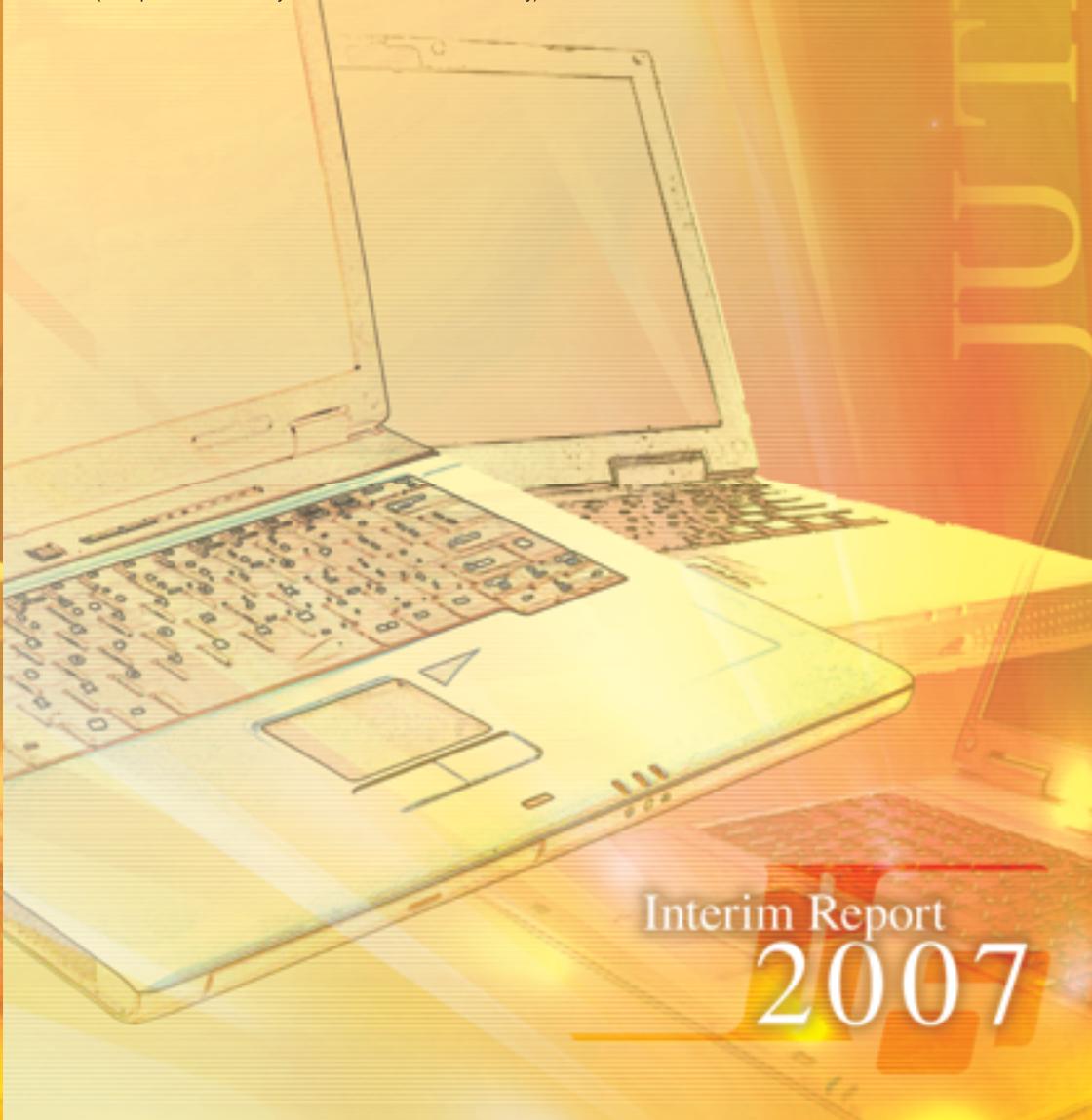




JU TENG INTERNATIONAL HOLDINGS LIMITED
巨騰國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)



Interim Report
2007

(Stock Code: 3336)

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yu Chwo-Ming
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*

QUALIFIED ACCOUNTANT

Mr. Tsui Yung Kwok *CA, CPA*

AUDIT COMMITTEE

Mr. Yu Chwo-Ming
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

LEGAL ADVISERS AS TO HONG KONG LAWS

Chiu & Partners

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

Bank of China
Bank SinoPac
Citibank
CITIC Industrial Bank
Fubon Bank
Industrial and Commercial Bank
of China

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services
(Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Street
Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

The board (the "Board") of directors (the "Directors") of Ju Teng International Holdings Limited (the "Company" or "Ju Teng") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2007 (the "Period") as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

	Notes	For the six months ended 30 June	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
REVENUE	2	2,156,448	1,470,549
Cost of sales		(1,836,404)	(1,261,432)
Gross profit		320,044	209,117
Other income and gains	3	47,482	30,931
Selling and distribution costs		(10,133)	(9,745)
Administrative expenses		(119,156)	(97,967)
Other expenses, net		(3,727)	(2,012)
Finance costs	4	(47,968)	(43,446)
Share of profit of an associate		55	644
PROFIT BEFORE TAX	5	186,597	87,522
Tax	6	(22,335)	(17,178)
PROFIT FOR THE PERIOD		164,262	70,344
Attributable to:			
Equity holders of the Company		157,999	70,468
Minority interests		6,263	(124)
		164,262	70,344
INTERIM DIVIDEND	7	—	—
EARNINGS PER SHARE	8		
– Basic (HK cents)		15.8	7.0
– Diluted (HK cents)		15.7	7.0

CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2007

	Notes	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,520,234	1,478,907
Lease premium for land		23,151	22,489
Goodwill		1,065	1,065
Investment in an associate		23,251	24,745
Deferred tax assets		7,048	5,296
Financial assets at fair value through profit or loss		16,460	–
Prepayment for acquisition of equipment		8,828	–
Total non-current assets		1,600,037	1,532,502
CURRENT ASSETS			
Inventories		717,530	654,646
Trade receivables	10	1,116,456	942,770
Factored trade receivables	10	380,385	373,698
Prepayments, deposits and other receivables		210,724	153,088
Available-for-sale investment		123,609	74,210
Derivative financial instruments		17,858	8,079
Pledged bank balances and time deposits		58,994	156,491
Cash and cash equivalents		175,036	179,547
Total current assets		2,800,592	2,542,529
CURRENT LIABILITIES			
Trade and bills payables	11	1,030,478	819,802
Other payables and accruals		308,126	348,491
Tax payable		82,297	87,996
Bank advances on factored trade receivables	10	380,385	393,946
Interest-bearing bank borrowings		748,728	838,045
Total current liabilities		2,550,014	2,488,280
NET CURRENT ASSETS			
		250,578	54,249
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,850,615	1,586,751
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		–	2,056
Deferred tax liability		26,370	–
Total non-current liabilities		26,370	2,056
Net assets		1,824,245	1,584,695
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	12	100,000	100,000
Reserves		1,683,063	1,451,005
		1,783,063	1,551,005
Minority interests			
		41,182	33,690
Total equity		1,824,245	1,584,695

CONDENSED CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	Attributable to equity holders of the Company										
	Issued share capital	Share premium account	Contributed surplus	Employee share-based compensation reserve	Statutory reserve fund	Exchange fluctuation reserve	Retained profits	Available-for-sale investment revaluation reserve	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2006	100,000	227,127	420,266	3,856	23,794	4,491	459,940	-	1,239,474	-	1,239,474
Exchange realignment and net gain recognised directly in equity (Unaudited)	-	-	-	-	-	12,357	-	-	12,357	29	12,386
Profit for the period (Unaudited)	-	-	-	-	-	-	70,468	-	70,468	(124)	70,344
Total income and expense for the period (Unaudited)	-	-	-	-	-	12,357	70,468	-	82,825	(95)	82,730
Share-based compensation arrangements (Unaudited)	-	-	-	2,544	-	-	-	-	2,544	-	2,544
Acquisition of a subsidiary (Unaudited)	-	-	-	-	-	-	-	-	-	16,204	16,204
Capital injection from minority shareholder (Unaudited)	-	-	-	-	-	-	-	-	-	7,020	7,020
Transfer from retained profits (Unaudited)	-	-	-	-	260	-	(260)	-	-	-	-
At 30 June 2006 (Unaudited)	100,000	227,127	420,266	6,400	24,054	16,848	530,148	-	1,324,843	23,129	1,347,972
At 1 January 2007	100,000	227,127	420,266	8,324	24,056	52,441	662,620	56,171	1,551,005	33,690	1,584,695
Exchange realignment (Unaudited)	-	-	-	-	-	46,663	-	-	46,663	1,229	47,892
Change in fair value of available-for-sale investment (Unaudited)	-	-	-	-	-	-	-	22,665	22,665	-	22,665
Net gains recognised directly in equity	-	-	-	-	-	46,663	-	22,665	69,328	1,229	70,557
Profit for the period (Unaudited)	-	-	-	-	-	-	157,999	-	157,999	6,263	164,262
Total income and expense for the period (Unaudited)	-	-	-	-	-	46,663	157,999	22,665	227,327	7,492	234,819
Share-based compensation arrangements (Unaudited)	-	-	-	4,731	-	-	-	-	4,731	-	4,731
Transfer from retained profits (Unaudited)	-	-	-	-	47	-	(47)	-	-	-	-
At 30 June 2007 (Unaudited)	100,000	227,127	420,266	13,055	24,103	99,104	820,572	78,836	1,783,063	41,182	1,824,245

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

	For the six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	85,301	30,049
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	1,961	(207,616)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	(91,373)	211,136
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,111)	33,569
Cash and cash equivalents at beginning of period	179,547	226,699
Effect of foreign exchange rate changes, net	(400)	237
CASH AND CASH EQUIVALENTS AT END OF PERIOD	175,036	<u>260,505</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	175,036	<u>260,505</u>

NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2007

1. ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the Period are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2006, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period’s financial statements:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The HKAS 1 Amendment will affect the disclosures about qualitative information about the Group’s objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 requires disclosures that enable users of the financial statements to evaluate the significance of the Group’s financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates many of the disclosure requirements of HKAS 32.

The HK(IFRIC)-Int 7 addresses requirements of HKAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period, and requires an entity to restate its financial statements in accordance with HKAS 29.

The HK(IFRIC)-Int 8 addresses the application of HKFRS 2 to particular transactions in which the entity cannot identify specifically some or all of the goods or services received.

The HK(IFRIC)-Int 9 addresses the application of HKAS 39 that an entity shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract, and prohibits subsequent reassessment throughout the life of the contract except for exceptional circumstances.

The HK(IFRIC)-Int 10 addresses the interaction between the requirements of HKAS 34 and the recognition of impairment losses on goodwill in HKAS 36 and certain financial assets in HKAS 39 and that an entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The adoption of the above new and revised HKFRSs has no material impact on the methods of computation in the Group’s condensed consolidated financial statements.

NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2007

2. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary reporting basis, by geographical segment.

(a) Business segments

The Group was principally engaged in the manufacture and sale of notebook computer casings. Therefore, no further business segment analysis is presented.

(b) Geographical segments

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of customers.

The following table presents the revenue of the Group's geographical segments.

Segment revenue from external customers:

	For the six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
The People's Republic of China (the "PRC")	2,041,603	1,286,360
The Republic of China	114,078	181,066
Others	767	3,123
	<u>2,156,448</u>	<u>1,470,549</u>

3. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Subcontracting fee income	727	722
Interest income	5,828	1,888
Sale of scrap materials	14,104	8,592
Exchange gains, net	18,282	11,490
Excess over the cost of acquisition of interest in an associate	-	1,625
Others	8,541	6,614
	<u>47,482</u>	<u>30,931</u>

NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2007

4. FINANCE COSTS

	For the six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Interest on bank loans and other loans wholly repayable:		
Within five years	47,968	43,428
Over five years	–	18
	47,968	43,446

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Cost of inventories sold	1,775,125	1,247,545
Depreciation	78,623	57,454
Amortisation of lease premium for land	221	170
Losses on write-off/disposal of items of property, plant and equipment, net	696	302

6. TAX

	For the six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Current – provision for the period		
– Mainland China	18,548	6,149
– Overseas	3,056	11,708
Underprovision in prior years		
– Mainland China	1,313	–
– Overseas	1,100	–
Deferred tax	(1,682)	(679)
Tax charge for the period	22,335	17,178

Hong Kong profits tax has not been provided as the Group did not have any assessable profits arising in Hong Kong during the Period (six months ended 30 June 2006: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates based on existing legislation, interpretation and practices in respect thereof.

During the six months ended 30 June 2007, Everyday Computer Components (Suzhou) Co., Ltd., a subsidiary of the Company, has provided corporate income tax at the rate of 12% as it is a foreign investment manufacturing enterprise with export-oriented enterprise status which is eligible for 50% corporate income tax reduction after the tax holiday based on existing legislation, interpretation and practices in respect thereof.

NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2007

7. INTERIM DIVIDEND

The Directors did not propose to declare an interim dividend for the Period (six months ended 30 June 2006: Nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share amounts is based on the profit for the Period attributable to equity holders of the Company of HK\$157,999,000 (six months ended 30 June 2006: HK\$70,468,000) and the 1,000,000,000 (six months ended 30 June 2006: 1,000,000,000) ordinary shares in issue during the Period.

The calculation of diluted earnings per share amounts is based on the profit for the Period attributable to equity holders of the Company of HK\$157,999,000 (six months ended 30 June 2006: HK\$70,468,000). The weighted average number of ordinary shares used in the calculation is the 1,000,000,000 (six months ended 30 June 2006: 1,000,000,000) ordinary shares in issue during the Period, as used in the basic earnings per share calculation, and the weighted average of 8,959,950 (six months ended 30 June 2006: 1,016,793) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential shares into shares.

9. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment of HK\$74,063,000 (six months ended 30 June 2006: HK\$206,430,000) and disposed of property, plant and equipment of HK\$3,206,000 (six months ended 30 June 2006: HK\$1,702,000).

NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2007

10. TRADE RECEIVABLES

The Group allows an average credit period ranging from 90 days to 120 days to its customers. An aged analysis of the trade receivables and factored trade receivables as at the balance sheet date, based on invoice date, is as follows:

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Trade receivables		
Within 3 months	863,641	712,595
4 – 6 months	233,778	212,986
7 – 12 months	18,210	8,789
Over 1 year	827	8,400
	1,116,456	942,770
Factored trade receivables		
Within 3 months	195,431	233,772
4 – 6 months	183,776	139,926
7 – 12 months	1,178	–
	380,385	373,698

At 30 June 2007, certain subsidiaries of the Group had factored trade receivables of HK\$380,385,000 (31 December 2006: HK\$373,698,000) to banks on a without-recourse basis for cash. As the subsidiaries of the Group still retained the risks and rewards associated with the delay in payment by the customers, the financial asset derecognition conditions as stipulated in HKAS 39 have not been fulfilled. Accordingly, the proceeds from the factoring of the Group's trade receivables have been accounted for as liabilities in the condensed consolidated balance sheet.

NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2007

11. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables at the balance sheet date, based on invoice date, is as follows:

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Within 3 months	754,202	596,072
4 – 6 months	244,010	209,449
7 – 12 months	19,738	9,704
Over 1 year	12,528	4,577
	<u>1,030,478</u>	<u>819,802</u>

12. SHARE CAPITAL

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Authorised 2,000,000,000 shares of HK\$0.1 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid 1,000,000,000 shares of HK\$0.1 each	<u>100,000</u>	<u>100,000</u>

Share options

Details of the Company's Pre-IPO share option scheme, share option scheme and the share options issued are included in note 13 to the interim financial statements.

NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2007

13. EQUITY COMPENSATION PLANS

(a) Pre-IPO share option scheme

On 17 June 2005, the Company adopted a Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme"). On the same day, Pre-IPO share options were granted to Mr. Tsui Yung Kwok, a director of the Company, for subscribing 2,800,000 shares in the Company at an exercise price per share of HK\$1.26. The exercise period commences from 3 November 2006 and ends on and includes 16 June 2015. No Pre-IPO share option was exercised during the Period.

(b) Share award plan

On 17 June 2005, the Company adopted a share award plan (the "Share Award Plan"). A total of 952,881 shares in the Company were transferred to the trustee of the Share Award Plan by the then shareholders of the Company and a total of 12,452,669 shares in the Company were allotted and issued to the trustee of the Share Award Plan pursuant to a capitalisation issue. On the same day, the Company awarded a total of 4,289,776 shares to Mr. Huang Kuo-Kuang, a director of the Company, and certain employees of the Group under the Share Award Plan, which had vested during the prior period.

(c) 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 provides research, development or other technological support to the Group, the Group's shareholders and the adviser or consultants 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.

NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2007

13. EQUITY COMPENSATION PLANS (continued)

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

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

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 Stock Exchange's daily quotation sheets on the date of the offer of the share options; and (ii) the average closing price of the Company's shares as quoted on the 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.

NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2007

13. EQUITY COMPENSATION PLANS (continued)

(c) Share option scheme (continued)

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

Name or category of participant	Number of share options			Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK\$ per share	Price of the Company's shares at grant date of share options*** HK\$ per share
	At 1 January 2007	Granted during the Period	At 30 June 2007				
Directors							
Mr. Hsieh Wan-Fu	500,000	-	500,000	7-11-2006	7-11-2009 to 6-11-2016	1.56	1.56
	500,000	-	500,000	7-11-2006	7-11-2010 to 6-11-2016	1.56	1.56
	500,000	-	500,000	7-11-2006	7-11-2011 to 6-11-2016	1.56	1.56
	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>				
Mr. Huang Kuo-Kuang	1,000,000	-	1,000,000	7-11-2006	7-11-2009 to 6-11-2016	1.56	1.56
	1,000,000	-	1,000,000	7-11-2006	7-11-2010 to 6-11-2016	1.56	1.56
	1,000,000	-	1,000,000	7-11-2006	7-11-2011 to 6-11-2016	1.56	1.56
	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>				
Mr. Lo Jung-Te	500,000	-	500,000	7-11-2006	7-11-2009 to 6-11-2016	1.56	1.56
	500,000	-	500,000	7-11-2006	7-11-2010 to 6-11-2016	1.56	1.56
	500,000	-	500,000	7-11-2006	7-11-2011 to 6-11-2016	1.56	1.56
	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>				
Mr. Tsui Yung Kwok	332,667	-	332,667	7-11-2006	7-11-2009 to 6-11-2016	1.56	1.56
	332,667	-	332,667	7-11-2006	7-11-2010 to 6-11-2016	1.56	1.56
	332,666	-	332,666	7-11-2006	7-11-2011 to 6-11-2016	1.56	1.56
	<u>998,000</u>	<u>-</u>	<u>998,000</u>				
Other employees							
In aggregate	14,334,000	-	14,334,000	7-11-2006	7-11-2009 to 6-11-2016	1.56	1.56
	14,334,000	-	14,334,000	7-11-2006	7-11-2010 to 6-11-2016	1.56	1.56
	14,334,000	-	14,334,000	7-11-2006	7-11-2011 to 6-11-2016	1.56	1.56
	<u>43,002,000</u>	<u>-</u>	<u>43,002,000</u>				
	<u>50,000,000</u>	<u>-</u>	<u>50,000,000</u>				

NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2007

13. EQUITY COMPENSATION PLANS (continued)

(c) Share option scheme (continued)

Notes to the reconciliation of share options outstanding during the Period:

- * The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- ** 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 price of the Company's shares disclosed as at the date of grant of the share options is the closing price on The Stock Exchange of Hong Kong Limited on the trading day immediately prior to the date of grant of the options.

14. OPERATING LEASE COMMITMENTS

The Group leases its office, warehouse properties and motor vehicles under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years, with an option to renew the lease when the terms are renegotiated.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Within one year	12,547	6,487
In the second to fifth years, inclusive	19,018	7,797
	31,565	14,284

15. COMMITMENTS

In addition to the operating lease commitments detailed in note 14 above, the Group had the following contracted capital commitments at the balance sheet date:

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Contracted, but not provided for:		
Land and buildings	2,587	3,157
Machinery	13,525	13,451
	16,112	16,608

NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2007

16. CONTINGENT LIABILITIES

At the balance sheet date, the Group did not have any significant contingent liabilities.

17. RELATED PARTY TRANSACTIONS

(a) The Group had the following material related party transactions during the Period:

	Notes	For the six months ended 30 June	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Purchase of production materials from:			
San Li Company Limited ("San Li") (a)	(i)	5,239	15,869
Sunrise Plastic Injection Company Limited ("Sunrise") (b)	(i)	47	393
San Changs Co., Ltd. ("San Changs") (c)	(i)	–	190
Purchase of moulds from:			
Ta Yu Metallic Company Limited ("Ta Yu Metallic") (d)	(i)	–	607
Chengyang Precision Mold (Kunshan) Company Limited ("Chengyang") (e)	(i)	337	–
Sale of finished goods to:			
San Li	(ii)	383	640
Sunrise	(ii)	506	721
San Changs	(ii)	–	37
Technological support fees paid to:			
Sunrise	(iii)	1,600	–
San Li	(iii)	3,201	–
Rental expenses paid to:			
Ms. Lin Mei-Li (f)	(iv)	26	41
Mr. Cheng Li-Yu (g)	(iv)	16	–

Notes:

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

NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2007

17. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes: (continued)

- (c) San Changs is controlled by Messrs. Cheng Li-Yu and Huang Kuo-Kuang, directors of the Company, and Ms. Lin Mei-Li, the spouse of Mr. Cheng Li-Yu.
- (d) Ta Yu Metallic is controlled by Mr. Horng Tsai-Chin, a former director of the Company. Ta Yu Metallic is no longer a related party as Mr. Horng Tsai-Chin resigned as a director of the Company on 18 September 2006.
- (e) Chengyang is a principal subsidiary of the Group's associate.
- (f) Ms. Lin Mei-Li is the spouse of Mr. Cheng Li-Yu, a director of the Company.
- (g) Mr. Cheng Li-Yu is a director of the Company.
- (i) The purchase prices for production materials and moulds were determined at rates mutually agreed between the relevant parties.
- (ii) The selling prices of finished goods were determined at rates mutually agreed between the relevant parties.
- (iii) The technological support fees were determined at rates mutually agreed between the relevant parties.
- (iv) The rentals were determined at rates mutually agreed between the relevant parties.

NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2007

17. RELATED PARTY TRANSACTIONS (continued)**(b)** Outstanding balances with related parties:

Details of the Group's balances with the related companies as at the balance sheet date are as follows:

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 (Audited) HK\$'000
Trade receivables:		
San Li	338	491
Sunrise	317	342
	655	833
Trade and bills payables:		
San Li	6,812	7,996
Ta Yu Metallic*	-	537
Sunrise	1,989	1,232
San Changs	-	87
	8,801	9,852

* Ta Yu Metallic is controlled by Mr. Horng Tsai-Chin, a former director of the Company. Ta Yu Metallic is no longer a related party as Mr. Horng Tsai-Chin resigned as a director of the Company on 18 September 2006.

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Short term employee benefits	1,886	2,226
Employee share-based compensation expenses	880	603
Total compensation paid to key management personnel	2,766	2,829

18. PLEDGE OF ASSETS

As at 30 June 2007, the Group's pledged bank balances and time deposits of approximately HK\$58,994,000 (31 December 2006: HK\$156,491,000) and leasehold land and buildings and machineries with an aggregate carrying amount of approximately HK\$333,335,000 (31 December 2006: HK\$603,964,000) and trade receivables of approximately HK\$238,962,000 (31 December 2006: Nil) were pledged to secure banking facilities granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

The strong global demand for notebook computers exhibits a healthy market landscape fuelled with exceptional business opportunities which are conducive to the successful development of the Group's business. In addition, since stylish industrial casing designs have helped some major international OEM notebook computer manufacturers increase their share in notebook computers market, more OEM manufacturers planned to apply advanced casing technologies in the production of the new notebook computer models. It is expected that the Group will benefit from the evolution of application of technology as it possesses the practical know-how in the application of the advanced casing technologies including in-mould decoration ("IMD"), three-dimensional painting ("3-D painting"), soft painting, double-shot moulding and metallic-like painting. Leveraging on the strong global demand for the notebook computers and its leading position in the notebook computer casing technology, it is expected that the Group will continue to improve its profitability.

FINANCIAL REVIEW

The Group achieved a substantial growth of 47% in terms of turnover for the Period as compared with the corresponding period in 2006 and reached approximately HK\$2,156 million. As the Group benefited from the growing demand for new casing products using IMD and 3-D painting technologies, which had a relatively high average selling price and high profit margin, the overall gross profit margin of the Group for the Period increased to 14.8% from 14.2% in 2006.

The Group's operating costs and other operating expenses, including administrative expenses, selling and distribution costs and other expenses for the Period remained at a relatively low level of approximately HK\$133 million, representing an increase of 21% as compared with that of 2006 which was attributable to the operating costs of the new production plant in Kunshan, the increase in staff costs and office utilities for the expansion of the Group's operational scale. Operating costs for the six months ended 30 June 2007 and 2006 accounted for 6.2% and 7.5% of the Group's turnover, respectively.

Finance costs increased by 10% to approximately HK\$48 million for the Period as compared with that of 2006 which was mainly due to the increase in trade receivable factoring arrangement.

The Group's net profit for the Period increased by 124% to approximately HK\$158 million from approximately HK\$70 million for the corresponding period in 2006. The increase in profitability was mainly attributable to the increase in the Group's turnover, the improvement in gross profit margin and the stable operating costs.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2007, the Group had total bank borrowings of approximately HK\$749 million, representing a decline of 11% as compared to that of 31 December 2006. All the bank borrowings are matured within one year. As at 30 June 2007, the Group's bank loans with carrying amounts of approximately HK\$625 million (31 December 2006: HK\$798 million), approximately HK\$105 million (31 December 2006: HK\$30 million), and approximately HK\$19 million (31 December 2006: HK\$12 million) were denominated in U.S. dollars ("USD"), Renminbi ("RMB") and New Taiwan dollars respectively.

During the Period, as a result of the improvement in operating profit and the increase in trade and bills payables, the Group's net cash inflow from operating activities increased to approximately HK\$85 million from approximately HK\$30 million for the corresponding period in 2006. The Group's cash flow from investing activities also improved significantly from net cash outflow of approximately HK\$208 million for the six months ended 30 June 2006 to net cash inflow of approximately HK\$2 million for the Period mainly due to the reduction in acquisition of fixed assets. During the Period, the Group recorded a net repayment of bank borrowings of approximately of HK\$91 million which led to the net cash outflow from financing activities of approximately HK\$91 million. As at 30 June 2007, the Group had cash and bank balances of approximately HK\$175 million.

The gearing ratio of the Group, calculated as total bank borrowings of approximately HK\$749 million (31 December 2006: HK\$840 million) over total assets of approximately HK\$4,401 million (31 December 2006: HK\$4,075 million), as at 30 June 2007 was 17%, representing an improvement of 4% from that of 31 December 2006. The decrease in gearing ratio was attributable to the repayment of bank borrowings and increase in total assets.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to fluctuation in foreign exchange rates. Since most of the Group's revenue is denominated in USD and most of the Group's expenses are denominated in RMB, the appreciation of value of the RMB will adversely affect the Group's profitability. Accordingly, the Group has entered into forward foreign exchange contracts to mitigate the possible exchange losses relating to the fluctuations in the values of the USD and RMB.

EMPLOYEES

As at 30 June 2007, the Group had approximately 28,000 employees. The Group recorded the staff costs of approximately HK\$285 million for the Period (six months ended 30 June 2006: HK\$228 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 awarded to employees after assessment of the performance of the Group and the individual employee. The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme for all of its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations of the PRC.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2007, 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"), which had been notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("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-Yen	Beneficiary of a trust (Note 2)	273,556,986 (L) Ordinary Shares	27.36%
Mr. Cheng Li-Yu	Founder of a discretionary trust (Note 2)	273,556,986 (L) Ordinary Shares	27.36%
	Beneficial owner	21,780,000 (L) Ordinary Shares	2.18%
	Interest of spouse (Note 3)	10,518,046 (L) Ordinary Shares	1.05%
Mr. Huang Kuo-Kuang	Beneficial owner	12,423,866 (L) Ordinary Shares	1.24%
	Interest of spouse (Note 4)	6,514,631 (L) Ordinary Shares	0.65%
Mr. Hsieh Wan-Fu	Beneficial owner	5,262,432 (L) Ordinary Shares	0.53%
Mr. Lo Jung-Te	Beneficial owner	5,967,942 (L) Ordinary Shares	0.60%

OTHER INFORMATION**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES** (continued)*(i) Interests in Shares* (continued)

Notes:

- The letter "L" denotes a long position in the Shares.
- 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.
- Mr. Cheng Li-Yu was 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.
- Mr. Huang Kuo-Kuang was 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)	Approximate percentage of Shareholding
Mr. Huang Kuo-Kuang	Beneficial owner	3,000,000 (L) (Note 2&3)	0.28% (Note 4)
Mr. Hsieh Wan-Fu	Beneficial owner	1,500,000 (L) (Note 2&3)	0.14% (Note 4)
Mr. Lo Jung-Te	Beneficial owner	1,500,000 (L) (Note 2&3)	0.14% (Note 4)
Mr. Tsui Yung Kwok	Beneficial owner	2,800,000 (L) (Note 3&5)	0.27% (Note 4)
	Beneficial owner	998,000 (L) (Note 2&3)	0.09% (Note 4)

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

(ii) *Interests in underlying shares* (continued)

Notes:

1. The letter "L" denotes a long position in the underlying Shares.
2. The long position in the underlying Shares comprised 3,000,000, 1,500,000, 1,500,000 and 998,000 options granted to Mr. Huang Kuo-Kuang, Mr. Hsieh Wan-Fu, Mr. Lo Jung-Te and Mr. Tsui Yung Kwok respectively by the Company on 7 November 2006 under the post-IPO share option scheme ("Post-IPO Share Option Scheme") of the Company and such share options remained outstanding as at 30 June 2007.
3. Please refer to note 13 to the financial statements for details of the exercise period and exercise prices of the share options held by the relevant Directors.
4. This percentage was calculated on the basis of 1,052,800,000 Shares in issue immediately following the exercise in full of all the options granted under the pre-IPO share option scheme ("Pre-IPO Share Option Scheme") and Post-IPO 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.
5. Mr. Tsui Yung Kwok's long position in the underlying Shares comprised 2,800,000 options granted to him by the Company on 17 June 2005 under the Pre-IPO Share Option Scheme and such share options remained outstanding as at 30 June 2007.

Save as disclosed above, as at 30 June 2007, 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 which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or was required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in the appendix 10 to the Listing Rules.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2007, the interest or short position of the person (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Division 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity and nature of interest	Number and class of Shares held (Note 1)	Approximate percentage of shareholding
Southern Asia	Beneficial owner	273,556,986 (L) Ordinary Shares	27.36%
Shine Century Assets Corp. (Note 2)	Interest of a controlled corporation	273,556,986 (L) Ordinary Shares	27.36%
East Asia International Trustees Limited (Note 2)	Trustee (other than a bare trustee)	273,556,986 (L) Ordinary Shares	27.36%
Ms. Lin Mei-Li	Beneficial owner	10,518,046 (L) Ordinary Shares	1.05%
	Interest of spouse (Note 3)	295,336,986 (L) Ordinary Shares	29.53%

Notes:

- The letter "L" denotes a long position in the Share.
- 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 was 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 and underlying shares" above.
- Ms. Lin Mei-Li was 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.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (continued)

Save as disclosed above, as at 30 June 2007, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in Shares and underlying shares" above, had an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the Period.

CORPORATE GOVERNANCE PRACTICES

The Company continues to devote much efforts to formulating the sufficient corporate governance practices which it believes crucial to the healthy growth and the business needs of the Group.

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 to the Listing Rules. The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. The Company had complied with the code provisions of the CG Code, save for the code provision A.2.1 of the CG Code regarding the requirement for separate roles of the chairman and the chief executive officer and the performance thereof by different individuals. Details of the considered reasons for such deviation had been set out in the corporate governance report contained in the Company's annual report for the year ended 31 December 2006. The Board will continue to review the current management structure from time to time and shall make necessary changes when appropriate and inform the shareholders accordingly.

OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have fully complied with the standards set out in the Model Code throughout the Period.

REVIEW BY AUDIT COMMITTEE

The Audit Committee, comprising three independent non-executive Directors, has reviewed and discussed with the management the accounting principles and practices adopted by the Group and the Company's unaudited consolidated interim financial results for the Period.

By order of the Board
Ju Teng International Holdings Limited
Cheng Li-Yu
Chairman

Hong Kong, 4 September 2007