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

2011 ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

Executive Directors

Mr. Cheng Li-Yu *(Chairman)*
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 *(Chairman)*
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
Chinatrust Commercial Bank
DBS Bank
Fubon Bank
Industrial and Commercial Bank of China
Jiu Sun International Commercial Bank
Mega International Commercial Bank
Shanghai Commercial and Savings Bank
Standard Chartered Bank
Taishin International 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

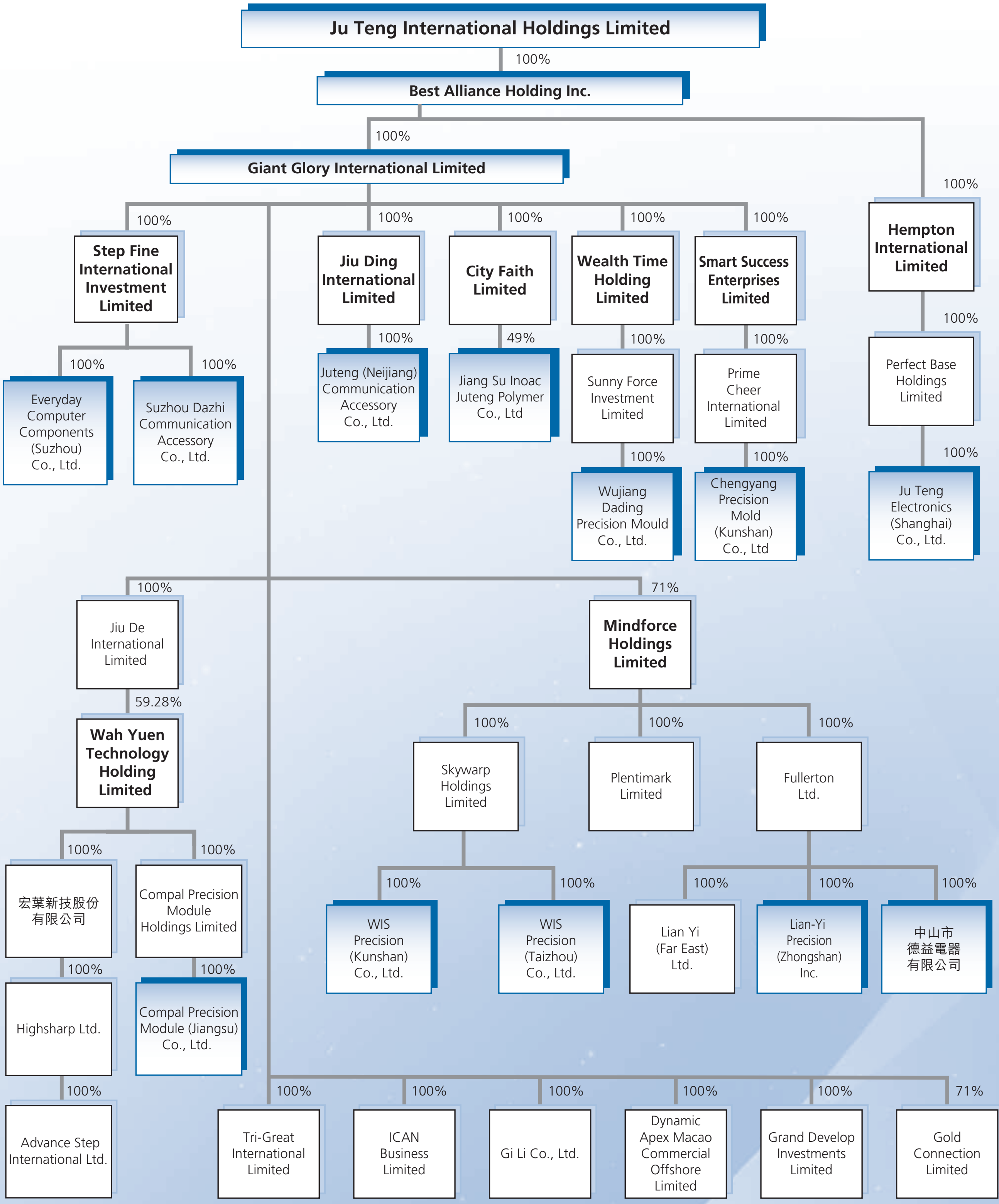
www.irasia.com/listco/hk/juteng

Stock Code

3336.HK and 9136.TT

GROUP STRUCTURE

As at 31 December 2011



CHAIRMAN'S STATEMENT

2011 was a challenging year for Ju Teng International Holdings Limited (the "Company" or "Ju Teng"), during which our strength and resilience were severely tested. Notwithstanding the global economic recession, Ju Teng leveraged its competitive strength as an industry leader and maintained close cooperation with many notebook computer manufacturers, which resulted in sales order growth and record-breaking revenue, thereby helping the Group maintain its leading position in the global notebook computer casing industry. Nevertheless, the Group's profit declined substantially due to a number of changes in the industry, which constricted our gross profit margin. I would like to discuss these changes and impacts in the industry in the following section, so as to give our shareholders a better picture of the Group's business strategies and prospects.

Industry Changes and Challenges

During the year, information technology industry saw its supply chain disrupt by the occurrence of natural disasters, which in turn impacted the production of many notebook computer OEMs. In March 2011, a deadly earthquake and tsunami devastated Japan, the world's largest production base of lithium batteries for use by notebook computers with a global market share of over 50%. Two major production facilities for lithium batteries in affected areas were shut down after the quake. In the second half of 2011, Thailand suffered from massive floods, the worst in 50 years, which resulted in global hard disk supply tension. To a certain extent, these natural disasters had affected the notebook computer industry in terms of model replacement and sales.

During the year, the performance of conventional notebook computers was affected by the surge of tablet PC. Since its launch in April 2010, iPad became an instant hit and continued to enjoy immense popularity in 2011, which directly impacted the sales of Netbook which also positioned itself as a low-priced product. Furthermore, iPad also slowed the sales of other conventional notebook computers. As a result, many notebook computer brands adopted a low pricing strategy to compete against iPad and among themselves. In August 2011, this keen competition in the notebook computer industry was highlighted by the announcement made by Hewlett-Packard, the world's largest personal computer manufacturer, with its intention to exit the personal computer business. Apart from the price war, the popularity of tablet PC also caused conventional notebook computer brands to delay their new product development and launch schedules as they needed more time to adjust and reposition their business strategies. For most of the year, there was practically no product from the conventional notebook computer camp that was able to grab consumer attention. In other words, conventional notebook computer brands not only failed to stimulate replacement demand and boost sales, but also lost the opportunity to improve profit margin via new product launch.

Strategic Adjustments for Better Profitability

As conventional notebook computer prices trending downward, Ju Teng saw the average selling price of its casing products slipped and made some immediate adjustments to its business strategies. The Group gave up its low pricing policy for greater sales volume and instead focused on the enhancement of gross profit margin. In early 2011, the Group gradually abandoned low-priced casing models and began to introduce new products with higher margins in April. As a result, the Group's gross profit margin rose from approximately 8.2% for the second half of 2010 to approximately 11.5% for the second half of 2011.

In line with its strategy to improve profitability, the Group also put great efforts in the expansion of production capacity for metal casings by installing additional computer numerical control machines to be used in the cutting and polishing process. By the end of 2011, the Group is equipped with more than 2,000 computer numerical control machines. During the year, we saw gradual increase in the contribution made by metal casings to the Group's total revenue, which also helped to improve overall profitability.

Strengthen R&D to Boost Competitiveness

While witnessing the phenomenal growth of tablet PC, the year 2011 also recorded the launch of Ultrabook that gave the lackluster conventional notebook computer market a much needed boost. Equipped with Intel high-speed processor, extended battery life and more user-friendly operating features, Ultrabook signified that notebook computers have entered an era of ultra lightweight and compactness, which is closely related to the development of casing manufacturing industry. The Group believes that notebook computer brands will explore materials other than plastic and metal to come up with sleek and compact Ultrabook models that appeal to customers corresponding to different price segments. This trend posts a great challenge to notebook computer casing manufacturers as they need to provide more tailor-made solutions in a limited time.

As a leading one-stop solution provider in the casing manufacturing industry, Ju Teng has already stepped up its research and development efforts while expanding its production facilities to prepare for this change and challenge. The Group can accommodate various customer needs by manufacturing casings made of different materials such as plastic, metal, fiber carbon and glass fiber, with all productions procedures including mold development, injection molding, precision stamping, spray-painting and assembly handled internally without any need of outsourcing.

Moving West for Cost Reduction

Apart from challenges arising from changes in the notebook computer industry, Ju Teng also faced the problem of rising labor costs in China. Therefore, the Group already made a change in the selection of production premise by shifting its focus from coastal areas to inland cities. With an initial investment of approximately US$40 million, the Group has built a new factory in Sichuan that offers a large supply of local workers at lower costs. Equipped with an annual capacity of 3 million units, the first phase of the factory already commenced production in January 2012.

Prospect

Looking forward, the Group remains cautiously optimistic about its business prospect due to the following trends.

Even though there are doubts about the sales outlook of notebook computers in 2012 due to ongoing poor U.S. economy and continuing European sovereign debt crisis, we nevertheless believe that emerging markets led by China can help the notebook computer industry sustain its growth. According to reports released by IDC, China already surpassed U.S. to become the world's largest personal computer market in the second quarter of 2011, during which shipment of personal computers (including notebook computers) to China climbed approximately 14% to 18.5 million units while shipment to U.S. dropped approximately 4.8% to 17.7 million units. In the same quarter, Brazil became the world's third largest personal computer market with 3.86 million units of shipment volume. Other emerging markets such as Russia and Indonesia also recorded encouraging growth during the year. These data confirmed the rise of emerging countries and stagnation of developed economies and their changing influences on global markets. IDC predicts that global personal computer market will maintain an annual double-digit growth from year 2012 to 2015.

In respect of the conventional personal computer segment, we recognize two major factors that are beneficial to its growth, one of which is the development of Ultrabook, especially in terms of its pricing adjustment. Since more notebook computer brands will launch Ultrabook in the near future, their purchases of components such as processor, solid state disk and operating system will increase substantially, which may initiate price cuts by various component suppliers. Therefore, Ultrabook may see its price drop to US$699 per unit by the end of 2012, which will be very attractive to consumers. Industry players expect that Ultrabook will account for approximately 10% to 15% of the overall notebook computer sales in 2012 and become a dominant force in the market by 2013.

CHAIRMAN'S STATEMENT

In March 2012, Microsoft released a beta version of the Windows 8 operating system featuring touch screen and user-friendly interfaces that utilize tile-based screens to display various applications such as internet surfing and social network tools as well as games personalized by users, which won applause and high expectations from many industry players as they believe that Ultrabook will trigger substantial replacement demands after its expected launch in the third quarter of 2012, thereby facilitating the growth of the notebook computer industry.

In line with these industry developments, Ju Teng will continue to improve its gross profit margin by installing more computer numerical control machines to strengthen its metal casing production and boost the revenue contribution of metal casing products in 2012. In response to rising labor costs, Ju Teng will review this issue with clients and request for contract price adjustment. We will also adopt cost control measures, especially for the purchasing division, to improve gross profit margin in the coming year. In addition, Ju Teng targets further production increase with the construction commencement of the second phase of the factory in Sichuan in 2012, which will solidify the Group's dominant position in the global notebook computer casing industry.

Last but not least, I would like to take this opportunity to express my heartfelt thanks to our shareholders for their continued support. Despite profit decline during the year, our Board of Directors has recommended the payment of a final dividend with its amount same as that of last year, which reflected management's determination to fulfill our promise to maximize shareholder value through stable dividend policy. In addition, I would also like to express my gratitude to our staff for their dedication and devotion, which strengthened the Group's capabilities to tackle challenges during the year and strive for sustainable growth in the future.

Cheng Li-Yu
Chairman

Hong Kong
20 March 2012

Business Review & Prospect

In 2011, the intensifying debt crisis swept through several members of the Euro zone and put global economic recovery in a standstill, which in turn weakened consumer confidence and impacted sales of notebook computers in the European and U.S. markets. Fortunately, the Chinese market performed remarkably while other emerging countries such as Indonesia and Brazil also recorded brilliant sales growth, thereby helping global notebook computer sales maintain its growth momentum during the year under review. As the largest notebook computer casing manufacturer in the world, Ju Teng leveraged its competitive advantages to achieve revenue growth during the year. However, the Group's profit decline is due to the sluggish performance of conventional notebook computers as their sales and prices were squeezed by the growing popularity of tablet PC, which subsequently dragged down the average selling price of Ju Teng's casing products amid rising operating costs.

During the year, the Group operated seven factories with its annual production capacity reaching 85 million casings. The Group's revenue was primarily derived from sales of plastic casings, while metal casings' contribution rose gradually as a result of the Group's acquisition of Wah Yuen Technology Holding Limited, a magnesium alloy casing manufacturer, in 2009.

In line with its plan to expand metal casing production capacity, the Group invested in additional computer numerical control machines to assist in the cutting and polishing process, which exceeded 2,000 units by the year end. As metal casings command a higher average selling price than that of the plastic casings, the Group is determined to boost its metal casing production for better profit margin.

During the year, with an initial investment of approximately US$40 million, the Group commenced the construction of a new factory in Neijiang City, Sichuan Province, to expand its production capacity for both plastic and metal casings. With an annual production capacity of approximately 3 million units, the first phase of the factory has already commenced operation in January 2012. This new factory is a strategic move by the Group to reduce labor costs by employing workers in Western China to reduce the tension of labor shortages in coastal cities in the past few years. In addition, the Group will be able to enjoy certain subsidy policies offered by the local government in Sichuan Province, which will enhance its profitability.

Looking ahead, Ju Teng will continue to expand its production capacity, in particular in the metal casing segment. The Group plans to purchase 1,000 computer numerical control machines, which aims to boost the contribution of metal casings to its total revenue and improve the overall gross profit margin. Furthermore, the Group plans to invest approximately US$40 million in the second phase of the factory in Sichuan Province, which will boost an annual production capacity of 6 million plastic and metal casings after its expected completion by the end of 2012.

Management believes that these production expansion plans will facilitate the Group's business growth, particularly for the production of Ultrabook casings, and push its revenue to a new high. It is expected that Ultrabook will trigger replacement demands and help notebook computer brands improve profit margins, thereby speeding up the development of the industry in year 2012 and 2013. To cope with plans by notebook computer brands to launch Ultrabook, the Group already provided various casings solutions to its clients and received orders for Ultrabook casings to be shipped in the second quarter of 2012 tentatively, which will contribute to the Group's results for the year ending 31 December 2012.

In addition, the Group will continue to enhance its profit margin by launching more products that command relatively higher prices in year 2012. The Group will also review the issue of rising labor costs with its clients in order to request for upward price adjustment for its contracts. The Group hopes that the abovementioned plans for production expansion and selling price increment will help improve its gross profit margin further, thereby achieving growth in both revenue and profit in 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the year, thanks to outstanding performance of emerging markets led by China, global notebook computer sales maintained its growth despite disappointing performance of developed markets affected by the European debt crisis that weakened the global economy. Against this backdrop, the Group achieved a record breaking revenue of approximately HK$8,235 million (2010: HK$7,166 million), representing an increase of approximately 14.9%. However, the overall gross profit margin dropped to approximately 10.5% (2010: 12.9%) due to rising labor costs and appreciation of RMB as well as the decrease in the average selling price of notebook computers amid tablet PC boom.

The Group recorded an increase of approximately 19.8% in operating costs and other operating expenses, including administrative expenses, selling and distribution costs and other expenses to approximately HK$593 million (2010: HK$495 million), accounting for approximately 7.2% (2010: 6.9%) of the Group's turnover.

Finance costs increased by approximately 30.6% to approximately HK$45 million (2010: HK$35 million) for the year as compared to that of 2010, which was due to an increase in bank borrowings.

The profit attributable to equity holders for the year amounted to approximately HK$257 million (2010: HK$331 million), representing a decrease of approximately 22.5% when compared to last year, which was mainly attributable to the decline in the Group's gross profit margin.

Liquidity and Financial Resources

As at 31 December 2011, total bank borrowings of the Group amounted to approximately HK$2,622 million (31 December 2010: HK$2,113 million), representing an increase of approximately 24.1% as compared to that of 31 December 2010. The Group's bank borrowings include short-term loans with 1-year maturity and 3-year revolving syndicated loans. As at 31 December 2011, the Group's bank loans denominated in USD and New Taiwan Dollars are carrying the amounts of approximately HK$2,609 million (31 December 2010: HK$2,110 million) and approximately HK$13 million (31 December 2010: HK$3 million) respectively.

During the year, the Group's cashflow from operating activities decreased to approximately HK$687 million from HK$1,097 million of last year due to a decrease in profit before tax from operating activities and an increase in trade receivables. As a result of the purchase of fixed assets to expand its production capacity in metal casings and construction of a new production plant in Sichuan Province, the Group recorded a net cash outflow from investing activities of HK$1,618 million (2010: HK$1,070 million). During the year, due to additional bank loans obtained to finance the expansion, the Group recorded a net cash inflow from financing activities of approximately HK$696 million (2010: HK$176 million). As at 31 December 2011, the Group had cash and bank balances of approximately HK$654 million (31 December 2010: HK$862 million).

As at 31 December 2011, the Group's gearing ratio, calculated as total bank borrowings of approximately HK$2,622 million (31 December 2010: HK$2,113 million) divided by total assets of approximately HK$11,373 million (31 December 2010: HK$9,912 million) was approximately 23.1% (31 December 2010: 21.3%). The gearing ratio was increased due to the increase in bank borrowings.

Pledge of Assets

As at 31 December 2011, the Group did not have any leasehold land and buildings and machinery (31 December 2010: HK$29 million) pledged to secure banking facilities granted to the Group.

As at 31 December 2010 and 31 December 2011, shares of certain subsidiaries of the Company 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 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 2011, the Group had approximately 32,000 employees (31 December 2010: 31,000 employees). The Group recorded staff costs of approximately HK$1,479 million during the year (2010: HK$1,155 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 2011, 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, buildings and machineries and capital injection to an associate amounted to approximately HK$560 million (31 December 2010: HK$320 million).

Contingent Liabilities

As at 31 December 2011, the Group did not have any significant contingent liabilities.

MANAGEMENT PROFILE

Directors

Executive Directors

Mr. Cheng Li-Yu (鄭立育), aged 53, 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 26 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 58, 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 20 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 51, 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 20 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 48, 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 52, 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.

Mr. Tsui Yung Kwok (徐容國), aged 43, 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 19 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 57, 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 an independent director of 驊宏資通股份有限公司 (Azion Corporation), whose shares are traded on the Taiwan OTC Market. 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 全漢企業股份有限公司 (FSP Technology Inc.) since June 2011, whose shares are listed on the Taiwan Stock Exchange Corporation ("TSEC"). 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) and the supervisor of 建碁股份有限公司 (AOpen Inc.), both of these companies are 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 58, 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, taxation and corporate governance. Mr. Tsai is a certified public accountant in Taiwan. He is also the supervisor of Hua Nan Commercial Bank, is the independent director of Maywufa Company Ltd., a company listed on the TSEC and a lecturer of Shih Chien University. Mr. Tsai was appointed as an independent non-executive Director on 10 June 2005.

Mr. Yip Wai Ming (葉偉明), aged 46, is an independent non-executive Director. He has more than 22 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 BBMG Corporation (Stock code: 2009) since 28 April 2009, PAX Global Technology Limited (Stock code: 327) since 1 December 2010 and Far East Horizon Limited (Stock code: 3360) since 11 March 2011 respectively. Mr. Yip was appointed as an independent non-executive Director on 25 May 2006.

MANAGEMENT PROFILE

Senior Management

Mr. Huang Cheng Pin (黃正斌), aged 46, is an assistant to Mr. Cheng Li-Yu. He joined the Group in 2003. Mr. Huang has over 14 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 46, is an assistant to Mr. Cheng Li-Yu. He joined the Group in 2003. Mr. Lu has over 21 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 52, 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 43, 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 19 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 54, 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 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. 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 48, is an associate vice president of the Group who joined the Group in 2001. Mr. Chang has been working in the metal industry for 25 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 18 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.

Mr. Cheng Li-Chen (鄭立晨), aged 42, 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 22 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 46, 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 22 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 48, 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 24 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 51, is an associate vice president of the Group who joined the Group in 2003. He has been working in the plastic moulding industry for 23 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 37, is an associate vice president of the Group who joined the Group in 2003. He has 16 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 51, is an associate vice president of the Group who joined the Group in 2004. He has 18 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.

REPORT OF THE DIRECTORS

The directors (the "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 2011.

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 2011 and the state of affairs of the Company and the Group at 31 December 2011 are set out in the financial statements on pages 36 to 111.

The Directors recommend the payment of a final dividend of HK$0.08 per share in respect of the year ended 31 December 2011 (2010: HK$0.08 per share) to shareholders whose names appear on the register of members of the Company on 24 May 2012.

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 112. This summary does not form part of the audited financial statements of the Group for the year ended 31 December 2011.

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.

Purchase, Redemption or Sale of Listed Securities of the Company

During the year ended 31 December 2011, the Company repurchased a total of 13,942,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited (the "HKEx") at an aggregate consideration (before expenses) of HK$19,291,000.

Particulars of the repurchases were as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per ordinary share Highest	Price per ordinary share Lowest	Aggregate purchase price paid
		HK$	HK$	HK$'000
September 2011	1,318,000	1.49	1.42	1,923
October 2011	11,624,000	1.50	1.29	15,930
November 2011	1,000,000	1.48	1.42	1,438
Total	13,942,000			19,291
		Total expenses on shares repurchased		85
				19,376

All the repurchased shares were cancelled during the year, and the issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled.

The above repurchases were effected by the Directors pursuant to the mandate from shareholders received at the last annual general meeting of the Company, with a view to benefiting shareholders as a whole by enhancing the net assets value per share and earnings per share of the Group.

Save as disclosed above, 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 2011.

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 2011, 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$1,065,898,000.

Charitable Contributions

During the year, the Group made charitable contributions totaling HK$543,000.

REPORT OF THE DIRECTORS

Major Customers And Suppliers

In the year under review, sales to the Group's five largest customers accounted for approximately 93% of the total sales for the year and sales to the largest customer amounted to approximately 34% 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 *(Chairman)*
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-Yu, Mr. Huang Kuo-Kuang and Mr. Cherng Chia-Jiun 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 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 10 to 13 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.

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.

Disclosure pursuant to Rule 13.51B(1) of the Listing Rules

As approved by the Board on 20 March 2012, the service agreement dated 17 June 2005 and entered into between the Company and Mr. Tsui Yung Kwok ("Mr. Tsui"), an executive Director, was amended with retrospective effect from 1 April 2011 such that the monthly salary payable under the service agreement may be allocated towards the reimbursement of rent of Mr. Tsui's place of residence provided that the amount of such reimbursement shall not exceed the amount of his monthly salary and evidence of payment of rent acceptable to the Company shall be provided by Mr. Tsui.

Directors' Interests in Contracts

Save as disclosed in note 36 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 36 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 36 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 2011, 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 HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") 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)*	289,420,986 (L) ordinary Shares	25.86%
	Beneficial owner	24,702,000 (L) ordinary Shares	2.21%
	Interest of spouse *(Note 3)*	10,518,046 (L) ordinary Shares	0.94%
Mr. Cheng Li-Yen	Beneficiary of a trust *(Note 2)*	289,420,986 (L) ordinary Shares	25.86%
Mr. Huang Kuo-Kuang	Beneficial owner	4,423,866 (L) ordinary Shares	0.40%
	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	0.56%
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	Number of underlying shares *(Note 1)*	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	0.20%
Mr. Cherng Chia-Jiun	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2012 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2013 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2014 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2015 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2016 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2017 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
Mr. Huang Kuo-Kuang	Beneficial owner	1,000,000 (L) *(Note 3)*	7-11-2011 to 6-11-2016	HK$1.56	0.08% *(Note 6)*
	Beneficial owner	252,000 (L) *(Note 4)*	7-11-2012 to 23-4-2018	HK$2.75	0.02% *(Note 6)*
	Beneficial owner	252,000 (L) *(Note 4)*	7-11-2013 to 23-4-2018	HK$2.75	0.02% *(Note 6)*
	Beneficial owner	252,000 (L) *(Note 4)*	7-11-2014 to 23-4-2018	HK$2.75	0.02% *(Note 6)*
	Beneficial owner	250,000 (L) *(Note 5)*	7-11-2015 to 13-7-2019	HK$2.62	0.02% *(Note 6)*
	Beneficial owner	250,000 (L) *(Note 5)*	7-11-2016 to 13-7-2019	HK$2.62	0.02% *(Note 6)*
	Beneficial owner	250,000 (L) *(Note 5)*	7-11-2017 to 13-7-2019	HK$2.62	0.02% *(Note 6)*

Name of Director	Nature of interest	Number of underlying shares *(Note 1)*	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
Mr. Hsieh Wan-Fu	Beneficial owner	500,000 (L) *(Note 3)*	7-11-2011 to 6-11-2016	HK$1.56	0.04% *(Note 6)*
	Beneficial owner	554,000 (L) *(Note 4)*	7-11-2012 to 23-4-2018	HK$2.75	0.04% *(Note 6)*
	Beneficial owner	554,000 (L) *(Note 4)*	7-11-2013 to 23-4-2018	HK$2.75	0.04% *(Note 6)*
	Beneficial owner	554,000 (L) *(Note 4)*	7-11-2014 to 23-4-2018	HK$2.75	0.04% (Note 6)
	Beneficial owner	250,000 (L) *(Note 5)*	7-11-2015 to 13-7-2019	HK$2.62	0.02% *(Note 6)*
	Beneficial owner	250,000 (L) *(Note 5)*	7-11-2016 to 13-7-2019	HK$2.62	0.02% *(Note 6)*
	Beneficial owner	250,000 (L) *(Note 5)*	7-11-2017 to 13-7-2019	HK$2.62	0.02% *(Note 6)*
Mr. Lo Jung-Te	Beneficial owner	500,000 (L) *(Note 3)*	7-11-2011 to 6-11-2016	HK$1.56	0.04% *(Note 6)*
	Beneficial owner	554,000 (L) *(Note 4)*	7-11-2012 to 23-4-2018	HK$2.75	0.04% *(Note 6)*
	Beneficial owner	554,000 (L) *(Note 4)*	7-11-2013 to 23-4-2018	HK$2.75	0.04% *(Note 6)*
	Beneficial owner	554,000 (L) *(Note 4)*	7-11-2014 to 23-4-2018	HK$2.75	0.04% *(Note 6)*
	Beneficial owner	250,000 (L) *(Note 5)*	7-11-2015 to 13-7-2019	HK$2.62	0.02% *(Note 6)*
	Beneficial owner	250,000 (L) *(Note 5)*	7-11-2016 to 13-7-2019	HK$2.62	0.02% *(Note 6)*
	Beneficial owner	250,000 (L) *(Note 5)*	7-11-2017 to 13-7-2019	HK$2.62	0.02% *(Note 6)*

Name of Director	Nature of interest	Number of underlying shares *(Note 1)*	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
Mr. Tsai Wen-Yu	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2012 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2013 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2014 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2015 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2016 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2017 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
Mr. Tsui Yung Kwok	Beneficial owner	1,334 (L) *(Note 3)*	7-11-2010 to 6-11-2016	HK$1.56	0.00% *(Note 6)*
	Beneficial owner	332,666 (L) *(Note 3)*	7-11-2011 to 6-11-2016	HK$1.56	0.03% *(Note 6)*
	Beneficial owner	252,000 (L) *(Note 4)*	7-11-2012 to 23-4-2018	HK$2.75	0.02% *(Note 6)*
	Beneficial owner	252,000 (L) *(Note 4)*	7-11-2013 to 23-4-2018	HK$2.75	0.02% *(Note 6)*
	Beneficial owner	252,000 (L) *(Note 4)*	7-11-2014 to 23-4-2018	HK$2.75	0.02% *(Note 6)*
	Beneficial owner	250,000 (L) *(Note 5)*	7-11-2015 to 13-7-2019	HK$2.62	0.02% *(Note 6)*
	Beneficial owner	250,000 (L) *(Note 5)*	7-11-2016 to 13-7-2019	HK$2.62	0.02% *(Note 6)*
	Beneficial owner	250,000 (L) *(Note 5)*	7-11-2017 to 13-7-2019	HK$2.62	0.02% *(Note 6)*

Name of Director	Nature of interest	Number of underlying shares *(Note 1)*	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
Mr. Yip Wai Ming	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2012 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2013 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2014 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2015 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2016 to 13-7-2019	HK$2.62	0.00% *(Note 6)*
	Beneficial owner	35,000 (L) *(Note 5)*	7-11-2017 to 13-7-2019	HK$2.62	0.00% *(Note 6)*

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 (the "Share Option Scheme") of the Company and such share options remained outstanding as at 31 December 2011.

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 2011.

5. The long position in the underlying Shares comprised 210,000, 750,000, 750,000, 750,000, 210,000, 750,000 and 210,000 options granted to Mr. Cherng Chia-Jiun, Mr. Huang Kuo-Kuang, Mr. Hsieh Wan-Fu, Mr. Lo Jung-Te, Mr. Tsai Wen-Yu, Mr. Tsui Yung Kwok and Mr. Yip Wai Ming respectively by the Company on 3 May 2011 under the Share Option Scheme and such share options remained outstanding as at 31 December 2011.

6. This percentage was calculated on the basis of 1,259,994,000 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 2011, 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.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in note 31 to the financial information, 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 (natural or adopted), or were such rights exercised by them; nor was the Company or any of its 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 2011	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2011	Grant date *(Note 1)*	Exercise period	Exercise price per Share *(Note 2)*	Price per Share at grant date *(Note 3)*
Directors									
Mr. Cherng Chia-Jiun	–	35,000	–	–	35,000	3-5-2011	7-11-2012 to 13-7-2019	HK$2.62	HK$2.62
	–	35,000	–	–	35,000	3-5-2011	7-11-2013 to 13-7-2019	HK$2.62	HK$2.62
	–	35,000	–	–	35,000	3-5-2011	7-11-2014 to 13-7-2019	HK$2.62	HK$2.62
	–	35,000	–	–	35,000	3-5-2011	7-11-2015 to 13-7-2019	HK$2.62	HK$2.62
	–	35,000	–	–	35,000	3-5-2011	7-11-2016 to 13-7-2019	HK$2.62	HK$2.62
	–	35,000	–	–	35,000	3-5-2011	7-11-2017 to 13-7-2019	HK$2.62	HK$2.62
	–	210,000	–	–	210,000				
Mr. Huang Kuo-Kuang	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
	–	250,000	–	–	250,000	3-5-2011	7-11-2015 to 13-7-2019	HK$2.62	HK$2.62
	–	250,000	–	–	250,000	3-5-2011	7-11-2016 to 13-7-2019	HK$2.62	HK$2.62
	–	250,000	–	–	250,000	3-5-2011	7-11-2017 to 13-7-2019	HK$2.62	HK$2.62
	1,756,000	750,000	–	–	2,506,000				
Mr. Hsieh Wan-Fu	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
	–	250,000	–	–	250,000	3-5-2011	7-11-2015 to 13-7-2019	HK$2.62	HK$2.62
	–	250,000	–	–	250,000	3-5-2011	7-11-2016 to 13-7-2019	HK$2.62	HK$2.62
	–	250,000	–	–	250,000	3-5-2011	7-11-2017 to 13-7-2019	HK$2.62	HK$2.62
	2,162,000	750,000	–	–	2,912,000				

Name or category of participant	Number of share options: At 1 January 2011	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2011	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Price per Share at grant date (Note 3)
Mr. Lo Jung-Te	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
	–	250,000	–	–	250,000	3-5-2011	7-11-2015 to 13-7-2019	HK$2.62	HK$2.62
	–	250,000	–	–	250,000	3-5-2011	7-11-2016 to 13-7-2019	HK$2.62	HK$2.62
	–	250,000	–	–	250,000	3-5-2011	7-11-2017 to 13-7-2019	HK$2.62	HK$2.62
	2,162,000	750,000	–	–	2,912,000				
Mr. Tsai Wen-Yu	–	35,000	–	–	35,000	3-5-2011	7-11-2012 to 13-7-2019	HK$2.62	HK$2.62
	–	35,000	–	–	35,000	3-5-2011	7-11-2013 to 13-7-2019	HK$2.62	HK$2.62
	–	35,000	–	–	35,000	3-5-2011	7-11-2014 to 13-7-2019	HK$2.62	HK$2.62
	–	35,000	–	–	35,000	3-5-2011	7-11-2015 to 13-7-2019	HK$2.62	HK$2.62
	–	35,000	–	–	35,000	3-5-2011	7-11-2016 to 13-7-2019	HK$2.62	HK$2.62
	–	35,000	–	–	35,000	3-5-2011	7-11-2017 to 13-7-2019	HK$2.62	HK$2.62
	–	210,000	–	–	210,000				
Mr. Tsui Yung Kwok	1,334	–	–	–	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
	–	250,000	–	–	250,000	3-5-2011	7-11-2015 to 13-7-2019	HK$2.62	HK$2.62
	–	250,000	–	–	250,000	3-5-2011	7-11-2016 to 13-7-2019	HK$2.62	HK$2.62
	–	250,000	–	–	250,000	3-5-2011	7-11-2017 to 13-7-2019	HK$2.62	HK$2.62
	1,090,000	750,000	–	–	1,840,000				
Mr. Yip Wai Ming	–	35,000	–	–	35,000	3-5-2011	7-11-2012 to 13-7-2019	HK$2.62	HK$2.62
	–	35,000	–	–	35,000	3-5-2011	7-11-2013 to 13-7-2019	HK$2.62	HK$2.62
	–	35,000	–	–	35,000	3-5-2011	7-11-2014 to 13-7-2019	HK$2.62	HK$2.62
	–	35,000	–	–	35,000	3-5-2011	7-11-2015 to 13-7-2019	HK$2.62	HK$2.62
	–	35,000	–	–	35,000	3-5-2011	7-11-2016 to 13-7-2019	HK$2.62	HK$2.62
	–	35,000	–	–	35,000	3-5-2011	7-11-2017 to 13-7-2019	HK$2.62	HK$2.62
	–	210,000	–	–	210,000				

Name or category of participant	Number of share options: At 1 January 2011	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2011	Grant date *(Note 1)*	Exercise period	Exercise price per Share *(Note 2)*	Price per Share at grant date *(Note 3)*
Other employees									
In aggregate	76,666	–	–	–	76,666	7-11-2006	7-11-2010 to 6-11-2016	HK$1.56	HK$1.56
	12,679,334	–	–	(602,000)	12,077,334	7-11-2006	7-11-2011 to 6-11-2016	HK$1.56	HK$1.56
	13,104,000	–	–	(496,667)	12,607,333	24-4-2008	7-11-2012 to 23-4-2018	HK$2.75	HK$2.75
	13,104,000	–	–	(496,667)	12,607,333	24-4-2008	7-11-2013 to 23-4-2018	HK$2.75	HK$2.75
	13,104,000	–	–	(496,666)	12,607,334	24-4-2008	7-11-2014 to 23-4-2018	HK$2.75	HK$2.75
	4,094,000	–	–	(404,000)	3,690,000	14-7-2009	7-11-2011 to 13-7-2019	HK$4.15	HK$4.15
	4,094,000	–	–	(404,000)	3,690,000	14-7-2009	7-11-2012 to 13-7-2019	HK$4.15	HK$4.15
	4,094,000	–	–	(404,000)	3,690,000	14-7-2009	7-11-2013 to 13-7-2019	HK$4.15	HK$4.15
	4,094,000	–	–	(404,000)	3,690,000	14-7-2009	7-11-2014 to 13-7-2019	HK$4.15	HK$4.15
	4,094,000	–	–	(404,000)	3,690,000	14-7-2009	7-11-2015 to 13-7-2019	HK$4.15	HK$4.15
	–	4,228,333	–	(25,334)	4,202,999	3-5-2011	7-11-2012 to 13-7-2019	HK$2.62	HK$2.62
	–	4,228,333	–	(25,333)	4,203,000	3-5-2011	7-11-2013 to 13-7-2019	HK$2.62	HK$2.62
	–	4,228,333	–	(25,333)	4,203,000	3-5-2011	7-11-2014 to 13-7-2019	HK$2.62	HK$2.62
	–	16,561,667	–	(166,000)	16,395,667	3-5-2011	7-11-2015 to 13-7-2019	HK$2.62	HK$2.62
	–	16,561,667	–	(166,000)	16,395,667	3-5-2011	7-11-2016 to 13-7-2019	HK$2.62	HK$2.62
	–	16,561,667	–	(166,000)	16,395,667	3-5-2011	7-11-2017 to 13-7-2019	HK$2.62	HK$2.62
	72,538,000	62,370,000	–	(4,686,000)	130,222,000				
	79,708,000	66,000,000	–	(4,686,000)	141,022,000				

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 2011, 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 were as follows:

Name of Shareholder	Capacity and nature of Interest	Number and class of Shares held *(Note 1)*	Approximate percentage of shareholding
Southern Asia	Beneficial owner	289,420,986 (L) ordinary Shares	25.86%
Shine Century Assets Corp. *(Note 2)*	Interest of a controlled corporation	289,420,986 (L) ordinary Shares	25.86%
East Asia International Trustees Limited *(Note 2)*	Trustee (other than a bare trustee)	289,420,986 (L) ordinary Shares	25.86%
Ms. Lin Mei-Li *(Note 3)*	Beneficial owner	10,518,046 (L) ordinary Shares	0.94%
	Interest of spouse	314,122,986 (L) ordinary Shares	28.07%
AllianceBernstein L.P.	Investment manager	68,305,000 (L) ordinary Shares	6.10%
	Interest of a controlled corporation *(Note 4)*	180,000 (L) ordinary Shares	0.02%

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 Trustee 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.

4. AllianceBernstein L.P. was interested in these Shares through its 100% control in AllianceBernstein Corporation of Delaware. AllianceBernstein L.P. was deemed to be interested in all the Shares in which AllianceBernstein Corporation of Delaware was interested by virtue of the SFO.

Save as disclosed above, as at 31 December 2011, no person (other than a Director or chief executive of the Company) had registered an interest or short position 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.

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) Pursuant to a master sales 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 master sales 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$2,783,674,000 for the year ended 31 December 2011 (2010: HK$1,955,742,000).

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

(b) 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 amount to approximately HK$2,166,598,000 for the year ended 31 December 2011 (2010: HK$2,559,180,000).

The Compal Group is a substantial shareholder of Wah Yuen Technology Holding Limited ("Wah Yuen"), an indirect non-wholly owned subsidiary of the Company.

(c) On 23 November 2011, Jiu De International Limited ("Jiu De"), an indirect wholly owned subsidiary of the Company, participated in the subscription of 64,080,895 shares ("WY Shares") of Wah Yuen at the subscription price ("Subscription Price") of US$0.9646 per WY Share for an aggregate consideration of US$61,812,431; and the Compal Group participated in the subscription of 39,589,020 WY Shares at the Subscription Price for an aggregate consideration of US$38,187,569, pursuant to the invitation for subscription extended to all shareholders of Wah Yuen in proportion to their shareholding in Wah Yuen in May 2011. The number of WY Shares subscribed by each of Jiu De and the Compal Group included, in addition to the WY Shares issued and allotted to each of them in proportion to their then existing interest in Wah Yuen, the remaining WY Shares which had not been taken up by the other minority shareholders of Wah Yuen on 23 November 2011. The Subscription Price was determined after arm-length's negotiation between the Group, the Compal Group and Wah Yuen based on the net asset value of Wah Yuen as at 31 December 2010 of US$152,771,000.

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 36 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) and (b) above by the Group in accordance with the Listing Rules and confirming the matters as stated in Rule 14A.38 of 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 2011.

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

鄭立育

Cheng Li-Yu
Chairman
Hong Kong
20 March 2012

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

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules (the "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. Save as disclosed below, the Company had complied with the code provisions of the CG Code for the year ended 31 December 2011.

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 management structure from time to time and shall make necessary changes when appropriate and inform the shareholders 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.

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 2011. Having made specific enquiry of all Directors, the Company is satisfied that all the Directors have fully complied with the required standards set out in the Model Code and the code of conduct regarding directors' securities transactions for the year ended 31 December 2011.

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 2011, the Board convened a total of five 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)*	5	5
Mr. Cheng Li-Yen	5	5
Mr. Huang Kuo-Kuang	5	4
Mr. Hsieh Wan-Fu	5	5
Mr. Lo Jung-Te	5	5
Mr. Tsui Yung Kwok	5	5
Independent non-executive Directors		
Mr. Cherng Chia-Jiun	5	4
Mr. Tsai Wen-Yu	5	5
Mr. Yip Wai Ming	5	5

Board committee meeting will be convened as and when necessary. During the year under review, board committee meeting was held once to discuss the extension of master sales agreements entered into between the Group and each of Wistron Corporation and Compal Electronics, Inc, details of which are set out in the section headed "Connected transactions and continuing connected transactions" in this annual report.

Nomination of Directors

As at 31 December 2011, 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 2011.

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 2011, the Audit Committee met with the external auditors to review and approve the audit plans and also reviewed the Group's annual results of 2010 and interim results of 2011 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 2011. 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	3
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$2,800,000 and non-audit service fees of HK$1,045,000.

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 2011, 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 2011. The individual attendance record of each member of the Remuneration Committee is tabulated as follows:

Name of Director	Number of meetings held	Number of meetings 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	0

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 2011 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 36 to 111, which comprise the consolidated and company statements of financial position as at 31 December 2011, 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 2011, 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.

Certified Public Accountants
22nd Floor, CITIC Tower,
1 Tim Mei Avenue, Central
Hong Kong

20 March 2012

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
REVENUE	6	**8,234,507**	7,166,213
Cost of sales		**(7,366,615)**	(6,244,230)
Gross profit		**867,892**	921,983
Other income and gains	6	**64,760**	29,190
Selling and distribution costs		**(97,877)**	(63,389)
Administrative expenses		**(478,112)**	(416,280)
Other expenses		**(17,252)**	(15,394)
Finance costs	7	**(45,125)**	(34,564)
Share of loss of an associate		**(7,178)**	(1,241)
PROFIT BEFORE TAX	8	**287,108**	420,305
Income tax expense	11	**(50,361)**	(65,302)
PROFIT FOR THE YEAR		**236,747**	355,003
Attributable to:			
Equity holders of the Company	12	**256,625**	331,189
Non-controlling interests		**(19,878)**	23,814
		236,747	355,003
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	14		
– Basic (HK cents)		**22.7**	29.6
– Diluted (HK cents)		**22.6**	28.4

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 2011

	Note	2011 HK$'000	2010 HK$'000
PROFIT FOR THE YEAR		**236,747**	355,003
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**234,967**	179,219
Available-for-sale investment:			
Change in fair value		**(22,037)**	(13,612)
Income tax effect		**7,001**	2,295
		(15,036)	(11,317)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**219,931**	167,902
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**456,678**	522,905
Attributable to:			
Equity holders of the Company	12	**432,109**	463,745
Non-controlling interests		**24,569**	59,160
		456,678	522,905

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

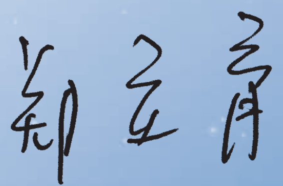
31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**5,804,675**	4,742,126
Lease premium for land	16	**169,154**	95,675
Goodwill	17	**37,894**	37,894
Investment in an associate	20	**(772)**	6,388
Prepayments for acquisition of property, plant and equipment		**309,492**	148,985
Available-for-sale investments	24	**24,768**	41,681
Total non-current assets		**6,345,211**	5,072,749
CURRENT ASSETS			
Inventories	21	**1,029,348**	1,028,719
Trade receivables	22	**2,731,863**	2,472,934
Factored trade receivables	22	**–**	26,033
Prepayments, deposits and other receivables	23	**558,292**	409,719
Derivative financial instruments	29	**9,970**	17,616
Pledged bank balances and time deposits	25	**43,347**	21,682
Cash and cash equivalents	25	**654,492**	862,150
Total current assets		**5,027,312**	4,838,853
CURRENT LIABILITIES			
Trade and bills payables	26	**1,795,876**	1,581,300
Other payables and accruals	27	**921,614**	834,541
Tax payable		**130,492**	119,506
Bank advances on factored trade receivables	22	**–**	26,033
Interest-bearing bank borrowings	28	**540,877**	760,690
Total current liabilities		**3,388,859**	3,322,070
NET CURRENT ASSETS		**1,638,453**	1,516,783
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,983,664**	6,589,532

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	28	**2,081,154**	1,352,763
Deferred tax liabilities	18	**3,799**	11,280
Total non-current liabilities		**2,084,953**	1,364,043
Net assets		**5,898,711**	5,225,489
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	30	**111,897**	113,291
Reserves	32(a)	**4,540,255**	4,184,984
Proposed final dividend	13	**89,518**	90,633
		4,741,670	4,388,908
Non-controlling interests		**1,157,041**	836,581
Total equity		**5,898,711**	5,225,489



Cheng Li-Yu
Director

Huang Kuo-Kuang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

		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 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 and 1 January 2011		**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**
Profit for the year		–	–	–	–	–	–	–	**256,625**	–	–	**256,625**	**(19,878)**	**236,747**
Other comprehensive income for the year:														
Change in fair value of available-for-sale investment, net of tax		–	–	–	–	–	–	–	–	**(15,036)**	–	**(15,036)**	–	**(15,036)**
Exchange differences on translation of foreign operations		–	–	–	–	–	–	**190,520**	–	–	–	**190,520**	**44,447**	**234,967**
Total comprehensive income for the year		–	–	–	–	–	–	**190,520**	**256,625**	**(15,036)**	–	**432,109**	**24,569**	**456,678**
Repurchases of shares	30	**(1,394)**	**(17,897)**	–	–	–	–	–	–	–	–	**(19,291)**	–	**(19,291)**
Shares cancellation expenses	30	–	**(85)**	–	–	–	–	–	–	–	–	**(85)**	–	**(85)**
Capital injection from a non-controlling shareholder		–	–	–	–	–	–	–	–	–	–	–	**297,386**	**297,386**
Deemed acquisition of non-controlling interests		–	–	–	–	**1,495**	–	–	–	–	–	**1,495**	**(1,495)**	–
Share-based compensation arrangements	31	–	–	–	**29,167**	–	–	–	–	–	–	**29,167**	–	**29,167**
Final 2010 dividend declared		–	–	–	–	–	–	–	–	–	**(90,633)**	**(90,633)**	–	**(90,633)**
Proposed final dividend	13	–	–	**(89,518)**	–	–	–	–	–	–	**89,518**	–	–	–
At 31 December 2011		**111,897**	**672,155**	**100,683**	**88,938**	**365,239**	**125,628**	**627,332**	**2,558,443**	**1,837**	**89,518**	**4,741,670**	**1,157,041**	**5,898,711**

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$4,540,255,000 (2010: HK$4,184,984,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**287,108**	420,305
Adjustments for:			
Finance costs	7	**45,125**	34,564
Share of loss of an associate		**7,178**	1,241
Interest income	6	**(14,000)**	(12,118)
Dividend income	6	**(1,373)**	(2,735)
Depreciation	8	**490,550**	414,711
Amortisation of lease premium for land	8	**2,359**	3,242
Loss on disposal of items of property, plant and equipment, net	8	**9,013**	9,996
Provision for slow-moving and obsolete inventories	8	**5,081**	36,793
Equity-settled share option expenses		**29,167**	25,407
		860,208	931,406
Increase in inventories		**(5,710)**	(196,143)
Decrease/(increase) in trade receivables		**(258,929)**	782,929
Decrease/(increase) in factored trade receivables		**26,033**	(14,537)
Increase in prepayments, deposits and other receivables		**(148,573)**	(1,405)
Decrease/(increase) in derivative financial instruments		**7,646**	(17,278)
Increase/(decrease) in trade and bills payables		**214,576**	(507,904)
Increase in other payables and accruals		**87,073**	204,608
Increase/(decrease) in bank advances on factored trade receivables		**(26,033)**	14,537
Cash generated from operations		**756,291**	1,196,213
Mainland China income tax paid		**(44,890)**	(77,616)
Overseas income tax paid		**(488)**	(26)
Income tax refunded		**7,331**	492
Interest received		**14,000**	12,118
Interest paid		**(45,125)**	(34,564)
Net cash flows from operating activities		**687,119**	1,096,617

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(1,379,146)**	(964,165)
Purchases of lease premium for land		**(72,265)**	–
Purchases of available-for-sale investments		**(5,164)**	–
Proceeds from disposal of items of property, plant and equipment		**18,902**	31,395
Dividend received		**1,373**	2,735
Increase in pledged bank balances and time deposits		**(21,665)**	(13,569)
Increase in prepayments for acquisition of property, plant and equipment		**(160,507)**	(110,335)
Acquisition of non-controlling interests		–	(8,477)
Capital injection to an associate		–	(7,629)
Net cash flows used in investing activities		**(1,618,472)**	(1,070,045)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution by non-controlling shareholders		**297,386**	214,278
New bank loans		**1,453,460**	1,775,526
Repayment of bank loans		**(944,882)**	(1,747,310)
Dividend paid		**(90,633)**	(89,432)
Proceeds from issue of shares		–	23,424
Repurchases of shares	30	**(19,376)**	–
Net cash flows from financing activities		**695,955**	176,486
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(235,398)**	203,058
Cash and cash equivalents at beginning of year		**862,150**	608,422
Effect of foreign exchange rate changes, net		**27,740**	50,670
CASH AND CASH EQUIVALENTS AT END OF YEAR		**654,492**	862,150
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	25	**654,492**	862,150
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		**654,492**	862,150

STATEMENT OF FINANCIAL POSITION

31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	19	**1,359,759**	1,449,046
CURRENT ASSETS			
Prepayments, deposits and other receivables	23	**305**	276
Cash and cash equivalents	25	**41**	42
Total current assets		**346**	318
CURRENT LIABILITIES			
Other payables and accruals	27	**3,854**	3,672
NET CURRENT LIABILITIES		**(3,508)**	(3,354)
Net assets		**1,356,251**	1,445,692
EQUITY			
Issued capital	30	**111,897**	113,291
Reserves	32(b)	**1,154,836**	1,241,768
Proposed final dividend	13	**89,518**	90,633
Total equity		**1,356,251**	1,445,692

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

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2011. 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.

Total comprehensive income within a subsidiary is 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 consideration 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.

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 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010 (Include other standards as appropriate)*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

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

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group. Details of the related party transactions, including the related comparative information, are included in note 36 to the consolidated financial statements.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. 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 has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

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

(b) *(Continued)*

- HKFRS 3 *Business Combinations*: The amendment 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 amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

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

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements:* The amendment 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.

3.2 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 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
HKFRS 9	*Financial Instruments*[5]
HKFRS 10	*Consolidated Financial Statements*[4]
HKFRS 11	*Joint Arrangements*[4]
HKFRS 12	*Disclosure of Interests in Other Entities*[4]
HKFRS 13	*Fair Value Measurement*[4]
HKAS 1 Amendments	*Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Asset*[2]
HKAS 19 (2011)	*Employee Benefit*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2015

Further information about those changes that are expected to significantly affect the Group is as follows:

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.

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

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 2015.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in HK(SIC)-Int 12.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e.. joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities that are previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, and the consequential amendments to HKAS 27 and HKAS 28 from 1 January 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 January 2013.

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

Amendments to HKAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The Group expects to adopt the amendments from 1 January 2013.

HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. The Group expects to adopt HKAS 12 Amendments from 1 January 2012. Since the Group does not have any investment property, the amendment is unlikely to have a significant impact on the financial positions or results of operation of the Group.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 January 2013.

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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Associates *(Continued)*

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.

Business combinations and goodwill

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 Group elects whether it measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. 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 will be 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 will not be remeasured. Subsequent settlement is accounted for within the equity. In instances where the contingent consideration does not fall within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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 identifiable net 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.

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.

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, financial assets and goodwill), 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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets *(Continued)*

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.

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 depreciates them accordingly.

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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

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.

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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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.

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

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

- when 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").

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.

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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

Share-based payment transactions *(Continued)*

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.

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 arising on settlement or translation of monetary items are taken to the income statement.

All differences arising on settlement or translation of monetary items are taken to the income statement with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to 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. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

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 is a person or a close member of that person's family and that person;

(i) has control, or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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, transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement (Continued)

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.

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 finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt 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 revaluation 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, when the cumulative gain or loss reclassified from the available-for-sale investment revaluation reserve to the income statement in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments 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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

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

When the fair value of unlisted equity investments 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 investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, 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. 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 Group has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and 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 maturity amount 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, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it 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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets *(Continued)*

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.

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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost *(Continued)*

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.

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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 plus, in the case of loans and borrowings, directly attributable transaction costs.

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

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.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria of HKAS 39 are satisfied.

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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

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.

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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents *(Continued)*

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. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to the income statement by way of a reduced depreciation charge.

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 described 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 2011 was HK$37,894,000 (2010: 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 2011 was HK$1,029,348,000 (2010: HK$1,028,719,000).

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:

	2011	2010
	HK$'000	HK$'000
The People's Republic of China (the "PRC"), excluding Hong Kong	**7,397,371**	6,799,129
The Republic of China (the "ROC")	**242,868**	194,031
Others	**594,268**	173,053
	8,234,507	7,166,213

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

(ii) Non-current assets:

	2011	2010
	HK$'000	HK$'000
The PRC, excluding Hong Kong	**6,219,844**	4,919,834
The ROC	**125,307**	152,885
Others	**60**	30
	6,345,211	5,072,749

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

Information about major customers

Revenue of approximately HK$2,783,674,000, HK$2,166,598,000, HK$1,060,433,000 and HK$979,844,000 for the year ended 31 December 2011 was derived from sales to four major customers, including sales to a group of entities which are known to be under common control with these customers.

Revenue of approximately HK$2,559,180,000, 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.

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:

	2011 HK$'000	2010 HK$'000
Revenue		
Sale of goods	**8,234,507**	7,166,213
Other income and gains		
Interest income	**14,000**	12,118
Dividend income	**1,373**	2,735
Subsidy income	**2,449**	4,849
Exchange gain	**33,917**	–
Others	**13,021**	9,488
	64,760	29,190

7. FINANCE COSTS

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

	2011 HK$'000	2010 HK$'000
Interest on bank loans and other loans wholly repayable within five years	**45,125**	34,564
Total interest expense on financial liabilities not at fair value through profit or loss	**45,125**	34,564

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2011 HK$'000	2010 HK$'000
Cost of inventories sold		**7,350,458**	6,195,873
Auditors' remuneration		**2,800**	2,900
Depreciation	15	**490,550**	414,711
Amortisation of lease premium for land	16	**2,359**	3,242
Minimum lease payments under operating leases:			
Land and buildings		**7,696**	6,132
Motor vehicles		**4,095**	4,495
Provision for slow-moving and obsolete inventories*		**5,081**	36,793
Employee benefits expense (excluding directors' remuneration – note 9):			
Wages and salaries, bonuses, allowances and welfare		**1,404,994**	1,091,372
Equity-settled share option expenses		**26,970**	23,595
Pension scheme contributions		**46,702**	40,056
		1,478,666	1,155,023
Foreign exchange differences, net**		**(33,917)**	43
Loss on disposal of items of property, plant and equipment, net***		**9,013**	9,996
Subsidy income**#		**(2,449)**	(4,849)

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

** Included in "(Other income and gains)/Other expenses" 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 and Sichuan 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 (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Fees	**594**	594
Other emoluments:		
Salaries, allowances and benefits in kind	**5,272**	4,958
Equity-settled share option expenses	**2,197**	1,812
Pension scheme contributions	**12**	12
	7,481	6,782
	8,075	7,376

In the current year, 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.

The remuneration of each of the directors for the year ended 31 December 2011 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	–	928	–	–	928
Mr. Cheng Li-Yen	–	835	–	–	835
Mr. Huang Kuo-Kuang	–	835	583	–	1,418
Mr. Hsieh Wan-Fu	–	718	622	–	1,340
Mr. Lo Jung-Te	–	789	622	–	1,411
Mr. Tsui Yung Kwok	–	1,167	370	12	1,549
Mr. Cherng Chia Jiun	198	–	–	–	198
Mr. Tsai Wen-Yu	198	–	–	–	198
Mr. Yip Wai Ming	198	–	–	–	198
	594	5,272	2,197	12	8,075

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

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 three (2010: four) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining two (2010: one) non-director, highest paid employees for the year are as follows:

	Group 2011 HK$'000	2010 HK$'000
Salaries, allowances and benefits in kind	**1,034**	482
Performance related bonuses	**172**	80
Equity-settled share option expenses	**1,723**	679
	2,929	1,241

10. FIVE HIGHEST PAID EMPLOYEES *(Continued)*

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

	Number of employees	
	2011	2010
HK$1,000,001 to HK$1,500,000	**2**	1

During the 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 (2010: Nil). 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.

	2011	2010
	HK$'000	HK$'000
Provision for the year:		
Current – The PRC, excluding Hong Kong		
Charge for the year	**37,489**	47,955
Underprovision/(overprovision) in prior years	**(316)**	4,726
Current – Overseas		
Charge for the year	**31,927**	11,788
Underprovision/(overprovision) in prior years	**(10,928)**	1,771
Tax refund	**(7,331)**	(492)
Deferred tax (note 18)	**(480)**	(446)
Total tax charge for the year	**50,361**	65,302

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 – 2011

	Hong Kong		The PRC, excluding Hong Kong		Overseas		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	**(36,111)**		**143,247**		**179,972**		**287,108**	
Tax at the statutory tax rate	**(5,958)**	**16.5**	**35,812**	**25.0**	**30,595**	**17.0**	**60,449**	**21.1**
Preferential tax rates	**–**	**–**	**(22,133)**	**(15.5)**	**–**	**–**	**(22,133)**	**(7.7)**
Income not subject to tax	**(1,165)**	**3.2**	**(4,139)**	**(2.9)**	**(335)**	**(0.2)**	**(5,639)**	**(2.0)**
Tax refund	**–**	**–**	**(7,330)**	**(5.1)**	**(1)**	**–**	**(7,331)**	**(2.6)**
Expenses not deductible for tax	**7,123**	**(19.7)**	**555**	**0.4**	**1,667**	**0.9**	**9,345**	**3.2**
Adjustments in respect of current tax of previous periods	**–**	**–**	**(316)**	**(0.2)**	**(10,928)**	**(6.1)**	**(11,244)**	**(3.9)**
Tax losses not recognised	**–**	**–**	**26,914**	**18.8**	**–**	**–**	**26,914**	**9.4**
Tax charge at the Group's effective rate	**–**	**–**	**29,363**	**20.5**	**20,998**	**11.6**	**50,361**	**17.5**

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)*

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% (2010: 25%) for the year ended 31 December 2011.

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 12% (2010: 11%) for the year ended 31 December 2011 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 2011 includes a loss of HK$8,599,000 (2010: HK$9,274,000) which has been dealt with in the financial statements of the Company (note 32(b)).

13. DIVIDEND

	2011 HK$'000	2010 HK$'000
Proposed final – HK8 cents (2010: HK8 cents) per ordinary share	**89,518**	90,633

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$256,625,000 (2010: HK$331,189,000) and the weighted average number of 1,130,677,436 (2010: 1,119,173,332) 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$256,625,000 (2010: HK$331,189,000). The weighted average number of ordinary shares used in the calculation is the 1,130,677,436 (2010: 1,119,173,332) ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of 4,118,368 (2010: 47,855,093) 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 2011							
At 1 January 2011:							
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
At 1 January 2011, net of accumulated depreciation	1,419,782	1,240	2,340,115	225,699	6,628	748,662	4,742,126
Additions	56,564	–	519,844	43,165	946	758,627	1,379,146
Transfers	155,340	–	168,019	86,966	55	(410,380)	–
Disposals	(10,369)	–	(11,952)	(2,047)	(386)	(3,161)	(27,915)
Depreciation provided during the year	(91,892)	(177)	(327,262)	(69,430)	(1,789)	–	(490,550)
Exchange realignment	58,371	(16)	97,401	10,919	263	34,930	201,868
At 31 December 2011, net of accumulated depreciation	1,587,796	1,047	2,786,165	295,272	5,717	1,128,678	5,804,675
At 31 December 2011:							
Cost	2,005,138	2,878	4,251,341	563,398	14,724	1,128,678	7,966,157
Accumulated depreciation	(417,342)	(1,831)	(1,465,176)	(268,126)	(9,007)	–	(2,161,482)
Net carrying amount	1,587,796	1,047	2,786,165	295,272	5,717	1,128,678	5,804,675

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 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

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

	2011 HK$'000	2010 HK$'000
Net carrying amounts:		
Freehold land outside Hong Kong	**14,103**	14,301
Buildings held under medium term leases outside Hong Kong	**1,573,693**	1,405,481
	1,587,796	1,419,782

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

At 31 December 2011, certain of the Group's land and buildings with an aggregate net carrying amount of approximately HK$24,075,000 (2010: HK$17,838,000) were pledged to secure certain banking facilities granted to the Group which have not been utilised as at 31 December 2011 (note 28).

16. LEASE PREMIUM FOR LAND

	Group	
	2011	2010
	HK$'000	HK$'000
Net carrying amount at 1 January	**95,675**	96,118
Addition during the year	**72,265**	–
Recognised during the year	**(2,359)**	(3,242)
Exchange realignment	**3,573**	2,799
Net carrying amount at 31 December	**169,154**	95,675

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

At 31 December 2011, certain of the Group's land with an aggregate net carrying amount of approximately HK$11,831,000 (2010: HK$11,653,000) was pledged to secure certain banking facilities granted to the Group which have not been utilised as at 31 December 2011 (note 28).

17. GOODWILL

Group

	HK$'000
Cost and net carrying amount at 31 December 2010 and 2011	**37,894**

17. GOODWILL *(Continued)*

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 8.1% (2010: 9%) and cash flows beyond the five-year period are extrapolated using a growth rate of 2% (2010: 2%).

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 2011 and 31 December 2010. 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$191,365,000 (2010: HK$84,187,000) and HK$42,690,000 (2010: HK$45,885,000), 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

		2011	
	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 2011	**4,279**	**7,001**	**11,280**
Deferred tax credited to the income statement during the year (note 11)	**(480)**	–	**(480)**
Deferred tax credited to equity during the year	–	**(7,001)**	**(7,001)**
Gross deferred tax liabilities at 31 December 2011	**3,799**	–	**3,799**

18. DEFERRED TAX *(Continued)*

Deferred tax liabilities *(Continued)*

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

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 2011, 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$1,226,714,000 at 31 December 2011 (2010: HK$1,146,249,000).

19. INVESTMENTS IN SUBSIDIARIES

	Company 2011 HK$'000	Company 2010 HK$'000
Unlisted shares, at cost	**777,358**	777,358
Due from subsidiaries	**486,975**	603,329
Capital contribution in respect of share-based compensation	**95,426**	68,359
	1,359,759	1,449,046

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	Equity interest attributable to the Company 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$100,500,000	–	100%	Manufacture and sale of notebook computer casings
Jiu De International Limited @	Samoa	US$12,800,000 Ordinary	–	100%	Investment holding
Jiu Ding International Limited @	Samoa	US$40,000,000 Ordinary	–	100%	Investment holding

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries are as follows: *(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		Principal activities
			Direct	Indirect	
Ju Teng (Neijiang) Communication Accessory Co., Ltd *@#	The PRC	US$40,000,000	–	100%	Manufacture and sale of notebook computer casings
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$75,101,000	–	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
Plentimark Limited @	BVI	US$50,000 Ordinary	–	71%	Sale of materials for the manufacture of notebook computer casings

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries are as follows: *(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
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$31,749,800 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$33,400,000	–	71%	Research, design, product development and manufacture of computer equipment and peripherals
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$261,758,240 Ordinary	–	59.28%	Investment holding
宏葉新技股份有限公司@	The ROC	NT$475,577,800 Ordinary	–	59.28%	Manufacture and sale of notebook computer casings

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries are as follows: *(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		Principal activities
			Direct	Indirect	
Highsharp Ltd. @	Samoa	US$10,000 Ordinary	–	59.28%	Investment holding
Advance Step International Ltd. @	Samoa	US$5,000 Ordinary	–	59.28%	Import and export trading business
Compal Precision Module China Holdings Ltd. @	Mauritius	US$236,267,926 Ordinary	–	59.28%	Investment holding
Compal Precision Module (Jiangsu) Company Limited *@	The PRC	US$230,000,000	–	59.28%	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
Wujiang Dading Precision Mould Co., Ltd. *@#	The PRC	US$4,000,000	–	100%	Manufacture and sale of moulds

* 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 2011 HK$'000	Group 2010 HK$'000
Share of net assets/(deficiency in assets)	**(772)**	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. ("Jiang Su Inoac Juteng") *	US$2,000,000	The PRC	49	Sales of materials for the manufacture of notebook computer casings

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

The Group committed to further invest cash of US$2,750,000 in Jiang Su Inoac Juteng pursuant to an agreement entered into between the Group and a shareholder of Jiang Su Inoac Juteng in December 2011.

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

	2011 HK$'000	2010 HK$'000
Assets	**17,155**	19,552
Liabilities	**(18,094)**	(6,107)
Revenue	**4,667**	–
Loss	**(14,649)**	(2,533)

21. INVENTORIES

	Group 2011 HK$'000	2010 HK$'000
Production materials	**267,397**	280,757
Work in progress	**194,229**	218,986
Finished goods	**362,593**	258,084
Moulds and consumable tools	**205,129**	270,892
	1,029,348	1,028,719

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 2011 HK$'000	2010 HK$'000
Trade receivables		
Within 3 months	**2,187,962**	1,712,833
4 to 6 months	**529,699**	744,594
7 to 12 months	**12,505**	13,244
Over 1 year	**1,697**	2,263
	2,731,863	2,472,934

22. TRADE RECEIVABLES *(Continued)*

	Group 2011 HK$'000	Group 2010 HK$'000
Factored trade receivables		
Within 3 months	–	17,881
4 to 6 months	–	8,152
	–	26,033

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

	Group 2011 HK$'000	Group 2010 HK$'000
Neither past due nor impaired	**2,544,982**	2,236,165
1 to 3 months past due	**176,440**	228,890
4 to 6 months past due	**4,459**	4,824
7 to 12 months past due	**5,982**	902
Over 1 year	–	2,153
	2,731,863	2,472,934

22. TRADE RECEIVABLES *(Continued)*

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 2010, the factored trade receivables are factored to banks on a with-recourse basis for cash.

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	
		2011	2010
	Notes	**HK$'000**	HK$'000
San Li Company Limited ("San Li")	36(a), (b)	**–**	437
Sunrise Plastic Injection Company Limited ("Sunrise")	36(a), (b)	**5**	34
Jiang Su Inoac Juteng	36(a), (b)	**7,054**	–
		7,059	471

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**48,693**	56,533	**305**	276
Deposits and other receivables	**509,599**	353,186	**–**	–
	558,292	409,719	**305**	276

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 INVESTMENTS

	Group	
	2011	2010
	HK$'000	HK$'000
Overseas listed equity investment, at market value	**19,604**	41,681
Unlisted equity investment, at cost less impairment	**5,164**	–
	24,768	41,681

During the year, the gross loss in respect of the Group's available-for-sale investment recognised in other comprehensive income amounted to HK$22,037,000 (2010: HK$13,612,000).

The above investments represent investments 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 investments are not expected to be realised within 12 months after the end of the reporting period. Accordingly, the investments are classified as non-current assets 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$24,413,000.

As at 31 December 2011, certain unlisted equity investments with carrying amounts of HK$5,164,000 (2010: Nil) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**654,492**	862,150	**41**	42
Time deposits	**43,347**	21,682	**–**	–
	697,839	883,832	**41**	42
Less: Pledged bank balances and time deposits	**(43,347)**	(21,682)	**–**	–
Cash and cash equivalents	**654,492**	862,150	**41**	42

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$206,815,000 (2010: HK$219,843,000).

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	
	2011	2010
	HK$'000	HK$'000
Within 3 months	**1,401,440**	1,233,995
4 to 6 months	**373,669**	320,505
7 to 12 months	**7,360**	10,478
Over 1 year	**13,407**	16,322
	1,795,876	1,581,300

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	
		2011	2010
	Notes	**HK$'000**	HK$'000
San Li	36(a), (b)	**8**	49
Sunrise	36(a), (b)	**107**	267
Jiang Su Inoac Juteng	36(a), (b)	**3,135**	–
		3,250	316

27. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other payables	**614,728**	560,374	**–**	–
Accruals	**306,886**	274,167	**3,854**	3,672
	921,614	834,541	**3,854**	3,672

Other payables are non-interest-bearing.

28. INTEREST-BEARING BANK BORROWINGS

Group

	2011			2010		
	Effective contractual interest rate (%)	**Maturity**	**HK$'000**	Effective contractual interest rate (%)	Maturity	HK$'000
Current						
Bank loans – secured	**1.15 – 1.83**	**2012**	**372,744**	1.10 – 3.30	2011	648,920
Bank loans – unsecured	**1.35 – 1.47**	**2012**	**168,133**	0.75 – 1.30	2011	111,770
			540,877			760,690
Non-current						
Bank loans – secured	**1.14 – 2.55**	**2013 – 2014**	**2,081,154**	1.14 – 1.15	2013	1,352,763
			2,622,031			2,113,453

	Group	
	2011	2010
	HK$'000	HK$'000
Repayable:		
Within one year	**540,877**	760,690
In the second year	**1,537,569**	–
In the third to fifth years, inclusive	**543,585**	1,352,763
	2,622,031	2,113,453

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 of HK$29,491,000 at 31 December 2010;

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

(iii) corporate guarantees executed by the Company to the extent of HK$2,024,484,000 (2010: HK$1,468,295,000) as at the end of the reporting period.

(b) The Group's bank loans with carrying amounts of HK$2,609,208,000 (2010: HK$2,110,703,000) and HK$12,823,000 (2010: HK$2,750,000) are denominated in US$ and NT$, respectively.

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

29. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2011	2010
	HK$'000	HK$'000
Forward currency contracts	**9,970**	17,616

The Group has entered into various forward currency contracts to reduce its exposure to foreign currency exchange rate fluctuations. These forward currency contracts are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in fair value of non-hedging currency derivatives, amounting to a charge of HK$7,646,000 (2010: HK$17,278,000) 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$1,172,591,000 (2010: HK$1,265,445,000) 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

	2011	2010
	HK$'000	HK$'000
Authorised:		
2,000,000,000 shares of HK$0.1 each	**200,000**	200,000
Issued and fully paid:		
1,118,972,000 (2010: 1,132,914,000) shares of HK$0.1 each	**111,897**	113,291

30. SHARE CAPITAL *(Continued)*

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 and 1 January 2011	**1,132,914,000**	**113,291**	**690,137**	**803,428**
Repurchases of shares**	**(13,942,000)**	**(1,394)**	**(17,897)**	**(19,291)**
	1,118,972,000	**111,897**	**672,240**	**784,137**
Shares repurchases expenses	**–**	**–**	**(85)**	**(85)**
At 31 December 2011	**1,118,972,000**	**111,897**	**672,155**	**784,052**

* 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.

30. SHARE CAPITAL *(Continued)*

** During the year, the Company repurchased its own ordinary shares on the HKEx as follows:

Month/year	Number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate price paid HK$'000
September 2011	**1,318,000**	**1.49**	**1.42**	**1,923**
October 2011	**11,624,000**	**1.50**	**1.29**	**15,930**
November 2011	**1,000,000**	**1.48**	**1.42**	**1,438**
	13,942,000			**19,291**
			Total expenses on share repurchased	**85**
				19,376

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid on the repurchase of the shares of HK$17,897,000 was charged to share premium account.

Share options

Details of the Company's share option scheme 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 2011, a total of 10,215,774 (2010: 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.

31. EQUITY COMPENSATION PLANS *(Continued)*

(b) Share option scheme *(Continued)*

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.

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 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.

31. EQUITY COMPENSATION PLANS *(Continued)*

(b) Share option scheme *(Continued)*

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

	2011		2010	
	Weighted average exercise price HK$ per share	Number of options	Weighted average exercise price HK$ per share	Number of options
At 1 January	2.88	79,708,000	2.73	100,262,000
Exercised during the year	–	–	1.56	(15,016,000)
Lapsed during the year	3.18	(4,686,000)	3.59	(5,538,000)
Granted during the year	2.62	66,000,000	–	–
At 31 December	2.75	141,022,000	2.88	79,708,000

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

2011 Number of options	Exercise price* HK$ per share	Exercise period
40,000	1.56	7-11-2010 to 6-11-2016
14,448,000	1.56	7-11-2011 to 6-11-2016
14,219,333	2.75	7-11-2012 to 23-4-2018
14,219,333	2.75	7-11-2013 to 23-4-2018
14,219,334	2.75	7-11-2014 to 23-4-2018
3,690,000	4.15	7-11-2011 to 13-7-2019
3,690,000	4.15	7-11-2012 to 13-7-2019
3,690,000	4.15	7-11-2013 to 13-7-2019
3,690,000	4.15	7-11-2014 to 13-7-2019
3,690,000	4.15	7-11-2015 to 13-7-2019
4,307,999	2.62	7-11-2012 to 13-7-2019
4,308,000	2.62	7-11-2013 to 13-7-2019
4,308,000	2.62	7-11-2014 to 13-7-2019
17,500,667	2.62	7-11-2015 to 13-7-2019
17,500,667	2.62	7-11-2016 to 13-7-2019
17,500,667	2.62	7-11-2017 to 13-7-2019
141,022,000		

31. EQUITY COMPENSATION PLANS *(Continued)*

(b) Share option scheme *(Continued)*

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		

* 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.

The fair value of the share options granted during the year was HK$53,657,000 (HK$0.81 each). The Group recognised a share option expense of HK$29,167,000 (2010: HK$25,407,000) during the year ended 31 December 2011 in respect of share options granted in the current and prior years.

The fair value of equity-settled share options granted during the 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:

	2011
Dividend yield (%)	3.20
Expected volatility (%)	58.88 – 61.80
Risk-free interest rate (%)	1.25 – 2.24
Weighted average expected life of options (year)	3.73 – 7.12
Underlying price per share (HK$)	2.62

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 prior year was HK$3.06.

31. EQUITY COMPENSATION PLANS *(Continued)*

(b) Share option scheme *(Continued)*

At the end of the reporting period, the Company had 141,022,000 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 141,022,000 additional ordinary shares of the Company and additional share capital of HK$14,102,200 and share premium of HK$373,792,000 (before issue expenses).

Subsequent to the end of the reporting period, on 17 January 2012, a total of 110,148,000 share options were granted by the Company to its directors and certain employees of the Group. These share options vest from 7 November 2012 to 7 November 2017 and have an exercise price of HK$0.97 per share and an exercise period ranging from 7 November 2012 to 30 November 2019. The price of the Company's shares at the date of grant was HK$0.97 per share. These share options are designated by the Company as replacement awards of the previous 123,424,000 share options granted on 24 April 2008, 14 July 2009 and 3 May 2011, which were cancelled and replaced by these new share options.

Subsequent to the end of the reporting period, 3,310,000 share options were lapsed. At the date of approval of these financial statements, the Company had 126,146,000 share options outstanding under the Scheme, which represented approximately 11.3% of the Company's shares in issue 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 40 of the financial statements.

32. RESERVES *(Continued)*

(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 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)
At 31 December 2010 and 1 January 2011		**690,137**	**542,033**	**59,771**	**(50,173)**	**1,241,768**
Total comprehensive loss for the year	12	–	–	–	**(8,599)**	**(8,599)**
Repurchases of shares	30	**(17,897)**	–	–	–	**(17,897)**
Shares cancellation expenses	30	**(85)**	–	–	–	**(85)**
Share-based compensation arrangements	31	–	–	**29,167**	–	**29,167**
Proposed final dividend	13	–	**(89,518)**	–	–	**(89,518)**
As 31 December 2011		**672,155**	**452,515**	**88,938**	**(58,772)**	**1,154,836**

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. 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$4,040,669,000 (2010: HK$3,722,773,000) to banks in connection with banking facilities of bank loans granted to its subsidiaries, which were utilised to the extent of approximately HK$2,024,484,000 (2010: HK$1,468,295,000).

34. 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 three 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:

	2011 HK$'000	2010 HK$'000
Within one year	**12,192**	14,181
In the second to fifth years, inclusive	**5,560**	11,206
	17,752	25,387

35. COMMITMENTS

In addition to the operating lease commitments detailed in note 34 above, the Group had the following commitments as at the end of the reporting period:

	2011 HK$'000	2010 HK$'000
Contracted, but not provided for:		
Land and buildings	**68,805**	26,047
Machinery	**469,576**	294,218
Capital injection to an associate	**21,355**	–
Total capital commitments	**559,736**	320,265

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

36. 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	2011 HK$'000	2010 HK$'000
Purchase of production materials from:			
San Li (1)	(i)	**248**	216
Sunrise (2)	(i)	**107**	98
Jiang Su Inoac Juteng (3)	(i)	**4,825**	–
Sale of finished goods to:			
San Li	(ii)	**982**	648
Sunrise	(ii)	**11**	35
Jiang Su Inoac Juteng	(ii)	**7,443**	–
Rental expenses paid to:			
Ms. Lin Mei-Li (4)	(iii)	**66**	61

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) Jiang Su Inoac Juteng is an associate of the Group.

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

(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 2011 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.

36. RELATED PARTY TRANSACTIONS *(Continued)*

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

	2011 **HK$'000**	2010 HK$'000
Short term employee benefits	**7,623**	7,067
Employee share-based compensation expenses	**6,961**	5,542
Total compensation paid to key management personnel	**14,584**	12,609

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

37. 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:

2011

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 investments	–	–	24,768	24,768
Trade receivables	–	2,731,863	–	2,731,863
Financial assets included in prepayments, deposits and other receivables	–	509,599	–	509,599
Derivative financial instruments	9,970	–	–	9,970
Pledged bank balances and time deposits	–	43,347	–	43,347
Cash and cash equivalents	–	654,492	–	654,492
	9,970	3,939,301	24,768	3,974,039

37. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2011 *(Continued)*

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	**1,795,876**
Financial liabilities included in other payables and accruals	**921,614**
Interest-bearing bank borrowings	**2,622,031**
	5,339,521

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

37. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2010 *(Continued)*

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	1,581,300
Financial liabilities included in other payables and accruals	834,541
Bank advances on factored trade receivables	26,033
Interest-bearing bank borrowings	2,113,453
	4,555,327

Financial assets

	Company	
	2011 Loans and receivables HK$'000	2010 Loans and receivables HK$'000
Due from subsidiaries (note 19)	**486,975**	603,329
Cash and cash equivalents	**41**	42
	487,016	603,371

38. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts of the Group's and the Company's financial instruments as at 31 December 2011 and 2010 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 2011 and 2010, the Group's financial instruments which comprise available-for-sale investments and derivative financial instruments were measured at fair value.

39. 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.

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 HK$'000	Increase/ (decrease) in equity* HK$'000
2011			
United States dollar	**50**	**(13,046)**	–
United States dollar	**(50)**	**13,046**	–
2010			
United States dollar	50	(10,554)	–
United States dollar	(50)	10,554	–

* Excluding retained profits

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

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.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Renminbi 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 HK$'000	Increase/ (decrease) in equity* HK$'000
2011			
If United States dollar strengthens against Renminbi	**4.18**	**81,605**	–
If United States dollar weakens against Renminbi	**(4.18)**	**(81,605)**	–
2010			
If United States dollar strengthens against Renminbi	3.53	61,724	–
If United States dollar weakens against Renminbi	(3.53)	(61,724)	–

* 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 94% (2010: 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.

39. 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	**2011**			
	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	**1,795,876**	–	–	**1,795,876**
Other payables and accruals	**921,614**	–	–	**921,614**
Interest-bearing bank borrowings	**577,102**	**2,106,143**	–	**2,683,245**
	3,294,592	**2,106,143**	–	**5,400,735**

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 and accruals	834,541	–	–	834,541
Bank advances on factored trade receivables	26,033	–	–	26,033
Interest-bearing bank borrowings	778,372	1,374,794	–	2,153,166
	3,220,246	1,374,794	–	4,595,040

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

Liquidity risk *(Continued)*

Company	**2011**			
	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 (note 29 and 33)	**5,213,260**	–	–	**5,213,260**

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 (note 29 and 33)	4,988,218	–	–	4,988,218

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 2011. The Group's listed investment is listed on the 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 2011	**High/low 2011**	31 December 2010	High/low 2010
Taiwan – TSEC Weighted Index	**7,072**	**9,220/6,609**	8,973	8,990/7,032

39. 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
2011			
Investment listed in:			
Taiwan – Available-for-sale	**19,604**	**49.66**	**8,080**
	19,604	**(49.66)**	**(8,080)**
2010			
Investment listed in:			
Taiwan – Available-for-sale	41,681	34.26	11,852
	41,681	(34.26)	(11,852)

* 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 2011 and 31 December 2010.

39. 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	
	2011	2010
	HK$'000	HK$'000
Total bank borrowings	**2,622,031**	2,113,453
Total non-current assets	**6,345,211**	5,072,749
Total current assets	**5,027,312**	4,838,853
Total assets	**11,372,523**	9,911,602
Gearing ratio	**23%**	21%

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 March 2012.

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				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**8,234,507**	7,166,213	7,463,909	7,249,183	5,275,832
PROFIT BEFORE TAX	**287,108**	420,305	933,933	818,850	484,199
Income tax expense	**(50,361)**	(65,302)	(172,783)	(130,280)	(57,338)
PROFIT FOR THE YEAR	**236,747**	355,003	761,150	688,570	426,861
Attributable to:					
Equity holders of the Company	**256,625**	331,189	704,876	658,295	409,988
Non-controlling interests	**(19,878)**	23,814	56,274	30,275	16,873
	236,747	355,003	761,150	688,570	426,861

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2011	2010	2009	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**11,372,523**	9,911,602	9,521,470	7,144,456	5,224,299
TOTAL LIABILITIES	**(5,473,812)**	(4,686,113)	(4,960,799)	(4,163,041)	(3,039,919)
NON-CONTROLLING INTERESTS	**(1,157,041)**	(836,581)	(595,073)	(161,135)	(73,237)
	4,741,670	4,388,908	3,965,598	2,820,280	2,111,143