology Co., Limited ("TSMT HK") and Taiwan Surface Mounting Technology (U.S.A.) Co., Ltd. ("TSMT USA")	Personal	*Note 3*	*Note 3*
Wu Kai-Yun	TSMT BVI, TSMT HK and TSMT USA	Family *Note 1*	*Notes 1 & 3*	*Notes 1 & 3*
Wu Kai-Hsiung	TSMT BVI, TSMT HK and TSMT USA	Personal	*Note 3*	*Note 3*

Notes:

1. The relevant shares were held by the spouse of Wu Kai-Yun and his children aged under 18.

2. The relevant shares were held by the children aged under 18 of Wu Kai-Hsiung.

3. TSMT Taiwan is the holding company of TSMT BVI, TSMT HK and TSMT USA and the relevant Directors are deemed to be interested in these associated corporations by virtue of their interests in TSMT Taiwan.

Save as disclosed above, as at 30 June 2008, none of the Directors or their associate(s) had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to any Director, as at 30 June 2008, shareholders (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who had interests and short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Interests in shares

Name	Nature of interest	Number of shares	Approximate percentage of interest in the Company
TSMT BVI	Beneficial owner	734,831,130	73.48%
TSMT Taiwan	Interest of a controlled corporation	734,831,130	73.48%

Note: TSMT BVI is a direct wholly-owned subsidiary of TSMT Taiwan and, therefore, TSMT Taiwan is deemed or taken to be interested in the Company's shares which are beneficially owned by TSMT BVI for the purpose of the SFO. TSMT Taiwan is a company listed on the GreTai Securities Market in Taiwan.

Save as disclosed above, as at 30 June 2008, there was no person (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who (i) had an interest or short position in the shares and underlying shares of the Company which (a) would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to Section 336 of the SFO, to be entered in the register referred therein; or (ii) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Corporate Governance Code. The Audit Committee will meet at least four times each year with the purpose of monitoring the effectiveness of the Group's financial reporting process, internal control and risk management systems. The Audit Committee comprises all of the independent non-executive Directors, namely, Mr. Kwok Kwan Hung (chairman of the Audit Committee), Mr. Wang Mie-Nan and Ms. Lin Yen-Yu. The Audit Committee has reviewed the unaudited condensed consolidated interim results for the six months ended 30 June 2008.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the six months ended 30 June 2008.

By order of the Board
Wu Kai-Yun
Chairman

Hong Kong, 13 August 2008