

Interim Report 2009



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



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUTHORISED REPRESENTATIVES

Mr. Cheng Li-Yu
Mr. Tsui Yung Kwok

COMPANY SECRETARY

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

AUDIT COMMITTEE

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

LEGAL ADVISERS AS TO HONG KONG LAWS

Chiu & Partners

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

The Agricultural Bank of China
Bank of China
Bank of Communications
Bank SinoPac
China Development Industrial Bank
First Sino Bank
Fubon Bank
Industrial and Commercial Bank of China
Mega International Commercial Bank
Standard Chartered Bank
Taishin International Bank

REGISTERED OFFICE

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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 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
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WEBSITE

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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 2009 (the "Period") as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

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JU TENG INTERNATIONAL HOLDINGS LIMITED

		For the six months ended 30 June	
	Notes	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
REVENUE	2	3,124,336	3,428,225
Cost of sales		(2,567,574)	(2,893,527)
Gross profit		556,762	534,698
Other income and gains	3	38,798	43,225
Selling and distribution costs		(19,579)	(14,739)
Administrative expenses		(163,594)	(162,603)
Other expenses		(12,109)	(9,173)
Finance costs	4	(31,795)	(36,143)
PROFIT BEFORE TAX	5	368,483	355,265
Tax	6	(72,534)	(53,024)
PROFIT FOR THE PERIOD		295,949	302,241
Attributable to:			
Equity holders of the Company		289,636	283,501
Minority interests		6,313	18,740
		295,949	302,241
INTERIM DIVIDEND	7	—	—
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
– Basic (HK cents)		28.3	28.4
– Diluted (HK cents)		27.7	27.7

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	For the six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Profit for the period	295,949	302,241
Exchange differences on translation of foreign operations	20,219	122,379
Net gain/(loss) on available-for-sale investment	13,581	(16,871)
Other comprehensive income for the period, net of tax	33,800	105,508
Total comprehensive income for the period, net of tax	<u>329,749</u>	<u>407,749</u>
Attributable to:		
Equity holders of the Company	319,969	388,447
Minority interests	9,780	19,302
	<u>329,749</u>	<u>407,749</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2009

	Notes	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,134,680	2,280,183
Lease premium for land		85,950	65,219
Goodwill		37,894	4,846
Deposit for acquisition of an investment		–	104,632
Prepayments for acquisition of property, plant and equipment		505,293	96,916
Available-for-sale investment		51,414	33,306
Total non-current assets		<u>3,815,231</u>	<u>2,585,102</u>
CURRENT ASSETS			
Inventories		804,621	821,866
Trade receivables	10	2,526,180	2,863,214
Factored trade receivables	10	135,978	74,205
Prepayments, deposits and other receivables		264,409	216,247
Derivative financial instruments		–	24,381
Pledged bank balances and time deposits		8,576	108,933
Cash and cash equivalents		634,304	450,508
Total current assets		<u>4,374,068</u>	<u>4,559,354</u>
CURRENT LIABILITIES			
Trade and bills payables	11	1,478,658	1,530,098
Other payables and accruals		403,960	570,584
Tax payable		120,585	101,685
Bank advances on factored trade receivables	10	135,978	74,205
Interest-bearing bank borrowings		842,582	947,328
Total current liabilities		<u>2,981,763</u>	<u>3,223,900</u>
NET CURRENT ASSETS		<u>1,392,305</u>	<u>1,335,454</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,207,536</u>	<u>3,920,556</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		1,162,575	930,060
Deferred tax liabilities		13,608	9,081
Total non-current liabilities		<u>1,176,183</u>	<u>939,141</u>
Net assets		<u>4,031,353</u>	<u>2,981,415</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	12	110,280	100,000
Reserves		3,395,444	2,670,280
Proposed final dividend		–	50,000
		<u>3,505,724</u>	<u>2,820,280</u>
Minority interests		<u>525,629</u>	<u>161,135</u>
Total equity		<u>4,031,353</u>	<u>2,981,415</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

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Attributable to equity holders of the Company

	Attributable to equity holders of the Company											Minority interests	Total equity
	Issued share capital	Share premium account	Employee share-based contributed surplus	Employee share-based compensation reserve	Capital reserve	Statutory reserve	Exchange fluctuation reserve	Retained profits	Available-for-sale investment revaluation reserve	Proposed final dividend	Total		
	HK\$'000	HK\$'000	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 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
Profit for the period (Unaudited)	-	-	-	-	-	-	-	283,501	-	-	283,501	18,740	302,241
Other comprehensive income/(loss) (Unaudited)	-	-	-	-	-	-	121,817	-	(16,871)	-	104,946	562	105,508
Total comprehensive income/(loss) (Unaudited)	-	-	-	-	-	-	121,817	283,501	(16,871)	-	388,447	19,302	407,749
Capital injection from a minority shareholder (Unaudited)	-	-	-	-	-	-	-	-	-	-	-	21,450	21,450
Acquisition of minority interests (Unaudited)	-	-	-	-	-	-	-	-	-	-	-	(18,991)	(18,991)
Share-based compensation arrangements (Unaudited)	-	-	-	6,489	-	-	-	-	-	-	6,489	-	6,489
Transfer from retained profits (Unaudited)	-	-	-	-	-	49	-	(49)	-	-	-	-	-
At 30 June 2008 (Unaudited)	100,000	227,127	420,266	24,275	363,578	79,796	294,434	936,791	59,812	-	2,506,079	94,998	2,601,077
At 1 January 2009	100,000	227,127	370,266	33,935	363,578	79,796	272,194	1,311,585	11,799	50,000	2,820,280	161,135	2,981,415
Profit for the period (Unaudited)	-	-	-	-	-	-	-	289,636	-	-	289,636	6,313	295,949
Other comprehensive income (Unaudited)	-	-	-	-	-	-	16,752	-	13,581	-	30,333	3,467	33,800
Total comprehensive income (Unaudited)	-	-	-	-	-	-	16,752	289,636	13,581	-	319,969	9,780	329,749
Capital injection from a minority shareholder (Unaudited)	-	-	-	-	-	-	-	-	-	-	-	33,719	33,719
Acquisition of subsidiaries (Unaudited)	-	-	-	-	-	-	-	-	-	-	-	320,995	320,995
Share-based compensation arrangements (Unaudited)	-	-	-	9,592	-	-	-	-	-	-	9,592	-	9,592
Issue of shares (Unaudited)	10,280	401,670	-	(1,422)	-	-	-	-	-	-	410,528	-	410,528
Share issue expenses (Unaudited)	-	(4,645)	-	-	-	-	-	-	-	-	(4,645)	-	(4,645)
Final 2008 dividend declared (Unaudited)	-	-	-	-	-	-	-	-	-	(50,000)	(50,000)	-	(50,000)
At 30 June 2009 (Unaudited)	110,280	624,152	370,266	42,105	363,578	79,796	288,946	1,601,221	25,380	-	3,505,724	525,629	4,031,353

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2009

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JU TENG INTERNATIONAL HOLDINGS LIMITED

	For the six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	655,529	135,509
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(717,347)	(513,638)
NET CASH INFLOW FROM FINANCING ACTIVITIES	241,960	210,363
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	180,142	(167,766)
Cash and cash equivalents at beginning of period	450,508	406,019
Effect of foreign exchange rate changes, net	3,654	16,587
CASH AND CASH EQUIVALENTS AT END OF PERIOD	634,304	254,840
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	634,304	254,840

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

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1. ACCOUNTING POLICIES

The condensed consolidated interim financial information for the six months ended 30 June 2009 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 information are the same as those used in the annual financial information for the year ended 31 December 2008, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect Ju Teng International Holdings Limited and its subsidiaries and are adopted for the first time for the current period’s financial information:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Information – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKAS 1 (Revised)	<i>Presentation of Financial Information</i>
HKAS 10	<i>Events after the Balance Sheet Date</i>
HKAS 18	<i>Revenue</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC) – Int 9 and HKAS 39 Amendments	<i>Reassessment of Embedded Derivative</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>

The HKAS 27 Amendment requires all dividends from subsidiaries, associates or jointly-controlled entities to be recognised in the income statement in the separate financial information. The HKFRS 1 Amendment allows a first-time adopter of HKFRSs to measure its investment in subsidiaries, associates or jointly-controlled entities using a deemed cost of either fair value or the carrying amount under the previous accounting practice in the separate financial information.

The HKFRS 2 Amendments clarify that vesting conditions are service conditions and performance conditions only, both of which include a requirement for the counterparty to complete a specific period of service. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. Where an award does not vest as a result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this is accounted for as a cancellation. The Group has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, the amendments are unlikely to have any significant implications on its accounting for share-based payments.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

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JU TENG INTERNATIONAL HOLDINGS LIMITED

1. ACCOUNTING POLICIES (continued)

The HKFRS 7 Amendments requires additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, a reconciliation between the beginning and ending balance for Level 3 fair value measurement is now required, as well as significant transfer between level 1 and level 2 fair value measurements. The amendments also clarify the requirement for liquidity risk disclosures.

HKFRS 8 specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial information (including changes to the titles of the main statements). The revised standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this revised standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. This revised standard also requires an entity to include three "statements of financial position" whenever the entity applies an accounting policy retrospectively or makes a retrospective restatement, or when it makes a reclassification. The revised standard does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs.

HKAS 10 clarifies that if dividends are declared (i.e. the dividends are appropriately authorised and no longer at the discretion of the entity) after the reporting period but before the financial information are authorised for issue, the dividends are not recognised as a liability at the end of the reporting period because no obligation exists at that time. Such dividends are disclosed in the notes in accordance with HKAS 1 Presentation of Financial Information.

HKAS 18 clarifies that the recognition of revenue for financial service fees depends on the purposes for which the fees are assessed and the basis of accounting for any associated financial instrument. The description of fees for financial services may not be indicative of the nature and substance of the services provided. Therefore, it is necessary to distinguish between fees that are an integral part of the effective interest rate of a financial instrument, fees that are earned as services are provided, and fees that are earned on the execution of a significant act.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

1. ACCOUNTING POLICIES (continued)

The HKAS 32 Amendments provide a limited scope exception for puttable financial instruments and instruments that impose specified obligations arising on liquidation to be classified as equity if they fulfil a number of specified features. HKAS 1 Amendments require disclosure of certain information relating to these puttable financial instruments and obligations classified as equity. As the Group currently has no such financial instruments or obligations, the amendments are unlikely to have any financial impact on the Group.

The HK(IFRIC) -Int 9 Amendments introduces new condition under which the Group should perform subsequent reassessment on whether embedded derivative should be separated from host contract.

In addition to a change in the terms of contract that significantly modified the cash flows that otherwise would have been required under the contract, the amendments require a subsequent reassessment to be performed when there is a reclassification of a financial asset out of the fair value through profit or loss category, which shall be made on the basis of the circumstances existed on the later date of: (a) when the entity first became a party to the contract; and a change in the terms of the contract; and (b) a change in the terms of contract that significantly modified the cash flows that otherwise would have been required under the contract. The amendments to the interpretation are unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 13 requires that customer loyalty award credits granted to customers as part of a sales transaction are to be accounted for as a separate component of the sales transaction in which they are granted. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished. As the Group currently has no applicable customer loyalty award credits, the interpretation is not applicable to the Group and therefore is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 15 replaces HK Interpretation 3 Revenue – Pre-completion Contracts for the Sale of Development Properties and the current guidance for real estate. It clarifies when and how an agreement for the construction of real estate should be accounted for as a construction contract in accordance with HKAS 11 Construction Contracts or an agreement for the sale of goods or services in accordance with HKAS 18 Revenue. As the Group currently is not involved in any construction of real estate, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 16 provides guidance on the accounting for a hedge of a net investment in a foreign operation. This includes clarification that (i) hedge accounting may be applied only to the foreign exchange differences arising between the functional currencies of the foreign operation and the parent entity; (ii) a hedging instrument may be held by any entities within a group; and (iii) on disposal of a foreign operation, the cumulative gain or loss relating to both the net investment and the hedging instrument that was determined to be an effective hedge should be reclassified to the income statement as a reclassification adjustment. As the Group currently has no hedge of a net investment, the interpretation is unlikely to have any financial impact on the Group.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

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JU TENG INTERNATIONAL HOLDINGS LIMITED

1. ACCOUNTING POLICIES (continued)

In October 2008, the HKICPA issued its first Improvements to HKFRSs which sets out 35 amendments to 20 HKFRSs, primarily with a view to removing inconsistencies and clarifying wording. The Group adopts the following amendments to HKFRSs from 1 January 2009. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group.

- (a) HKFRS 7 Financial Instruments: Disclosures: It removes the reference to “total interest income” as a component of finance costs.
- (b) HKAS 1 Presentation of Financial Information: It clarifies that assets and liabilities which are classified as held for trading in accordance with HKAS 39 are not automatically classified as current in the balance sheet.
- (c) HKAS 16 Property, Plant and Equipment: It replaces the term “net selling price” with “fair value less costs to sell” and the recoverable amount of property, plant and equipment is calculated as the higher of an asset’s fair value less costs to sell and its value in use.

In addition, items held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases and they are held for sale.

- (d) HKAS 27 Consolidated and Separate Financial Information: It requires that when a parent entity accounts for a subsidiary at fair value in accordance with HKAS 39 in its separate financial information, this treatment continues when the subsidiary is subsequently classified as held for sale.
- (e) HKAS 28 Investments in Associates: It clarifies that an investment in an associate is a single asset for the purpose of conducting the impairment test and that no impairment is separately allocated to goodwill included in the investment balance.
- (f) HKAS 36 Impairment of Assets: When discounted cash flows are used to estimate “fair value less cost to sell”, additional disclosure is required about the discount rate, which shall be consistent with the disclosures required when the discounted cash flows are used to estimate “value in use”.

Adoption of these new HKFRS interpretations did not have any material effect on the financial position or performance of the Group, nor resulted in restatement of comparative figures.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

2. SEGMENT INFORMATION

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

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

The following table presents the revenue information from different geographical areas.

	For the six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
The People's Republic of China (the "PRC")	2,966,175	3,211,250
The Republic of China	144,434	211,673
Others	13,727	5,302
	<u>3,124,336</u>	<u>3,428,225</u>

3. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Interest income	5,398	4,148
Subcontracting fee income	10	491
Sale of scrap materials	18,034	19,675
Dividend income	–	3,176
Exchange gains, net	3,181	11,211
Subsidy income	7,478	2,696
Others	4,697	1,828
	<u>38,798</u>	<u>43,225</u>

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

4. FINANCE COSTS

	For the six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Interest on bank loans and other loans wholly repayable within five years	<u>31,795</u>	<u>36,143</u>

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Cost of inventories sold	2,492,044	2,829,419
Depreciation	139,751	97,471
Amortisation of lease premium for land	584	285
Losses on write-off/disposal of items of property, plant and equipment, net	<u>9,910</u>	<u>3,714</u>

6. TAX

	For the six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Provision for the Period		
Current – The PRC, excluding Hong Kong		
Charge for the Period	69,205	43,678
(Overprovision)/Underprovision in prior years	(583)	213
Current – Overseas		
Charge for the Period	2,966	8,772
Underprovision in prior years	946	361
Total tax charge for the Period	<u>72,534</u>	<u>53,024</u>

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 2008: 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.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

7. INTERIM DIVIDEND

The Directors did not propose to declare an interim dividend for the Period (six months ended 30 June 2008: 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\$289,636,000 (six months ended 30 June 2008: HK\$283,501,000) and the weighted average of 1,022,114,917 (six months ended 30 June 2008: 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\$289,636,000 (six months ended 30 June 2008: HK\$283,501,000). The weighted average number of ordinary shares used in the calculation is the 1,022,114,917 (six months ended 30 June 2008: 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 25,166,106 (six months ended 30 June 2008: 24,853,887) 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\$514,925,000 (six months ended 30 June 2008: HK\$256,288,000), had additions by way of acquisition of subsidiaries of HK\$482,506,000 (six month ended 30 June 2008: Nil) and disposed of property, plant and equipment of HK\$18,898,000 (six months ended 30 June 2008: HK\$6,384,000).

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 Group's trade receivables and factored trade receivables as at the reporting date, based on the invoice date, is as follows:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Trade receivables		
Within 3 months	1,693,617	1,827,885
4 to 6 months	813,275	1,030,249
7 to 12 months	15,808	3,491
Over 1 year	3,480	1,589
	2,526,180	2,863,214

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

10. TRADE RECEIVABLES (continued)

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JU TENG INTERNATIONAL HOLDINGS LIMITED

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Factored trade receivables		
Within 3 months	33,891	74,205
4 to 6 months	102,087	—
	135,978	74,205

As at 30 June 2009, certain subsidiaries of the Group had factored trade receivables of HK\$94,724,000 (31 December 2008: Nil) to banks on a without-recourse basis for cash. As the subsidiaries of the Group still retained the significant 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 statement of financial position.

As at 30 June 2009, certain subsidiaries of the Group had factored trade receivables of HK\$41,254,000 (31 December 2008: HK\$74,205,000) are factored to banks on a with-recourse basis for cash.

11. TRADE AND BILLS PAYABLES

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

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within 3 months	1,276,936	1,074,814
4 to 6 months	182,557	438,355
7 to 12 months	12,144	12,095
Over 1 year	7,021	4,834
	1,478,658	1,530,098

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

12. SHARE CAPITAL

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Authorised 2,000,000,000 shares of HK\$0.1 each	200,000	200,000
Issued and fully paid 1,102,800,000 (31 December 2008: 1,000,000,000) shares of HK\$0.1 each	110,280	100,000

The following changes in the Company's issued share capital took place during the Period.

Notes	Number of shares of HK\$0.1 each	Nominal value of shares HK\$'000
Issued and fully paid:		
As at 1 January 2009	1,000,000,000	100,000
New issue of shares (a)	100,000,000	10,000
Exercise of share options (b)	2,800,000	280
As at 30 June 2009	1,102,800,000	110,280

Notes:

- (a) On 25 May 2009, 100,000,000 units of Taiwan depository receipts ("TDR"), representing 100,000,000 new shares of HK\$0.1 each of the Company, were offered for subscription by the public in the Republic of China at an offer price of NT\$17.3 (equivalent to approximately HK\$4.07) per TDR and were listed on the Taiwan Stock Exchange Corporation ("Taiwan Stock Exchange"). The 100,000,000 new shares of the Company were issued by the Company on 22 May 2009. The Group raised proceeds of approximately HK\$402,335,000, net of related expenses from the share issue.
- (b) On 30 June 2009, the Company issued 2,800,000 shares at HK\$1.26 per share pursuant to exercise of options under a Pre-IPO share option scheme by a director of the Company, resulting in the issue of 2,800,000 shares of HK\$0.1 each for a total cash consideration, before expenses, of HK\$3,528,000.

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 information.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

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 subscription of 2,800,000 shares in the Company at an exercise price of HK\$1.26 per share. The exercise period commenced from 3 November 2006 and ends on 16 June 2015 (both dates inclusive). The 2,800,000 Pre-IPO share options were exercised during the Period resulting in the issue of 2,800,000 ordinary shares of the Company and new share capital of HK\$280,000 and share premium of HK\$3,248,000 (before issue expenses), as further detailed in note 12 to the interim financial information.

(b) Share award plan

On 17 June 2005, the Company adopted a share award plan. On the same day, a total of 13,405,550 shares (after the capitalisation issue in connection with the listing of the Company) in the Company were transferred to the trustee of the share award plan by certain shareholders of the Company at nil consideration. 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 advisers or consultants of the Group and participants who have contributed or may contribute to the development and growth of the Group. The Scheme became effective on 3 November 2005 and unless otherwise cancelled or amended, will remain in force for a period to 5 October 2015.

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

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

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

13. EQUITY COMPENSATION PLANS (continued)

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

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.

The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the daily quotation sheets on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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.

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

	2009		2008	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share	Number of options
At 1 January	2.15	94,468,000	1.56	50,000,000
Lapsed during the period	2.00	(674,000)	1.56	(1,834,000)
Granted during the period	-	-	2.75	47,200,000
At 30 June	<u>2.15</u>	<u>93,794,000</u>	<u>2.15</u>	<u>95,366,000</u>

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

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

13. EQUITY COMPENSATION PLANS (continued)

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

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

30 June 2009	Exercise price*	Exercise period
Number of options	HK\$ per share	
15,668,667	1.56	7-11-2009 to 6-11-2016
15,668,667	1.56	7-11-2010 to 6-11-2016
15,668,666	1.56	7-11-2011 to 6-11-2016
15,595,999	2.75	7-11-2012 to 23-4-2018
15,595,999	2.75	7-11-2013 to 23-4-2018
15,596,002	2.75	7-11-2014 to 23-4-2018
93,794,000		
30 June 2008	Exercise price*	Exercise period
Number of options	HK\$ per share	
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
95,366,000		

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

The Group recognised a share option expense of HK\$9,592,000 (six months ended 30 June 2008: HK\$6,489,000) during the Period in respect of share options granted in the prior period.

14. BUSINESS COMBINATION

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

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

14. BUSINESS COMBINATION (continued)

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

The fair values of the identifiable assets and liabilities of Wah Yuen and its subsidiaries as at the date of acquisition determined on a provisional basis and the corresponding carrying amounts immediately before the acquisition were as follows:

	Fair value recognised on acquisition HK\$'000	Previous carrying amount HK\$'000
Property, plant and equipment	482,506	490,600
Lease premium for land	16,432	10,139
Prepayments for acquisition of property, plant and equipment	170,820	170,820
Inventories	22,471	22,471
Pledged deposits	192,024	192,024
Cash and cash equivalents	34,934	34,934
Prepayments, deposits and other receivables	28,626	28,626
Trade receivables	105,407	105,407
Trade and bills payables	(70,139)	(70,139)
Other payables and accruals	(18,247)	(18,247)
Interest-bearing bank borrowings	<u>(275,411)</u>	<u>(275,411)</u>
	689,423	<u>691,224</u>
Minority interests	(320,995)	
Goodwill on acquisition	<u>33,048</u>	
	<u>401,476</u>	
Satisfied by:		
Cash	296,844	
Deposit	<u>104,632</u>	
	<u>401,476</u>	

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	<i>HK\$'000</i>
Cash consideration	(296,844)
Cash and cash equivalents acquired	<u>34,934</u>
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	<u>(261,910)</u>

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

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JU TENG INTERNATIONAL HOLDINGS LIMITED

14. BUSINESS COMBINATION (continued)

Since their acquisition, Wah Yuen and its subsidiaries had no significant contribution to the Group's turnover and profit for the Period.

Had the combination taken place at the beginning of the Period, there would have been no significant impact to the revenue and profit of the Group for the Period.

15. OPERATING LEASE COMMITMENTS

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

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

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Within one year	16,470	15,379
In the second to fifth years, inclusive	16,006	24,278
	32,476	39,657

16. COMMITMENTS

In addition to the operating lease commitments detailed in note 15 above, the Group had the following commitments at the reporting date:

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Contracted, but not provided for:		
Land and buildings	261,814	110,015
Machinery	393,413	20,954
Acquisition of minority interests	23,272	-
Acquisition of an investment	-	296,844
	678,499	427,813
Total capital commitments		

17. CONTINGENT LIABILITIES

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

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

18. RELATED PARTY TRANSACTIONS

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

Notes	For the six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Purchase of production materials from: San Li Company Limited ("San Li") (a)	(i) 2,210	390
Sunrise Plastic Injection Company Limited ("Sunrise") (b)	(i) –	136
Sale of finished goods to:		
San Li	(ii) 31	73
Sunrise	(ii) 17	–
Rental expenses paid to: Ms. Lin Mei-Li (c)	(iii) 29	31

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, and his family members.
- (c) Ms. Lin Mei-Li is the spouse of Mr. Cheng Li-Yu, a director of the Company.
- (i) The purchase prices of production materials were determined at rates mutually agreed between the relevant parties.
- (ii) The selling prices of production materials and finished goods were determined at rates mutually agreed between the relevant parties.
- (iii) The rentals were determined at rates mutually agreed between the relevant parties.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

18. RELATED PARTY TRANSACTIONS

(b) Outstanding balances with related parties:

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

	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
Trade receivables:		
San Li	156	178
Sunrise	78	11
	<u>234</u>	<u>189</u>
Trade and bills payables:		
San Li	1,870	1,073
Sunrise	157	163
	<u>2,027</u>	<u>1,236</u>

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June 2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Short term employee benefits	3,338	2,172
Employee share-based compensation expenses	3,456	1,201
Total compensation paid to key management personnel	<u>6,794</u>	<u>3,373</u>

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2009

19. PLEDGE OF ASSETS

As at 30 June 2009, the Group's pledged bank balances and time deposits were nil (31 December 2008: HK\$81,462,000) and leasehold land and buildings and machineries with an aggregate carrying amount of approximately HK\$102,656,000 (31 December 2008: HK\$69,731,000) and trade receivables of approximately HK\$337,726,000 (31 December 2008: HK\$193,264,000) were pledged to secure banking facilities granted to the Group.

20. POST BALANCE SHEET EVENT

On 14 July 2009, a total of 24,200,000 share options were granted to certain employees of the Group. These share options vest from 7 November 2011 to 7 November 2015 and have an exercise price of HK\$4.15 per share and an exercise period ranging from 7 November 2011 to 13 July 2019. The price of the Company's shares at the date of grant was HK\$4.15 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW & PROSPECT

Despite a bleak economic environment in the first quarter of 2009, demand for notebook computers has been rather resilient, especially when notebook shipments have improved in the second quarter. The popularity of netbooks has remained a buoyant sub-market trend as many notebook brands have pushed into the arena. Ju Teng has been riding on the market trend and benefited from its leadership in plastic casings that provides solid support to its gross margin. In March 2009, Ju Teng completed the acquisition of a magnesium alloy casing manufacturer, which not only broadens its product mix, but also fortifies its competitiveness in the casing production market.

The Company's TDR were successfully listed on the Taiwan Stock Exchange on 25 May 2009. The event marked a milestone in its corporate development. Major customers of the Group are manufacturers of international brands based in Taiwan. The TDR issue has raised public awareness and promoted the corporate image of Ju Teng in Taiwan. On the other hand, it also serves as an appropriate fundraising platform for the Group to diversify funding sources.

The Group has commenced the production of metal casings in the second quarter of 2009 and will commence production of LCD TV casing in the second half this year. The Directors expect that more netbook models, CULV-based notebooks (characterized by a slim design and lighter weight) will be rolled out in the market, coupled with market demand for new notebook pre-installed with Windows 7 which will be launched in the fourth quarter. These will all translate into rising notebook shipments worldwide. Leveraging on manufacturing efficiency, quality control and technological advances, the Group is optimistic about capturing growth momentum and steady gains in market share.

FINANCIAL REVIEW

The turnover of the Group reduced slightly by 8.9% to approximately HK\$3,124 million (2008: HK\$3,428 million) during the Period due to the decline in average selling price resulted from relatively lower raw material costs. Declining raw material price together with tremendous cost control efforts secured margin performance for the Period. The overall gross profit margin for the Period increased to 17.8% from 15.6% for the six months ended 30 June 2008.

The Group recorded a slight increase of 4.3% in operating cost and other operating expenses, including administrative expenses, selling and distribution costs and other expenses to approximately HK\$195 million (2008: HK\$187 million). However, due to the decline in turnover, the operating costs for the Period accounted for 6.2% (2008: 5.5%) of the Group's turnover.

Finance costs decreased by 12% to approximately HK\$32 million for the Period as compared to that of 2008 which was due to the decline in U.S. dollars ("USD") interest rate and low utilization of trade receivables factoring facilities.

The profit attributable to equity holders for the Period amounted to approximately HK\$290 million, representing an increase of 2.1% when compared to the same period of last year of approximately HK\$284 million. It is mainly attributable to improvement in gross profit margin.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2009, total bank borrowings of the Group amounted to approximately HK\$2,005 million, representing an increase of 6.8% as compared to that of 31 December 2008. The Group's bank borrowings include short-term loans with 1-year maturity, 2-year term loan and 3-year revolving syndicated loan. As at 30 June 2009, the Group's bank loans denominated in USD, New Taiwan dollars and Renminbi ("RMB") are carrying the amounts of approximately HK\$1,905 million (31 December 2008: HK\$1,858 million), approximately HK\$68 million (31 December 2008: HK\$19 million) and approximately HK\$32 million (31 December 2008: Nil) respectively.

During the Period, the Group's net cash inflow from operating activities improved significantly to approximately HK\$656 million from HK\$136 million for the corresponding period in 2008 due to the decrease of inventories and trade receivables. A net cash outflow from investing activities of approximately HK\$717 million (2008: HK\$514 million), which included the acquisition of a magnesium alloy casing manufacturer and the purchase of fixed assets for capacity expansion, was recorded. During the Period, the Group recorded a net cash inflow from financing activities of approximately HK\$242 million (2008: HK\$210 million) as a result of the issue of TDR. As at 30 June 2009, the Group had cash and bank balances of approximately HK\$634 million (31 December 2008: HK\$451 million).

The gearing ratio of the Group, calculated as total bank borrowings of approximately HK\$2,005 million (31 December 2008: HK\$1,877 million) divided by total assets of approximately HK\$8,189 million (31 December 2008: HK\$7,144 million), as at 30 June 2009 was 24.5% (31 December 2008: 26.3%). The improvement of gearing ratio was attributable to the proceeds from TDR issue.

PLEDGE OF ASSETS

As at 30 June 2009, the Group's pledged bank balances and time deposits were nil (31 December 2008: HK\$81 million) and leasehold land and buildings and machineries with an aggregate carrying amount of approximately HK\$103 million (31 December 2008: HK\$70 million) and trade receivables of approximately HK\$338 million (31 December 2008: HK\$193 million) were pledged to secure banking facilities granted to the Group.

FOREIGN EXCHANGE EXPOSURE

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

EMPLOYEES

As at 30 June 2009, the Group had approximately 32,000 employees. The Group recorded staff costs of approximately HK\$463 million (2008: HK\$419 million). The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. Discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee. The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme for its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations of the PRC.

OTHER INFORMATION

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

As at 30 June 2009, 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 ("Model Code") for Securities Transactions by Directors of Listed Issuers set out in appendix 10 to 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-Yu	Founder of a discretionary trust (Note 2)	273,556,986 (L) ordinary Shares	24.81%
	Beneficial owner	36,778,000 (L) ordinary Shares	3.33%
	Interest of spouse (Note 3)	10,518,046 (L) ordinary Shares	0.95%
Mr. Cheng Li-Yen	Beneficiary of a trust (Note 2)	273,556,986 (L) ordinary Shares	24.81%
Mr. Huang Kuo-Kuang	Beneficial owner	2,423,866 (L) ordinary Shares	0.22%
	Interest of spouse (Note 4)	5,742,631 (L) ordinary Shares	0.52%
Mr. Hsieh Wan-Fu	Beneficial owner	2,494,432 (L) ordinary Shares	0.23%
Mr. Lo Jung-Te	Beneficial owner	5,967,942 (L) ordinary Shares	0.54%
Mr. Tsui Yung Kwok	Beneficial owner	2,800,000 (L) ordinary Shares	0.25%

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

OTHER INFORMATION

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

(ii) Interests in underlying Shares

Name of Director	Nature of interest	Number of underlying shares (Note 1)	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
Mr. Huang Kuo-Kuang	Beneficial owner	1,000,000 (L) (Note 2)	7 November 2009 to 6 November 2016	HK\$1.56	0.08% (Note 4)
	Beneficial owner	1,000,000 (L) (Note 2)	7 November 2010 to 6 November 2016	HK\$1.56	0.08% (Note 4)
	Beneficial owner	1,000,000 (L) (Note 2)	7 November 2011 to 6 November 2016	HK\$1.56	0.08% (Note 4)
	Beneficial owner	252,000 (L) (Note 3)	7 November 2012 to 23 April 2018	HK\$2.75	0.02% (Note 4)
	Beneficial owner	252,000 (L) (Note 3)	7 November 2013 to 23 April 2018	HK\$2.75	0.02% (Note 4)
	Beneficial owner	252,000 (L) (Note 3)	7 November 2014 to 23 April 2018	HK\$2.75	0.02% (Note 4)
Mr. Hsieh Wan-Fu	Beneficial owner	500,000 (L) (Note 2)	7 November 2009 to 6 November 2016	HK\$1.56	0.04% (Note 4)
	Beneficial owner	500,000 (L) (Note 2)	7 November 2010 to 6 November 2016	HK\$1.56	0.04% (Note 4)
	Beneficial owner	500,000 (L) (Note 2)	7 November 2011 to 6 November 2016	HK\$1.56	0.04% (Note 4)
	Beneficial owner	554,000 (L) (Note 3)	7 November 2012 to 23 April 2018	HK\$2.75	0.05% (Note 4)
	Beneficial owner	554,000 (L) (Note 3)	7 November 2013 to 23 April 2018	HK\$2.75	0.05% (Note 4)
	Beneficial owner	554,000 (L) (Note 3)	7 November 2014 to 23 April 2018	HK\$2.75	0.05% (Note 4)
Mr. Lo Jung-Te	Beneficial owner	500,000 (L) (Note 2)	7 November 2009 to 6 November 2016	HK\$1.56	0.04% (Note 4)
	Beneficial owner	500,000 (L) (Note 2)	7 November 2010 to 6 November 2016	HK\$1.56	0.04% (Note 4)
	Beneficial owner	500,000 (L) (Note 2)	7 November 2011 to 6 November 2016	HK\$1.56	0.04% (Note 4)
	Beneficial owner	554,000 (L) (Note 3)	7 November 2012 to 23 April 2018	HK\$2.75	0.05% (Note 4)
	Beneficial owner	554,000 (L) (Note 3)	7 November 2013 to 23 April 2018	HK\$2.75	0.05% (Note 4)
	Beneficial owner	554,000 (L) (Note 3)	7 November 2014 to 23 April 2018	HK\$2.75	0.05% (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)

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

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 2009.
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 2009.
4. This percentage was calculated on the basis of 1,196,594,000 Shares in issue immediately following the exercise in full of all the options granted on or before 30 June 2009 under the 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.

OTHER INFORMATION

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

(ii) Interests in underlying Shares (continued)

Save as disclosed above, as at 30 June 2009, 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 appendix 10 to the Listing Rules.

SHARE OPTION SCHEME

The Company operates the Post-IPO Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details are disclosed in note 13 to the financial information.

The following share options were outstanding under the Post-IPO Share Option Scheme during the Period:

Name or category of participant	At 1 January 2009	Number of share options		At 30 June 2009	Date of grant of share options*	Exercise period of share options	Exercise price of share options**	Price of the Shares immediately before the date of grant of share options
		Granted during the Period	Lapsed during the Period					HK\$ per Share
Directors								
Mr. Huang Kuo-Kuang	1,000,000	-	-	1,000,000	7-11-2006	7-11-2009 to 6-11-2016	1.56	1.40
	1,000,000	-	-	1,000,000	7-11-2006	7-11-2010 to 6-11-2016	1.56	1.40
	1,000,000	-	-	1,000,000	7-11-2006	7-11-2011 to 6-11-2016	1.56	1.40
	252,000	-	-	252,000	24-4-2008	7-11-2012 to 23-4-2018	2.75	2.75
	252,000	-	-	252,000	24-4-2008	7-11-2013 to 23-4-2018	2.75	2.75
	252,000	-	-	252,000	24-4-2008	7-11-2014 to 23-4-2018	2.75	2.75
	<u>3,756,000</u>	<u>-</u>	<u>-</u>	<u>3,756,000</u>				
Mr. Hsieh Wan-Fu	500,000	-	-	500,000	7-11-2006	7-11-2009 to 6-11-2016	1.56	1.40
	500,000	-	-	500,000	7-11-2006	7-11-2010 to 6-11-2016	1.56	1.40
	500,000	-	-	500,000	7-11-2006	7-11-2011 to 6-11-2016	1.56	1.40
	554,000	-	-	554,000	24-4-2008	7-11-2012 to 23-4-2018	2.75	2.75
	554,000	-	-	554,000	24-4-2008	7-11-2013 to 23-4-2018	2.75	2.75
	554,000	-	-	554,000	24-4-2008	7-11-2014 to 23-4-2018	2.75	2.75
	<u>3,162,000</u>	<u>-</u>	<u>-</u>	<u>3,162,000</u>				

OTHER INFORMATION

SHARE OPTION SCHEME (continued)

Name or category of participant	At 1 January 2009	Number of share options		At 30 June 2009	Date of grant of share options*	Exercise period of share options	Exercise price of share options**	Price of the Shares immediately before the date of grant of share options	
		Granted during the Period	Lapsed during the Period					HK\$ per Share	HK\$ per Share
Mr. Lo Jung-Te	500,000	-	-	500,000	7-11-2006	7-11-2009 to 6-11-2016	1.56	1.40	
	500,000	-	-	500,000	7-11-2006	7-11-2010 to 6-11-2016	1.56	1.40	
	500,000	-	-	500,000	7-11-2006	7-11-2011 to 6-11-2016	1.56	1.40	
	554,000	-	-	554,000	24-4-2008	7-11-2012 to 23-4-2018	2.75	2.75	
	554,000	-	-	554,000	24-4-2008	7-11-2013 to 23-4-2018	2.75	2.75	
	554,000	-	-	554,000	24-4-2008	7-11-2014 to 23-4-2018	2.75	2.75	
	<u>3,162,000</u>	-	-	<u>3,162,000</u>					
Mr. Tsui Yung Kwok	332,667	-	-	332,667	7-11-2006	7-11-2009 to 6-11-2016	1.56	1.40	
	332,667	-	-	332,667	7-11-2006	7-11-2010 to 6-11-2016	1.56	1.40	
	332,666	-	-	332,666	7-11-2006	7-11-2011 to 6-11-2016	1.56	1.40	
	252,000	-	-	252,000	24-4-2008	7-11-2012 to 23-4-2018	2.75	2.75	
	252,000	-	-	252,000	24-4-2008	7-11-2013 to 23-4-2018	2.75	2.75	
	252,000	-	-	252,000	24-4-2008	7-11-2014 to 23-4-2018	2.75	2.75	
	<u>1,754,000</u>	-	-	<u>1,754,000</u>					
Other employees									
In aggregate	13,478,000	-	(142,000)	13,336,000	7-11-2006	7-11-2009 to 6-11-2016	1.56	1.40	
	13,478,000	-	(142,000)	13,336,000	7-11-2006	7-11-2010 to 6-11-2016	1.56	1.40	
	13,478,000	-	(142,000)	13,336,000	7-11-2006	7-11-2011 to 6-11-2016	1.56	1.40	
	14,066,666	-	(82,667)	13,983,999	24-4-2008	7-11-2012 to 23-4-2018	2.75	2.75	
	14,066,666	-	(82,667)	13,983,999	24-4-2008	7-11-2013 to 23-4-2018	2.75	2.75	
	14,066,668	-	(82,666)	13,984,002	24-4-2008	7-11-2014 to 23-4-2018	2.75	2.75	
	<u>82,634,000</u>	-	<u>(674,000)</u>	<u>81,960,000</u>					
<u>94,468,000</u>	-	<u>(674,000)</u>	<u>93,794,000</u>						

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.

No share option was cancelled during the Period.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2009, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity and nature of interest	Number and class of Shares held (Note 1)	Approximate percentage of shareholding
Southern Asia	Beneficial owner	273,556,986 (L) ordinary Shares	24.81%
Shine Century Assets Corp. (Note 2)	Interest of a controlled corporation	273,556,986 (L) ordinary Shares	24.81%
East Asia International Trustees Limited (Note 2)	Trustee (other than a bare trustee)	273,556,986 (L) ordinary Shares	24.81%
Ms. Lin Mei-Li (Note 3)	Beneficial owner	10,518,046 (L) ordinary Shares	0.95%
	Interest of spouse	310,334,986 (L) ordinary Shares	28.14%

Notes:

1. The letter "L" denotes a long position in the Share.
2. The Shares were held by Southern Asia, which was wholly owned by Shine Century Assets Corp. The entire issued share capital of Shine Century Assets Corp. was owned by the Cheng Family Trust, the trustee of which was East Asia International Trustees Limited. Shine Century Assets Corp. was deemed to be interested in all the Shares in which Southern Asia is interested by virtue of the SFO. East Asia International Trustee Limited was deemed to be interested in all the Shares in which Shine Century Assets Corp. was interested by virtue of the SFO. The Shares registered in the name of Southern Asia was also disclosed as the interest of Mr. Cheng Li-Yu and Mr. Cheng Li-Yen in the section headed "Directors' and chief executive's interests and short positions in Shares and underlying Shares" above.
3. Ms. Lin Mei-Li is the wife of Mr. Cheng Li-Yu and she was deemed to be interested in all the Shares in which Mr. Cheng Li-Yu was interested by virtue of the SFO.

Save as disclosed above, as at 30 June 2009, 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 2009.

OTHER INFORMATION

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 Rules (“**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange. The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. Save as disclosed below, the Company had complied with the code provisions of the CG Code throughout the Period:

- (i) Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheng Li-Yu is the chairman of the Board but the Company has not appointed any chief executive officer. 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 2008; and
- (ii) Pursuant to code provision A.4.2 of the CG Code, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Mr. Cherng Chia-Jiun was appointed as an independent non-executive Director on 31 July 2008 to fill the casual vacancy after the resignation of Mr. Yu Chwo-Ming. The first general meeting after his appointment was an extraordinary general meeting of the Company held on 26 February 2009. According to the abovementioned code provision, he should be subject to election by shareholders at that extraordinary general meeting. Due to inadvertent oversight, he was re-elected at the annual general meeting of the Company held on 21 May 2009, which was the second general meeting after his appointment.

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 and applied a code of conduct regarding the Director’s securities transaction on terms not less exacting than the required standard set out in 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 and the code of conduct for the Period.

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 information and results of the Group for the Period.

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

Hong Kong, 19 August 2009