



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



Interim Report  
**2008**

# 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  
(resigned on 31 July 2008)  
Mr. Cherng, Chia-Jiun  
(appointed on 31 July 2008)  
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*

## QUALIFIED ACCOUNTANT

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

## AUDIT COMMITTEE

Mr. Yu Chwo-Ming  
(resigned on 31 July 2008)  
Mr. Cherng, Chia-Jiun  
(appointed on 31 July 2008)  
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  
Fubon Bank  
Standard Chartered Bank

## REGISTERED OFFICE

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

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

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

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

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield 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

## WEBSITE

[www.irasia.com/listco/hk/juteng](http://www.irasia.com/listco/hk/juteng)

## STOCK CODE

3336

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 2008 (the "Period") as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

|                                                                                 |       | For the six months<br>ended 30 June |                                 |
|---------------------------------------------------------------------------------|-------|-------------------------------------|---------------------------------|
|                                                                                 | Notes | 2008<br>(Unaudited)<br>HK\$'000     | 2007<br>(Unaudited)<br>HK\$'000 |
| <b>REVENUE</b>                                                                  | 2     | <b>3,428,225</b>                    | 2,156,448                       |
| Cost of sales                                                                   |       | <b>(2,893,527)</b>                  | (1,836,404)                     |
| Gross profit                                                                    |       | <b>534,698</b>                      | 320,044                         |
| Other income and gains                                                          | 3     | <b>43,225</b>                       | 47,482                          |
| Selling and distribution costs                                                  |       | <b>(14,739)</b>                     | (10,133)                        |
| Administrative expenses                                                         |       | <b>(162,603)</b>                    | (119,156)                       |
| Other expenses                                                                  |       | <b>(9,173)</b>                      | (3,727)                         |
| Finance costs                                                                   | 4     | <b>(36,143)</b>                     | (47,968)                        |
| Share of profit of an associate                                                 |       | <b>—</b>                            | 55                              |
| <b>PROFIT BEFORE TAX</b>                                                        | 5     | <b>355,265</b>                      | 186,597                         |
| Tax                                                                             | 6     | <b>(53,024)</b>                     | (22,335)                        |
| <b>PROFIT FOR THE PERIOD</b>                                                    |       | <b>302,241</b>                      | 164,262                         |
| Attributable to:                                                                |       |                                     |                                 |
| Equity holders of the Company                                                   |       | <b>283,501</b>                      | 157,999                         |
| Minority interests                                                              |       | <b>18,740</b>                       | 6,263                           |
|                                                                                 |       | <b>302,241</b>                      | 164,262                         |
| <b>INTERIM DIVIDEND</b>                                                         | 7     | <b>—</b>                            | —                               |
| <b>EARNINGS PER SHARE<br/>ATTRIBUTABLE TO EQUITY<br/>HOLDERS OF THE COMPANY</b> | 8     |                                     |                                 |
| – Basic (HK cents)                                                              |       | <b>28.4</b>                         | 15.8                            |
| – Diluted (HK cents)                                                            |       | <b>27.7</b>                         | 15.7                            |

# CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2008

3

Interim Report 2008

|                                                                 | Notes | 30 June<br>2008<br>(Unaudited)<br>HK\$'000 | 31 December<br>2007<br>(Audited)<br>HK\$'000 |
|-----------------------------------------------------------------|-------|--------------------------------------------|----------------------------------------------|
| <b>NON-CURRENT ASSETS</b>                                       |       |                                            |                                              |
| Property, plant and equipment                                   | 9     | 1,920,892                                  | 1,662,323                                    |
| Lease premium for land                                          |       | 26,962                                     | 25,641                                       |
| Goodwill                                                        |       | 1,730                                      | 1,065                                        |
| Prepayments for acquisition<br>of investments                   |       | 84,910                                     | –                                            |
| Prepayments for acquisition of<br>property, plant and equipment |       | 50,702                                     | 6,656                                        |
| Available-for-sale investment                                   |       | 98,096                                     | 120,607                                      |
| Total non-current assets                                        |       | <u>2,183,292</u>                           | <u>1,816,292</u>                             |
| <b>CURRENT ASSETS</b>                                           |       |                                            |                                              |
| Inventories                                                     |       | 872,004                                    | 727,751                                      |
| Trade receivables                                               | 10    | 2,113,591                                  | 1,582,689                                    |
| Factored trade receivables                                      | 10    | 611,679                                    | 443,525                                      |
| Prepayments, deposits and<br>other receivables                  |       | 211,055                                    | 166,546                                      |
| Derivative financial instruments                                |       | 29,056                                     | 28,256                                       |
| Pledged bank balances and<br>time deposits                      |       | 167,805                                    | 53,221                                       |
| Cash and cash equivalents                                       |       | 254,840                                    | 406,019                                      |
| Total current assets                                            |       | <u>4,260,030</u>                           | <u>3,408,007</u>                             |
| <b>CURRENT LIABILITIES</b>                                      |       |                                            |                                              |
| Trade and bills payables                                        |       | 1,696,719                                  | 1,398,375                                    |
| Other payables and accruals                                     | 11    | 472,502                                    | 330,510                                      |
| Tax payable                                                     |       | 95,255                                     | 84,705                                       |
| Bank advances on factored<br>trade receivables                  | 10    | 611,679                                    | 443,525                                      |
| Interest-bearing bank borrowings                                |       | 946,091                                    | 757,178                                      |
| Total current liabilities                                       |       | <u>3,822,246</u>                           | <u>3,014,293</u>                             |
| <b>NET CURRENT ASSETS</b>                                       |       | <u>437,784</u>                             | <u>393,714</u>                               |
| <b>TOTAL ASSETS LESS<br/>CURRENT LIABILITIES</b>                |       | <u>2,621,076</u>                           | <u>2,210,006</u>                             |
| <b>NON-CURRENT LIABILITY</b>                                    |       |                                            |                                              |
| Deferred tax liability                                          |       | 19,999                                     | 25,626                                       |
| Total non-current liability                                     |       | <u>19,999</u>                              | <u>25,626</u>                                |
| Net assets                                                      |       | <u>2,601,077</u>                           | <u>2,184,380</u>                             |
| <b>EQUITY</b>                                                   |       |                                            |                                              |
| <b>Equity attributable to equity<br/>holders of the Company</b> |       |                                            |                                              |
| Issued capital                                                  | 12    | 100,000                                    | 100,000                                      |
| Reserves                                                        |       | 2,406,079                                  | 2,011,143                                    |
|                                                                 |       | <u>2,506,079</u>                           | <u>2,111,143</u>                             |
| <b>Minority interests</b>                                       |       | <u>94,998</u>                              | <u>73,237</u>                                |
| Total equity                                                    |       | <u>2,601,077</u>                           | <u>2,184,380</u>                             |

# CONDENSED CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

Attributable to equity holders of the Company

|                                                                         | Issued<br>share<br>capital<br>HK\$'000 | Share<br>premium<br>account<br>HK\$'000 | Contributed<br>surplus<br>HK\$'000 | Employee<br>share-based<br>compensation<br>reserve<br>HK\$'000 | Capital<br>reserve<br>HK\$'000 | Statutory<br>reserve<br>fund<br>HK\$'000 | Exchange<br>fluctuation<br>reserve<br>HK\$'000 | Retained<br>profits<br>HK\$'000 | Available-<br>for-sale<br>investment<br>revaluation<br>reserve<br>HK\$'000 | Total<br>HK\$'000 | Minority<br>interests<br>HK\$'000 | Total<br>equity<br>HK\$'000 |
|-------------------------------------------------------------------------|----------------------------------------|-----------------------------------------|------------------------------------|----------------------------------------------------------------|--------------------------------|------------------------------------------|------------------------------------------------|---------------------------------|----------------------------------------------------------------------------|-------------------|-----------------------------------|-----------------------------|
| 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<br>available-for-sale investment<br>(Unaudited) | -                                      | -                                       | -                                  | -                                                              | -                              | -                                        | -                                              | -                               | 22,665                                                                     | 22,665            | -                                 | 22,665                      |
| Net income and expense<br>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<br>for the period (Unaudited)                  | -                                      | -                                       | -                                  | -                                                              | -                              | -                                        | 46,663                                         | 157,999                         | 22,665                                                                     | 227,327           | 7,492                             | 234,819                     |
| Share-based compensation<br>arrangements (Unaudited)                    | -                                      | -                                       | -                                  | 4,731                                                          | -                              | -                                        | -                                              | -                               | -                                                                          | 4,731             | -                                 | 4,731                       |
| Transfer from retained<br>profits (Unaudited)                           | -                                      | -                                       | -                                  | -                                                              | -                              | 47                                       | -                                              | (47)                            | -                                                                          | -                 | -                                 | -                           |
| At 30 June 2007 (Unaudited)                                             | <u>100,000</u>                         | <u>227,127</u>                          | <u>420,266</u>                     | <u>13,055</u>                                                  | <u>-</u>                       | <u>24,103</u>                            | <u>99,104</u>                                  | <u>820,572</u>                  | <u>78,836</u>                                                              | <u>1,783,063</u>  | <u>41,182</u>                     | <u>1,824,245</u>            |

# CONDENSED CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY *(Continued)*

For the six months ended 30 June 2008

|                                                                         | Attributable to equity holders of the Company |                                         |                                    |                                                                |                                |                                          |                                                |                                 |                                                                            |                   |                                   |                             |
|-------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------|------------------------------------|----------------------------------------------------------------|--------------------------------|------------------------------------------|------------------------------------------------|---------------------------------|----------------------------------------------------------------------------|-------------------|-----------------------------------|-----------------------------|
|                                                                         | Issued<br>share<br>capital<br>HK\$'000        | Share<br>premium<br>account<br>HK\$'000 | Contributed<br>surplus<br>HK\$'000 | Employee<br>share-based<br>compensation<br>reserve<br>HK\$'000 | Capital<br>reserve<br>HK\$'000 | Statutory<br>reserve<br>fund<br>HK\$'000 | Exchange<br>fluctuation<br>reserve<br>HK\$'000 | Retained<br>profits<br>HK\$'000 | Available-<br>for-sale<br>investment<br>revaluation<br>reserve<br>HK\$'000 | Total<br>HK\$'000 | Minority<br>interests<br>HK\$'000 | Total<br>equity<br>HK\$'000 |
| At 1 January 2008                                                       | 100,000                                       | 227,127                                 | 420,266                            | 17,786                                                         | 363,578                        | 79,747                                   | 172,617                                        | 653,339                         | 76,683                                                                     | 2,111,143         | 73,237                            | 2,184,380                   |
| Exchange realignment<br>(Unaudited)                                     | -                                             | -                                       | -                                  | -                                                              | -                              | -                                        | 121,817                                        | -                               | -                                                                          | 121,817           | 562                               | 122,379                     |
| Change in fair value of<br>available-for-sale investment<br>(Unaudited) | -                                             | -                                       | -                                  | -                                                              | -                              | -                                        | -                                              | -                               | (16,871)                                                                   | (16,871)          | -                                 | (16,871)                    |
| Net income and expense<br>recognised directly in equity                 | -                                             | -                                       | -                                  | -                                                              | -                              | -                                        | 121,817                                        | -                               | (16,871)                                                                   | 104,946           | 562                               | 105,508                     |
| Profit for the period<br>(Unaudited)                                    | -                                             | -                                       | -                                  | -                                                              | -                              | -                                        | 283,501                                        | -                               | 283,501                                                                    | 18,740            | 302,241                           |                             |
| Total income and expense<br>for the period (Unaudited)                  | -                                             | -                                       | -                                  | -                                                              | -                              | -                                        | 121,817                                        | 283,501                         | (16,871)                                                                   | 388,447           | 19,302                            | 407,749                     |
| Capital injection from<br>minority shareholder<br>(Unaudited)           | -                                             | -                                       | -                                  | -                                                              | -                              | -                                        | -                                              | -                               | -                                                                          | -                 | 21,450                            | 21,450                      |
| Acquisition of minority<br>interests (Unaudited)                        | -                                             | -                                       | -                                  | -                                                              | -                              | -                                        | -                                              | -                               | -                                                                          | -                 | (18,991)                          | (18,991)                    |
| Share-based compensation<br>arrangements (Unaudited)                    | -                                             | -                                       | -                                  | 6,489                                                          | -                              | -                                        | -                                              | -                               | -                                                                          | 6,489             | -                                 | 6,489                       |
| Transfer from retained<br>profits (Unaudited)                           | -                                             | -                                       | -                                  | -                                                              | -                              | 49                                       | -                                              | (49)                            | -                                                                          | -                 | -                                 | -                           |
| At 30 June 2008 (Unaudited)                                             | <b>100,000</b>                                | <b>227,127</b>                          | <b>420,266</b>                     | <b>24,275</b>                                                  | <b>363,578</b>                 | <b>79,796</b>                            | <b>294,434</b>                                 | <b>936,791</b>                  | <b>59,812</b>                                                              | <b>2,506,079</b>  | <b>94,998</b>                     | <b>2,601,077</b>            |

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

6

JU TENG INTERNATIONAL HOLDINGS LIMITED

|                                                                | For the six months<br>ended 30 June |                                 |
|----------------------------------------------------------------|-------------------------------------|---------------------------------|
|                                                                | 2008<br>(Unaudited)<br>HK\$'000     | 2007<br>(Unaudited)<br>HK\$'000 |
| <b>NET CASH INFLOW FROM<br/>OPERATING ACTIVITIES</b>           | <b>135,509</b>                      | 85,301                          |
| <b>NET CASH (OUTFLOW)/INFLOW<br/>FROM INVESTING ACTIVITIES</b> | <b>(513,638)</b>                    | 1,961                           |
| <b>NET CASH INFLOW/(OUTFLOW)<br/>FROM FINANCING ACTIVITIES</b> | <b>210,363</b>                      | (91,373)                        |
| <b>NET DECREASE IN CASH AND<br/>CASH EQUIVALENTS</b>           | <b>(167,766)</b>                    | (4,111)                         |
| Cash and cash equivalents at<br>beginning of period            | <b>406,019</b>                      | 179,547                         |
| Effect of foreign exchange<br>rate changes, net                | <b>16,587</b>                       | (400)                           |
| <b>CASH AND CASH EQUIVALENTS<br/>AT END OF PERIOD</b>          | <b>254,840</b>                      | 175,036                         |
| <b>ANALYSIS OF BALANCES OF CASH<br/>AND CASH EQUIVALENTS</b>   |                                     |                                 |
| Cash and bank balances                                         | <b>254,840</b>                      | 175,036                         |

# NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2008

## 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 2007, 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:

|                  |                                                                                                           |
|------------------|-----------------------------------------------------------------------------------------------------------|
| HK(IFRIC)-Int 11 | <i>HKFRS 2 – Group and Treasury Share Transactions</i>                                                    |
| HK(IFRIC)-Int 12 | <i>Service Concession Arrangements</i>                                                                    |
| HK(IFRIC)-Int 14 | <i>HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> |

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group’s equity instruments, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group.

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

The adoption of the above new and revised HKFRSs has no material impact on the Group’s results of operations and financial position.

# NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2008

## 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<br>ended 30 June |                                 |
|-----------------------------------------------|-------------------------------------|---------------------------------|
|                                               | 2008<br>(Unaudited)<br>HK\$'000     | 2007<br>(Unaudited)<br>HK\$'000 |
| The People's Republic of China<br>(the "PRC") | 3,211,250                           | 2,041,603                       |
| The Republic of China                         | 211,673                             | 114,078                         |
| Others                                        | 5,302                               | 767                             |
|                                               | <u>3,428,225</u>                    | <u>2,156,448</u>                |

## 3. OTHER INCOME AND GAINS

|                           | For the six months<br>ended 30 June |                                 |
|---------------------------|-------------------------------------|---------------------------------|
|                           | 2008<br>(Unaudited)<br>HK\$'000     | 2007<br>(Unaudited)<br>HK\$'000 |
| Interest income           | 4,148                               | 5,828                           |
| Subcontracting fee income | 491                                 | 727                             |
| Sale of scrap materials   | 19,675                              | 14,104                          |
| Dividend income           | 3,176                               | 2,169                           |
| Exchange gains, net       | 11,211                              | 18,282                          |
| Subsidy income            | 2,696                               | 3,246                           |
| Others                    | 1,828                               | 3,126                           |
|                           | <u>43,225</u>                       | <u>47,482</u>                   |

# NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2008

## 4. FINANCE COSTS

|                                                                           | For the six months<br>ended 30 June |                                 |
|---------------------------------------------------------------------------|-------------------------------------|---------------------------------|
|                                                                           | 2008<br>(Unaudited)<br>HK\$'000     | 2007<br>(Unaudited)<br>HK\$'000 |
| Interest on bank loans and other loans wholly repayable within five years | <u>36,143</u>                       | <u>47,968</u>                   |

## 5. PROFIT BEFORE TAX

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

|                                                                             | For the six months<br>ended 30 June |                                 |
|-----------------------------------------------------------------------------|-------------------------------------|---------------------------------|
|                                                                             | 2008<br>(Unaudited)<br>HK\$'000     | 2007<br>(Unaudited)<br>HK\$'000 |
| Cost of inventories sold                                                    | 2,829,419                           | 1,775,125                       |
| Depreciation                                                                | 97,471                              | 78,623                          |
| Amortisation of lease premium for land                                      | 285                                 | 221                             |
| Losses on write-off/disposal of items of property, plant and equipment, net | <u>3,714</u>                        | <u>696</u>                      |

## 6. TAX

|                                        | For the six months<br>ended 30 June |                                 |
|----------------------------------------|-------------------------------------|---------------------------------|
|                                        | 2008<br>(Unaudited)<br>HK\$'000     | 2007<br>(Unaudited)<br>HK\$'000 |
| Provision for the Period               |                                     |                                 |
| Current – The PRC, excluding Hong Kong |                                     |                                 |
| Charge for the Period                  | 43,678                              | 18,548                          |
| Underprovision in prior year           | 213                                 | 1,313                           |
| Current – Overseas                     |                                     |                                 |
| Charge for the Period                  | 8,772                               | 3,056                           |
| Underprovision in prior year           | 361                                 | 1,100                           |
| Deferred tax                           | –                                   | (1,682)                         |
| Total tax charge for the Period        | <u>53,024</u>                       | <u>22,335</u>                   |

# NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2008

## 6. TAX (continued)

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 2007: 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.

## 7. INTERIM DIVIDEND

The Directors did not propose to declare an interim dividend for the Period (six months ended 30 June 2007: Nil).

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the Period attributable to equity holders of the Company of HK\$283,501,000 (six months ended 30 June 2007: HK\$157,999,000) and the 1,000,000,000 (six months ended 30 June 2007: 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\$283,501,000 (six months ended 30 June 2007: HK\$157,999,000). The weighted average number of ordinary shares used in the calculation is the 1,000,000,000 (six months ended 30 June 2007: 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 24,853,887 (six months ended 30 June 2007: 8,959,950) 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\$256,288,000 (six months ended 30 June 2007: HK\$74,063,000) and disposed of property, plant and equipment of HK\$6,384,000 (six months ended 30 June 2007: HK\$3,206,000).

# NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2008

## 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:

|                            | <b>30 June<br/>2008<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2007<br>(Audited)<br>HK\$'000 |
|----------------------------|------------------------------------------------------|----------------------------------------------|
| Trade receivables          |                                                      |                                              |
| Within 3 months            | <b>1,506,902</b>                                     | 1,159,938                                    |
| 4 – 6 months               | <b>600,962</b>                                       | 417,778                                      |
| 7 – 12 months              | <b>5,130</b>                                         | 3,654                                        |
| Over 1 year                | <b>597</b>                                           | 1,319                                        |
|                            | <b>2,113,591</b>                                     | 1,582,689                                    |
| Factored trade receivables |                                                      |                                              |
| Within 3 months            | <b>427,802</b>                                       | 172,345                                      |
| 4 – 6 months               | <b>183,877</b>                                       | 271,180                                      |
|                            | <b>611,679</b>                                       | 443,525                                      |

As at 30 June 2008, certain subsidiaries of the Group had factored trade receivables of HK\$611,679,000 (31 December 2007: HK\$443,525,000) to banks for cash. As the subsidiaries of the Group still retained the significant risks and rewards associated with the default and/or 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.

## 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:

|                 | <b>30 June<br/>2008<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2007<br>(Audited)<br>HK\$'000 |
|-----------------|------------------------------------------------------|----------------------------------------------|
| Within 3 months | <b>1,262,779</b>                                     | 927,928                                      |
| 4 - 6 months    | <b>414,922</b>                                       | 452,583                                      |
| 7 - 12 months   | <b>9,900</b>                                         | 10,737                                       |
| Over 1 year     | <b>9,118</b>                                         | 7,127                                        |
|                 | <b>1,696,719</b>                                     | 1,398,375                                    |

# NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2008

## 12. SHARE CAPITAL

|                                                               | 30 June<br>2008<br>(Unaudited)<br>HK\$'000 | 31 December<br>2007<br>(Audited)<br>HK\$'000 |
|---------------------------------------------------------------|--------------------------------------------|----------------------------------------------|
| Authorised<br>2,000,000,000 shares of HK\$0.1 each            | <u>200,000</u>                             | <u>200,000</u>                               |
| Issued and fully paid<br>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, Post-IPO share option scheme and the share options issued are included in note 13 to the interim financial statements.

## 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 periods.

### (c) Post-IPO share option scheme

The Company operates a Post-IPO 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.

# NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2008

## 13. EQUITY COMPENSATION PLANS (continued)

### (c) Post-IPO share option scheme (continued)

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

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

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which period may commence from the date of the offer of the share options, and ends on a date which is not later than 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 2008

## 13. EQUITY COMPENSATION PLANS (continued)

### (c) Post-IPO share option scheme (continued)

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

|                         | 2008                                           |                   | 2007                                           |                   |
|-------------------------|------------------------------------------------|-------------------|------------------------------------------------|-------------------|
|                         | Weighted average exercise price HK\$ per share | Number of options | Weighted average exercise price HK\$ per share | Number of options |
| At 1 January            | 1.56                                           | 50,000,000        | 1.56                                           | 50,000,000        |
| Lapsed during the year  | 1.56                                           | (1,834,000)       | -                                              | -                 |
| Granted during the year | 2.75                                           | 47,200,000        | -                                              | -                 |
| At 30 June              | <u>2.15</u>                                    | <u>95,366,000</u> | <u>1.56</u>                                    | <u>50,000,000</u> |

No share options were exercised during the current and prior periods.

The exercise prices and exercise periods of the share options outstanding as at that balance sheet date are as follows:

| 30 June 2008      |                                      |                        |  |
|-------------------|--------------------------------------|------------------------|--|
| Number of options | Exercise price*<br>HK\$<br>per share | Exercise period        |  |
| 16,055,334        | 1.56                                 | 7-11-2009 to 6-11-2016 |  |
| 16,055,333        | 1.56                                 | 7-11-2010 to 6-11-2016 |  |
| 16,055,333        | 1.56                                 | 7-11-2011 to 6-11-2016 |  |
| 15,733,333        | 2.75                                 | 7-11-2012 to 23-4-2018 |  |
| 15,733,333        | 2.75                                 | 7-11-2013 to 23-4-2018 |  |
| 15,733,334        | 2.75                                 | 7-11-2014 to 23-4-2018 |  |
| <u>95,366,000</u> |                                      |                        |  |
| 30 June 2007      |                                      |                        |  |
| Number of options | Exercise price*<br>HK\$<br>per share | Exercise period        |  |
| 16,666,667        | 1.56                                 | 7-11-2009 to 6-11-2016 |  |
| 16,666,667        | 1.56                                 | 7-11-2010 to 6-11-2016 |  |
| 16,666,666        | 1.56                                 | 7-11-2011 to 6-11-2016 |  |
| <u>50,000,000</u> |                                      |                        |  |

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

# NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2008

## 13. EQUITY COMPENSATION PLANS (continued)

### (c) Post-IPO share option scheme (continued)

The fair value of the share options granted during the Period was HK\$56,567,000, which was estimated as at the date of grant using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The Group recognised a share option expense of HK\$6,489,000 (six months ended 30 June 2007: HK\$4,731,000) during the Period in respect of share options granted during the Period and the prior period.

## 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:

|                                         | <b>30 June<br/>2008<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2007<br>(Audited)<br>HK\$'000 |
|-----------------------------------------|------------------------------------------------------|----------------------------------------------|
| Within one year                         | <b>18,453</b>                                        | 15,387                                       |
| In the second to fifth years, inclusive | <b>32,234</b>                                        | 27,587                                       |
|                                         | <b>50,687</b>                                        | 42,974                                       |

## 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:

|                                   | <b>30 June<br/>2008<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2007<br>(Audited)<br>HK\$'000 |
|-----------------------------------|------------------------------------------------------|----------------------------------------------|
| Contracted, but not provided for: |                                                      |                                              |
| Land and buildings                | <b>81,320</b>                                        | 32,738                                       |
| Machinery                         | <b>36,241</b>                                        | 12,103                                       |
| Total capital commitments         | <b>117,561</b>                                       | 44,841                                       |

# NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2008

## 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:

|                                                                      |       | For the six months<br>ended 30 June |                                 |
|----------------------------------------------------------------------|-------|-------------------------------------|---------------------------------|
|                                                                      | Notes | 2008<br>(Unaudited)<br>HK\$'000     | 2007<br>(Unaudited)<br>HK\$'000 |
| Purchase of production materials from:                               |       |                                     |                                 |
| San Li Company Limited ("San Li") (a)                                | (i)   | 390                                 | 5,239                           |
| Sunrise Plastic Injection Company Limited ("Sunrise") (b)            | (i)   | 136                                 | 47                              |
| Purchase of moulds from:                                             |       |                                     |                                 |
| Chengyang Precision Mold (Kunshan) Company Limited ("Chengyang") (c) | (i)   | -                                   | 337                             |
| Sale of finished goods to:                                           |       |                                     |                                 |
| San Li                                                               | (ii)  | 73                                  | 383                             |
| Sunrise                                                              | (ii)  | -                                   | 506                             |
| Technological support fees paid to:                                  |       |                                     |                                 |
| Sunrise                                                              | (iii) | -                                   | 1,600                           |
| San Li                                                               | (iii) | -                                   | 3,201                           |
| Rental expenses paid to:                                             |       |                                     |                                 |
| Ms. Lin Mei-Li (d)                                                   | (iv)  | 31                                  | 26                              |
| Mr. Cheng Li-Yu (e)                                                  | (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.
- (c) Chengyang is a principal subsidiary of the Group's former associate, which became a subsidiary of the Company during the prior year.

# NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2008

## 17. RELATED PARTY TRANSACTIONS (continued)

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

Notes:

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

**(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:

|                           | <b>30 June<br/>2008<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2007<br>(Audited)<br>HK\$'000 |
|---------------------------|------------------------------------------------------|----------------------------------------------|
| Trade receivables:        |                                                      |                                              |
| San Li                    | 252                                                  | 572                                          |
| Sunrise                   | 11                                                   | 15                                           |
|                           | <b>263</b>                                           | <b>587</b>                                   |
| Trade and bills payables: |                                                      |                                              |
| San Li                    | 765                                                  | 4,504                                        |
| Sunrise                   | 463                                                  | 1,744                                        |
|                           | <b>1,228</b>                                         | <b>6,248</b>                                 |

# NOTES TO INTERIM FINANCIAL STATEMENTS

30 June 2008

## 17. RELATED PARTY TRANSACTIONS (continued)

### (c) Compensation of key management personnel of the Group

|                                                        | For the six months<br>ended 30 June |                                 |
|--------------------------------------------------------|-------------------------------------|---------------------------------|
|                                                        | 2008<br>(Unaudited)<br>HK\$'000     | 2007<br>(Unaudited)<br>HK\$'000 |
| Short term employee benefits                           | 2,172                               | 1,886                           |
| Employee share-based<br>compensation expenses          | 1,201                               | 880                             |
| Total compensation paid to key<br>management personnel | 3,373                               | 2,766                           |

## 18. PLEDGE OF ASSETS

As at 30 June 2008, the Group's pledged bank balances and time deposits of approximately HK\$144,693,000 (31 December 2007: HK\$48,609,000) and leasehold land and buildings and machineries with an aggregate carrying amount of approximately HK\$111,741,000 (31 December 2007: HK\$95,978,000) and trade receivables of approximately HK\$421,166,000 (31 December 2007: HK\$350,768,000) were pledged to secure banking facilities granted to the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW & PROSPECT

Ju Teng experienced a strong growth in sales driven by the burgeoning global demand for notebook computers. Its advanced casing technology applications namely in-mould decoration ("IMD"), 3D and gloss painting have led to higher average selling prices than conventional casings. The Group has established a market leading position that effectively enhanced its gross margin. With an one-stop vertically integrated production process from mould design to final assembly, the Group obtains larger economies of scale that drive costs lower. In April 2008, Ju Teng acquired the remaining 26% stake in Smart Success Enterprises Limited, a non-metal mould manufacturer, which has become the Group's wholly owned subsidiary. Ju Teng also intends to diversify its product base to LCD TV casing business by increasing its production capacity through the proposed acquisition of 57.22% interest in Gold Connection Limited in May 2008.

Growing popularity of stylish and colorful notebook casings has provided ample opportunities for Ju Teng to secure more orders. Apart from the trend of notebook replacing desktop, the Group also cited the launch of low cost notebooks in the market. Ju Teng is strategically positioned to tap into this market where the penetration rate is relatively low. The Group is confident in its business growth during the second half of 2008 as demand for trendy casing rises and relatively higher seasonal sales occur.

## FINANCIAL REVIEW

Leveraging on its leading position in notebook computer casing production, the turnover of the Group rose substantially by 59% to approximately HK\$3,428 million (2007: HK\$2,156 million) during the Period. It was mainly attributable to the increase in demand for IMD casings which have higher average selling price as well as gross profit margin. The overall gross profit margin for the Period increased to 15.6% from 14.8% for the six months ended 30 June 2007.

The Group recorded an increase of 40% in operating costs and other operating expenses, including administrative expenses, selling and distribution costs and other expenses to approximately HK\$187 million, as a result of increasing staff cost and office utilities for the expansion of the Group's operational scale. Operating costs for the six months ended 30 June 2008 and 2007 accounted for 5.4% and 6.2% of the Group's turnover, respectively.

Finance costs decreased by 25% to approximately HK\$36 million for the Period as compared to that of 2007 which was due to the decline in U.S. dollars ("USD") interest rate and lower utilisation of trade receivable factoring facilities during the Period.

The profit attributable to equity holders for the Period amounted to approximately HK\$284 million, representing an increase of 79% when compared to the same period of last year of approximately HK\$158 million. The uplift in profit was mainly attributable to a surge in turnover, rising productivity and continuous improvement in gross profit margin.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2008, total bank borrowings of the Group amounted to approximately HK\$946 million, representing an increase of 25% as compared to that of 31 December 2007, which is in line with asset expansion. All the bank borrowings are matured within one year and at floating interest rates. As at 30 June 2008, the Group's bank loans denominated in USD and New Taiwan dollars are carrying the amounts of approximately HK\$925 million (31 December 2007: HK\$644 million) and approximately HK\$21 million (31 December 2007: HK\$20 million) respectively. The Group had no bank loan denominated in Renminbi ("RMB") (31 December 2007: HK\$93 million) as at 30 June 2008.

During the Period under review, the Group's net cash flow from operating activities increased to approximately HK\$136 million from HK\$85 million for the corresponding period in 2007, as a result of improvement of profitability. Due to speeding up of process in expansion of production capacity, acquisition of 26% interest in Smart Success Enterprises Limited and the proposed acquisition of 57.22% interest in Gold Connection Limited and increase in pledged bank balances and time deposits, a net cash outflow from investing activities of approximately HK\$514 million was recorded (2007: net cash inflow from investing activities of HK\$2 million). During the Period, the Group recorded a net cash inflow from financing activities of approximately HK\$210 million as additional bank loans of HK\$189 million were obtained in order to finance the acquisitions of fixed assets. As at 30 June 2008, the Group had cash and bank balance of approximately HK\$255 million.

The gearing ratio of the Group, calculated as total bank borrowings of approximately HK\$946 million (31 December 2007: HK\$757 million) divided by total assets of approximately HK\$6,443 million (31 December 2007: HK\$5,224 million), as at 30 June 2008 was 14.7% (31 December 2007: 14.5%). The slight increase in gearing ratio was attributable to the increase in bank borrowings.

## FOREIGN EXCHANGE EXPOSURE

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

## EMPLOYEES

As at 30 June 2008, the Group had approximately 32,000 employees. The Group recorded the staff costs of approximately HK\$419 million for the Period (six months ended 30 June 2007: HK\$285 million). The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. Discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee. The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme for all 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 2008, 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 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<br>(Note 1) | Approximate percentage of shareholding |
|---------------------|-------------------------------------------|---------------------------------------------|----------------------------------------|
| Mr. Cheng Li-Yen    | Beneficiary of a trust (Note 2)           | 273,556,986 (L)<br>Ordinary Shares          | 27.36%                                 |
| Mr. Cheng Li-Yu     | Founder of a discretionary trust (Note 2) | 273,556,986 (L)<br>Ordinary Shares          | 27.36%                                 |
|                     | Beneficial owner                          | 36,778,000 (L)<br>Ordinary Shares           | 3.68%                                  |
|                     | Interest of spouse (Note 3)               | 10,518,046 (L)<br>Ordinary Shares           | 1.05%                                  |
| Mr. Huang Kuo-Kuang | Beneficial owner                          | 2,423,866 (L)<br>Ordinary Shares            | 0.24%                                  |
|                     | Interest of spouse (Note 4)               | 5,742,631 (L)<br>Ordinary Shares            | 0.57%                                  |
| Mr. Hsieh Wan-Fu    | Beneficial owner                          | 4,604,432 (L)<br>Ordinary Shares            | 0.46%                                  |
| Mr. Lo Jung-Te      | Beneficial owner                          | 5,967,942 (L)<br>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:

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 is 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 is 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<br>(Note 1) | Exercise period                       | Exercise price        | Approximate percentage of Shareholding<br>(Note 4) |
|---------------------|--------------------|-----------------------------------------|---------------------------------------|-----------------------|----------------------------------------------------|
| Mr. Huang Kuo-Kuang | Beneficial owner   | 1,000,000 (L)<br>(Note 2)               | 7 November 2009 to<br>6 November 2016 | HK\$1.56<br>per Share | 0.09%                                              |
|                     | Beneficial owner   | 1,000,000 (L)<br>(Note 2)               | 7 November 2010 to<br>6 November 2016 | HK\$1.56<br>per Share | 0.09%                                              |
|                     | Beneficial owner   | 1,000,000 (L)<br>(Note 2)               | 7 November 2011 to<br>6 November 2016 | HK\$1.56<br>per Share | 0.09%                                              |
|                     | Beneficial owner   | 252,000 (L)<br>(Note 3)                 | 7 November 2012 to<br>23 April 2018   | HK\$2.75<br>per Share | 0.02%                                              |
|                     | Beneficial owner   | 252,000 (L)<br>(Note 3)                 | 7 November 2013 to<br>23 April 2018   | HK\$2.75<br>per Share | 0.02%                                              |
|                     | Beneficial owner   | 252,000 (L)<br>(Note 3)                 | 7 November 2014 to<br>23 April 2018   | HK\$2.75<br>per Share | 0.02%                                              |

## OTHER INFORMATION

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

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

| Name of Director | Nature of interest | Number of underlying shares<br>(Note 1) | Exercise period                       | Exercise price        | Approximate percentage of Shareholding<br>(Note 4) |
|------------------|--------------------|-----------------------------------------|---------------------------------------|-----------------------|----------------------------------------------------|
| Mr. Hsieh Wan-Fu | Beneficial owner   | 500,000 (L)<br>(Note 2)                 | 7 November 2009 to<br>6 November 2016 | HK\$1.56<br>per Share | 0.05%                                              |
|                  | Beneficial owner   | 500,000 (L)<br>(Note 2)                 | 7 November 2010 to<br>6 November 2016 | HK\$1.56<br>per Share | 0.05%                                              |
|                  | Beneficial owner   | 500,000 (L)<br>(Note 2)                 | 7 November 2011 to<br>6 November 2016 | HK\$1.56<br>per Share | 0.05%                                              |
|                  | Beneficial owner   | 554,000 (L)<br>(Note 3)                 | 7 November 2012 to<br>23 April 2018   | HK\$2.75<br>per Share | 0.05%                                              |
|                  | Beneficial owner   | 554,000 (L)<br>(Note 3)                 | 7 November 2013 to<br>23 April 2018   | HK\$2.75<br>per Share | 0.05%                                              |
|                  | Beneficial owner   | 554,000 (L)<br>(Note 3)                 | 7 November 2014 to<br>23 April 2018   | HK\$2.75<br>per Share | 0.05%                                              |
| Mr. Lo Jung-Te   | Beneficial owner   | 500,000 (L)<br>(Note 2)                 | 7 November 2009 to<br>6 November 2016 | HK\$1.56<br>per Share | 0.05%                                              |
|                  | Beneficial owner   | 500,000 (L)<br>(Note 2)                 | 7 November 2010 to<br>6 November 2016 | HK\$1.56<br>per Share | 0.05%                                              |
|                  | Beneficial owner   | 500,000 (L)<br>(Note 2)                 | 7 November 2011 to<br>6 November 2016 | HK\$1.56<br>per Share | 0.05%                                              |
|                  | Beneficial owner   | 554,000 (L)<br>(Note 3)                 | 7 November 2012 to<br>23 April 2018   | HK\$2.75<br>per Share | 0.05%                                              |
|                  | Beneficial owner   | 554,000 (L)<br>(Note 3)                 | 7 November 2013 to<br>23 April 2018   | HK\$2.75<br>per Share | 0.05%                                              |
|                  | Beneficial owner   | 554,000 (L)<br>(Note 3)                 | 7 November 2014 to<br>23 April 2018   | HK\$2.75<br>per Share | 0.05%                                              |

## OTHER INFORMATION

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

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

| Name of Director   | Nature of interest | Number of underlying shares<br>(Note 1) | Exercise period                       | Exercise price        | Approximate percentage of Shareholding<br>(Note 4) |
|--------------------|--------------------|-----------------------------------------|---------------------------------------|-----------------------|----------------------------------------------------|
| Mr. Tsui Yung Kwok | Beneficial owner   | 2,800,000 (L)<br>(Note 5)               | 3 November 2006 to<br>16 June 2015    | HK\$1.26<br>per Share | 0.26%                                              |
|                    | Beneficial owner   | 332,667 (L)<br>(Note 2)                 | 7 November 2009 to<br>6 November 2016 | HK\$1.56<br>per Share | 0.03%                                              |
|                    | Beneficial owner   | 332,667 (L)<br>(Note 2)                 | 7 November 2010 to<br>6 November 2016 | HK\$1.56<br>per Share | 0.03%                                              |
|                    | Beneficial owner   | 332,666 (L)<br>(Note 2)                 | 7 November 2011 to<br>6 November 2016 | HK\$1.56<br>per Share | 0.03%                                              |
|                    | Beneficial owner   | 252,000 (L)<br>(Note 3)                 | 7 November 2012 to<br>23 April 2018   | HK\$2.75<br>per Share | 0.02%                                              |
|                    | Beneficial owner   | 252,000 (L)<br>(Note 3)                 | 7 November 2013 to<br>23 April 2018   | HK\$2.75<br>per Share | 0.02%                                              |
|                    | Beneficial owner   | 252,000 (L)<br>(Note 3)                 | 7 November 2014 to<br>23 April 2018   | HK\$2.75<br>per Share | 0.02%                                              |

## 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 2008.
3. The long position in the underlying Shares comprised 756,000, 1,662,000, 1,662,000 and 756,000 options granted to Mr. Huang Kuo-Kuang, Mr. Hsieh Wan-Fu, Mr. Lo Jung-Te and Mr. Tsui Yung Kwok respectively by the Company on 24 April 2008 under the Post-IPO share option scheme of the Company and such share options remained outstanding as at 30 June 2008.
4. This percentage was calculated on the basis of 1,095,366,000 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 2008.

Save as disclosed above, as at 30 June 2008, 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 for Securities Transactions by Directors of Listed Issuers as set out in the appendix 10 to the Listing Rules.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2008, 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 of Shares held<br>(Note 1)  | Approximate percentage of shareholding |
|---------------------------------------------------|--------------------------------------|------------------------------------|----------------------------------------|
| Southern Asia                                     | Beneficial owner                     | 273,556,986 (L)<br>Ordinary Shares | 27.36%                                 |
| Shine Century Assets Corp. (Note 2)               | Interest of a controlled corporation | 273,556,986 (L)<br>Ordinary Shares | 27.36%                                 |
| East Asia International Trustees Limited (Note 2) | Trustee (other than a bare trustee)  | 273,556,986 (L)<br>Ordinary Shares | 27.36%                                 |
| Ms. Lin Mei-Li                                    | Beneficial owner                     | 10,518,046 (L)<br>Ordinary Shares  | 1.05%                                  |
|                                                   | Interest of spouse (Note 3)          | 310,334,986 (L)<br>Ordinary Shares | 31.03%                                 |

*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 2008, 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**

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Period.

### **INTERIM DIVIDEND**

The Directors do not recommend the payment of interim dividend in respect of the period ended 30 June 2008.

### **CORPORATE GOVERNANCE PRACTICES**

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

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("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, for the Period. Details of the considered reasons for such deviation had been set out in the corporate governance report contained in the Company's annual report of the year ended 31 December 2007. The Board will continue to review the management structure from time to time and shall make necessary changes when appropriate and inform the shareholders accordingly.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company is satisfied that all the Directors have fully complied with the standards set out in the Model Code for the Period.

## **OTHER INFORMATION**

### **AUDIT COMMITTEE**

The Audit Committee of the Board has reviewed the accounting policies, accounting standards and practices adopted by the Group and the unaudited consolidated interim financial statements and results of the Group for the Period.

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

Hong Kong, 26 August 2008