JU TENG INTERNATIONAL HOLDINGS LIMITED

巨 騰 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3336

CONTENTS

Corporate Information	2
Group Structure	3
Chairman's Statement	4
Management Discussion and Analysis	6
Management Profile	9
Report of the Directors	13
Corporate Governance Report	27
Independent Auditors' Report	32
Consolidated Income Statement	34
Consolidated Statement of Comprehensive Income	35
Consolidated Statement of Financial Position	36
Consolidated Statement of Changes in Equity	38
Consolidated Statement of Cash Flows	40
Statement of Financial Position	42
Notes to Financial Statements	43
Five Year Financial Summary	116

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Cheng Li-Yu
Mr. Cheng Li-Yen
Mr. Huang Kuo-Kuang
Mr. Hsieh Wan-Fu
Mr. Lo Jung-Te
Mr. Tsui Yung Kwok

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cherng Chia-Jiun
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

AUTHORISED REPRESENTATIVES

Mr. Cheng Li-Yu
Mr. Tsui Yung Kwok

COMPANY SECRETARY

Mr. Tsui Yung Kwok *CA, CPA, ACS*

AUDIT COMMITTEE

Mr. Cherng Chia-Jiun
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

LEGAL ADVISERS AS TO HONG KONG LAWS

Chiu & Partners

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of America
Bank of China
Bank of Communications
Bank SinoPac
China Development Industrial Bank
Fubon Bank
Industrial and Commercial Bank of China
Jiu Sun International Commercial Bank
Mega International Commercial Bank
Standard Chartered Bank
Yuanta Commercial Bank

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

Suites 3311-3312
Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

No. 2 Gua Jing Road
Song Ling Town Economic Development District
Wu Jiang City
Jiang Su
The PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

WEBSITE

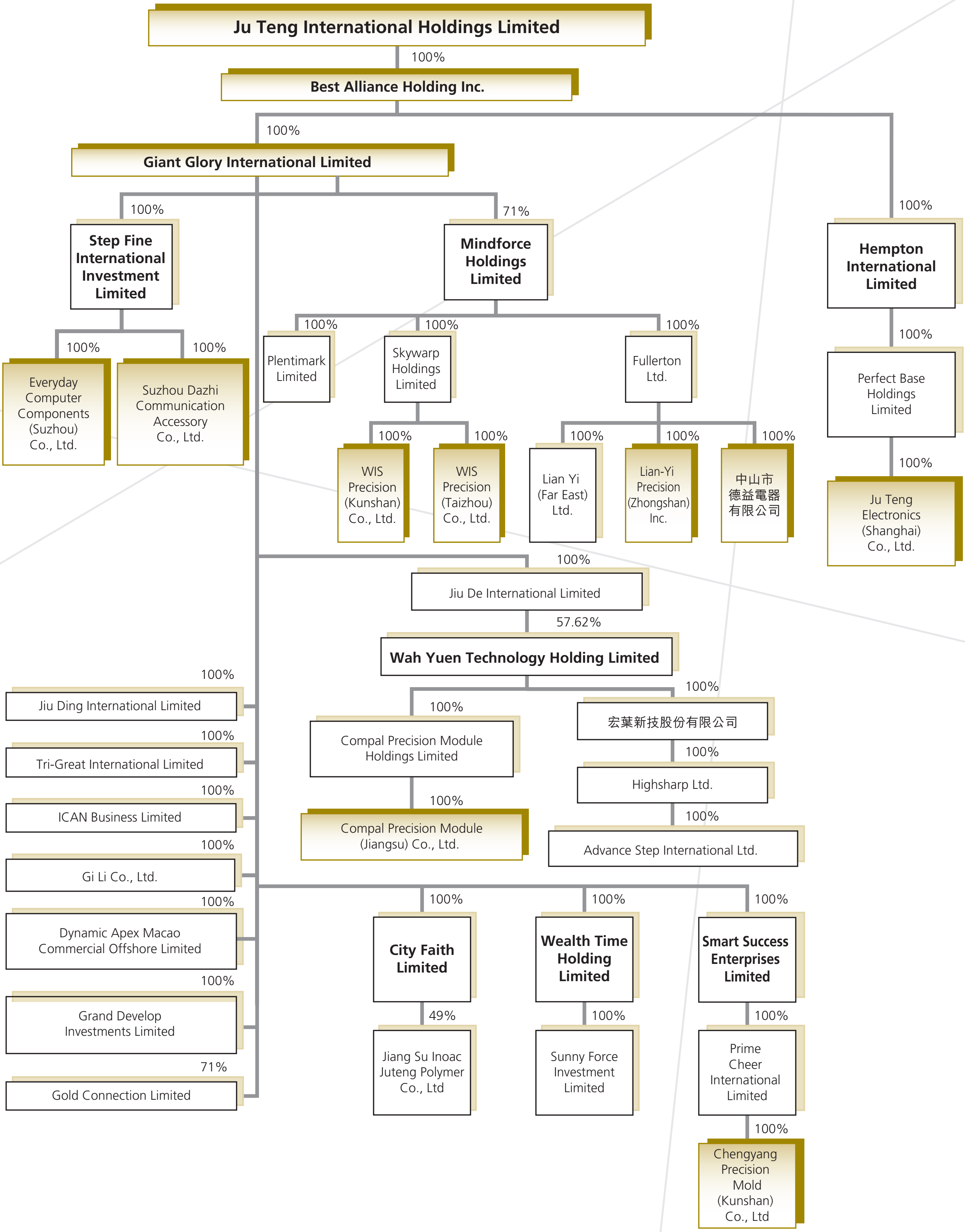
www.irasia.com/listco/hk/juteng

STOCK CODE

3336.HK and 9136.TT

GROUP STRUCTURE

As at 31 December 2010



CHAIRMAN'S STATEMENT

2010: A YEAR OF CHANGE

2010 was a year of change in many aspects which had significant influence on Ju Teng's future developments.

First of all, 2010 witnessed the increasing shift in the world's economic centre of gravity from the West to the East while global economy struggled to recover after the financial tsunami. This change was also palpable in the notebook computer industry as it felt the striking difference in the developments of the Western developed countries and Asian emerging markets during the year. In early 2010, thanks to the Chinese government's RMB4 trillion stimulus package launched after the financial tsunami, which boosted economy and consumption in Asia, sales of notebook computers reported encouraging growth. However, the Greek debt crisis broke out and spread in the Euro zone soon afterwards. This crisis dealt a huge blow to the shaky global recovery and hurt the notebook computer industry, which had then affected the Group's business as sales slipped in the second quarter in stark contrast to its healthy growth in the first quarter.

In the aspect of manufacturing, 2010 saw significant changes in labor matters. In recent years, the government's unswerving support for China Western Development Program had narrowed the salary gap between inland and coastal areas, and thus resulted in continuous drop in the number of migrant workers who were willing to leave their Western hometowns to seek work elsewhere. In 2010, many factories in coastal cities saw their production disrupted by labor shortages, which in turn stimulated wage increase for manufacturing workers. In addition, Chinese government also announced increment in minimum wages to maintain social stability, which further boosted the production costs of manufacturers including Ju Teng.

In the aspect of sales trend, 2010 marked the rise of tablet PC. iPad has taken the market by storm right after its launch in March, which impacted sales of conventional notebook computers especially netbooks and inevitably triggered a price war in the industry. Other players were forced to lower the average selling price of their products, which ultimately exerted pressure on Ju Teng's gross profit and slowed its sales in the second half of the year.

During the year, in spite of these changes that impacted Ju Teng's business considerably, management addressed the challenges proactively with immediate reviews and made significant adjustments to its business strategies.

HIGH-END POSITIONING FOR PROFIT ENHANCEMENT

In terms of selling strategy, Ju Teng has redefined its positioning during the year. Previously, the Group's sales success was based on its competitive pricing. Nevertheless, the Group has now decided to pursue a higher gross margin by focusing on high-end casing products for the corporate notebook computer segment, which will help the Group mitigate negative effects caused by cut-throat competition among producers of notebook computers for average users. Thus, Ju Teng has teamed up with a Japanese company for production of carbon fibre during the year. The Group plans to adopt this high-tech material commonly found in luxury cars and airplanes in its production, which will result in lighter and stronger casings for higher margins.

WESTERN PENETRATION FOR PRODUCTION EXPANSION

In terms of production facilities, Ju Teng departed from its previous advocacy for locations in Jiangsu Province and developed coastal cities by moving into Western China for the first time, in response to labor shortages and production delays in the coastal regions. With an initial investment of US$40 million, Ju Teng will commence construction of a new factory in Sichuan Province that offers an ample supply of labor in 2011. The new factory is planned for production of both plastic and metal casings, which will solidify Ju Teng's leadership in the notebook casing industry.

PRODUCTION AUTOMATION FOR HIGHER EFFICIENCY

In terms of production process, the Group has stepped up its research on production automation during the year. Having worked closely with an overseas company that pioneered automation technology, the Group repeatedly tested and adjusted the mechanized facilities and hope that they could be put to use as soon as possible, especially on labor-intensive production procedures. The Group believes that the automation program will not only reduce labor costs but also minimize human errors, thereby increasing production efficiency.

SOLIDIFYING LEADERSHIP

Though the strategic adjustments made by Ju Teng in 2010 might not achieve instant turnaround for its results, management believes that they are fundamentally beneficial for the Group's long-term business growth.

Looking ahead, the Group plans to launch its carbon fibre casings in the second quarter of 2011 and further explore the corporate notebook computer segment that is expected to grow with replacement demand spurred by Windows 7 operating system. Management believes that thinner and more flexible, resilient casings will be welcomed by corporate notebook users, thus helping the Group penetrate further into the high-end market and increase its gross profit. Furthermore, Ju Teng will cut back production on old models and launch more new products to facilitate its upward price adjustment in contracts with clients. The price of new products will better reflect the increases in raw material and labor costs, and subsequently improve the Group's gross profit margin. In addition, the Group's annual production capacity is expected to reach 90 million casings in 2012 after the production commencement of its new factory in Sichuan Province. This will strengthen Ju Teng's competitive advantages and market share, thereby bolstering its leadership in the global notebook casing industry.

Last but not least, I would like to take this opportunity to express my sincere gratitude to our shareholders for their continued support. I would also like to express my appreciation to all our staff for their devotion and dedication during challenging times, which made the Group well prepared for further growth in future.

Cheng Li-Yu
Chairman

Hong Kong
22 March 2011

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW & PROSPECT

In 2010, drastic changes in the market affected the business of Ju Teng International Holdings Limited (the "Company" or "Ju Teng") and its subsidiaries (collectively, the "Group") substantially. In the first quarter, thanks to the stimulus packages announced by various governments in response to the financial tsunami, global economy improved gradually and the Group's new orders grew faster. Nevertheless, in the second quarter, notebook computer sales was impacted by the deepening of debt crisis in the European Union, which led to decrease in the Group's new orders. In the second half of the year, tablet PCs gained huge popularity and impressive market share with their competitive pricing, which resulted in sales decline of conventional notebook computers and delay of new product launch of the latter. In addition, the surge of tablet PCs has forced conventional notebook computer manufacturers to adjust their product mix by focusing on cheaper products with their average selling prices slashed. This had in turn affected the gross profit margins of Ju Teng's casings and ultimately impacted the Group's revenue and profit substantially.

During the year, the Group operated 7 factories with annual production capacity reaching 80 million casings. In terms of sales volume, plastic casings of notebook computer remained a major contributor to the Group. Last year, the Group strengthened its metal casing business via the acquisition of 53.4% stake in magnesium alloy casing manufacturer, Wah Yuen Technology Holding Limited ("**Wah Yuen**") and received healthy number of orders for LCD TV casings and digital camera casings. Nevertheless, as these businesses were still in the initial stage, they only accounted for about 10% of the Group's turnover.

Despite the challenges and difficulties, the Group continued its expansion during the year. Ju Teng established a company with a Japanese company for production of carbon fiber, that is a very strong, lightweight and high-tech material often used by manufacturers of racing cars and airplanes. The Group has a 49% stake in the company and will adopt carbon fiber in its casing production in the second quarter of 2011, which is expected to fetch a higher gross profit margin than that of plastic and metal casings.

In December 2010, the Group signed a memorandum of cooperation with Neijiang City government in Sichuan Province for the construction of a new factory with an annual production capacity of 10 million plastic and metal casings. With its scheduled commencement of production in 2012, the Group will be able to employ more workers in inland China and expand its production output.

In addition, in response to labor shortage and wage hike in China's manufacturing sector, the Group had put great efforts in research and development of automated production technologies applicable to labor-intensive production procedures so as to minimize manpower cost. Currently, the automated production plan is in its final testing stage.

Looking forward, management remains cautious of the Group's business outlook. With the launch of Windows 7 operating system by Microsoft, it is expected that replacement demands for business notebook computers will be accelerated as commercial users who seek greater functionality and faster speed are more willing to invest in new notebook computers than average users. Management believes this is a positive factor for the Group's expansion in the business notebook computer segment with its carbon fibre and metal casings.

Despite tablet PCs' recent selling success, management believes that since conventional notebook computers offer better functionality and stability, consumers will ultimately shift their attention back to the latter after the former's buying craze subsides. In the long run, notebook computers will continue to upgrade and become replacements for desktop computers, creating a room for further development of the industry. Ju Teng will be a major benefiter of this mega trend. As the world's leading notebook casing manufacturer, Ju Teng enjoys a dominant position and is poised for further business and market share expansion, which will increase its returns to shareholders.

FINANCIAL REVIEW

During the year, a number of Eurozone countries plunged into debt crisis, which shocked the world and dragged down notebook computer sales in the second quarter. In addition, the surge of tablet PC in the second half of the year was detrimental to conventional notebook computer sales and impacted the Group's revenue for the year which dropped 4% to approximately HK$7,166 million (2009: HK$7,464 million). The overall gross profit margin dropped to 12% (2009: 18%) due to rising labor costs and prices of raw materials as well as decline in the average selling price of notebook computers.

As a result of the acquisition of Wah Yuen, a magnesium alloy casing manufacturer and expansion of its production capacity, the Group recorded an increase of 13.5% in operating cost and other operating expenses, including administrative expenses, selling and distribution costs and other expenses to approximately HK$495 million (2009: HK$436 million), accounting for 6.9% (2009: 5.8%) of the Group's turnover for the year.

Finance costs decreased by 29% to approximately HK$35 million for the year as compared to that of 2009 which was due to the low USD interest rate.

The profit attributable to equity holders for the year amounted to approximately HK$331 million, representing a decrease of 53% when compared to last year (2009: HK$705 million). It was mainly attributable to the decline in the Group's turnover and gross profit margin.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2010, total bank borrowings of the Group amounted to approximately HK$2,113 million, representing a slight increase of 1.3% as compared to that of 31 December 2009. The Group's bank borrowings include short-term loans with 1-year maturity and 3-year revolving syndicated loans. As at 31 December 2010, the Group's bank loans denominated in USD and New Taiwan dollars are carrying the amounts of approximately HK$2,110 million (2009: HK$2,023 million) and approximately HK$3 million (2009: HK$20 million) respectively.

During the year, the Group's cashflow from operating activities decreased to approximately HK$1,097 million from HK$1,220 million in 2009 mainly due to the decrease in trade and bills payables. As a result of the purchase of fixed assets to expand its production capacity and construction of a new plant, the Group recorded a net cash outflow from investing activities of HK$1,070 million (2009: HK$1,405 million). During the year, due to newly raised bank loans and contribution from non-controlling shareholders, the Group recorded a net cash inflow from financing activities of approximately HK$176 million (2009: HK$345 million). As at 31 December 2010, the Group had cash and bank balances of approximately HK$862 million (2009: HK$608 million).

The gearing ratio of the Group, calculated as total bank borrowings of approximately HK$2,113 million (2009: HK$2,085 million) divided by total assets of approximately HK$9,912 million (2009: HK$9,521 million), as at 31 December 2010 was 21.3% (2009: 21.9%). The gearing ratio was slightly decreased due to the increase in the Group's property, plant and machinery.

PLEDGE OF ASSETS

As at 31 December 2010, the Group's pledged leasehold land and buildings and machineries with an aggregate carrying amount of approximately HK$29 million (2009: HK$100 million) and shares of certain subsidiaries were pledged to secure banking facilities granted to the Group.

FOREIGN EXCHANGE EXPOSURE

Since most of the Group's revenue is denominated in USD and most of the Group's expenses are denominated in RMB, the appreciation of value of the RMB will have adverse effect on the Group's profitability. Accordingly, the Group has entered into forward foreign exchange contracts to mitigate possible exchange losses in relation to the fluctuations in the values of the USD and RMB.

EMPLOYEES

As at 31 December 2010, the Group had approximately 31,000 employees. The Group recorded staff costs of approximately HK$1,155 million (2009: HK$1,074 million).

The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. Discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee. The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme for its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations of the PRC.

CAPITAL COMMITMENT

As at 31 December 2010, the capital commitments which the Group had contracted for but were not provided for in the financial information in respect to the acquisition of land and buildings and machinery amounted to approximately HK$320 million (2009: HK$246 million).

CONTINGENT LIABILITIES

As at 31 December 2010, the Group did not have any significant contingent liabilities.

DIRECTORS

Executive Directors

Mr. Cheng Li-Yu (鄭立育), aged 52, is the chairman of our Group. Mr. Cheng Li-Yu is the younger brother of Mr. Cheng Li-Yen and he is one of the founders of the Group. Mr. Cheng started working at San Li Industrial Company Limited which is engaged in spray painting 25 years ago. Mr. Cheng is responsible for the Group's overall corporate strategy planning, operation management, forecast and analysis of market trend and establishment of the Group's future development direction. Mr. Cheng is currently the director of Southern Asia Management Limited, which has an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance as disclosed in the section headed "Substantial Shareholders' Interests in Shares" in this annual report. Mr. Cheng Li-Yu was appointed as an executive Director on 15 July 2004.

Mr. Cheng is the cousin of Mr. Cheng Li-Chen, a senior management of the Group.

Mr. Cheng Li-Yen (鄭立彥), aged 57, is an executive Director. Mr. Cheng is the elder brother of Mr. Cheng Li-Yu and he is also one of the founders of the Group. Mr. Cheng started working at San Li Industrial Company Limited which is engaged in spray painting over 19 years and later joined the management of Sunrise Plastic Injection Company Limited in around 2000. Mr. Cheng is responsible for the Group's overall management of resource planning, as well as plant expansion, development and construction. Mr. Cheng was appointed as an executive Director on 10 June 2005.

Mr. Cheng is the cousin of Mr. Cheng Li-Chen, a senior management of the Group.

Mr. Huang Kuo-Kuang (黃國光), aged 50, is an executive Director. He joined the Group in February 2001 as a member of the Group's senior management and has been responsible for the Group's daily operations and for overseeing the Group's procurement and operation management of two of its major operating subsidiaries in the PRC, namely, Everyday Computer Components (Suzhou) Co., Ltd. ("Everyday Computer") and Suzhou Dazhi Communication Accessory Co., Ltd ("Suzhou Dazhi"), since their establishment. He was appointed as senior vice president of Everyday Computer and of Suzhou Dazhi in 2002. He has more than 19 years' experience in the computer industry. He is responsible for the planning of the Group's procurement strategy, as well as the execution and guidance of operation management. Mr. Huang was appointed as an executive Director on 10 June 2005.

Mr. Hsieh Wan-Fu (謝萬福), aged 47, is an executive Director. He joined the Group as senior vice president in 2003. He is responsible for the establishment of quality control system, supervision of the Group's production in spray painting, development of new technology in dust-free spray painting and promotion of the application of relevant technology in dust-free spray painting to the customers. Mr. Hsieh was appointed as an executive Director on 25 May 2006.

Mr. Lo Jung-Te (羅榮德), aged 51, is an executive Director. He joined the Group as senior vice president in 2004. He is responsible for the supervision of the manufacture and development of the Group's automatic moulding. He is also responsible for assisting with the Group's improvement in manufacturing technology of injection moulding development, expansion of new markets and product design of non-notebook computer casing. Mr. Lo was appointed as an executive Director on 25 May 2006.

Mr. Lo is the elder brother of Mr. Lo Chi-Yun, a senior management of the Group.

MANAGEMENT PROFILE

Mr. Tsui Yung Kwok (徐容國), aged 42, is an executive Director, the chief financial officer and the company secretary of the Group and is responsible for the overall financial management and company secretarial functions of the Group. He holds a master degree in corporate governance and a bachelor degree in business (Accounting). He is also a member of the Institute of Chartered Accountants in Australia, CPA Australia, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries. Before joining the Group in August 2004, Mr. Tsui had been the chief financial officer of a Hong Kong listed company and held a senior position in an international accounting firm in Hong Kong. He had over 18 years' experience in accounting and finance. He has been an independent non-executive director of both Shenguan Holdings (Group) Limited (Stock code: 829) since 19 September 2009, and SITC International Holdings Company Limited (Stock code: 1308) since 10 September 2010. Mr. Tsui was appointed as an executive Director on 10 June 2005.

Independent non-executive Directors

Mr. Cherng Chia-Jiun (程嘉君), aged 56, graduated from the National Chengchi University with a Master's degree in Business Administration and a Bachelor of Science degree in Statistics. Mr. Cherng is currently the supervisor of 建碁股份有限公司 (AOpen Incorporated), a company listed on the Taiwan Stock Exchange Corporation ("TSEC"). He was also the director and President of 數位聯合電信股份有限公司 (Digital United Inc.), whose shares are traded on the Taiwan Emerging Market until 16 March 2009. Furthermore, he was appointed as an independent director of 驊宏資通股份有限公司 (Azion Corporation) since June 2010, whose shares are traded on the Taiwan OTC Market. From 1979 to 1998, Mr. Cherng was with the Taiwan based Institute for Information Industry (III), serving in various capacities including general manager of the Network Business Group, director of the Technology Service Group, director of the Market Intelligence Center, and program director of the Technology Research Division. Mr. Cherng was also the director of 兆赫電子股份有限公司 (Zinwell Corporation), a company listed on the TSEC. Mr. Cherng was appointed as an independent non-executive Director on 31 July 2008.

Mr. Tsai Wen-Yu (蔡文預), aged 57, is an independent non-executive Director. He obtained his master degree in business administration from the National Chengchi University. He has extensive experience in accounting and corporate governance. Mr. Tsai is a certified public accountant in Taiwan. He is also the supervisor of Hua Nan Commercial Bank and is the director of Maywufa Company Ltd., a company listed on the TSEC. Mr. Tsai was appointed as an independent non-executive Director on 10 June 2005.

Mr. Yip Wai Ming (葉偉明), aged 45, is an independent non-executive Director. He has more than 21 years of experience in finance and accounting, and had held senior positions in an international accounting firm, a major European bank and listed companies in Hong Kong. Mr. Yip graduated from the University of Hong Kong with a Bachelor's degree in social sciences and from the University of London with a Bachelor's degree in law. He is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the Chinese Institute of Certified Public Accountants. He has been appointed as an independent non-executive director of both BBMG Corporation (Stock code: 2009) since 28 April 2009 and PAX Global Technology Limited (Stock code: 327) since 1 December 2010. Mr. Yip was appointed as an independent non-executive Director on 25 May 2006.

SENIOR MANAGEMENT

Mr. Huang Cheng Pin (黃正斌), aged 45, is an assistant to Mr. Cheng Li-Yu. He joined the Group in 2003. Mr. Huang has over 13 years of experience in the banking field and is responsible for the Group's exports of products and imports of production materials. He also assists the board of Directors in the evaluation of investment projects as well as the Group's financial planning and funding matters.

Mr. Lu Fu-Hsing (呂福興), aged 45, is an assistant to Mr. Cheng Li-Yu. He joined the Group in 2003. Mr. Lu has over 20 years of experience in quality control. He was appointed to assist Mr. Cheng Li-Yu in the development of the quality control system of the Group. He is also responsible for the design and enhancement of the Group's quality control, and the monitoring and rectification of the matters in relation to the operations and management of the Group.

Mr. Liao Cheng-Yuan (廖正元), aged 51, is an assistant to Mr. Cheng Li-Yu and joined the Group in 2004. He is responsible for modification and implementation of the procurement strategy. He is also responsible for the introduction of new products and the supervision of the pilot run of the Group's new products.

Mr. Chao Min-Jen (趙明仁), aged 42, is an associate vice president of the Group who joined the Group in 2002. Mr. Chao has been working in the industrial and electronics field for over 18 years. He is responsible for assisting in the price determination of the Group's products, and for supporting the sales and marketing function and aftersales services.

Mr. Liu Wei-Cheng (劉為政), aged 53, is an associate vice president of the Group who joined the Group in 2002. Mr. Liu has been working in the electronic goods casing industry for over 22 years. He is responsible for the supervision of the Group's production in plastic injection, the development of new technology in plastic injection and the improvement of the Group's production efficiency. He is also responsible for the project review on the source of development for injection moulding in progress. In addition, he helps coordinate the communication and liaison between the plastic injection moulding development unit and the injection moulding production unit.

Mr. Chang Tsun (張圳), aged 47, is an associate vice president of the Group who joined the Group in 2001. Mr. Chang has been working in the metal industry for 24 years. He is responsible for the supervision of the Group's metal stamping and the development of automatic moulding and new technology in metal stamping.

Mr. Lo Chi-Yun (羅啟允), aged 40, is an associate vice president of the Group who joined the Group in 2004. He has been working in the precision plastic injection moulding industry for over 17 years. He is responsible for the production development and maintenance of the Group's moulding in plastic injection, as well as the new technology research and development of the injection moulding of plastic moulds.

Mr. Lo is the younger brother of Mr. Lo Jung-Te, an executive Director.

MANAGEMENT PROFILE

Mr. Cheng Li-Chen (鄭立晨), aged 41, is an associate vice president of the Group who joined the Group in 2002. He has been working in the plastic product surface coating industry for over 21 years. Mr. Cheng is responsible for the planning of manufacturing process and production management of the surface coating for the Group's plastic casing products, the improvement in efficiency and cost reductions. In addition to specializing in the research and development of the new technology of three dimensional coating, he is also responsible for the repairs and maintenance and the improvement in production yield in relation to all coating production facilities of the Group.

Mr. Cheng is the cousin of Mr. Cheng Li-Yu and Mr. Cheng Li-Yen, both are executive Directors.

Mr. Yeh Chih-Yuan (葉志原), aged 45, is an associate vice president of the Group who joined the Group in 2002. He has been working in the plastic product surface coating industry for over 21 years. Mr. Yeh is responsible for the planning of manufacturing process and production management of the surface coating for the Group's plastic casing products as well as enhancing efficiency and lowering costs. In addition to specializing in the research and development of the new technology of three dimensional coating, he is also responsible for the repairs and maintenance and the improvement in production yield in relation to all coating production facilities of the Group.

Mr. Cheng Hsing-Liang (鄭行良), aged 47, is an associate vice president of the Group who joined the Group in 2003. He has been working in the electronic goods plastic casing injection moulding industry for over 23 years. He is responsible for the supervision of the Group's production in plastic injection, the development of new technology in plastic injection and the improvement of the Group's production efficiency. Meanwhile, he is also responsible for the repairs and maintenance and the improvement in production yield in relation to all injection moulding production facilities of the Group.

Mr. Chang Chin-Shin (張金獅), aged 50, is an associate vice president of the Group who joined the Group in 2003. He has been working in the plastic moulding industry for 22 years. He is responsible for the planning and implementation of the projects on the new products manufactured by the Group, as well as the coordination with customers in relation to all products of the Group during pilot runs and mass production.

Mr. Chu San-Tai (朱三泰), aged 36, is an associate vice president of the Group who joined the Group in 2003. He has 15 years of experience in quality control. He is responsible for the supervision of the Group's quality control department, all quality control system certifications, and quality control system set-up, planning and maintenance.

Mr. Chang Cheng-Fu (張正富), aged 50, is an associate vice president of the Group who joined the Group in 2004. He has 17 years of experience in electronic goods assembling. He is responsible for the assembling production of all products of the Group, primarily specializing in the improvement in production efficiency and cost reduction for the product assembling segment, and the research on new technologies including printing and laser engraving as well as the improvement in efficiency.

The directors ("Directors") of Ju Teng International Holdings Limited (the "Company") present their report and the audited financial statements of the Company and its subsidiaries (the "Subsidiaries" and together with the Company, the "Group") for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Subsidiaries are set out in note 19 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2010 and the state of affairs of the Company and the Group at 31 December 2010 are set out in the financial statements on pages 34 to 115.

The Directors recommend the payment of a final dividend of HK$0.08 per share in respect of the year ended 31 December 2010 (2009: HK$0.08 per share) to shareholders whose names appear on the register of members of the Company on 18 May 2011.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 116. This summary does not form part of the audited financial statements of the Group for the year ended 31 December 2010.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 30 and 31 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares ("Shares") on a pro rata basis to the existing shareholders of the Company.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

REPORT OF THE DIRECTORS

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2010.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 32 to the financial statements and in the consolidated statement of changes in equity in the financial statements, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2010, the Company's reserves available for distribution, as calculated in accordance with the provisions of the Companies Law of the Cayman Islands, amounted to HK$1,181,997,000.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totaling HK$805,000.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 92% of the total sales for the year and sales to the largest customer amounted to approximately 36% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year. None of the Directors nor any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) of the Company had any interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors during the year were:

Executive Directors:

Mr. Cheng Li-Yu
Mr. Cheng Li-Yen
Mr. Huang Kuo-Kuang
Mr. Hsieh Wan-Fu
Mr. Lo Jung-Te
Mr. Tsui Yung Kwok

Independent non-executive Directors:

Mr. Cherng Chia-Jiun
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

In accordance with article 108(A) of the Company's articles of association, Mr. Cheng Li-Yen, Mr. Lo Jung-Te and Mr. Yip Wai Ming will retire as Directors by rotation and, being eligible, will offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company.

The Company has received annual confirmations of independence pursuant to Rule 3.13 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx") from Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming. As at the date of this report, the Company still considers these independent non-executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENTS' BIOGRAPHIES

Biographical details of the Directors and senior management of the Group are set out on pages 9 to 12 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Cheng Li-Yu, Mr. Cheng Li-Yen, Mr. Huang Kuo-Kuang and Mr. Tsui Yung Kwok, all being executive Directors, has entered into a service contract with the Company for an initial fixed term of three years commencing from 1 June 2005, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of the service contract, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Each of Mr. Hsieh Wan-Fu and Mr. Lo Jung-Te, both being executive Directors, has entered into a service contract with the Company for an initial fixed term of three years commencing from 25 May 2006, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of the service contract, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Cherng Chia-Jiun, being an independent non-executive Director, has been appointed for a term of two years commencing from 31 July 2008, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of appointment, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Tsai Wen-Yu, being an independent non-executive Director, has been appointed for a term of two years commencing from 17 June 2005, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of appointment, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

REPORT OF THE DIRECTORS

Mr. Yip Wai Ming, being independent non-executive Director, has been appointed for a term of two years commencing from 25 May 2006, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of appointment, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

No Director proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or any of the Subsidiaries which is not determinable by the employer within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings of the Company. Other emoluments are determined by the board of Directors with reference to Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 37 to the financial statements and in the section headed "Connected transactions and continuing connected transactions" in this report, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of the Subsidiaries was a party subsisting during or at the end of the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Save as disclosed in note 37 to the financial statements, no contract of significance had been entered into between the Company or any of the Subsidiaries and the controlling shareholder (as defined in the Listing Rules) of the Company or any of its Subsidiaries.

Save as disclosed in note 37 to the financial statements, no contract of significance for the provision of services to the Group by any of the controlling shareholder of the Company or any of its Subsidiaries was entered into.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2010, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) 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 HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules were as follows:

(i) Interests in Shares

Name of Director	Nature of interest	Number and class of Shares held *(Note 1)*	Approximate percentage of shareholding
Mr. Cheng Li-Yu	Founder of a discretionary trust *(Note 2)*	280,380,986 (L) ordinary Shares	24.75%
	Beneficial owner	19,844,000 (L) ordinary Shares	1.75%
	Interest of spouse *(Note 3)*	10,518,046 (L) ordinary Shares	0.93%
Mr. Cheng Li-Yen	Beneficiary of a trust *(Note 2)*	280,380,986 (L) ordinary Shares	24.75%
Mr. Huang Kuo-Kuang	Beneficial owner	4,423,866 (L) ordinary Shares	0.39%
	Interest of spouse *(Note 4)*	2,950,631 (L) ordinary Shares	0.26%
Mr. Hsieh Wan-Fu	Beneficial owner	2,354,432 (L) ordinary Shares	0.21%
Mr. Lo Jung-Te	Beneficial owner	6,265,942 (L) ordinary Shares	0.55%
Mr. Tsui Yung Kwok	Beneficial owner	3,464,000 (L) ordinary Shares	0.31%

Notes:

1. The letter "L" denotes a long position in the Shares.

2. The Shares were registered in the name of Southern Asia Management Limited ("Southern Asia"), which was wholly owned by Shine Century Assets Corp., the entire issued share capital of which was beneficially owned by the Cheng Family Trust which was founded by Mr. Cheng Li-Yu. The beneficiaries of the Cheng Family Trust include, among others, Mr. Cheng Li-Yen and Mr. Cheng Li-Yu. Mr. Cheng Li-Yen and Mr. Cheng Li-Yu were deemed to be interested in all the Shares in which Shine Century Assets Corp. was interested by virtue of the SFO.

3. Mr. Cheng Li-Yu is the husband of Ms. Lin Mei-Li and he was deemed to be interested in all the Shares in which Ms. Lin Mei-Li was interested by virtue of the SFO.

4. Mr. Huang Kuo-Kuang is the husband of Ms. Wang Shu-Hui and he was deemed to be interested in all the Shares in which Ms. Wang Shu-Hui was interested by virtue of the SFO.

(ii) Interests in underlying Shares

Name of Director	Nature of interest *(Note 1)*	Number of underlying shares	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
Mr. Cheng Li-Yen	Beneficial owner	2,194,000 (L) *(Note 2)*	N/A	N/A	0.19%
Mr. Huang Kuo-Kuang	Beneficial owner	1,000,000 (L) *(Note 3)*	7 November 2011 to 6 November 2016	HK$1.56	0.08% *(Note 5)*
	Beneficial owner	252,000 (L) *(Note 4)*	7 November 2012 to 23 April 2018	HK$2.75	0.02% *(Note 5)*
	Beneficial owner	252,000 (L) *(Note 4)*	7 November 2013 to 23 April 2018	HK$2.75	0.02% *(Note 5)*
	Beneficial owner	252,000 (L) *(Note 4)*	7 November 2014 to 23 April 2018	HK$2.75	0.02% *(Note 5)*

Name of Director	Nature of interest *(Note 1)*	Number of underlying shares	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
Mr. Hsieh Wan-Fu	Beneficial owner	500,000 (L) *(Note 3)*	7 November 2011 to 6 November 2016	HK$1.56	0.04% *(Note 5)*
	Beneficial owner	554,000 (L) *(Note 4)*	7 November 2012 to 23 April 2018	HK$2.75	0.05% *(Note 5)*
	Beneficial owner	554,000 (L) *(Note 4)*	7 November 2013 to 23 April 2018	HK$2.75	0.05% *(Note 5)*
	Beneficial owner	554,000 (L) *(Note 4)*	7 November 2014 to 23 April 2018	HK$2.75	0.05% *(Note 5)*
Mr. Lo Jung-Te	Beneficial owner	500,000 (L) *(Note 3)*	7 November 2011 to 6 November 2016	HK$1.56	0.04% *(Note 5)*
	Beneficial owner	554,000 (L) *(Note 4)*	7 November 2012 to 23 April 2018	HK$2.75	0.05% *(Note 5)*
	Beneficial owner	554,000 (L) *(Note 4)*	7 November 2013 to 23 April 2018	HK$2.75	0.05% *(Note 5)*
	Beneficial owner	554,000 (L) *(Note 4)*	7 November 2014 to 23 April 2018	HK$2.75	0.05% *(Note 5)*
Mr. Tsui Yung Kwok	Beneficial owner	1,334 (L) *(Note 3)*	7 November 2010 to 6 November 2016	HK$1.56	0.00% *(Note 5)*
	Beneficial owner	332,666 (L) *(Note 3)*	7 November 2011 to 6 November 2016	HK$1.56	0.03% *(Note 5)*
	Beneficial owner	252,000 (L) *(Note 4)*	7 November 2012 to 23 April 2018	HK$2.75	0.02% *(Note 5)*
	Beneficial owner	252,000 (L) *(Note 4)*	7 November 2013 to 23 April 2018	HK$2.75	0.02% *(Note 5)*
	Beneficial owner	252,000 (L) *(Note 4)*	7 November 2014 to 23 April 2018	HK$2.75	0.02% *(Note 5)*

Notes:

1. The letter "L" denotes a long position in the underlying Shares.

2. The long position in the underlying Shares comprised 2,194,000 units of Taiwan depositary receipts on the Taiwan Stock Exchange Corporation, representing 2,194,000 Shares of the Company.

3. The long position in the underlying Shares comprised 1,000,000, 500,000, 500,000 and 334,000 options granted to Mr. Huang Kuo-Kuang, Mr. Hsieh Wan-Fu, Mr. Lo Jung-Te and Mr. Tsui Yung Kwok respectively by the Company on 7 November 2006 under the share option scheme ("Share Option Scheme") of the Company and such share options remained outstanding as at 31 December 2010.

4. The long position in the underlying Shares comprised 756,000, 1,662,000, 1,662,000 and 756,000 options granted to Mr. Huang Kuo-Kuang, Mr. Hsieh Wan-Fu, Mr. Lo Jung-Te and Mr. Tsui Yung Kwok respectively by the Company on 24 April 2008 under the Share Option Scheme and such share options remained outstanding as at 31 December 2010.

5. This percentage was calculated on the basis of 1,212,622,000 Shares in issue immediately following the exercise in full of all the options granted under the Share Option Scheme at the same time and assuming that there would be no change in the total issued share capital of the Company other than as enlarged by the exercise of these options prior to the exercise in full of these options.

Save as disclosed above, as at 31 December 2010, none of the Directors or chief executive of the Company had an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) 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 HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in note 31 to the financial statements, at no time during the year were there rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or minor children (natural or adopted), or were such rights exercised by them; or was the Company or any of the Subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operates the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details are disclosed in note 31 to the financial information.

The following share options were outstanding under the Share Option Scheme during the year:

	Number of share options								
Name or category of participant	At 1 January 2010	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2010	Grant date *(Note 1)*	Exercise period	Exercise price per Share *(Note 2)*	Price per Share at grant date *(Note 3)*
Directors									
Mr. Huang Kuo-Kuang	1,000,000	–	(1,000,000)	–	–	7-11-2006	7-11-2010 to 6-11-2016	HK$1.56	HK$1.56
	1,000,000	–	–	–	1,000,000	7-11-2006	7-11-2011 to 6-11-2016	HK$1.56	HK$1.56
	252,000	–	–	–	252,000	24-4-2008	7-11-2012 to 23-4-2018	HK$2.75	HK$2.75
	252,000	–	–	–	252,000	24-4-2008	7-11-2013 to 23-4-2018	HK$2.75	HK$2.75
	252,000	–	–	–	252,000	24-4-2008	7-11-2014 to 23-4-2018	HK$2.75	HK$2.75
	2,756,000	–	(1,000,000)	–	1,756,000				
Mr. Hsieh Wan-Fu	500,000	–	(500,000)	–	–	7-11-2006	7-11-2010 to 6-11-2016	HK$1.56	HK$1.56
	500,000	–	–	–	500,000	7-11-2006	7-11-2011 to 6-11-2016	HK$1.56	HK$1.56
	554,000	–	–	–	554,000	24-4-2008	7-11-2012 to 23-4-2018	HK$2.75	HK$2.75
	554,000	–	–	–	554,000	24-4-2008	7-11-2013 to 23-4-2018	HK$2.75	HK$2.75
	554,000	–	–	–	554,000	24-4-2008	7-11-2014 to 23-4-2018	HK$2.75	HK$2.75
	2,662,000	–	(500,000)	–	2,162,000				
Mr. Lo Jung-Te	500,000	–	(500,000)	–	–	7-11-2006	7-11-2010 to 6-11-2016	HK$1.56	HK$1.56
	500,000	–	–	–	500,000	7-11-2006	7-11-2011 to 6-11-2016	HK$1.56	HK$1.56
	554,000	–	–	–	554,000	24-4-2008	7-11-2012 to 23-4-2018	HK$2.75	HK$2.75
	554,000	–	–	–	554,000	24-4-2008	7-11-2013 to 23-4-2018	HK$2.75	HK$2.75
	554,000	–	–	–	554,000	24-4-2008	7-11-2014 to 23-4-2018	HK$2.75	HK$2.75
	2,662,000	–	(500,000)	–	2,162,000				
Mr. Tsui Yung Kwok	667	–	(667)	–	–	7-11-2006	7-11-2009 to 6-11-2016	HK$1.56	HK$1.56
	332,667	–	(331,333)	–	1,334	7-11-2006	7-11-2010 to 6-11-2016	HK$1.56	HK$1.56
	332,666	–	–	–	332,666	7-11-2006	7-11-2011 to 6-11-2016	HK$1.56	HK$1.56
	252,000	–	–	–	252,000	24-4-2008	7-11-2012 to 23-4-2018	HK$2.75	HK$2.75
	252,000	–	–	–	252,000	24-4-2008	7-11-2013 to 23-4-2018	HK$2.75	HK$2.75
	252,000	–	–	–	252,000	24-4-2008	7-11-2014 to 23-4-2018	HK$2.75	HK$2.75
	1,422,000	–	(332,000)	–	1,090,000				

Name or category of participant	Number of share options: At 1 January 2010	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2010	Grant date *(Note 1)*	Exercise period	Exercise price per Share *(Note 2)*	Price per Share at grant date *(Note 3)*
Other employees									
In aggregate	82,666	–	(81,332)	(1,334)	–	7-11-2006	7-11-2009 to 6-11-2016	HK$1.56	HK$1.56
	12,848,667	–	(12,602,668)	(169,333)	76,666	7-11-2006	7-11-2010 to 6-11-2016	HK$1.56	HK$1.56
	12,848,667	–	–	(169,333)	12,679,334	7-11-2006	7-11-2011 to 6-11-2016	HK$1.56	HK$1.56
	13,626,666	–	–	(522,666)	13,104,000	24-4-2008	7-11-2012 to 23-4-2018	HK$2.75	HK$2.75
	13,626,666	–	–	(522,666)	13,104,000	24-4-2008	7-11-2013 to 23-4-2018	HK$2.75	HK$2.75
	13,626,668	–	–	(522,668)	13,104,000	24-4-2008	7-11-2014 to 23-4-2018	HK$2.75	HK$2.75
	4,820,000	–	–	(726,000)	4,094,000	14-7-2009	7-11-2011 to 13-7-2019	HK$4.15	HK$4.15
	4,820,000	–	–	(726,000)	4,094,000	14-7-2009	7-11-2012 to 13-7-2019	HK$4.15	HK$4.15
	4,820,000	–	–	(726,000)	4,094,000	14-7-2009	7-11-2013 to 13-7-2019	HK$4.15	HK$4.15
	4,820,000	–	–	(726,000)	4,094,000	14-7-2009	7-11-2014 to 13-7-2019	HK$4.15	HK$4.15
	4,820,000	–	–	(726,000)	4,094,000	14-7-2009	7-11-2015 to 13-7-2019	HK$4.15	HK$4.15
	90,760,000	–	(12,684,000)	(5,538,000)	72,538,000				
	100,262,000	–	(15,016,000)	(5,538,000)	79,708,000				

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

3. The price of the Shares disclosed as at the date of grant of the share options is the HKEx closing price of the Shares on the trading day immediately prior to the date of grant of the options.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2010, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the HKEx pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	**Capacity and nature of interest**	**Number and class of Shares held** *(Note 1)*	**Approximate percentage of shareholding**
Southern Asia	Beneficial owner	280,380,986 (L) ordinary Shares	24.75%
Shine Century Assets Corp. *(Note 2)*	Interest of a controlled corporation	280,380,986 (L) ordinary Shares	24.75%
East Asia International Trustees Limited *(Note 2)*	Trustee (other than a bare trustee)	280,380,986 (L) ordinary Shares	24.75%
Ms. Lin Mei-Li *(Note 3)*	Beneficial owner	10,518,046 (L) ordinary Shares	0.93%
	Interest of spouse	300,224,986 (L) ordinary Shares	26.50%
Amundi	Investment manager	66,036,000 (L) ordinary Shares	5.82%

Notes:

1. The letter "L" denotes a long position in the Share.

2. The Shares were held by Southern Asia, which was wholly owned by Shine Century Assets Corp. The entire issued share capital of Shine Century Assets Corp. was owned by the Cheng Family Trust, the trustee of which was East Asia International Trustees Limited. Shine Century Assets Corp. was deemed to be interested in all the Shares in which Southern Asia is interested by virtue of the SFO. East Asia International Trustees Limited was deemed to be interested in all the Shares in which Shine Century Assets Corp. was interested by virtue of the SFO. The Shares registered in the name of Southern Asia was also disclosed as the interest of Mr. Cheng Li-Yu and Mr. Cheng Li-Yen in the section headed "Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company" above.

3. Ms. Lin Mei-Li is the wife of Mr. Cheng Li-Yu and she was deemed to be interested in all the Shares in which Mr. Cheng Li-Yu was interested by virtue of the SFO.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

During the year under review, the Group had conducted the following connected transaction and continuing connected transactions which were required to be disclosed pursuant to Rules 14A.45 and 14A.46 of the Listing Rules:

(a) On 22 October 2007, Gi Li Co., Ltd. ("Gi Li"), an indirect wholly-owned subsidiary of the Company entered into a material purchase agreement with San Li Company Limited ("San Li") in relation to the purchase of production materials by the Group from San Li. As the entire issued share capital of San Li is beneficially owned by Mr. Cheng Li-Yu, the Chairman of the Group and an executive Director, and his family members, San Li is a connected person of the Company. Pursuant to the material purchase agreement, the Group agreed to purchase the production materials from time to time supplied and/or produced by San Li at prices to be determined from time to time by the parties with reference to the market prices and on such terms of purchases based principally on the standard terms of sales of San Li from time to time, provided that such terms are on normal and usual commercial terms and are no less favourable as those applicable to the sale of same type of production materials by San Li to independent third parties. Purchase price for the production materials shall be payable by the Group in arrears after the delivery of the production materials to the Group and within 120 days after the issue of invoice by San Li. The material purchase agreement has a term of three years commencing from 1 January 2008 and has expired on 31 December 2010.

    The total purchase of the production materials by the Group from San Li amounted to approximately HK$216,000 for the year ended 31 December 2010 (2009: HK$2,712,000).

(b) Pursuant to an agreement dated as at 31 December 2008 entered into between Giant Glory International Limited ("Giant Glory"), an indirect wholly-owned subsidiary of the Company, and Wistron Corporation ("Wistron") on 23 January 2009, the Group agreed to sell the casings for electronic products and related materials manufactured and/or supplied by the Group (the "Products") to Wistron and its subsidiaries (the "Wistron Group"), at prices to be determined from time to time by the Group and Wistron (for itself and on behalf of other members of the Wistron Group) with reference to the market prices and on such terms that are no more favourable than those applicable to the sales of the Products by the Group to independent third parties. The above agreement had a term commencing from 1 January 2009 and ending 31 December 2011 unless terminated earlier according to the terms and conditions of the agreement. The total sales of the Products by the Group to the Wistron Group amounted to approximately HK$1,955,742,000 for the year ended 31 December 2010 (2009: HK$2,259,923,000).

    Wistron is a substantial shareholder of both Mindforce Holdings Limited and Gold Connection Limited, indirect 71%-owned subsidiaries of the Company.

(c) On 1 January 2009, Giant Glory (for itself and on behalf of other members of the Group) and Compal Electronics, Inc. ("Compal") and three of its subsidiaries (for themselves and on behalf of other members of Compal and its subsidiaries (the "Compal Group")) entered into a master sales agreement in relation to the sales of the Products by the Group to the Compal Group at prices to be determined from time to time by the Group and Compal (for itself and on behalf of the other members of the Compal Group) with reference to the market prices and on such terms that are no more favourable than those applicable to the sales of the Products by the Group to independent third parties. The price of the Products shall be payable by the Compal Group to the Group in arrears on a 120 days' credit period by transferring to the Group's bank account. The master sales agreement is for a period from 1 January 2009 to 31 December 2011 unless terminated earlier according to the terms and conditions of the agreement. The total sales of the Products by the Group to the Compal Group amounted to approximately HK$2,559,180,000 for the year ended 31 December 2010 (2009: HK$2,500,172,000).

The Compal Group is a substantial shareholder of Wah Yuen Technology Holding Limited ("Wah Yuen"), a 57.62%-owned subsidiary of the Company.

(d) As announced by the Company on 17 June 2010, Wah Yuen, a non-wholly owned subsidiary of the Company, had resolved to increase its issued share capital by issuing an aggregate of 48,863,914 shares (the "WY Shares"). Jiu De International Limited ("Jiu De"), an indirect wholly-owned subsidiary of the Company, had agreed to subscribe for 29,318,349 WY Shares at US$0.82 per WY Share (the "Subscription Price") for an aggregate cash consideration of US$24,000,000 (the "Group Subscription") and the Compal Group had agreed to subscribe for 19,545,565 WY Shares at the Subscription Price for an aggregate cash consideration of US$16,000,000 (the "Compal Subscription"). As the Compal Group is a substantial shareholder of Wah Yuen, the Compal Group is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Therefore, the Compal Subscription constituted a connected transaction under Rule 14A.13(1)(a) of the Listing Rules. As the Compal Group is regarded as a controller under the Listing Rules by virtue of its controlling interest in Wah Yuen, the Group Subscription constituted a connected transaction under Rule 14A.13(1)(b)(i) of the Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the connected transactions or continuing connected transactions disclosed in note 37 to the financial statements.

Ernst & Young, the Company's auditors, were 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. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed in (a), (b) and (c) above by the Group in accordance with the Listing Rules. A copy of the auditors' letter has been provided by the Company to the HKEx.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the latest practicable date prior to the issue of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group.

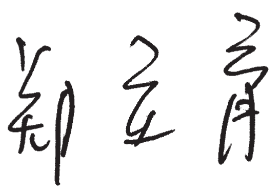
AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the accounting policies, accounting standards and practices adopted by the Group and the consolidated financial statements and results of the Group for the year ended 31 December 2010.

AUDITORS

Ernst & Young will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD



Cheng Li-Yu
Chairman
Hong Kong
22 March 2011

Ju Teng International Holdings Limited (the "Company") continues to devote much efforts on formulating and implementing sufficient corporate governance practices which it believes is crucial to its healthy growth and its business needs.

The Company has adopted and applied the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 to the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx"). The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. For the year ended 31 December 2010, the Company had complied with the code provisions of the CG Code save as disclosed below:

CODE PROVISION A.2.1

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheng Li-Yu is the chairman of the Board but the Company has not appointed any chief executive officer. The day-to-day management of the business of Group and the execution of the instructions and directions of the Board are managed by the management team of the Group which comprises some of the executive Directors and the senior management of the Group. The Directors believe that the allocation of the daily management of different sectors of the Group's business amongst the senior management who possesses experiences and qualifications in different areas will enable the Group to enhance the effectiveness and efficiency of the implementation of its business plan. The Board will continue to review the current management structure from time to time and shall make necessary changes when appropriate and inform the shareholders of the Company accordingly.

BOARD OF DIRECTORS

The Group is led by and controlled through the Board, which is currently constituted by a combination of six executive Directors and three independent non-executive Directors.

The Board oversees the overall management and operations of the Company. Major responsibilities of the Board include approving the Company's overall business, financial and technical strategies, setting key performance targets, approving financial budgets and major expenditures, supervising and scrutinizing the performance of management while the senior management are responsible for the supervision and day-to-day management of operation of the Group and the execution of the plans of the Group as approved by the Board.

The independent non-executive Directors have been appointed by the Company for a term of two years commencing from the date of their respective appointment renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment, and until terminated by not less than three months' notice in writing served by either the Company or the respective Director on the other. The independent non-executive Directors are also subject to rotation at annual general meetings pursuant to the articles of association of the Company. All the independent non-executive Directors have confirmed in writing to the Company that they have met all the guidelines for assessing their independence as set out in rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

The Company has adopted and applied a code of conduct regarding the Directors' securities transaction on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules throughout the year ended 31 December 2010. Having made specific enquiry of all Directors, the Company is satisfied that all the Directors have fully complied with the standards set out in the Model Code and the code of conduct for the year ended 31 December 2010.

The Directors' fees are subject to shareholders' approval at general meetings of the Company. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group.

Save for the sibling relationship between Mr. Cheng Li-Yu and Mr. Cheng Li-Yen, both being executive Directors, there is no family relationship between any of the Directors, nor is there any financial, business or other material or relevant relationships among the members of the Board.

BOARD MEETINGS

It is intended that the Board should meet regularly for at least four times a year, i.e. at approximately quarterly intervals. Special meetings of the Board will be convened if the situation requires so. For the year ended 31 December 2010, the Board convened a total of eight Board meetings (exclusive of meetings of Board committee constituted by the Board held during the year) and the individual attendance record of the Directors is tabulated as follows:

Name	**Number of meetings held**	**Number of meetings attended**
Executive Directors		
Mr. Cheng Li-Yu *(Chairman)*	8	8
Mr. Cheng Li-Yen	8	6
Mr. Huang Kuo-Kuang	8	8
Mr. Hsieh Wan-Fu	8	6
Mr. Lo Jung-Te	8	7
Mr. Tsui Yung Kwok	8	7
Independent non-executive Directors		
Mr. Cherng Chia-Jiun	8	6
Mr. Tsai Wen-Yu	8	7
Mr. Yip Wai Ming	8	7

Board committee meeting will be convened as and when necessary. No board committee meeting was held during the year.

NOMINATION OF DIRECTORS

The Company has not set up any nomination committee. In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates as well as the independence requirement in the case of an independent non-executive Director.

The Board has adopted procedures for nomination of a new Director, pursuant to which (i) an interview will be conducted with the prospective candidates; and (ii) the Board will consider and, if thought fit, approve the appointment of the new Director by way of board meeting or written resolution. To ensure a proper understanding of the operations and business of the Company and that he is fully aware of his responsibilities under the applicable laws and regulations (including the Listing Rules), the newly appointed Director will be provided with a comprehensive, tailored and formal induction on the first occasion of his appointment.

There was no nomination and appointment of Directors during the year; and therefore, no Board committee meeting for these purposes was convened for the year ended 31 December 2010.

COMMITTEES OF THE BOARD

The Board has established the Audit Committee and the Remuneration Committee for overseeing particular aspects of the Company's affairs.

AUDIT COMMITTEE AND ACCOUNTABILITY

The Board is responsible for preparing the accounts of the Company, which give a true and fair view of the financial position of the Group on a going concern basis. It is also responsible for presenting a balanced, clear and understandable assessment of the Group's annual and interim reports, other price-sensitive announcements and other financial disclosures as required under the Listing Rules. The management provides all relevant information and records to the Board which enable it to prepare the accounts and to make the above assessments.

The Company has established an audit committee (the "Audit Committee") of the Company on 17 June 2005 with written terms of reference adopted by reference to the code provisions of the CG Code. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming. Mr. Cherng Chia-Jiun is the chairman of the Audit Committee.

The Audit Committee oversees the overall financial reporting process as well as the adequacy and effectiveness of the Company's internal control procedures including the adequate of resources, qualifications and experience of the Company's staff of accounting and financial reporting function and their training programmes and budget.

It is responsible for making recommendations to the Board for the appointment, reappointment or removal of the external auditors and also reviews and monitors the external auditors' independence and objectivity as well as the effectiveness of the audit process to make sure that it is in full compliance with the Listing Rules and other applicable standards. For the year ended 31 December 2010, the Audit Committee met with the external auditors to review and approve the audit plans and also reviewed the Group's annual results of 2009 and interim results of 2010 and the audit findings with the attendance of the external auditors and executive Directors.

The Audit Committee convened a total of four meetings for the year ended 31 December 2010. The individual attendance record of each member of the Audit Committee is tabulated as follows:

Name of Director	Number of meetings held	Number of meetings attended
Mr. Cherng Chia-Jiun *(Chairman)*	4	4
Mr. Tsai Wen-Yu	4	4
Mr. Yip Wai Ming	4	4

AUDITORS' REMUNERATION

During the year, the audit and non-audit fees payable/paid to Ernst & Young, the auditors of the Group, was made up of an audit fee of HK$2,900,000 and non-audit service fees of HK$1,050,000.

REMUNERATION COMMITTEE

The Company has established the remuneration committee (the "Remuneration Committee") of the Company with written terms of reference adopted by reference to the code provisions of the CG Code on 17 June 2005. The Remuneration Committee currently consists of three independent non-executive Directors and two executive Directors, namely Mr. Cherng Chia-Jiun, Mr. Tsai-Wen Yu, Mr. Yip Wai Ming, Mr. Cheng Li-Yu and Mr. Huang Kuo-Kuang. Mr. Cherng Chia-Jiun is the chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management. For the year ended 31 December 2010, the Remuneration Committee reviewed remuneration policy and packages of the Directors and senior management.

The Remuneration Committee convened one meeting for the year ended 31 December 2010. The individual attendance record of each member of the Remuneration Committee is tabulated as follows:

Name of Director	Number of meeting held	Number of meeting attended
Mr. Cherng Chia-Jiun *(Chairman)*	1	1
Mr. Tsai Wen-Yu	1	1
Mr. Yip Wai Ming	1	1
Mr. Cheng Li-Yu	1	1
Mr. Huang Kuo-Kuang	1	1

DIRECTORS' AND AUDITORS' ACKNOWLEDGEMENT

The Directors acknowledge their responsibility for preparing the accounts for the year under review.

The external auditors of the Company acknowledge their reporting responsibilities in the independent auditors' report on the financial statements for the year under review.

INTERNAL CONTROL

The Board is responsible for ensuring that sound and effective internal control systems are maintained within the Group. The Group had hired independent professionals to perform a review on the system of internal control of the Group to ensure that the financial and operational functions, compliance control, material control, asset management and risk management functions are in place and functioning effectively. With reference to the assessment of the independent professionals, the Directors and the Audit Committee conducted review of the internal control system maintained by the Group including the financial, operational and compliance controls and risk management functions for the year ended 31 December 2010 and are satisfied that it is sufficient to provide reasonable, but not absolute, assurance that the Group's assets are safeguarded against loss from unauthorized use or disposition, transactions are properly authorized and proper accounting records are maintained. The Directors will continue to engage external independent professionals to review the Group's internal control systems and will continue to review the need for setting up an internal audit function.

INVESTOR RELATIONS AND SHAREHOLDERS' COMMUNICATIONS

The Company enhances investor relations and communications by setting up meetings with the investment community. The Company also responds to requests for information and queries from the investment community through the attendance by the executive Directors and designated senior management.

The Board is committed to providing clear and full information of the Company to shareholders through the Group's interim and annual reports, circulars and announcements.

The Company's annual general meeting provides a good opportunity for communications between the Board and its shareholders. Shareholders are encouraged to attend the annual general meeting. Notice of the annual general meeting and related papers are sent to shareholders in accordance with the requirements of the articles of association of the Company and the Listing Rules and such notice is also made available on the Company's website and HKEx's website. The Chairman and Directors will answer questions on the Company's business at the meeting. External auditors will also attend the annual general meeting and to answer any question if necessary.

INDEPENDENT AUDITORS' REPORT

ERNST & YOUNG
安永

To the shareholders of Ju Teng International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Ju Teng International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 34 to 115, which comprise the consolidated and company statements of financial position as at 31 December 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made 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 auditors' judgement, 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 auditors consider internal control relevant to the entity's preparation of 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.

Ernst & Young

Certified Public Accountants
18th Floor, Two International Finance Centre
8 Finance Street, Central
Hong Kong

22 March 2011

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
REVENUE	6	**7,166,213**	7,463,909
Cost of sales		**(6,307,841)**	(6,119,165)
Gross profit		**858,372**	1,344,744
Other income and gains	6	**92,801**	74,199
Selling and distribution costs		**(63,389)**	(35,748)
Administrative expenses		**(416,280)**	(369,353)
Other expenses		**(15,394)**	(31,308)
Finance costs	7	**(34,564)**	(48,601)
Share of loss of an associate		**(1,241)**	–
PROFIT BEFORE TAX	8	**420,305**	933,933
Income tax expense	11	**(65,302)**	(172,783)
PROFIT FOR THE YEAR		**355,003**	761,150
Attributable to:			
Equity holders of the Company	12	**331,189**	704,876
Non-controlling interests		**23,814**	56,274
		355,003	761,150
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	14		
– Basic (HK cents)		**29.6**	66.2
– Diluted (HK cents)		**28.4**	63.1

Details of dividend proposed for the year are disclosed in note 13 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
PROFIT FOR THE YEAR		**355,003**	761,150
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**179,219**	43,695
Available-for-sale investment:			
Change in fair value		**(13,612)**	21,856
Income tax effect		**2,295**	(5,465)
		(11,317)	16,391
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**167,902**	60,086
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**522,905**	821,236
Attributable to:			
Equity holders of the Company	12	**463,745**	742,012
Non-controlling interests		**59,160**	79,224
		522,905	821,236

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

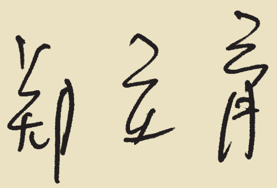
31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**4,742,126**	4,108,425
Lease premium for land	16	**95,675**	96,118
Goodwill	17	**37,894**	37,894
Deposit for acquisition of non-controlling interests		**–**	23,287
Investment in an associate	20	**6,388**	–
Prepayments for acquisition of property, plant and equipment		**148,985**	38,650
Available-for-sale investment	24	**41,681**	55,181
Total non-current assets		**5,072,749**	4,359,555
CURRENT ASSETS			
Inventories	21	**1,028,719**	869,369
Trade receivables	22	**2,472,934**	3,255,863
Factored trade receivables	22	**26,033**	11,496
Prepayments, deposits and other receivables	23	**409,719**	408,314
Derivative financial instruments	29	**17,616**	338
Pledged bank balances and time deposits	25	**21,682**	8,113
Cash and cash equivalents	25	**862,150**	608,422
Total current assets		**4,838,853**	5,161,915
CURRENT LIABILITIES			
Trade and bills payables	26	**1,581,300**	2,089,204
Other payables and accruals	27	**834,541**	629,933
Tax payable		**119,506**	130,908
Bank advances on factored trade receivables	22	**26,033**	11,496
Interest-bearing bank borrowings	28	**760,690**	883,134
Total current liabilities		**3,322,070**	3,744,675
NET CURRENT ASSETS		**1,516,783**	1,417,240
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,589,532**	5,776,795

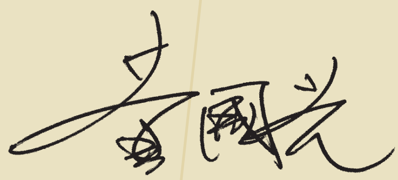
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	28	**1,352,763**	1,202,103
Deferred tax liabilities	18	**11,280**	14,021
Total non-current liabilities		**1,364,043**	1,216,124
Net assets		**5,225,489**	4,560,671
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	30	**113,291**	111,790
Reserves	32(a)	**4,184,984**	3,764,376
Proposed final dividend	13	**90,633**	89,432
		4,388,908	3,965,598
Non-controlling interests		**836,581**	595,073
Total equity		**5,225,489**	4,560,671



Cheng Li-Yu
Director



Huang Kuo-Kuang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2010

		Attributable to equity holders of the Company												
	Notes	Issued capital HK$'000	Share premium account HK$'000 (Note (c))	Contributed surplus HK$'000 (Note (c))	Employee share-based compensation reserve HK$'000 (Note (c))	Capital reserve HK$'000 (Notes (b),(c))	Statutory reserve fund HK$'000 (Notes (a),(c))	Exchange fluctuation reserve HK$'000 (Note (c))	Retained profits HK$'000 (Note (c))	Available-for-sale investment revaluation reserve HK$'000 (Note (c))	Proposed final dividend HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2009		100,000	227,127	370,266	33,935	363,578	79,796	272,194	1,311,585	11,799	50,000	2,820,280	161,135	2,981,415
Profit for the year		–	–	–	–	–	–	–	704,876	–	–	704,876	56,274	761,150
Other comprehensive income for the year:														
Change in fair value of available-for-sale investment, net of tax		–	–	–	–	–	–	–	–	16,391	–	16,391	–	16,391
Exchange differences on translation of foreign operations		–	–	–	–	–	–	20,745	–	–	–	20,745	22,950	43,695
Total comprehensive income for the year		–	–	–	–	–	–	20,745	704,876	16,391	–	742,012	79,224	821,236
Issue of shares		11,790	434,191	–	(11,900)	–	–	–	–	–	–	434,081	–	434,081
Share issue expenses		–	(4,747)	–	–	–	–	–	–	–	–	(4,747)	–	(4,747)
Capital injection from a non-controlling shareholder		–	–	–	–	–	–	–	–	–	–	–	33,719	33,719
Acquisition of subsidiaries	33	–	–	–	–	–	–	–	–	–	–	–	320,995	320,995
Share-based compensation arrangements	31	–	–	–	23,972	–	–	–	–	–	–	23,972	–	23,972
Final 2008 dividend declared		–	–	–	–	–	–	–	–	–	(50,000)	(50,000)	–	(50,000)
Proposed final dividend	13	–	–	(89,432)	–	–	–	–	–	–	89,432	–	–	–
At 31 December 2009 and 1 January 2010		111,790	656,571	280,834	46,007	363,578	79,796	292,939	2,016,461	28,190	89,432	3,965,598	595,073	4,560,671
Profit for the year		–	–	–	–	–	–	–	331,189	–	–	331,189	23,814	355,003
Other comprehensive income for the year:														
Change in fair value of available-for-sale investment, net of tax		–	–	–	–	–	–	–	–	(11,317)	–	(11,317)	–	(11,317)
Exchange differences on translation of foreign operations		–	–	–	–	–	–	143,873	–	–	–	143,873	35,346	179,219
Total comprehensive income for the year		–	–	–	–	–	–	143,873	331,189	(11,317)	–	463,745	59,160	522,905
Issue of shares	30	1,501	33,566	–	(11,643)	–	–	–	–	–	–	23,424	–	23,424
Capital injection from a non-controlling shareholder		–	–	–	–	–	–	–	–	–	–	–	214,278	214,278
Acquisition of non-controlling interests		–	–	–	–	(1,748)	–	–	–	–	–	(1,748)	(30,016)	(31,764)
Deemed acquisition of non-controlling interests		–	–	–	–	1,914	–	–	–	–	–	1,914	(1,914)	–
Transfer from retained earnings		–	–	–	–	–	45,832	–	(45,832)	–	–	–	–	–
Share-based compensation arrangements	31	–	–	–	25,407	–	–	–	–	–	–	25,407	–	25,407
Final 2009 dividend declared		–	–	–	–	–	–	–	–	–	(89,432)	(89,432)	–	(89,432)
Proposed final dividend	13	–	–	(90,633)	–	–	–	–	–	–	90,633	–	–	–
At 31 December 2010		113,291	690,137	190,201	59,771	363,744	125,628	436,812	2,301,818	16,873	90,633	4,388,908	836,581	5,225,489

Notes:

(a) In accordance with the relevant regulations in the People's Republic of China (the "PRC" or "Mainland China"), the Company's subsidiaries established in the PRC are required to transfer a certain percentage of their profits after tax to the statutory reserve fund. Subject to certain restrictions set out in the relevant PRC regulations and in the subsidiaries' articles of association, the statutory reserve fund may be used either to offset losses, or for capitalisation issue by way of paid-up capital.

(b) The capital reserve represents profits of the Company's subsidiaries capitalised during the prior years.

(c) These reserve accounts comprise the consolidated reserves of HK$4,184,984,000 (2009: HK$3,764,376,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**420,305**	933,933
Adjustments for:			
Finance costs	7	**34,564**	48,601
Share of loss of an associate		**1,241**	–
Interest income	6	**(12,118)**	(6,667)
Dividend income	6	**(2,735)**	(1,417)
Depreciation	8	**414,711**	314,569
Amortisation of lease premium for land	8	**3,242**	1,901
Loss on disposal of items of property, plant and equipment, net	8	**9,996**	12,690
Provision for slow-moving and obsolete inventories	8	**36,793**	70,953
Equity-settled share option expenses		**25,407**	23,972
		931,406	1,398,535
Increase in inventories		**(196,143)**	(95,985)
Decrease/(increase) in trade receivables		**782,929**	(287,242)
Decrease/(increase) in factored trade receivables		**(14,537)**	62,709
Increase in prepayments, deposits and other receivables		**(1,405)**	(163,441)
Decrease/(increase) in derivative financial instruments		**(17,278)**	24,043
Increase/(decrease) in trade and bills payables		**(507,904)**	488,967
Increase in other payables and accruals		**204,608**	41,102
Increase/(decrease) in bank advances on factored trade receivables		**14,537**	(62,709)
Cash generated from operations		**1,196,213**	1,405,979
Mainland China income tax paid		**(77,616)**	(142,300)
Overseas income tax paid		**(26)**	(1,875)
Mainland China income tax refunded		**492**	97
Interest received		**12,118**	6,667
Interest paid		**(34,564)**	(48,601)
Net cash flows from operating activities		**1,096,617**	1,219,967

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(964,165)**	(1,641,104)
Payment of lease premium for land		**–**	(15,918)
Proceeds from disposal of items of property, plant and equipment		**31,395**	14,245
Dividend received		**2,735**	1,417
Decrease/(increase) in pledged bank balances and time deposits		**(13,569)**	100,820
Increase in a deposit for acquisition of non-controlling interests		**–**	(23,287)
Decrease/(increase) in prepayments for acquisition of property, plant and equipment		**(110,335)**	229,086
Acquisition of non-controlling interests		**(8,477)**	–
Acquisition of subsidiaries	33	**–**	(69,886)
Capital injection to an associate		**(7,629)**	–
Net cash flows used in investing activities		**(1,070,045)**	(1,404,627)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution by non-controlling shareholders		**214,278**	33,719
New bank loans		**1,775,526**	879,765
Repayment of bank loans		**(1,747,310)**	(947,327)
Dividend paid		**(89,432)**	(50,000)
Proceeds from issue of shares		**23,424**	434,081
Share issue expenses		**–**	(4,747)
Net cash flows from financing activities		**176,486**	345,491
NET INCREASE IN CASH AND CASH EQUIVALENTS		**203,058**	160,831
Cash and cash equivalents at beginning of year		**608,422**	450,508
Effect of foreign exchange rate changes, net		**50,670**	(2,917)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**862,150**	608,422
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	25	**862,150**	608,422
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		**862,150**	608,422

STATEMENT OF FINANCIAL POSITION

31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	19	**1,449,046**	1,498,582
CURRENT ASSETS			
Prepayments, deposits and other receivables	23	**276**	277
Cash and cash equivalents	25	**42**	40
Total current assets		**318**	317
CURRENT LIABILITIES			
Other payables and accruals	27	**3,672**	3,332
NET CURRENT LIABILITIES		**(3,354)**	(3,015)
Net assets		**1,445,692**	1,495,567
EQUITY			
Issued capital	30	**113,291**	111,790
Reserves	32(b)	**1,241,768**	1,294,345
Proposed final dividend	13	**90,633**	89,432
Total equity		**1,445,692**	1,495,567

Cheng Li-Yu
Director

Huang Kuo-Kuang
Director

1. CORPORATE INFORMATION

Ju Teng International Holdings Limited is a limited liability company incorporated in the Cayman Islands. During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the manufacture and sale of notebook computer casings.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and an available-for-sale investment, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consolidation received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2. BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests (formerly known as minority interests), prior to 1 January 2010, were accounted for using the parent entity extension method, whereby the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash- settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKFRS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	Presentation of Financial Statements – *Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in *Improvements to HKFRSs 2009* and HK Interpretation 4 (Revised in December 2009), the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(Continued)*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) Business Combinations and HKAS 27 (Revised) Consolidated and Separate Financial Statements

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 Statement of Cash Flows, HKAS 12 Income Taxes, HKAS 21 The Effects of Changes in Foreign Exchange Rates, HKAS 28 Investments in Associates and HKAS 31 Interests in Joint Ventures.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) Improvements to HKFRSs 2009 issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 Statement of Cash Flows: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.
- HKAS 17 Leases: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

Amendment to HK Interpretation 4 Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases is revised as a consequence of the amendment to HKAS 17 Leases included in Improvements to HKFRSs 2009. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

The Group has reassessed its leases in Hong Kong and Mainland China, previously classified as operating leases, upon the adoption of the amendments. The classification of leases in Mainland China remained as operating leases. As the Group does not have Hong Kong land leases, the amendments to Hong Kong Interpretation 4 and HKAS 17 have had no impact on the financial position or results of operations of the Group.

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [2]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Serve Hyperinflation and Removal of Fixed Dates for First-time Adopters* [4]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* [4]
HKFRS 9	*Financial Instruments* [6]
HKFRS 12 Amendments	Amendments to HKAS 12 *Deferred tax: Recovery of Underlying Assets* [5]
HKAS 24 (Revised)	*Related Party Disclosures* [3]
HKAS 32 Amendments	Amendments to HKFRS 32 *Financial Instruments: Presentation – Classification of Rights Issues* [1]
HK(IFRIC) – Int 14 Amendments	Amendments to HK(IFRIC) – Int 14 *Prepayments of a Minimum Funding Requirement* [3]
HK(IFRIC) – Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 February 2010
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 July 2011
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 January 2013

HKFRS 1 Amendment relieves first-time adopters of HKFRSs from providing the additional disclosures in HKFRS 7 Amendments. As the Group is not a first-time adopter of HKFRSs, the amendment will not have any financial impact on the Group.

HKFRS 7 Amendments require an entity to disclose both quantitative and qualitative information for the derecognition of financial assets where the entity has a continuing involvement in the derecognised assets. The Group expects to adopt HKFRS 7 from 1 July 2011. As the Group does not have continuing involvement in the derecognised assets, the amendments will not have any financial impact on the Group.

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2013.

HKFRS 12 Amendments introduce a rebuttable presumption that deferred tax on investment property carried at fair value under HKAS 40, Investment property, shall be measured reflecting the tax consequences of recovering the carrying amount of the investment property entirely through sale. The rebuttable presumption shall also apply when deferred tax arises from measuring investment property at fair value in a business combination if the entity will use the fair value model when subsequently measuring that investment property.

This presumption is rebutted when the investment property is depreciable and is "held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale". In this case, the deferred tax arising from the revaluation of the investment property is measured on the basis of the tax consequences of recovering the carrying amount through use.

The amendments also incorporated the requirements of HK(SIC) 21, Income taxes – Recovery of revalued non-depreciable assets, which is superseded once the amendments are effective.

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government. The Group expects to adopt HKAS 24 (Revised) from 1 January 2011 and the comparative related party disclosures will be amended accordingly. While the adoption of the revised standard will result in changes in the accounting policy, the revised standard is unlikely to have any impact on the related party disclosures as the Group currently does not have any significant transactions with government-related entities.

Amendments to HKAS 32 address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously such rights issues were accounted for as derivative liabilities. However, the amendments contained in this update require that, provided that certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. The amendments are unlikely to have any financial impact on the Group.

The amendments to HK(IFRIC)-Int 14 require entities to recognise as an economic benefit any prepayment of minimum funding requirement contributions. As the Group has no defined benefit scheme, the amendments are unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 19 addresses the accounting by an entity when the terms of a financial liability are re-negotiated and resulted in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. The Group expects to adopt the Interpretation from 1 January 2011. As the Group has not re-negotiated the terms of a financial liability and issued equity instruments to settle the financial liability, the Interpretation is unlikely to have any material financial impact on the Group.

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKFRS 3 Business Combinations: Clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

(b) HKAS 1 Presentation of Financial Statements: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

(c) HKAS 27 Consolidated and Separate Financial Statements: Clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates and is not individually tested for impairment. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

Business combinations from 1 January 2010

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Business combinations from 1 January 2010 (Continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to 1 January 2010 but after 1 January 2005

In comparison to the above-mentioned requirements which were applied on a prospective basis, the following differences applied to business combinations prior to 1 January 2010:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of the items of property, plant and equipment are as follows:

Freehold land	Not depreciated
Buildings	20 years
Leasehold improvements	Over the lease terms or 5 to 10 years
Machinery	10 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings, plant and machinery and other items of property, plant and equipment under construction or installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of purchase, construction, installation and testing and capitalised borrowing costs on related borrowed funds during the period of construction or installation. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits or contributed surplus within the equity section of the consolidated statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the relevant government authorities. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension schemes.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees employed by the Group's subsidiary in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Share-based payment transactions

The Company operates a Pre-IPO share option scheme, Post-IPO share option schemes and a share award plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the operations of the Group. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the Group as consideration cannot be specifically identified, the unidentifiable goods or services are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identifiable goods or services received at the grant date.

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 31 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

Share-based payment transactions *(Continued)*

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period.

All differences are taken to the income statement with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries:

 (i) controls, is controlled by, or is under common control with, the Group;

 (ii) has an interest in the Group that gives it significant influence over the Group; or

 (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a member of the key management personnel of the Group or its parent;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or

(f) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land premiums for land under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as loans and receivables and available-for-sale financial investments, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, trade and other receivables, quoted financial instruments, and derivative financial instruments.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement in other expenses and removed from the available-for-sale investment valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates with the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Available-for-sale financial investments *(Continued)*

The Group evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. The reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its 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 control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in the income statement.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the income statement if the increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments and interest-bearing loans and borrowings.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivative are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any interest charged on these financial liabilities.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotation (bid price for long positions and ask price for short positions), without any deduction for transaction costs at the close of business at the reporting date. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts to reduce its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive, and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Government subsidies

Government subsidies are recognised at their fair value where there is reasonable assurance that the subsidies will be received and all attaching conditions will be complied with.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, when the services have been rendered;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(d) dividend income, when the shareholders' right to receive payment has been established.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2010 was HK$37,894,000 (2009: HK$37,894,000). Further details are given in note 17.

Write-down of inventories

Inventories are written down to net realisable value based on an assessment of their realisability. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact on the carrying value of inventories and write-down of inventories in the periods in which such estimate is changed.

The carrying amount of inventories as at 31 December 2010 was HK$1,028,719,000 (2009: HK$869,369,000).

5. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the business of manufacture and sale of notebook computer casings. For management purposes, the Group operates in one business unit based on its casing products, and has one reportable operating segment.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

(i) Revenue from external customers:

	2010	2009
	HK$'000	HK$'000
The People's Republic of China (the "PRC"), excluding Hong Kong	**6,799,129**	7,078,064
The Republic of China (the "ROC")	**194,031**	347,711
Others	**173,053**	38,134
	7,166,213	7,463,909

The revenue information above is based on the location of customers.

(ii) Non-current assets:

	2010	2009
	HK$'000	HK$'000
The PRC, excluding Hong Kong	**4,919,834**	4,241,034
The ROC	**152,885**	118,491
Others	**30**	30
	5,072,749	4,359,555

The non-current assets information above is based on the location of assets.

Information about major customers

Revenue of approximately HK$2,559,180,000, HK$1,955,742,000 and HK$1,206,679,000 for the year ended 31 December 2010 was derived from sales to three major customers, including sales to a group of entities which are known to be under common control with these customers.

Revenue of approximately HK$2,500,172,000, HK$2,259,923,000 and HK$1,174,415,000 for the year ended 31 December 2009 was derived from sales to three major customers, including sales to a group of entities which are known to be under common control with these customers.

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the invoiced value of goods sold, net of value-added tax, business tax and government surcharges, after allowances for returns and trade discounts, and after elimination of all significant intra-group transactions.

An analysis of revenue, other income and gains, is as follows:

	2010 HK$'000	2009 HK$'000
Revenue		
Sale of goods	**7,166,213**	7,463,909
Other income and gains		
Interest income	**12,118**	6,667
Sale of scrap materials	**63,611**	45,995
Dividend income	**2,735**	1,417
Subsidy income	**4,849**	6,090
Others	**9,488**	14,030
	92,801	74,199

7. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2010 HK$'000	2009 HK$'000
Interest on bank loans and other loans wholly repayable within five years	**34,564**	48,601
Total interest expense on financial liabilities not at fair value through profit or loss	**34,564**	48,601

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Notes	2010 HK$'000	2009 HK$'000
Cost of inventories sold		**6,259,484**	6,027,100
Auditors' remuneration		**2,900**	3,000
Depreciation	15	**414,711**	314,569
Amortisation of lease premium for land	16	**3,242**	1,901
Minimum lease payments under operating leases:			
Land and buildings		**6,132**	5,176
Motor vehicles		**4,495**	5,821
Provision for slow-moving and obsolete inventories*		**36,793**	70,953
Employee benefits expense (excluding directors' remuneration – note 9):			
Wages and salaries, bonuses, allowances and welfare		**1,091,372**	1,021,716
Equity-settled share option expenses		**23,595**	21,669
Pension scheme contributions		**40,056**	30,244
		1,155,023	1,073,629
Foreign exchange differences, net**		**43**	2,527
Loss on disposal of items of property, plant and equipment, net**		**9,996**	12,690
Subsidy income***		**(4,849)**	(6,090)

* Included in "Cost of sales" on the face of the consolidated income statement.

** Included in "Other expenses" on the face of the consolidated income statement.

*** Various government subsidies have been received for enterprises engaged in highly technological businesses in Jiangsu Province, Mainland China. There are no unfulfilled conditions or contingences relating to these subsidies.

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Fees	**594**	594
Other emoluments:		
Salaries, allowances and benefits in kind	**4,958**	4,934
Equity-settled share option expenses	**1,812**	2,303
Pension scheme contributions	**12**	12
	6,782	7,249
	7,376	7,843

In the prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 31(b) to the financial statements. The fair value of such options which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current and prior years is included in the above directors' remuneration disclosures.

9. DIRECTORS' REMUNERATION *(Continued)*

The remuneration of each of the directors for the year ended 31 December 2010 is set out below:

Name of director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Equity-settled share option expenses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Mr. Cheng Li-Yu	–	865	–	–	865
Mr. Cheng Li-Yen	–	778	–	–	778
Mr. Huang Kuo-Kuang	–	778	487	–	1,265
Mr. Hsieh Wan-Fu	–	668	526	–	1,194
Mr. Lo Jung-Te	–	735	526	–	1,261
Mr. Tsui Yung Kwok	–	1,134	273	12	1,419
Mr. Cherng Chia-Jiun	198	–	–	–	198
Mr. Tsai Wen-Yu	198	–	–	–	198
Mr. Yip Wai Ming	198	–	–	–	198
	594	4,958	1,812	12	7,376

The remuneration of each of the directors for the year ended 31 December 2009 is set out below:

Name of director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Equity-settled share option expenses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Mr. Cheng Li-Yu	–	882	–	–	882
Mr. Cheng Li-Yen	–	794	–	–	794
Mr. Huang Kuo-Kuang	–	741	698	–	1,439
Mr. Hsieh Wan-Fu	–	637	631	–	1,268
Mr. Lo Jung-Te	–	700	631	–	1,331
Mr. Tsui Yung Kwok	–	1,180	343	12	1,535
Mr. Cherng Chia-Jiun	198	–	–	–	198
Mr. Tsai Wen-Yu	198	–	–	–	198
Mr. Yip Wai Ming	198	–	–	–	198
	594	4,934	2,303	12	7,843

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included four (2009: three) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining one (2009: two) non-director, highest paid employee for the year are as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**482**	918
Performance related bonuses	**80**	153
Equity-settled share option expenses	**679**	1,572
	1,241	2,643

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2010	2009
HK$1,000,001 to HK$1,500,000	**1**	2

In the prior year, share options were granted under the share option scheme of the Company to the non-director, highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31(b) to the financial statements. The fair value of such options, which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current and prior years is included in the above non-director, highest paid employees' remuneration disclosures.

11. INCOME TAX

Hong Kong profits tax has not been provided as the Group did not have any assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2010 HK$'000	2009 HK$'000
Provision for the year:		
Current – The PRC, excluding Hong Kong		
Charge for the year	**47,955**	150,159
Underprovision/(overprovision) in prior years	**4,726**	(356)
Current – Overseas		
Charge for the year	**11,788**	37,511
Underprovision/(overprovision) in prior years	**1,771**	(13,911)
Tax refund	**(492)**	(95)
Deferred tax (note 18)	**(446)**	(525)
Total tax charge for the year	**65,302**	172,783

11. INCOME TAX *(Continued)*

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Group – 2010

	Hong Kong		The PRC, excluding Hong Kong		Overseas		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(35,016)		382,436		72,885		420,305	
Tax at the statutory tax rate	(5,778)	16.5	70,475	18.4	12,390	17.0	77,087	18.3
Preferential tax rates	–	–	(20,973)	(5.5)	–	–	(20,973)	(5.0)
Income not subject to tax	(492)	1.4	(2,373)	(0.6)	(890)	(1.2)	(3,755)	(0.9)
Tax refund	–	–	(125)	–	(367)	(0.5)	(492)	–
Expenses not deductible for tax	6,270	(17.9)	380	0.1	288	0.4	6,938	1.6
Adjustments in respect of current tax of previous periods	–	–	4,726	1.2	1,771	2.4	6,497	1.5
Tax charge at the Group's effective rate	–	–	52,110	13.6	13,192	18.1	65,302	15.5

11. INCOME TAX *(Continued)*

Group – 2009

	Hong Kong		The PRC, excluding Hong Kong		Overseas		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(35,040)		850,691		118,282		933,933	
Tax at the statutory tax rate	(5,782)	16.5	189,379	22.3	29,571	25.0	213,168	22.8
Preferential tax rates	–	–	(38,291)	(4.5)	–	–	(38,291)	(4.1)
Income not subject to tax	(864)	2.5	(4,100)	(0.5)	(1,160)	(1.0)	(6,124)	(0.7)
Tax refund	–	–	(7)	–	(88)	(0.1)	(95)	–
Expenses not deductible for tax	6,646	(19.0)	2,646	0.3	9,100	7.7	18,392	2.0
Adjustments in respect of current tax of previous periods	–	–	(356)	–	(13,911)	(11.7)	(14,267)	(1.5)
Tax charge at the Group's effective rate	–	–	149,271	17.6	23,512	19.9	172,783	18.5

The 5th Session of the 10th National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "New Corporate Income Tax Law") on 16 March 2007 and the State Council has announced the Detail Implementation Regulations (the "DIR") on 6 December 2008, which has become effective from 1 January 2008. According to the New Corporate Income Tax Law, the income tax rates for both domestic and foreign investment enterprises are unified at 25% effective from 1 January 2008. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires.

Everyday Computer Components (Suzhou) Co., Ltd. ("Everyday Computer"), Suzhou Dazhi Communication Accessory Co., Ltd. ("Suzhou Dazhi") and Ju Teng Electronics (Shanghai) Co., Ltd. ("Ju Teng Electronics"), subsidiaries of the Company, are subject to a tax rate of 25% (2009: 25%) for the year ended 31 December 2010.

11. INCOME TAX *(Continued)*

WIS Precision (Kunshan) Co., Ltd. ("WIS Precision"), a subsidiary of the Company, is subject to a preferential tax rate of 24% as WIS Precision is recognised as a foreign investment manufacturing enterprise. Besides, WIS Precision is also a foreign investment enterprise and is therefore entitled to full exemption from income tax for two years starting from the first profitable year which was the year ended 31 December 2007 and a 50% tax relief for the three years thereafter. WIS Precision is subject to a preferential tax rate of 11% (2009: 10%) for the year ended 31 December 2010 transitional to the implementation of the New Corporate Income Tax Law.

Compal Precision Module (Jiangsu) Company Limited ("Compal Precision"), a subsidiary of the Company, is subject to a tax rate of 25%. Compal Precision is also a foreign investment enterprise and is therefore entitled to full exemption from income tax for two years starting from the first profitable year which was the year ended 31 December 2008 and a 50% tax relief for the three years thereafter.

12. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 December 2010 includes a loss of HK$9,274,000 (2009: HK$6,118,000) which has been dealt with in the financial statements of the Company (note 32(b)).

13. DIVIDEND

	2010	2009
	HK$'000	HK$'000
Proposed final – HK8 cents (2009: HK8 cents) per ordinary share	**90,633**	89,432

14. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to equity holders of the Company of HK$331,189,000 (2009: HK$704,876,000) and the weighted average number of 1,119,173,332 (2009: 1,064,898,625) ordinary shares in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to equity holders of the Company of HK$331,189,000 (2009: HK$704,876,000). The weighted average number of ordinary shares used in the calculation is the 1,119,173,332 (2009: 1,064,898,625) ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of 47,855,093 (2009: 51,715,501) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings HK$'000	Leasehold improvements HK$'000	Machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2010							
At 1 January 2010:							
Cost	1,560,089	10,151	2,897,271	332,609	15,666	516,960	5,332,746
Accumulated depreciation	(203,782)	(5,759)	(860,555)	(145,423)	(8,802)	–	(1,224,321)
Net carrying amount	1,356,307	4,392	2,036,716	187,186	6,864	516,960	4,108,425
At 1 January 2010, net of accumulated depreciation	1,356,307	4,392	2,036,716	187,186	6,864	516,960	4,108,425
Additions	61,620	140	351,922	37,126	1,333	512,024	964,165
Transfers	55,960	–	171,180	67,123	342	(294,605)	–
Disposals	–	(3,292)	(33,938)	(888)	(345)	(2,928)	(41,391)
Depreciation provided during the year	(94,152)	(186)	(268,680)	(49,924)	(1,769)	–	(414,711)
Exchange realignment	40,047	186	82,915	(14,924)	203	17,211	125,638
At 31 December 2010, net of accumulated depreciation	1,419,782	1,240	2,340,115	225,699	6,628	748,662	4,742,126
At 31 December 2010:							
Cost	1,734,692	2,896	3,452,345	421,911	16,128	748,662	6,376,634
Accumulated depreciation	(314,910)	(1,656)	(1,112,230)	(196,212)	(9,500)	–	(1,634,508)
Net carrying amount	1,419,782	1,240	2,340,115	225,699	6,628	748,662	4,742,126

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group *(Continued)*

	Land and buildings HK$'000	Leasehold improvements HK$'000	Machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2009							
At 1 January 2009:							
Cost	816,569	5,549	1,803,574	265,768	12,102	183,334	3,086,896
Accumulated depreciation	(150,756)	(4,431)	(542,200)	(101,864)	(7,462)	–	(806,713)
Net carrying amount	665,813	1,118	1,261,374	163,904	4,640	183,334	2,280,183
At 1 January 2009, net of accumulated depreciation	665,813	1,118	1,261,374	163,904	4,640	183,334	2,280,183
Additions	458,135	339	523,352	47,903	3,480	607,895	1,641,104
Acquisition of subsidiaries (note 33)	33,106	3,620	316,083	8,006	426	121,265	482,506
Transfers	239,160	16	140,819	14,500	879	(395,374)	–
Disposals	(953)	–	(17,872)	(2,877)	(733)	(4,500)	(26,935)
Depreciation provided during the year	(46,724)	(998)	(219,189)	(45,686)	(1,972)	–	(314,569)
Exchange realignment	7,770	297	32,149	1,436	144	4,340	46,136
At 31 December 2009, net of accumulated depreciation	1,356,307	4,392	2,036,716	187,186	6,864	516,960	4,108,425
At 31 December 2009:							
Cost	1,560,089	10,151	2,897,271	332,609	15,666	516,960	5,332,746
Accumulated depreciation	(203,782)	(5,759)	(860,555)	(145,423)	(8,802)	–	(1,224,321)
Net carrying amount	1,356,307	4,392	2,036,716	187,186	6,864	516,960	4,108,425

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Group's land and buildings were held under the following lease terms:

	2010	2009
	HK$'000	HK$'000
Net carrying amounts:		
Freehold land outside Hong Kong	**14,301**	13,931
Buildings held under medium term leases outside Hong Kong	**1,405,481**	1,342,376
	1,419,782	1,356,307

At 31 December 2010, certain of the Group's land and buildings and machinery with an aggregate net carrying amount of approximately HK$17,838,000 (2009: HK$86,704,000) were pledged to secure certain banking facilities granted to the Group (note 28).

16. LEASE PREMIUM FOR LAND

	Group	
	2010	2009
	HK$'000	HK$'000
Net carrying amount at 1 January	**96,118**	65,219
Addition during the year	**–**	15,918
Acquisition of subsidiaries (note 33)	**–**	16,432
Recognised during the year	**(3,242)**	(1,901)
Exchange realignment	**2,799**	450
Net carrying amount at 31 December	**95,675**	96,118

The land of the Group was held under a medium term lease and was situated outside Hong Kong.

At 31 December 2010, certain of the Group's land with an aggregate net carrying amount of approximately HK$11,653,000 (2009: HK$13,296,000) was pledged to secure certain banking facilities granted to the Group (note 28).

17. GOODWILL

Group

	HK$'000
Cost and net carrying amount at 1 January 2009	4,846
Acquisition of non-controlling interests	33,048
Cost and net carrying amount at 31 December 2009 and 2010	37,894

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the manufacture and sale of notebook computer casings cash-generating unit, which is a reportable segment, for impairment testing.

The recoverable amount of the manufacture and sale of notebook computer casings cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 9% (2009: 11.1%) and cash flows beyond the five-year period are extrapolated using a growth rate of 2% (2009: 2%).

The net carrying amount of goodwill allocated to the cash-generating unit is as follows:

	Manufacture and sale of notebook computer casings	
	2010	2009
	HK$'000	HK$'000
Net carrying amount of goodwill	**33,048**	33,048

Key assumptions were used in the value in use calculation of the manufacture and sale of notebook computer casings cash-generating unit for 31 December 2010 and 31 December 2009. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rate – The discount rate used is before tax and reflect specific risks relating to the relevant unit.

The values assigned to key assumptions are consistent with external information sources.

18. DEFERRED TAX

Deferred tax assets

The Group had tax losses arising in the PRC and the ROC of approximately HK$84,187,000 (2009: HK$63,562,000) and HK$45,885,000 (2009: HK$42,296,000), respectively, that are available for offsetting against future taxable profits of the subsidiaries in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax liabilities

Group

	2010		
	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Fair value adjustments arising from revaluation of an available-for-sale investment HK$'000	Total HK$'000
At 1 January 2010	4,725	9,296	14,021
Deferred tax credited to the income statement during the year (note 11)	(446)	–	(446)
Deferred tax credited to equity during the year	–	(2,295)	(2,295)
Gross deferred tax liabilities at 31 December 2010	4,279	7,001	11,280

18. DEFERRED TAX *(Continued)*

Deferred tax liabilities *(Continued)*

Group

	2009		
	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Fair value adjustments arising from revaluation of an available-for-sale investment HK$'000	Total HK$'000
At 1 January 2009	5,250	3,831	9,081
Deferred tax credited to the income statement during the year (note 11)	(525)	–	(525)
Deferred tax debited to equity during the year	–	5,465	5,465
Gross deferred tax liabilities at 31 December 2009	4,725	9,296	14,021

Pursuant to the New Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2010, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$1,146,249,000 at 31 December 2010 (2009: HK$957,447,000).

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2010	2009
	HK$'000	HK$'000
Unlisted shares, at cost	**777,358**	777,358
Due from subsidiaries	**603,329**	676,289
Capital contribution in respect of share-based compensation	**68,359**	44,935
	1,449,046	1,498,582

The amounts advanced to the subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Company's directors, these advances are considered as quasi-equity loans to the subsidiaries. The carrying amounts of the amounts due from subsidiaries approximate to their fair values.

Particulars of the subsidiaries are as follows:

Company name	Place and date of incorporation/ registration	Nominal value of issued and paid up share/registered capital	Equity interest attributable to the Company Direct	Indirect	Principal activities
Best Alliance Holding Inc. @	British Virgin Islands ("BVI")	US$52,600,000 Ordinary	100%	–	Investment holding
Giant Glory International Limited @	Samoa	US$49,777,419 Ordinary	–	100%	Investment holding and sale of notebook computer casings and related materials
Step Fine International Investment Limited	Hong Kong	HK$100,000 Ordinary	–	100%	Investment holding
Everyday Computer Components (Suzhou) Co., Ltd. *@	The PRC	US$52,500,000	–	100%	Manufacture and sale of notebook computer casings
Suzhou Dazhi Communication Accessory Co., Ltd. *@	The PRC	US$86,500,000	–	100%	Manufacture and sale of notebook computer casings
Jiu De International Limited @	Samoa	US$12,800,000 Ordinary	–	100%	Investment holding

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Company name	Place and date of incorporation/ registration	Nominal value of issued and paid up share/registered capital	Equity interest attributable to the Company Direct	Indirect	Principal activities
Jiu Ding International Limited @	Samoa	US$12,800,000 Ordinary	–	100%	Dormant
Tri-Great International Limited @	Samoa	US$1,000,000 Ordinary	–	100%	Sale of notebook computer casings
ICAN Business Limited @	BVI	US$1,500,000 Ordinary	–	100%	Sale of notebook computer casings
Gi Li Co., Ltd. @	The ROC	NT$5,000,000 Ordinary	–	100%	Sale of notebook computer casings and related materials
Hempton International Limited @	Samoa	US$3,500,000 Ordinary	–	100%	Investment holding
Perfect Base Holdings Limited	Hong Kong	HK$100,000 Ordinary	–	100%	Investment holding
Ju Teng Electronics (Shanghai) Co., Ltd. *@	The PRC	US$12,500,000	–	100%	Manufacture and sale of notebook computer casings
Grand Develop Investments Limited	Hong Kong	HK$1 Ordinary	–	100%	Provision of general administrative and support services
Mindforce Holdings Limited @	BVI	US$74,801,000	–	71%	Investment holding
Skywarp Holdings Limited	Hong Kong	HK$1,200,000,000 Ordinary	–	71%	Investment holding
WIS Precision (Kunshan) Co., Ltd. *@	The PRC	US$25,000,000	–	71%	Manufacture and sale of notebook computer casings
WIS Precision (Taizhou) Co., Ltd. *@	The PRC	US$49,800,000	–	71%	Manufacture and sale of notebook computer casings

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Company name	Place and date of incorporation/ registration	Nominal value of issued and paid up share/registered capital	Equity interest attributable to the Company Direct	Equity interest attributable to the Company Indirect	Principal activities
Plentimark Limited @	BVI	US$50,000 Ordinary	–	71%	Sale of materials for the manufacture of notebook computer casings
Dynamic Apex Macao Commercial Offshore Limited @	Macau	MOP$100,000	–	100%	Sale of materials for the manufacture of notebook computer casings
Smart Success Enterprises Limited @	Samoa	US$6,000,000 Ordinary	–	100%	Investment holding
Prime Cheer International Limited	Hong Kong	HK$100,000 Ordinary	–	100%	Investment holding
Chengyang Precision Mold (Kunshan) Co., Ltd. *@	The PRC	US$13,000,000	–	100%	Manufacture and sale of moulds
Gold Connection Limited @	Samoa	US$33,447,128 Ordinary	–	71%	Dormant
Fullerton Ltd. @	Samoa	US$31,449,800 Ordinary	–	71%	Investment holding
Lian-Yi (Far East) Ltd. @	The ROC	NT$5,000,000 Ordinary	–	71%	Trading of computer equipment and peripherals and import and export trading business
Lian-Yi Precision (Zhongshan) Inc. @*	The PRC	US$33,100,000	–	71%	Research, design, product development and manufacture of computer equipment and peripherals

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Company name	Place and date of incorporation/ registration	Nominal value of issued and paid up share/registered capital	Equity interest attributable to the Company Direct	Indirect	Principal activities
中山市德益電器有限公司 @*	The PRC	US$500,000	–	71%	Research, design, product development and manufacture of computer equipment and peripherals
Wah Yuen Technology Holding Limited @	Mauritius	US$158,088,325 Ordinary	–	57.62%	Investment holding
宏葉新技股份有限公司 @	The ROC	NT$475,577,800 Ordinary	–	57.62%	Manufacture and sale of notebook computer casings
Highsharp Ltd. @	Samoa	US$10,000 Ordinary	–	57.62%	Investment holding
Advance Step International Ltd. @	Samoa	US$5,000 Ordinary	–	57.62%	Import and export trading business
Compal Precision Module China Holdings Ltd. @	Mauritius	US$136,267,926 Ordinary	–	57.62%	Investment holding
Compal Precision Module (Jiangsu) Company Limited @	The PRC	US$180,000,000	–	57.62%	Manufacture and sale of notebook computer casings
City Faith Limited @#	Samoa	US$1,000,000 Ordinary	–	100%	Investment holding
Wealth Time Holding Limited @#	BVI	US$15,000,000 Ordinary	–	100%	Investment holding
Sunny Force Investment Limited @#	Hong Kong	HK$117,000,000 Ordinary	–	100%	Investment holding

* Registered as wholly-foreign-owned enterprises under the PRC law.

@ Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

\# Incorporated during the year.

20. INVESTMENT IN AN ASSOCIATE

	Group 2010 HK$'000	Group 2009 HK$'000
Share of net assets	**6,388**	–

Particulars of the associate are as follows:

Name	Nominal value of Issued and paid up share/registered capital	Place of incorporation/ registration	Percentage of ownership interest attributable to the Group	Principal activity
Jiang Su Inoac Juteng Polymer Co. Ltd. *#	US$2,000,000	The PRC	49	Manufacture and sale of notebook computer casings

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

\# Incorporated during the year.

The following table illustrates the summarised financial information of the Group's associate extracted from its financial statements:

	2010 HK$'000	2009 HK$'000
Assets	**19,552**	–
Liabilities	**(6,107)**	–
Revenue	**–**	–
Loss	**(2,533)**	–

21. INVENTORIES

	Group	
	2010	2009
	HK$'000	HK$'000
Production materials	**280,757**	352,044
Work in progress	**218,986**	210,903
Finished goods	**258,084**	184,739
Moulds and consumable tools	**270,892**	121,683
	1,028,719	869,369

22. TRADE RECEIVABLES

The general credit terms of the Group range from 90 days to 120 days. Trade receivables are non-interest-bearing.

An aged analysis of the Group's trade receivables and factored trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Trade receivables		
Within 3 months	**1,712,833**	2,031,299
4 to 6 months	**744,594**	1,213,921
7 to 12 months	**13,244**	6,041
Over 1 year	**2,263**	4,602
	2,472,934	3,255,863

22. TRADE RECEIVABLES *(Continued)*

	Group 2010 HK$'000	2009 HK$'000
Factored trade receivables		
Within 3 months	**17,881**	11,496
4 to 6 months	**8,152**	–
	26,033	11,496

The aged analysis of the Group's trade receivables that are not individually nor collectively considered to be impaired is as follows:

	Group 2010 HK$'000	2009 HK$'000
Neither past due nor impaired	**2,236,165**	2,488,088
1 to 3 months past due	**228,890**	755,659
4 to 6 months past due	**4,824**	7,130
7 to 12 months past due	**902**	786
Over 1 year	**2,153**	4,200
	2,472,934	3,255,863

Receivables that were neither past due nor impaired relate to a number of diversified 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 credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

As at 31 December 2009 and 2010, the factored trade receivables are factored to banks on a with-recourse basis for cash.

22. TRADE RECEIVABLES *(Continued)*

Included in the Group's trade receivables are amounts due from the following related companies, which are repayable on credit terms similar to those offered to the major customers of the Group.

		Group	
		2010	2009
	Notes	**HK$'000**	HK$'000
San Li Company Limited ("San Li")	37(a),(b)	**437**	401
Sunrise Plastic Injection Company Limited ("Sunrise")	37(a),(b)	**34**	–
		471	401

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**56,533**	93,219	**276**	277
Deposits and other receivables	**353,186**	315,095	**–**	–
	409,719	408,314	**276**	277

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

24. AVAILABLE-FOR-SALE INVESTMENT

	Group	
	2010	2009
	HK$'000	HK$'000
Overseas listed equity investment, at market value	**41,681**	55,181

During the year, the gross loss in respect of the Group's available-for-sale investment recognised in other comprehensive income amounted to HK$13,612,000 (2009: gain of HK$21,856,000).

The above investment represents an investment in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

In the opinion of the Company's directors, the available-for-sale investment is not expected to be realised within 12 months after the end of the reporting period. Accordingly, the investment is classified as a non-current asset in the consolidated statement of financial position.

The market value of the Group's listed equity investment at the date of approval of these financial statements was approximately HK$36,658,000.

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**862,150**	608,422	**42**	40
Time deposits	**21,682**	8,113	**–**	–
	883,832	616,535	**42**	40
Less: Pledged bank balances and time deposits	**(21,682)**	(8,113)	**–**	–
Cash and cash equivalents	**862,150**	608,422	**42**	40

RMB is not a freely convertible currency in Mainland China and the remittance of funds out of Mainland China is subject to the exchange restriction imposed by the PRC government. Companies incorporated in the ROC are subject to certain controls in the remittance of funds out of the ROC up to a certain limit for each calendar year. At the end of the reporting period, the cash and cash equivalents which were subject to exchange and/or remittance restrictions in Mainland China or the ROC amounted to approximately HK$219,843,000 (2009: HK$89,621,000).

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS *(Continued)*

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

26. TRADE AND BILLS PAYABLES

An aged analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Within 3 months	**1,233,995**	1,491,079
4 to 6 months	**320,505**	423,097
7 to 12 months	**10,478**	166,184
Over 1 year	**16,322**	8,844
	1,581,300	2,089,204

The trade payables are non-interest-bearing and are normally settled on 90 to 120 days terms.

Included in the Group's trade and bills payables at the end of the reporting period were amounts due to the following related companies, which have credit terms similar to those offered by the Group's other major suppliers.

		Group	
		2010	2009
	Notes	**HK$'000**	HK$'000
San Li	37(a), (b)	**49**	421
Sunrise	37(a), (b)	**267**	151
		316	572

27. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other payables	**560,374**	375,672	**–**	–
Accruals	**274,167**	254,261	**3,672**	3,332
	834,541	629,933	**3,672**	3,332

Other payables are non-interest-bearing.

28. INTEREST-BEARING BANK BORROWINGS

Group

	2010			2009		
	Effective contractual interest rate (%)	**Maturity**	**HK$'000**	Effective contractual interest rate (%)	Maturity	HK$'000
Current						
Bank loans – secured	**1.10 – 3.30**	**2011**	**648,920**	0.93 – 2.30	2010	73,846
Bank loans – unsecured	**0.75 – 1.30**	**2011**	**111,770**	0.69 – 4.86	2010	809,288
			760,690			883,134
Non-current						
Bank loans – secured	**1.14 – 1.15**	**2013**	**1,352,763**	1.10 – 5.18	2011 – 2012	1,202,103
			2,113,453			2,085,237

28. INTEREST-BEARING BANK BORROWINGS *(Continued)*

	Group	
	2010	2009
	HK$'000	HK$'000
Repayable:		
Within one year	**760,690**	883,134
In the second year	**–**	1,163,325
In the third to fifth years, inclusive	**1,352,763**	38,778
	2,113,453	2,085,237

Notes:

(a) Certain of the Group's bank loans were secured by:

(i) charges over the Group's land and buildings and machinery with an aggregate carrying amount at the end of the reporting period of approximately HK$29,491,000 (2009: HK$100,000,000);

(ii) the pledge of shares in certain subsidiaries; and

(iii) corporate guarantees executed by the Company to the extent of HK$1,468,295,000 (2009: HK$1,525,723,000) as at the end of the reporting period.

(b) The Group's bank loans with carrying amounts of HK$2,110,703,000 (2009: HK$2,023,306,000), nil (2009: HK$42,011,000) and HK$2,750,000 (2009: HK$19,920,000) are denominated in US$, RMB and NT$, respectively.

(c) The carrying amounts of the Group's borrowings approximate to their fair values.

29. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2010	2009
	HK$'000	HK$'000
Forward currency contracts	**17,616**	338

The Group has entered into various forward currency contracts to reduce its exposure to foreign currency exchange rate fluctuations, which did not meet the criteria for hedge accounting. Changes in fair value of non-hedging currency derivatives, amounting to a charge of HK$17,278,000 (2009: HK$24,043,000) were recognised in the income statement during the year.

At the end of the reporting period, the Company had provided corporate guarantees in the aggregate amount of HK$1,265,445,000 (2009: HK$395,531,000) to banks in connection with the banking facilities of the above forward currency contracts granted to its subsidiaries, which were fully utilised.

30. SHARE CAPITAL

Shares

	2010	2009
	HK$'000	HK$'000
Authorised:		
2,000,000,000 shares of HK$0.1 each	**200,000**	200,000
Issued and fully paid:		
1,132,914,000 (2009: 1,117,898,000) shares of HK$0.1 each	**113,291**	111,790

During the year, the movements in share capital were as follows:

	Number of shares in issue of HK$0.1 each	**Issued capital HK$'000**	**Share premium account HK$'000**	**Total HK$'000**
At 1 January 2010	**1,117,898,000**	**111,790**	**656,571**	**768,361**
Share options exercised under the share option scheme*	**15,016,000**	**1,501**	**21,923**	**23,424**
	1,132,914,000	**113,291**	**678,494**	**791,785**
Transfer from employee share-based compensation reserve	**–**	**–**	**11,643**	**11,643**
At 31 December 2010	**1,132,914,000**	**113,291**	**690,137**	**803,428**

* On 1 December 2010, the Company issued 15,016,000 shares at HK$1.56 per share pursuant to the exercise of options under a share option scheme, resulting in the issue of 15,016,000 shares of HK$0.1 each for a total cash consideration, before expenses, of HK$23,424,000. An amount of HK$11,643,000 was transferred from the employee share-based compensation reserve to the share premium account upon the exercise of the share options.

Share options

Details of the Company's share option scheme, share award plan and the share options granted are included in note 31 to the financial statements.

31. EQUITY COMPENSATION PLANS

(a) Share award plan

On 17 June 2005, the Company adopted a share award plan in which a total of 13,405,550 shares in the Company were transferred to the trustee of the share award plan by certain shareholders of the Company. As at 31 December 2009 and 2010, a total of 9,115,774 shares were held by the trustee under the share award plan.

(b) Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include, among others, the Group's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, persons that provide research, development or other technological support to the Group, the Group's shareholders and the advisers or consultants of the Group and participants who have contributed or may contribute to the development and growth of the Group. The Scheme became effective on 3 November 2005 and unless otherwise cancelled or amended, will remain in force for a period to 5 October 2015.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which period may commence from the date of the offer of the share options, and ends on a date which is not later than 10 years from the date of the offer of the share options.

31. EQUITY COMPENSATION PLANS *(Continued)*

(b) Share option scheme *(Continued)*

The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the daily quotation sheets on The Stock Exchange of Hong Kong Limited (the "HKEx") on the date of the offer of the share options; and (ii) the average closing price of the Company's shares as quoted on the HKEx's daily quotation sheets for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year:

	2010		2009	
	Weighted average exercise price HK$ per share	**Number of options**	Weighted average exercise price HK$ per share	Number of options
At 1 January	**2.73**	**100,262,000**	2.15	94,468,000
Exercised during the year	**1.56**	**(15,016,000)**	1.56	(15,098,000)
Lapsed during the year	**3.59**	**(5,538,000)**	2.11	(3,308,000)
Granted during the year	**–**	**–**	4.15	24,200,000
At 31 December	**2.88**	**79,708,000**	2.73	100,262,000

On 1 December 2010, an aggregate of 15,016,000 share options were exercised resulting in the issue of 15,016,000 ordinary shares of the Company and new share capital of HK$1,501,000 and share premium of HK$21,923,000 (before issue expenses), as further detailed in note 30 to the financial statements.

31. EQUITY COMPENSATION PLANS *(Continued)*

(b) Share option scheme *(Continued)*

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2010 Number of options	**Exercise price* HK$ per share**	**Exercise period**
78,000	**1.56**	**7-11-2010 to 6-11-2016**
15,012,000	**1.56**	**7-11-2011 to 6-11-2016**
14,716,000	**2.75**	**7-11-2012 to 23-4-2018**
14,716,000	**2.75**	**7-11-2013 to 23-4-2018**
14,716,000	**2.75**	**7-11-2014 to 23-4-2018**
4,094,000	**4.15**	**7-11-2011 to 13-7-2019**
4,094,000	**4.15**	**7-11-2012 to 13-7-2019**
4,094,000	**4.15**	**7-11-2013 to 13-7-2019**
4,094,000	**4.15**	**7-11-2014 to 13-7-2019**
4,094,000	**4.15**	**7-11-2015 to 13-7-2019**
79,708,000		

2009 Number of options	Exercise price* HK$ per share	Exercise period
83,333	1.56	7-11-2009 to 6-11-2016
15,181,334	1.56	7-11-2010 to 6-11-2016
15,181,333	1.56	7-11-2011 to 6-11-2016
15,238,666	2.75	7-11-2012 to 23-4-2018
15,238,666	2.75	7-11-2013 to 23-4-2018
15,238,668	2.75	7-11-2014 to 23-4-2018
4,820,000	4.15	7-11-2011 to 13-7-2019
4,820,000	4.15	7-11-2012 to 13-7-2019
4,820,000	4.15	7-11-2013 to 13-7-2019
4,820,000	4.15	7-11-2014 to 13-7-2019
4,820,000	4.15	7-11-2015 to 13-7-2019
100,262,000		

* The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

31. EQUITY COMPENSATION PLANS *(Continued)*

(b) Share option scheme *(Continued)*

The fair value of the share options granted in the prior year was HK$47,268,000 (HK$1.95 each). The Group recognised a share option expense of HK$25,407,000 (2009: HK$23,972,000) during the year ended 31 December 2010 in respect of share options granted in the prior years.

The fair value of equity-settled share options granted in the prior year was estimated as at the date of grant, using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2009
Dividend yield (%)	1.21
Expected volatility (%)	58.92
Risk-free interest rate (%)	1.20 – 2.14
Weighted average expected life of options (year)	5.32
Underlying price per share (HK$)	4.15

The expected life of the options is based on the directors' estimation and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The weighted average share price at the date of exercise for share options exercised during the year was HK$3.06 (2009: HK$5.71).

At the end of the reporting period, the Company had 79,708,000 share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 79,708,000 additional ordinary shares of the Company and additional share capital of HK$7,971,000 and share premium of HK$221,927,000 (before issue expenses).

Subsequent to the end of the reporting period, 496,000 share options were lapsed and at the date of approval of these financial statements, the Company had 79,212,000 share options outstanding under the scheme, which represented approximately 7% of the Company's shares in issue as at that date.

32. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 38 of the financial statements.

(b) Company

	Notes	Share premium account HK$'000	Contributed surplus HK$'000	Employee share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2009		227,127	722,098	33,935	(34,781)	948,379
Total comprehensive loss for the year	12	–	–	–	(6,118)	(6,118)
Issue of shares		434,191	–	(11,900)	–	422,291
Share issue expenses		(4,747)	–	–	–	(4,747)
Share-based compensation arrangements	31	–	–	23,972	–	23,972
Proposed final dividend	13	–	(89,432)	–	–	(89,432)
At 31 December 2009 and 1 January 2010		656,571	632,666	46,007	(40,899)	1,294,345
Total comprehensive loss for the year	12	–	–	–	(9,274)	(9,274)
Issue of shares	30	33,566	–	(11,643)	–	21,923
Share-based compensation arrangements	31	–	–	25,407	–	25,407
Proposed final dividend	13	–	(90,633)	–	–	(90,633)
As 31 December 2010		690,137	542,033	59,771	(50,173)	1,241,768

The Company's contributed surplus represents the excess of the fair value of the shares of the former Group holding company acquired pursuant to the Group reorganisation in 2005, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Law of the Cayman Islands, a company may make distributions to its members out of the contributed surplus in certain circumstances.

33. BUSINESS COMBINATIONS

Business combination of Wah Yuen Technology Holding Limited in the prior year

On 28 October 2008, the Group entered into the acquisition and subscription agreements for the acquisition of 53.44% interest in Wah Yuen Technology Holding Limited ("Wah Yuen"). The consideration for the acquisition was in the form of cash of HK$401,476,000 (US$51,800,000) which has been paid in November 2008 and March 2009. The acquisition was completed in March 2009.

Wah Yuen is a private company incorporated in the Republic of Mauritius with limited liability. Wah Yuen and its subsidiaries are principally engaged in the design, development, manufacture and sale of casings for notebook computers with manufacturing facilities located in Jurong City of Jiangsu Province, the PRC.

The fair values of the identifiable assets and liabilities of Wah Yuen and its subsidiaries as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition** HK$'000
Property, plant and equipment	15	482,506
Lease premium for land	16	16,432
Prepayments for acquisition of property, plant and equipment		170,820
Inventories		22,471
Trade receivables		105,407
Prepayments, deposits and other receivables		28,626
Cash and cash equivalents		226,958
Trade and bills payables		(70,139)
Other payables and accruals		(18,247)
Interest-bearing bank borrowings		(275,411)
		689,423
Non-controlling interests		(320,995)
Goodwill on acquisition	17	33,048
		401,476
Satisfied by:		
Cash		296,844
Deposit		104,632
		401,476

33. BUSINESS COMBINATIONS *(Continued)*

Business combination of Wah Yuen Technology Holding Limited in the prior year *(Continued)*

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	HK$'000
Cash consideration	(296,844)
Cash and cash equivalents acquired	226,958
Net outflow of cash and cash equivalents included in cash flows from investing activities	(69,886)

Since their acquisition, Wah Yuen and its subsidiaries contributed HK$737,935,000 to the Group's turnover and HK$40,927,000 to the profit attributable to equity holders of the Company for the year ended 31 December 2009.

Had the combination taken place at the beginning of the prior year, there would have been no significant impact to the revenue and profit of the Group for the year ended 31 December 2009.

34. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities.

In addition to the corporate guarantees as disclosed in note 29 to the financial statements, at the end of the reporting period, the Company had provided corporate guarantees of approximately HK$3,722,773,000 (2009: HK$2,479,433,000) to banks in connection with banking facilities of bank loans granted to its subsidiaries, which were utilised to the extent of approximately HK$1,468,295,000 (2009: HK$1,525,723,000).

35. OPERATING LEASE COMMITMENTS

The Group leases certain of its offices properties and motor vehicles under operating lease arrangements, with leases negotiated for terms ranging from one to five years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2010	2009
	HK$'000	HK$'000
Within one year	**14,181**	11,739
In the second to fifth years, inclusive	**11,206**	14,070
	25,387	25,809

36. COMMITMENTS

In addition to the operating lease commitments detailed in note 35 above, the Group had the following commitments as at the end of the reporting period:

	2010 HK$'000	2009 HK$'000
Contracted, but not provided for:		
Land and buildings	**26,047**	230,644
Machinery	**294,218**	15,336
Total capital commitments	**320,265**	245,980

At the end of the reporting period, the Company did not have any significant commitments.

37. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year.

	Notes	2010 HK$'000	2009 HK$'000
Purchase of production materials from:			
San Li (1)	(i)	**216**	2,712
Sunrise (2)	(i)	**98**	92
Sale of finished goods to:			
San Li	(ii)	**648**	354
Sunrise	(ii)	**35**	16
Rental expenses paid to:			
Ms. Lin Mei-Li (3)	(iii)	**61**	58

Notes:

(1) San Li is controlled by Mr. Cheng Li-Yu, a director of the Company.

(2) Sunrise is controlled by Mr. Cheng Li-Yen, a director of the Company, and his family members.

(3) Ms. Lin Mei-Li is the spouse of Mr. Cheng Li-Yu, a director of the Company.

37. RELATED PARTY TRANSACTIONS *(Continued)*

(a) *Notes: (continued)*

(i) The purchase prices of production materials were determined at rates mutually agreed between the relevant parties.

(ii) The selling prices of finished goods were determined at rates mutually agreed between the relevant parties.

(iii) The rentals were determined at rates mutually agreed between the relevant parties.

The above transactions entered into by the Group during the year ended 31 December 2010 also constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Outstanding balances with related parties:

Details of the Group's balances with its related companies as at the end of the reporting period are included in notes 22 and 26 to the financial statements.

(c) Compensation of key management personnel of the Group (excluding directors' remuneration):

	2010 **HK$'000**	2009 HK$'000
Short term employee benefits	**7,067**	7,737
Employee share-based compensation expenses	**5,542**	6,710
Total compensation paid to key management personnel	**12,609**	14,447

Further details of directors' emoluments are included in note 9 to the financial statements.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2010

Financial assets

	Group			
	Financial assets at fair value through profit or loss – held for trading HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale investment	–	–	41,681	41,681
Trade receivables	–	2,472,934	–	2,472,934
Factored trade receivables	–	26,033	–	26,033
Financial assets included in prepayments, deposits and other receivables	–	353,186	–	353,186
Derivative financial instruments	17,616	–	–	17,616
Pledged bank balances and time deposits	–	21,682	–	21,682
Cash and cash equivalents	–	862,150	–	862,150
	17,616	3,735,985	41,681	3,795,282

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	1,581,300
Financial liabilities included in other payables and accruals	560,374
Bank advances on factored trade receivables	26,033
Interest-bearing bank borrowings	2,113,453
	4,281,160

38. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2009

Financial assets

	Group			
	Financial assets at fair value through profit or loss – held for trading HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale investment	–	–	55,181	55,181
Trade receivables	–	3,255,863	–	3,255,863
Factored trade receivables	–	11,496	–	11,496
Financial assets included in prepayments, deposits and other receivables	–	311,423	–	311,423
Derivative financial instruments	338	–	–	338
Pledged bank balances and time deposits	–	8,113	–	8,113
Cash and cash equivalents	–	608,422	–	608,422
	338	4,195,317	55,181	4,250,836

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	2,089,204
Financial liabilities included in other payables and accruals	375,672
Bank advances on factored trade receivables	11,496
Interest-bearing bank borrowings	2,085,237
	4,561,609

38. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial assets

	Company	
	2010	2009
	Loans and receivables	Loans and receivables
	HK$'000	HK$'000
Due from subsidiaries (note 19)	**603,329**	676,289
Cash and cash equivalents	**42**	40
	603,371	676,329

39. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts of the Group's and the Company's financial instruments as at 31 December 2010 and 2009 are approximate to their fair values.

The Group uses fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities for determining and disclosing the fair value of financial instruments. As at 31 December 2010, the Group's financial instruments which comprise an available-for-sale investment and derivative financial instruments were measured at fair value.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans, factored trade receivables, pledged bank balances and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

It is, and has been throughout the year under review the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 3.3 to the financial statements.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short term debt obligations denominated in United States dollars with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity***
		HK$'000	HK$'000
2010			
United States dollar	**50**	**(10,554)**	**–**
United States dollar	**(50)**	**10,554**	**–**
2009			
United States dollar	50	(10,117)	–
United States dollar	(50)	10,117	–

* Excluding retained profits

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency.

The Group's exposure to market risk for changes in foreign currency exchange rates relates primarily to certain trade receivables, trade and bills payables and certain cash and cash equivalents in currencies other than the functional currency of the Group's operating subsidiaries. The Group uses derivative financial instruments to reduce its foreign currency risk, but the transactions do not qualify for hedge accounting.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk *(Continued)*

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Renminbi and New Taiwan dollar exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity*
	%	HK$'000	HK$'000
2010			
If United States dollar strengthens against Renminbi	**3.53**	**61,724**	**–**
If United States dollar weakens against Renminbi	**(3.53)**	**(61,724)**	**–**
2009			
If United States dollar strengthens against Renminbi	1.16	19,323	–
If United States dollar weakens against Renminbi	(1.16)	(19,323)	–

* Excluding retained profits

Credit risk

The carrying amount of trade receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's trade receivables. The Group has a significant concentration of credit risk in relation to trade receivables as the trade receivables due from the five largest customers accounted for 90% (2009: 90%) of the Group's trade receivables at the end of the reporting period.

The Group performs ongoing credit evaluations of its customers' financial conditions and requires no collateral from its customers. The allowance for doubtful debts is based upon a review of the expected collectibility of all trade receivables.

With respect to credit risk arising from the other financial assets of the Group, comprising cash and cash equivalents, other receivables and factored trade receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure being equal to the carrying amounts of these instruments. There is no significant concentration of credit risk within the Group in relation to the other financial assets.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. In addition, banking facilities have been put in place for contingency purposes.

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group	**2010**			
	On demand or within 1 year HK$'000	**2 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Trade and bills payables	**1,581,300**	**–**	**–**	**1,581,300**
Other payables	**560,374**	**–**	**–**	**560,374**
Bank advances on factored trade receivables	**26,033**	**–**	**–**	**26,033**
Interest-bearing bank borrowings	**778,372**	**1,374,794**	**–**	**2,153,166**
	2,946,079	**1,374,794**	**–**	**4,320,873**

Group	2009			
	On demand or within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Trade and bills payables	2,089,846	–	–	2,089,846
Other payables	375,672	–	–	375,672
Bank advances on factored trade receivables	11,496	–	–	11,496
Interest-bearing bank borrowings	908,460	1,211,604	–	2,120,064
	3,385,474	1,211,604	–	4,597,078

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

Company

	2010			
	On demand or within 1 year HK$'000	**2 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Financial guarantees issued:				
Maximum amount guaranteed (notes 29 and 34)	**4,988,218**	**–**	**–**	**4,988,218**

Company

	2009			
	On demand or within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial guarantees issued:				
Maximum amount guaranteed (notes 29 and 34)	2,874,964	–	–	2,874,964

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investment classified as an available-for-sale investment (note 24) as at 31 December 2010. The Group's listed investment is listed on the Taiwan Stock Exchange Corporation ("TSEC") and is valued at the quoted market price at the end of the reporting period.

The market equity index for the following stock exchange, at the close of business of the nearest trading day in the year to the end of the reporting period and their respective highest and lowest points during the year were as follows:

	31 December 2010	**High/low 2010**	31 December 2009	High/low 2009
Taiwan – TSEC Weighted Index	**8,973**	**8,990/ 7,032**	8,188	8,188/ 4,164

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Equity price risk *(Continued)*

The following table demonstrates the sensitivity to a reasonably possible change in the fair value of the equity investment, with all other variables held constant and before any impact on deferred tax, based on its carrying amount at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investment the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact on the income statement.

	Carrying amount of equity investment HK$'000	Increase/ (decrease) in equity price %	Increase/ (decrease) in equity* HK$'000
2010			
Investment listed in:			
Taiwan – Available-for-sale	**41,681**	**34.26**	**11,852**
	41,681	**(34.26)**	**(11,852)**
2009			
Investment listed in:			
Taiwan – Available-for-sale	55,181	98.08	40,590
	55,181	(98.08)	(40,590)

* Excluding retained profits

Capital management

The primary objective's of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2010 and 31 December 2009.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management *(Continued)*

The Group monitors capital using a gearing ratio, which is calculated as the total bank borrowings over the total assets. The gearing ratios as at the end of the reporting period were as follows:

Group

	2010	2009
	HK$'000	HK$'000
Total bank borrowings	**2,113,453**	2,085,237
Total non-current assets	**5,072,749**	4,359,555
Total current assets	**4,838,853**	5,161,915
Total assets	**9,911,602**	9,521,470
Gearing ratio	**21%**	22%

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 March 2011.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements is set out below:

RESULTS

	Year ended 31 December				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**7,166,213**	7,463,909	7,249,183	5,275,832	3,558,282
PROFIT BEFORE TAX	**420,305**	933,933	818,850	484,199	231,823
Income tax expense	**(65,302)**	(172,783)	(130,280)	(57,338)	(30,676)
PROFIT FOR THE YEAR	**355,003**	761,150	688,570	426,861	201,147
Attributable to:					
Equity holders of the Company	**331,189**	704,876	658,295	409,988	202,942
Non-controlling interests	**23,814**	56,274	30,275	16,873	(1,795)
	355,003	761,150	688,570	426,861	201,147

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**9,911,602**	9,521,470	7,144,456	5,224,299	4,075,031
TOTAL LIABILITIES	**(4,686,113)**	(4,960,799)	(4,163,041)	(3,039,919)	(2,490,336)
NON-CONTROLLING INTERESTS	**(836,581)**	(595,073)	(161,135)	(73,237)	(33,690)
	4,388,908	3,965,598	2,820,280	2,111,143	1,551,005