2014
ANNUAL REPORT

JU TENG INTERNATIONAL HOLDINGS LIMITED
巨騰國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 3336

CONTENTS

CORPORATE INFORMATION

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

Remuneration Committee

Mr. Cherng Chia-Jiun *(Chairman)*
Mr. Cheng Li-Yu
Mr. Huang Kuo-Kuang
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

Nomination Committee

Mr. Cheng Li-Yu *(Chairman)*
Mr. Huang Kuo-Kuang
Mr. Cherng Chia-Jiun
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

Corporate Governance Committee

Mr. Yip Wai Ming *(Chairman)*
Mr. Cheng Li-Yu
Mr. Huang Kuo-Kuang
Mr. Cherng Chia-Jiun
Mr. Tsai Wen-Yu

Legal Advisers as to Hong Kong Laws

Chiu & Partners

Auditors

Ernst & Young

Principal Bankers

ANZ Bank
Bank of China
Bank SinoPac
Chang Hwa Commercial Bank
China Development Industrial Bank
Chinatrust Commercial Bank
DBS Bank
E.Sun Bank
Fubon Bank
Mega International Commercial Bank
Taishin International Bank
Yuanta Commercial Bank

Registered Office

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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

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
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P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Website

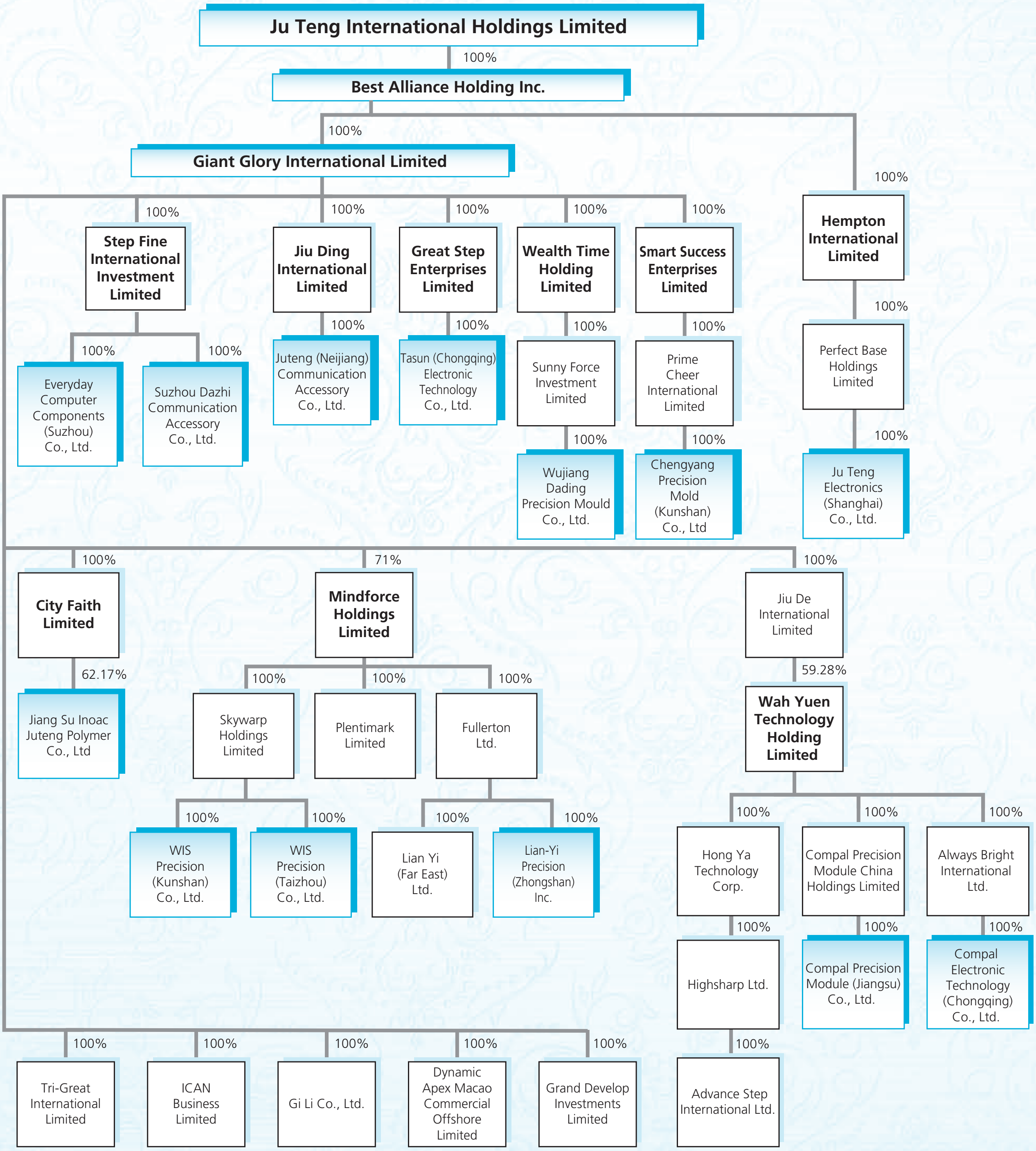
www.irasia.com/listco/hk/juteng

Stock Code

3336.HK and 9136.TT

GROUP STRUCTURE

As at 31 December 2014



CHAIRMAN'S STATEMENT

Overall market condition of personal computer improving, Ju Teng maintained a steady growth in business

In 2014, the recovery of the global economy remained sluggish. There were great variations among the different countries in their pace of economic development, and many obstacles remained on the road to economic recovery. According to data by the global market research institution, Canalys International ("Canalys"), the total shipment of personal computers in 2014 improved slightly at a year-on-year increase of 3%. In view of the overall improving market condition of personal computer, Ju Teng International Holdings Limited (the "Company" or "Ju Teng") recorded a turnover of approximately HK$9,571 million for the year ended 31 December 2014, representing a growth of approximately 3.4%. The growth was mainly contributed by Ju Teng's stable and dominant market share in notebook computer casing. At the same time, the Company and its subsidiaries (collectively, the "Group") rigorously engaged itself in the research and development of product diversification and the expansion of customer base. Thanks to these achievements, the Group reported a steady profit attributable to equity holders of approximately HK$765 million (2013:HK$762 million).

Increase production capacity to build a solid foundation for further market development

Notebook computer casing is Ju Teng's main business and provides a steady income source to the Group. As the global leader in notebook computer casing manufacturing, relying on our sophisticated casing technology and excellent market reputation, we have accumulated a very stable customer base over the years, and continuously expand our new customers.

In addition, in this age where smartphones are constantly upgraded and changed, and the penetration rate of tablet personal computer ("PC") among consumers is continuously increasing, during 2014, Ju Teng has rigorously pursued development in these two businesses and new customers. During the reporting period, we also successfully concluded a cooperation agreement regarding tablet PC casing with a well-known computer technology company, which brought us considerable income.

Furthermore, the Group successfully completed the factory expansion plans in the Jiangsu plant. This plant concentrates on the production of smartphone and tablet PC casings. The production capacity was increased substantially, making us well prepared for future development of the business.

Regarding materials, Ju Teng has given much importance in balancing the development of plastic casings, metal casings and composite material casings. Due to the Group's mature technological ability, and acceptance by the market, we have become a market leader in the plastic casing market.

In response to the market's huge appetite for metal casings and composite material casings, coupled with the materials' higher profit margins, the Group, during the reporting period, successfully completed the construction of our Chongqing plant, which concentrates on the production of metal casings.

In order to facilitate the procurement of equipment for the Group's production of products for customers, the Group had, in 2013 and 2014 respectively, signed contracts with a customer regarding equipment for sale and transfer at HK$660 million, where the customer would provide equipment for the Group to produce its products. This particular customer is one of the world's leading software and consumer electronics seller and manufacturer. This agreement not only reduced the capital requirement for investments in equipment, but more importantly, also signified the Group's long-term commitment and relationship with this customer, proving the leading position of Ju Teng as a one-stop casing solution provider for notebook computer, tablet PC and smartphone casings.

Prospects

Looking forward, Ju Teng is filled with hope and confidence.

First of all, based on market trends, Microsoft announced the launch of Windows 10 at the beginning of 2015, which will speed up the updating of old operating systems. In addition, the 2-in-1 and Microsoft's Ultrabook captured the market in 2014. It is expected that the above factors will help increase the sales volume of notebook computers in 2015.

Relying on the Group's rich experience and competitive edge in the notebook computer casing business, and our excellent relationship with the world's top notebook computer manufacturers, the Group is bound to be very competitive in the smartphone casing market. According to the forecast by the market research institution TrendForce, the smartphone market will continue to grow. In 2015, total shipment of smartphones in the world will increase by 12.4%, as compared to that of 2014. The Group is very optimistic about the performance of the smartphone casing segment in 2015.

We regard tablet PC as a substitute to a market niche between smartphones and notebook computers. It has enjoyed much popularity among consumers in the past few years; however, due to its limitations in functions, its growth has slowed down. Therefore, we expect some changes in its form, and functions, which now belong to notebook computers, will be added, in order to regain its popularity among consumers. The Group predicts these changes will increase the requirement for tablet PC casing. Since the Group is involved in all three segments of notebook computer, tablet PC and mobile phone casings, we are confident the Group will benefit from these changes.

Thanks to the Group's effective business strategy and ability to make sharp insights into the market, we will continue to seize development opportunities as they arise, in order to maintain and steadily grow our stable market share in our main business of notebook computer casing. The Group believes that our market share in metal and composite material casing will grow significantly after our Chongqing plant becomes fully operational. In addition, the relatively low taxes and a stable market condition, will all contribute to growth in profitability.

This is the tenth year since the Group has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). I would like to take this opportunity to express my heartfelt thanks to our shareholders, for their support and trust through the past decade. Together with us, our shareholders had witnessed the Group's development from a single line of business of notebook computer casing supply to a one-stop casing solution provider of multi-products and multi-materials. These achievements are the efforts of the Group's management team and the hard work of our dedicated staff. Thanks to them, Ju Teng can maintain a stable and satisfactory growth in our results in this challenging market, and try our best endeavor to achieve continuous breakthroughs.

Cheng Li-Yu
Chairman

Hong Kong
17 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review & Prospects

In the year of 2014, global economy growth has slowed down in the complex and dynamic environment. Nevertheless, the performance of PC, tablet PC and smartphones have been satisfactory. The latest report released by Gartner Consulting Inc. ("Gartner") showed that in 2014, sales of PC, tablet PC and smartphones worldwide rose from 2.334 billion in 2013 to 2.433 billion in 2014, representing a year-on-year increase of 4.2%. Thanks to Ju Teng's leading position in the notebook computer casing market worldwide as well as its diversified product portfolio, the Company maintained growth in a stable pace while the industry is in steady development.

Due to the introduction of tablet PC and its sharp growth in sales in the past few years, the demand for PC has been partly diverted, and in particular, has impacted the market of notebook computer severely, bringing notebook computer market worldwide into a long period of downturn. Although tablet PC can serve as the product between smartphones and notebook PC, its limitation in functions makes its replacement of the notebook PC unlikely, and as supplemented by the wave of evolution of commercial computer brought by the end of support to Windows XP by Microsoft in the first half of 2014, the notebook PC market has recovered to a steady pace during the year. A report by Canalys showed that PC sales in total have increased by 3% in that of 2014 compared to the previous year. Since notebook PC casing is a major product line of the Group and represents a large portion of our revenue, this ensures the Company to enjoy a steady profit. Meanwhile, sales of individual low-priced notebook PC have been remarkable in the second half of the year. The notebook PC casing business has been stable for the Company.

According to International Data Corporation ("IDC"), sales of tablet PC worldwide grew by only 4.4% in 2014, representing a sharp decrease as compared to that of 2013. As screen size of smartphones grow larger, and new models of notebook PC such as 2-in-1 PC and ultrabook are launched, the advantages of tablet PC and the appeal to consumers are fading. According to Gartner, growth in tablet PC will continue to decelerate in the future. Despite the uncertain prospect of development in tablet PC, we believe there still exists reasonable room for development for tablet PC casing in Ju Teng for the short term. During the year, Ju Teng has successfully entered into agreements with a famed computer technology company and will be producing high-end tablet PC casing, bringing significant growth to the tablet PC industry.

During the year, sales of smartphone have continued to grow. According to data published by IDC, the annual sales of smartphone has reached nearly 1.3 billion in 2014, representing a year-on-year increase of 26.3%. It is expected that sales of smartphones in 2015 will maintain such excellent streak. As Apple launches its sixth generation smartphone and consumers become fonder of large screen smartphones, as well as the frequent evolution of smartphones from high to low end products, the sales of smartphones have continued to grow. Ju Teng entered the smartphone casing industry in August 2013. This relatively recent product accounts for a smaller portion in the Company's revenue. Ju Teng finished the construction of plants in Chongqing and expansion in Jiangsu to respond to the overflow of orders. In the long term, the Company will favour in developing metal casing and composite material casing with higher gross margin. As the mainstream brands are dominating the capacities of metal casing of smartphones, Ju Teng will closely monitor the mainstream designs and is determined to gain more orders through cooperation with various brands. Meanwhile, the Company will continue to maintain balance in capacity expansion, so that stable operation is maintained. The Company has reasonable competitiveness in smartphone casing industry due to its excellent brand image in the notebook PC casing industry as well as the close cooperation with original design manufacturers, it is believed that this will continue to bring revenue to the Company in the future.

For the casing materials, Ju Teng mainly develops and manufactures plastic casings, metal casings and composite material casings. Among the others, the market share of plastic casings has maintained a desired level. Thanks to the distinctive management as well as our commitment to research and development, Ju Teng masters sophisticated casing techniques in plastic casing area and outperforms our peers. In the second half of 2014, the plastic casings business of the Group remained stable due to the great popularity of notebook PC with low price. In addition, the metal casings and composite material casings businesses with higher profit margin maintained a stable performance during the year. The Phase 1 of Chongqing plant, which focuses on the metal casings, has put into operation in the end of the year, and the production capacity will increase gradually based on the bulk order received. Therefore, the strategy of promoting these two sorts of materials by Ju Teng aims at improving the gross profit margin, and is expected to be reflected in our future results.

Ju Teng will be approaching the 10th anniversary of its listing on the Hong Kong Stock Exchange. After years of ups and downs, Ju Teng has shown remarkable resilience and delivered outstanding results after the challenges, consolidating its leading position in the market. Our excellent performance is attributable to the cautious development approach of the Group on an ongoing basis. Together with the comprehensive casing solution and the leading market position of Ju Teng, as well as the long-term support of the brands and the original design manufacturers, the management is confident of Ju Teng's development in the next decade.

Looking ahead, Office 365 of Microsoft will be available for over 35,000 educational institutions for free according to the reports of foreign media in the end of 2014, providing enormous opportunity for the popularity of notebook computers in schools. In addition, the launch of Windows 10 by Microsoft in the beginning of 2015 and the rapid replacement of the older version will play a positive role on notebook PC shipments in 2015 to a certain extent. Moreover, in 2014, the 2-in-1 PCs and the ultrabooks developed by Mircosoft have become new types of electronic devices which are well received by the customers. Having taken into account all of the above favorable factors, the management is optimistic about the notebook PC casing business of the Group in 2015.

In the future, Ju Teng, being a global leading casing manufacturer, will maintain its existing markets while continuing to explore new markets and conduct research and development on new products so as to keep abreast of the market trend, seize the business opportunities and promote the development of various businesses in an ongoing and proactive manner. Ju Teng will continue to improve the profit mix by ways of proactive adjustment of the market strategies, flexible optimization of product and material mix, reasonable allocation of production capacity, reduction of cost, enhancement of efficiency based on market dynamics and will strive to record a higher gross profit margin. Leveraging on our track record in casing market, the management believes that Ju Teng will continue to bring sustainable returns to its investors in the future.

Financial Review

There was a slight increase of the Group's revenue of approximately 3.4% to approximately HK$9,571 million (2013: HK$9,257 million). As a result of the higher development costs for the new products of the customer, the lower yield rate for the initial production, and the lower margin notebook computers, the Group's gross profit margin during the year dropped to approximately 18.9% (2013: 20.2%).

During the year, due to the increase in various government subsidies received by certain subsidiaries of the Company in the PRC, the Group recorded an increase of approximately 167.6% in other income to approximately HK$176 million (2013: HK$66 million), accounting for approximately 1.8% (2013: 0.7%) of the Group's turnover.

Due to the commencement of production of the plants in Chongqing City and the expansion of production capacity of production plants in Sichuan Province and Jiangsu Province, the Group recorded an increase in operating costs of approximately 15.8%, including administrative expenses, and selling and distribution costs, to approximately HK$790 million (2013: HK$683 million) during the year, accounting for approximately 8.3% (2013: 7.4%) of the Group's turnover.

During the year, due to the incurrence of an one-off impairment on property, plant and equipment in the amount of approximately HK$47 million as a result of change in mode of operations and shift in production mix, the Group recorded an increase in other expenses of approximately 47.6% to approximately HK$92 million (2013: HK$62 million), accounting for approximately 1.0% (2013: 0.7%) of the Group's turnover.

Finance costs increased by approximately 45.8% to approximately HK$90 million (2013: HK$62 million) for the year as compared to that of the same period in 2013, which was mainly attributable to the increase in bank borrowings and interest rates. Interest capitalised during the year was approximately HK$14 million (2013: HK$14 million).

Income tax expenses decreased by approximately 27.6% to approximately HK$185 million (2013: HK$255 million) for the year as compared to that of 2013, which was mainly attributable to the incurrence of an one-off withholding tax expense in the amount of approximately HK$51 million in relation to the repatriation of dividends declared by certain subsidiaries of the Company in the PRC for the year ended 31 December 2013.

The profit attributable to equity holders for the year amounted to approximately HK$765 million (2013: HK$762 million), representing an increase of approximately 0.3% when compared to that of last year. The increase in the profit attributable to equity holders was mainly attributable to the increase in the Group's other income and decrease in income tax expenses.

Liquidity and Financial Resources

As at 31 December 2014, total bank borrowings of the Group amounted to approximately HK$4,718 million (31 December 2013: HK$4,298 million), representing an increase of approximately 9.8% as compared to that of 31 December 2013. The Group's bank borrowings include short-term loans with 1-year maturity, 2-year term loans and 3-year revolving syndicated loans. As at 31 December 2014, the Group's bank loans denominated in United States dollar ("USD") and New Taiwan Dollars were approximately HK$4,658 million (31 December 2013: HK$4,231 million) and approximately HK$60 million (31 December 2013: HK$67 million) respectively.

During the year, the Group's cashflow from operating activities increased to approximately HK$2,242 million from approximately HK$1,056 million last year mainly due to a decrease in trade receivables. As a result of the purchase of fixed assets for the expansion of production plants in Jiangsu Province and the establishment of new production plant in Chongqing City, the Group recorded a net cash outflow from investing activities of approximately HK$1,826 million (2013: HK$1,292 million). During the year, due to the additional bank borrowings obtained to finance the expansion of production capacities, the Group recorded a net cash inflow from financing activities of approximately HK$161 million (2013: HK$95 million). As at 31 December 2014, the Group had cash and bank balances of approximately HK$1,564 million (31 December 2013: HK$1,061 million).

As at 31 December 2014, the Group's gearing ratio, calculated as total bank borrowings of approximately HK$4,718 million (31 December 2013: HK$4,298 million) divided by total assets of approximately HK$16,132 million (31 December 2013: HK$14,718 million) was 29.2% (31 December 2013: 29.2%).

Pledge of Assets

As at 31 December 2014 and 31 December 2013, the Group did not have any leasehold land and buildings and machinery pledged to secure banking facilities granted to the Group.

As at 31 December 2014 and 31 December 2013, 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 Renminbi ("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 as needed to mitigate possible exchange losses in relation to the fluctuations in the values of the USD and RMB.

Employees

As at 31 December 2014, the Group had approximately 39,000 employees (31 December 2013: 36,000 employees). The Group recorded staff costs (excluding directors' remuneration) of approximately HK$2,294 million (2013: HK$2,034 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 that of 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 2014, the capital commitments which the Group had contracted for but were not provided for in the financial information in respect of the acquisition of land, buildings, machinery and office equipment amounted to approximately HK$232 million (31 December 2013: HK$877 million).

As at 31 December 2013, the capital commitments which the Group had authorized for but were not contracted for in the financial information in respect to the acquisition of land and buildings amounted to approximately HK$70 million.

Contingent Liabilities

As at 31 December 2014, the Group did not have any significant contingent liabilities.

Directors

Executive Directors

Mr. Cheng Li-Yu (鄭立育), aged 56, is the chairman of the Group and director of certain subsidiaries of the 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 29 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 61, is an executive Director and director of certain subsidiaries of the Group. 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 23 years ago 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 54, is an executive Director and director of certain subsidiaries of the Group. 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 22 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 51, is an executive Director and director of certain subsidiaries of the Group. 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 55, is an executive Director and director of certain subsidiaries of the Group. 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. Tsui Yung Kwok (徐容國), aged 46, is an executive Director and director of a subsidiary of the Group, 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 22 years' experience in accounting and finance. He has been an independent non-executive director of Shenguan Holdings (Group) Limited (Stock code: 829) since 19 September 2009, SITC International Holdings Company Limited (Stock code: 1308) since 10 September 2010, 361 Degrees International Limited (Stock code: 1361) since 1 September 2012 and Cabbeen Fashion Limited (Stock code: 2030) since 18 February 2013. Mr. Tsui was appointed as an executive Director on 10 June 2005.

Independent non-executive Directors

Mr. Cherng Chia-Jiun (程嘉君), aged 60, 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 Azion Corporation, whose shares are traded on the Taiwan OTC Market and a part-time lecturer of Shih Chien University. He was also the director and President of 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 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 Zinwell Corporation and the supervisor of 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 61, 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, and is the independent director of Maywufa Company Ltd., a company listed on the TSEC. Mr. Tsai was appointed as an independent non-executive Director on 10 June 2005.

Mr. Yip Wai Ming (葉偉明), aged 49, is an independent non-executive Director. He has more than 24 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, Far East Horizon Limited (Stock code: 3360) since 11 March 2011, Poly Culture Group Corporation Limited (Stock code: 3636) since December 2013 and Yida China Holdings Limited (stock code: 3639) since 1 June 2014. Mr. Yip was appointed as an independent non-executive Director on 25 May 2006.

Senior Management

Mr. Huang Cheng Pin (黃正斌), aged 49, is an assistant to Mr. Cheng Li-Yu. He joined the Group in 2003. Mr. Huang has over 17 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 49, is an assistant to Mr. Cheng Li-Yu. He joined the Group in 2003. Mr. Lu has over 24 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 55, 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 46, 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 22 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 57, 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 26 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. Cheng Li-Chen (鄭立晨), aged 45, is an associate vice president of the Group who joined the Group in 2002. He has been working in the plastic product surface coating industry for over 25 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 49, 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 25 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.

MANAGEMENT PROFILE

Mr. Cheng Hsing-Liang (鄭行良), aged 51, 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 27 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 54, is an associate vice president of the Group who joined the Group in 2003. He has been working in the plastic moulding industry for 26 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 40, is an associate vice president of the Group who joined the Group in 2003. He has 19 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. Chen Yung-Chang (陳永昌), aged 54, is a vice president of the Group. He was the chairman of Chengyang Precision Mould (Kunshan) Co., Ltd, and he founded a sole proprietorship in Taiwan, namely Chengyang Industrial Co., Ltd., which was specialized in the manufacture of notebook computers moulds in 1994. In order to smoothing of the production processes by vertical integration, the Group had acquired his company in 2008 and he joined the Group since then.

Mr. Lin Feng-Chieh (林豐杰), aged 56, is a vice president of the Group who joined the Group in September 2011 and obtained a MBA from the University of Leicester, UK. He worked at Arima Computer Corporation from 1990 to 2005, served as a senior vice president at the R & D center of notebook computer, responsible for the leading and management of the R & D team to carry out the development of notebook computer. He worked at Huafu Technology Co., Ltd., as the chief technology officer of the group and a general manager of Taiwan business from 2006 to 2008, responsible for the planning of the new technology R & D strategy of the group, and the operating strategic planning and operational management of the Taiwan business. He worked at Flextronics, an American computer business group, served as a senior director of R & D center of notebook computer from 2008 to June 2011, responsible for the leading and management of the mechanical design team to carry out the development of the notebook computer. He is currently responsible to monitor the development of new technology-related businesses of the Group.

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 2014.

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 2014 and the state of affairs of the Company and the Group at 31 December 2014 are set out in the financial statements on pages 46 to 127.

The Directors recommend the payment of a final dividend of HK$0.15 per share in respect of the year ended 31 December 2014 (2013: HK$0.15 per share) to shareholders whose names appear on the register of members of the Company on 18 May 2015.

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 128. This summary does not form part of the audited financial statements of the Group for the year ended 31 December 2014.

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 (the "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, Sale or Redemption of Listed Securities of the Company

During the year ended 31 December 2014, the Company repurchased a total of 27,188,000 ordinary shares of the Company on the Hong Kong Stock Exchange at an aggregate consideration (before expenses) of HK$99,570,000.

Particulars of the repurchases were as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per ordinary share Highest HK$	Lowest HK$	Aggregate purchase price paid HK$'000
December 2014	27,188,000	3.85	3.20	99,570
		Total expenses on shares repurchased		325
				99,895

Among the 27,188,000 shares repurchased, 22,210,000 of which 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 remaining 4,978,000 repurchased shares were cancelled in January 2015.

The above repurchases were effected by the Directors pursuant to the mandate from shareholders approved at the previous 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, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

EVENT AFTER THE REPORTING PERIOD

In January 2015, the Company repurchased and cancelled a total of 5,340,000 ordinary shares of the Company on the Hong Kong Stock Exchange at an aggregate consideration (before expenses) of HK$20,653,000.

Particulars of the repurchases were as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per ordinary share Highest HK$	Lowest HK$	Aggregate purchase price paid HK$'000
January 2015	5,340,000	3.93	3.68	20,653
		Total expenses on shares repurchased		67
				20,720

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 2014, the Company's reserves available for distribution, as calculated in accordance with the provisions of the Companies Law of the Cayman Islands, amounted to approximately HK$631,844,000.

Charitable Contributions

During the year, the Group made charitable contributions of approximately HK$302,000.

Major Customers and Suppliers

In the year under review, sales to the Group's five largest customers accounted for approximately 79% of the total sales for the year and sales to the largest customer amounted to approximately 25% 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.

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.

According to code provision A.4.3 of Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), if an independent non-executive Director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by Shareholders. For the reason that Mr. Tsai Wen-Yu has served as an independent non-executive Director of the Company for more than nine years, he will retire as Director, and being eligible, will offer himself for re-election at the forthcoming annual general meeting of the Company.

The Company has received annual confirmations of independence pursuant to Rule 3.13 of the Listing Rules from all the three independent non-executive Directors namely, 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 11 to 14 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 entered into an appointment letter with the Company 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 entered into an appointment letter with the Company 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 an independent non-executive Director, has entered into an appointment letter with the Company 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 Company and the Subsidiary(ies) within one year without payment of compensation, other than statutory compensation.

Directors' and Senior Managements' 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.

The remuneration of the senior management of the Group by band for the year ended 31 December 2014 is set out below:

Remuneration bands	Number of senior management
HK$500,001 to HK$1,000,000	3
HK$1,000,001 to HK$1,500,000	4
HK$1,500,001 to HK$2,000,000	5
	12

Further details of the Directors' remuneration and the five highest paid employees are set out in notes 9 and 10 to the financial statements, respectively.

Directors' Interests in Contracts

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

Management Contracts

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

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

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

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 31 December 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (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)*	303,240,986 (L) ordinary Shares	26.10%
	Beneficial owner	20,000,000 (L) ordinary Shares	1.72%
	Interest of spouse *(Note 3)*	7,064,046 (L) ordinary Shares	0.61%
Mr. Cheng Li-Yen	Beneficiary of a trust *(Note 2)*	303,240,986 (L) ordinary Shares	26.10%
Mr. Cherng Chia-Jiun	Beneficial owner	104,000 (L) ordinary Shares	0.01%
Mr. Huang Kuo-Kuang	Beneficial owner	6,175,866 (L) ordinary Shares	0.53%
	Interest of spouse *(Note 4)*	2,300,631 (L) ordinary Shares	0.20%
Mr. Hsieh Wan-Fu	Beneficial owner	2,728,432 (L) ordinary Shares	0.23%
Mr. Lo Jung-Te	Beneficial owner	7,619,942 (L) ordinary Shares	0.66%
Mr. Tsai Wen-Yu	Beneficial owner	70,000 (L) ordinary Shares	0.01%
Mr. Tsui Yung Kwok	Beneficial owner	4,550,000 (L) ordinary Shares	0.39%
Mr. Yip Wai Ming	Beneficial owner	70,000 (L) ordinary Shares	0.01%

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	1,665,000(L) *(Note 2)*	N/A	N/A	0.14%
Mr. Cherng Chia-Jiun	Beneficial owner	1,000 (L) *(Note 3)*	7-11-2014 to 30-11-2019	HK$0.97	0.00% *(Note 5)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2015 to 30-11-2019	HK$0.97	0.00% *(Note 5)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2016 to 30-11-2019	HK$0.97	0.00% *(Note 5)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2017 to 30-11-2019	HK$0.97	0.00% *(Note 5)*
	Beneficial owner	60,000 (L) *(Note 4)*	7-11-2018 to 31-8-2024	HK$4.59	0.00% *(Note 5)*
	Beneficial owner	60,000 (L) *(Note 4)*	7-11-2019 to 31-8-2024	HK$4.59	0.00% *(Note 5)*
	Beneficial owner	60,000 (L) *(Note 4)*	7-11-2020 to 31-8-2024	HK$4.59	0.00% *(Note 5)*
	Beneficial owner	60,000 (L) *(Note 4)*	7-11-2021 to 31-8-2024	HK$4.59	0.00% *(Note 5)*

Name of Director	Nature of interest	Number of underlying Shares *(Note 1)*	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
	Beneficial owner	60,000 (L) *(Note 4)*	7-11-2022 to 31-8-2024	HK$4.59	0.00% *(Note 5)*
Mr. Huang Kuo-Kuang	Beneficial owner	1,000 (L) *(Note 3)*	7-11-2014 to 30-11-2019	HK$0.97	0.00% *(Note 5)*
	Beneficial owner	251,000 (L) *(Note 3)*	7-11-2015 to 30-11-2019	HK$0.97	0.02% *(Note 5)*
	Beneficial owner	251,000 (L) *(Note 3)*	7-11-2016 to 30-11-2019	HK$0.97	0.02% *(Note 5)*
	Beneficial owner	251,000 (L) *(Note 3)*	7-11-2017 to 30-11-2019	HK$0.97	0.02% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2018 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2019 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2020 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2021 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2022 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
Mr. Hsieh Wan-Fu	Beneficial owner	402,000 (L) *(Note 3)*	7-11-2015 to 30-11-2019	HK$0.97	0.03% *(Note 5)*
	Beneficial owner	402,000 (L) *(Note 3)*	7-11-2016 to 30-11-2019	HK$0.97	0.03% *(Note 5)*
	Beneficial owner	402,000 (L) *(Note 3)*	7-11-2017 to 30-11-2019	HK$0.97	0.03% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2018 to 31-8-2024	HK$4.59	0.02% *(Note 5)*

Name of Director	Nature of interest	Number of underlying Shares *(Note 1)*	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2019 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2020 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2021 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2022 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
Mr. Lo Jung-Te	Beneficial owner	402,000 (L) *(Note 3)*	7-11-2015 to 30-11-2019	HK$0.97	0.03% *(Note 5)*
	Beneficial owner	402,000 (L) *(Note 3)*	7-11-2016 to 30-11-2019	HK$0.97	0.03% *(Note 5)*
	Beneficial owner	402,000 (L) *(Note 3)*	7-11-2017 to 30-11-2019	HK$0.97	0.03% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2018 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2019 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2020 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2021 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2022 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
Mr. Tsai Wen-Yu	Beneficial owner	1,000 (L) *(Note 3)*	7-11-2014 to 30-11-2019	HK$0.97	0.00% *(Note 5)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2015 to 30-11-2019	HK$0.97	0.00% *(Note 5)*

Name of Director	Nature of interest	Number of underlying Shares *(Note 1)*	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2016 to 30-11-2019	HK$0.97	0.00% *(Note 5)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2017 to 30-11-2019	HK$0.97	0.00% *(Note 5)*
	Beneficial owner	60,000 (L) *(Note 4)*	7-11-2018 to 31-8-2024	HK$4.59	0.00% *(Note 5)*
	Beneficial owner	60,000 (L) *(Note 4)*	7-11-2019 to 31-8-2024	HK$4.59	0.00% *(Note 5)*
	Beneficial owner	60,000 (L) *(Note 4)*	7-11-2020 to 31-8-2024	HK$4.59	0.00% *(Note 5)*
	Beneficial owner	60,000 (L) *(Note 4)*	7-11-2021 to 31-8-2024	HK$4.59	0.00% *(Note 5)*
	Beneficial owner	60,000 (L) *(Note 4)*	7-11-2022 to 31-8-2024	HK$4.59	0.00% *(Note 5)*
Mr. Tsui Yung Kwok	Beneficial owner	1,000 (L) *(Note 3)*	7-11-2014 to 30-11-2019	HK$0.97	0.00% *(Note 5)*
	Beneficial owner	251,000 (L) *(Note 3)*	7-11-2015 to 30-11-2019	HK$0.97	0.02% *(Note 5)*
	Beneficial owner	251,000 (L) *(Note 3)*	7-11-2016 to 30-11-2019	HK$0.97	0.02% *(Note 5)*
	Beneficial owner	251,000 (L) *(Note 3)*	7-11-2017 to 30-11-2019	HK$0.97	0.02% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2018 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2019 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2020 to 31-8-2024	HK$4.59	0.02% *(Note 5)*

Name of Director	Nature of interest	Number of underlying Shares *(Note 1)*	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2021 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
	Beneficial owner	200,000 (L) *(Note 4)*	7-11-2022 to 31-8-2024	HK$4.59	0.02% *(Note 5)*
Mr. Yip Wai Ming	Beneficial owner	1,000 (L) *(Note 3)*	7-11-2014 to 30-11-2019	HK$0.97	0.00% *(Note 5)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2015 to 30-11-2019	HK$0.97	0.00% *(Note 5)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2016 to 30-11-2019	HK$0.97	0.00% *(Note 5)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2017 to 30-11-2019	HK$0.97	0.00% *(Note 5)*
	Beneficial owner	60,000 (L) *(Note 4)*	7-11-2018 to 31-8-2024	HK$4.59	0.00% *(Note 5)*
	Beneficial owner	60,000 (L) *(Note 4)*	7-11-2019 to 31-8-2024	HK$4.59	0.00% *(Note 5)*
	Beneficial owner	60,000 (L) *(Note 4)*	7-11-2020 to 31-8-2024	HK$4.59	0.00% *(Note 5)*
	Beneficial owner	60,000 (L) *(Note 4)*	7-11-2021 to 31-8-2024	HK$4.59	0.00% *(Note 5)*
	Beneficial owner	60,000 (L) *(Note 4)*	7-11-2022 to 31-8-2024	HK$4.59	0.00% *(Note 5)*

Notes:

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

2. The long position in the underlying Shares comprised 1,665,000 units of Taiwan depositary receipts on the Taiwan Stock Exchange Corporation, representing 1,665,000 Shares.

3. The long position in the underlying Shares comprised 106,000, 754,000, 1,206,000, 1,206,000, 106,000, 754,000 and 106,000 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 17 January 2012 under the share option scheme of the Company (the "Share Option Scheme") and such share options remained outstanding as at 31 December 2014.

4. The long position in the underlying Shares comprised 300,000, 1,000,000, 1,000,000, 1,000,000, 300,000, 1,000,000 and 300,000 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 2 September 2014 under the Share Option Scheme and such share options remained outstanding as at 31 December 2014.

5. This percentage was calculated on the basis of 1,281,972,000 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 2014, 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 Hong Kong Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in note 31 to the financial statements, at no time during the year were there rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or minor (natural or adopted), or were such rights exercised by them; nor was the Company or any of the Subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Share Option Scheme

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

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

Name or category of participant	Number of share options: At 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2014	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
Directors									
Mr. Cherng Chia-Jiun	2,000	–	(2,000)	–	–	17-1-2012	7-11-2013 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	(34,000)	–	1,000	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	35,000	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	35,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	35,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	–	60,000	–	–	60,000	2-9-2014	7-11-2018 to 31-8-2024	HK$4.59	HK$4.53
	–	60,000	–	–	60,000	2-9-2014	7-11-2019 to 31-8-2024	HK$4.59	HK$4.53
	–	60,000	–	–	60,000	2-9-2014	7-11-2020 to 31-8-2024	HK$4.59	HK$4.53
	–	60,000	–	–	60,000	2-9-2014	7-11-2021 to 31-8-2024	HK$4.59	HK$4.53
	–	60,000	–	–	60,000	2-9-2014	7-11-2022 to 31-8-2024	HK$4.59	HK$4.53
	142,000	300,000	(36,000)	–	406,000				
Mr. Huang Kuo-Kuang	2,000	–	(2,000)	–	–	17-1-2012	7-11-2013 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	(250,000)	–	1,000	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	251,000	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	251,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	251,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	–	200,000	–	–	200,000	2-9-2014	7-11-2018 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	200,000	2-9-2014	7-11-2019 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	200,000	2-9-2014	7-11-2020 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	200,000	2-9-2014	7-11-2021 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	200,000	2-9-2014	7-11-2022 to 31-8-2024	HK$4.59	HK$4.53
	1,006,000	1,000,000	(252,000)	–	1,754,000				

	Number of share options								
Name or category of participant	At 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2014	Grant date *(Note 1)*	Exercise period	Exercise price per Share *(Note 2)*	Closing price per Share immediately before the grant date
Mr. Hsieh Wan-Fu	402,000	–	(402,000)	–	–	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	402,000	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	402,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	402,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	–	200,000	–	–	200,000	2-9-2014	7-11-2018 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	200,000	2-9-2014	7-11-2019 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	200,000	2-9-2014	7-11-2020 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	200,000	2-9-2014	7-11-2021 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	200,000	2-9-2014	7-11-2022 to 31-8-2024	HK$4.59	HK$4.53
	1,608,000	1,000,000	(402,000)	–	2,206,000				
Mr. Lo Jung-Te	402,000	–	(402,000)	–	–	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	402,000	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	402,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	402,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	–	200,000	–	–	200,000	2-9-2014	7-11-2018 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	200,000	2-9-2014	7-11-2019 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	200,000	2-9-2014	7-11-2020 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	200,000	2-9-2014	7-11-2021 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	200,000	2-9-2014	7-11-2022 to 31-8-2024	HK$4.59	HK$4.53
	1,608,000	1,000,000	(402,000)	–	2,206,000				

Name or category of participant	Number of share options At 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2014	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
Mr. Tsai Wen-Yu	2,000	–	(2,000)	–	–	17-1-2012	7-11-2013 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	(34,000)	–	1,000	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	35,000	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	35,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	35,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	–	60,000	–	–	60,000	2-9-2014	7-11-2018 to 31-8-2024	HK$4.59	HK$4.53
	–	60,000	–	–	60,000	2-9-2014	7-11-2019 to 31-8-2024	HK$4.59	HK$4.53
	–	60,000	–	–	60,000	2-9-2014	7-11-2020 to 31-8-2024	HK$4.59	HK$4.53
	–	60,000	–	–	60,000	2-9-2014	7-11-2021 to 31-8-2024	HK$4.59	HK$4.53
	–	60,000	–	–	60,000	2-9-2014	7-11-2022 to 31-8-2024	HK$4.59	HK$4.53
	142,000	300,000	(36,000)	–	406,000				
Mr. Tsui Yung Kwok	2,000	–	(2,000)	–	–	17-1-2012	7-11-2013 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	(250,000)	–	1,000	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	251,000	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	251,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	251,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	–	200,000	–	–	200,000	2-9-2014	7-11-2018 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	200,000	2-9-2014	7-11-2019 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	200,000	2-9-2014	7-11-2020 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	200,000	2-9-2014	7-11-2021 to 31-8-2024	HK$4.59	HK$4.53
	–	200,000	–	–	200,000	2-9-2014	7-11-2022 to 31-8-2024	HK$4.59	HK$4.53
	1,006,000	1,000,000	(252,000)	–	1,754,000				

Name or category of participant	At 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2014	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	Number of share options								
Mr. Yip Wai Ming	2,000	–	(2,000)	–	–	17-1-2012	7-11-2013 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	(34,000)	–	1,000	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	35,000	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	35,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	35,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	–	60,000	–	–	60,000	2-9-2014	7-11-2018 to 31-8-2024	HK$4.59	HK$4.53
	–	60,000	–	–	60,000	2-9-2014	7-11-2019 to 31-8-2024	HK$4.59	HK$4.53
	–	60,000	–	–	60,000	2-9-2014	7-11-2020 to 31-8-2024	HK$4.59	HK$4.53
	–	60,000	–	–	60,000	2-9-2014	7-11-2021 to 31-8-2024	HK$4.59	HK$4.53
	–	60,000	–	–	60,000	2-9-2014	7-11-2022 to 31-8-2024	HK$4.59	HK$4.53
	142,000	300,000	(36,000)	–	406,000				
Other employees									
In aggregate	250,132	–	(250,132)	–	–	17-1-2012	7-11-2013 to 30-11-2019	HK$0.97	HK$0.93
	15,635,467	–	(15,127,868)	(407,500)	100,099	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	15,635,467	–	–	(407,500)	15,227,967	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	15,635,467	–	–	(407,500)	15,227,967	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	15,635,467	–	–	(407,500)	15,227,967	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	–	350,000	–	–	350,000	2-9-2014	7-11-2014 to 31-8-2024	HK$4.59	HK$4.53
	–	380,000	–	–	380,000	2-9-2014	7-11-2015 to 31-8-2024	HK$4.59	HK$4.53
	–	380,000	–	–	380,000	2-9-2014	7-11-2016 to 31-8-2024	HK$4.59	HK$4.53
	–	378,000	–	–	378,000	2-9-2014	7-11-2017 to 31-8-2024	HK$4.59	HK$4.53
	–	12,664,000	–	–	12,664,000	2-9-2014	7-11-2018 to 31-8-2024	HK$4.59	HK$4.53
	–	12,732,000	–	–	12,732,000	2-9-2014	7-11-2019 to 31-8-2024	HK$4.59	HK$4.53
	–	12,696,000	–	–	12,696,000	2-9-2014	7-11-2020 to 31-8-2024	HK$4.59	HK$4.53
	–	12,732,000	–	–	12,732,000	2-9-2014	7-11-2021 to 31-8-2024	HK$4.59	HK$4.53
	–	12,788,000	–	–	12,788,000	2-9-2014	7-11-2022 to 31-8-2024	HK$4.59	HK$4.53
	62,792,000	65,100,000	(15,378,000)	(1,630,000)	110,884,000				
	68,446,000	70,000,000	(16,794,000)	(1,630,000)	120,022,000				

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.

Substantial Shareholders' Interests in Shares

As at 31 December 2014, 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	303,240,986 (L) ordinary Shares	26.10%
Shine Century Assets Corp. *(Note 2)*	Interest of a controlled corporation	303,240,986 (L) ordinary Shares	26.10%
East Asia International Trustees Limited *(Note 2)*	Trustee (other than a bare trustee)	303,240,986 (L) ordinary Shares	26.10%
Ms. Lin Mei-Li *(Note 3)*	Beneficial owner	7,064,046 (L) ordinary Shares	0.61%
	Interest of spouse	323,240,986 (L) ordinary Shares	27.82%
AllianceBernstein L.P.	Investment manager	63,015,000 (L) ordinary Shares	5.42%
	Interest of a controlled corporation *(Note 4)*	7,308,849 (L) ordinary Shares	0.63%
Allianz SE	Interest of a controlled corporation *(Note 5)*	68,933,284 (L) ordinary Shares	5.93%
Templeton Asset Management Ltd.	Investment manager	82,870,000 (L) ordinary Shares	7.13%

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 International LLC which in turn had 100% control in AllianceBernstein Corporation of Delaware ("ABCD"). ABCD were interested in these Shares by virtue of its 100% control in (i) AllianceBernstein Limited, which was interested in 2,550,849 Shares; (ii) AllianceBernstein Investment Management Australia Limited, which was interested in 3,906,000 Shares; (iii) AllianceBernstein Hong Kong Limited, which was interested in 22,420,000 Shares and (iv) AllianceBernstein Japan Inc., which was interested in 1,110,000 Shares by virtue of its 100% control in AllianceBernstein Japan Ltd. AllianceBernstein L.P. was deemed to be interested in all the Shares in which AllianceBernstein International LLC, ABCD, AllianceBernstein Limited, AllianceBernstein Investment Management Australia Limited, AllianceBernstein Hong Kong Limited, AllianceBernstein Japan Inc. and AllianceBernstein Japan Ltd. were interested by virtue of the SFO.

5. Allianz SE was interested in these Shares through its 100% control in Allianz Asset Management AG which in turn had 100% control in Allianz Global Investors GmbH ("AGIG"). AGIG were interested in these Shares by virtue of its 100% control in (i) Allianz Global Investors Taiwan Ltd., which was interested in 684,000 Shares; (ii) RCM Asia Pacific Ltd., which was interested in 55,034,000 Shares; (iii) Allianz Global Investors Singapore Ltd., which was interested in 1,492,000 Shares; and (iv) Allianz Global Investors Europe GmbH, which was interested in 8,263,284 Shares. Also, Allianz Asset Management AG were interested in these Shares through its 100% control in Allianz Asset Management of America Holdings Inc which in turn had 100% control in was interested in Allianz Asset Management of America L.P. Allianz Asset Management of America L.P. had 100% control in Allianz Global Investors U.S. Holdings LLC, which in turn had 100% control in Allianz Global Investors U.S. LLC which was interested in 3,460,000 Shares. Allianz SE was deemed to be interested in all the Shares in which Allianz Asset Management AG, AGIG, Allianz Global Investors Taiwan Ltd., RCM Asia Pacific Ltd., Allianz Global Investors Singapore Ltd., Allianz Global Investors Europe GmbH, Allianz Asset Management of America Holdings Inc., Allianz Asset Management of America L.P., Allianz Global Investors U.S. Holdings LLC and Allianz Global Investors U.S. LLC were interested by virtue of the SFO.

Save as disclosed above, as at 31 December 2014, 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.

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 continuing connected transactions which were required to be disclosed pursuant to Chapter 14A of the Listing Rules:

(a) Pursuant to a master sales agreement dated as of 31 December 2008 entered into between Giant Glory International Limited ("Giant Glory"), an indirect wholly-owned subsidiary of the Company (for itself and on behalf of other members of the Group) and Wistron Corporation ("Wistron") (for itself and on behalf of other members of Wistron and its subsidiaries (the "Wistron Group")) 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 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. On 31 October 2011, Giant Glory (for itself and on behalf of other members of the Group) and Wistron (for itself and on behalf of other members of Wistron Group) entered into a renewal agreement for the existing master sales agreement which has a term of three years commencing from 1 January 2012 and ending on 31 December 2014 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$2,051,555,000 for the year ended 31 December 2014 (2013: HK$1,944,035,000).

    Wistron is a substantial shareholder of Mindforce Holdings Limited, an indirect non-wholly owned subsidiary of the Company, and therefore is a connected person 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. On 15 November 2011, Giant Glory (for itself and on behalf of other members of the Group) and Compal (for itself and on behalf of other members of Compal Group) entered into a renewal agreement for the existing master sales agreement which has a term of three years commencing from 1 January 2012 and ending on 31 December 2014 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$2,261,853,000 for the year ended 31 December 2014 (2013: HK$2,613,522,000).

    The Compal Group is a substantial shareholder of Wah Yuen Technology Holding Limited, an indirect non-wholly owned subsidiary of the Company, and therefore is a connected person of the Company.

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

REPORT OF THE DIRECTORS

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.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Hong Kong Stock Exchange.

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.

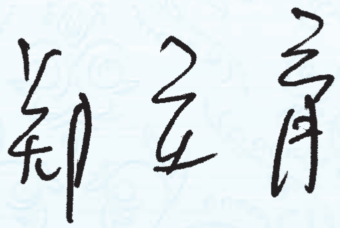
AUDIT COMMITTEE

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 2014.

AUDITORS

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

ON BEHALF OF THE BOARD



Cheng Li-Yu
Chairman
Hong Kong
17 March 2015

Corporate Governance Practices

The Company continues to devote much effort on formulating and implementing sufficient corporate governance practices which it believes is crucial to its healthy growth and its business needs.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules. The Company and its corporate governance committee (the "CG Committee") periodically review its corporate governance practices to ensure 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 2014.

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 of the board (the "Board") of the Company 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 of the Company accordingly.

Board of Directors

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

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

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

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 2014. 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 Company's code of conduct regarding directors' securities transactions for the year ended 31 December 2014.

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.

Directors' Attendance Record at Meetings

Pursuant to Paragraph A.1.1 of the CG Code, 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 2014, the Board convened a total of four Board meetings (exclusive of meetings of Board committee constituted by the Board held during the year) and one general meeting, i.e. the annual general meeting. The individual attendance record of the Directors at board meetings and general meeting of the Company is tabulated as follows:

	Board meeting		General meeting	
Name of Directors	Number of meeting held	Number of meeting attended	Number of meeting held	Number of meeting attended
Executive Directors				
Mr. Cheng Li-Yu *(Chairman)*	4	4	1	1
Mr. Cheng Li-Yen	4	4	1	–
Mr. Huang Kuo-Kuang	4	4	1	–
Mr. Hsieh Wan-Fu	4	4	1	–
Mr. Lo Jung-Te	4	4	1	–
Mr. Tsui Yung Kwok	4	4	1	1
Independent non-executive Directors				
Mr. Cherng Chia-Jiun	4	4	1	–
Mr. Tsai Wen-Yu	4	3	1	–
Mr. Yip Wai Ming	4	4	1	1

Board committee meeting will be convened as and when necessary.

For the individual attendance record of the Directors at meetings of the CG Committee, nomination committee, audit committee and remuneration committee of the Board, please refer to the paragraphs headed "corporate governance committee", "nomination committee", "audit committee and accountability" and "remuneration committee", respectively, of this corporate governance report.

Continuous Professional Development of Directors

To ensure the Directors' contribution to the Board remains informed and relevant and in compliance with Paragraph A.6.5 of the CG Code, the Company would arrange and fund suitable continuous professional development for Directors to participate to develop and refresh their knowledge and skills. During the year ended 31 December 2014, all the Directors have complied with the requirement of Paragraph A.6.5 of the CG Code through attending training seminar relevant to the Company's business and/or director's duties and responsibilities arranged by the Company or other course providers.

Committees of the Board

As at 31 December 2014, the Board has four Board committees, namely, the CG Committee, the nomination committee (the "Nomination Committee"), the audit committee (the "Audit Committee") and the remuneration committee (the "Remuneration Committee"), for overseeing various aspects of the Company's affairs.

Each of the Board committees has been established with written terms of reference that state its authority and duties, which are available on the website of the Company and the Hong Kong Stock Exchange. Accordingly, the Board committees should report to the Board for their decisions or recommendations made and they shall be provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses. Please refer to the respective terms of reference for each of the Board committees for their practices, procedures and arrangements in conducting meetings.

Corporate Governance Committee

The Company has established the CG Committee on 1 April 2012 with written terms of reference adopted in compliance with the CG Code. The CG Committee currently consists of five members, namely Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming who are all independent non-executive Directors; and Mr. Cheng Li-Yu and Mr. Huang Kuo-Kuang who are both executive Directors. Mr. Yip Wai Ming is the chairman of the CG Committee.

The CG Committee is mainly responsible for keeping the effectiveness of the corporate governance and system of internal non-financial controls of the Group. The CG Committee shall introduce and propose relevant principles concerning corporate governance and to review and determine the corporate governance policy, so as to enhance and to ensure a high standard of corporate governance practices in the Group.

The CG Committee convened one meeting for the year ended 31 December 2014 to review the policies and practices on corporate governance of the Group. The individual attendance record of each member of the CG Committee is tabulated as follows:

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

Nomination Committee

The Company has established the Nomination Committee on 1 April 2012 with written terms of reference adopted in compliance with the CG Code. The Nomination Committee currently consists of five members, namely Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming who are all independent non-executive Directors; and Mr. Cheng Li-Yu and Mr. Huang Kuo-Kuang who are both executive Directors. Mr. Cheng Li-Yu is the chairman of the Nomination Committee.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and diversity of perspectives experience) of the Board at least annually and making recommendation to the Board for any proposed changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive directors; making recommendations to the Board on various matters relating to the appointment or re-appointment of directors and succession planning for directors in particular, the Chairman and the Chief Executive Officer of the Company; and making recommendations to the Board on the policy concerning the diversity of Board members, and the measurable objectives for implementing such policy.

The Board has adopted procedures for nomination of 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. The Nomination Committee convened one meeting for the year ended 31 December 2014 to review the structure and composition of the Board, review a policy on board diversity adopted by the Board pursuant to Paragraph A.5.6 of the CG Code and monitor the progress on achieving the Measurable Objectives (as defined below). The individual attendance record of each member of the Nomination Committee is tabulated as follows:

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

Pursuant to paragraph A.5.6 of the CG Code which requires a policy concerning diversity of board members (the "Board Diversity Policy") to be adopted by listed issuer, on 21 August 2013, the Nomination Committee proposed and the Board approved and adopted the Board Diversity Policy. Accordingly, the Company and the Nomination Committee periodically review the Board Diversity Policy, and monitor the progress on achieving the measurable objectives (the "Measurable Objectives") which are set for implementing diversity on the Board. For the year ended 31 December 2014, the Company has achieved the following Measurable Objectives:

(a) To ensure the appropriate proportion of the independent non-executive Directors to the executive Directors in order to maintain the independence of the Board. In particular, at least one-third of the number of members of the Board shall be independent non-executive Directors;

(b) To ensure at least two members of the Board shall have obtained accounting or other professional qualification;

(c) To ensure at least one-third of the members of the Board shall have attained bachelor's degree or higher level of education;

(d) To ensure at least one-third of the members of the Board were or currently are director(s) of listed companies (including Hong Kong and other regions) other than the Company;

(e) To ensure Board has members coming from different cultural backgrounds (including Hong Kong and Taiwan); and

(f) To ensure the age distribution of the members of the Board comprised of people from at least two decades.

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 inside information 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 the Audit Committee on 17 June 2005 with written terms of reference adopted in compliance with 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 adequacy 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 and reviewing the financial information of the Group. For the year ended 31 December 2014, the Audit Committee met with the external auditors to review and approve the audit plans and also reviewed the Group's annual results of 2013 and interim results of 2014 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 2014. The individual attendance record of each member of the Audit Committee is tabulated as follows:

Name of Director	Number of meetings held	Number of meetings attended
Mr. Cherng Chia-Jiun *(Chairman)*	4	4
Mr. Tsai Wen-Yu	4	3
Mr. Yip Wai Ming	4	4

Remuneration Committee

The Company has established the Remuneration Committee on 17 June 2005 with written terms of reference adopted in compliance with the CG Code. The Remuneration Committee currently consists of five members, namely, Mr. Cherng Chia-Jiun, Mr. Tsai-Wen Yu and Mr. Yip Wai Ming who are all independent non-executive Directors; and Mr. Cheng Li-Yu and Mr. Huang Kuo-Kuang who are both executive Directors. 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 the remuneration, bonuses and welfare benefits for the executive Directors and senior management, reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. For the year ended 31 December 2014, 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 2014. The individual attendance record of each member of the Remuneration Committee is tabulated as follows:

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

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$3,450,000 and non-audit service fees of HK$1,881,000, respectively.

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, 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 2014 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 through various channels. Information of the Company shall be communicated to the shareholders of the Company and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meeting and other meetings that maybe convened, during which the Directors and designated senior management will attend the meeting and respond to requests for information and queries from the shareholders of the Company and the investment community. The Chairman of the Board 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.

Shareholders are encouraged to attend the annual general meeting of the Company. Notice of the annual general meeting and related papers shall be sent to shareholders in accordance with the requirements of the articles of association of the Company and the Listing Rules and such documents shall be also made available on the Company's website (http://www.irasia.com/listco/hk/juteng) and the Hong Kong Stock Exchange's website (http://www.hkexnews.hk).

Shareholders of the Company and the investor community may also contact the Company via email at the email address of the Company at ir@juteng.com.tw.

Shareholders' Rights

Procedures for shareholders to convene an extraordinary general meeting

The following procedures for shareholders (the "Shareholders", each a "Shareholder") of the Company to convene an extraordinary general meeting (the "EGM") of the Company are prepared in accordance with Article 64 of the articles of association of the Company:

(a) One or more Shareholders (the "Requisitionist(s)") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice (the "Requisition"), to require an EGM to be called by the Directors for the transaction of any business specified therein.

(b) Such Requisition shall be made in writing to the Board or the company secretary of the Company via email at the email address of the Company at ir@juteng.com.tw.

(c) The EGM shall be held within two months after the deposit of such Requisition.

(d) If the Directors fail to proceed to convene such meeting within twenty-one (21) days of the deposit of such Requisition, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for raising enquiries

(a) Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong branch share registrar, details of which are set out in the section headed "Corporate Information" of this annual report.

(b) Shareholders may at any time raise any enquiry in respect of the Company via email at the email address of the Company at ir@juteng.com.tw.

(c) Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

Procedures and contact details for putting forward proposals at shareholders' meetings

(a) To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "Proposal") with his/her/its detailed contact information via email at the email address of the Company at ir@juteng.com.tw.

(b) The identity of the Shareholder and his/her/its request will be verified with the Company's Hong Kong branch share registrar and upon confirmation by the Hong Kong branch share registrar that the request is proper and in order and made by a Shareholder, the Board will determine in its sole discretion whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.

(c) The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

  (i) Notice of not less than 21 days in writing if the Proposal requires approval by way of an ordinary resolution in an annual general meeting or a special resolution of the Company;

  (ii) Notice of not less than 14 days in writing if the Proposal requires approval in meeting other than an annual general meeting or approval by way of a special resolution of the Company.

EY 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 46 to 127, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, 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 (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.

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

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 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants
22/F., CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

17 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	**2014 HK$'000**	2013 HK$'000
REVENUE	6	**9,571,195**	9,256,832
Cost of sales		**(7,765,890)**	(7,383,881)
Gross profit		**1,805,305**	1,872,951
Other income and gains	6	**176,255**	65,868
Selling and distribution expenses		**(128,084)**	(101,564)
Administrative expenses		**(662,205)**	(581,043)
Other expenses		**(91,746)**	(62,162)
Finance costs	7	**(90,161)**	(61,844)
PROFIT BEFORE TAX	8	**1,009,364**	1,132,206
Income tax expense	11	**(184,957)**	(255,389)
PROFIT FOR THE YEAR		**824,407**	876,817
Attributable to:			
Equity holders of the Company	12	**764,667**	762,173
Non-controlling interests		**59,740**	114,644
		824,407	876,817
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	14		
– Basic (HK cents)		**65.4**	66.2
– Diluted (HK cents)		**62.7**	62.9

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
PROFIT FOR THE YEAR		**824,407**	876,817
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(257,116)**	230,432
Available-for-sale investment:			
Change in fair value	23	**(6,748)**	12,657
Income tax effect	18	**1,146**	(2,152)
		(5,602)	10,505
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(262,718)**	240,937
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**561,689**	1,117,754
Attributable to:			
Equity holders of the Company	12	**548,643**	949,804
Non-controlling interests		**13,046**	167,950
		561,689	1,117,754

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**8,589,489**	7,290,846
Lease premium for land	16	**348,392**	205,199
Goodwill	17	**40,062**	40,062
Prepayments for acquisition of property, plant and equipment		**121,475**	122,244
Available-for-sale investments	23	**37,304**	44,042
Total non-current assets		**9,136,722**	7,702,393
CURRENT ASSETS			
Inventories	20	**1,354,806**	1,183,131
Trade receivables	21	**3,313,337**	3,953,777
Prepayments, deposits and other receivables	22	**728,330**	793,583
Pledged bank balances	24	**35,565**	23,803
Cash and cash equivalents	24	**1,563,614**	1,061,299
Total current assets		**6,995,652**	7,015,593
CURRENT LIABILITIES			
Trade and bills payables	25	**1,347,954**	1,554,929
Other payables and accruals	26	**1,164,257**	984,038
Tax payable		**291,649**	237,854
Interest-bearing bank borrowings	27	**2,085,070**	2,663,599
Derivative financial instruments	28	**21,610**	4,190
Total current liabilities		**4,910,540**	5,444,610
NET CURRENT ASSETS		**2,085,112**	1,570,983
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,221,834**	9,273,376

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	27	**2,632,610**	1,634,195
Deferred income	29	**616,894**	–
Deferred tax liabilities	18	**14,765**	6,391
Total non-current liabilities		**3,264,269**	1,640,586
Net assets		**7,957,565**	7,632,790
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	30	**116,195**	116,736
Reserves	32(a)	**6,258,330**	5,943,700
Proposed final dividend	13	**172,745**	175,105
		6,547,270	6,235,541
Non-controlling interests		**1,410,295**	1,397,249
Total equity		**7,957,565**	7,632,790

Cheng Li-Yu
Director

Huang Kuo-Keung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

		Attributable to equity holders of the Company											
	Notes	Issued capital HK$'000 (Note 30)	Share premium account HK$'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 2013		115,016	719,963	70,835	365,239	125,628	684,906	3,159,402	7,090	138,019	5,386,098	1,230,496	6,616,594
Profit for the year		–	–	–	–	–	–	762,173	–	–	762,173	114,644	876,817
Other comprehensive income for the year:													
Change in fair value of available-for-sale investment, net of tax		–	–	–	–	–	–	–	10,505	–	10,505	–	10,505
Exchange differences on translation of foreign operations		–	–	–	–	–	177,126	–	–	–	177,126	53,306	230,432
Total comprehensive income for the year		–	–	–	–	–	177,126	762,173	10,505	–	949,804	167,950	1,117,754
Issue of shares in connection with the exercise of share options		1,720	46,036	(31,069)	–	–	–	–	–	–	16,687	–	16,687
Deregistration of a non-wholly-owned subsidiary		–	–	–	–	–	–	–	–	–	–	(1,197)	(1,197)
Share-based compensation arrangements	31	–	–	20,971	–	–	–	–	–	–	20,971	–	20,971
Final 2012 dividend declared		–	–	–	–	–	–	–	–	(138,019)	(138,019)	–	(138,019)
Proposed final dividend	13	–	(175,105)	–	–	–	–	–	–	175,105	–	–	–
Transfer from retained profits		–	–	–	–	57,336	–	(57,336)	–	–	–	–	–
At 31 December 2013		116,736	590,894	60,737	365,239	182,964	862,032	3,864,239	17,595	175,105	6,235,541	1,397,249	7,632,790

	Notes	Issued capital HK$'000 (Note 30)	Share premium account HK$'000 (Note (c))	Treasury shares 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
		Attributable to equity holders of the Company												
At 1 January 2014		116,736	590,894	-	60,737	365,239	182,964	862,032	3,864,239	17,595	175,105	6,235,541	1,397,249	7,632,790
Profit for the year		-	-	-	-	-	-	-	764,667	-	-	764,667	59,740	824,407
Other comprehensive income for the year:														
Change in fair value of available-for-sale investment, net of tax		-	-	-	-	-	-	-	-	(5,602)	-	(5,602)	-	(5,602)
Exchange differences on translation of foreign operations		-	-	-	-	-	-	(210,422)	-	-	-	(210,422)	(46,694)	(257,116)
Total comprehensive income for the year		-	-	-	-	-	-	(210,422)	764,667	(5,602)	-	548,643	13,046	561,689
Issue of shares in connection with the exercise of share options	30(i)	1,680	45,520	-	(30,910)	-	-	-	-	-	-	16,290	-	16,290
Cancellation of shares repurchased	30(ii)	(2,221)	(78,791)	-	-	-	-	-	-	-	-	(81,012)	-	(81,012)
Shares repurchased but not yet cancelled	30(ii)	-	(18,385)	(498)	-	-	-	-	-	-	-	(18,883)	-	(18,883)
Share-based compensation arrangements	31	-	-	-	21,796	-	-	-	-	-	-	21,796	-	21,796
Final 2013 dividend declared		-	-	-	-	-	-	-	-	-	(175,105)	(175,105)	-	(175,105)
Proposed final dividend	13	-	(172,745)	-	-	-	-	-	-	-	172,745	-	-	-
At 31 December 2014		116,195	366,493	(498)	51,623	365,239	182,964	651,610	4,628,906	11,993	172,745	6,547,270	1,410,295	7,957,565

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$6,258,330,000 (2013: HK$5,943,700,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,009,364**	1,132,206
Adjustments for:			
Finance costs	7	**90,161**	61,844
Interest income	6	**(17,227)**	(18,444)
Dividend income	6	**(570)**	(289)
Depreciation	8	**782,469**	667,658
Amortisation of lease premium for land	8	**8,908**	6,409
Loss on disposal of items of property, plant and equipment, net	8	**22,575**	37,934
Impairment of items of property, plant and equipment	8	**47,440**	–
Impairment of lease premium for land	8	**2,372**	–
Impairment of other receivables	8	**5,115**	–
(Write-back of provision)/provision for slow-moving and obsolete inventories	8	**(38,733)**	42,085
Recognition of deferred income		**(19,908)**	–
Equity-settled share option expenses	31	**21,796**	20,971
		1,913,762	1,950,374
Increase in inventories		**(132,942)**	(287,728)
Decrease/(increase) in trade receivables		**640,440**	(714,406)
Decrease in prepayments, deposits and other receivables		**54,995**	171,209
Decrease in trade and bills payables		**(201,832)**	(74,341)
Increase in other payables and accruals		**156,973**	239,898
Increase in derivative financial instruments		**17,420**	19,345
Cash generated from operations		**2,448,816**	1,304,351
Mainland China income tax paid		**(118,167)**	(139,754)
Overseas income tax paid		**(1,532)**	(523)
Withholding tax paid		**(509)**	(51,062)
Interest received		**17,227**	18,444
Interest paid		**(103,743)**	(75,844)
Net cash flows from operating activities		**2,242,092**	1,055,612

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(1,751,953)**	(1,705,962)
Purchases of lease premium for land		**(159,372)**	(23,016)
Proceeds from disposal of items of property, plant and equipment		**96,200**	102,558
Dividend received		**570**	289
(Increase)/decrease in pledged bank balances and time deposits		**(11,762)**	19,428
Decrease in prepayments for acquisition of property, plant and equipment		**769**	315,934
Deregistration of a non-controlling interest		**–**	(1,197)
Net cash flows used in investing activities		**(1,825,548)**	(1,291,966)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**2,395,297**	2,254,371
Repayment of bank loans		**(1,975,411)**	(2,038,236)
Dividend paid		**(175,105)**	(138,019)
Proceeds from issue of shares	30	**16,290**	16,687
Shares repurchased	30	**(99,895)**	–
Net cash flows from financing activities		**161,176**	94,803
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**577,720**	(141,551)
Cash and cash equivalents at beginning of year		**1,061,299**	1,162,927
Effect of foreign exchange rate changes, net		**(75,405)**	39,923
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,563,614**	1,061,299
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	**1,563,614**	1,061,299
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		**1,563,614**	1,061,299

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	19	**975,218**	1,221,377
CURRENT ASSETS			
Prepayments, deposits and other receivables	22	**280**	280
Cash and cash equivalents	24	**42**	42
Total current assets		**322**	322
CURRENT LIABILITIES			
Other payables and accruals	26	**3,133**	3,043
NET CURRENT LIABILITIES		**(2,811)**	(2,721)
Net assets		**972,407**	1,218,656
EQUITY			
Issued capital	30	**116,195**	116,736
Reserves	32(b)	**683,467**	926,815
Proposed final dividend	13	**172,745**	175,105
Total equity		**972,407**	1,218,656

Cheng Li-Yu
Director

Huang Kuo-Keung
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 casings for notebook computer and handheld devices.

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 ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements 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 2014. 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 on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. 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, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

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

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

3.2 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the expected impact of these changes.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

3.2 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED *(Continued)*

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The narrow-scope amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

3.2 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED *(Continued)*

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 3.1, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

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

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 to measure 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 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-related 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 of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the 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 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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Where goodwill has been allocated to a cash-generating unit (or 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 the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, 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 statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an 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 statement of profit or loss 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 statement of profit or loss 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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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 including 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 statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings, plant and machinery and other items of property, plant and equipment under construction or installation, which are stated at cost less any impairment losses, and are 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 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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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.

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 statement of profit or loss 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 benefit 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 statement of profit or loss 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 payments

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 payments, 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 in employee benefit expense. 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 statement of profit or loss 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 payments *(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 payments, 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 prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss 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 statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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 measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the 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 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 prevailing at the end of the reporting period and their statements of profit or loss 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 statement of profit or loss.

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

(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).

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss 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 a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

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.

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 other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss 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 as 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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

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

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 statement of profit or loss 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 statement of profit or loss in other gains or losses. 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 statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

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, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

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 statement of profit or loss.

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 primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) 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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets *(Continued)*

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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

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. An impairment exists if one or more events that occurred after the initial recognition of the asset have 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 whether impairment exists individually 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.

The amount of any impairment loss identified 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).

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost *(Continued)*

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

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

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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 discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

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 statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

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. "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 statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, 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.

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

The Group's financial liabilities include trade and other payables, derivative financial instruments and interest-bearing bank 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 repurchasing 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 derivatives 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 statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in 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 statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate 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 statement of profit or loss.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(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 statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a 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.

Derivative financial instruments

Initial recognition and subsequent measurement

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 statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

Cash and cash equivalents

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

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

Government grants

Government grants 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 on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

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

Transfer of assets

Where the Group receives non-monetary assets transferred from its customers or equivalent and the Group has to provide ongoing access to a supply of goods or services, the related assets are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss as revenue over the expected useful lives of the relevant assets by equal annual instalments, while a deferred income account is credited and is released to the statement of profit or loss as revenue over the expected useful life of the relevant asset.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

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

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

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over 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 JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. 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. Further details are given in note 17.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Write-down of inventories

Management reviews the condition of inventories of the Group and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each reporting period and makes provision against obsolete and slow-moving items. Management reassesses the estimation at the end of each reporting period.

The identification of obsolete and slow-moving inventory items requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact on the carrying values of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed. The carrying amount of inventories carried as assets in the consolidated statement of financial position as at 31 December 2014 was HK$1,354,806,000 (2013: HK$1,183,131,000), details of which are set out in note 20 to the financial statements.

Current tax and deferred tax

The Group is subject to income taxes in Mainland China and overseas. The Group carefully evaluates tax implications of transactions in accordance with the prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provision in the periods in which such determination is made. The carrying amount of income tax payable carried as a liability in the consolidated statement of financial position as at 31 December 2014 was HK$291,649,000 (2013: HK$237,854,000).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Withholding taxes

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. 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.

As at 31 December 2014, the Group has unremitted earning that are subject to withholding taxes amounted to approximately HK$1,935,998,000 (2013: HK$1,497,998,000). In the opinion of the Directors, the Company is able to control the timing of the reversal of the temporary difference and it is not probable that these subsidiaries established in Mainland China will distribute such earnings in the foreseeable future. During the year ended 31 December 2014, deferred tax on withholding tax amounting to HK$10,000,000 has been recognised.

Deferred income

Deferred income is recognised into revenue based on the estimate period over which relevant assets will generate economic benefits to the Group. Determining the period over which economic benefits will flow to the Group from the relevant assets requires judgement and consideration of multiple factors that may vary over time depending upon the demand forecasts, product life cycle status and product development plans.

5. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the business of manufacture and sale of casings for notebook computer and handheld devices. 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.

5. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(i) Revenue from external customers:

	2014 HK$'000	2013 HK$'000
The People's Republic of China (the "PRC"), excluding Hong Kong	**9,236,050**	8,928,386
The Republic of China (the "ROC")	**199,140**	131,605
Others	**136,005**	196,841
	9,571,195	9,256,832

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

(ii) Non-current assets:

	2014 HK$'000	2013 HK$'000
The PRC, excluding Hong Kong	**8,964,608**	7,537,523
The ROC	**172,076**	164,838
Others	**38**	32
	9,136,722	7,702,393

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

Information about major customers

Revenue of approximately HK$2,261,853,000, HK$2,051,555,000, HK$1,182,168,000 and HK$1,001,742,000 for the year ended 31 December 2014 was derived from sales to four major customers each of which contributed 10% or more sales to the Group's revenue, including sales to a group of entities which were known to be under common control with these customers.

Revenue of approximately HK$2,613,522,000, HK$1,944,035,000 and HK$1,859,631,000 for the year ended 31 December 2013 was derived from sales to three major customers which contributed 10% or more sales to the Group's revenue, including sales to a group of entities each of which were 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 and business tax, 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:

	2014 HK$'000	2013 HK$'000
Revenue		
Sale of goods	**9,571,195**	9,256,832
Other income and gains		
Interest income	**17,227**	18,444
Subsidy income#	**128,743**	19,954
Compensation income	**14,997**	14,421
Exchange gains, net	**1,910**	–
Dividend income	**570**	289
Others	**12,808**	12,760
	176,255	65,868

Various government subsidies have been received for enterprises engaged in Mainland China. There are no unfulfilled conditions or contingences relating to these subsidies.

7. FINANCE COSTS

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

	2014 HK$'000	2013 HK$'000
Interest on bank loans and other loans wholly repayable within five years	**103,743**	75,844
Total interest expense on financial liabilities not at fair value through profit or loss	**103,743**	75,844
Less: Interest capitalised	**(13,582)**	(14,000)
	90,161	61,844

8. PROFIT BEFORE TAX

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

	Notes	2014 HK$'000	2013 HK$'000
Cost of inventories sold		**7,797,808**	7,334,972
Auditors' remuneration		**3,450**	3,350
Depreciation	15	**782,469**	667,658
Amortisation of lease premium for land	16	**8,908**	6,409
Minimum lease payments under operating leases:			
Land and buildings		**4,471**	5,782
Motor vehicles		**2,450**	2,187
(Write-back of provision)/provision for slow-moving and obsolete inventories*		**(38,733)**	42,085
Impairment of other receivables**		**5,115**	–
Impairment of items of property, plant and equipment**	15	**47,440**	–
Impairment of lease premium for land**	16	**2,372**	–
Employee benefit expense (excluding Directors' remuneration – note 9):			
Wages and salaries, bonuses, allowances and welfare		**2,178,958**	1,936,037
Equity-settled share option expenses		**20,063**	19,470
Pension scheme contributions		**95,478**	78,706
		2,294,499	2,034,213
Loss on disposal of items of property, plant and equipment, net**		**22,575**	37,934
Foreign currency translation gains, net***		**(19,330)**	(5,999)
Fair value losses on derivative financial instruments, net***		**17,420**	19,345

* Included in "Cost of sales" on the face of the consolidated statement of profit or loss.

** Included in "Other expenses" on the face of the consolidated statement of profit or loss.

*** Included in "(Other income)/Other expenses" on the face of the consolidated statement of profit or loss.

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (the "Listing Rules") and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Fees	**594**	594
Other emoluments:		
Salaries, allowances and benefits in kind	**5,306**	4,578
Performance related bonuses	**286**	1,056
Equity-settled share option expenses	**1,733**	1,661
Pension scheme contributions	**66**	15
	7,391	7,310
	7,985	7,904

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 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current and prior years is included in the above Directors' remuneration disclosures.

9. DIRECTORS' REMUNERATION *(Continued)*

(a) Independent non-executive Directors

The fees and equity-settled share option expenses paid to independent non-executive Directors during the year were as follows:

2014

Name of Director	**Fees HK$'000**	**Equity-settled share option expenses HK$'000**	**Total remuneration HK$'000**
Mr. Cherng Chia-Jiun	**198**	**70**	**268**
Mr. Tsai Wen-Yu	**198**	**70**	**268**
Mr. Yip Wai Ming	**198**	**70**	**268**
	594	**210**	**804**

2013

Name of Director	Fees HK$'000	Equity-settled share option expenses HK$'000	Total remuneration HK$'000
Mr. Cherng Chia-Jiun	198	50	248
Mr. Tsai Wen-Yu	198	50	248
Mr. Yip Wai Ming	198	50	248
	594	150	744

There were no other emoluments payable to the independent non-executive Directors during the year (2013: Nil).

9. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive Directors

2014

Name of Director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expenses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Mr. Cheng Li-Yu	–	891	64	–	–	955
Mr. Cheng Li-Yen	–	801	57	–	19	877
Mr. Huang Kuo-Kuang	–	801	57	345	10	1,213
Mr. Hsieh Wan-Fu	–	757	54	417	10	1,238
Mr. Lo Jung-Te	–	757	54	417	10	1,238
Mr. Tsui Yung Kwok	–	1,299	–	344	17	1,660
	–	5,306	286	1,523	66	7,181

2013

Name of Director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expenses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Mr. Cheng Li-Yu	–	782	195	–	–	977
Mr. Cheng Li-Yen	–	703	176	–	–	879
Mr. Huang Kuo-Kuang	–	703	176	302	–	1,181
Mr. Hsieh Wan-Fu	–	665	166	455	–	1,286
Mr. Lo Jung-Te	–	665	166	452	–	1,283
Mr. Tsui Yung Kwok	–	1,060	177	302	15	1,554
	–	4,578	1,056	1,511	15	7,160

There was no arrangement under which a Director or the chief executive 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 one (2013: one) Director, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining four (2013: four) highest paid employees who are neither a Director nor chief executive of the Company are as follows:

	Group 2014 HK$'000	2013 HK$'000
Salaries, allowances and benefits in kind	**2,636**	2,658
Performance related bonuses	**649**	664
Equity-settled share option expenses	**3,321**	2,674
	6,606	5,996

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

	Number of employees 2014	2013
HK$1,000,001 to HK$1,500,000	**–**	2
HK$1,500,001 to HK$2,000,000	**4**	2
	4	4

Share options were granted under the share option scheme of the Company to the non-Director and non-chief executive, highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss 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 and non-chief executive, 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 (2013: 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.

	2014 **HK$'000**	2013 HK$'000
Provision for the year:		
Current – The PRC, excluding Hong Kong		
Charge for the year	**141,162**	225,591
Underprovision in prior years	**16,388**	5,607
Current – Overseas		
Charge for the year	**34,803**	35,881
Overprovision in prior years	**(16,916)**	(11,210)
Deferred tax (note 18)	**9,520**	(480)
Total tax charge for the year	**184,957**	255,389

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 – 2014

	Hong Kong		The PRC, excluding Hong Kong		Overseas		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(38,621)		835,263		212,722		1,009,364	
Tax at the statutory tax rate	(6,372)	16.5	208,817	25.0	36,163	17.0	238,608	23.6
Preferential tax rates	–	–	(95,000)	(11.4)	–	–	(95,000)	(9.4)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	–	–	10,509	1.3	–	–	10,509	1.1
Income not subject to tax	(779)	2.0	(4,767)	(0.6)	(1,684)	(0.8)	(7,230)	(0.7)
Expenses not deductible for tax	7,151	(18.5)	6,866	0.8	324	0.2	14,341	1.4
Adjustments in respect of current tax of previous periods	–	–	16,388	2.0	(16,916)	(8.0)	(528)	(0.1)
Tax losses not recognised	–	–	24,257	2.9	–	–	24,257	2.4
Tax charge at the Group's effective rate	–	–	167,070	20.0	17,887	8.4	184,957	18.3

11. INCOME TAX *(Continued)*

Group – 2013

	Hong Kong		The PRC, excluding Hong Kong		Overseas		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(41,257)		960,100		213,363		1,132,206	
Tax at the statutory tax rate	(6,807)	16.5	240,025	25.0	36,272	17.0	269,490	23.8
Preferential tax rates	–	–	(68,317)	(7.1)	–	–	(68,317)	(6.0)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	–	–	51,062	5.3	–	–	51,062	4.5
Income not subject to tax	(173)	0.4	(3,545)	(0.4)	(673)	(0.3)	(4,391)	(0.3)
Expenses not deductible for tax	6,980	(16.9)	3,246	0.3	282	0.1	10,508	0.9
Adjustments in respect of current tax of previous periods	–	–	5,607	0.6	(11,210)	(5.3)	(5,603)	(0.5)
Tax losses not recognised	–	–	2,640	0.3	–	–	2,640	0.2
Tax charge at the Group's effective rate	–	–	230,718	24.0	24,671	11.5	255,389	22.6

According to Caishui [2011] No.58 issued in July 2011, enterprises set up in the western region in the PRC with major businesses falling within the Catalogue of Encouraged Industries in Western Region could be entitled to a reduced Corporate Income Tax ("CIT") rate of 15%.

Juteng (Neijiang) Communication Accessory Co., Ltd, a subsidiary of the company in the Sichuan province was accredited to enjoy 15% CIT tax preference in 2013 under the release of the Catalogue of Encouraged Industries in Western Region.

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 2014 includes a loss of HK$9,335,000 (2013: HK$9,188,000) which has been dealt with in the financial statements of the Company (note 32(b)).

13. DIVIDENDS

	2014 HK$'000	2013 HK$'000
Proposed final – HK15 cents (2013: HK15 cents) per ordinary share (note)	**172,745**	175,105
	172,745	175,105

Note: The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to equity holders of the Company of HK$764,667,000 (2013: HK$762,173,000) and the weighted average number of 1,169,283,984 (2013: 1,152,141,638) ordinary shares in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to equity holders of the Company of HK$764,667,000 (2013: HK$762,173,000). The weighted average number of ordinary shares used in the calculation is 1,169,283,984 (2013: 1,152,141,638) ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of 49,993,020 (2013: 59,581,746) 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 2014							
At 1 January 2014:							
Cost	3,487,486	2,537	5,828,146	768,057	16,526	171,581	10,274,333
Accumulated depreciation	(650,416)	(1,805)	(1,942,307)	(378,837)	(10,122)	–	(2,983,487)
Net carrying amount	2,837,070	732	3,885,839	389,220	6,404	171,581	7,290,846
At 1 January 2014, net of accumulated depreciation	2,837,070	732	3,885,839	389,220	6,404	171,581	7,290,846
Additions	15,990	206	424,261	89,123	1,448	1,894,555	2,425,583
Transfers	772,100	–	561,129	81,721	690	(1,415,640)	–
Disposals/write-off	(21,779)	–	(60,894)	(8,965)	(777)	(26,360)	(118,775)
Depreciation provided during the year	(165,658)	(75)	(516,307)	(98,605)	(1,824)	–	(782,469)
Impairment	(23,682)	–	(19,624)	(4,107)	(27)	–	(47,440)
Exchange realignment	(71,038)	(34)	(93,774)	(8,967)	(144)	(4,299)	(178,256)
At 31 December 2014, net of accumulated depreciation and impairment	3,343,003	829	4,180,630	439,420	5,770	619,837	8,589,489
At 31 December 2014:							
Cost	4,120,776	1,918	6,419,279	873,834	15,583	619,837	12,051,227
Accumulated depreciation and impairment	(777,773)	(1,089)	(2,238,649)	(434,414)	(9,813)	–	(3,461,738)
Net carrying amount	3,343,003	829	4,180,630	439,420	5,770	619,837	8,589,489

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

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 2013							
At 1 January 2013:							
Cost	2,474,110	2,933	4,627,311	510,434	16,837	1,123,659	8,755,284
Accumulated depreciation	(508,620)	(2,031)	(1,731,604)	(309,639)	(9,986)	–	(2,561,880)
Net carrying amount	1,965,490	902	2,895,707	200,795	6,851	1,123,659	6,193,404
At 1 January 2013, net of accumulated depreciation	1,965,490	902	2,895,707	200,795	6,851	1,123,659	6,193,404
Additions	62,659	–	449,393	68,035	1,780	1,138,094	1,719,961
Transfers	890,549	–	1,020,300	195,104	82	(2,106,035)	–
Disposals/write-off	(4,403)	–	(115,235)	(3,208)	(267)	(17,379)	(140,492)
Depreciation provided during the year	(133,649)	(158)	(453,679)	(77,943)	(2,229)	–	(667,658)
Exchange realignment	56,424	(12)	89,353	6,437	187	33,242	185,631
At 31 December 2013, net of accumulated depreciation	2,837,070	732	3,885,839	389,220	6,404	171,581	7,290,846
At 31 December 2013:							
Cost	3,487,486	2,537	5,828,146	768,057	16,526	171,581	10,274,333
Accumulated depreciation	(650,416)	(1,805)	(1,942,307)	(378,837)	(10,122)	–	(2,983,487)
Net carrying amount	2,837,070	732	3,885,839	389,220	6,404	171,581	7,290,846

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

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

	2014	2013
	HK$'000	HK$'000
Net carrying amount:		
Freehold land outside Hong Kong	**51,048**	54,210
Buildings held under medium term leases outside Hong Kong	**3,291,955**	2,782,860
	3,343,003	2,837,070

At 31 December 2014, the Group did not pledge any land and buildings to secure its banking facilities granted to the Group (2013: Nil).

As a result of change in mode of operations and shift in production mix, certain items of property, plant and equipment would have minimal use in future, and accordingly, impairment losses of an aggregate amount of HK$47,440,000 were recognised in the consolidated statement of profit or loss for the year ended 31 December 2014.

16. LEASE PREMIUM FOR LAND

	Group	
	2014	2013
	HK$'000	HK$'000
Net carrying amount at 1 January	**205,199**	183,319
Additions during the year	**159,372**	23,016
Recognised during the year	**(8,908)**	(6,409)
Impairment during the year	**(2,372)**	–
Exchange realignment	**(4,899)**	5,273
Net carrying amount at 31 December	**348,392**	205,199

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

At 31 December 2014, the Group did not pledge any land to secure its banking facilities granted to the Group (2013: Nil).

17. GOODWILL

Group

	HK$'000
Cost and net carrying amount at 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	**40,062**

Impairment testing of goodwill

Goodwill acquired through business combinations is 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 6.9% (2013: 12%) and cash flows beyond the five-year period are extrapolated using a growth rate of 2% (2013: 2%).

Assumptions were used in the value in use calculation of the manufacture and sale of notebook computer casings cash-generating unit for 31 December 2014 and 31 December 2013. 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 reflects specific risks relating to the relevant unit.

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

In the opinion of the Company's Directors, any reasonably possible change in any of these assumptions would not cause the cash-generating unit's recoverable amount to fall below its carrying amount.

18. DEFERRED TAX

Deferred tax assets

The Group had tax losses arising in the PRC and the ROC of approximately HK$284,743,000 (2013: HK$259,771,000) and HK$15,918,000 (2013: HK$38,588,000), 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 they have arisen in subsidiaries that have been loss-making for some time as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax liabilities

Group

	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Fair value adjustments arising from revaluation of an available-for -sale investment HK$'000	Withholding tax HK$'000	Total HK$'000
At 1 January 2013	3,319	1,400	–	4,719
Deferred tax credited to the statement of profit or loss during the year (note 11)	(480)	–	–	(480)
Deferred tax charged to equity during the year	–	2,152	–	2,152
Gross deferred tax liabilities at 31 December 2013 and 1 January 2014	**2,839**	**3,552**	**–**	**6,391**
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	**(480)**	**–**	**10,000**	**9,520**
Deferred tax credited to equity during the year	**–**	**(1,146)**	**–**	**(1,146)**
Gross deferred tax liabilities at 31 December 2014	**2,359**	**2,406**	**10,000**	**14,765**

18. DEFERRED TAX *(Continued)*

Pursuant to the PRC 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 all 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.

As at 31 December 2014, the Group has unremitted earnings that are subject to withholding taxes amounted to approximately HK$1,935,998,000 (2013: HK$1,497,998,000). In the opinion of the Directors, the Company is able to control the timing of the reversal of the temporary difference and accordingly, the Group has taken into consideration among others, probability the temporary difference being reversed in the foreseeable future, and recognised for withholding taxes that would be payable in the foreseeable future on distribution of unremitted earnings by the Company's subsidiaries established in Mainland China in respect of earnings generated.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	HK$'000	HK$'000
Unlisted shares, at cost	**777,358**	777,358
Due from subsidiaries	**169,323**	303,988
Due to a subsidiary	**(136,426)**	(4,835)
Capital contribution in respect of employee share-based compensation	**164,963**	144,866
	975,218	1,221,377

The amounts due from and to subsidiaries included in the Company's non-current assets of HK$169,323,000 (2013: HK$303,988,000) and HK$136,426,000 (2013: HK$4,835,000), respectively, are unsecured, interest-free and have no fixed terms of repayment.

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries are as follows:

Company name	Place of incorporation/ registration and business	Issued and paid up share/ registered capital	Equity interest attributable to the Company	Principal activities
Best Alliance Holding Inc. @^	British Virgin Islands ("BVI")/ The ROC	US$52,600,000 Ordinary	100%	Investment holding
Giant Glory International Limited @	Samoa/ The ROC	US$49,777,419 Ordinary	100%	Investment holding
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$108,500,000	100%	Manufacture and sale of notebook computer casings
Jiu De International Limited @	Samoa/ The ROC	US$12,800,000 Ordinary	100%	Investment holding
Jiu Ding International Limited @	Samoa/ The ROC	US$40,000,000 Ordinary	100%	Investment holding
Ju Teng (Neijiang) Communication Accessory Co., Ltd. *@	The PRC	US$99,000,000	100%	Manufacture and sale of notebook computer casings
Tri-Great International Limited @	Samoa/ The ROC	US$1,000,000 Ordinary	100%	Sale of notebook computer casings
ICAN Business Limited @	BVI/ The ROC	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/ The ROC	US$3,500,000 Ordinary	100%	Investment holding

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries are as follows: *(Continued)*

Company name	Place of incorporation/ registration and business	Issued and paid up share/ registered capital	Equity interest attributable to the Company	Principal activities
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 ("Mindforce") @	BVI/ The ROC	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/ The ROC	US$50,000 Ordinary	71%	Sale of materials for the manufacture of notebook computer casings
Dynamic Apex Macao Commercial Offshore Limited @	Macau	MOP100,000	100%	Sale of materials for the manufacture of casings
Smart Success Enterprises Limited @	Samoa/ The ROC	US$6,000,000 Ordinary	100%	Investment holding

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries are as follows: *(Continued)*

Company name	Place of incorporation/ registration and business	Issued and paid up share/ registered capital	Equity interest attributable to the Company	Principal activities
Prime Cheer International Limited	Hong Kong	HK$100,000 Ordinary	100%	Investment holding
Chengyang Precision Mold (Kunshan) Co., Ltd. *@	The PRC	US$27,000,000	100%	Manufacture and sale of moulds
Fullerton Ltd. @	Samoa/ The ROC	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
Wah Yuen Technology Holding Limited ("Wah Yuen") @	Mauritius/ The ROC	US$261,758,240 Ordinary	59.28%	Investment holding
Hong Ya Technology Corp. @	The ROC	NT$475,577,800 Ordinary	59.28%	Manufacture and sale of notebook computer casings
Highsharp Ltd. @	Samoa/ The ROC	US$10,000 Ordinary	59.28%	Investment holding
Advance Step International Ltd. @	Samoa/ The ROC	US$5,000 Ordinary	59.28%	Import and export trading business
Compal Precision Module China Holdings Ltd. @	Mauritius/ The ROC	US$236,267,926 Ordinary	59.28%	Investment holding

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries are as follows: (*Continued*)

Company name	Place of incorporation/ registration and business	Issued and paid up share/ registered capital	Equity interest attributable to the Company	Principal activities
Compal Precision Module (Jiangsu) Company Limited *@	The PRC	US$350,000,000	59.28%	Manufacture and sale of notebook computer casings
Always Bright International Ltd. @#	Samoa/ The ROC	US$49,999,990	59.28%	Investment holding
Compal Electronic Technology (Chongqing) Co., Ltd. *@#	The PRC	US$50,000,000	59.28%	Manufacture and sale of notebook computer casings
City Faith Limited @	Samoa/ The ROC	US$1,000,000 Ordinary	100%	Investment holding
Jiang Su Inoac Juteng Polymer Co., Ltd. *@	The PRC	US$6,000,000	62.17%	Manufacture and sale of materials
Wealth Time Holding Limited @	BVI/ The ROC	US$15,000,000 Ordinary	100%	Investment holding
Sunny Force Investment Limited	Hong Kong	HK$117,000,000	100%	Investment holding
Wujiang Dading Precision Mould Co., Ltd. *@	The PRC	US$55,000,000	100%	Manufacture and sale of casings
Great Step Enterprises Limited @	Samoa/ The ROC	US$60,000,000 Ordinary	100%	Investment holding
Tasun (Chongqing) Electronic Technology Co., Ltd. *@	The PRC	US$60,000,000	100%	Manufacture and sale of casings

* 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.
^ Directly held by the Group.

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2014	2013
Percentage of equity interest held by non-controlling interests:		
Wah Yuen and its subsidiaries ("Wah Yuen Group")	**40.72%**	40.72%
Mindforce and its subsidiaries ("Mindforce Group")	**29%**	29%

	2014 HK$'000	2013 HK$'000
Profit/(loss) for the year allocated to non-controlling interests:		
Wah Yuen Group	**81,704**	81,410
Mindforce Group	**(21,903)**	23,454
Accumulated balances of non-controlling interests at the reporting dates:		
Wah Yuen Group	**1,069,146**	1,024,196
Mindforce Group	**318,305**	349,537

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2014

	Wah Yuen Group HK$'000	Mindforce Group HK$'000
Revenue	**3,156,330**	**1,834,381**
Total expenses	**(2,955,816)**	**(1,908,334)**
Profit for the year	**200,514**	**(73,953)**
Total comprehensive income for the year	**290,776**	**(41,785)**
Current assets	**2,149,575**	**976,909**
Non-current assets	**2,996,954**	**1,343,287**
Current liabilities	**(2,263,018)**	**(641,359)**
Non-current liabilities	**(256,882)**	**(587,479)**
Net cash flows from operating activities	**762,896**	**167,700**
Net cash flows used in investing activities	**(725,908)**	**(145,697)**
Net cash flows (used in)/from financing activities	**(35,549)**	**17,468**
Net increase in cash and cash equivalents	**1,439**	**39,471**

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

2013

	Wah Yuen Group HK$'000	Mindforce Group HK$'000
Revenue	2,413,671	1,688,407
Total expenses	(2,213,880)	(1,605,956)
Profit for the year	199,791	82,451
Total comprehensive income for the year	90,921	58,231
Current assets	2,049,649	1,074,550
Non-current assets	2,459,922	1,383,208
Current liabilities	(1,636,393)	(838,876)
Non-current liabilities	(356,802)	(421,403)
Net cash flows from operating activities	403,131	20,314
Net cash flows used in investing activities	(288,982)	(108,189)
Net cash flows used in financing activities	(18,523)	(199,326)
Net increase/(decrease) in cash and cash equivalents	95,626	(287,201)

20. INVENTORIES

	Group	
	2014 HK$'000	2013 HK$'000
Production materials	**305,081**	250,158
Work in progress	**373,016**	230,095
Finished goods	**395,202**	398,782
Moulds and consumable tools	**281,507**	304,096
	1,354,806	1,183,131

21. TRADE RECEIVABLES

The general credit terms of the Group range from 60 days to 120 days. Trade receivables are non-interest-bearing.

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

	Group	
	2014	2013
	HK$'000	HK$'000
Within 3 months	**2,493,789**	2,799,468
4 to 6 months	**795,222**	1,075,086
7 to 12 months	**24,326**	79,223
	3,313,337	3,953,777

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

	Group	
	2014	2013
	HK$'000	HK$'000
Neither past due nor impaired	**2,838,829**	3,290,060
1 to 3 months past due	**461,670**	597,330
4 to 6 months past due	**10,643**	66,387
7 to 12 months past due	**2,195**	–
	3,313,337	3,953,777

Receivables that were neither past due nor impaired relate to a large 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.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**69,360**	91,002	**280**	280
Deposits and other receivables	**658,970**	702,581	**–**	–
	728,330	793,583	**280**	280

Included in the Group's deposits and other receivables are amounts of compensation from a local economic council for the relocation of factory of the Group's subsidiary of HK$167,973,000 (2013: HK$212,056,000). In view of the fact that the council is part of the municipal governments in the PRC, the Directors are of the opinion that the credit risk is not significant and the balances are considered fully recoverable.

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.

23. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2014	2013
	HK$'000	HK$'000
Overseas listed equity investment, at fair value	**32,146**	38,885
Unlisted equity investments, at cost less impairment	**5,158**	5,157
	37,304	44,042

During the year, the gross loss in respect of the Group's available-for-sale investment recognised in other comprehensive income amounted to HK$6,748,000 (2013: gross gain of HK$12,657,000).

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 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$34,142,000.

As at 31 December 2014, certain unlisted equity investments with a carrying amount of HK$5,158,000 (2013: HK$5,157,000) 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.

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balance, including time deposits with original maturity less than 3 months	**1,599,179**	1,085,102	**42**	42
Less: Pledged bank balances	**(35,565)**	(23,803)	**–**	–
Cash and cash equivalents	**1,563,614**	1,061,299	**42**	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$375,611,000 (2013: HK$427,173,000).

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.

25. TRADE AND BILLS PAYABLES

The trade payables are non-interest-bearing and are normally settled on 60 to 120 days terms.

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	
	2014	2013
	HK$'000	HK$'000
Within 3 months	**1,120,453**	1,311,382
4 to 6 months	**196,157**	218,815
7 to 12 months	**16,479**	8,285
Over 1 year	**14,865**	16,447
	1,347,954	1,554,929

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deferred income (note 29)	**23,246**	–	**–**	–
Other payables	**601,484**	440,509	**–**	–
Accruals	**539,527**	543,529	**3,133**	3,043
	1,164,257	984,038	**3,133**	3,043

Other payables are non-interest-bearing.

27. INTEREST-BEARING BANK BORROWINGS

Group

	2014			2013		
	Effective interest rate (%)	**Maturity**	**HK$'000**	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans – secured	–	–	–	1.29 – 2.00	2014	1,053,701
Bank loans – unsecured	**1.14 - 2.74**	**2015**	**2,085,070**	0.78 – 2.78	2014	1,609,898
			2,085,070			2,663,599
Non-current						
Bank loans – secured	**1.95**	**2016 - 2017**	**1,163,325**	1.78 – 2.00	2015	175,229
Bank loans – unsecured	**2.00 - 2.74**	**2016 - 2017**	**1,469,285**	2.00 – 2.78	2015 – 2016	1,458,966
			2,632,610			1,634,195
			4,717,680			4,297,794

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

	Group 2014 HK$'000	2013 HK$'000
Repayable:		
Within one year	**2,085,070**	2,663,599
In the second year	**1,698,072**	1,041,650
In the third to fifth years, inclusive	**934,538**	592,545
	4,717,680	4,297,794

Notes:

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

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

(ii) corporate guarantees executed by the Company to the extent of HK$3,601,260,000 (2013: HK$3,428,091,000) as at the end of the reporting period.

(b) The Group's bank loans with carrying amounts of HK$4,657,980,000 (2013: HK$4,231,197,000) and HK$59,700,000 (2013: HK$66,597,000) are denominated in US$ and NT$, respectively.

28. DERIVATIVE FINANCIAL INSTRUMENTS

	Group 2014 Liabilities HK$'000	2013 Liabilities HK$'000
Forward currency contracts	**(21,610)**	(4,190)

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 HK$17,420,000 were charged to the statement of profit or loss during the year (2013: HK$19,345,000).

At the end of the reporting period, the Company had provided corporate guarantees in the aggregate amount of HK$259,809,000 (2013: HK$538,868,000) to banks in connection with the banking facilities of the above forward currency contracts granted to its subsidiaries, which were not utilised.

29. DEFERRED INCOME

Deferred income represented the assignment and transfer of right, title, and obligations for certain production equipment from an independent third party.

30. SHARE CAPITAL

Shares

	2014 HK$'000	2013 HK$'000
Authorised:		
2,000,000,000 shares of HK$0.1 each	**200,000**	200,000
Issued and fully paid:		
1,161,950,000 (2013: 1,167,366,000) shares of HK$0.1 each	**116,195**	116,736

30. SHARE CAPITAL *(Continued)*

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue of HK$0.1 each	Share capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 January 2013	1,150,162,000	115,016	719,963	834,979
Share options exercised under the share option scheme (note (i))	17,204,000	1,720	14,967	16,687
Transfer from employee share-based compensation reserve	–	–	31,069	31,069
Proposed final dividend	–	–	(175,105)	(175,105)
At 31 December 2013 and 1 January 2014	**1,167,366,000**	**116,736**	**590,894**	**707,630**
Share options exercised under the share option scheme (note (i))	**16,794,000**	**1,680**	**14,610**	**16,290**
Cancellation of shares repurchased (note (ii))	**(22,210,000)**	**(2,221)**	**(78,791)**	**(81,012)**
Shares repurchased but not yet cancelled (note (ii))	**–**	**–**	**(18,385)**	**(18,385)**
Transfer from employee share-based compensation reserve	**–**	**–**	**30,910**	**30,910**
Proposed final dividend	**–**	**–**	**(172,745)**	**(172,745)**
At 31 December 2014	**1,161,950,000**	**116,195**	**366,493**	**482,688**

30. SHARE CAPITAL *(Continued)*

Notes:

(i) During the year, the Company issued a total of 16,794,000 (2013: 17,204,000) shares at an exercise price of HK$0.97 (2013: HK$0.97) per share pursuant to the exercise of options granted under the share option scheme of the Company, resulting in the issue of 16,794,000 (2013: 17,204,000) shares of HK$0.1 each for a total cash consideration, before expenses, of HK$16,290,000 (2013: HK$16,687,000). A total of HK$30,910,000 (2013: HK$31,069,000) was transferred from the employee share-based compensation reserve to the share premium account upon the exercise of the share options.

(ii) The Company purchased 27,188,000 of its shares on the Hong Kong Stock Exchange in December 2014 for a total consideration of HK$99,895,000, of which 22,210,000 of the repurchased shares were cancelled during the year. The issued capital of the cancelled shares was reduced by the par value and the premium paid thereon including related expenses has been charged to share premium of the Company accordingly. The remaining 4,978,000 repurchased shares were subsequently cancelled in January 2015 and the par value of the shares were held as treasury shares as at 31 December 2014. Subsequent to the end of the reporting period, the Company further repurchased and cancelled 5,340,000 of its shares for a total cash consideration (before expenses) amounting to HK$20,653,000 in January 2015.

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

Share option scheme

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

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

31. EQUITY COMPENSATION PLANS *(Continued)*

Share option scheme *(Continued)*

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. In addition, any share options granted to a substantial shareholder or an independent non-executive Director, 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 sheet on the Hong Kong Stock Exchange on the date of the offer of the share options; and (ii) the average of the closing prices of the Company's shares as quoted on the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

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

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

	2014		2013	
	Weighted average exercise price HK$ per share	**Number of options**	Weighted average exercise price HK$ per share	Number of options
At 1 January	**0.97**	**68,446,000**	0.97	87,606,000
Exercised during the year	**0.97**	**(16,794,000)**	0.97	(17,204,000)
Lapsed during the year	**0.97**	**(1,630,000)**	0.97	(1,956,000)
Granted during the year	**4.59**	**70,000,000**	–	–
At 31 December	**3.08**	**120,022,000**	0.97	68,446,000

The weighted average share price at the date of exercise for share options exercised during the year was HK$4.22 per share (2013: HK$5.46 per share).

31. EQUITY COMPENSATION PLANS *(Continued)*

Share option scheme *(Continued)*

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

2014 Number of options	**Exercise price* HK$ per share**	**Exercise period**
105,099	**0.97**	**7-11-2014 to 30-11-2019**
16,638,967	**0.97**	**7-11-2015 to 30-11-2019**
16,638,967	**0.97**	**7-11-2016 to 30-11-2019**
16,638,967	**0.97**	**7-11-2017 to 30-11-2019**
350,000	**4.59**	**7-11-2014 to 31-8-2024**
380,000	**4.59**	**7-11-2015 to 31-8-2024**
380,000	**4.59**	**7-11-2016 to 31-8-2024**
378,000	**4.59**	**7-11-2017 to 31-8-2024**
13,644,000	**4.59**	**7-11-2018 to 31-8-2024**
13,712,000	**4.59**	**7-11-2019 to 31-8-2024**
13,676,000	**4.59**	**7-11-2020 to 31-8-2024**
13,712,000	**4.59**	**7-11-2021 to 31-8-2024**
13,768,000	**4.59**	**7-11-2022 to 31-8-2024**
120,022,000		

2013 Number of options	Exercise price* HK$ per share	Exercise period
260,132	0.97	7-11-2013 to 30-11-2019
17,046,467	0.97	7-11-2014 to 30-11-2019
17,046,467	0.97	7-11-2015 to 30-11-2019
17,046,467	0.97	7-11-2016 to 30-11-2019
17,046,467	0.97	7-11-2017 to 30-11-2019
68,446,000		

* 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.

The fair value of the share options granted during the year was HK$136,080,000, of which the Group recognised a share option expense of HK$21,796,000 (2013: HK$20,971,000) during the year ended 31 December 2014.

31. EQUITY COMPENSATION PLANS *(Continued)*

Share option scheme *(Continued)*

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

	2014
Dividend yield (%)	**4.14**
Expected volatility (%)	**57.86**
Historical volatility (%)	**57.86**
Risk-free interest rate (%)	**1.92**
Weighted average expected life of options (year)	**5.09 – 9.09**
Underlying price per share (HK$)	**4.59**

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 total of 16,794,000 share options exercised during the year resulted in the issue of 16,794,000 ordinary shares of the Company and new share capital of HK$1,680,000 and share premium of HK$14,610,000 (before issue expenses), as further detailed in note 30 to the financial statements.

At the end of the reporting period, the Company had 120,022,000 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 120,022,000 additional ordinary shares of the Company and additional share capital of HK$12,002,200 and share premium of HK$357,819,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 119,922,000 share options outstanding under the Scheme, which represented approximately 10.4% of the Company's shares in issue as at that date.

32. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 50 and 51 of the financial statements.

32. RESERVES (Continued)

(b) Company

	Notes	Share premium account HK$'000	Treasury shares HK$'000	Contributed surplus HK$'000	Employee share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As 1 January 2013		719,963	–	351,832	70,835	(67,460)	1,075,170
Total comprehensive income for the year		–	–	–	–	(9,188)	(9,188)
Issue of shares in connection with the exercise of share options	30(i)	46,036	–	–	(31,069)	–	14,967
Share-based compensation arrangement	31	–	–	–	20,971	–	20,971
Proposed final dividend	13	(175,105)	–	–	–	–	(175,105)
As 31 December 2013 and 1 January 2014		**590,894**	**–**	**351,832**	**60,737**	**(76,648)**	**926,815**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**(9,335)**	**(9,335)**
Cancellation of shares repurchased	30(ii)	**(78,791)**	**–**	**–**	**–**	**–**	**(78,791)**
Shares repurchased and not yet cancelled	30(ii)	**(18,385)**	**(498)**	**–**	**–**	**–**	**(18,883)**
Issue of shares in connection with the exercise of share options	30(i)	**45,520**	**–**	**–**	**(30,910)**	**–**	**14,610**
Share-based compensation arrangements	31	**–**	**–**	**–**	**21,796**	**–**	**21,796**
Proposed final dividend	13	**(172,745)**	**–**	**–**	**–**	**–**	**(172,745)**
As 31 December 2014		**366,493**	**(498)**	**351,832**	**51,623**	**(85,983)**	**683,467**

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. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

During the year ended 31 December 2014, the Group recognised property, plant and equipment amounting to HK$660,048,000 (2013: Nil) in connection with the assignment and transfer of right, title and obligations for certain equipment from an independent third party which is of non-cash in nature.

34. CONTINGENT LIABILITIES

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

In addition to the corporate guarantees as disclosed in note 27 to the financial statements, at the end of the reporting period, the Company had provided corporate guarantees of approximately HK$5,461,867,000 (2013: HK$6,325,890,000) to banks in connection with banking facilities of bank loans granted to its subsidiaries, which were utilised to the extent of approximately HK$3,601,260,000 (2013: HK$3,428,091,000).

During the year ended 31 December 2014, the Company had provided corporate guarantee to an independent third party of the prompt payment and performance of all existing and future indebtedness and liabilities of the Group for certain production equipment assigned to the Group.

35. OPERATING LEASE COMMITMENTS

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

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

	2014 **HK$'000**	2013 HK$'000
Within one year	**7,310**	6,595
In the second to fifth years, inclusive	**1,455**	3,737
	8,765	10,332

36. COMMITMENTS

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

	2014 HK$'000	2013 HK$'000
Contracted, but not provided for:		
Land and buildings	**98,285**	715,556
Machinery and office equipment	**133,548**	161,380
	231,833	876,936
Authorised, but not contracted for:		
Land and buildings	**–**	70,493
Total capital commitments	**231,833**	947,429

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

37. RELATED PARTY TRANSACTIONS

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

	2014 HK$'000	2013 HK$'000
Rental expenses paid to:		
Ms. Lin Mei-Li (Note)	**63**	65

Note: Ms. Lin Mei-Li is the spouse of Mr. Cheng Li-Yu, a Director of the Company. The rentals were determined at rates mutually agreed between the relevant parties.

The above transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Compensation of key management personnel of the Group (excluding Directors' remuneration):

	2014 HK$'000	2013 HK$'000
Short term employee benefits	**8,802**	9,414
Employee share-based compensation expenses	**7,032**	5,732
Total compensation paid to key management personnel	**15,834**	15,146

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

38. FINANCIAL INSTRUMENTS BY CATEGORY

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

2014
Financial assets

	Group		
	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale investments	–	37,304	37,304
Trade receivables	3,313,337	–	3,313,337
Financial assets included in prepayments, deposits and other receivables	658,970	–	658,970
Pledged bank balances	35,565	–	35,565
Cash and cash equivalents	1,563,614	–	1,563,614
	5,571,486	37,304	5,608,790

Financial liabilities

	Group		
	Financial liabilities at fair value through profit or loss - held for trading HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Trade and bills payables	–	1,347,954	1,347,954
Financial liabilities included in other payables and accruals	–	1,141,011	1,141,011
Derivative financial instruments	21,610	–	21,610
Interest-bearing bank borrowings	–	4,717,680	4,717,680
	21,610	7,206,645	7,228,255

38. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2013

Financial assets

	Group		
	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale investments	–	44,042	44,042
Trade receivables	3,953,777	–	3,953,777
Financial assets included in prepayments, deposits and other receivables	702,581	–	702,581
Pledged bank balances	23,803	–	23,803
Cash and cash equivalents	1,061,299	–	1,061,299
	5,741,460	44,042	5,785,502

Financial liabilities

	Group		
	Financial liabilities at fair value through profit or loss - held for trading HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
Trade and bills payables	–	1,554,929	1,554,929
Financial liabilities included in other payables and accruals	–	984,038	984,038
Derivative financial instruments	4,190	–	4,190
Interest-bearing bank borrowings	–	4,297,794	4,297,794
	4,190	6,836,761	6,840,951

38. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial assets

	Company	
	Loans and receivables 2014 HK$'000	Loans and receivables 2013 HK$'000
Due from subsidiaries (note 19)	**169,323**	303,988
Cash and cash equivalents	**42**	42
	169,365	304,030

Financial liabilities

	Company	
	Financial liabilities at amortised cost 2014 HK$'000	Financial liabilities at amortised cost 2013 HK$'000
Due to a subsidiary (note 19)	**136,426**	4,835
Financial liabilities included in other payables and accruals	**3,133**	3,043
	139,559	7,878

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Group

	Carrying amounts		Fair values	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Available-for-sale investments				
Overseas listed equity investment, at fair value	**32,146**	38,885	**32,146**	38,885
Financial liabilities				
Derivative financial instruments	**21,610**	4,190	**21,610**	4,190

Management has assessed that the fair values of the Group's and the Company's trade receivables, financial assets included in prepayments, deposits and other receivables, pledged bank balances, cash and cash equivalents, trade and bills payables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

As at 31 December 2014 and 2013, certain unlisted equity investments without quoted price at carrying amounts of HK$5,158,000 and HK$5,157,000 are stated at cost less impairment and excluded from the table above, as the Directors is of the opinion that their fair values cannot be reliably measured.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The following methods and assumptions were used to estimate the fair values:

The fair values of non-current portion interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and borrowings as at 31 December 2014 and 31 December 2013 was assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices.

The Group enters into derivative financial instruments with various counterparties, principally with creditworthy banks with no recent history of default. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

Group

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Available-for-sale investments				
Overseas listed equity investment	**32,146**	**–**	**–**	**32,146**

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Available-for-sale investments:				
Overseas listed equity investment	38,885	–	–	38,885

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value

Group

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Derivative financial instruments				
Forward exchange contracts	**–**	**21,610**	**–**	**21,610**

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Derivative financial instruments				
Forward exchange contracts	–	4,190	–	4,190

During the year, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2013: Nil).

The Company did not have any financial assets and financial liabilities measured at fair value as at 31 December 2014 (2013: Nil).

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans, 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 debt obligations denominated in United States dollars with floating interest rates.

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
2014		
United States dollar	**50**	**(23,290)**
United States dollar	**(50)**	**23,290**
2013		
United States dollar	50	(21,156)
United States dollar	(50)	21,156

40. 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 currencies 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.

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in profit before tax HK$'000
2014		
If United States dollar strengthens against Renminbi	**3.54**	**132,493**
If United States dollar weakens against Renminbi	**(3.54)**	**(132,493)**
2013		
If United States dollar strengthens against Renminbi	2.53	72,096
If United States dollar weakens against Renminbi	(2.53)	(72,096)

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 73% (2013: 83%) 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 and other receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure being equal to the carrying amounts of these instruments. There is no significant concentration of credit risk within the Group in relation to the other financial assets.

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

Liquidity risk

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

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

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

Group

	2014			
	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	**1,347,954**	**–**	**–**	**1,347,954**
Other payables and accruals	**1,141,011**	**–**	**–**	**1,141,011**
Interest-bearing bank borrowings	**2,146,453**	**2,684,666**	**–**	**4,831,119**
	4,635,418	**2,684,666**	**–**	**7,320,084**

	2013			
	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	1,554,929	–	–	1,554,929
Other payables and accruals	984,038	–	–	984,038
Interest-bearing bank borrowings	2,716,802	1,672,556	–	4,389,358
	5,255,769	1,672,556	–	6,928,325

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

Liquidity risk *(Continued)*

Company

	2014 On demand or within 1 year HK$'000	2014 2 to 5 years HK$'000	2014 Over 5 years HK$'000	2014 Total HK$'000
Financial guarantees issued: Maximum amount guaranteed (notes 28 and 34)	**5,721,676**	**–**	**–**	**5,721,676**

	2013 On demand or within 1 year HK$'000	2013 2 to 5 years HK$'000	2013 Over 5 years HK$'000	2013 Total HK$'000
Financial guarantees issued: Maximum amount guaranteed (notes 28 and 34)	6,864,758	–	–	6,864,758

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 23) as at 31 December 2014. The Group's listed investment is listed on the Taiwan Stock Exchange 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 its respective highest and lowest points during the year were as follows:

	31 December 2014	**High/low 2014**	31 December 2013	High/low 2013
Taiwan – TSEC Weighted Index	**9,307**	**9,594/8,230**	8,612	8,647/7,603

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

Equity price risk *(Continued)*

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

	Carrying amount of equity investment HK$'000	Increase/ (decrease) in equity price %	Increase/ (decrease) in equity* HK$'000
2014			
Investment listed in:			
Taiwan – Available-for-sale	**32,146**	**50.34**	**13,431**
	(32,146)	**(50.34)**	**(13,431)**
2013			
Investment listed in:			
Taiwan – Available-for-sale	38,885	31.88	10,288
	(38,885)	(31.88)	(10,288)

* Excluding retained profits

Capital management

The primary objectives 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 shareholders' 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 2014 and 31 December 2013.

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

Capital management *(Continued)*

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

	Group	
	2014	2013
	HK$'000	HK$'000
Total bank borrowings	**4,717,680**	4,297,794
Total non-current assets	**9,136,722**	7,702,393
Total current assets	**6,995,652**	7,015,593
Total assets	**16,132,374**	14,717,986
Gearing ratio	**29%**	29%

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 17 March 2015.

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				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**9,571,195**	9,256,832	9,201,313	8,234,507	7,166,213
PROFIT BEFORE TAX	**1,009,364**	1,132,206	788,210	287,108	420,305
Income tax expense	**(184,957)**	(255,389)	(128,589)	(50,361)	(65,302)
PROFIT FOR THE YEAR	**824,407**	876,817	659,621	236,747	355,003
Attributable to:					
Equity holders of the Company	**764,667**	762,173	600,959	256,625	331,189
Non-controlling interests	**59,740**	114,644	58,662	(19,878)	23,814
	824,407	876,817	659,621	236,747	355,003

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**16,132,374**	14,717,986	13,249,300	11,372,523	9,911,602
TOTAL LIABILITIES	**(8,174,809)**	(7,085,196)	(6,632,706)	(5,473,812)	(4,686,113)
NON-CONTROLLING INTERESTS	**1,410,295**	(1,397,249)	(1,230,496)	(1,157,041)	(836,581)
	9,367,860	6,235,541	5,386,098	4,741,670	4,388,908