峻凌國際控股有限公司

Regent Manner International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

RMIH

Stock Code: 1997

Annual Report 2010

Contents

Corporate Information

Board of Directors

Executive Directors

Wu Kai-Hsiung
Han Min
Tseng Yu-Ling

Non-executive Directors

Wu Kai-Yun *(Chairman)*

Independent non-executive Directors

Kwok Kwan Hung *FCPA (Practising), FCCA, B.S.C. (Hons), FHKIoD*
Hsu Wey-Tyng
Lin Yen-Yu

Registered office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong

20th Floor
No. 168 Queen's Road Central
Hong Kong

Company secretary

Chan Lai Yi, Karen *FCPA, FCCA*

Authorized representatives

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

Members of audit committee

Kwok Kwan Hung *(Chairman)*
Hsu Wey-Tyng
Lin Yen-Yu

Members of remuneration committee

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

Members of nomination committee

Lin Yen-Yu *(Chairman)*
Kwok Kwan Hung
Hsu Wey-Tyng

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Legal Adviser

PHILLIPS Solicitors

Principal bankers

Standard Chartered Bank (Hong Kong) Limited

Hong Kong branch share registrar and transfer office

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Website

http://www.rmih.com

Chairman's Statement

On behalf of the Board of Director's (the "Board") of Regent Manner International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to report to our shareholders the consolidated results of the Group for the year ended 31 December 2010 (the "Year").

2010 represented a memorable year with unprecedented achievements. Riding on our core expertise in surface mounting technology ("SMT"), the Group continues to be the leading mounting solutions provider to renowned international and domestic manufacturers of thin-film transistor liquid crystal display ("TFT-LCD") panels and various electronics products. For the Year, the Group's overall sales income and net profit achieved a record high of US$1,142,892,000 and US$78,610,000 respectively. Such encouraging performance reflected the success of our business model and further magnified our competitiveness against peers in the industry.

The Board has resolved to recommend a final dividend for the Year of HK$0.07 per share, equivalent to approximately US$18 million in total based on 2,030,000,000 shares in issue after subdivision of shares. Including the interim dividend paid to shareholders on 28 September 2010, the total dividend throughout the Year amounted to approximately US$31 million, representing a dividend payout ratio of approximately 40% (2009: 40%).

During the year, the Group focused on elevating business momentum through capacity expansion and initiated aggressive new product developments to keep abreast with the industry's rapid technology advancements and changing consumption trends. Leveraging on our strong business foundation, sizable production model and versatile end-product application, the Group successfully captured further market share and orders in all business segments. The Group's traditional product series, TFT-LCD control boards, achieved healthy growth thanks to stable and recurring orders from reputable panel makers, such as AU Optronics and Samsung. The Group's LED light bar and newly launched television main board business segments have too enjoyed substantial growth in sales against the backdrop of favorable government policies implemented in the People's Republic of China (the "PRC") to stimulate domestic consumption of electrical appliances nationwide; coupled with the increasing awareness of energy-saving products amongst consumers.

The Group is optimistic that the business context will be positive in the coming years. As a result of increased competition amongst key panel makers in the PRC, SMT outsourcing from our key clients and other electronic manufacturers to lower production costs is expected to accelerate in the foreseeable future. Furthermore, energy efficiency and environmental issues will see governments worldwide promote LED-based product through subsidies and incentive programs. Backed by a series of positive growth drivers, the Board is adamant that the Group is well-positioned to capture the opportunities in the long-run.

We aspire to expand our product spectrum. In light of the broad application of SMT technology, the Group is committed to extend its manufacturing expertise to encompass an array of high-end electronic products, namely LED general lighting and control boards for white appliances. To effectively grow in line with this enormous growth opportunity, dedicated research and development will be enforced to deliver a consistent supply of quality and value-added products.

Chairman's Statement

We strive to strengthen relationships with existing and new clients through co-location strategy. Driven by our corporate vision to provide cost effective solutions, the Group will continuously upgrade and streamline our supply-chain processes by locating facilities near key customers. Such a strategy will allow the Group to deliver tailored services to our clients in an effective and efficient manner, thus improving overall operating and cost efficiency.

Proactive capacity expansion will be initiated when and where appropriate to meet with enlarging orders. The investment in capacity is crucial to our long-term development and will assist us in achieving higher economies of scale to promote a sustainable growth model.

Looking ahead, the Group's business segments is expected to achieve sound growth and bring profitable returns to our shareholders in the years to come; thus ultimately advocate our vision to become a leading EMS provider in the global TFT-LCD panel industry.

Appreciation

On behalf of the Board, I would like to thank our management team and employees for their dedication and contribution to the Group's success. In addition, I would like to extend my sincere gratitude to our shareholders, customers and supplier for their continual confidence and support.

Wu Kai-Yun
Chairman

Management Discussion and Analysis

Business and Financial Review

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.

Turnover

For the year ended 31 December 2010, the Group recorded a turnover of approximately US$1,142,892,000 (for the year ended 31 December 2009: approximately US$773,439,000) representing a growth of 47.8% over the year. Increase in revenue during the year was primarily attributable to the accelerated increase of demand for the Group's new product, LED light bar, as well as the steady growth in the global TFT-LCD industry.

Gross Profit

The gross profit for the year ended 31 December 2010 was approximately US$113,136,000 (for the year ended 31 December 2009: approximately US$78,533,000), representing a growth of approximately 44.1% over the previous year.

The overall gross profit margin of the Group for the year ended 31 December 2010 reduced slightly to approximately 9.9% from approximately 10.2% of last year. It was due to the relatively lower gross profit margin of the new products during its early stage of launching as compared with that of the old products.

Net Profit

Due to the increase of revenue of the year and the effective cost management, the net profit for the current year increased approximately 42.6% to US$78,610,000 from US$55,120,000 for the year ended 31 December 2009. However, being affected by the decrease of overall gross profit margin, the net profit margin also reduced slightly from approximately 7.1% in 2009 to approximately 6.9% in 2010.

Liquidity and Financial Resources

As at 31 December 2010, the Group's net current assets was approximately US$128,044,000 (31 December 2009: approximately US$115,006,000) which consisted of current assets amounted to approximately US$522,464,000 (31 December 2009: approximately US$428,028,000) and current liabilities amounted to approximately US$394,420,000 (31 December 2009: approximately US$313,022,000). The current ratio, defined as current assets over current liabilities, was 1.32 times as at 31 December 2010, which was similar to 1.37 times as at 31 December 2009.

Business and Financial Review *(continued)*

Liquidity and Financial Resources *(continued)*

As at 31 December 2010, the cash and bank balances amounted to approximately US$91,883,000 (31 December 2009: approximately US$58,569,000) while the unsecured bank loan repayable within one year was approximately US$36,220,000 (31 December 2009: approximately US$13,113,000).

The gearing ratio, defined as total borrowings (other than payables in ordinary course of business) over total equity, as at 31 December 2010 was approximately 13% (31 December 2009: approximately 6%).

The Board is in the opinion that the Group is 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.

The Group's sales and procurements were mainly transacted in US dollars. The Group does not foresee significant exposure to exchange risk.

Capital Expenditure

The Group invested approximately US$64 million during the year ended 31 December 2010 for the construction of factory premises, purchase and installation of plant machinery, equipment and other tangible assets, as compared to approximately US$17 million for the year ended 31 December 2009. These capital expenditures were fully financed by the internal resources of the Group and bank borrowings.

Capital Commitments and Contingent Liabilities

As at 31 December 2010, the future capital commitments for which the Group had contracted but not provided for amounted to approximately US$51 million which relate mainly to the construction of plants in PRC regions. As at 31 December 2010, the Group had no significant 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 31 December 2010, the Group had 9,546 employees (31 December 2009: 7,189 employees). Total wages and related cost for the year ended 31 December 2010 amounted to approximately US$34,727,000 (for the year ended 31 December 2009: approximately US$18,833,000)

Prospects

Products

Thanks to the favourable government policy, technology evolution, as well as the increasing desire for advanced and energy-saving devices 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 developing new products for other applications such as LED lighting and white appliances and other high-end electronic products in order to expand the source of income and enhance profitability.

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 the global major players of TFT-LCD panel industry, and will enlarge its customer base by exploring opportunity of business with other global manufacturers.

Production capacity

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 quality.

During 2010, the Group has established three additional production bases in Hefei, Qingdao and Chongqing respectively to cope with the new orders from two of the major TV manufacturers in PRC. It has also built 33 additional SMT production lines over its seven bases in PRC regions including Suzhou, Ningbo, Xiamen and Dongguan. It is expected that about 30-40 new production lines will be installed in 2011, making up 185 lines in operation by the end of 2011.

Industry

Moving forward, the TFT-LCD industry is expected to show healthy growth driven by growing market demand for LCD TV. The Group will capture this business opportunity by working closely with its major customers to strive for promising operating results and enhance shareholders' value. With the positive momentum continuing since the beginning of the year, the Group's management is confident that its business will continue to grow in the foreseeable future and generate good returns to the Company's shareholders.

Directors' Profile

Directors

Chairman and non-executive Director

Wu Kai-Yun (伍開雲), aged 51, is the chairman of the Company (the "Chairman") and a non-executive Director. Mr. Wu is involved in the formulation of business strategies and corporate directions for the Group. He is also an executive director of the Company's ultimate holding company, Taiwan Surface Mounting Technology Corp, (the "TSMT Taiwan"), a company listed on the Taiwan Stock Exchange. Prior to founding TSMT Taiwan in 1990, Mr. Wu has worked in Sampo Corporation (聲寶股份有限公司), whose principal activities are the manufacturing and sales of electrical home appliances, as an engineer since June 1982. He also worked in MiTAC International Corporation (神達電腦股份有限公司), which is principally engaged in the design and manufacturing of personal computers, server products and mobile communication products, as a supervisor for the department of engineering, research and development in May 1987, and then joined Efa Corp. (憶華科技股份有限公司), a company engaging in the manufacturing of electronic products and electronic games equipment, as an assistant manager for the manufacturing department in July 1988. Being the founder of the Group, Mr. Wu has more than 27 years of extensive experience in the electronics industry spanning from operations management, research and development, process engineering, procurement and logistics, to sales and marketing. In 2006, Mr. Wu obtained an executive master's degree in business administration from Fudan University in Shanghai.

Executive Directors

Wu Kai-Hsiung (伍開雄), aged 41, is an executive Director, the chief executive officer (the "CEO") of the Company, and the general manager of Suzhou plant. Mr. Wu is responsible for the overall management of the Group, as well as assisting the chairman in the formulation of corporate strategies and policies. Mr. Wu worked as an engineer for TSMT Taiwan from 1992 to 1995, after which he joined Arkino Technology Corp. (台灣旭邦科技股份有限公司), a company principally engaged in the design and manufacturing for computer peripherals, including card-readers and networking products, as an assistant manager in September 1995 to enrich his overall management skills. From 1997 to 2006, Mr. Wu worked as an assistant manager and subsequently as a manager for TSMT Taiwan. Mr. Wu also founded the Group's operations in Dongguan and served as the plant manager thereof from 1997 to 2006, during which he also established Ningbo plant in 2006. Mr. Wu has more than 18 years of experience in the electronics industry in respect of operations management, procurement, sales and marketing. On 5 March 2007, Mr. Wu resigned as a director of TSMT Taiwan. In 2005, Mr. Wu obtained an executive master's degree in business administration from the California University of Technology. Mr. Wu is a brother of Wu Kai-Yun.

Han Min (韓敏), aged 34, is an executive Director and the chief marketing officer (the "CMO") of the Company. Ms. Han oversees the logistics, sales and marketing functions of the Group, as well as the development and maintenance of customer relationships. Ms. Han rendered her services as a supervisor of the logistics department of Dongguan plant in 1997. From 1999 to 2002, Ms. Han served as a supervisor of the logistics department of Suzhou plant. From 2002 to 2004, she served as an assistant manager of Suzhou plant and was promoted as the manager of marketing and procurement department of Suzhou plant in 2005. Since 2006, Ms. Han become the chief marketing officer of the Company. Ms. Han received an executive diploma in the school of management of Fudan University in Shanghai in 2007 and a bachelor degree in Business English from Beijing Foreign University (beiwai online).

Directors' Profile

Tseng Yu-Ling (曾玉玲), aged 33, has been appointed as executive Director and chief financial officer (the "CFO") of the Company with effect from 4 December 2007. Ms. Tseng graduated from the Department of Accountancy of National Taiwan University. She joined the Group in February 2003 as manager in the financial department. She was advanced to the position of vice-president in June 2005, and is in charge of the financial control and management of the Group. Before joining the Group in 2003, Ms. Tseng worked at KMPG from 1999 to 2002 and gained extensive experience in accounting and finance. She is a fellow member of Taiwan Provincial Certified Public Accountant Association. Ms. Tseng worked in the accounting department of Guang Fai Electronic Company from 2002 to 2003.

Independent non-executive Directors

Kwok Kwan Hung (郭君雄), aged 45, has been appointed as independent non-executive Director with effect from 4 December 2007. Mr. Kwok is a certified public accountant and accomplished a bachelor degree in Science from The University of London. He is currently an executive director and was previously an independent non-executive director of Sage International Group Limited (formerly known as Info Communication Holdings Limited), a company listed on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Kwok was also an independent non-executive director (from September 2004 to August 2006) and an executive director (from August 2006 to April 2008) of Nam Hing Holdings Limited, the shares of which are listed on the main board of the Stock Exchange, and an independent non-executive director of Sun International Group Limited, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange, from August 2006 to December 2008. He is an associate member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Hong Kong Institute of Directors.

Hsu Wey-Tyng (徐蔚婷), aged 37, has been appointed as independent non-executive Director with effect from 26 February 2011. Ms. Hsu holds a Bachelor of Science in Economics from the National Taiwan University. She also received a Master Degree of Information Systems Management in Carnegie Mellon University and a Master Degree of Business Administration in Finance in National Taipei University. Ms. Hsu started her career with Citibank N.A. Corporate Banking as Senior Assistant Manager in 2003 and resigned from her last position as Relationship Manager in Global Relationship Banking division in 2008. Besides, she has been acting as a specialist in General Management Office in Silan Corporation and as a project manager specialized in E-commerce in ECBYTE Co. Ltd. in Taiwan during 1998 to 2001.

Lin Yen-Yu (林晏瑜), aged 37, has been appointed as independent non-executive Director with effect from 4 December 2007. Ms. Lin was a doctorate candidate in Business School of Kai-Nan University, she also accomplished a master degree in Business Administration of International Business from The University of Akron and a bachelor degree in History from National Taiwan University. Ms. Lin is currently the General Manager of Supply Chain & Procurement of Ryerson China Limited, and was the International Sales Manager/Project Manager of National Aerospace Fastener Corp. and the Asia Sourcing Director of Supply Technologies.

Corporate Governance Report

Corporate Governance Practices

The Group is committed to ensure high standards of corporate governance in the interest of its shareholders. The directors of the Company (the "Directors") confirm, to the best of their knowledge, during the year ended 31 December 2010, the Group has complied with the Code on Corporate Governance Practice (the "Corporate Governance Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Directors' securities transactions

The Company has adopted the code of conduct regarding Directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year of 2010.

Composition of the Board of Directors

The Board comprises three executive directors, one non-executive director and three independent non-executive directors. The biographical details of all directors are set out on pages 8 to 9 of this annual report. The composition of the Board is well balanced with directors having sound knowledge and skill on different areas of the Company's business. Details of composition and their respective area of responsibilities are set out in the table on page 13 of this annual report.

The Company has received, from each independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent. The independent non-executive Directors will provide independent views and share their knowledge and experience with the other members of the Board.

Functions of the Board

The Board is responsible for (i) the formulation of operational and strategic direction of the Group; (ii) monitoring the financial performance of the Group; (iii) overseeing the performance of management; and (iv) ensure that the business and operation of the Group are managed by properly authorized and competent management.

Meetings of the Board

The Board held four regular Board meetings at approximately quarterly interval during the year of 2010. Additional board meetings were held when necessary. At least 14 days notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. Minutes of every Board meeting are kept by the secretary of the Company at the registered office and Board members are also entitled to have full access to the Board minutes and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities. Details of individual attendance of Directors are set out in the table on page 13 of this annual report.

Chairman and chief executive officer

To ensure a balance of power between the Board and the management of the Company, the role of the chairman of the Board and the chief executive officer are segregated and are not exercised by the same individual. Wu Kai-Yun is the Chairman who is responsible for the effectiveness of operation of the Board and Wu Kai-Hsiung is the CEO who is responsible for the management of the Group's business in all aspects effectively and the implementation of the strategies approved by the Board.

Relationship of the Board members

None of the Directors has any financial, business, family or other material or relevant relationships among members of the Board except that Wu Kai-Yun and Wu Kai-Hsiung are brothers.

Directors' interest in contract

Before each Board meeting, the Directors have to declare for their interests in the subject matter to be considered in the relevant Board meeting. Any director who or whose associates have any material interest in any proposed Board resolutions will not be counted as a quorum in the relevant Board meeting nor vote for the Board resolutions. The independent non-executive Directors who and whose associates have no material interest in the matter will attend the meeting to deal with the matter if it is considered appropriate. During the year, seven independent board meetings were held and the attendance of each director is set out in the attendance table on page 13 of this annual report.

Non-executive Director and Chairman

The non-executive Director and Chairman, Wu Kai-Yun has entered into an appointment letter with the Company for a term of three years commencing from 10 July 2007 and thereafter shall continue for a further successive period of one year each, subject to termination by the Company giving not less than two month's advance written notice and subject to re-election at forthcoming annual general meetings in accordance with the articles of association of the Company (the "Articles of Association") adopted on 19 June 2007 and the relevant letter of appointment.

Remuneration Committee

The Company has established a remuneration committee (the "Remuneration Committee") with written terms of reference in compliance of the Corporate Governance Code. The Remuneration Committee comprises all of the independent non-executive Directors and is chaired by Hsu Wey-Tyng. The Remuneration Committee meeting shall be held at least once a year to determine the remuneration policy for Directors and senior management. During the year, one remuneration committee meeting was held and the attendance of each member is set out in the attendance table on page 13 of this annual report.

The principal responsibilities of the Remuneration Committee include reviewing the remuneration policy, making recommendations to the Board on the remuneration package of the Directors and the senior management and reviewing performance-based remuneration and the annual share option scheme in order to ensure that the remuneration offered to Directors and senior management is appropriate.

Appointment, re-election and removal of Directors

Each of the executive Directors has entered into a service contract with the Company for a term of three years and renewable automatically for successive terms of one year each thereafter, subject to termination by either party giving to the other not less than two months' prior notice in writing.

The non-executive Director and Chairman has entered into an appointment letter with the Company for a term of three years and thereafter shall continue for further successive periods of one year each, subject to termination by the Company giving not less than two month's advance written notice.

Each of the independent non-executive Directors has entered into an appointment letter with the Company. Each appointment letter is for a term of three years, and renewable for successive terms thereafter.

In accordance with the Articles of Association, all Directors (including independent non-executive Directors) are subject to retirement by rotation at least once every three years.

The appointment, re-appointment and removal of Directors are recommended by the nomination committee, and decided by the Board.

Nomination Committee

The Company has established a nomination committee (the "Nomination Committee") with written terms of reference in compliance of the Corporate Governance Code. The Nomination Committee comprises all of the independent non-executive Directors and is chaired by Lin Yen-Yu. The Nomination Committee meeting shall be held at least once a year. During the year, one remuneration committee meeting was held and the attendance of each director is set out in the attendance table on page 13 of this annual report.

The principal responsibilities of the Nomination Committee include making recommendations to the Board regarding the appointment of Directors of the Group.

Audit Committee

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the Corporate Governance Code. The Audit Committee will meet at least four times each year with the main duties of providing an independent review of 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 and is chaired by Kwok Kwan Hung. During the year, six audit committee meetings were held and the attendance of each Director is set out in the attendance table on page 13 of this annual report.

The principle responsibilities of the Audit Committee include (i) reviewing the financial information and accounting policies of the Company; (ii) overseeing the Company's financial reporting system and internal control procedure; and (iii) assisting the Board on the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor; (iv) to comply other duties as set out in the Corporate Governance Code.

Auditor's Remuneration

An analysis of the remuneration of the Company's auditor, PricewaterhouseCoopers, for the year ended 31 December 2010 set out below:

	Fee paid/payable
	Approximately US$'000
Service rendered	
Audit fee for 2010 annual audit	110
Non audit service	31
Total	141

Attendance of meetings

		Attendance out of number of meetings				
Name of director	**Position**	**Board**	**Independent Board**	**Remuneration Committee**	**Nomination Committee**	**Audit Committee**
Executive Directors						
Wu Kai-Hsiung	CEO	11/12				
Han Min	CMO	12/12				
Tseng Yu-Ling	CFO	12/12	7/7			
Non-executive Director						
Wu Kai-Yun	Chairman	11/12				
Independent non-executive Directors						
Kwok Kwan Hung		11/12	7/7	1/1	1/1	6/6
Wang Mie-Nan		9/12	7/7	1/1	1/1	6/6
Lin Yen-Yu		10/12	6/7	1/1	1/1	4/6
Hsu Wey Tyng (appointed on 26 February 2011)		2/12				

Corporate Governance Report

Accountability of the Board

The Directors acknowledge that it is their responsibilities for preparing the financial statements of the Group, so as to give a true and fair view of the financial position, results and cash flow of the Group and presenting the interim and annual reports and announcements to shareholders. In preparing the financial statements for the year ended 31 December 2010, the Directors have adopted suitable accounting policies and applied them consistently, made judgements and estimations that are prudent and reasonable and have prepared the financial statements on a going concern basis.

Communication with shareholders

The Company endeavors to provide its shareholders accurate, clear, comprehensive and timely information of the Group via the publication of annual reports, interim reports, announcements, press release and also the company website at http://www.rmih.com. The Board will maintain regular communication with institutional investors to address their enquiries on the Group's strategies, operations management and plans.

All the shareholders of the Company are to be given a formal notice 20 clear business days in advance of the Company's annual general meeting where the shareholders will have an opportunity to communicate directly with the Board of the Company.

Internal control

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating the system of internal controls when there are changes to business environment or regulatory guidelines.

The Board is of the view that the system of internal controls in place for the year under review and up to the date of the issuance of the annual report and financial statements is sound and is sufficient to safeguard the interests of shareholders and employees, and the Group's assets.

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Group for the year ended 31 December 2010.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the Group are set out in note 1 to the financial statements and the Group is principally engaged in the provision of integrated SMT production solutions for manufacturers of TFT-LCD panels and various electronics products. There were no significant changes in the nature of the Group's principal activities during the year.

Segment information

For management purpose, the Group is organised into one operating segment – 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 overseas and majority of the goods sold are transported directly to the external customers' subsidiaries located in the PRC. The Group's operating assets are substantially located in the PRC.

Accordingly, no segment analysis by operating and geographical segments is provided for the year ended 31 December 2010.

Results and dividends

The results of the Group for the year ended 31 December 2010 are set out in the consolidated statement of comprehensive income on page 31 of this annual report.

During the year, the Company paid an interim dividend of HK$0.10 (2009: HK$0.07 based on 1,000,000,000 ordinary shares in issue) per share amounting to HK$100,000,000 (equivalent to approximately US$12,868,000) on 28 September 2010, based on 1,000,000,000 ordinary shares in issue.

The Board recommends the payment of a final dividend of HK$0.07 (2009: HK$0.10 based on 1,000,000,000 ordinary shares in issue) per share amounting to HK$142,100,000 (equivalent to approximately US$18,247,000) in respect of the year ended 31 December 2010 based on 2,030,000,000 ordinary shares in issue after subdivision of shares. The final dividend is subject to the approval at the forthcoming annual general meeting of the Company to be held on 6 May 2011 and is expected to be paid on or around 28 June 2011.

Total dividend for the year amounted to approximately US$31,115,000 (2009: approximately US$21,935,000). The details of dividends proposed for the year are set out in note 28 to the financial statements.

Closure of Register of Members

The register of members will be closed from 4 May 2011 to 6 May 2011, both days inclusive, during which no transfer of shares will be effected. In order to qualify for the final dividend, all transfers of shares 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 3 May 2011.

Financial summary

A summary of the published consolidated results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 92 of this annual report. The summary does not form part of the audited financial statements.

Major customers and suppliers

During the year, revenue attributable to the Group's five largest customers and the Group's largest customer were 72% and 28% of the total revenue of the Group respectively. The percentage of purchases attributable to the Group's five largest suppliers and the Group's largest supplier were 38% and 8% respectively.

None of the Directors, or any of their associate(s) or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

Property, plant and equipment and land use rights

Details of the movements in property, plant and equipment and land use rights of the Group during the year are set out in note 6 and 7 to the financial statements, respectively.

Share capital

Details of the movements in share capital of the Company are set out in note 14 to the financial statements.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and in note 15 to the financial statements, respectively.

Distributable reserves

As at 31 December 2010, the Company's reserves available for distribution to shareholders comprised the retained profits amounted to US$562,000 and the share premium of the Company amounted to US$56,709,000. Under the Companies Law of the Cayman Islands, the share premium of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the distribution or dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

Directors

The Directors during the year and up to the date of this report were:

Executive Directors:

Wu Kai-Hsiung
Han Min
Tseng Yu-Ling

Non-executive Director:

Wu Kai-Yun *(Chairman)*

Independent non-executive Directors:

Kwok Kwan Hung
Wang Mie-Nan (resigned on 26 February 2011)
Hsu Wey-Tyng (appointed on 26 February 2011)
Lin Yen-Yu

In accordance with the Articles of Association, one-third of the Directors shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election at least once every three year, and each director appointed to fill a casual vacancy during the year shall be subject to re-election at forthcoming annual general meeting.

Details of Directors' emoluments on a named basis are set out in note 23 to the financial statements.

Biographical details of Directors

Brief biographical details of Directors are set out on page 8 to 9 of this annual report.

Independent non-executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three independent non-executive Directors. The Company confirms that it has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all the independent non-executive Directors to be independent.

Audit Committee

The Company has established 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 main duties of providing an independent review of 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 and is chaired by Kwok Kwan Hung. The Audit Committee has reviewed the audited consolidated results, including accounting principles and policies adopted by the Group for the year ended 31 December 2010.

Directors' service contracts

Each of the executive Directors has entered into a service contract with the Company for a term of three years and renewable automatically for successive terms of one year each thereafter, subject to termination by either party giving to the other not less than two month's prior notice in writing. The non-executive Director has entered into an appointment letter with the Company for a term of three years and thereafter shall continue for further periods of one year each, subject to termination by the Company giving not less than two months' prior notice in writing.

Each of the independent non-executive Directors has entered into an appointment letter with the Company. Each appointment letter is for a term of three years and renewable for successive terms thereafter.

In accordance with the Articles of Association, all Directors (including independent non-executive Directors) are subject to retirement by rotation at least once every three years.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Share Option Scheme

In accordance with the Company's share option scheme adopted on 19 June 2007 (the "Share Option Scheme"), the board of the directors may grant options to eligible participants, including employees and directors, of the Company and any of its subsidiaries to subscribe for shares of the Company. The number of shares, which may be issued upon exercise of all outstanding options granted under the Share Option Scheme and other schemes adopted by the Group, is not permitted to exceed 30% of the shares of the Company in issue at any point in time. The total number of shares in respect of which options may be granted under the Share Option Scheme and other schemes adopted by the Group in aggregate is not permitted to exceed 10% of the shares of the Company in issue at the adoption date. The total number of shares in respect of which options may be granted to any individual is not permitted to exceed 1% of the share of the Company in issue at any 12-month period. Consideration of HK$1 is payable by the grantee on the acceptance of option granted. Option may be exercised from the date of acceptance of the offer of such option to the earlier of the date on which such option lapses and 10 years from the offer date of that option. The exercise price is determined by the directors of the Company, and will not be less than the higher of the closing prices of the shares on the Stock Exchange on the date of the grant of the options, the average of the closing prices of the shares for the five trading days immediately preceding the date of the grant of the options and the nominal value of the shares.

The Share Option Scheme is valid and effective for a period of 10 years commencing from the adoption date after which no further options may be issued. No options have been granted pursuant to the Share Option Scheme since its adoption.

Other than the share option schemes disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests and short position in shares, underlying shares and debentures of the Company or any associated corporations

As at 31 December 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 were as follows:

Interests in shares

		Number of ordinary shares held			
Name of Director	**Company/name of associated corporation**	**Personal interest**	**Family interest** *(Note 1)*	**Total**	**Percentage of interest in the relevant issued share capital**
Wu Kai-Yun	the Company	3,436,314		3,436,314	0.34%
Wu Kai-Hsiung	the Company	1,963,608		1,963,608	0.19%
Tseng Yu-Ling	the Company	1,546,341		1,546,341	0.15%
Wang Mie-Nan (resigned on 26 February 2011)	the Company	82,000		82,000	0.01%
Wu Kai-Yun	TSMT Taiwan	7,285,322	11,953,060	19,238,382	8.81%
Wu Kai-Hsiung	TSMT Taiwan	830,600	189,002	1,019,602	0.47%
Tseng Yu-Ling	TSMT Taiwan	122,289		122,289	0.06%
Hsu Wey-Tyng (appointed on 26 February 2011)	TSMT Taiwan	695,251		695,251	0.32%

Report of the Directors

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	TSMT BVI, TSMT HK, TSMT USA, High-Toned, and Hitop	Personal & Family *Note 1*	*Note 2*	*Note 2*
Wu Kai-Hsiung	TSMT BVI, TSMT HK, TSMT USA, High-Toned, and Hitop	Personal & Family *Note 1*	*Note 2*	*Note 2*
Tseng Yu-Ling	TSMT BVI, TSMT HK, TSMT USA, High-Toned, and Hitop	Personal	*Note 2*	*Note 2*

Notes:

1. The relevant shares were held by the spouse and/or children aged under 18 of the relevant Directors.

2. 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 31 December 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 31 December 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	72.40%
TSMT Taiwan	Interest of a controlled corporation	734,831,130	72.40%

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 31 December 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.

Continuing Connected Transactions

Certain related party transactions as disclosed in note 31 to the financial statements constituted continuing connected transactions under the Listing Rules, required to be disclosed in accordance with Chapter 14A of the Listing Rules.

(1) On 23 September 2008, the Group entered into a supply agreement with TSMT Taiwan (the "Supply Agreement") regarding the Group's sales of finished goods to TSMT Taiwan with the delivery of finished goods in Taiwan. The annual caps for the transaction amount of the sales of finished goods to TSMT Taiwan for each of the three years ended 31 December 2010 are US$15.0 million, US$72.0 million and US$86.4 million respectively. The transactions under the Supply Agreement have been disclosed in the announcement dated 25 September 2008 and were approved by the shareholders of the Company (the "Shareholders") at the extraordinary shareholders' meeting (the "EGM") held on 27 October 2008. On 9 April 2010, the Group extended the above Supply Agreement (the "Extended Supply Agreement") to 31 December 2011, and revised the terms of the Supply Agreement that the delivery of finished goods by the Group shall not be restricted to Taiwan. The annual cap for the transaction amount of finished goods to TSMT Taiwan for the year ending 31 December 2011 is US$60 million. The transactions under the Extended Supply Agreement have been disclosed in the announcement dated 9 April 2010 and were approved by the shareholders at the EGM held on 18 May 2010.

(2) On 3 April 2009, the Group extended a purchase agreement with TSMT Taiwan (the "Extended Purchase Agreement") regarding the Group's purchase of finished goods from TSMT Taiwan and its subsidiary other than the Group (the "TSMT Taiwan Group") for another two years ending 31 December 2011. The annual caps for the transaction amount of the purchase of finished goods from TSMT Taiwan Group for each of the two years ending 31 December 2011 were US$7.0 million and US$7.7 million respectively. The transactions under the Extended Purchase Agreement have been disclosed in the announcement dated 7 April 2009 and were approved by the Shareholders at the EGM held on 19 May 2009.

(3) On 3 April 2009, the Group extended a procurement agreement with TSMT Taiwan (the "Extended Procurement Agreement") regarding the Group's purchase of raw materials and components from TSMT Taiwan Group for another two years ending 31 December 2011. The annual caps for the transaction amount of the procurement of raw materials and components from TSMT Taiwan Group for each of the two years ending 31 December 2011 are US$7.0 million and US$7.7 million respectively. The transactions under the Extended Procurement Agreement have been disclosed in the announcement dated 7 April 2009 and were approved by the Shareholders at the EGM held on 19 May 2009.

(4) On 3 April 2009, the Group entered into a supply agreement with TSMT Taiwan (the "New Supply Agreement") regarding the Group's sales of finished goods to TSMT Taiwan Group with the delivery of finished goods in the PRC. The annual caps for the transaction amount of the sales of finished goods to TSMT Taiwan Group for each of the three years ending 31 December 2011 are US$2.3 million, US$4.4 million and US$4.8 million respectively. The transactions under the New Supply Agreement have been disclosed in the announcement dated 7 April 2009 and were approved by the Shareholders at the EGM held on 19 May 2009.

(5) On 3 April 2009, the Group entered into a product development service agreement with TSMT Taiwan (the "Product Development Service Agreement") regarding the provision of product development service by TSMT Taiwan Group to the Group. The annual caps for the transaction amount of the provision of product development service by TSMT Taiwan Group for each of the three years ending 31 December 2011 are US$1.4 million, US$2.4 million and US$2.4 million respectively. The transactions under the Product Development Service Agreement have been disclosed in the announcement dated 7 April 2009 and were approved by the Shareholders at the EGM held on 19 May 2009.

(6) On 3 April 2009, the Group entered into a purchase agreement with TSMT Taiwan (the "Machinery and Equipment Purchase Agreement") regarding the Group's purchase of machinery and equipment from TSMT Taiwan Group. The annual caps for the transaction amount of the provision of product development service by TSMT Taiwan Group for each of the three years ending 31 December 2011 are US$4.0 million, US$1.5 million and US$1.5 million respectively. The transactions under the Machinery and Equipment Purchase Agreement have been disclosed in the announcement dated 7 April 2009 and were approved by the Shareholders at the EGM held on 19 May 2009.

The independent non-executive Directors of the Company have reviewed the above continuing connected transactions and confirmed that the transactions were entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Company than terms available from independent third parties; (iii) in accordance with each of the relevant agreements governing them on the terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his conclusions in respect of the continuing connected transactions disclosed by the Group in page 90 of the annual report in accordance with paragraph 14A.38 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. A copy of the auditor's letter has been provided by the Company to the Stock Exchange of Hong Kong Limited.

Non-competition undertakings

The Company has confirmed that the undertakings contained in the deed of non-competition dated 19 June 2007 (the "Non-Competition Deed") given by TSMT Taiwan in favour of the Company have been complied with and enforced. The Company has received a declaration made by TSMT Taiwan that TSMT Taiwan has complied with the terms of the Non-Competition Deed during the year ended 31 December 2010.

Directors' interests in contracts

Save as disclosed above in this directors' report, no contracts of significant, to which the Company, its holding companies, its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in competing business

Save as disclosed above in this directors' report, in so far as the Directors were aware, none of the Directors or their associates had any interest in a business that compete with the business of the Group.

Pre-emptive rights

There are no provisions for pre-emptive rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders under the Company's Articles of Association although there are no restrictions against such rights under the laws of the Cayman Islands.

Directors' securities transactions

The Company has adopted the code of conduct regarding Directors' securities transactions as set out in the Model Code contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the year of 2010.

Sufficiency of public float

Based on the information that is publicly available to and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares at the date of this report.

Purchase, sale or redemption of shares

The Company has not redeemed any of its shares and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

Events after the balance sheet date

Details of significant events after the balance sheet date are set out in note 32 to the financial statements.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

By order of the Board
Wu Kai-Yun
Chairman

Hong Kong, 17 March 2011

Independent Auditor's Report

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

To the shareholders of
Regent Manner International Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Regent Manner International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 28 to 91, which comprise the consolidated and company balance sheets as at 31 December 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 March 2011

Consolidated Balance Sheet

As at 31 December 2010

		As at 31 December	
		2010	2009
	Note	**US$'000**	US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**144,798**	95,931
Land use rights	7	**4,623**	5,634
Prepayments for land use rights	7	**2,435**	1,154
Deferred tax assets	19	**30**	320
		151,886	103,039
Current assets			
Inventories	9	**58,688**	39,046
Trade receivables	10	**340,038**	311,025
Prepayments, deposits and other receivables	11	**22,665**	11,089
Due from related companies	12	**39**	596
Due from the ultimate holding company	12	**9,151**	7,703
Cash and bank balances	13	**91,883**	58,569
		522,464	428,028
Total assets		**674,350**	531,067
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	14	**1,302**	1,282
Share premium	14	**56,709**	49,891
Other reserves	15		
– Proposed final dividend		**18,247**	12,903
– Others		**200,413**	152,843
Total equity		**276,671**	216,919

Consolidated Balance Sheet

As at 31 December 2010

	Note	As at 31 December 2010 US$'000	2009 US$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	19	**3,259**	1,126
Current liabilities			
Trade payables	16	**323,614**	281,040
Accruals and other payables	17	**17,919**	10,119
Borrowings	18	**36,220**	13,113
Finance lease payables		**–**	244
Due to the ultimate holding company	20	**4,541**	1,922
Due to a related company	20	**76**	31
Current income tax liabilities		**12,050**	6,553
		394,420	313,022
Total liabilities		**397,679**	314,148
Total equity and liabilities		**674,350**	531,067
Net current assets		**128,044**	115,006
Total assets less current liabilities		**279,930**	218,045

The notes on pages 34 to 91 are an integral part of these consolidated financial statements.

Wu Kai-Yun
Director

Wu Kai-Hsiung
Director

Company Balance Sheet

As at 31 December 2010

	Note	As at 31 December 2010 US$'000	As at 31 December 2009 US$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	8	**89,963**	89,963
Current assets			
Prepayments, deposits and other receivables	11	**–**	13,548
Cash and bank balances	13	**8,001**	817
		8,001	14,365
Total assets		**97,964**	104,328
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	14	**1,302**	1,282
Share premium	14	**56,709**	49,891
Other reserves	15		
– Proposed final dividend		**18,247**	12,903
– Others		**21,678**	40,235
Total equity		**97,936**	104,311
LIABILITIES			
Current liabilities			
Accruals and other payables	17	**28**	17
Total equity and liabilities		**97,964**	104,328
Net current assets		**7,973**	14,348
Total assets less current liabilities		**97,936**	104,311

The notes on pages 34 to 91 are an integral part of this financial statement.

Wu Kai-Yun
Director

Wu Kai-Hsiung
Director

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

		For the year ended 31 December	
	Note	**2010** **US$'000**	2009 US$'000
Revenue	5	**1,142,892**	773,439
Cost of sales	22	**(1,029,756)**	(694,906)
Gross profit		**113,136**	78,533
Selling and distribution costs	22	**(1,986)**	(1,146)
Administrative expenses	22	**(18,945)**	(13,514)
Other gains/(losses) – net	21	**1,305**	(328)
Operating profit		**93,510**	63,545
Finance income	24	**2,292**	641
Finance costs	24	**(150)**	(255)
Finance income, net	24	**2,142**	386
Profit before income tax		**95,652**	63,931
Income tax expense	25	**(17,042)**	(8,811)
Profit for the year attributable to equity holders of the Company		**78,610**	55,120
Other comprehensive income:			
Currency translation differences		**75**	–
Total comprehensive income for the year attributable to equity holders of the Company		**78,685**	55,120
Earnings per share for profit attributable to the equity holders of the Company during the year			
– basic	27	**US$0.0393**	US$0.0276
Dividends	28	**31,115**	21,935

The notes on pages 34 to 91 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

		Attributable to equity holders of the Company			
		Share capital	**Share premium**	**Other reserves**	**Total**
	Note	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2009		1,282	49,891	128,045	179,218
Comprehensive income					
Profit for the year		–	–	55,120	55,120
Transaction with owners					
2008 final dividends	28	–	–	(8,387)	(8,387)
2009 interim dividends	28	–	–	(9,032)	(9,032)
Balance at 31 December 2009		1,282	49,891	165,746	216,919
Balance at 1 January 2010		**1,282**	**49,891**	**165,746**	**216,919**
Comprehensive income					
Profit for the year		**–**	**–**	**78,610**	**78,610**
Other comprehensive income					
– Currency translation differences		**–**	**–**	**75**	**75**
		–	**–**	**78,685**	**78,685**
Transaction with owners					
Proceeds from shares issued	15	**20**	**6,818**	**–**	**6,838**
2009 final dividends	28	**–**	**–**	**(12,903)**	**(12,903)**
2010 interim dividends	28	**–**	**–**	**(12,868)**	**(12,868)**
		20	**6,818**	**(25,771)**	**(18,933)**
Balance at 31 December 2010		**1,302**	**56,709**	**218,660**	**276,671**

The notes on pages 34 to 91 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2010

	Note	For the year ended 31 December 2010 US$'000	2009 US$'000
Cash flows from operating activities			
Cash generated from operations	29(a)	**99,249**	13,264
Interest paid		**(150)**	(255)
Income tax paid		**(9,122)**	(3,366)
Net cash generated from operating activities		**89,977**	9,643
Cash flows from investing activities			
Purchase of property, plant and equipment		**(62,000)**	(18,680)
Proceeds from disposal of property, plant and equipment	29(b)	**728**	33
Proceeds from disposal of land use rights		**1,716**	1,007
Payment for land use rights		**(1,856)**	(136)
Decrease in pledged bank deposits		**–**	615
Decrease/(increase) in time deposits with initial term of more than three months		**2,161**	(10,743)
Interest received		**819**	641
Net cash used in investing activities		**(58,432)**	(27,263)
Cash flows from financing activities			
Proceeds from shares issued		**6,838**	–
Proceeds from borrowings		**179,051**	38,968
Repayments of borrowings		**(155,944)**	(38,692)
Payment of finance lease payables		**(244)**	(724)
Dividends paid		**(25,771)**	(17,419)
Net cash generated from/(used in) financing activities		**3,930**	(17,867)
Net increase/(decrease) in cash and cash equivalents		**35,475**	(35,487)
Cash and cash equivalents, beginning of the year	13	**34,725**	70,212
Cash and cash equivalents, end of the year	13	**70,200**	34,725

The notes on pages 34 to 91 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 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.

These consolidated financial statements are presented in United States dollar ("US$") unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 17 March 2011.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(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 statement of comprehensive income. 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. The adoption of this revised standard has no impact on the Group and the Company financial statements, as there have been no business combination in current period.

- HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (revised) has had no impact on the current period, as there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(a) New and amended standards adopted by the Group (continued)

- 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. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Land use rights", and amortised over the lease term.

  HKAS 17 (amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. 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 concluded that there is no change in the classification of lease of land.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

- HK(IFRIC) 17, 'Distribution of non-cash assets to owners', effective on or after 1 July 2009. The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

- HK(IFRIC) 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events) (continued)

- HK(IFRIC) 9, 'Reassessment of embedded derivatives' and HKAS 39, 'Financial instruments: Recognition and measurement', effective 1 July 2009. This amendment to HK(IFRIC) 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remains classified as at fair value through profit or loss in its entirety.

- HK(IFRIC) 16, Hedges of a net investment in a foreign operation' effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of HKAS 39 that relate to a net investment hedge are satisfied. In particular, the group should clearly document its hedging strategy because of the possibility of different designations at different levels of the group.

- HKAS 38 (amendment), 'Intangible assets', effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

- HKAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events) (continued)

- HKAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of HKFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).

- HKFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective from 1 January 2010. In addition to incorporating HK(IFRIC) 8, 'Scope of HKFRS 2', and HK(IFRIC) 11, 'HKFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in HK(IFRIC) 11 to address the classification of group arrangements that were not covered by that interpretation.

- HKFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1.

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective:

		Effective for annual periods beginning on or after
Amendments to HKAS 32	Classification of rights issues	1 February 2010
HK (IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments	1 July 2010
HKAS 24 (revised)	Related party disclosures	1 January 2011
Amendments to HK (IFRIC) – Int 14	Prepayments of a minimum funding requirement	1 January 2011
HKFRS 12 (amendment)	Deferred tax: Recovery of underlying assets	1 January 2012
HKFRS 9	Financial instruments	1 January 2013

Apart from the above, the HKICPA has issued the third annual improvements project (2010) in May 2010 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wordings. The Group has not applied the following revised HKFRSs published in the third annual improvements project.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted (continued)

		Effective for annual periods beginning on or after
HKFRS 3 (revised)	Business combinations	1 July 2010
HKAS 27	Consolidated and separate financial statements	1 July 2010
HKFRS 1	First time adoption of International Financial Reporting Standards	1 January 2011
HKFRS 7	Financial instruments: Disclosure	1 January 2011
HKAS 1	Presentation of financial statements	1 January 2011
HKAS 34	Interim financial reporting	1 January 2011
HK (IFRIC) – Int 13	Customer loyalty programmes	1 January 2011

The Group is in the process of making assessment of the impact of these new or revised HKFRSs upon initial adoption, while it is not expected that the adoption of these new or revised HKFRSs will have a significant impact on the Group or the Company's financial statements.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2 Summary of significant accounting policies *(continued)*

2.2 Consolidation *(continued)*

(a) Subsidiaries (continued)

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any 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.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

2 Summary of significant accounting policies *(continued)*

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US$, which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other gains or losses – net'.

(c) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the consolidated statement of comprehensive income as part of the gain or loss on sale.

2 Summary of significant accounting policies *(continued)*

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced plant is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

	Annual Depreciation Rate
Buildings	4.5%
Leasehold improvements	Over the shorter of the lease terms and 20%
Plant and Machinery	9%
Furniture and office equipment	18%
Vehicles	18%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised within 'other gains or losses – net' in the consolidated statement of comprehensive income.

Construction-in-progress ("CIP") represents buildings, plant and machinery under construction or pending installation and is stated at cost less impairment, if any. Cost includes the costs of construction of buildings, costs of plant and machinery, and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

2 Summary of significant accounting policies *(continued)*

2.6 Land use rights

All land in the People's Republic of China (the "PRC") is state-owned and no individual land ownership right exists. The Group acquired the right to use certain land. The premiums paid for such right are treated as prepayment for operating lease and recorded as land use rights, which are amortised over the lease periods using the straight-line method. The land use rights are stated at historical cost less accumulated amortisation and impairment.

2.7 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

The Group's financial assets are loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. The Group's loans and receivables comprise 'trade receivables', 'deposits and other receivables' and 'cash and bank balances' in the balance sheet (Note 2.10 and 2.11 respectively).

Loans and receivables are initially recognised at fair value and then subsequently carried at amortised cost using the effective interest method.

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred the rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.

2 Summary of significant accounting policies *(continued)*

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in the normal operating cycle of the business, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Group assesses at the end of each reporting period whether there is objective evidence that trade and other receivables is impaired. Trade and other receivables is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the trade and other receivables that can be reliably estimated.

The amount of the loss is measured as the difference between trade and other receivables' carrying amount and the present value of estimated future cash flows discounted at the trade and other receivables' original effective interest rate. The carrying amount of trade and other receivables is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares, options or warrants are shown in equity as a deduction, net of tax, from the proceeds.

2 Summary of significant accounting policies *(continued)*

2.13 Trade payables

Trade payables are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less in the normal operating cycle of the business. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs that are directly attributable to the acquisition, construction or production of any qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sales are capitalised as part of the cost of that asset.

All other borrowing costs are charged to the consolidated statement of comprehensive income in the period in which they are incurred.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of significant accounting policies *(continued)*

2.15 Current and deferred income tax *(continued)*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Employee benefits

The Group has arranged for its Hong Kong employee to join the Mandatory Provident Fund Scheme (the "MPF"), a defined contribution plan. Under the MPF, the Group and its Hong Kong employee make monthly contributions to the scheme at 5% of the employee's earnings as defined under the Mandatory Provident Fund legislation, subject to a cap of HK$2,000 per month and any excess contributions are voluntary.

In accordance with the rules and regulations in the PRC, the Group has arranged for its PRC employees to join a defined contribution plans, including pension, medical, housing and other welfare benefits, organised by the PRC government. According to the relevant regulations, the monthly contributions that should be borne by the PRC subsidiaries of the Company are calculated based on percentages of the total salary of employees, subject to a certain ceiling. The assets of these plans are held separately from those of the Group in independent funds managed by the PRC government.

The Group has no further payment obligations once the contributions have been paid. The Group's contributions to these plans are charged to the consolidated statement of comprehensive income as incurred.

2 Summary of significant accounting policies *(continued)*

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) *Sales of goods*

Sales of goods are recognised when a Group's entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

(b) *Subcontracting service income*

Subcontracting service income is recognised when the subcontracting services have been rendered and it is probable that the economic benefits will flow to the Group and the relevant fees can be measured reliably.

2 Summary of significant accounting policies *(continued)*

2.18 Revenue recognition *(continued)*

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.19 Research and development expenses

All research costs are charged to the consolidated statement of comprehensive income as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate probable future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

2.20 Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2.21 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2 Summary of significant accounting policies *(continued)*

2.21 Contingent liabilities and contingent assets *(continued)*

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors as appropriate.

2.23 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial year, as adjusted to reflect the rights issue (if any) during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

As majority of sales, purchases and financing activities of the Group is carried out in US$, foreign exchange risk arises from sales or purchases by operating units in currencies other than US$, which are mainly denominated in Renminbi (the "RMB") and Hong Kong dollar ("HK$") (pegged with US$). The Group has not hedged its foreign exchange rate risk because the exposure is not significant.

As at 31 December 2009 and 2010, if US$ had strengthened/weakened by 10% against RMB with all other variables held constant, the pre-tax profit for each year would have been decreased/increased by US$2,562,000 and US$6,898,000 respectively, mainly as a result of foreign exchange gains/losses on translation of RMB denominated cash and bank balances, trade receivables, other receivables, trade payables, other payables and borrowings.

(ii) Interest-rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-rate risk arises from borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. Details of the Group's borrowings have been disclosed in Note 18.

The Group historically has not used any financial instruments to hedge its exposure to interest rate risk.

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk

The carrying amounts of cash and bank balances, due from related parties, trade receivables and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

As at 31 December 2009 and 2010, all cash and bank balances were deposited in reputable financial institutions and were hence without significant credit risk. Management does not expect any losses from non-performance by these counterparties.

Credit sales are made to selected customers with good credit history. The Group has policies in place to ensure that trade receivables are followed up on a timely basis. The Group has arrangements with banks to discount certain of its trade receivables (non-recourse) to minimize its credit risk. At the balance sheet date, the Group has significant concentration of credit risk that may arise from the exposure to five debtors which accounted for approximately 60% (31 December 2009:87%) of the Group's total trade receivables as at 31 December 2010.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's objective is to maintain adequate committed credit lines to ensure sufficient and flexible funding is available to the Group.

As at 31 December 2010, total unsecured bank loan facilities granted by certain banks that have not been utilized by the Group amounted to US$87,195,000 (as at 31 December 2009: US$53,800,000) and will mature between April 2011 and October 2011.

As at 31 December 2010, the Group held cash and cash equivalents of US$70,200,000 (31 December 2009: US$34,725,000) (note 13) and trade receivables of US$340,038,000 (31 December 2009: US$311,025,000) (note 10) that are expected to readily generate cash inflows for managing liquidity risk.

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**
	US$'000	US$'000	US$'000
As at 31 December 2010			
Borrowings and interests payable (i)	**36,277**	**–**	**–**
Trade payables	**323,614**	**–**	**–**
Other payables	**11,317**	**–**	**–**
Due to the ultimate holding company	**4,541**	**–**	**–**
Due to a related party	**76**	**–**	**–**
As at 31 December 2009			
Borrowings and interests payable (i)	13,113	–	–
Finance lease payables	244	–	–
Trade payables	281,040	–	–
Other payables	3,515	–	–
Due to the ultimate holding company	1,922	–	–
Due to a related party	31	–	–

(i) The interest on borrowings is calculated based on borrowings held as at 31 December 2009 and 2010 without taking account of future issues.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

3 Financial risk management *(continued)*

3.2 Capital risk management *(continued)*

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings (Note 18) divided by total equity.

The gearing ratios at 31 December 2010 is of 13.1%.

3.3 Fair value estimation

The carrying value of trade and other receivables less impairment, trade and other payables, due from/to related companies and ultimate holding company, borrowings are assumed to approximate their fair values.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previous estimation, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

(b) Current tax and deferred tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4 Critical accounting estimates and judgments *(continued)*

(b) Current tax and deferred tax *(continued)*

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the periods in which such estimate is changed.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to industry cycles. Management reassesses the estimates at each balance sheet date.

(d) Provision for impairment of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Management reassesses the provision at each balance sheet date.

(e) Estimated impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related assets values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

5 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:

	For the year ended 31 December	
	2010	2009
	US$'000	US$'000
Sales of goods	**1,139,853**	769,518
Subcontracting service income	**3,039**	3,921
Total revenue	**1,142,892**	773,439

For management purpose, the Group is organised into one operating segment – 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 overseas and majority of the goods sold are transported directly to the external customers' subsidiaries located in the PRC. The Group's operating assets are substantially located in the PRC.

Accordingly, no segment analysis by operating and geographical segments is provided for the year ended 31 December 2010.

Revenue derived from single external customers that each amount to more than 10 percent of the Group's revenue is listed as below:

	For the year ended 31 December	
	2010	2009
	US$'000	US$'000
Company A	**314,806**	283,531
Company B	**193,529**	152,605
Company C	**176,219**	124,210
	684,554	560,346

6 Property, plant and equipment – Group

	Buildings	Leasehold improvements	Plant and machinery	Furniture and office equipment	Vehicles	Construction in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 January 2009							
Cost	14,434	1,093	84,215	8,762	922	3,424	112,850
Accumulated depreciation and impairment	(1,302)	(441)	(18,250)	(2,003)	(360)	–	(22,356)
Net book amount	13,132	652	65,965	6,759	562	3,424	90,494
Year ended 31 December 2009							
Opening net book amount	13,132	652	65,965	6,759	562	3,424	90,494
Additions	–	315	3,422	983	83	12,303	17,106
Disposals	–	(6)	(452)	(118)	(2)	–	(578)
Transfers	3,404	13	9,582	394	88	(13,481)	–
Depreciation (Note 22)	(802)	(302)	(8,210)	(1,604)	(173)	–	(11,091)
Closing net book amount	15,734	672	70,307	6,414	558	2,246	95,931
At 31 December 2009							
Cost	17,838	1,412	94,909	9,719	1,048	2,246	127,172
Accumulated depreciation and impairment	(2,104)	(740)	(24,602)	(3,305)	(490)	–	(31,241)
Net book amount	15,734	672	70,307	6,414	558	2,246	95,931
Year ended 31 December 2010							
Opening net book amount	**15,734**	**672**	**70,307**	**6,414**	**558**	**2,246**	**95,931**
Additions	**–**	**98**	**39,132**	**4,054**	**635**	**20,398**	**64,317**
Disposals	**–**	**–**	**(607)**	**(366)**	**–**	**(45)**	**(1,018)**
Transfers	**–**	**875**	**1,257**	**–**	**–**	**(2,132)**	**–**
Depreciation (Note 22)	**(855)**	**(139)**	**(10,755)**	**(2,050)**	**(283)**	**–**	**(14,082)**
Impairment charge (Note 22)	**–**	**–**	**(350)**	**–**	**–**	**–**	**(350)**
Closing net book amount	**14,879**	**1,506**	**98,984**	**8,052**	**910**	**20,467**	**144,798**
At 31 December 2010							
Cost	**17,838**	**2,385**	**133,051**	**12,816**	**1,683**	**20,467**	**188,240**
Accumulated depreciation and impairment	**(2,959)**	**(879)**	**(34,067)**	**(4,764)**	**(773)**	**–**	**(43,442)**
Net book amount	**14,879**	**1,506**	**98,984**	**8,052**	**910**	**20,467**	**144,798**

6 Property, plant and equipment – Group *(continued)*

During the year ended 31 December 2010, depreciation expenses have been charged in the consolidated statement of comprehensive income as follows:

	For the year ended 31 December	
	2010	2009
	US$'000	US$'000
Cost of sales	**13,109**	10,246
Selling and distribution costs	**105**	27
Administrative expenses	**868**	818
	14,082	11,091

7 Land use rights – Group

The Group's interests in land use rights represent the prepaid operating lease payments and their net book values are analysed as follows:

	As at 31 December	
	2010	2009
	US$'000	US$'000
In the PRC, held on lease of 50 years		
Cost	**4,954**	5,934
Accumulated amortisation	**(331)**	(300)
	4,623	5,634

7 Land use rights – Group *(continued)*

	For the year ended 31 December	
	2010	2009
	US$'000	US$'000
Opening	**5,634**	6,621
Additions	**575**	136
Disposals	**(1,485)**	(1,007)
Amortisation (Note 22)	**(101)**	(116)
	4,623	5,634

As at 31 December 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 in use located in the PRC. The net book value of the underlying land use rights was US$1,018,000 as at 31 December 2010 (as at 31 December 2009: US$1,434,000).

As at 31 December 2010, the Group has entered into contracts with relevant PRC government authorities for acquiring certain parcels of land located in the PRC with the prepayments of US$2,435,000 as at 31 December 2010 (as at 31 December 2009: US$1,154,000) and unpaid amount of US$5,615,000 as at 31 December 2010 (as at 31 December 2009: US$495,000). The Group has not started to use these parcels of land and the prepayments for land use rights are not subject to amortisation.

8 Investments in subsidiaries – Company

(a) Investments in subsidiaries

	As at 31 December	
	2010	2009
	US$'000	US$'000
Unlisted investments, at cost	**89,963**	89,963

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

8 Investments in subsidiaries – Company *(continued)*

(b) Details of subsidiaries

The following is a list of the principal subsidiaries at 31 December 2010:

Name	Place of incorporation/ registration and operations	Nominal value of issued and fully paid-up share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
		US$'000	%	%	
Regent Manner (BVI) Limited ("Regent BVI")	British Virgin Islands	50,630	100	–	Investment holding
Regent Manner Limited ("Regent HK")	Hong Kong	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")	10,000	–	100	Manufacture and sale of electronic products and provision of subcontracting services
High-Toned Opto Technology (Ningbo) Limited (Original: Regent Electron (Ningbo) Free Trade Zone Co., Ltd.) ("Ningbo Junhong")	The PRC	10,000	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Regent Electron (Suzhou) Co., Ltd. ("Regent Suzhou")	The PRC	27,500	–	100	Manufacture and sale of electronic products and provision of subcontracting services

8 Investments in subsidiaries – Company *(continued)*

(b) Details of subsidiaries *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued and fully paid-up share/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
		US$'000	%	%	
Regent Electron (Xiamen) Co., Ltd. ("Regent Xiamen")	The PRC	20,000	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Regent Electron (Foshan) Co., Ltd. ("Regent Foshan")	The PRC	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	2,000 of 10,000 registered capital	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Taiwan Surface Mounting Technology (Suzhou) Electronic Co.,Ltd. ("TSMT Suzhou")	The PRC	35,000	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Regent Electron (Chengdu) Co., Ltd. ("Regent Chengdu")	The PRC	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	1,500 of 10,000 registered capital	–	100	Manufacture and sale of electronic products and provision of subcontracting services

8 Investments in subsidiaries – Company *(continued)*

(b) Details of subsidiaries *(continued)*

Name	Place of incorporation/ registration and operations	Nominal value of issued and fully paid-up share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
		US$'000	%	%	
Regent Electron (Dongguan) Co., Ltd. ("Regent Dongguan")	The PRC	5,000 of 10,000 registered capital	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Ningbo Yongfu Trade Co., Ltd. ("Ningbo Yongfu") (note a)	The PRC	5,300	–	100	Wholesale of electronic and other products; Imports and exports activities
Regent Electron (Qingdao) Co., Ltd. ("Regent Qingdao")	The PRC	17,000	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Regent Electron (Hefei) Co., Ltd. ("Regent Hefei")	The PRC	10,000	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Regent Electron (Chongqing) Co., Ltd. ("Regent Chongqing")	The PRC	4,000 of 12,000 registered capital	–	100	Manufacture and sale of electronic products and provision of subcontracting services

8 Investments in subsidiaries – Company *(continued)*

(b) Details of subsidiaries *(continued)*

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 was previously listed on the GreTai Securities Market, an over-the-counter securities market in Taiwan. From 23 August 2010, TSMT Taiwan moved its listing to the Main Board Securities Market in Taiwan.

Note:

(a) Pursuant to the resolutions of the board of directors of Taiwan Surface Mounting Technology (Ningbo) Co., Ltd.("TSMT Ningbo") and Ningbo Yongfu dated 26 December 2009 and relevant governmental approvals obtained, TSMT Ningbo was merged with Ningbo Yongfu, after which TSMT Ningbo had been dissolved as at 31 December 2010.

9 Inventories – Group

	As at 31 December	
	2010	2009
	US$'000	US$'000
Raw materials	**44,703**	24,273
Work in progress	**379**	6,346
Finished goods	**13,606**	8,427
	58,688	39,046

The cost of inventories recognised as expenses and included in cost of sales amounted to US$1,029,010,000 (for the year ended 31 December 2009: US$694,341,000) for the year ended 31 December 2010.

10 Trade receivables – Group

	As at 31 December	
	2010	2009
	US$'000	US$'000
Trade receivables	**340,231**	311,219
Less: Provision for impairment	**(193)**	(194)
Trade receivables, net	**340,038**	311,025

The carrying amounts of trade receivables are denominated in the following currencies:

	As at 31 December	
	2010	2009
	US$'000	US$'000
RMB	**33,688**	1,566
US$	**287,136**	300,714
HK$	**19,407**	8,939
	340,231	311,219

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.

10 Trade receivables – Group *(continued)*

The ageing analysis of the trade receivables as at the balance sheet date, based on the invoice date, were as follows:

	As at 31 December	
	2010	2009
	US$'000	US$'000
Within 90 days	**246,217**	241,557
Between 91 days to 180 days	**92,138**	69,182
Between 181 days to 365 days	**1,683**	480
Over 365 days	**193**	–
	340,231	311,219

As of 31 December 2010, trade receivables of US$2,048,000 (31 December 2009: US$3,684,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 31 December	
	2010	2009
	US$'000	US$'000
Within 90 days	**68**	2,120
Between 91 days to 180 days	**297**	1,278
Between 181 days to 365 days	**1,683**	286
	2,048	3,684

10 Trade receivables – Group *(continued)*

As of 31 December 2010, trade receivables of US$193,000 (31 December 2009: US$194,000) were impaired and provided for. The amount of the provision was US$193,000 as of 31 December 2010 (2009: US$194,000). The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations and are therefore fully provided for. The ageing of these receivables is as follows:

	As at 31 December	
	2010	2009
	US$'000	US$'000
Between 181 days to 365 days	**–**	194
Over 365 days	**193**	–
	193	194

Movements on the group provision for impairment of trade receivables are as follows:

	For the year ended 31 December	
	2010	2009
	US$'000	US$'000
At 1 January	**194**	129
(Reversal of)/provision for impairment	**(1)**	65
At 31 December	**193**	194

The creation and reversal of provision for impaired receivables have been included in general and administrative expenses. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying amounts of trade receivable mentioned above.

11 Prepayments, deposits and other receivables

	As at 31 December			
	Group		Company	
	2010	2009	**2010**	2009
	US$'000	US$'000	**US$'000**	US$'000
Receivable of trade receivables discounted to banks without recourse	**12,164**	6,182	**–**	–
Prepaid Value Added Tax and Hong Kong profits tax	**6,704**	–	**–**	–
Prepayments	**901**	1,946	**–**	–
Rental and other deposits	**791**	1,856	**–**	–
Dividend receivable	**–**	–	**–**	13,548
Others	**2,105**	1,105	**–**	–
	22,665	11,089	**–**	13,548

The Group entered into agreements with various financial institutions and discount the trade receivables due from certain customers to these financial institutions without recourse. The balances of receivables of trade receivables discounted to banks without recourse are neither past due nor impaired, and there were no history of default related to these receivables.

12 Due from related companies and the ultimate holding company – Group

	As at 31 December	
	2010	2009
	US$'000	US$'000
Trade receivables due from:		
(i) Related companies:		
High-Toned Opto Technology Corporation (controlled by the same ultimate holding company: TSMT Taiwan)	**39**	431
Hitop Communications Corporation (controlled by the same ultimate holding company: TSMT Taiwan)	**–**	165
	39	596
(ii) The ultimate holding company:		
TSMT Taiwan	**9,151**	7,703

As at 31 December 2010 and 2009, the amounts due from related companies and the ultimate holding company are within 90 days, based on the invoice date.

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

13 Cash and bank balances

	As at 31 December			
	Group		Company	
	2010	2009	**2010**	2009
	US$'000	US$'000	**US$'000**	US$'000
Cash on hand	**80**	33	**–**	–
Cash at bank, unrestricted	**70,120**	34,692	**8,001**	817
Cash and cash equivalents	**70,200**	34,725	**8,001**	817
Time deposits with initial term of more than three months	**21,683**	23,844	**–**	–
	91,883	58,569	**8,001**	817

The effective weighted average annual interest rate on cash at bank was 0.89% for the year ended 31 December 2010 (for the year ended 31 December 2009: 1.11%).

The carrying amounts of cash and bank balances are denominated in the following currencies:

	As at 31 December			
	Group		Company	
	2010	2009	**2010**	2009
	US$'000	US$'000	**US$'000**	US$'000
RMB	**45,888**	30,381	**–**	–
US$	**33,954**	27,111	**271**	272
HK$	**11,787**	985	**7,730**	545
Others	**254**	92	**–**	–
	91,883	58,569	**8,001**	817

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.

14 Share capital and share premium

	Group & Company				
			Amount		
	Number of authorised shares	Number of issued and fully paid shares	Ordinary shares	Share premium	Total
	'000	'000	US$'000	US$'000	US$'000
At 31 December 2009	5,000,000	1,000,000	1,282	49,891	51,173
Issue of new shares	–	15,000	20	6,818	6,838
At 31 December 2010	**5,000,000**	**1,015,000**	**1,302**	**56,709**	**58,011**

As at 31 December 2010 and 2009, the par value of authorised and issued ordinary shares is HK$0.01 per share.

On 22 December 2010, the Company, TSMT BVI and the placing agent entered into an agreement pursuant to which the Placing Agent agreed to place 15,000,000 existing shares, at the placing price of HK$3.60 per share owned by TSMT BVI, to three independent institutional investors.

After the placing was completed, the Company issued 15,000,000 new shares on 30 December 2010 (1.5% of the total share capital issued) to TSMT BVI. The shares issued have the same rights as the other shares in issue. The fair value of the shares issued amounted to US$6,972,652 (HK$3.60 per share). The related transaction costs of US$134,918 have been netted off with the deemed proceeds.

15 Other reserves

	Group					
	Statutory reserves	Share-based payment reserve	Merger reserve	Translation reserve	Retained earnings	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 January 2010	**10,344**	**842**	**39,363**	**–**	**115,197**	**165,746**
Profit for the year	**–**	**–**	**–**	**–**	**78,610**	**78,610**
Appropriation of reserves	**4,183**	**–**	**–**	**–**	**(4,183)**	**–**
Currency translation differences	**–**	**–**	**–**	**75**	**–**	**75**
2009 final dividend	**–**	**–**	**–**	**–**	**(12,903)**	**(12,903)**
2010 interim dividend	**–**	**–**	**–**	**–**	**(12,868)**	**(12,868)**
At 31 December 2010	**14,527**	**842**	**39,363**	**75**	**163,853**	**218,660**
At 1 January 2009	6,305	842	39,363	–	81,535	128,045
Profit for the year	–	–	–	–	55,120	55,120
Appropriation of reserves	4,039	–	–	–	(4,039)	–
2008 final dividend	–	–	–	–	(8,387)	(8,387)
2009 interim dividend	–	–	–	–	(9,032)	(9,032)
At 31 December 2009	10,344	842	39,363	–	115,197	165,746

15 Other reserves *(continued)*

	Company		
	Merger reserve	Retained earnings	Total
	US$'000	US$'000	US$'000
At 1 January 2010	**39,363**	**13,775**	**53,138**
Profit for the year	**–**	**12,558**	**12,558**
2009 final dividend	**–**	**(12,903)**	**(12,903)**
2010 interim dividend	**–**	**(12,868)**	**(12,868)**
At 31 December 2010	**39,363**	**562**	**39,925**
At 1 January 2009	39,363	8,911	48,274
Profit for the year	–	22,283	22,283
2008 final dividend	–	(8,387)	(8,387)
2009 interim dividend	–	(9,032)	(9,032)
At 31 December 2009	39,363	13,775	53,138

(a) Statutory reserve

In accordance with the Company Law of the PRC and the articles of association of the Group's subsidiaries established in the PRC, each of the Group's subsidiaries is required to set aside 10% of its statutory net profit for the year, after offsetting any prior years' accumulative losses as determined in accordance with the audited statutory financial statements, to the statutory reserve before distributing their net profit. When the balance of this reserve of each PRC subsidiary reaches 50% of its share capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior year's losses or to issue bonus shares. However, such statutory reserve must be maintained at a minimum of 25% of the PRC subsidiary's share capital after such utilisation.

(b) Merger reserve

Merger reserve of the Group represents the difference in nominal value of share capital issued by the Company to acquire Regent HK (through Regent BVI) and the issued share capital of Regent HK pursuant to a reorganisation completed in 2007.

16 Trade payables – Group

The ageing analysis of the trade payables as at the balance sheet date, based on the invoice date, were as follows:

	As at 31 December	
	2010	2009
	US$'000	US$'000
Within 90 days	**233,668**	186,615
Between 91 days to 180 days	**89,418**	94,358
Between 181 days to 365 days	**240**	67
More than 365 days	**288**	–
	323,614	281,040

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

17 Accruals and other payables

	As at 31 December			
	Group		Company	
	2010	2009	**2010**	2009
	US$'000	US$'000	**US$'000**	US$'000
Accrued wages, salaries and staff welfare	**5,529**	5,666	**–**	–
Payables for insurance, maintenance, package and utilities	**3,727**	1,165	**–**	–
Payables for purchases of consumables	**3,694**	1,193	**–**	–
Payables for purchases of property, plant and equipment and construction in process	**2,905**	588	**–**	–
Accrued expenses	**1,073**	938	**–**	–
Others	**991**	569	**28**	17
	17,919	10,119	**28**	17

18 Borrowings – Group

	As at 31 December	
	2010	2009
	US$'000	US$'000
Bank borrowings		
Unsecured, repayable within one year	**36,220**	13,113

The Group's bank borrowings bear interest at rates ranging from 0.68% to 5.10% (as at 31 December 2009: 0.85% to 1.39%) per annum as at 31 December 2010.

The carrying amounts of the borrowings are denominated in the following currencies:

	As at 31 December	
	2010	2009
	US$'000	US$'000
US$	**25,229**	13,113
Japanese Yen	**8,273**	–
RMB	**2,718**	–
	36,220	13,113

As at 31 December 2010, total unsecured bank loan facilities granted by certain banks that have not been utilized by the Group amounted to US$87,195,000 (as at 31 December 2009: US$53,800,000) and will mature between April 2011 and October 2011.

19 Deferred tax – Group

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 December	
	2010	2009
	US$'000	US$'000
Deferred tax assets		
– Deferred income tax assets to be recovered after more than 12 months	**–**	(30)
– Deferred income tax assets to be recovered within 12 months	**(30)**	(290)
	(30)	(320)
Deferred tax liabilities		
– Deferred income tax liability to be settled after more than 12 months	**2,524**	1,126
– Deferred income tax liability to be settled within 12 months	**735**	–
	3,259	1,126
Deferred tax liabilities, net	**3,229**	806

19 Deferred tax – Group *(continued)*

The gross movement on the deferred income tax account is as follows:

	For the year ended 31 December	
	2010	2009
	US$'000	US$'000
Beginning of the year	**806**	762
Credited to the consolidated statement of comprehensive income (Note 25)	**2,423**	994
Transferred to tax payable	**–**	(950)
End of the year	**3,229**	806

The movement of the deferred tax assets is as follows:

	Write down of inventories to net realisable value	**Unapproved disposal of property, plant and equipment**	**Total**
	US$'000	US$'000	US$'000
At 1 January 2009	83	568	651
Credited to the consolidated statement of comprehensive income	(78)	(253)	(331)
At 31 December 2009 and 1 January 2010	5	315	320
Credited to the consolidated statement of comprehensive income	(5)	(285)	(290)
At 31 December 2010	–	30	30

As at 31 December 2010, the Group did not recognise any deferred tax assets in respect of its tax losses with the amount of US$1,508,000 (As at 31 December 2009: US$328,000).

19 Deferred tax – Group *(continued)*

The movement of the deferred tax liabilities is as follows:

	Deductible temporary differences related to depreciation of property, plant and equipment	Withholding tax Provided	Total
	US$'000	US$'000	US$'000
At 1 January 2009	463	950	1,413
(Charged)/credited to the consolidated statement of comprehensive income	(15)	678	663
Transferred to tax payable	–	(950)	(950)
At 31 December 2009 and 1 January 2010	448	678	1,126
Credited to the consolidated statement of comprehensive income	354	1,779	2,133
At 31 December 2010	802	2,457	3,259

As at 31 December 2010, deferred tax liabilities of US$1,423,000 (31 December 2009: US$1,089,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain PRC subsidiaries. Such amounts are expected to be permanently reinvested in PRC. Unremitted earnings totalled US$28,460,000 at 31 December 2010 (31 December 2009: US$21,780,000)

20 Due to a related company and the ultimate holding company – Group

	As at 31 December	
	2010	2009
	US$'000	US$'000
Trade payables to:		
(i) A related company:		
High-Toned Opto Technology Corporation	**76**	–
Hitop Communications Corporation	**–**	31
	76	31
(ii) The ultimate holding company:		
TSMT Taiwan	**4,541**	1,922

As at 31 December 2010 and 2009, trade payables to the related parties aged less than 180 days. They are unsecured, interest-free and repayable on demand.

21 Other gains/(losses) – net

	For the year ended 31 December	
	2010	2009
	US$'000	US$'000
Loss on disposal of property, plant and equipment	**(290)**	(545)
Gain on disposal of land use rights	**231**	–
Foreign exchange gain, net	**747**	8
Others	**617**	209
	1,305	(328)

22 Expenses by nature

	For the year ended 31 December	
	2010	2009
	US$'000	US$'000
Employee benefit expenses (Note 23)	**34,727**	18,833
Material and consumables costs	**979,124**	673,906
Changes in inventories of finished goods and work in progress	**(652)**	(12,581)
Depreciation of property, plant and equipment (Note 6)	**14,082**	11,091
Provision for impairment of property, plant and equipment (Note 6)	**350**	–
Provision for write-down of inventories	**396**	565
Amortisation of land use rights (Note 7)	**101**	116
(Reversal of)/provision for impairment of receivables (Note 10)	**(1)**	65
Utilities	**4,992**	3,222
Research and development expenses	**5,270**	4,524
Real estate tax, stamp duty and other taxes	**1,253**	1,176
Operating lease rental	**1,612**	1,323
Bank charges	**909**	541
Auditor's remuneration	**110**	264
Other expenses	**8,414**	6,521
Total cost of sales, selling and distribution costs and administrative expenses	**1,050,687**	709,566

23 Employee benefit expenses

The aggregate amounts of staff costs including directors' emoluments are as follows:

	For the year ended 31 December	
	2010	2009
	US$'000	US$'000
Wages, salaries and bonus	**31,740**	17,211
Staff welfare	**352**	323
Social security and benefits	**2,635**	1,299
	34,727	18,833

23 Employee benefit expenses *(continued)*

(a) Directors' emoluments

	For the year ended 31 December 2010 US$'000	2009 US$'000
– Fees	**184**	186
– Basic salaries, housing allowances, other allowances and benefits-in-kind	**299**	230
– Bonuses	**94**	65
	577	481

The emoluments received by individual directors are as follows:

(i) For the year ended 31 December 2010:

	Fees US$'000	Basic salaries, housing allowances, other allowances, and benefits-in-kind US$'000	Bonuses US$'000	Total US$'000
Executive directors				
– Mr. Wu Kai-Hsiung	**39**	**73**	**22**	**134**
– Ms. Han Min	**23**	**35**	**12**	**70**
– Ms. Tseng Yu-Ling, Kelly	**23**	**38**	**11**	**72**
Non-executive director				
– Mr. Wu Kai-Yun	**46**	**153**	**49**	**248**
Independent non-executive directors				
– Mr. Kwok Kwan-Hung	**23**	**–**	**–**	**23**
– Mr. Wang Mie-Nan	**15**	**–**	**–**	**15**
– Ms. Lin Yen-Yu	**15**	**–**	**–**	**15**
	184	**299**	**94**	**577**

23 Employee benefit expenses *(continued)*

(a) Directors' emoluments *(continued)*

(ii) For the year ended 31 December 2009:

	Fees US$'000	Basic salaries, housing allowances, other allowances, and benefits-in-kind US$'000	Bonuses US$'000	Total US$'000
Executive directors				
– Mr. Wu Kai-Hsiung	40	69	20	129
– Ms. Han Min	23	28	5	56
– Ms. Tseng Yu-Ling, Kelly	23	34	11	68
Non-executive director				
– Mr. Wu Kai-Yun	47	99	29	175
Independent non-executive directors				
– Mr. Kwok Kwan-Hung	23	–	–	23
– Mr. Wang Mie-Nan	15	–	–	15
– Ms. Lin Yen-Yu	15	–	–	15
	186	230	65	481

For the year ended 31 December 2010 and 2009, no directors of the Company waived any emoluments and no emoluments were paid by the Company to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

23 Employee benefit expenses *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2010 include three directors (for the year ended 31 December 2009: three directors) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two individuals (for the year ended 31 December 2009: two individuals) for the years ended 31 December 2010 is as follows:

	For the year ended 31 December	
	2010	2009
	US$'000	US$'000
– Basic salaries, housing allowances, other allowances and benefits-in-kind	**124**	119
– Bonuses	**18**	20
	142	139

The emoluments of the non-director, highest paid employees fell within the following bands:

	Number of individuals	
	2010	2009
– Nil to HK$1,000,000	**2**	2

24 Finance income and costs

	For the year ended 31 December	
	2010	2009
	US$'000	US$'000
Interest expense		
– bank borrowings	**(120)**	(148)
– others	**(30)**	(107)
Finance costs	**(150)**	(255)
Interest income on bank deposits	**819**	641
Net foreign exchange gains	**1,473**	–
Finance income	**2,292**	641
Net finance income	**2,142**	386

25 Income tax expense

The major components of income tax expense are as follows:

	For the year ended 31 December	
	2010	2009
	US$'000	US$'000
Current income tax		
– Hong Kong profits tax	**2,885**	1,790
– PRC enterprise income tax	**11,734**	6,027
Deferred income tax (Note 19)	**2,423**	994
	17,042	8,811

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

25 Income tax expense *(continued)*

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 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 of the Company considered that Regent HK, a wholly owned subsidiary with 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 year ended 31 December 2010 (for the year ended 31 December 2009: 8.25%).

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 certain subsidiaries including TSMT Suzhou, Regent Ningbo (FTZ), Regent Ningbo, TSMT Ningbo, Regent Xiamen and Regent Foshan, which 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.

25 Income tax expense *(continued)*

The tax on the Group's profit before tax differs from the theoretical amount that would arise using weighted average tax rate applicable to profits of the consolidated companies as follows:

	For the year ended 31 December	
	2010	2009
	US$'000	US$'000
Profit before income tax	**95,652**	63,931
Tax calculated at applicable tax rates in the respective areas	**21,027**	12,348
Effect of different tax rates and tax exemption	**(6,225)**	(4,306)
Expenses not deductible for tax purposes	**166**	9
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**1,779**	678
Unrecognised tax losses	**295**	82
Income tax expense	**17,042**	8,811

The weighted average applicable tax rates were 17.8% (for the year ended 31 December 2009: 13.8%) per annum for the year ended 31 December 2010.

26 Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of US$12,558,000 (for the year ended 31 December 2009: US$22,283,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

27 Earnings per share

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

	For the year ended 31 December	
	2010	2009
Profit attributable to equity holders of the Company (US$'000)	**78,610**	55,120
Weighted average number of ordinary shares in issue ('000)	**2,000,164**	2,000,000
Basic earnings per share (US$ per share)	**0.0393**	0.0276

The calculation of basic earnings per share has reflected the subdivision of ordinary shares as approved in the extraordinary general meeting held on 25 February 2011(Note 32(b)).

Diluted earnings per share have not been disclosed for the year ended 31 December 2010 as there are no dilutive options and other potential dilutive ordinary shares in issue during the year (for the year ended 31 December 2009: Nil).

28 Dividend

	2010	2009
	US$'000	US$'000
Interim dividend paid of HK$0.10 (2009:HK$ 0.07) per ordinary share based on 1,000,000,000 (2009: 1,000,000,000) ordinary shares in issue	**12,868**	9,032
Proposed final dividend of HK$0.07 (2009:HK$ 0.10) per ordinary share based on 2,030,000,000 (2009: 1,000,000,000) ordinary shares in issue	**18,247**	12,903

An interim dividend of HK$10 cent (2009:HK$7 cent) per ordinary share amounting to HK$100,000,000 (equivalent to approximately US$12,868,000) was paid on 28 September 2010 to shareholders on the register of members of the Company at the close of business on 17 September 2010, based on 1,000,000,000 ordinary shares in issue.

The proposed final dividend in respect of the year ended 31 December 2010 of HK$7 cent (for the year ended 31 December 2009: HK$10 cent) per ordinary share, amounting to a total dividend of HK$142,100,000 (equivalent to approximately US$18,247,000) is based on 2,030,000,000 ordinary shares (after subdivision as set out in Note 32(b)) (2009: 1,000,000,000 ordinary shares before subdivision) in issue, subject to the approval of the forthcoming annual general meeting of the Company. These financial statements do not reflect this dividend payable.

29 Cash generated from operations

(a) Reconciliation of profit before income tax to cash generated from operations

	For the year ended 31 December	
	2010	2009
	US$'000	US$'000
Profit before income tax	**95,652**	63,931
Adjustments for:		
– Depreciation of property, plant and equipment (Note 22)	**14,082**	11,091
– Amortisation of land use rights (Note 22)	**101**	116
– Loss on disposals of property, plant and equipment (Note 21)	**290**	545
– Gain on disposals of land use rights (Note 21)	**(231)**	–
– (Reversal of)/provision for impairment of receivables (Note 22)	**(1)**	65
– Provision for impairment of property, plant and equipment (Note 22)	**350**	–
– Write-down of inventories to net realisable value (Note 22)	**396**	565
– Interest expense (Note 24)	**150**	255
– Interest income (Note 24)	**(819)**	(641)
– Increase in inventories	**(20,038)**	(24,383)
– Increase in trade receivables	**(29,012)**	(202,675)
– Increase in prepayments, deposits and other receivables	**(11,576)**	(2,867)
– Decrease/(increase) in amount due from related parties	**557**	(544)
– Increase in amount due from the ultimate holding company	**(1,448)**	(6,957)
– Increase in trade payables	**42,574**	172,355
– Increase in accruals and other payables	**5,483**	1,648
– Increase in amount due to the ultimate holding company	**2,619**	729
– Increase in amount due to a related party	**45**	31
– Translation reserve	**75**	–
Cash generated from operations	**99,249**	13,264

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

29 Cash generated from operations *(continued)*

(b) Reconciliation of proceeds from disposal of property, plant and equipment

In the cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	For the year ended 31 December	
	2010	2009
	US$'000	US$'000
Net book amount (Note 6)	**1,018**	578
Loss on disposal of property, plant and equipment (Note 21)	**(290)**	(545)
Proceeds from disposal of property, plant and equipment	**728**	33

30 Commitments

(a) Capital commitments

	As at 31 December	
	2010	2009
	US$'000	US$'000
Contracted but not provided for:		
Construction of plants	**50,249**	8,774
Purchase of machineries	**1,106**	556
	51,355	9,330

30 Commitments *(continued)*

(b) Commitments under operating leases

As at 31 December 2010, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As at 31 December	
	2010	2009
	US$'000	US$'000
Not later than one year	**1,147**	1,158
Later than one year but not later than five years	**593**	427
	1,740	1,585

31 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 holding company
High-Toned Opto Technology (Suzhou) Limited	Controlled by the same ultimate holding company
Hitop Communications Corporation	Controlled by the same ultimate holding company

Notes to the Consolidated Financial Statements

For the year ended 31 December 2010

31 Related party transactions *(continued)*

(b) Significant related party transactions

Other than the related party transactions disclosed elsewhere in the consolidated financial statements, significant related party transactions of the Group during the year ended 31 December 2010 also include:

		For the year ended 31 December	
		2010	2009
		US$'000	US$'000
(1)	Sales of goods to		
	– TSMT Taiwan	**29,104**	21,132
	– High-Toned Opto Technology Corporation	**1,791**	434
	– Hitop Communications Corporation	**1,381**	876
		32,276	22,442
(2)	Purchase of raw materials from		
	– TSMT Taiwan	**5,663**	2,372
	– Hitop Communications Corporation	**81**	31
	– High-Toned Opto Technology Corporation	**–**	5
		5,744	2,408
(3)	Purchase of goods from		
	– TSMT Taiwan	**840**	537
(4)	Purchase of machinery from		
	– TSMT Taiwan	**59**	847
(5)	Product development service fee charged by		
	– TSMT Taiwan	**864**	576

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.

Key management includes executive and non-executive directors. The compensation paid or payable to key management is shown in Note 23(a).

31 Related party transactions *(continued)*

(b) Significant related party transactions *(continued)*

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 31 December 2010.

32 Events after the balance sheet date

(a) Placing of warrants

On 10 January 2011, the Company entered into a placing agreement with the placing agent to place warrants to no less than six placees, who are independent institutions or private investors determined solely by the Placing Agent. The issue price per warrant is HK$0.03 and the subscription price per new share is HK$5.40 (subject to adjustment). Upon the exercise of the subscription rights attaching to the warrants in full, a maximum of 10,000,000 new shares will be issued and allotted. The subscription period ends in one year since the date of issue of the warrants. As at the date of the consolidated financial statements being authorised for issue by the directors of the Company, the placing of warrants is completed and there have been no shares issued and allotted upon exercise of the warrants granted by the Company.

In accordance with the terms of the instruments constituting the warrants, the exercise price of shares issuable under such warrants has been adjusted from HK$5.40 per share to HK$2.70 per share while the number of new shares to be issued and allotted has been adjusted from 10,000,000 new shares to 20,000,000 new shares, as a result of subdivision of shares as described in Note 32(b) below.

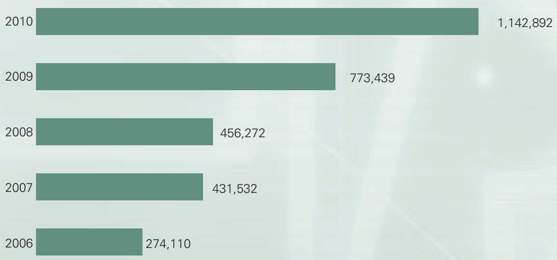
(b) Subdivision of shares and change of board lot size

As approved in the extraordinary general meeting held on 25 February 2011, each of the existing issued and unissued shares of par value of HK$0.01 each in the share capital of the Company was subdivided into two subdivided shares of par value of HK$0.005 each. Upon the share subdivision became effective, the authorised share capital of the Company is HK$50,000,000 divided into 10,000,000,000 subdivided shares. As at the date of the consolidated financial statements being authorised for issue by the directors of the Company, 2,030,000,000 subdivided shares are in issue and fully paid.

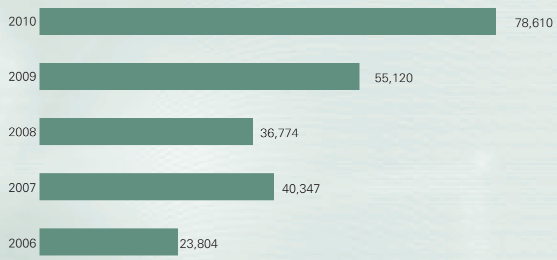
The shares were traded in board lots of 2,000 shares. Since the share subdivision became effective, the subdivided shares are traded in board lots of 1,000 subdivided shares.

Financial Summary

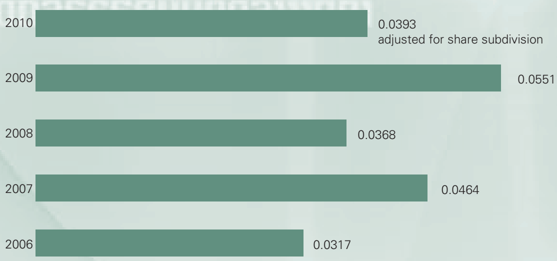
Revenue (US$'000)



Profit for the year (US$'000)



Earnings per share (US$)



Net Assets (US$'000)