

峻凌國際控股有限公司

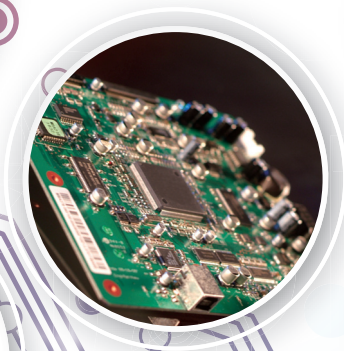
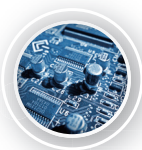
Regent Manner International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1997



Interim Report **2012**



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## CORPORATE INFORMATION

### Executive Directors

Wu Kai-Hsiung

*(Chief Executive Officer)*

Han Min *(Chief Marketing Officer)*

Tseng Yu-Ling *(Chief Financial Officer)*

### Non-executive Director

Wu Kai-Yun *(Chairman)*

### Independent Non-executive Directors

Kwok Kwan Hung *FCPA (Practising),*

*FCCA, B.S.C. (Hons), FHKIoD*

Hsu Wey-Tyng

Lin Yen-Yu

### Audit Committee

Kwok Kwan Hung *(Chairman)*

Hsu Wey-Tyng

Lin Yen-Yu

### Remuneration Committee

Hsu Wey-Tyng *(Chairman)*

Lin Yen-Yu

Kwok Kwan Hung

### Nomination Committee

Lin Yen-Yu *(Chairman)*

Kwok Kwan Hung

Hsu Wey-Tyng

### Company Secretary

Chan Lai Yi, Karen *FCPA, FCCA*

### Authorized Representatives

Wu Kai-Hsiung

Chan Lai Yi, Karen *FCPA, FCCA*

### Auditor

PricewaterhouseCoopers

*Certified Public Accountants*

### Legal Adviser

PHILLIPS Solicitors

### Principal Banker

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

### 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

### Website

<http://www.rmih.com>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

(All amounts in USD thousands unless otherwise stated)

	Note	Unaudited Six months ended 30 June 2012	2011
<b>Revenue</b>	6	<b>796,761</b>	727,321
Cost of sales		<b>(740,919)</b>	(663,022)
<b>Gross profit</b>		<b>55,842</b>	64,299
Selling and distribution costs		<b>(1,452)</b>	(1,089)
Administrative expenses		<b>(14,093)</b>	(11,779)
Other (losses)/gains – net		<b>(95)</b>	1,955
<b>Operating profit</b>	17	<b>40,202</b>	53,386
Finance income, net	18	<b>757</b>	891
<b>Profit before income tax</b>		<b>40,959</b>	54,277
Income tax expense	19	<b>(7,818)</b>	(9,730)
<b>Profit for the period attributable to equity holders of the Company</b>		<b>33,141</b>	44,547
<b>Other comprehensive income</b>			
Currency translation differences		<b>(254)</b>	1,169
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>		<b>32,887</b>	45,716
<b>Earnings per share for profit attributable to the equity holders of the Company during the period</b>			
– basic	20	<b>US\$0.0159</b>	US\$0.0219
– diluted	20	<b>US\$0.0159</b>	US\$0.0219
<b>Dividends</b>	21	<b>13,857</b>	18,239

The notes on pages 8 to 28 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2012

(All amounts in USD thousands unless otherwise stated)

	Note	30 June 2012 Unaudited	31 December 2011 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	185,328	186,527
Land use rights	8	5,675	6,311
Prepayments for land use rights	8	1,695	1,695
Deferred tax assets		27	–
<b>Total non-current assets</b>		<b>192,725</b>	194,533
<b>Current assets</b>			
Inventories	9	98,396	83,714
Trade receivables	10	501,952	394,717
Prepayments, deposits and other receivables		25,246	31,798
Due from related companies	11	16,895	8,318
Due from the ultimate holding company	11	13,171	12,396
Cash and bank balances	12	152,364	148,898
<b>Total current assets</b>		<b>808,024</b>	679,841
<b>Total assets</b>		<b>1,000,749</b>	874,374
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	13	1,379	1,337
Share premium	13	84,073	70,277
Other reserves			
– Proposed dividend		13,857	18,808
– Others		269,156	250,126
<b>Total equity</b>		<b>368,465</b>	340,548

	<i>Note</i>	<b>30 June 2012 Unaudited</b>	31 December 2011 Audited
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	15	<b>34,800</b>	27,700
Deferred tax liabilities		<b>5,307</b>	4,996
<b>Total non-current liabilities</b>		<b>40,107</b>	32,696
<b>Current liabilities</b>			
Trade payables	14	<b>501,953</b>	402,545
Accruals and other payables		<b>20,473</b>	22,128
Borrowings	15	<b>45,946</b>	57,716
Due to the ultimate holding company	16	<b>2,256</b>	3,976
Due to related companies	16	<b>4,332</b>	248
Current income tax liabilities		<b>17,217</b>	14,517
<b>Total current liabilities</b>		<b>592,177</b>	501,130
<b>Total liabilities</b>		<b>632,284</b>	533,826
<b>Total equity and liabilities</b>		<b>1,000,749</b>	874,374
<b>Net current assets</b>		<b>215,847</b>	178,711
<b>Total assets less current liabilities</b>		<b>408,572</b>	373,244

The notes on pages 8 to 28 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

(All amounts in USD thousands unless otherwise stated)

	Unaudited			
	Attributable to equity holders of the Company			
	Share capital	Share premium	Other reserves	Total equity
<b>Balance as at 1 January 2011</b>	1,302	56,709	218,660	276,671
Total comprehensive income for the period ended 30 June 2011	–	–	45,716	45,716
<b>Transaction with owners</b>				
Proceeds from warrants issued	–	–	38	38
2010 final dividend	–	–	(18,247)	(18,247)
	–	–	(18,209)	(18,209)
<b>Balance as at 30 June 2011</b>	1,302	56,709	246,167	304,178
<b>Balance as at 1 January 2012</b>	<b>1,337</b>	<b>70,277</b>	<b>268,934</b>	<b>340,548</b>
Total comprehensive income for the period ended 30 June 2012	–	–	32,887	32,887
<b>Transaction with owners</b>				
Shares issued under scrip divided scheme	42	13,796	–	13,838
2011 final dividend	–	–	(18,808)	(18,808)
	42	13,796	(18,808)	(4,970)
<b>Balance as at 30 June 2012</b>	<b>1,379</b>	<b>84,073</b>	<b>283,013</b>	<b>368,465</b>

The notes on pages 8 to 28 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2012

(All amounts in USD thousands unless otherwise stated)

	Note	Unaudited Six months ended 30 June 2012	2011
<b>Cash flows from operating activities:</b>			
– Cash generated from/(used in) operations		30,237	(4,024)
– Interest paid		(506)	(107)
– Income tax paid		(4,834)	(3,454)
<b>Net cash generated from/(used in) operating activities</b>		<b>24,897</b>	<b>(7,585)</b>
<b>Cash flows from investing activities:</b>			
– Purchases of property, plant and equipment	7	(12,539)	(38,653)
– Payment for land use rights		(605)	(233)
– Proceeds from disposal of property, plant and equipment	7	88	220
– (Increase)/decrease in time deposits with initial term of more than three months		(23,603)	13,802
– Interest received		1,256	635
<b>Net cash used in investing activities</b>		<b>(35,403)</b>	<b>(24,229)</b>
<b>Cash flows from financing activities:</b>			
– Dividends paid		(4,968)	(18,247)
– Repayments of borrowings	15	(108,141)	(134,161)
– Proceeds from borrowings	15	103,700	179,391
– Proceeds from warrants issued		–	38
<b>Net cash (used in)/generated from financing activities</b>		<b>(9,409)</b>	<b>27,021</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(19,915)</b>	<b>(4,793)</b>
Cash and cash equivalents at beginning of period		133,291	70,200
Exchange differences		(222)	610
<b>Cash and cash equivalents at end of period</b>	12	<b>113,154</b>	<b>66,017</b>

The notes on pages 8 to 28 form an integral part of this condensed consolidated interim financial information.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2012

(All amounts in USD thousands unless otherwise stated)

### 1 GENERAL INFORMATION

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

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

This condensed consolidated interim financial information has not been audited and was approved for issue on 22 August 2012.

Particulars of the subsidiaries of the Company are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued and fully paid-up share/ registered capital <i>US\$’000</i>	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Regent Manner (BVI) Limited ("Regent BVI")	British Virgin Islands	70,630	100	–	Investment holding
Regent Manner Limited ("Regent HK")	Hong Kong	109,963	–	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”)	20,000	–	100	Manufacture and sale of electronic products and provision of subcontracting services

Name	Place of incorporation/ registration and operations	Nominal value of issued and fully paid-up share/ registered capital <i>US\$'000</i>	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Regent Electron (Suzhou) Co., Ltd. ("Regent Suzhou")	The PRC	27,500	–	100	Manufacture and sale of electronic products and provision of subcontracting services
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	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Regent Electron (Langfang) Co., Ltd. ("Regent Langfang")	The PRC	2,000	–	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	4,440	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Regent Electron (Dongguan) Co., Ltd. ("Regent Dongguan")	The PRC	20,000	–	100	Manufacture and sale of electronic products and provision of subcontracting services

Name	Place of incorporation/ registration and operations	Nominal value of issued and fully paid-up share/ registered capital <i>US\$'000</i>	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Ningbo Yongfu Trade Co., Ltd. ("Ningbo Yongfu")	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	15,000	–	100	Manufacture and sale of electronic products and provision of subcontracting services
Regent Electron (Chongqing) Co., Ltd. ("Regent Chongqing")	The PRC	12,000	–	100	Manufacture and sale of electronic products and provision of subcontracting services

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

Pursuant to the resolution of the board of directors of Regent Electron (Tianjin) Co., Ltd. ("Regent Tianjin", a subsidiary of the Company) dated 30 January 2012, Regent Tianjin had been dissolved as at 30 June 2012.

## 2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with HKAS 34, “Interim financial reporting”. This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

### 2.1 Going-concern basis

The Group meets its day-to-day working capital requirements through its bank facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial information.

## 3 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

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

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

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2012:

Amendment to HKFRS 7 “Disclosures – Transfers of financial assets” is effective for annual periods beginning on or after 1 July 2011. This amendment will promote transparency in the reporting of transfer transactions and improve users’ understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity’s financial position, particularly those involving securitisation of financial assets. The adoption of this amendment will result in additional disclosures where necessary.

### (b) Standards, amendments and interpretations to existing standards effective in 2012 but not relevant to the Group

HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters
HKFRS 12 (Amendment)	Deferred tax: Recovery of underlying assets

- (c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2012 and have not been early adopted:

		<b>Effective for annual periods beginning on or after</b>
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKFRS 10	Consolidated financial statements	1 January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKAS 28 (Revised 2011)	Associates and joint ventures	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
HKFRIC 20	Stripping costs in the production phase of a surface mine	1 January 2013
HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1 January 2015

#### **4 ESTIMATES**

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2011.

## 5 FINANCIAL RISK MANAGEMENT

### 5.1 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 condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2011.

### 5.2 Fair value estimation

There are no financial assets/liabilities carried at fair value determined by valuation method. The carrying value of trade and other receivables less impairment, trade and other payables, due from/to related companies and ultimate holding company and current borrowings are assumed to approximate their fair values.

## 6 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:

	<b>Unaudited Six months ended 30 June</b>	
	<b>2012</b>	2011
Sales of goods	<b>794,627</b>	724,897
Subcontracting service income	<b>2,134</b>	2,424
<b>Total revenue</b>	<b>796,761</b>	727,321

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 six months ended 30 June 2012.

## 7 PROPERTY, PLANT AND EQUIPMENT

During the period, additions of property, plant and equipment amounted to US\$10,670,000 (six months ended 30 June 2011: US\$38,069,000). Items of property, plant and equipment with net book value totalling US\$564,000 were disposed of during the period (six months ended 30 June 2011: US\$1,386,000), resulting in a loss on disposal of US\$476,000 (six months ended 30 June 2011: US\$1,166,000).

## 8 LAND USE RIGHTS

As at 30 June 2012, 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\$714,000 as at 30 June 2012 (31 December 2011: US\$722,000).

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\$1,695,000 as at 30 June 2012 (as at 31 December 2011: US\$1,695,000) and unpaid amount of US\$495,000 as at 30 June 2012 (as at 31 December 2011: US\$495,000). The prepayments for land use rights are not subject to amortisation.

## 9 INVENTORIES

	As at	
	30 June 2012 Unaudited	31 December 2011 Audited
Raw materials	71,565	62,263
Work in progress	675	2,918
Finished goods	26,156	18,533
	<b>98,396</b>	83,714

## 10 TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit terms granted to customers range from 60 days to 150 days. Trade receivables are non-interest-bearing.

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

	As at	
	30 June 2012 Unaudited	31 December 2011 Audited
Within 90 days	383,165	285,936
Between 91 days to 180 days	109,961	106,987
Between 181 days to 365 days	8,564	1,722
More than 365 days	327	137
	<b>502,017</b>	394,782
Less: Provision for impairment	<b>(65)</b>	(65)
	<b>501,952</b>	394,717

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

	As at	
	30 June 2012 Unaudited	31 December 2011 Audited
Neither past due nor impaired	477,424	375,297
Past due but not impaired	24,528	19,420
	<b>501,952</b>	394,717

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



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

As of 30 June 2012, trade receivables of US\$65,000 (31 December 2011: US\$65,000) were impaired and fully provided for.

## 11 DUE FROM RELATED COMPANIES AND THE ULTIMATE HOLDING COMPANY

	As at	
	<b>30 June 2012 Unaudited</b>	31 December 2011 Audited
Trade receivables from:		
<b>(i) Related companies:</b>		
Hitop Communications Corporation (controlled by the same ultimate holding company: TSMT Taiwan)	<b>16,361</b>	7,648
Gene Han (Shenzhen) Limited (controlled by the same ultimate holding company: TSMT Taiwan)	<b>313</b>	510
High-Toned Opto Technology (Suzhou) Limited (controlled by the same ultimate holding company: TSMT Taiwan)	<b>194</b>	160
Uniflex Technology (Jiangsu) Limited (associate of the ultimate holding company: TSMT Taiwan)	<b>27</b>	–
	<b>16,895</b>	8,318
<b>(ii) The ultimate holding company:</b>		
TSMT Taiwan	<b>13,171</b>	12,396

The aging analysis of the amounts due from related companies and the ultimate holding company as at the balance sheet date, based on the invoice date, is as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2012</b>	2011
	<b>Unaudited</b>	Audited
Within 90 days	<b>30,066</b>	20,714

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

## 12 CASH AND BANK BALANCES

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2012</b>	2011
	<b>Unaudited</b>	Audited
Cash on hand	<b>48</b>	93
Cash at banks, unrestricted	<b>113,106</b>	133,198
Cash and cash equivalents	<b>113,154</b>	133,291
Time deposits with initial term of more than three months	<b>39,210</b>	15,607
	<b>152,364</b>	148,898

As at 30 June 2012, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to US\$86,721,000 (31 December 2011: US\$49,767,000). The RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks to conduct foreign exchange transactions.

### 13 SHARE CAPITAL AND SHARE PREMIUM

	Number of authorised shares '000	Number of issued and fully paid shares '000	Amount		Total US\$'000
			Ordinary shares US\$'000	Share premium US\$'000	
<b>At 31 December 2010</b>	5,000,000	1,015,000	1,302	56,709	58,011
Shares subdivision	5,000,000	1,015,000	–	–	–
<b>At 30 June 2011</b>	10,000,000	2,030,000	1,302	56,709	58,011
<b>At 31 December 2011</b>	10,000,000	2,084,461	1,337	70,277	71,614
Shares issued under scrip dividend scheme	–	65,304	42	13,796	13,838
<b>At 30 June 2012</b>	10,000,000	2,149,765	1,379	84,073	85,452

As at 30 June 2012, the par value of authorised and issued ordinary shares was HKD0.005 per share. The authorised share capital of the Company was HKD50,000,000 divided into 10,000,000,000 ordinary shares, among which, 2,149,765,464 ordinary shares were issued and fully paid.

As described in Note 21, on 26 June 2012, 65,303,994 ordinary shares were issued pursuant to the scrip dividend scheme.

## 14 TRADE PAYABLES

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

	As at	
	30 June 2012 Unaudited	31 December 2011 Audited
Within 90 days	358,947	257,779
Between 91 days to 180 days	140,424	143,702
Between 181 days to 365 days	1,862	657
More than 365 days	720	407
	<hr/>	
	501,953	402,545

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

## 15 BORROWINGS

	As at	
	30 June 2012 Unaudited	31 December 2011 Audited
<b>Non-current</b>		
Bank borrowings, unsecured, repayable between one and five years	34,800	27,700
<b>Current</b>		
Bank borrowings, unsecured, repayable within one year	45,946	57,716
	<hr/>	
	80,746	85,416

The Group's bank borrowings bear interest at rates ranging from 0.87% to 2.65% (as at 31 December 2011: 0.75% to 2.65%) per annum as at 30 June 2012.

As at 30 June 2012, total unsecured bank loan facilities that have not been utilised by the Group amounted to US\$204,253,000 (as at 31 December 2011: US\$173,584,000) and will mature between August 2012 and September 2016.

Movements in borrowings are analysed as follows:

	<b>Unaudited</b>
	<i>US\$'000</i>
<b>Six months ended 30 June 2011</b>	
Opening amount as at 1 January 2011	36,220
New borrowings	179,391
Repayments of borrowings	(134,161)
Exchange differences	137
<b>Closing amount as at 30 June 2011</b>	<b>81,587</b>
<b>Six months ended 30 June 2012</b>	
Opening amount as at 1 January 2012	<b>85,416</b>
New borrowings	<b>103,700</b>
Repayments of borrowings	<b>(108,141)</b>
Exchange differences	<b>(229)</b>
<b>Closing amount as at 30 June 2012</b>	<b>80,746</b>

## 16 DUE TO RELATED COMPANIES AND THE ULTIMATE HOLDING COMPANY

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2012</b>	2011
	<b>Unaudited</b>	Audited
Trade payables to:		
<b>(i) Related companies:</b>		
Uniflex Technology Inc. (associate of the ultimate holding company: TSMC Taiwan)	<b>4,103</b>	–
Hitop Communications Corporation	<b>151</b>	136
High-Toned Opto Technology (Suzhou) Limited	<b>49</b>	112
Tai Ming Green Power Co., Ltd. (controlled by the same ultimate holding company: TSMC Taiwan)	<b>29</b>	–
	<b>4,332</b>	248
<b>(ii) The ultimate holding company:</b>		
TSMT Taiwan	<b>2,256</b>	3,976

Trade and other payables to related parties aged less than 180 days. They are unsecured, interest-free and repayable on demand.

## 17 OPERATING PROFIT

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

	Unaudited Six months ended 30 June	
	2012	2011
Employee benefit expenses	31,938	26,215
Depreciation of property, plant and equipment	11,030	8,213
Amortisation of land use rights	75	54
Loss on disposal of property, plant and equipments	476	1,166
Reversal of write-down of inventories to net realisable value	(2,989)	(966)
Reversal of write-down of property, plant and equipments to net realisable value	–	(2)

## 18 FINANCE INCOME, NET

	Unaudited Six months ended 30 June	
	2012	2011
Interest income	1,256	635
Interest expense on bank borrowings	(506)	(107)
Others	7	363
	757	891

## 19 INCOME TAX EXPENSE

The major components of income tax expense are as follows:

	Unaudited Six months ended 30 June	
	2012	2011
Current income tax		
– Hong Kong profits tax	1,597	1,699
– PRC Corporate Income Tax	5,937	7,182
Deferred income tax	284	849
	7,818	9,730

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

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

In accordance with Departmental Interpretation and Practice Note 21 (Revised) paragraph 16 published by the Inland Revenue Department of Hong Kong, the directors of the Company considered that Regent HK, a 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 six months ended 30 June 2012 (for the six months ended 30 June 2011: 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 Regent Ningbo and Regent Xiamen, 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, if the profit-making years have not started before that date, and further 50% exemption for the succeeding three years.

## **20 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 period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has two categories of dilutive potential ordinary shares, one is the warrants mentioned below, the other is the scrip dividend scheme mentioned in Note 21.



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 was HKD0.03 and the subscription price per new share was HKD5.40 (subject to adjustment). Upon the exercise of the subscription rights attaching to the warrants in full, a maximum of 10,000,000 new shares would be issued and allotted. The subscription period ends in one year from the date of issue of the warrants. In accordance with the terms of the instruments constituting the warrants, the exercise price of share issuable under such warrants was adjusted from HKD5.40 per share to HKD2.70 per share while the number of new shares to be issued and allotted was adjusted from 10,000,000 new shares to 20,000,000 new shares, as a result of subdivision of shares approved in the extraordinary general meeting held on 25 February 2011. As at 30 June 2012, the warrants have expired and there were no new shares issued and allotted.

For the warrants, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period when the warrant is outstanding) based on the monetary value of the subscription rights attached to outstanding warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants. The result of the comparison is anti-dilutive and therefore does not result in dilutive ordinary shares for the calculation of diluted earnings per share for the six months ended 30 June 2012.

For the scrip dividend scheme, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period when the scrip dividend scheme is outstanding) based on the declared 2011 final dividend amount as mentioned in Note 21. The number of shares calculated as above is compared with the number of shares that would have been issued assuming all shareholders of the Company elect to receive the 2011 final dividend in the form of new shares in lieu of cash in respect of all of such dividend. The result of the comparison is anti-dilutive and therefore does not result in dilutive ordinary shares for the calculation of diluted earnings per share for the six months ended 30 June 2012.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
Profit attributable to equity holders of the Company (US\$'000)	<b>33,141</b>	44,547
Weighted average number of ordinary shares in issue ('000)	<b>2,086,256</b>	2,030,000
Adjustments for Warrants ('000)	–	701
Weighted average number of ordinary shares for diluted earnings per share ('000)	<b>2,086,256</b>	2,030,701
Basic earnings per share (US\$ per share)	<b>0.0159</b>	0.0219
Diluted earnings per share (US\$ per share)	<b>0.0159</b>	0.0219

## 21 DIVIDENDS

On 13 March 2012, the directors of the Company proposed and declared a final dividend in respect of the year ended 31 December 2011 of HKD0.07 per ordinary share, totalling HKD145,912,303 (equivalent to approximately US\$18,808,000) (for the six months ended 30 June 2011: approximately US\$18,247,000).

On 31 May 2012, the Company issued a circular regarding scrip dividend scheme in relation to the final dividend for the year ended 31 December 2011. The final dividend would be payable in cash but shareholders were given the option of electing to receive the final dividend in the form of new shares in lieu of cash in respect of part or all of such dividend. On 15 June 2012, the result of election was summarised after receipt of forms of election. 1,533,711,115 out of 2,084,461,470 ordinary shares elected for such scrip dividend and 65,303,994 new ordinary shares were issued pursuant to the scrip dividend scheme on 26 June 2012. HKD38,552,525 (equivalent to approximately US\$4,968,000) was paid on 25 June 2012 to shareholders, holding 550,750,355 ordinary shares, that did not elect for such scrip dividend.

In addition, on 22 August 2012, the directors of the Company proposed and declared an interim dividend of HKD5 cent per share, totalling HKD107,488,273 (equivalent to approximately US\$13,857,000) for the six months ended 30 June 2012 (for the six months ended 30 June 2011: approximately US\$18,239,000). The condensed consolidated interim financial information does not reflect this dividend payable.

## 22 OPERATING LEASE COMMITMENTS

As at 30 June 2012, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As at	
	30 June	31 December
	2012	2011
	Unaudited	Audited
Not later than one year	445	146
Later than one year but not later than five years	66	96
	<hr/>	<hr/>
	511	242

## 23 CAPITAL COMMITMENTS

	As at	
	30 June	31 December
	2012	2011
	Unaudited	Audited
Contracted but not provided for:		
Construction of plants	1,729	1,916
Purchase of machineries	284	184
	<hr/>	<hr/>
	2,013	2,100

## 24 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:**

<b>Name of related party</b>	<b>Relationship</b>
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
Gene Han (Shenzhen) Limited	Controlled by the same ultimate holding company
Tai Ming Green Power Co., Ltd.	Controlled by the same ultimate holding company
Uniflex Technology (Jiangsu) Limited	Associate of the ultimate holding company
Uniflex Technology Inc.	Associate of the ultimate holding company

(b) **Significant related party transactions**

Other than the related party transactions disclosed elsewhere in the condensed consolidated interim financial information, significant related party transactions of the Group during the six months ended 30 June 2012 also include:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
<b>(1) Sales of goods to:</b>		
– Hitop Communications Corporation	<b>32,105</b>	8,638
– TSMT Taiwan	<b>16,667</b>	13,049
– Gene Han (Shenzhen) Limited	<b>3</b>	–
	<b>48,775</b>	21,687
<b>(2) Sales of raw materials to:</b>		
– Gene Han (Shenzhen) Limited	<b>1</b>	–
– Hitop Communications Corporation	<b>–</b>	243
	<b>1</b>	243

**(3) Sub-contracting fee received/receivable from:**

– High-Toned Opto Technology (Suzhou) Limited	<b>205</b>	8
– Hitop Communications Corporation	<b>128</b>	6
– Uniflex Technology (Jiangsu) Limited	<b>27</b>	–
	<b>360</b>	14

**(4) Purchase of raw materials from:**

– Uniflex Technology Inc.	<b>4,419</b>	–
– TSMC Taiwan	<b>3,729</b>	10,081
– Hitop Communications Corporation	<b>163</b>	10
– Tai Ming Green Power Co., Ltd.	<b>27</b>	–
	<b>8,338</b>	10,091

**(5) Purchase of goods from:**

– TSMC Taiwan	<b>34</b>	2,885
– Tai Ming Green Power Co., Ltd.	<b>2</b>	–
	<b>36</b>	2,885

**(6) Purchase of machinery from:**

– High-Toned Opto Technology (Suzhou) Limited	<b>49</b>	133
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The directors of the Company consider that the selling prices of raw materials and goods, the charge for sub-contracting services and the purchase prices of raw materials, goods and machinery are determined according to the terms mutually agreed by the underlying parties.

Mr. Wu Kai-Yun, a director of the Company, provided an undertaking to the Group 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 condensed consolidated interim financial information as at 30 June 2012.

## 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"). The Group's integrated production solutions include materials procurement and management, process engineering design, SMT processing, quality assurance, logistics management and after-sales services. The Company's shares has been listed on the Main Board of the Stock Exchange since 10 July 2007.

#### *Revenue*

For the six months ended 30 June 2012, the Group recorded an unaudited consolidated revenue of approximately US\$796,761,000 (for the six months ended 30 June 2011: approximately US\$727,321,000), representing a growth of approximately 10% over the corresponding period of last year. Increase in revenue during the period was primarily attributable to the increase of shipment of LED light bar.

#### *Gross Profit*

The unaudited consolidated gross profit for the six months ended 30 June 2012 was approximately US\$55,842,000 (for the six months ended 30 June 2011: approximately US\$64,299,000), representing a decline of approximately 13% over the corresponding period of last year.

The overall gross profit margin of the Group for the six months ended 30 June 2012 reduced to approximately 7.0% from approximately 8.8% in the corresponding period of last year. It was due to: 1. changes in the shipped product mix: increase in revenue was mainly contributed by the LED light bar which has a lower gross profit margin; 2. delay in mass production of the new products of our customers has led to a decrease of utilization rate of our production facilities, and 3. increase in staff cost, as well as other production overhead compared with the same period of previous year.

#### *Net Profit*

In line with the decrease of the unaudited consolidated gross profit for the six months ended 30 June 2012, the unaudited consolidated net profit for the period decreased approximately 26% to US\$33,141,000 from approximately US\$44,547,000 for the six months ended 30 June 2011. Furthermore, being affected by the decrease of overall gross profit margin, the net profit margin also reduced to approximately 4.2% for the six months ended 30 June 2012 from approximately 6.1% in the corresponding period of 2011.

### *Liquidity and Financial Resources*

As at 30 June 2012, the Group's unaudited net current assets was approximately US\$215,847,000 (31 December 2011: approximately US\$178,711,000) which consisted of current assets amounted to approximately US\$808,024,000 (31 December 2011: approximately US\$679,841,000) and current liabilities amounted to approximately US\$592,177,000 (31 December 2011: approximately US\$501,130,000). The current ratio, defined as current assets over current liabilities, was about 1.36 times as at 30 June 2012, which was similar to about 1.36 times as at 31 December 2011.

As at 30 June 2012, the cash and bank balances amounted to approximately US\$152,364,000 (31 December 2011: approximately US\$148,898,000) while the total unsecured bank borrowings were approximately US\$80,746,000 (31 December 2011: approximately US\$85,416,000) with amount repayable within one year of approximately US\$45,946,000 (31 December 2011: approximately US\$57,716,000).

The gearing ratio, defined as total borrowings (other than payables in ordinary course of business) over total equity, as at 30 June 2012 was approximately 22% (31 December 2011: approximately 25%).

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\$10,670,000 during the six months ended 30 June 2012 for the construction of factory premises, purchase and installation of plant machinery, equipment and other tangible assets, as compared to approximately US\$38,069,000 for the six months ended 30 June 2011. These capital expenditures were fully financed by the internal resources of the Group and bank borrowings.

### *Capital Commitments and Contingent Liabilities*

As at 30 June 2012, the future capital commitments for which the Group had contracted but not provided for amounted to approximately US\$2,013,000 which relate mainly to the construction of plants in PRC regions. As at 30 June 2012, 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 30 June 2012, the Group had 11,982 employees (as at 30 June 2011: 12,210 employees). The total wages and related cost for the six months ended 30 June 2012 amounted to approximately US\$31,938,000 (six months ended 30 June 2011: approximately US\$26,215,000).

### *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 LED light bars for tablets and control boards for touch-panels keep surging. Since last year, the Group had further launched new SMT production solutions for LED general lighting and white appliances. The Group will keep developing new solutions for more advanced applications 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 continue to maintain its focus on the global major players from Korea and Taiwan of TFT-LCD panel industry and the international brands of LED lighting equipment and white appliances manufacturers in the PRC, 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 the first half of 2012, the Group has kept enhancing the production facilities of the plants in Xiamen and Suzhou respectively to cope with the new orders for touch-panels and LED lighting equipments. It has also built 4 additional SMT production lines during the second quarter, making up 176 lines in total as at 30 June 2012. It is expected that about 184 production lines in total will be in operation by the end of 2012.

#### Industry

Moving forward, the TFT-LCD industry is expected to show healthy growth driven by growing market demand for new generation of LCD and LED products, 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 third quarter, 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.

### **DIVIDENDS**

On 22 August 2012, the directors of the Company proposed and declared an interim dividend of HK\$0.05 per share, totalling HK\$107,488,273 (equivalent to approximately US\$13,857,000) for the six months ended 30 June 2012 (for the six months ended 30 June 2011: approximately US\$18,239,000). The condensed consolidated interim financial information does not reflect this dividend payable.

It is expected that the dividend warrants will be dispatched to shareholders on or about 19 October 2012.

### **DATE OF BOOK CLOSURE**

The register of shareholders will be closed from 10 October 2012 to 12 October 2012, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 9 October 2012.

## **CORPORATE GOVERNANCE PRACTICES**

The Directors confirm that, to the best of their knowledge, the Company has complied with the applicable code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the six months ended 30 June 2012.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the code of conduct regarding securities transactions by the Directors as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 of the Listing Rules. All Directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2012.

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

As at 30 June 2012, 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

Name of Director	Company/ name of associated corporation	Number of ordinary shares held			Percentage of interest in the relevant issued share capital
		Personal interest	Family interest (Note 1)	Total	
Wu Kai-Yun	the Company	6,872,628		6,872,628	0.32%
Wu Kai-Hsiung	the Company	3,927,216		3,927,216	0.18%
Tseng Yu-Ling	the Company	992,682		992,682	0.05%
Kwok Kwan Hung	the Company	50,000		50,000	0.00%
Wu Kai-Yun	TSMT Taiwan	8,306,854	13,849,664	22,156,518	9.22%
Wu Kai-Hsiung	TSMT Taiwan	590,660	207,902	798,562	0.33%
Tseng Yu-Ling	TSMT Taiwan	87,317		87,317	0.04%
Hsu Wey-Tyng	TSMT Taiwan	927,251		927,251	0.39%

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 30 June 2012, none of the Directors or their associate(s) had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as is known to any Director, as at 30 June 2012, 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**

<b>Name</b>	<b>Nature of interest</b>	<b>Number of shares</b>	<b>Approximate percentage of interest in the Company</b>
TSMT BVI	Beneficial owner	1,587,355,634	73.8%
TSMT Taiwan	Interest of a controlled corporation	1,587,355,634	73.8%

*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 Taiwan Stock Exchange.

Save as disclosed above, as at 30 June 2012, there was no person (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who (i) had an interest or short position in the shares and underlying shares of the Company which (a) would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to Section 336 of the SFO, to be entered in the register referred therein; or (ii) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

## **AUDIT COMMITTEE**

The Company established an audit committee (the “Audit Committee”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Corporate Governance Code. The Audit Committee will meet at least four times each year with the purpose of monitoring the effectiveness of the Group’s financial reporting process, internal control and risk management systems. The Audit Committee comprises all of the three independent non-executive Directors, namely, Mr. Kwok Kwan Hung (chairman of the Audit Committee), Ms. Hsu Wey-Tyng and Ms. Lin Yen-Yu. The Audit Committee has reviewed the unaudited condensed consolidated interim financial information, including the accounting principles adopted by the Group, for the six months ended 30 June 2012.

## **PURCHASE, REDEMPTION OR SALE OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed shares during the six months ended 30 June 2012.

By order of the Board

**Wu Kai-Yun**

*Chairman*

Hong Kong, 22 August 2012