



峻凌國際控股有限公司

Regent Manner International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1997



Interim Report 2010



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CORPORATE INFORMATION

Executive Directors

Wu Kai-Hsiung

(Chief Executive Officer)

Han Min *(Chief Marketing Officer)*

Tseng Yu-Ling *(Chief Financial Officer)*

Non-executive Director

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*

Auditor

PricewaterhouseCoopers

Certified Public Accountants

Principal Banker

Standard Chartered Bank

(Hong Kong) Limited

Hong Kong Branch Share

Registrar and Transfer Office

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Registered Office

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Notes	Six months ended 30 June	
		2010 US\$'000 (Unaudited)	2009 US\$'000 (Unaudited)
Revenue	4	526,070	280,170
Cost of sales		(472,535)	(251,220)
Gross profit		53,535	28,950
Selling and distribution costs		(1,093)	(505)
Administrative expenses		(8,299)	(6,707)
Other gains, net		1,117	293
Operating profit	15	45,260	22,031
Finance income, net	16	194	42
Profit before income tax		45,454	22,073
Income tax expense	17	(8,797)	(3,032)
Profit for the period attributable to equity holders of the Company		36,657	19,041
Other comprehensive income			
Currency translation differences		49	–
Total comprehensive income for the period attributable to equity holders of the Company		36,706	19,041
Earnings per share for profit attributable to the equity holders of the Company – Basic	18	US\$0.0367	US\$0.019
Dividends	19	12,868	9,032



CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2010

	Notes	30 June 2010 US\$'000 (Unaudited)	31 December 2009 US\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	123,779	95,931
Land use rights	6	4,101	5,634
Prepayments for land use rights		1,588	1,154
Deferred tax assets		127	320
Total non-current assets		129,595	103,039
Current assets			
Inventories	7	53,240	39,046
Trade receivables	8	324,713	311,025
Prepayments, deposits and other receivables		18,561	11,089
Due from related companies	9	1,690	596
Due from the ultimate holding company	9	6,823	7,703
Cash and bank balances	10	70,727	58,569
Total current assets		475,754	428,028
Total assets		605,349	531,067
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	11	1,282	1,282
Reserves		239,440	215,637
Total equity		240,722	216,919



		30 June	31 December
		2010	2009
	<i>Notes</i>	US\$'000	<i>US\$'000</i>
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		2,014	1,126
Current liabilities			
Trade payables	12	288,617	281,040
Accruals and other payables		14,493	10,119
Bank borrowings	13	47,695	13,113
Finance lease payables		–	244
Due to the ultimate holding company	14	877	1,922
Due to a related company	14	–	31
Current income tax liabilities		10,931	6,553
Total current liabilities		362,613	313,022
Total liabilities		364,627	314,148
Total equity and liabilities		605,349	531,067
Net current assets		113,141	115,006
Total assets less current liabilities		242,736	218,045



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Unaudited		
	Attributable to equity holders of the Company		
	Share capital	Reserves	Total equity
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Balance as at 1 January 2009	1,282	177,936	179,218
Total comprehensive income for the period ended 30 June 2009	–	19,041	19,041
2008 final dividend	–	(8,387)	(8,387)
Balance as at 30 June 2009	1,282	188,590	189,872
Balance as at 1 January 2010	1,282	215,637	216,919
Total comprehensive income for the period ended 30 June 2010	–	36,706	36,706
2009 final dividend	–	(12,903)	(12,903)
Balance as at 30 June 2010	1,282	239,440	240,722

The notes on pages 8 to 24 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2010

	Notes	Unaudited	
		Six months ended 30 June	
		2010	2009
		US\$'000	US\$'000
Cash flows from operating activities:			
– Cash generated from operations		27,731	7,389
– Interest paid		(163)	(353)
– Income tax paid		(3,337)	(1,709)
Cash flows from operating activities – net		24,231	5,327
Cash flows from investing activities:			
– Purchases of property, plant and equipment	5	(35,019)	(12,874)
– Prepayments for land use rights		(434)	–
– Proceeds on disposal of property, plant and equipment	5	229	–
– Proceeds on disposal of land use rights	6	1,716	–
– Decrease/(increase) in time deposits with initial term of more than three months		2,774	(9,208)
Cash flows from investing activities – net		(30,734)	(22,082)
Cash flows from financing activities:			
– Dividends paid		(12,903)	(8,387)
– Repayments of bank borrowings	13	(42,077)	(13,595)
– Proceeds from bank borrowings	13	76,766	16,382
– Payment of finance lease payables		(244)	(406)
Cash flows from financing activities – net		21,542	(6,006)
Net increase in cash and cash equivalents		15,039	(22,761)
Cash and cash equivalents at beginning of period		34,725	70,212
Exchange differences	13	(107)	(90)
Cash and cash equivalents at end of period		49,657	47,361

The notes on pages 8 to 24 form an integral part of this condensed consolidated interim financial information.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2010

1 GENERAL INFORMATION

Regent Manner International Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 9 August 2006. The registered office of the Company is located at 20th Floor, No. 168 Queen's Road Central, Hong Kong.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 10 July 2007. The Company together with its subsidiaries are hereinafter collectively referred to as the Group. The Group is principally engaged in the manufacture and sale of electronic products and the provision of related subcontracting services.

This condensed consolidated interim financial information has not been audited and was approved for issue on 23 August 2010.

Particulars of the subsidiaries of the Company are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued and fully paid- up share/ registered capital US\$'000	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Regent Manner (BVI) Limited ("Regent BVI")	British Virgin Islands 10 August 2006	50,630	100	–	Investment holding
Regent Manner Limited ("Regent HK")	Hong Kong 11 April 1997	89,963	–	100	Manufacture and sale of electronic products, provision of subcontracting services and investment holding
Regent Electron (Ningbo) Co., Ltd. ("Regent Ningbo")	The People's Republic of China (the "PRC") 25 January 2006	10,000	–	100	Manufacture and sale of electronic products and provision of subcontracting services

Name	Place of incorporation/ registration and operations	Nominal value of issued and fully paid- up share/ registered capital <i>US\$'000</i>	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Regent Electron (Ningbo) Free Trade Zone Co., Ltd. ("Regent Ningbo FTZ")	The PRC 19 January 2006	10,000	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Regent Electron (Suzhou) Co., Ltd. ("Regent Suzhou")	The PRC 9 August 1999	27,500	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Regent Electron (Xiamen) Co., Ltd. ("Regent Xiamen")	The PRC 10 April 2006	20,000	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Regent Electron (Foshan) Co., Ltd. ("Regent Foshan")	The PRC 16 March 2007	2,500 of 5,000 Registered capital	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Regent Electron (Langfang) Co., Ltd. ("Regent Langfang")	The PRC 16 September 2007	2,000 of 10,000 Registered capital	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Taiwan Surface Mounting Technology (Ningbo) Co., Ltd. ("TSMT Ningbo") <i>(note a)</i>	The PRC 8 February 2006	5,000	–	100	Manufacture and sale of electronic products and provision of subcontracting services



Name	Place of incorporation/ registration and operations	Nominal value of issued and fully paid- up share/ registered capital <i>US\$'000</i>	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Taiwan Surface Mounting Technology (Suzhou) Electronic Co., Ltd. ("TSMC Suzhou")	The PRC 24 June 2002	35,000	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Regent Electron (Chengdu) Co., Ltd. ("Regent Chengdu")	The PRC 28 January 2008	2,550 of 17,000 registered capital	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Regent Electron (Tianjin) Co., Ltd. ("Regent Tianjin")	The PRC 21 February 2008	1,500 of 10,000 registered capital	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Regent Electron (Dongguan) Co., Ltd. ("Regent Dongguan")	The PRC 15 September 2009	3,500 of 10,000 registered capital	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Ningbo Yongfu Trade Co., Ltd. ("Ningbo Yongfu") (<i>note a</i>)	The PRC 18 September 2009	300	–	100	Wholesale of electronic and other products; Imports and exports activities
Regent Electron (Qingdao) Co., Ltd. ("Regent Qingdao")	The PRC 2 March 2010	3,400 of 12,000 registered capital	–	100	Manufacture and sale of electronic products and provision of subcontracting services

Name	Place of incorporation/ registration and operations	Nominal value of issued and fully paid-up share/ registered capital <i>US\$'000</i>	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Regent Electron (Hefei) Co., Ltd. ("Regent Hefei")	The PRC 8 January 2010	5,500 of 10,000 registered capital	–	100	Manufacture and sale of electronic products and provision of subcontracting services

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company are Taiwan Surface Mounting Technology (B.V.I.) Co. Limited ("TSMT BVI") and Taiwan Surface Mounting Technology Corp. ("TSMT Taiwan"), which are incorporated in the British Virgin Islands and Taiwan, respectively. TSMT Taiwan is listed on the GreTai Securities Market, an over-the-counter securities market in Taiwan.

Note (a):

Pursuant to the resolutions of the board of directors of TSMT Ningbo and Ningbo Yongfu dated 26 December 2009, TSMT Ningbo plans to be merged with Ningbo Yongfu, after which TSMT Ningbo will be dissolved. The Group is in the process of obtaining relevant governmental approvals.

The directors of the Company believe the proposed merger plan mentioned above would not have any material impact on the Group's condensed consolidated interim financial information for the six months ended 30 June 2010.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with HKAS 34, "Interim financial reporting". This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").



3 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010:

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. This standard does not have any impact on the Group's condensed consolidated interim financial information for the six months ended 30 June 2010, as the Group has not incurred any business combination during the period.

HKAS 17 (amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. The Group has reassessed the classification of unexpired land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and considered this amendment did not have any impact to the Group as all the leases of land should still be classified as operating lease under the HKAS 17 (amendment).

(b) Standards amendments and interpretations to existing standards effective in 2010 but not relevant to the Group

- HK(IFRIC)-Int 17, 'Distributions of non-cash assets to owners' is effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.
 - Additional exemptions for first-time adopters' (Amendment to HKFRS 1) is effective for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing HKFRS preparer.
 - HKAS 39 (Amendment), 'Eligible hedged items' is effective for annual periods beginning on or after 1 July 2009. That is not currently applicable to the Group, as it has no hedging.
 - HKFRS 2 (Amendment), 'Group cash-settled share-based payment transaction' is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Group, as it has no such share-based payment transactions for the six months ended 30 June 2010.
 - First improvements to Hong Kong Financial Reporting Standards (2008) were issued in October 2008 by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The improvement related to HKFRS 5 "Non-current assets held for sale and discontinued operations" is effective for annual periods beginning on or after 1 July 2009.
 - Second improvements to Hong Kong Financial Reporting Standards (2009) were issued in May 2009 by the HKICPA. All improvements are effective in the financial year of 2010.
- (c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2010 and have not been early adopted:**
- HKFRS 9, 'Financial instruments'.
 - HKAS 24 (Revised) 'Related party disclosures'.
 - Amendment to HKAS 32 'Classification of rights issues'.
 - Amendments to HK(IFRIC) – Int 14 'Prepayments of a minimum funding requirement'.
 - HK(IFRIC) – Int 19, 'Extinguishing financial liabilities with equity instruments'.
 - 'Limited exemption from comparative HKFRS 7 disclosures for first-time adopters' (Amendment to HKFRS 1).
 - Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA. All improvements are effective in the financial year of 2011.



4 REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents (i) the net invoiced value or contracted value of goods sold upon dispatch of goods, after allowances for returns, trade discounts and sales tax, where applicable; and (ii) the value of subcontracting services rendered.

An analysis of revenue is as below:

	Unaudited	
	Six months ended 30 June	
	2010	2009
	US\$'000	US\$'000
Revenue		
Sales of goods	525,253	278,356
Subcontracting service income	817	1,814
	<hr/>	<hr/>
	526,070	280,170

For management purpose, the Group is organised into one operating unit – electronic products. Management monitors the results of this segment in making decisions about resources allocation and performance assessment.

The Group's revenue is substantially derived from its external customers in the PRC and the Group's operating assets are substantially located in the PRC.

Accordingly, no segment analysis by operating and geographical segments is provided for the six months ended 30 June 2010.

5 PROPERTY, PLANT AND EQUIPMENT

During the period, additions of property, plant and equipment amounted to US\$35,019,000 (six months ended 30 June 2009: US\$12,874,000). Items of property, plant and equipment with net book value totalling US\$599,000 were disposed of during the period (six months ended 30 June 2009: US\$394,000), resulting in a loss on disposal of US\$370,000 (six months ended 30 June 2009: US\$394,000).



6 LAND USE RIGHTS

During the period, land use rights with net book value of US\$1,485,000 were disposed (six months ended 30 June 2009: Nil) and resulted in a gain on disposal of US\$231,000 (six months ended 30 June 2009: Nil).

As at 30 June 2010, the Group is in the process of applying for land use right certificates from the relevant PRC government authorities for certain parcels of land located in the PRC. The net book value of the underlying land use rights was US\$1,018,588 as at 30 June 2010 (31 December 2009: US\$1,034,194).

7 INVENTORIES

	As at	
	30 June 2010	31 December 2009
	US\$'000	US\$'000
	Unaudited	Audited
Raw materials	38,435	24,273
Work-in-progress	4,359	6,346
Finished goods	10,446	8,427
	<hr/>	<hr/>
	53,240	39,046
	<hr/>	<hr/>



8 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:

	As at	
	30 June 2010	31 December 2009
	<i>US\$'000</i>	<i>US\$'000</i>
	Unaudited	Audited
Within 90 days	270,326	241,557
Between 91 days to 180 days	53,140	69,182
Between 181 days to 365 days	1,247	286
	<hr/> 324,713	311,025

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	As at	
	30 June 2010	31 December 2009
	<i>US\$'000</i>	<i>US\$'000</i>
	Unaudited	Audited
Neither past due nor impaired	318,823	307,341
Past due but not impaired	5,890	3,684
	<hr/> 324,713	311,025

Receivables that were neither past due nor impaired related to about thirty customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality of those customers and that the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

9 DUE FROM RELATED COMPANIES AND THE ULTIMATE HOLDING COMPANY

	As at	
	30 June 2010	31 December 2009
	<i>US\$'000</i>	<i>US\$'000</i>
	Unaudited	Audited
Trade receivables from:		
(i) Related companies:		
High-Toned Opto Technology Corporation (controlled by the same ultimate holding company: TSMT Taiwan)	1,434	431
Hitop Communications Corporation (controlled by the same ultimate holding company: TSMT Taiwan)	207	165
High-Toned Opto Technology (Suzhou) Limited (controlled by the same ultimate holding company: TSMT Taiwan)	49	–
	1,690	596

(ii) The ultimate holding company:

TSMT Taiwan	6,823	7,703
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An aged analysis of the amounts due from related companies and the ultimate holding company as at the balance sheet date, based on the invoice date, is as follows:

	As at	
	30 June 2010	31 December 2009
	<i>US\$'000</i>	<i>US\$'000</i>
	Unaudited	Audited
Within 90 days	8,207	8,299
Between 91 days to 180 days	306	–
	8,513	8,299

Trade receivables from the related companies and the ultimate holding company are unsecured, interest free and repayable on demand.



10 CASH AND BANK BALANCES

	As at	
	30 June 2010	31 December 2009
	<i>US\$'000</i>	<i>US\$'000</i>
	Unaudited	Audited
Cash on hand	200	33
Cash at banks, unrestricted	49,457	34,692
Time deposits with initial term of more than three months	21,070	23,844
	70,727	58,569

As at 30 June 2010, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to US\$41,894,021 (31 December 2009: US\$50,604,000). The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks to conduct foreign exchange transactions.

11 SHARE CAPITAL

	As at	
	30 June 2010	31 December 2009
	<i>US\$'000</i>	<i>US\$'000</i>
	Unaudited	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

12 TRADE PAYABLES

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

	As at	
	30 June 2010	31 December 2009
	<i>US\$'000</i>	<i>US\$'000</i>
	Unaudited	Audited
Within 90 days	210,564	186,615
Between 91 days to 180 days	77,544	94,358
Between 181 days to 365 days	509	67
	288,617	281,040

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

13 BANK BORROWINGS

	As at	
	30 June 2010	31 December 2009
	<i>US\$'000</i>	<i>US\$'000</i>
	Unaudited	Audited
Unsecured, repayable within one year	47,695	13,113

The Group's bank borrowings bear interest at rates ranging from 1.00% to 1.10% (31 December 2009: 0.85% to 1.39%) per annum.

The carrying amounts of the Group's bank borrowings approximate to their fair values.

As at 30 June 2010, total unsecured bank loan facilities granted by certain banks that have not been utilized by the Group amounted to US\$26,605,000 (31 December 2009: US\$53,800,000) and will mature in April 2011.

Movements in bank borrowings are analysed as follows:

	Unaudited <i>US\$'000</i>
Six months ended 30 June 2009	
Opening amount as at 1 January 2009	12,837
New borrowings	16,382
Repayments of borrowings	(13,595)
Exchange differences	(90)
Closing amount as at 30 June 2009	15,534
Six months ended 30 June 2010	
Opening amount as at 1 January 2010	13,113
New borrowings	76,766
Repayments of borrowings	(42,077)
Exchange differences	(107)
Closing amount as at 30 June 2010	47,695



14 DUE TO A RELATED COMPANY AND THE ULTIMATE HOLDING COMPANY

	As at	
	30 June 2010	31 December 2009
	<i>US\$'000</i>	<i>US\$'000</i>
	Unaudited	Audited

Trade payables to:

(i) a related company:

Hitop Communications Corporation	–	31
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(ii) The ultimate holding company:

TSMT Taiwan	877	1,922
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Trade payables to the ultimate holding company aged less than 180 days. They are unsecured, interest-free and repayable on demand.

15 OPERATING PROFIT

The Group's operating profit is arrived at after charging the following items:

	Unaudited	
	Six months ended 30 June	
	2010	2009
	<i>US\$'000</i>	<i>US\$'000</i>
Wages and salaries	16,026	9,627
Pension and other employee benefits	1,270	616
Depreciation of property, plant and equipment	6,284	5,286
Amortization of land use rights	59	50
Loss on disposal of property, plant and equipments	370	394
Write-down/(reversal) of inventories to net realizable value	450	(1,399)
Write-down of property, plant and equipments to net realizable value	367	–

16 FINANCE INCOME, NET

	Unaudited	
	Six months ended 30 June	
	2010	2009
	US\$'000	US\$'000
Interest income	357	395
Interest expense on bank borrowings	(43)	(64)
Interest expense on finance leases	(23)	(72)
Others	(97)	(217)
	194	42

17 INCOME TAX

The major components of income tax expenses are as follows:

	Unaudited	
	Six months ended 30 June	
	2010	2009
	US\$'000	US\$'000
Current income tax		
– Hong Kong profits tax	1,292	554
– PRC Corporate Income Tax	6,424	3,432
Deferred income tax	1,081	(954)
	8,797	3,032

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 was 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 Virgin 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 of the Company 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 goods manufactured in the PRC. As a result, Regent HK provided for Hong Kong profits tax at 8.25% on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2010.



Regent HK operates through a subcontracting factory in Dongguan, the PRC. The factory is subject to the PRC corporate income tax at a rate of 25% 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 TSMT Suzhou, Regent Ningbo FTZ, Regent Ningbo, TSMT Ningbo, Regent Xiamen and Regent Foshan, who are entitled to full exemption from the Corporate Income Tax for the first and second profit-making years, or for the first and second year since 1 January 2008, where this is a shorter period, and further 50% exemption for the succeeding three years.

18 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 June	
	2010	2009
Profit attributable to equity holders of the Company (US\$'000)	36,657	19,041
Weighted average number of ordinary shares in issue ('000)	1,000,000	1,000,000

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

19 DIVIDENDS

On 23 August 2010, the directors of the Company proposed and declared an interim dividend of HKD10 cent per share, totalling HKD100,000,000 (equivalent to approximately US\$12,868,000) for the six months ended 30 June 2010 (for the six months ended 30 June 2009: approximately US\$9,032,000). The condensed consolidated interim financial information does not reflect this dividend payable.

20 OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties and machinery under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 months to 3 years, and those for machinery are of 4 years.

At 30 June 2010, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at	
	30 June 2010	31 December 2009
	US\$'000	US\$'000
	Unaudited	Audited
Within one year	524	1,158
In the second to fifth years, inclusive	469	427
	993	1,585

21 CAPITAL COMMITMENTS

	As at	
	30 June 2010	31 December 2009
	US\$'000	US\$'000
	Unaudited	Audited
Contracted but not provided for		
Purchases of plant and machinery	885	556
Construction of buildings	12,154	8,774

22 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

(a) Information on related parties and their relationships with the Group are as follows:

Name of related party	Relationship
TSMT Taiwan	Ultimate holding company
High-Toned Opto Technology Corporation	Controlled by the same ultimate company
High-Toned Opto Technology (Suzhou) Limited	Controlled by the same ultimate company
Hitop Communications Corporation	Controlled by the same ultimate company



(b) Significant related party transactions

Other than the related party transactions disclosed elsewhere in the condensed consolidated interim financial information, significant related party transactions of the Group during the six months ended 30 June 2010 also include:

	Unaudited	
	Six months ended 30 June	
	2010	2009
	US\$'000	US\$'000
(1) Sales of goods:		
– TSMT Taiwan	13,456	9,238
– High-Toned Opto Technology Corporation	1,754	–
– Hitop Communications Corporation	527	299
– High-Toned Opto Technology (Suzhou) Limited	49	–
	<hr/> 15,786	<hr/> 9,537
(2) Purchase of raw materials:		
– TSMT Taiwan	1,242	789
– Hitop Communications Corporation	27	–
	<hr/> 1,269	<hr/> 789
(3) Purchase of goods:		
– TSMT Taiwan	–	100
	<hr/> –	<hr/> 100

The directors of the Company consider that the selling prices of goods, the purchase prices of raw materials and goods are determined according to the terms mutually agreed by both parties after taking into account the prevailing market prices.

Mr. Wu Kai-Yun, a director of the Company, provided an undertaking to the Group to agree to compensate the Group for certain potential PRC individual income tax liabilities amounting to approximately US\$1,721,000 in respect of certain of the Group's expatriates for the period up to 31 December 2008. Accrual of US\$1,721,000 for these liabilities have been recorded in the Group's financial statements as at 30 June 2010.



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 2010, the Group recorded an unaudited consolidated revenue of approximately US\$526,070,000 (six months ended 30 June 2009: approximately US\$280,170,000), representing a growth of approximately 87.8% over the corresponding period of previous year. Increase in revenue was attributed to the increased orders from the Group’s key customers as a result of the recovery of the TFT-LCD industry following the sustained improvement of the global economy, as well as the continuous growth of demand for the new products.

Gross Profit

The unaudited consolidated gross profit for the six months ended 30 June 2010 was approximately US\$53,535,000, representing an increase of approximately US\$24,585,000 (about 84.9%) over the corresponding period of previous year.

The gross profit margin of the Group for the six months ended 30 June 2010 was maintained at approximately 10.2% (six months ended 30 June 2009: approximately 10.3%).

Net Profit

The unaudited consolidated net profit for the six months ended 30 June 2010 was approximately US\$36,657,000, representing a growth of approximately US\$17,616,000 (about 92.5%) over the corresponding period of previous year. The net profit margin for the six months ended 30 June 2010 increased to approximately 7.0% from approximately 6.8% for the corresponding period of previous year.



Liquidity and Financial Resources

As at 30 June 2010, the Group's unaudited net current assets were approximately US\$113,141,000 (31 December 2009: approximately US\$115,006,000) which consisted of current assets amounting to approximately US\$475,754,000 (31 December 2009: approximately US\$428,028,000) and current liabilities amounting to approximately US\$362,613,000 (31 December 2009: approximately US\$313,022,000). The current ratio, defined as current assets over current liabilities, was approximately 1.3 (31 December 2009: approximately 1.4).

As at 30 June 2010, the unsecured bank loan repayable within one year was approximately US\$47,695,000 (31 December 2009: approximately US\$13,113,000). As at 30 June 2010, the Group has no other bank loans and borrowings repayable beyond one year (31 December 2009: Nil).

The gearing ratio, defined as total borrowings (other than payables in ordinary course of business) over total equity, as at 30 June 2010 was approximately 19.8% (31 December 2009: approximately 14.4%).

As at 30 June 2010, the cash and bank balances amounted to approximately US\$70,727,000 (31 December 2009: approximately US\$58,569,000).

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 to 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\$35,019,000 during the six months ended 30 June 2010 in the construction of factory premises, purchase and installation of plant machinery, equipment and other tangible assets, as compared to that of approximately US\$12,874,000 for the six months ended 30 June 2009. These capital expenditures were mainly financed by working capital of the Group and bank borrowings.

Capital Commitments and Contingent Liabilities

As at 30 June 2010, the future capital commitments for which the Group had contracted but not provided for amounted to approximately US\$13,039,000 (31 December 2009: approximately US\$9,330,000) which are mainly related to the construction of factory buildings in the PRC. Save for the above, the Group had no other significant capital commitment or contingent liabilities.

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 2010, the Group has 8,930 employees (30 June 2009: 6,174). The total salaries and related cost for the six months ended 30 June 2010 amounted to approximately US\$17,296,000 (six months ended 30 June 2009: approximately US\$10,243,000).

Prospects

Products

Thanks to the favourable government policy, technology evolution, as well as the increasing desire for advanced and energy-saving electronic products in the customer market, the sales orders for SMT production solutions applied to the new products, namely the LED light bars and main board for television sets, keep surging. The Group will keep promoting the new products and will strive to develop production solutions for other high-end electronic products in order to expand the source of income.



Customers

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. Furthermore, the Group will maintain its focus on market leaders of TFT-LCD panel industry, and will enlarge its customer base by exploring opportunity of business with other sizeable electronic product manufacturers.

Production capacity

The Group will keep pace with its customers to expand its production capacity. It will also invest continuously on advanced production facilities to enhance production efficiency and product quality. To meet the increasing orders from the TFT-LCD panel industry, the Group will (i) install about 30-40 additional SMT production lines in 2010 mainly in the production plants in Suzhou, Xiamen, Ningbo and those newly established production plants in Hefei, Chongqing and Qingdao in the first half of this year to enhance the production capacity; (ii) set up production premises in the northern part and central part of the PRC to broaden the business platform of the Group.

Industry

In the long run, the TFT-LCD industry is expected to exhibit steady growth driven by growing market demand for LCD products and the television main board market. With the positive momentum to be resumed gradually after the recovery of global economy, the Group's management is confident that its business will continue to grow in the future and generate good returns to the Company's shareholders.

DIVIDEND

The Directors proposed and declared an interim dividend of HK\$0.10 per share, totalling HK\$100,000,000 (equivalent to approximately US\$12,868,000) for the six months ended 30 June 2010 (six months ended 30 June 2009: approximately US\$9,032,000).

DATE OF BOOK CLOSURE

The register of shareholders will be closed from 15 September 2010 to 17 September 2010, 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 14 September 2010. Dividend warrants are expected to be dispatched on or about 28 September 2010.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to ensure high standards of corporate governance in the interest of its shareholders. The Directors confirm that, 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 during the six months ended 30 June 2010.

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 during the six months ended 30 June 2010.

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

As at 30 June 2010, the interests and short positions of the existing Directors and chief executives of the Company in the shares and underlying shares 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:

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 Shares	0.34%
Wu Kai-Hsiung	the Company	Personal	1,963,608 Shares	0.20%



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
Tseng Yu-Ling	the Company	Personal	1,546,341 Shares	0.15%
Wang Mie-Nan	the Company	Personal	82,000 Shares	0.01%
Wu Kai-Yun	TSMT Taiwan	Personal	8,777,566 ordinary shares	4.42%
Wu Kai-Yun	TSMT Taiwan	Family <i>Note 1</i>	8,482,784 ordinary shares	4.27%
Wu Kai-Hsiung	TSMT Taiwan	Personal	785,901 ordinary shares	0.40%
Wa Kai-Hsiung	TSMT Taiwan	Family <i>Note 2</i>	171,820 ordinary shares	0.09%
Tseng Yu-Ling	TSMT Taiwan	Personal	100,263 ordinary shares	0.05%
Wu Kai-Yun	TSMT BVI, TSMT HK, TSMT USA, High-Toned, and Hitop	Personal & Family <i>Note 1</i>	<i>Note 3</i>	<i>Note 3</i>
Wu Kai-Hsiung	TSMT BVI, TSMT HK, TSMT USA, High-Toned, and Hitop	Personal & Family <i>Note 2</i>	<i>Note 3</i>	<i>Note 3</i>
Tseng Yu-Ling	TSMT BVI, TSMT HK, TSMT USA, High-Toned, and Hitop	Personal	<i>Note 3</i>	<i>Note 3</i>



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 Taiwan Surface Mounting Technology (B.V.I.) Co., Limited ("TSMT BVI"), Taiwan Surface Mounting Technology Co., Limited ("TSMT HK"), Taiwan Surface Mounting Technology (U.S.A.) Co., Ltd. ("TSMT USA"), High-Toned Opto Technology Corp. ("High-Toned") and HITOP Communication Corp. ("Hitop"). 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 2010, 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 2010, 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 2010, 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 financial information, including the accounting principles adopted by the Group, for the six months ended 30 June 2010.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

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 2010.

By order of the Board

Wu Kai-Yun

Chairman

Hong Kong, 23 August 2010