ANNUAL 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

CONTENTS

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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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

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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
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28 Queen's Road East
Wanchai
Hong Kong

WEBSITE

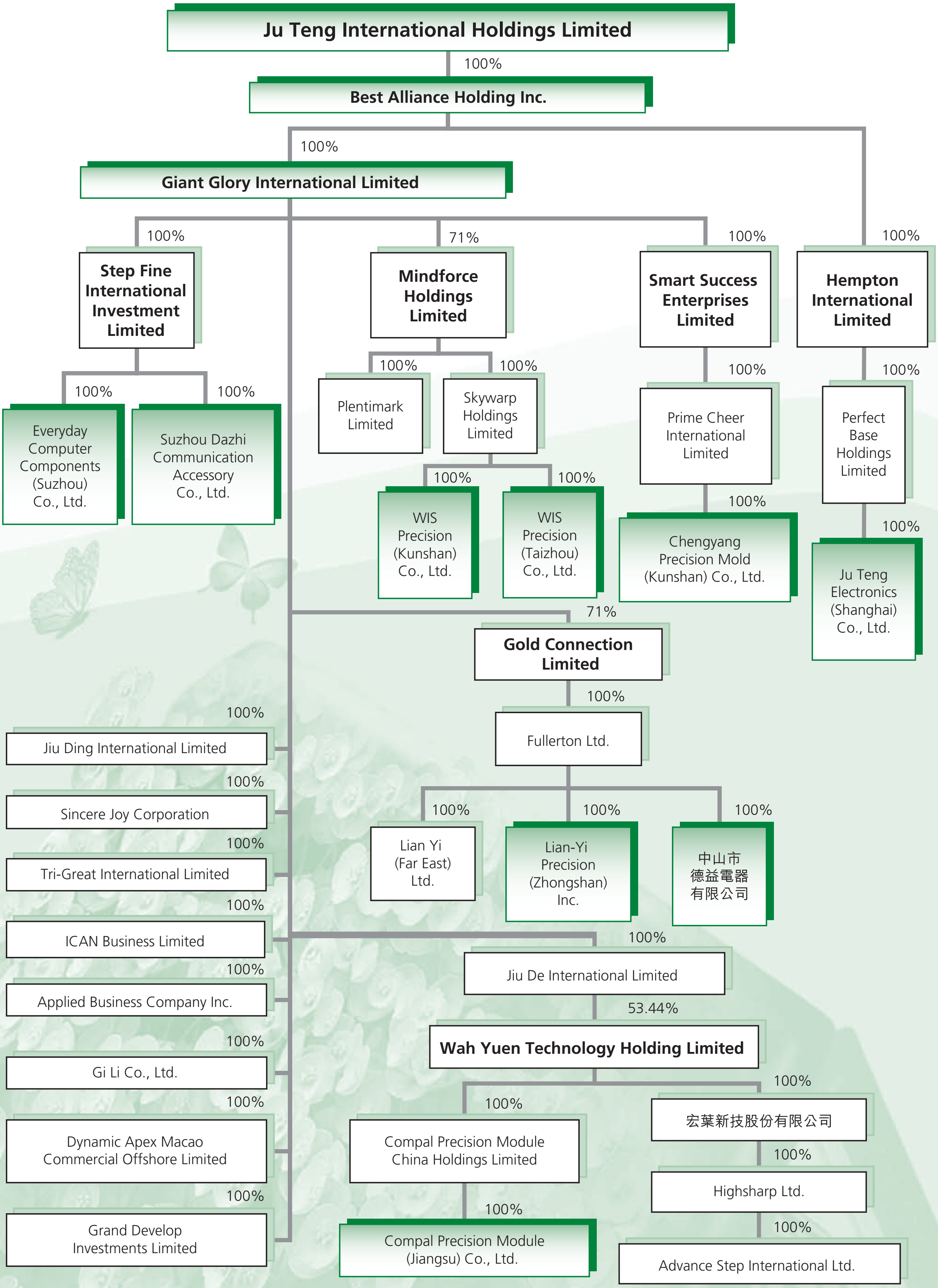
www.irasia.com/listco/hk/juteng

STOCK CODE

3336

GROUP STRUCTURE

As at 31 December 2009



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to announce that, in spite of the shock waves from the financial tsunami that have rocked the global economy since 2008, the Group's business continued to grow during the year under review. Thanks to the concerted efforts of our staff who remained resilient and proactive in difficult times, the Group reported a 3.0% growth in turnover which amounted to approximately HK$7,464,000,000 (2008: HK$7,249,000,000) for the year. Profit attributable to equity shareholders climbed 7.1% to approximately HK$705,000,000 (2008: HK$658,000,000). Gross profit margin also increased to 18.0% (2008: 16.7%).

CELEBRATING OUR 10TH ANNIVERSARY WITH NOTABLE ACHIEVEMENTS

2009 was a year of significance for Ju Teng, full of challenges and opportunities.

2009 marked the tenth anniversary of the Group. When Ju Teng first moved into mainland China, we were a newcomer in the notebook casing manufacturing industry. Over the years, striving to be a total solution provider for notebook casing, the Group has come up with many breakthrough technologies that successfully established its market dominance. Nowadays, Ju Teng prides itself for being the leading notebook casing manufacturer in the world, with a global market share of approximately 30%. The Group also achieved a compound annual growth rate of 29.3% and 38.4% in turnover and profit attributable to equity holders, respectively, for five years in a row. These notable achievements made in a short span of 10 years are certainly worth celebrating.

WEATHERING THE FINANCIAL STORM WITH CONTINUED GROWTH

Nevertheless, the joy of our tenth anniversary was quickly overshadowed by the outbreak of the financial tsunami that impacted the world economy including China. This financial crisis presented us the greatest challenge in our corporate history. In late 2008, many customers began to drastically cut back on orders. The situation continued to be severe in the first quarter of 2009. To combat these negative effects on our business, we immediately launched a series of remedial measures. While adjusting its pricing structure, the Group also worked hand in hand with clients to deliver notebook casing solutions quickly, responding to their urgent needs for new products to stimulate consumer interest amid lackluster market performance. Ju Teng's responsive policies brought very positive results as we witnessed a gradual increase in sales. At the same time, the Group also saw many of its smaller industry peers cease operations during this dire situation and grasped the opportunity to secure more orders, thus facilitating a rapid business rebound to pre-financial tsunami levels.

Ju Teng's success in making a quick turnaround during this financial crisis is attributable to our invaluable experiences in stringent cost control and quality management, which enabled us to react promptly in critical moments and squeeze costs on every level to a minimum. On the other hand, thanks to our detailed analysis of the complicated production processes, the Group's products still maintained an overall high success rate of 90%. This not only reduced waste but also gained customers' confidence, thereby bringing in more orders in a fast-changing market environment. In retrospect, this financial tsunami is undoubtedly the biggest challenge we have faced to date; it is however also a solid testament to the success of our business strategies in the past decade.

EXPANDING PRODUCTION CAPABILITIES THROUGH ACQUISITION AND INVESTMENT

Despite the threat of the financial tsunami, Ju Teng continued to expand during the year under review. In March 2009, the Group completed the acquisition of Wah Yuen Technology Holding Limited ("Wah Yuen") – a magnesium alloy casing manufacturer, to expand its metal casing production capabilities. After the acquisition, the Group strengthened the company's management team, which soon brought its business back into the black. At the moment, Wah Yuen enjoys healthy growth with orders picking up steadily.

By the end of 2009, the Group further expanded its production capabilities by setting up a new production facility in Jiangsu province via a joint-venture with a client. Commanding an annual production capacity of 10 million casings, the new factory not only fortifies Ju Teng's cooperation with its client but also ensures the Group's stable long-term growth.

FUND RAISING SUCCESS IN TAIWAN VIA TDR

On 25 May 2009, Ju Teng was successfully listed on the Taiwan Stock Exchange via issue of Taiwan Depositary Receipts ("TDR"), marking a huge milestone in the Group's corporate history. After 10 years' development in mainland China, Ju Teng's triumphant return to Taiwan certainly brought us much pride and joy. We were also overwhelmed by the enormous support from investors who pushed the share price to record highs.

SUSTAINING GROWTH AND SOLIDIFYING LEADERSHIP

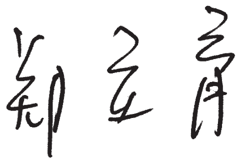
Riding the growth momentum of notebook computers, Ju Teng is poised for further expansion in the next decade. In fact, the growing popularity of notebook computers seems to ensure its replacement of desktop computers in the long run. Given their low penetration rate in global markets, especially the Asia Pacific region, notebook computers have immense growth potential. The increasing dominance of notebook computers coupled with breakthroughs in related software, hardware and mobile technologies will ultimately intensify market competition and shorten the product life cycle. Since beautiful casings appeal directly to consumers, this trend is highly positive for our business growth.

Apart from plastic casing manufacturing, the Group will also venture into other non-plastic casing businesses that provide higher gross profit margins. In addition to the commencement of LCD TV casing manufacturing in the third quarter of 2009, the Group has also diversified its business with the manufacturing of digital camera casing. We expect to obtain more casing contracts from manufacturers of these two products.

Looking forward to the next decade, Ju Teng will solidify its leadership in the global notebook casing industry by aiming at a 40% market share. Employing its competitive edge in notebook casing, the Group will broaden its business horizon and manufacture casing for other personal digital and consumer electronics products.

In appreciation of shareholders' support, Ju Teng started dividend distribution last year and increased the payout ratio for the year under review. In the years ahead, while recognizing the importance of capital expenditure for robust expansion plans, the Group also hopes to share the fruits of our success with shareholders by increasing its dividend in line with revenue growth.

Last but not least, I would like to take this opportunity to express my sincere gratitude to all our staff who contributed substantially to Ju Teng's impressive growth in the past decade. Their unswerving support also helped the Group weather the biggest financial storm since the Great Depression with continued growth. I am confident that, by working closely with staff, management and shareholders, Ju Teng will continue to grow by leaps and bounds in the next decade.



Cheng Li-Yu
Chairman

Hong Kong
29 March 2010

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

During the year, the financial tsunami continued to impact both the global economy and consumer confidence. As a result many customers cut back their orders, creating a direct impact on the Group's business performance in the first half of the year. Ju Teng immediately responded to this adversity by launching an array of contingency measures including adjusting prices and shortening the time for providing customers with solutions to help them introduce more products with attractive prices and thus stimulate consumer demand. These measures successfully turned the situation around and enabled the Group to increase sales in the second half of the year. As a result, growth in turnover was maintained for the year.

In the context of an economic downturn, price can be described as the key to success. This has given rise during the year to the unexpected emergence of affordable netbooks as the hot-selling item among the different kinds of notebook computers. The roll-out of CULV-based notebook (characterized by a slim design and lighter weight) in the market also contributed to the business performance of Ju Teng. By employing cutting-edge technologies in the production of plastic casing, the Group secured a large number of orders for manufacturing beautiful and quality computer casings for customers. This stimulated consumers' desire to purchase and resulted in an increase in sales.

While maintaining its leading position in notebook computer casing manufacturing, Ju Teng is also focusing its attention on the development of other high margin casing businesses. It completed its acquisition of a 53.4% stake in magnesium alloy casing manufacturer Wah Yuen in March 2009 for a consideration of US$51.8 million in order to expand into the metal casing business. This move has not only expanded the Group's product portfolio but has also enhanced Ju Teng's competitiveness in the casing manufacturing market.

During the year, Ju Teng was also aggressive in improving its production capacity by forming a joint venture with its customer to build a plant in Taizhou, Jiangsu Province, primarily for the production of notebook computer casing, with an annual production capacity of up to 10 million casings. Currently, the Group has seven plants with a total annual production capacity of up to 60 million casings. Management believes this form of cooperation can help the Group secure a stable amount of orders and reduce investment costs.

In May 2009, Ju Teng raised HK$401 million on the Taiwan Stock Exchange through the issuance of Taiwan Depositary Receipts. These proceeds will be applied to the expansion of its plants and the repayment of some loans. Ju Teng's return to Taiwan for a listing is beneficial to the Group's development as the move can expand financing channels and also enhance the Company's reputation and build up its image as an international corporation.

Looking forward to next year, management remains cautiously optimistic about business prospects. The computer consumer market is performing fairly well despite a number of uncertainties over the current global economic development. Statistics recently published by the Ministry of Industry and Information Technology of the People's Republic of China suggest that there is an evident upward trend in the exports of computer products in 2010. Computer product exports from China topped US$14.46 billion in January 2010, representing an increase of 43.6% over the same period last year. Of these exports, notebook computer exports grew sharply to US$6.32 billion, representing an increase of 66%.

MANAGEMENT DISCUSSION AND ANALYSIS

Management believes the financial tsunami in 2008 has forced many customers to immediately shelve their plans to replace computers. The gradual recovery of the global economy and the potential of increased spending by companies are expected to spark a new wave of demand for computer replacements. In addition, the introduction of new computer operating systems will also prompt a drive for the replacement of business laptops. This will have a positive and proactive impact on the Group's business development.

To cope with the growth in notebook computers, the Group will continue to expand its production capacity, increase its market share and consolidate Ju Teng's leading position in notebook computer casing manufacturing.

In addition, Ju Teng will try to further diversify its products. One of the examples is that we have commenced the production of LCD TV casing and digital cameras casing in the second half of the year. Although this new business now contributes a small share to the Group's operating income, the management anticipates this business holds enormous room for development in the future.

FINANCIAL REVIEW

During the year, as the impact of the contingency measures introduced by the Group to combat the financial tsunami became apparent, turnover for the year continued to grow 3% to approximately HK$7,464 million (2008: HK$7,249 million). The decline in the prices of raw materials together with our success in controlling costs helped gross profit to improve this year. The Group's overall gross profit margin for the year ended 31 December 2009 improved to 18.0% (2008: 16.7%).

The Group's operating costs and other operating expenses (including administrative expenses, selling and distribution costs and other expenses) rose by 4.3% to approximately HK$436 million (2008: HK$418 million), representing 5.8% (2008: 5.8%) of the Group's turnover.

During the year, finance costs were approximately HK$49 million, down 35.3% from 2008. This decrease was due to the decline in US dollar interest rates and low utilization of trade receivable factoring facilities.

During the year, profit attributable to equity holders amounted to HK$705 million (2008: HK$658 million), representing an increase of 7% from last year. This was mainly attributable to the increase in turnover and the continuous improvement in gross margin.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009, total bank borrowings of the Group amounted to approximately HK$2,085 million, representing an increase of approximately 11% as compared to those as at 31 December 2008. The Group's bank borrowings comprise short-term loans due within one year, loans carrying a term of two to three years and revolving syndicated loans carrying a term of three years. As at 31 December 2009, the Group's bank loans denominated in USD, New Taiwan dollars and Renminbi ("RMB") carried the amounts of approximately HK$2,023 million (31 December 2008: HK$1,858 million), approximately HK$20 million (31 December 2008: HK$19 million) and approximately HK$42 million (31 December 2008: nil) respectively.

During the year, due to the continuous improvement in cash flow from operating activities and an increase in trade payables, the Group's cash flow from operating activities improved substantially from a net cash outflow of approximately HK$217 million in 2008 to a net cash inflow of approximately HK$1,220 million. Due to the acquisition of a magnesium alloy casing manufacturer and the purchase of fixed assets to expand production capacity, the Group recorded a cash outflow of approximately HK$1,405 million from investing activities (2008: HK$867 million). During the year, the offering of Taiwan Depositary Receipts resulted in a net cash inflow from financing activities of approximately HK$345 million (2008: HK$1,106 million). As at 31 December 2009, the Group's cash and bank balances were approximately HK$608 million (31 December 2008: HK$451 million).

The gearing ratio of the Group as at 31 December 2009, calculated as total bank borrowings of approximately HK$2,085 million (31 December 2008: HK$1,877 million) divided by total assets of approximately HK$9,521 million (31 December 2008: HK$7,144 million), was 21.9% (31 December 2008: 26.3%). The improvement in the gearing ratio was due to the substantial increase in the Group's total assets.

ISSUE OF TAIWAN DEPOSITARY RECEIPTS

As announced by the Company on 15 May 2009, 100 million Shares were issued by the Company on 22 May 2009 as underlying securities of the Taiwan Depositary Receipts ("TDR") in order to raise funds for the Group's future business development. The 100 million Shares were issued at an aggregate nominal value of HK$10 million. The issue price and the net price of each Share was NT$17.3 (equivalent to HK$4.07) and HK$4.01, respectively. The closing price of the Shares was HK$4.09 on 15 May 2009, the date on which the terms of the issue ("TDR Issue") of the TDR were fixed. The TDR Issue consisted of 100 million units of TDR comprised of (a) an offer of 1,000 units of TDR for subscription by the Securities and Futures Investors Protection Center pursuant to the applicable securities laws in Taiwan; (b) an offer of an aggregate of 10 million units of TDR for subscription by the underwriters to the TDR Issue; (c) an offer of an aggregate of 10 million units of TDR for application for subscription by the public in Taiwan; and (d) an offer of an aggregate of 79,999,000 units of TDR for subscription by selected institutional and individual investors in Taiwan through the book building process. Net proceeds of approximately HK$401 million were raised from the TDR Issue, of which approximately HK$312 million was used for the establishment of a subsidiary of the Company in Zhenjiang, Jiangsu, the PRC and approximately HK$89 million was used for the repayment of certain then existing loan facilities of the Group.

PLEDGE OF ASSETS

As at 31 December 2009, the Group pledged leased land and buildings and machinery with an aggregate carrying value of approximately HK$100 million (31 December 2008: HK$70 million) as well as trade receivables of approximately HK$23 million (31 December 2008: HK$193 million) as security for the bank facilities of 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, any appreciation in the value of RMB will adversely affect the Group's profitability. Accordingly, the Group has entered into forward foreign exchange contracts to mitigate possible exchange losses arising from the fluctuations in the values of the USD and RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES

As at 31 December 2009, the Group had approximately 35,000 employees. The Group recorded staff costs of approximately HK$1,074 million (2008: HK$838 million). The Group's employees are remunerated in line with prevailing market terms and individual performance, with their remuneration packages 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 mandatory provident fund which is a compulsory contribution retirement benefits scheme for all of its employees in Hong Kong, and provides its PRC employees with a welfare scheme as required by the applicable laws and regulations of the PRC.

CAPITAL COMMITMENT

As at 31 December 2009, the capital commitments which the Group had contracted for but were not provided for in the financial statements in respect to the acquisition of land and building and machinery amounted to approximately HK$246 million (31 December 2008: HK$428 million).

CONTINGENT LIABILITIES

As at 31 December 2009, the Group did not have any significant contingent liabilities.

DIRECTORS

Executive Directors

Mr. Cheng Li-Yu (鄭立育), aged 51, is the chairman of our Group. Mr. Cheng Li-Yu is the younger brother of Mr. Cheng Li-Yen and he is one of the founders of the Group. Mr. Cheng started working at San Li Industrial Company Limited which is engaged in spray painting 24 years ago. Mr. Cheng is responsible for the Group's overall corporate strategy planning, operation management, forecast and analysis of market trend and establishment of the Group's future development direction. Mr. Cheng is currently the director of Southern Asia Management Limited, which has an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance as disclosed in the section headed "Substantial Shareholders' Interests in Shares" in this annual report. Mr. Cheng Li-Yu was appointed as an executive Director on 15 July 2004.

Mr. Cheng is the cousin of Mr. Cheng Li-Chen, a senior management of the Group.

Mr. Cheng Li-Yen (鄭立彥), aged 56, is an executive Director. Mr. Cheng is the elder brother of Mr. Cheng Li-Yu and he is also one of the founders of the Group. Mr. Cheng started working at San Li Industrial Company Limited which is engaged in spray painting over 18 years and later joined the management of Sunrise Plastic Injection Company Limited in around 2000. Mr. Cheng is responsible for the Group's overall management of resource planning, as well as plant expansion, development and construction. Mr. Cheng was appointed as an executive Director on 10 June 2005.

Mr. Cheng is the cousin of Mr. Cheng Li-Chen, a senior management of the Group.

Mr. Huang Kuo-Kuang (黃國光), aged 49, is an executive Director. He joined the Group in February 2001 as a member of the Group's senior management and has been responsible for the Group's daily operations and for overseeing the Group's procurement and operation management of two of its major operating subsidiaries in the PRC, namely, Everyday Computer Components (Suzhou) Co., Ltd. ("Everyday Computer") and Suzhou Dazhi Communication Accessory Co., Ltd ("Suzhou Dazhi"), since their establishment. He was appointed as senior vice president of Everyday Computer and of Suzhou Dazhi in 2002. He has more than 18 years' experience in the computer industry. He is responsible for the planning of the Group's procurement strategy, as well as the execution and guidance of operation management. Mr. Huang was appointed as an executive Director on 10 June 2005.

Mr. Hsieh Wan-Fu (謝萬福), aged 46, is an executive Director. He joined the Group as senior vice president in 2003. He is responsible for the establishment of quality control system, supervision of the Group's production in spray painting, development of new technology in dust-free spray painting and promotion of the application of relevant technology in dust-free spray painting to the customers. Mr. Hsieh was appointed as an executive Director on 25 May 2006.

Mr. Lo Jung-Te (羅榮德), aged 50, is an executive Director. He joined the Group as senior vice president in 2004. He is responsible for the supervision of the manufacture and development of the Group's automatic moulding. He is also responsible for assisting with the Group's improvement in manufacturing technology of injection moulding development, expansion of new markets and product design of non-notebook computer casing. Mr. Lo was appointed as an executive Director on 25 May 2006.

Mr. Lo is the elder brother of Mr. Lo Chi-Yun, a senior management of the Group.

MANAGEMENT PROFILE

Mr. Tsui Yung Kwok (徐容國), aged 41, is an executive Director, the chief financial officer and the company secretary of the Group and is responsible for the overall financial management and company secretarial functions of the Group. He holds a master degree in corporate governance and a bachelor degree in business (Accounting). He is also a member of the Institute of Chartered Accountants in Australia, CPA Australia, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries. Before joining our Group in August 2004, Mr. Tsui had been the chief financial officer of a Hong Kong listed company and held a senior position in an international accounting firm in Hong Kong. He had over 17 years' experience in accounting and finance. He has been an independent non-executive director of Shenguan Holdings (Group) Limited (Stock code: 829) since 19 September 2009. Mr. Tsui was appointed as an executive Director on 10 June 2005.

Independent non-executive Directors

Mr. Cherng Chia-Jiun (程嘉君), aged 55, graduated from the National Chengchi University with a Master's degree in Business Administration and a Bachelor of Science degree in Statistics. Mr. Cherng is currently the director of 兆赫電子股份有限公司 (Zinwell Corporation), a company listed on the Taiwan Stock Exchange Corporation ("TSEC"). He is also the supervisor of 建碁股份有限公司 (AOpen Incorporated), a company listed on the TSEC. Furthermore, he was the director and President of 數位聯合電信股份有限公司 (Digital United Inc.), whose shares are traded on the Taiwan OTC Exchange until 16 March 2009. From 1979 to 1998, Mr. Cherng was with the Taiwan based Institute for Information Industry (III), serving in various capacities including general manager of the Network Business Group, director of the Technology Service Group, director of the Market Intelligence Center, and program director of the Technology Research Division. Mr. Cherng was appointed as an independent non-executive Director on 31 July 2008.

Mr. Tsai Wen-Yu (蔡文預), aged 56, is an independent non-executive Director. He obtained his master degree in business administration from the National Chengchi University. He has extensive experience in accounting and corporate governance. Mr. Tsai is a certified public accountant in Taiwan. He is also the supervisor of Hua Nan Commercial Bank and is the director of Maywufa Company Ltd., a company listed on the Taiwan Stock Exchange. Mr. Tsai was appointed as an independent non-executive Director on 10 June 2005.

Mr. Yip Wai Ming (葉偉明), aged 44, is an independent non-executive Director. He has more than 21 years of experience in finance and accounting, and had held senior positions in an international accounting firm, a major European bank and listed companies in Hong Kong. Mr. Yip graduated from the University of Hong Kong with a Bachelor's degree in social sciences and from the University of London with a Bachelor's degree in law. He is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the Chinese Institute of Certified Public Accountants. He has been appointed as an independent non-executive director of BBMG Corporation (Stock code: 2009) since 28 April 2009. Mr. Yip was appointed as an independent non-executive Director on 25 May 2006.

SENIOR MANAGEMENT

Mr. Huang Cheng Pin (黃正斌), aged 44, is an assistant to Mr. Cheng Li-Yu. He joined the Group in 2003. Mr. Huang has over 12 years of experience in the banking field and is responsible for the Group's exports of products and imports of production materials. He also assists the board of Directors in the evaluation of investment projects as well as the Group's financial planning and funding matters.

Mr. Lu Fu-Hsing (呂福興), aged 44, is an assistant to Mr. Cheng Li-Yu. He joined the Group in 2003. Mr. Lu has over 19 years of experience in quality control. He was appointed to assist Mr. Cheng Li-Yu in the development of the quality control system of the Group. He is also responsible for the design and enhancement of the Group's quality control, and the monitoring and rectification of the matters in relation to the operations and management of the Group.

Mr. Liao Cheng-Yuan (廖正元), aged 50, is an assistant to Mr. Cheng Li-Yu and joined the Group in 2004. He is responsible for modification and implementation of the procurement strategy. He is also responsible for the introduction of new products and the supervision of the pilot run of the Group's new products.

Mr. Chao Min-Jen (趙明仁), aged 41, is an associate vice president of the Group who joined the Group in 2002. Mr. Chao has been working in the industrial and electronics field for over 17 years. He is responsible for assisting in the price determination of the Group's products, and for supporting the sales and marketing function and aftersales services.

Mr. Liu Wei-Cheng (劉為政), aged 52, is an associate vice president of the Group who joined the Group in 2002. Mr. Liu has been working in the electronic goods casing industry for over 21 years. He is responsible for the supervision of the Group's production in plastic injection, the development of new technology in plastic injection and the improvement of the Group's production efficiency. He is also responsible for the project review on the source of development for injection moulding in progress. In addition, he helps coordinate the communication and liaison between the plastic injection moulding development unit and the injection moulding production unit.

Mr. Chang Tsun (張圳), aged 46, is an associate vice president of the Group who joined the Group in 2001. Mr. Chang has been working in the metal industry for 23 years. He is responsible for the supervision of the Group's metal stamping and the development of automatic moulding and new technology in metal stamping.

Mr. Lo Chi-Yun (羅啟允), aged 39, is an associate vice president of the Group who joined the Group in 2004. He has been working in the precision plastic injection moulding industry for over 16 years. He is responsible for the production development and maintenance of the Group's moulding in plastic injection, as well as the new technology research and development of the injection moulding of plastic moulds.

Mr. Lo is the younger brother of Mr. Lo Jung-Te, an executive Director.

MANAGEMENT PROFILE

Mr. Cheng Li-Chen (鄭立晨), aged 40, is an associate vice president of the Group who joined the Group in 2002. He has been working in the plastic product surface coating industry for over 20 years. Mr. Cheng is responsible for the planning of manufacturing process and production management of the surface coating for the Group's plastic casing products, the improvement in efficiency and cost reductions. In addition to specializing in the research and development of the new technology of three dimensional coating, he is also responsible for the repairs and maintenance and the improvement in production yield in relation to all coating production facilities of the Group.

Mr. Cheng is the cousin of Mr. Cheng Li-Yu and Cheng Li-Yen, both executive Directors.

Mr. Yeh Chih-Yuan (葉志原), aged 44, is an associate vice president of the Group who joined the Group in 2002. He has been working in the plastic product surface coating industry for over 20 years. Mr. Yeh is responsible for the planning of manufacturing process and production management of the surface coating for the Group's plastic casing products as well as enhancing efficiency and lowering costs. In addition to specializing in the research and development of the new technology of three dimensional coating, he is also responsible for the repairs and maintenance and the improvement in production yield in relation to all coating production facilities of the Group.

Mr. Cheng Hsing-Liang (鄭行良), aged 46, is an associate vice president of the Group who joined the Group in 2003. He has been working in the electronic goods plastic casing injection moulding industry for over 22 years. He is responsible for the supervision of the Group's production in plastic injection, the development of new technology in plastic injection and the improvement of the Group's production efficiency. Meanwhile, he is also responsible for the repairs and maintenance and the improvement in production yield in relation to all injection moulding production facilities of the Group.

Mr. Chang Chin-Shin (張金獅), aged 50, is an associate vice president of the Group who joined the Group in 2003. He has been working in the plastic moulding industry for 21 years. He is responsible for the planning and implementation of the projects on the new products manufactured by the Group, as well as the coordination with customers in relation to all products of the Group during pilot runs and mass production.

Mr. Chu San-Tai (朱三泰), aged 35, is an associate vice president of the Group who joined the Group in 2003. He has 14 years of experience in quality control. He is responsible for the supervision of the Group's quality control department, all quality control system certifications, and quality control system set-up, planning and maintenance.

Mr. Chang Cheng-Fu (張正富), aged 49, is an associate vice president of the Group who joined the Group in 2004. He has 16 years of experience in electronic goods assembling. He is responsible for the assembling production of all products of the Group, primarily specializing in the improvement in production efficiency and cost reduction for the product assembling segment, and the research on new technologies including printing and laser engraving as well as the improvement in efficiency.

REPORT OF THE DIRECTORS

The directors ("Directors") of Ju Teng International Holdings Limited (the "Company") present their report and the audited financial statements of the Company and its subsidiaries (the "Subsidiaries" and together with the Company, the "Group") for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Subsidiaries are set out in note 19 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2009 and the state of affairs of the Company and the Group at 31 December 2009 are set out in the financial statements on pages 39 to 115.

The Directors recommend the payment of a final dividend of HK$0.08 per share in respect of the year ended 31 December 2009 (2008: HK$0.05 per share) to shareholders whose names appear on the register of members of the Company on 18 May 2010.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years is set out on page 116. This summary does not form part of the audited financial statements of the Group for the year ended 31 December 2009.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 29 and 30 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares ("Shares") on a pro rata basis to the existing shareholders of the Company.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

REPORT OF THE DIRECTORS

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 year ended 31 December 2009.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 31 to the financial statements and in the consolidated statement of changes in equity in the financial statements, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2009, the Company's reserves available for distribution, as calculated in accordance with the provisions of the Companies Law of the Cayman Islands, amounted to HK$1,248,337,000.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling HK$170,000.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 91% of the total sales for the year and sales to the largest customer amounted to approximately 33% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year. None of the Directors nor any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) of the Company had any interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors during the year were:

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

Independent non-executive Directors:
Mr. Cherng Chia-Jiun
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

In accordance with article 108(A) of the Company's articles of association, Mr. Hsieh Wan-Fu, Mr. Tsui Yung Kwok and Mr. Tsai Wen-Yu will retire as Directors by rotation and, being eligible, will offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company.

The Company has received annual confirmations of independence pursuant to Rule 3.13 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming. As at the date of this report, the Company still considers these independent non-executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management of the Group are set out on pages 11 to 14 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Cheng Li-Yu, Mr. Cheng Li-Yen, Mr. Huang Kuo-Kuang and Mr. Tsui Yung Kwok, all being executive Directors, has entered into a service contract with the Company for an initial fixed term of three years commencing from 1 June 2005, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of the service contract, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Each of Mr. Hsieh Wan-Fu and Mr. Lo Jung-Te, both being executive Directors, has entered into a service contract with the Company for an initial fixed term of three years commencing from 25 May 2006, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of the service contract, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Cherng Chia-Jiun, being independent non-executive Director, has been appointed for a term of two years commencing from 31 July 2008 renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of appointment, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Tsai Wen-Yu, being independent non-executive Director, has been appointed for a term of two years commencing from 17 June 2005 renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of appointment, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

REPORT OF THE DIRECTORS

Mr. Yip Wai Ming, being independent non-executive Director, has been appointed for a term of two years commencing from 25 May 2006 renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of appointment, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

No Director proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or any of the Subsidiaries which is not determinable by the employer within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings of the Company. Other emoluments are determined by the board of Directors with reference to Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 36 to the financial statements and in the section headed "Connected transactions and continuing connected transactions" in this report, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of the Subsidiaries was a party subsisting during or at the end of the year.

MANAGEMENT CONTRACTS

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

Save as disclosed in note 36 to the financial statements, no contract of significance had been entered into between the Company or any of the Subsidiaries and the controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

Save as disclosed in note 36 to the financial statements, no contract of significance for the provision of services to the Group by the controlling shareholder of the Company or any of its subsidiaries was entered into.

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

As at 31 December 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 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 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	24.47%
	Beneficial owner	12,778,000 (L) ordinary Shares	1.14%
	Interest of spouse *(Note 3)*	10,518,046 (L) ordinary Shares	0.94%
Mr. Cheng Li-Yen	Beneficiary of a trust *(Note 2)*	273,556,986 (L) ordinary Shares	24.47%
Mr. Huang Kuo-Kuang	Beneficial owner	3,423,866 (L) ordinary Shares	0.31%
	Interest of spouse *(Note 4)*	2,950,631 (L) ordinary Shares	0.26%
Mr. Hsieh Wan-Fu	Beneficial owner	2,104,432 (L) ordinary Shares	0.19%
Mr. Lo Jung-Te	Beneficial owner	5,765,942 (L) ordinary Shares	0.52%
Mr. Tsui Yung Kwok	Beneficial owner	3,132,000 (L) ordinary Shares	0.28%

Notes:

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

2. The Shares were registered in the name of Southern Asia Management Limited ("Southern Asia"), which was wholly owned by Shine Century Assets Corp., the entire issued share capital of which was beneficially owned by the Cheng Family Trust which was founded by Mr. Cheng Li-Yu. The beneficiaries of the Cheng Family Trust include, among others, Mr. Cheng Li-Yen and Mr. Cheng Li-Yu. Mr. Cheng Li-Yen and Mr. Cheng Li-Yu were deemed to be interested in all the Shares in which Shine Century Assets Corp. was interested by virtue of the SFO.

3. Mr. Cheng Li-Yu is the husband of Ms. Lin Mei-Li and he was deemed to be interested in all the Shares in which Ms. Lin Mei-Li was interested by virtue of the SFO.

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

(ii) Interests in underlying Shares

Name of Director	Nature of interest	Number of underlying shares *(Note 1)*	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
Mr. Huang Kuo-Kuang	Beneficial owner	1,000,000 (L) *(Note 2)*	7 November 2010 to 6 November 2016	HK$1.56	0.09% *(Note 4)*
	Beneficial owner	1,000,000 (L) *(Note 2)*	7 November 2011 to 6 November 2016	HK$1.56	0.09% *(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)*

Name of Director	Nature of interest (Note 1)	Number of underlying shares	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
Mr. Hsieh Wan-Fu	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 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. Tsui Yung Kwok	Beneficial owner	667 (L) *(Note 2)*	7 November 2009 to 6 November 2016	HK$1.56	0.00% *(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 2,000,000, 1,000,000, 1,000,000 and 666,000 options granted to Mr. Huang Kuo-Kuang, Mr. Hsieh Wan-Fu, Mr. Lo Jung-Te and Mr. Tsui Yung Kwok respectively by the Company on 7 November 2006 under the share option scheme (the "Share Option Scheme") of the Company and such share options remained outstanding as at 31 December 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 Share Option Scheme and such share options remained outstanding as at 31 December 2009.

4. This percentage was calculated on the basis of 1,218,160,000 Shares in issue immediately following the exercise in full of the outstanding share options granted under the Share Option Scheme as at 31 December 2009 and assuming that there would be no change in the total issued share capital of the Company other than as enlarged by the exercise of these options prior to the exercise in full of these options.

Save as disclosed above, as at 31 December 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in note 30 to the financial statements, at no time during the year were there rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or minor children (natural or adopted), or were such rights exercised by them; or was the Company or any of the Subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operates the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details are disclosed in note 30 to the financial statements.

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

Name or category of participant	Number of share options: At 1 January 2009	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2009	Grant date *(Note 1)*	Exercise period	Exercise price per Share *(Note 2)*	Price per Share at grant date *(Note 3)*
Directors									
Mr. Huang Kuo-Kuang	1,000,000	–	(1,000,000)	–	–	7-11-2006	7-11-2009 to 6-11-2016	HK$1.56	HK$1.56
	1,000,000	–	–	–	1,000,000	7-11-2006	7-11-2010 to 6-11-2016	HK$1.56	HK$1.56
	1,000,000	–	–	–	1,000,000	7-11-2006	7-11-2011 to 6-11-2016	HK$1.56	HK$1.56
	252,000	–	–	–	252,000	24-4-2008	7-11-2012 to 23-4-2018	HK$2.75	HK$2.75
	252,000	–	–	–	252,000	24-4-2008	7-11-2013 to 23-4-2018	HK$2.75	HK$2.75
	252,000	–	–	–	252,000	24-4-2008	7-11-2014 to 23-4-2018	HK$2.75	HK$2.75
	3,756,000	–	(1,000,000)	–	2,756,000				
Mr. Hsieh Wan-Fu	500,000	–	(500,000)	–	–	7-11-2006	7-11-2009 to 6-11-2016	HK$1.56	HK$1.56
	500,000	–	–	–	500,000	7-11-2006	7-11-2010 to 6-11-2016	HK$1.56	HK$1.56
	500,000	–	–	–	500,000	7-11-2006	7-11-2011 to 6-11-2016	HK$1.56	HK$1.56
	554,000	–	–	–	554,000	24-4-2008	7-11-2012 to 23-4-2018	HK$2.75	HK$2.75
	554,000	–	–	–	554,000	24-4-2008	7-11-2013 to 23-4-2018	HK$2.75	HK$2.75
	554,000	–	–	–	554,000	24-4-2008	7-11-2014 to 23-4-2018	HK$2.75	HK$2.75
	3,162,000	–	(500,000)	–	2,662,000				
Mr. Lo Jung-Te	500,000	–	(500,000)	–	–	7-11-2006	7-11-2009 to 6-11-2016	HK$1.56	HK$1.56
	500,000	–	–	–	500,000	7-11-2006	7-11-2010 to 6-11-2016	HK$1.56	HK$1.56
	500,000	–	–	–	500,000	7-11-2006	7-11-2011 to 6-11-2016	HK$1.56	HK$1.56
	554,000	–	–	–	554,000	24-4-2008	7-11-2012 to 23-4-2018	HK$2.75	HK$2.75
	554,000	–	–	–	554,000	24-4-2008	7-11-2013 to 23-4-2018	HK$2.75	HK$2.75
	554,000	–	–	–	554,000	24-4-2008	7-11-2014 to 23-4-2018	HK$2.75	HK$2.75
	3,162,000	–	(500,000)	–	2,662,000				

Name or category of participant	At 1 January 2009	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2009	Grant date *(Note 1)*	Exercise period	Exercise price per Share *(Note 2)*	Price per Share at grant date *(Note 3)*
	Number of share options								
Mr. Tsui Yung Kwok	332,667	–	(332,000)	–	667	7-11-2006	7-11-2009 to 6-11-2016	HK$1.56	HK$1.56
	332,667	–	–	–	332,667	7-11-2006	7-11-2010 to 6-11-2016	HK$1.56	HK$1.56
	332,666	–	–	–	332,666	7-11-2006	7-11-2011 to 6-11-2016	HK$1.56	HK$1.56
	252,000	–	–	–	252,000	24-4-2008	7-11-2012 to 23-4-2018	HK$2.75	HK$2.75
	252,000	–	–	–	252,000	24-4-2008	7-11-2013 to 23-4-2018	HK$2.75	HK$2.75
	252,000	–	–	–	252,000	24-4-2008	7-11-2014 to 23-4-2018	HK$2.75	HK$2.75
	1,754,000	–	(332,000)	–	1,422,000				
Other employees									
In aggregate	13,478,000	–	(12,766,000)	(629,334)	82,666	7-11-2006	7-11-2009 to 6-11-2016	HK$1.56	HK$1.56
	13,478,000	–	–	(629,333)	12,848,667	7-11-2006	7-11-2010 to 6-11-2016	HK$1.56	HK$1.56
	13,478,000	–	–	(629,333)	12,848,667	7-11-2006	7-11-2011 to 6-11-2016	HK$1.56	HK$1.56
	14,066,666	–	–	(440,000)	13,626,666	24-4-2008	7-11-2012 to 23-4-2018	HK$2.75	HK$2.75
	14,066,666	–	–	(440,000)	13,626,666	24-4-2008	7-11-2013 to 23-4-2018	HK$2.75	HK$2.75
	14,066,668	–	–	(440,000)	13,626,668	24-4-2008	7-11-2014 to 23-4-2018	HK$2.75	HK$2.75
	–	4,840,000	–	(20,000)	4,820,000	14-7-2009	7-11-2011 to 13-7-2019	HK$4.15	HK$4.15
	–	4,840,000	–	(20,000)	4,820,000	14-7-2009	7-11-2012 to 13-7-2019	HK$4.15	HK$4.15
	–	4,840,000	–	(20,000)	4,820,000	14-7-2009	7-11-2013 to 13-7-2019	HK$4.15	HK$4.15
	–	4,840,000	–	(20,000)	4,820,000	14-7-2009	7-11-2014 to 13-7-2019	HK$4.15	HK$4.15
	–	4,840,000	–	(20,000)	4,820,000	14-7-2009	7-11-2015 to 13-7-2019	HK$4.15	HK$4.15
	82,634,000	24,200,000	(12,766,000)	(3,308,000)	90,760,000				
	94,468,000	24,200,000	(15,098,000)	(3,308,000)	100,262,000				

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

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

3. The price of the Shares disclosed as at the date of grant of the share options is the Stock Exchange closing price of the Shares on the trading day immediately prior to the date of grant of the options.

The Directors have estimated the following theoretical valuations of the options granted under the Share Option Scheme during the year, calculated using the Black-Scholes option pricing model as at the date of the grant of the options:

Grantee	Number of options granted	Theoretical value of share options
		HK$
Other employees	24,200,000	47,268,000

The Black-Scholes model is a generally accepted method of valuing options. The significant assumptions used in the calculation of the theoretical value of the options were:

Dividend yield (%)	1.21
Expected volatility (%)	58.92
Risk-free interest rate (%)	1.20 – 2.14
Weighted average expected life of option (year)	5.32
Underlying price per Share (HK$)	4.15

The measurement date used in the valuation calculations was the date on which the options were granted.

The value of share options calculated using the Black-Scholes model is subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of the assumptions of expected future performance input to the model, and certain inherent limitations of the model itself.

The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 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	24.47%
Shine Century Assets Corp. *(Note 2)*	Interest of a controlled corporation	273,556,986 (L) ordinary Shares	24.47%
East Asia International Trustees Limited *(Note 2)*	Trustee (other than a bare trustee)	273,556,986 (L) ordinary Shares	24.47%
Ms. Lin Mei-Li *(Note 3)*	Beneficial owner	10,518,046 (L) ordinary Shares	0.94%
	Interest of spouse	286,334,986 (L) ordinary Shares	25.61%

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.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The independent non-executive Directors have reviewed and confirmed that the continuing connected transactions undertaken by the Group were entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

During the year under review, the Group had conducted the following continuing connected transactions which were required to be disclosed pursuant to Rules 14A.45 and 14A.46 of the Listing Rules:

(a) On 22 October 2007, Gi Li Co., Ltd. ("Gi Li"), an indirect wholly-owned subsidiary of the Company entered into a material purchase agreement with San Li Company Limited ("San Li") in relation to the purchase of production materials by the Group from San Li. As the entire issued share capital of San Li is beneficially owned by Mr. Cheng Li-Yu, the Chairman and an executive Director, and his family members, San Li is a connected person of the Company. Pursuant to the material purchase agreement, the Group agreed to purchase the production materials from time to time supplied and/or produced by San Li at prices to be determined from time to time by the parties with reference to the market prices and on such terms of purchases based principally on the standard terms of sales of San Li from time to time, provided that such terms are on normal and usual commercial terms and are no less favourable as those applicable to the sale of same type of production materials by San Li to independent third parties. Purchase price for the production materials shall be payable by the Group in arrears after the delivery of the production materials to the Group and within 120 days after the issue of invoice by San Li. The material purchase agreement has a term of three years commencing from 1 January 2008 and ending on 31 December 2010, unless terminated earlier by three months' written notice by either party.

    The total purchase of the production materials by the Group from San Li amounted to approximately HK$2,712,000 for the year ended 31 December 2009 (2008: HK$1,446,000).

(b) Pursuant to an agreement dated as at 31 December 2008 entered into between Giant Glory and Wistron Corporation ("Wistron") on 23 January 2009, the Group agreed to sell the casings for electronic products and related materials manufactured and/or supplied by the Group (the "Products") to Wistron and its subsidiaries (the "Wistron Group"), at prices to be determined from time to time by the Group and Wistron (for itself and on behalf of other members of the Wistron Group) with reference to the market prices and on such terms that are no more favourable than those applicable to the sales of the Products by the Group to independent third parties. The above agreement had a term commencing from 1 January 2009 and ending 31 December 2011 unless terminated earlier according to the terms and conditions of the agreement. The total sales of the Products by the Group to the Wistron Group amounted to approximately HK$2,259,923,000 for the year ended 31 December 2009 (2008: HK$2,233,905,000).

    Wistron is a substantial shareholder of both Mindforce Holdings Limited and Gold Connection Limited, indirect 71%-owned subsidiaries of the Company.

(c) On 1 January 2009, Giant Glory (for itself and on behalf of other members of the Group) and Compal Electronics, Inc. ("Compal") and three of its subsidiaries (for themselves and on behalf of other members of Compal and its subsidiaries (the "Compal Group")) entered into a master sales agreement in relation to the sales of the Products by the Group to the Compal Group at prices to be determined from time to time by the Group and Compal (for itself and on behalf of the other members of the Compal Group) with reference to the market prices and on such terms that are no more favourable than those applicable to the sales of the Products by the Group to independent third parties. The price of the Products shall be payable by the Compal Group to the Group in arrears on a 120 days' credit period by transferring to the Group's bank account. The master sales agreement is for a period from 1 January 2009 to 31 December 2011 unless terminated earlier according to the terms and conditions of the agreement. The total sales of the Products by the Group to the Compal Group amount to approximately HK$2,500,172,000 for the year ended 31 December 2009.

The Compal Group is a substantial shareholder of Wah Yuen Technology Holding Limited, a 53.44%-owned subsidiary of the Company.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the connected transactions or continuing connected transactions disclosed in note 36 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the latest practicable date prior to the issue of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group.

On 6 October 2005, Mr. Cheng Li-Yu and Mr. Cheng Li-Yen, being the existing Directors, San Li and Sunrise Plastic Injection Company Limited ("Sunrise"), being their respective associates, had given irrevocable non-compete undertaking (collectively the "Non-compete Undertakings") in favour of the Group pursuant to which each of them irrevocably, unconditionally and severally undertaken, among other matters, not to, directly or indirectly, invest in, be engaged in or participate in any business or activity which would or might compete with the business of the Group. Details of the Non-compete Undertakings have been set out in the sub-paragraph headed "Non-compete undertaking" of the paragraph headed "Potential competing business of our controlling shareholder, our Directors and their respective associates" under the section headed "Business" of the prospectus of the Company dated 25 October 2005 in respect of its initial public offering.

Pursuant to the terms of the Non-compete Undertakings, the Non-compete Undertakings shall expire on the earliest of the dates below:

(a) in relation to Mr. Cheng Li-Yu and Mr. Cheng Li-Yen, the date on which any of them and/or their respective associates (other than the Group) directly or indirectly hold or control, in aggregate, less than 30% of the issued share capital of the Company;

(b) in relation to San Li, the date on which Mr. Cheng Li-Yu and/or his associates (other than the Group) ceases to directly or indirectly hold or control, in aggregate, 30% or more of the issued share capital of San Li or the Company;

(c) in relation to Sunrise, the date on which Mr. Cheng Li-Yen and/or his associates (other than the Group) ceases to directly or indirectly hold or control, in aggregate, 30% or more of the issued share capital of Sunrise or the Company;

(d) the date on which the Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange.

On 22 May 2009, Mr. Cheng Li-Yu, Mr. Cheng Li-Yen and their associates (other than the Group) ceased to directly or indirectly hold or control, in aggregate, 30% or more of the issued share capital of the Company. As a result, the Non-Compete Undertakings have expired on 22 May 2009.

The Company has received the confirmations from each of Mr. Cheng Li-Yu and Mr. Cheng Li-Yen, being the existing Directors and San Li and Sunrise, being their respective associates, in respect of their respective compliance with the terms of the Non-compete Undertakings during the effective period of the Non-Compete Undertakings in 2009.

AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the accounting policies, accounting standards and practices adopted by the Group and the consolidated financial statements and results of the Group for the year ended 31 December 2009.

EVENT AFTER THE REPORTING PERIOD

The Company and certain of its subsidiaries entered into two US$120 million three-year term loan facility agreements dated 5 March 2010 with certain banks. Each of the term loan facility agreement has a two-year extension option to increase the tenor to five years. The proceeds of the facility agreements would be used for the Group's expansion of manufacturing capacity and general working capital purpose.

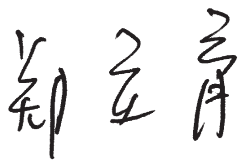
REPORT OF THE DIRECTORS

AUDITORS

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

There has been no change of the auditors of the Company since the listing of the Company's shares on the main board of the Stock Exchange on 3 November 2005.

ON BEHALF OF THE BOARD



Chairman
Hong Kong
29 March 2010

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

The Company has adopted and applied 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 of Hong Kong Limited ("Stock Exchange"). The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. For the year ended 31 December 2009, the Company had complied with the code provisions of the CG Code save as disclosed below:

Code Provision A.1.3

Pursuant to code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting so as to give all directors an opportunity to attend. However, not all regular board meetings held during the year was convened by a notice of more than 14 days. The failure to serve notice timely as required under the relevant CG Code was mainly due to the insufficient time for arranging for the relevant regular board meetings. To ensure compliance with the CG Code and to furnish the Directors with appropriate information in a timely manner, the chairman of the Board and the company secretary will arrange for the regular Board meetings in advance in order to allow the service of sufficient and proper notice to all the Directors concerned.

Code Provision A.2.1

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cheng Li-Yu is the chairman of the Board but the Company has not appointed any chief executive officer. The day-to-day management of the business of Group and the execution of the instructions and directions of the Board are managed by the management team of the Group which comprises some of the executive Directors and the senior management of the Group. The Directors believe that the allocation of the daily management of different sectors of the Group's business amongst the senior management who possesses experiences and qualifications in different areas will enable the Group to enhance the effectiveness and efficiency of the implementation of its business plan. The Board will continue to review the current management structure from time to time and shall make necessary changes when appropriate and inform the investors of the Company accordingly.

Code Provision A.4.2

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.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

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

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

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

The Company has adopted and applied a code of conduct regarding the Directors' securities transaction on terms 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 throughout the year ended 31 December 2009. 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 year ended 31 December 2009.

The Directors' fees are subject to shareholders' approval at general meetings of the Company. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group.

Save for the sibling relationship between Mr. Cheng Li-Yu and Mr. Cheng Li-Yen, both being executive Directors, there is no family relationship between any of the Directors, nor is there any financial, business or other material or relevant relationships among the members of the Board.

BOARD MEETINGS

It is intended that the Board should meet regularly for at least four times a year, i.e. at approximately quarterly intervals. Special meetings of the Board will be convened if the situation requires so. For the year ended 31 December 2009, the Board convened a total of fifteen Board meetings (exclusive of meetings of Board committee constituted by the Board held during the year) and the individual attendance record of the Directors is tabulated as follows:

Name	Number of meetings held	Number of meetings attended
Executive Directors		
Mr. Cheng Li-Yu *(Chairman)*	15	14
Mr. Cheng Li-Yen	15	14
Mr. Huang Kuo-Kuang	15	15
Mr. Hsieh Wan-Fu	15	5
Mr. Lo Jung-Te	15	5
Mr. Tsui Yung Kwok	15	5
Independent non-executive Directors		
Mr. Cherng Chia-Jiun	15	5
Mr. Tsai Wen-Yu	15	5
Mr. Yip Wai Ming	15	5

Board committee meeting will be convened as and when necessary. Six board committee meetings were held during the year.

NOMINATION OF DIRECTORS

The Company has not set up any nomination committee. In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates as well as the independence requirement in the case of an independent non-executive Director.

The Board has adopted the nomination procedures of a new Director, pursuant to which (i) an interview will be conducted with the prospective candidates; and (ii) the Board will consider and, if thought fit, approve the appointment of the new Director by way of board meeting or written resolution. To ensure a proper understanding of the operations and business of the Company and that he is fully aware of his responsibilities under the applicable laws and regulations (including the Listing Rules), the newly appointed Director will be provided with a comprehensive, tailored and formal induction on the first occasion of his appointment.

There was no nomination and appointment of Directors during the year; and therefore, no Board committee meeting was convened for the year ended 31 December 2009.

CORPORATE GOVERNANCE REPORT

COMMITTEES OF THE BOARD

The Board has established the Audit Committee and the Remuneration Committee for overseeing particular aspects of the Company's affairs.

AUDIT COMMITTEE AND ACCOUNTABILITY

The Board is responsible for preparing the accounts of the Company, which give a true and fair view of the financial position of the Group on a going concern basis. It is also responsible for presenting a balanced, clear and understandable assessment of the Group's annual and interim reports, other price-sensitive announcements and other financial disclosures as required under the Listing Rules. The management provides all relevant information and records to the Board which enable it to prepare the accounts and to make above assessments.

The Company has established an audit committee (the "Audit Committee") of the Company with written terms of reference adopted by reference to the code provisions of the CG Code on 17 June 2005, and has adopted a revised written terms of reference by reference to the code provisions of the New CG Code on 31 March 2009 with retrospective effect from 1 January 2009. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming. Mr. Cherng Chia-Jiun is the Chairman of the Audit Committee.

The Audit Committee oversees the overall financial reporting process as well as the adequacy and effectiveness of the Company's internal control procedures including the adequate of resources, qualifications and experience of the Company's staff of accounting and financial reporting function and their training programmes and budget.

It is responsible for making recommendations to the Board for the appointment, reappointment or removal of the external auditors and also reviews and monitors the external auditors' independence and objectivity as well as the effectiveness of the audit process to make sure that it is in full compliance with the Listing Rules and other applicable standards. For the year ended 31 December 2009, the Audit Committee met with the external auditors to review and approve the audit plans and also reviewed the Group's annual results of 2008 and interim results of 2009 and the audit findings with the attendance of the external auditors and executive Directors.

The Audit Committee convened four meetings for the year ended 31 December 2009. The individual attendance record of each member of the Audit Committee is tabulated as follows:

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

AUDITORS' REMUNERATION

During the year, the audit and non-audit fees payable/paid to Ernst & Young, the auditors of the Group, was made up of an audit fee of HK$3,000,000 and non-audit service fees of HK$1,253,000.

REMUNERATION COMMITTEE

The Company has established the remuneration committee (the "Remuneration Committee") of the Company with written terms of reference adopted by reference to the code provisions of the CG Code on 17 June 2005. The Remuneration Committee currently consists of three independent non-executive Directors and two executive Directors, namely Mr. Cherng Chia-Jiun, Mr. Tsai-Wen Yu, Mr. Yip Wai Ming, Mr. Cheng Li-Yu and Mr. Huang Kuo-Kuang. Mr. Cherng Chia-Jiun is the Chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's remuneration policy and structure for all Directors and senior management. For the year ended 31 December 2009, the Remuneration Committee reviewed remuneration policy and packages of the Directors and senior management.

The Remuneration Committee convened one meeting for the year ended 31 December 2009. The individual attendance record of each member of the Remuneration Committee is tabulated as follows:

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

DIRECTORS' AND AUDITORS' ACKNOWLEDGEMENT

The Directors acknowledge their responsibility for preparing the accounts for the year under review.

The external auditors of the Company acknowledge their reporting responsibilities in the independent auditors' report on the financial statements for the year under review.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL

The Board is responsible for ensuring that sound and effective internal control systems are maintained within the Group. The Group had hired independent professionals to perform a review on the system of internal control of the Group to ensure that the financial and operational functions, compliance control, material control, asset management and risk management functions are in place and functioning effectively. With reference to the assessment of the independent professionals, the Directors and the Audit Committee conducted review of the internal control system maintained by the Group including the financial, operational and compliance controls and risk management functions for the year ended 31 December 2009 and are satisfied that it is sufficient to provide reasonable, but not absolute, assurance that the Group's assets are safeguarded against loss from unauthorized use or disposition, transactions are properly authorized and proper accounting records are maintained. The Directors will continue to engage external independent professionals to review the Group's internal control systems and will continue to review the need for setting up an internal audit function.

INVESTOR RELATIONS AND SHAREHOLDERS' COMMUNICATIONS

The Company enhances investor relations and communications by setting up meetings with the investment community. The Company also responds to requests for information and queries from the investment community through the attendance by the executive Directors and designated senior management.

The Board is committed to providing clear and full information of the Company to shareholders through the Group's interim and annual reports, circulars and announcements.

The Company's annual general meeting provides a good opportunity for communications between the Board and its shareholders. Shareholders are encouraged to attend the annual general meeting. Notice of the annual general meeting and related papers are sent to shareholders in accordance with the requirements of the articles of association of the Company and the Listing Rules and such notice is also made available on the Company's website and Stock Exchange's website. The Chairman and Directors will answer questions on the Company's business at the meeting. External auditors will also attend the annual general meeting and to answer any question if necessary.

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

We have audited the financial statements of Ju Teng International Holdings Limited set out on pages 39 to 115, which comprise the consolidated and company statements of financial position as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (Continued)

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Certified Public Accountants
18th Floor, Two International Finance Centre
8 Finance Street, Central
Hong Kong

29 March 2010

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
REVENUE	6	**7,463,909**	7,249,183
Cost of sales		**(6,119,165)**	(6,036,177)
Gross profit		**1,344,744**	1,213,006
Other income and gains	6	**74,199**	99,210
Selling and distribution costs		**(35,748)**	(31,156)
Administrative expenses		**(369,353)**	(360,154)
Other expenses		**(31,308)**	(26,943)
Finance costs	7	**(48,601)**	(75,113)
PROFIT BEFORE TAX	8	**933,933**	818,850
Income tax expense	11	**(172,783)**	(130,280)
PROFIT FOR THE YEAR		**761,150**	688,570
Attributable to:			
Equity holders of the Company	12	**704,876**	658,295
Minority interests		**56,274**	30,275
		761,150	688,570
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	14		
– Basic (HK cents)		**66.2**	65.8
– Diluted (HK cents)		**63.1**	64.3

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
PROFIT FOR THE YEAR		**761,150**	688,570
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**43,695**	108,053
Available-for-sale investment:			
Change in fair value		**21,856**	(86,679)
Income tax effect		**(5,465)**	21,795
		16,391	(64,884)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**60,086**	43,169
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**821,236**	731,739
Attributable to:			
Equity holders of the Company	12	**742,012**	692,988
Minority interests		**79,224**	38,751
		821,236	731,739

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**4,108,425**	2,280,183
Lease premium for land	16	**96,118**	65,219
Goodwill	17	**37,894**	4,846
Deposit for acquisition of minority interests		**23,287**	–
Deposit for acquisition of an investment		**–**	104,632
Prepayments for acquisition of property, plant and equipment		**38,650**	96,916
Available-for-sale investment	23	**55,181**	33,306
Total non-current assets		**4,359,555**	2,585,102
CURRENT ASSETS			
Inventories	20	**869,369**	821,866
Trade receivables	21	**3,255,863**	2,863,214
Factored trade receivables	21	**11,496**	74,205
Prepayments, deposits and other receivables	22	**408,314**	216,247
Derivative financial instruments	28	**338**	24,381
Pledged bank balances and time deposits	24	**8,113**	108,933
Cash and cash equivalents	24	**608,422**	450,508
Total current assets		**5,161,915**	4,559,354
CURRENT LIABILITIES			
Trade and bills payables	25	**2,089,204**	1,530,098
Other payables and accruals	26	**629,933**	570,584
Tax payable		**130,908**	101,685
Bank advances on factored trade receivables	21	**11,496**	74,205
Interest-bearing bank borrowings	27	**883,134**	947,328
Total current liabilities		**3,744,675**	3,223,900
NET CURRENT ASSETS		**1,417,240**	1,335,454
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,776,795**	3,920,556

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	27	**1,202,103**	930,060
Deferred tax liabilities	18	**14,021**	9,081
Total non-current liabilities		**1,216,124**	939,141
Net assets		**4,560,671**	2,981,415
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	29	**111,790**	100,000
Reserves	31(a)	**3,764,376**	2,670,280
Proposed final dividend	13	**89,432**	50,000
		3,965,598	2,820,280
Minority interests		**595,073**	161,135
Total equity		**4,560,671**	2,981,415

Cheng Li-Yu
Director

Huang Kuo-Kuang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

		Attributable to equity holders of the Company												
	Notes	Issued capital HK$'000	Share premium account HK$'000 (Note (c))	Contributed surplus HK$'000 (Note (c))	Employee share-based compensation reserve HK$'000 (Note (c))	Capital reserve HK$'000 (Note (b),(c))	Statutory reserve fund HK$'000 (Notes (a),(c))	Exchange fluctuation reserve HK$'000 (Note (c))	Retained profits HK$'000 (Note (c))	Available-for-sale investment revaluation reserve HK$'000 (Note (c))	Proposed final dividend HK$'000	Total HK$'000	Minority interests HK$'000	Total equity 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
Total comprehensive income for the year		–	–	–	–	–	–	99,577	658,295	(64,884)	–	692,988	38,751	731,739
Acquisition of subsidiaries	32(b)	–	–	–	–	–	–	–	–	–	–	–	41,320	41,320
Acquisition of minority interests		–	–	–	–	–	–	–	–	–	–	–	(24,861)	(24,861)
Transfer from retained profits		–	–	–	–	–	49	–	(49)	–	–	–	–	–
Capital injection from a minority shareholder		–	–	–	–	–	–	–	–	–	–	–	32,688	32,688
Share-based compensation arrangements	30	–	–	–	16,149	–	–	–	–	–	–	16,149	–	16,149
Proposed final dividend	13	–	–	(50,000)	–	–	–	–	–	–	50,000	–	–	–
At 31 December 2008 and 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
Total comprehensive income for the year		–	–	–	–	–	–	20,745	704,876	16,391	–	742,012	79,224	821,236
Issue of shares	29	11,790	434,191	–	(11,900)	–	–	–	–	–	–	434,081	–	434,081
Share issue expenses	29	–	(4,747)	–	–	–	–	–	–	–	–	(4,747)	–	(4,747)
Capital injection from a minority shareholder		–	–	–	–	–	–	–	–	–	–	–	33,719	33,719
Acquisition of subsidiaries	32(a)	–	–	–	–	–	–	–	–	–	–	–	320,995	320,995
Share-based compensation arrangements	30	–	–	–	23,972	–	–	–	–	–	–	23,972	–	23,972
Final 2009 dividend declared		–	–	–	–	–	–	–	–	–	(50,000)	(50,000)	–	(50,000)
Proposed final dividend	13	–	–	(89,432)	–	–	–	–	–	–	89,432	–	–	–
At 31 December 2009		**111,790**	**656,571**	**280,834**	**46,007**	**363,578**	**79,796**	**292,939**	**2,016,461**	**28,190**	**89,432**	**3,965,598**	**595,073**	**4,560,671**

Notes:

(a) In accordance with the relevant regulations in the People's Republic of China (the "PRC" or "Mainland China"), the Company's subsidiaries established in the PRC are required to transfer a certain percentage of their profits after tax to the statutory reserve fund. Subject to certain restrictions set out in the relevant PRC regulations and in the subsidiaries' articles of association, the statutory reserve fund may be used either to offset losses, or for capitalisation issue by way of paid-up capital.

(b) The capital reserve represents profits of the Company's subsidiaries capitalised during the prior years.

(c) These reserve accounts comprise the consolidated reserves of HK$3,764,376,000 (2008: HK$2,670,280,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**933,933**	818,850
Adjustments for:			
Finance costs	7	**48,601**	75,113
Interest income	6	**(6,667)**	(10,204)
Dividend income	6	**(1,417)**	(3,058)
Depreciation	8	**314,569**	204,891
Amortisation of lease premium for land	8	**1,901**	792
Loss on disposal of items of property, plant and equipment, net	8	**12,690**	11,097
Provision for slow-moving and obsolete inventories	8	**70,953**	42,159
Equity-settled share option expenses		**23,972**	16,149
		1,398,535	1,155,789
Increase in inventories		**(95,985)**	(95,169)
Increase in trade receivables		**(287,242)**	(1,162,211)
Decrease in factored trade receivables		**62,709**	369,320
Increase in prepayments, deposits and other receivables		**(163,441)**	(44,153)
Decrease in derivative financial instruments		**24,043**	3,875
Increase in trade and bills payables		**488,967**	22,334
Increase in other payables and accruals		**41,102**	80,961
Decrease in bank advances on factored trade receivables		**(62,709)**	(369,320)
Cash generated from/(used in) operations		**1,405,979**	(38,574)
Mainland China income tax paid		**(142,300)**	(114,360)
Overseas income tax paid		**(1,875)**	(340)
Mainland China income tax refunded		**97**	1,400
Interest received		**6,667**	10,204
Interest paid		**(48,601)**	(75,113)
Net cash flows from/(used in) operating activities		**1,219,967**	(216,783)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(1,641,104)**	(555,245)
Payment of lease premium for land		**(15,918)**	(22,270)
Proceeds from disposal of items of property, plant and equipment		**14,245**	17,685
Dividend received		**1,417**	3,058
Decrease/(increase) in pledged bank balances and time deposits		**100,820**	(55,614)
Increase in a deposit for acquisition of minority interests		**(23,287)**	–
Increase in a deposit for acquisition of an investment		**–**	(104,632)
Decrease/(increase) in prepayments for acquisition of property, plant and equipment		**229,086**	(39,996)
Acquisition of minority interests		**–**	(26,359)
Acquisition of subsidiaries	32	**(69,886)**	(83,443)
Net cash flows used in investing activities		**(1,404,627)**	(866,816)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution by minority shareholders		**33,719**	32,688
New bank loans		**879,765**	3,227,550
Repayment of bank loans		**(947,327)**	(2,154,574)
Dividend paid		**(50,000)**	–
Proceeds from issue of shares		**434,081**	–
Share issue expenses		**(4,747)**	–
Net cash flows from financing activities		**345,491**	1,105,664
NET INCREASE IN CASH AND CASH EQUIVALENTS		**160,831**	22,065
Cash and cash equivalents at beginning of year		**450,508**	406,019
Effect of foreign exchange rate changes, net		**(2,917)**	22,424
CASH AND CASH EQUIVALENTS AT END OF YEAR		**608,422**	450,508
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	**608,422**	443,344
Non-pledged time deposits with original maturity of less than three months when acquired		**–**	7,164
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		**608,422**	450,508

STATEMENT OF FINANCIAL POSITION

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	19	**1,498,582**	1,103,568
CURRENT ASSETS			
Prepayments, deposits and other receivables	22	**277**	371
Cash and cash equivalents	24	**40**	28
Total current assets		**317**	399
CURRENT LIABILITIES			
Other payables and accruals	26	**3,332**	5,588
NET CURRENT LIABILITIES		**(3,015)**	(5,189)
Net assets		**1,495,567**	1,098,379
EQUITY			
Issued capital	29	**111,790**	100,000
Reserves	31(b)	**1,294,345**	948,379
Proposed final dividend	13	**89,432**	50,000
Total equity		**1,495,567**	1,098,379

Cheng Li-Yu
Director

Huang Kuo-Kuang
Director

1. CORPORATE INFORMATION

Ju Teng International Holdings Limited is a limited liability company incorporated in the Cayman Islands. During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the manufacture and sale of notebook computer casings.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and available-for-sale investment, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2009. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC) – Int 9 and HKAS 39 Amendments	*Reassessment of Embedded Derivative*
HK(IFRIC) – Int 13	*Customer Loyalty Programmes*
HK(IFRIC) – Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC) – Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC) – Int 18	*Transfers of Assets from Customers (adopted from 1 July* 2009)
Improvements to HKFRSs (October 2008)	Amendments to a number of HKFRSs

* Included in Improvements to HKFRSs 2009 (as issued in May 2009).

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

(a) Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

The HKAS 27 Amendment requires all dividends from subsidiaries, associates or jointly-controlled entities to be recognised in the income statement in the parent's separate financial statements. The distinction between pre and post acquisition profits is no longer required. However, the payment of such dividends requires the Company to consider whether there is an indicator of impairment. The amendment is applied prospectively. HKAS 27 has also been amended to deal with the measurement of the cost of investments where a parent reorganises the structure of its group by establishing a new entity as its parent. 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. As the Group is not a first-time adopter of HKFRSs, the HKFRS 1 Amendment is not applicable to the Group.

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

(b) Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*

The HKFRS 2 Amendments clarify that vesting conditions are service conditions and performance conditions only. Any other conditions are non-vesting conditions. 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. As the Group has not entered into share-based payment schemes with non-vesting conditions attached, the amendments have had no impact on the financial position or results of operations of the Group.

(c) Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 38 to the financial statements while the revised liquidity risk disclosures are presented in note 39 to the financial statements.

(d) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, 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. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 5 to the financial statements.

(e) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this 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. The Group has elected to present two statements.

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

(f) Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*

Guidance has been added to the appendix (which accompanies the standard) to determine whether the Group is acting as a principal or as an agent. The features to consider are whether the Group (i) has the primary responsibility for providing the goods or services, (ii) has inventory risk, (iii) has the discretion to establish prices and (iv) bears credit risk. The Group has assessed its revenue arrangements against these criteria and concluded that it is acting as a principal in all arrangements. The amendment has had no impact on the financial position or results of operations of the Group.

(g) HKAS 23 (Revised) *Borrowing Costs*

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 has had no impact on the financial position or results of operations of the Group.

(h) Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*

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. The 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 have had no impact on the financial position or results of operations of the Group.

(i) Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*

The amendment to HK(IFRIC)-Int 9 requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. HKAS 39 has been revised to state that if an embedded derivative cannot be separately measured, the entire hybrid instrument must remain classified as fair value through profit or loss in its entirety. The adoption of the amendments has had no impact on the financial position or results of operations of the Group.

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

(j) HK(IFRIC)-Int 13 *Customer Loyalty Programmes*

HK(IFRIC)-Int 13 requires customer loyalty award credits 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 customer loyalty award scheme, the interpretation has had no impact on the financial position or results of operations of the Group.

(k) HK(IFRIC)-Int 15 *Agreements for the Construction of Real Estate*

HK(IFRIC)-Int 15 replaces HK Interpretation 3 *Revenue – Pre-completion Contracts for the Sale of Development Properties*. 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*. The interpretation has had no impact on the accounting for the Group's construction activities. As the Group currently is not involved in any construction of real estate, the interpretation has had no impact on the financial position or results of operations of the Group.

(l) HK(IFRIC)-Int 16 *Hedges of a Net Investment in a Foreign Operation*

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 in a foreign operation, the interpretation has had no impact on the financial position or results of operations of the Group.

(m) HK(IFRIC)-Int 18 *Transfers of Assets from Customers (adopted from 1 July 2009)*

HK(IFRIC)-Int 18 provides guidance on accounting by recipients that receive from customers items of property, plant and equipment or cash for the acquisition or construction of such items, provided that these assets must then be used to connect customers to networks or to provide ongoing access to a supply of goods or services, or both. As the Group currently has no such transactions, the interpretation has had no impact on the financial position or results of operations of the Group.

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

(n) In October 2008, the HKICPA issued its first *Improvements to HKFRSs* which sets out amendments to a number of HKFRSs. Except for the amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary* which is effective for annual periods beginning on or after 1 July 2009, the Group adopted all the amendments from 1 January 2009. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact to the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures:* Removes the reference to "total interest income" as a component of finance costs.

- HKAS 1 *Presentation of Financial Statements*: 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 statement of financial position.

- HKAS 16 *Property, Plant and Equipment:* Replaces the term "net selling price" with "fair value less costs to sell" and the recoverable amount of property, plant and equipment is the higher of an asset's fair value less costs to sell and its value in use.

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

- HKAS 20 *Accounting for Government Grants and Disclosure of Government Assistance:* Requires government loans granted in the future with no or at a below-market rate of interest to be recognised and measured in accordance with HKAS 39 and the benefit of the reduced interest to be accounted for as a government grant.

- HKAS 36 *Impairment of Assets:* When discounted cash flows are used to estimate "fair value less costs to sell", additional disclosures (e.g., discount rate and growth rate used) are required which are consistent with the disclosures required when the discounted cash flows are used to estimate "value in use".

- HKAS 39 *Financial Instruments: Recognition and Measurement:* (i) sets out a number of changes in circumstances relating to derivatives that are not considered to result in reclassification into or out of the fair value through profit or loss category; (ii) removes the reference to the designation of hedging instrument at the segment level; and (iii) requires that the revised effective interest rate (rather than the original effective interest rate) calculated on cessation of fair value hedge accounting should be used for the remeasurement of the hedged item when paragraph AG8 of HKAS 39 is applicable.

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*[2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*[2]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKFRS 9	*Financial Instruments*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*[3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*[1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*[1]
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*[2]

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

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 38 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2010
[3] Effective for annual periods beginning on or after 1 February 2010
[4] Effective for annual periods beginning on or after 1 July 2010
[5] Effective for annual periods beginning on or after 1 January 2011
[6] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of those new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial positions.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

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

Goodwill

Goodwill arising on the acquisition of subsidiaries and associates represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of associates, goodwill is included in the carrying amount thereof, rather than as a separately identified asset in the consolidated statement of financial position.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries (previously referred to as negative goodwill), after reassessment, is recognised immediately in the income statement.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required, (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of the items of property, plant and equipment are as follows:

Freehold land	Not depreciated
Buildings	20 years
Leasehold improvements	Over the lease terms or 5 to 10 years
Machinery	10 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected to arise from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings, plant and machinery and other items of property, plant and equipment under construction or installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of purchase, construction, installation and testing and capitalised borrowing costs on related borrowed funds during the period of construction or installation. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits or contributed surplus within the equity section of the consolidated statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

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

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

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the relevant government authorities. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension schemes.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees employed by the Group's subsidiary in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Share-based payment transactions

The Company operates a Pre-IPO share option scheme, Post-IPO share option schemes and a share award plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the operations of the Group. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 30 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

Share-based payment transactions *(Continued)*

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries:

  (i) controls, is controlled by, or is under common control with, the Group;

  (ii) has an interest in the Group that gives it significant influence over the Group; or

  (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a member of the key management personnel of the Group or its parent;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or

(f) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land premiums for land under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as loans and receivables, and available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, trade and other receivables, quoted financial instruments, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in other operating expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

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

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement and removed from the available-for-sale investment valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates with the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The Group evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. The reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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

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

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

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

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or ''prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

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

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are actively traded in active markets is determined by reference to quoted market prices or dealer price quotation (bid price for long positions and ask price for short positions), without any deduction for transaction costs at the close of business at the reporting date. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts to reduce its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive, and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

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

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

Government subsidies

Government subsidies are recognised at their fair value where there is reasonable assurance that the subsidies will be received and all attaching conditions will be complied with.

Revenue recognition

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

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

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

(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2009 was HK$37,894,000 (2008: HK$4,846,000). More details are given in note 17.

Write-down of inventories

Inventories are written down to net realisable value based on an assessment of their realisability. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact on the carrying value of inventories and write-down of inventories in the periods in which such estimate is changed.

The carrying amount of inventories as at 31 December 2009 was HK$869,369,000 (2008: HK$821,866,000).

Recognition of equity-settled share option expenses

As detailed in note 30(c) to the financial statements, the Company has granted share options to certain employees of the Group. The directors have used an external valuer who has applied the Black-Scholes option pricing model to determine the total fair value of the options granted, which is to be expensed over the vesting periods. Significant estimation of the parameters for applying the Black-Scholes option pricing model, such as risk-free interest rate, dividend yield, expected volatility and turnover rate of grantees, is required to be made.

The fair value of options granted for the year ended 31 December 2009 determined using the Black-Scholes option pricing model was approximately HK$47,269,000.

5. OPERATING SEGMENT INFORMATION

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

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

Geographical information

(i) Revenue from external customers:

	2009 HK$'000	2008 HK$'000
The People's Republic of China (the "PRC"), excluding Hong Kong	**7,078,064**	6,722,109
The Republic of China (the "ROC")	**347,711**	519,740
Others	**38,134**	7,334
	7,463,909	7,249,183

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

(ii) Non-current assets:

	2009 HK$'000	2008 HK$'000
The PRC, excluding Hong Kong	**4,241,034**	2,431,563
The ROC	**118,491**	153,488
Others	**30**	51
	4,359,555	2,585,102

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

Information about major customers

Revenue of approximately HK$2,500,172,000, HK$2,259,923,000 and HK$1,174,415,000 for the year ended 31 December 2009 was derived from sales to three major customers, including sales to a group of entities which are known to be under common control with these customers.

Revenue of approximately HK$2,233,905,000, HK$1,802,311,000 and HK$1,442,682,000 for the year ended 31 December 2008 was derived from sales to three major customers, including sales to a group of entities which are known to be under common control with these customers.

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the invoiced value of goods sold, net of value-added tax, business tax and government surcharges, after allowances for returns and trade discounts, and after elimination of all significant intra-group transactions.

An analysis of revenue, other income and gains, is as follows:

	2009 HK$'000	2008 HK$'000
Revenue		
Sale of goods	**7,463,909**	7,249,183
Other income		
Interest income	**6,667**	10,204
Sale of scrap materials	**45,995**	43,973
Dividend income	**1,417**	3,058
Subsidy income	**6,090**	–
Reinvestment tax credit	**–**	35,427
Others	**14,030**	6,548
	74,199	99,210

7. FINANCE COSTS

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

	2009 HK$'000	2008 HK$'000
Interest on bank loans and other loans wholly repayable within five years	**48,601**	75,113
Total interest expense on financial liabilities not at fair value through profit or loss	**48,601**	75,113

8. PROFIT BEFORE TAX

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

	2009 HK$'000	2008 HK$'000
Cost of inventories sold	**6,027,100**	5,971,928
Auditors' remuneration	**3,000**	3,000
Depreciation	**314,569**	204,891
Amortisation of lease premium for land	**1,901**	792
Minimum lease payments under operating leases:		
Land and buildings	**24,570**	9,727
Motor vehicles	**21,925**	6,109
Provision for slow-moving and obsolete inventories*	**70,953**	42,159
Employee benefits expense (excluding directors' remuneration – note 9):		
Wages and salaries, bonuses, allowances and welfare	**1,021,716**	793,561
Equity-settled share option expenses	**21,669**	14,094
Pension scheme contributions	**30,244**	30,482
	1,073,629	838,137
Foreign exchange differences, net**	**2,527**	5,684
Loss on disposal of items of property, plant and equipment, net**	**12,690**	11,097
Subsidy income***	**(6,090)**	–

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

** Included in "Other expenses" on the face of the consolidated income statement.

*** Various government subsidies have been received for enterprises engaged in highly technological businesses in Jiangsu Province, Mainland China. There are no unfulfilled conditions or contingences relating to these subsidies.

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2009 HK$'000	2008 HK$'000
Fees	**594**	594
Other emoluments:		
Salaries, allowances and benefits in kind	**4,934**	5,085
Equity-settled share option expenses	**2,303**	2,055
Pension scheme contributions	**12**	12
	7,249	7,152
	7,843	7,746

9. DIRECTORS' REMUNERATION *(Continued)*

During the prior year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 30(c) to the financial statements. The fair value of such options which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current and prior years is included in the above directors' remuneration disclosures.

The remuneration of each of the directors for the year ended 31 December 2009 is set out below:

Name of director	**Fees**	**Salaries, allowances and benefits in kind**	**Equity-settled share option expenses**	**Pension scheme contributions**	**Total remuneration**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Mr. Cheng Li-Yu	–	882	–	–	882
Mr. Cheng Li-Yen	–	794	–	–	794
Mr. Huang Kuo-Kuang	–	741	698	–	1,439
Mr. Hsieh Wan-Fu	–	637	631	–	1,268
Mr. Lo Jung-Te	–	700	631	–	1,331
Mr. Tsui Yung Kwok	–	1,180	343	12	1,535
Mr. Cherng Chia Jiun	198	–	–	–	198
Mr. Tsai Wen-Yu	198	–	–	–	198
Mr. Yip Wai Ming	198	–	–	–	198
	594	4,934	2,303	12	7,843

The remuneration of each of the directors for the year ended 31 December 2008 is set out below:

Name of director	Fees	Salaries, allowances and benefits in kind	Equity-settled share option expenses	Pension scheme contributions	Total remuneration
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Mr. Cheng Li-Yu	–	860	–	–	860
Mr. Cheng Li-Yen	–	774	–	–	774
Mr. Huang Kuo-Kuang	–	774	682	–	1,456
Mr. Hsieh Wan-Fu	–	665	535	–	1,200
Mr. Lo Jung-Te	–	731	535	–	1,266
Mr. Tsui Yung Kwok	–	1,281	303	12	1,596
Mr. Yu Chwo-Ming	115	–	–	–	115
Mr. Cherng Chia Jiun	83	–	–	–	83
Mr. Tsai Wen-Yu	198	–	–	–	198
Mr. Yip Wai Ming	198	–	–	–	198
	594	5,085	2,055	12	7,746

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three (2008: three) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining two (2008: two) non-director, highest paid employees for the year are as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**918**	958
Bonuses	**153**	160
Equity-settled share option expenses	**1,572**	1,341
	2,643	2,459

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

	Number of employees	
	2009	2008
HK$1,000,001 to HK$1,500,000	**2**	2

During the year, share options were granted under the share option scheme of the Company to the non-director, highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 30(c) to the financial statements. The fair value of such options, which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current and prior years is included in the above non-director, highest paid employees' remuneration disclosures.

11. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided, as the Group did not have any assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2009	2008
	HK$'000	HK$'000
Provision for the year:		
Current – The PRC, excluding Hong Kong		
Charge for the year	150,159	65,924
(Overprovision)/Underprovision in prior years	(356)	4,386
Current – Overseas		
Charge for the year	37,511	61,014
(Overprovision)/Underprovision in prior years	(13,911)	356
Tax refund	(95)	(1,400)
Deferred tax (note 18)	(525)	–
Total tax charge for the year	172,783	130,280

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Group – 2009

	Hong Kong		The PRC, excluding Hong Kong		Overseas		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(35,040)		850,691		118,282		933,933	
Tax at the statutory tax rate	(5,782)	16.5	189,379	22.3	29,571	25.0	213,168	22.8
Preferential tax rates	–	–	(38,291)	(4.5)	–	–	(38,291)	(4.1)
Income not subject to tax	(864)	2.5	(4,100)	(0.5)	(1,160)	(1.0)	(6,124)	(0.7)
Tax refund	–	–	(7)	–	(88)	(0.1)	(95)	–
Expenses not deductible for tax	6,646	(19.0)	2,646	0.3	9,100	7.7	18,392	2.0
Adjustments in respect of current tax of previous periods	–	–	(356)	–	(13,911)	(11.7)	(14,267)	(1.5)
Tax charge at the Group's effective rate	–	–	149,271	17.6	23,512	19.9	172,783	18.5

11. INCOME TAX *(Continued)*

Group – 2008

	Hong Kong		The PRC, excluding Hong Kong		Overseas		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(24,247)		569,989		273,108		818,850	
Tax at the statutory tax rate	(4,001)	16.5	130,412	22.9	68,277	25.0	194,688	23.8
Preferential tax rates	–	–	(64,521)	(11.3)	–	–	(64,521)	(7.9)
Income not subject to tax	–	–	(399)	(0.1)	(8,250)	(3.0)	(8,649)	(1.1)
Tax refund	–	–	(1,400)	(0.2)	–	–	(1,400)	(0.2)
Expenses not deductible for tax	4,001	(16.5)	432	–	987	0.4	5,420	0.7
Adjustments in respect of current tax of previous periods	–	–	4,386	0.8	356	0.1	4,742	0.6
Tax charge at the Group's effective rate	–	–	68,910	12.1	61,370	22.5	130,280	15.9

The 5th Session of the 10th National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "New Corporate Income Tax Law") on 16 March 2007 and the State Council has announced the Detail Implementation Regulations (the "DIR") on 6 December 2007, which has become effective from 1 January 2008. According to the New Corporate Income Tax Law, the income tax rates for both domestic and foreign investment enterprises are unified at 25% effective from 1 January 2008. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires.

Everyday Computer Components (Suzhou) Co., Ltd. ("Everyday Computer"), a subsidiary of the Company, is subject to a tax rate of 25% (2008: 25%) for the year ended 31 December 2009.

11. INCOME TAX *(Continued)*

Suzhou Dazhi Communication Accessory Co., Ltd. ("Suzhou Dazhi"), a subsidiary of the Company, is subject to a tax rate of 25% (2008: 12%) for the year ended 31 December 2009. In the prior year, Suzhou Dazhi has provided corporate income tax in Mainland China at a reduced tax rate of 12% as it is a foreign investment manufacturing enterprise with export-oriented enterprise status which is eligible for a 50% corporate income tax reduction after the tax holiday based on the then existing legislation, interpretation and practices in respect thereof.

Ju Teng Electronics (Shanghai) Co., Ltd. ("Ju Teng Electronics"), a subsidiary of the Company, which is located and operates in Shanghai Songjiang Export Processing Zone, is subject to a tax rate of 25% (2008: 25%) for the year ended 31 December 2009.

WIS Precision (Kunshan) Co., Ltd. ("WIS Precision"), a subsidiary of the Company, is subject to a preferential tax rate of 24% as WIS Precision is recognised as a foreign investment manufacturing enterprise. Besides, WIS Precision is also a foreign investment enterprise and is therefore entitled to full exemption from income tax for two years starting from the first profitable year which was the year ended 31 December 2007 and a 50% tax relief for the three years thereafter. WIS Precision is subject to a preferential tax rate of 10% for the year ended 31 December 2009 transitional to the implementation of the New Corporate Income Tax Law. WIS Precision is exempted from corporate income tax in the prior year.

Compal Precision Module (Jiangsu) Company Limited ("Compal Precision"), a subsidiary of the Company, is subject to a tax rate of 25%. Compal Precision is also a foreign investment enterprise and is therefore entitled to full exemption from income tax for two years starting from the first profitable year which was the year ended 31 December 2009 and a 50% tax relief for the three years thereafter.

12. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 December 2009 includes a loss of HK$6,119,000 (2008: HK$11,475,000) which has been dealt with in the financial statements of the Company (note 31(b)).

13. DIVIDEND

	2009	2008
	HK$'000	HK$'000
Proposed final – HK8 cents (2008: HK5 cents) per ordinary share	**89,432**	50,000

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

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

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of HK$704,876,000 (2008: HK$658,295,000) and the weighted average of 1,064,898,625 (2008: 1,000,000,000) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to equity holders of the Company of HK$704,876,000 (2008: HK$658,295,000). The weighted average number of ordinary shares used in the calculation is the 1,064,898,625 ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of 51,715,501 (2008: 24,001,990) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential shares into shares.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings HK$'000	Leasehold improv-ements HK$'000	Machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2009							
At 1 January 2009:							
Cost	816,569	5,549	1,803,574	265,768	12,102	183,334	3,086,896
Accumulated depreciation	(150,756)	(4,431)	(542,200)	(101,864)	(7,462)	–	(806,713)
Net carrying amount	665,813	1,118	1,261,374	163,904	4,640	183,334	2,280,183
At 1 January 2009, net of accumulated depreciation	665,813	1,118	1,261,374	163,904	4,640	183,334	2,280,183
Additions	458,135	339	523,352	47,903	3,480	607,895	1,641,104
Acquisition of subsidiaries (note 32(a))	33,106	3,620	316,083	8,006	426	121,265	482,506
Transfers	239,160	16	140,819	14,500	879	(395,374)	–
Disposals	(953)	–	(17,872)	(2,877)	(733)	(4,500)	(26,935)
Depreciation provided during the year	(46,724)	(998)	(219,189)	(45,686)	(1,972)	–	(314,569)
Exchange realignment	7,770	297	32,149	1,436	144	4,340	46,136
At 31 December 2009, net of accumulated depreciation	1,356,307	4,392	2,036,716	187,186	6,864	516,960	4,108,425
At 31 December 2009:							
Cost	1,560,089	10,151	2,897,271	332,609	15,666	516,960	5,332,746
Accumulated depreciation	(203,782)	(5,759)	(860,555)	(145,423)	(8,802)	–	(1,224,321)
Net carrying amount	1,356,307	4,392	2,036,716	187,186	6,864	516,960	4,108,425

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

Group

	Land and buildings HK$'000	Leasehold improvements HK$'000	Machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2008							
At 1 January 2008:							
Cost	638,721	3,892	1,340,603	151,194	12,813	14,859	2,162,082
Accumulated depreciation	(91,303)	(2,923)	(339,365)	(59,087)	(7,081)	–	(499,759)
Net carrying amount	547,418	969	1,001,238	92,107	5,732	14,859	1,662,323
At 1 January 2008, net of accumulated depreciation	547,418	969	1,001,238	92,107	5,732	14,859	1,662,323
Additions	11,114	–	123,077	50,334	1,162	369,558	555,245
Acquisition of subsidiaries (note 32(b))	57,092	–	107,146	7,251	546	39,305	211,340
Transfers	56,777	501	132,568	46,401	–	(236,247)	–
Disposals	(577)	–	(18,597)	(3,636)	(1,067)	(4,905)	(28,782)
Depreciation provided during the year	(33,289)	(382)	(136,122)	(33,075)	(2,023)	–	(204,891)
Exchange realignment	27,278	30	52,064	4,522	290	764	84,948
At 31 December 2008, net of accumulated depreciation	665,813	1,118	1,261,374	163,904	4,640	183,334	2,280,183
At 31 December 2008:							
Cost	816,569	5,549	1,803,574	265,768	12,102	183,334	3,086,896
Accumulated depreciation	(150,756)	(4,431)	(542,200)	(101,864)	(7,462)	–	(806,713)
Net carrying amount	665,813	1,118	1,261,374	163,904	4,640	183,334	2,280,183

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

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

	2009	2008
	HK$'000	HK$'000
Net book value:		
Freehold land outside Hong Kong	**13,931**	3,921
Buildings held under medium term leases outside Hong Kong	**1,342,376**	661,892
	1,356,307	665,813

At 31 December 2009, certain of the Group's land and buildings and machinery with an aggregate net book value of approximately HK$86,704,000 (2008: HK$62,873,000) were pledged to secure certain banking facilities granted to the Group (note 27).

16. LEASE PREMIUM FOR LAND

	Group	
	2009	2008
	HK$'000	HK$'000
Carrying amount at 1 January	**65,219**	25,641
Addition during the year	**15,918**	22,270
Acquisition of subsidiaries *(note 32)*	**16,432**	16,797
Recognised during the year	**(1,901)**	(792)
Exchange realignment	**450**	1,303
Carrying amount at 31 December	**96,118**	65,219

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

At 31 December 2009, certain of the Group's land with an aggregate net book value of approximately HK$13,296,000 (2008: HK$6,858,000) was pledged to secure certain banking facilities granted to the Group (note 27).

17. GOODWILL

Group

	HK$'000
Cost and carrying amount at 1 January 2008	1,065
Acquisition of minority interests	1,498
Acquisition of subsidiaries *(note 32(b))*	2,283
Cost and carrying amount at 31 December 2008 and 1 January 2009	4,846
Acquisition of subsidiaries *(note 32(a))*	33,048
Cost and carrying amount at 31 December 2009	37,894

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the manufacture and sale of notebook computer casings cash-generating unit, which is a reportable segment, for impairment testing.

The recoverable amount of the manufacture and sale of notebook computer casings cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 11.1% and cash flows beyond the five-year period are extrapolated using a growth rate of 2%.

The carrying amount of goodwill allocated to the cash-generating unit is as follows:

	Manufacture and sale of notebook computer casings	
	2009	2008
	HK$'000	HK$'000
Carrying amount of goodwill	**33,048**	–

17. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

Key assumptions were used in the value in use calculation of the manufacture and sale of notebook computer casings cash-generating unit for 31 December 2009. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rate – The discount rate used is before tax and reflect specific risks relating to the relevant unit.

18. DEFERRED TAX

Deferred tax assets

The Group had tax losses arising in the PRC and the ROC of approximately HK$63,562,000 (2008: HK$57,376,000) and HK$42,296,000 (2008: HK$15,252,000), respectively, that are available for offsetting against future taxable profits of the subsidiaries in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax liabilities

Group

		2009	
	Fair value adjustments arising from acquisition of subsidiaries HK$'000	**Fair value adjustments arising from revaluation of an available-for-sale investment HK$'000**	**Total HK$'000**
At 1 January 2009	5,250	3,831	9,081
Deferred tax credited to the income statement during the year *(note 11)*	(525)	–	(525)
Deferred tax debited to equity during the year	–	5,465	5,465
Gross deferred tax liabilities at 31 December 2009	4,725	9,296	14,021

18. DEFERRED TAX *(Continued)*

Deferred tax liabilities *(Continued)*

Group

	2008		
	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Fair value adjustments arising from revaluation of an available-for-sale investment HK$'000	Total HK$'000
At 1 January 2008	–	25,626	25,626
Deferred tax credited to equity during the year	–	(21,795)	(21,795)
Acquisition of subsidiaries *(note 32(b))*	5,250	–	5,250
Gross deferred tax liabilities at 31 December 2008	5,250	3,831	9,081

Pursuant to the New Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2009, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$957,447,000 at 31 December 2009 (2008: HK$412,227,000).

19. INTERESTS IN SUBSIDIARIES

	Company	
	2009	2008
	HK$'000	HK$'000
Unlisted shares, at cost	**777,358**	777,358
Due from subsidiaries	**676,289**	302,735
Capital contribution in respect of share-based compensation	**44,935**	23,475
	1,498,582	1,103,568

The amounts advanced to the subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Company's directors, these advances are considered as quasi-equity loans to the subsidiaries. The carrying amounts of the amounts due from subsidiaries approximate to their fair values.

Particulars of the subsidiaries are as follows:

Company name	Place and date of incorporation/ registration	Nominal value of issued and paid up share/registered capital	Equity interest attributable to the Company Direct	Indirect	Principal activities
Best Alliance Holding Inc. @	British Virgin Islands ("BVI")	US$52,600,000 Ordinary	100%	–	Investment holding
Giant Glory International Limited @	Samoa	US$49,777,419 Ordinary	–	100%	Investment holding and sale of notebook computer casings and related materials
Step Fine International Investment Limited	Hong Kong	HK$100,000 Ordinary	–	100%	Investment holding
Everyday Computer Components (Suzhou) Co., Ltd. *@	The PRC	US$52,500,000	–	100%	Manufacture and sale of notebook computer casings
Suzhou Dazhi Communication Accessory Co., Ltd. *@	The PRC	US$83,500,000	–	100%	Manufacture and sale of notebook computer casings
Jiu De International Limited @	Samoa	US$12,800,000 Ordinary	–	100%	Investment holding
Jiu Ding International Limited @	Samoa	US$12,800,000 Ordinary	–	100%	Dormant

19. INTERESTS IN SUBSIDIARIES *(Continued)*

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

Company name	Place and date of incorporation/ registration	Nominal value of issued and paid up share/registered capital	Equity interest attributable to the Company Direct	Indirect	Principal activities
Sincere Joy Corporation @	Samoa	US$1,000,000 Ordinary	–	100%	Dormant
Tri-Great International Limited @	Samoa	US$1,000,000 Ordinary	–	100%	Sale of notebook computer casings
Applied Business Company Inc. @	BVI	US$1,500,000 Ordinary	–	100%	Dormant
ICAN Business Limited @	BVI	US$1,500,000 Ordinary	–	100%	Sale of notebook computer casings
Gi Li Co., Ltd. @	The ROC	NT$5,000,000 Ordinary	–	100%	Sale of notebook computer casings and related materials
Hempton International Limited @	Samoa	US$3,500,000 Ordinary	–	100%	Investment holding
Perfect Base Holdings Limited	Hong Kong	HK$100,000 Ordinary	–	100%	Investment holding
Ju Teng Electronics (Shanghai) Co., Ltd. *@	The PRC	US$12,500,000	–	100%	Manufacture and sale of notebook computer casings
Grand Develop Investments Limited	Hong Kong	HK$1 Ordinary	–	100%	Provision of general administrative and support services
Mindforce Holdings Limited @	BVI	US$35,000,000	–	71%	Investment holding
Skywarp Holdings Limited	Hong Kong	HK$200,000,000 Ordinary	–	71%	Investment holding
WIS Precision (Kunshan) Co., Ltd.*@	The PRC	US$25,000,000	–	71%	Manufacture and sale of notebook computer casings
WIS Precision (Taizhou) Co., Ltd*#@	The PRC	US$4,980,000	–	71%	Manufacture and sale of notebook computer casings

19. INTERESTS IN SUBSIDIARIES *(Continued)*

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

Company name	Place and date of incorporation/ registration	Nominal value of issued and paid up share/registered capital	Equity interest attributable to the Company Direct	Indirect	Principal activities
Plentimark Limited @	BVI	US$50,000 Ordinary	–	71%	Sale of materials for the manufacture of notebook computer casings
Dynamic Apex Macao Commercial Offshore Limited @	Macau	MOP$100,000	–	100%	Sale of materials for the manufacture of notebook computer casings
Smart Success Enterprises Limited @	Samoa	US$6,000,000 Ordinary	–	100%	Investment holding
Prime Cheer International Limited	Hong Kong	HK$100,000 Ordinary	–	100%	Investment holding
Chengyang Precision Mold (Kunshan) Co., Ltd.*@	The PRC	US$5,000,000	–	100%	Manufacture and sale of moulds
Gold Connection Limited	Samoa	US$13,447,128 Ordinary	–	71%	Investment holding
Fullerton Ltd.	Samoa	US$11,449,800 Ordinary	–	71%	Investment holding
Lian-Yi (Far East) Ltd.	The ROC	NT$5,000,000 Ordinary	–	71%	Trading of computer equipments and peripherals and import and export trading business
Lian-Yi Precision (Zhongshan) Inc*	The PRC	US$13,100,000	–	71%	Research, design, product development and manufacture of computer equipments and peripherals

19. INTERESTS IN SUBSIDIARIES *(Continued)*

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

Company name	Place and date of incorporation/ registration	Nominal value of issued and paid up share/registered capital	Equity interest attributable to the Company Direct	Indirect	Principal activities
中山市德益電器有限公司*	The PRC	US$500,000	–	71%	Research, design, product development and manufacture of computer equipments and peripherals
宏葉新技股份有限公司 @#	Taiwan	NT$475,577,800 Ordinary	–	53.44%	Manufacture and sale of notebook computer casings
Wah Yuen Technology Holding Limited @#	Mauritius	US$109,224,411 Ordinary	–	53.44%	Investment holding
Compal Precision Module China Holdings Limited @#	Mauritius	US$96,267,926 Ordinary	–	53.44%	Investment holding
Highsharp Ltd. @#	Samoa	US$10,000 Ordinary	–	53.44%	Investment holding
Compal Precision Module (Jiangsu) Co., Ltd. *@#	The PRC	US$140,000,000	–	53.44%	Manufacture and sale of notebook computer casings
Advance Step International Ltd. @#	Samoa	US$5,000 Ordinary	–	53.44%	Import and export trading business

* Registered as wholly-foreign-owned enterprises under the PRC law.

@ Not audited by Ernst & Young Hong Kong or other member firm of the Ernst & Young global network.

Acquired/incorporated during the year.

20. INVENTORIES

	Group 2009 HK$'000	2008 HK$'000
Production materials	**352,044**	413,021
Work in progress	**210,903**	203,543
Finished goods	**184,739**	121,580
Moulds and consumable tools	**121,683**	83,722
	869,369	821,866

21. TRADE RECEIVABLES

The general credit terms of the Group range from 90 days to 120 days. Trade receivables are non-interest-bearing.

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

	2009	2008
	HK$'000	HK$'000
Trade receivables		
Within 3 months	**2,031,299**	1,827,885
4 to 6 months	**1,213,921**	1,030,249
7 to 12 months	**6,041**	3,491
Over 1 year	**4,602**	1,589
	3,255,863	2,863,214
Factored trade receivables		
Within 3 months	**11,496**	74,205

The aged analysis of the Group's trade receivables that are not considered to be impaired is as follows:

	2009	2008
	HK$'000	HK$'000
Neither past due nor impaired	**2,488,088**	2,799,044
1 to 3 months past due	**755,659**	61,082
4 to 6 months past due	**7,130**	1,696
7 to 12 months past due	**786**	963
Over 1 year	**4,200**	429
	3,255,863	2,863,214

Receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

21. TRADE RECEIVABLES *(Continued)*

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

As at 31 December 2008 and 2009, the factored trade receivables are factored to banks on a with-recourse basis for cash.

Included in the Group's trade receivables are amounts due from the following related companies, which are repayable on credit terms similar to those offered to the major customers of the Group.

		Group	
		2009	2008
	Notes	**HK$'000**	HK$'000
San Li Company Limited ("San Li")	36(a),(b)	**401**	178
Sunrise Plastic Injection Company Limited ("Sunrise")	36(a),(b)	**–**	11
		401	189

At 31 December 2009, certain of the Group's trade receivables amounting to HK$23,196,000 (2008: HK$193,264,000) in aggregate, were pledged to secure certain banking facilities granted to the Group (note 27).

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**93,219**	45,487	**277**	271
Deposits and other receivables	**315,095**	170,760	**–**	100
	408,314	216,247	**277**	371

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

23. AVAILABLE-FOR-SALE INVESTMENT

	Group	
	2009	2008
	HK$'000	HK$'000
Overseas listed equity investment, at market value	**55,181**	33,306

During the year, the gross gain in respect of the Group's available-for-sale investment recognised in other comprehensive income amounted to HK$21,856,000 (2008: Loss of HK$86,679,000).

The above investment represents an investment in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

In the opinion of the Company's directors, the available-for-sale investment is not expected to be realised within 12 months after the end of the reporting period. Accordingly, the investment is classified as a non-current asset in the consolidated statement of financial position.

The market value of the Group's listed equity investment at the date of approval of these financial statements was approximately HK$53,940,000.

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**608,422**	443,344	**40**	28
Time deposits	**8,113**	116,097	**–**	–
	616,535	559,441	**40**	28
Less: Pledged bank balances and time deposits	**(8,113)**	(108,933)	**–**	–
Cash and cash equivalents	**608,422**	450,508	**40**	28

The Group's pledged bank balances and time deposits of HK$81,462,000 at 31 December 2008 were applied to secure certain banking facilities granted to the Group (note 27).

RMB is not a freely convertible currency in Mainland China and the remittance of funds out of Mainland China is subject to the exchange restriction imposed by the PRC government. Companies incorporated in the ROC are subject to certain controls in the remittance of funds out of the ROC up to a certain limit for each calendar year. At the end of the reporting period, the cash and cash equivalents which were subject to exchange and/or remittance restrictions in the Mainland China or the ROC amounted to approximately HK$445,715,000 (2008: HK$157,925,000).

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS *(Continued)*

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

25. TRADE AND BILLS PAYABLES

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

	2009	2008
	HK$'000	HK$'000
Within 3 months	**1,491,079**	1,074,814
4 to 6 months	**423,097**	438,355
7 to 12 months	**166,184**	12,095
Over 1 year	**8,844**	4,834
	2,089,204	1,530,098

The trade payables are non-interest-bearing and are normally settled on 90 to 120 days terms.

Included in the Group's trade and bills payables at the end of the reporting period were amounts due to the following related companies, which have credit terms similar to those offered by the Group's other major suppliers.

		Group	
		2009	2008
	Notes	**HK$'000**	HK$'000
San Li	36(a), (b)	**421**	1,073
Sunrise	36(a), (b)	**151**	163
		572	1,236

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2009	2008	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000
Other payables	375,672	391,107	–	–
Accruals	254,261	179,477	3,332	5,588
	629,933	570,584	3,332	5,588

Other payables are non-interest-bearing.

27. INTEREST-BEARING BANK BORROWINGS

Group

	2009			2008		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans – secured	0.93 – 2.30	2010	73,846	2.43 – 6.05	2009	193,266
Bank loans – unsecured	0.69 – 4.86	2010	809,288	2.03 – 5.05	2009	754,062
			883,134			947,328
Non-current						
Bank loans - unsecured	1.10 – 5.18	2011 – 2012	1,202,103	4.11 – 5.18	2011	930,060
			2,085,237			1,877,388

	Group	
	2009	2008
	HK$'000	HK$'000
Repayable:		
Within one year	883,134	947,328
In the second year	1,163,325	–
In the third to fifth years, inclusive	38,778	930,060
	2,085,237	1,877,388

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

Notes:

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

(i) charges over the Group's land and buildings and machinery with an aggregate carrying amount at the end of the reporting period of approximately HK$100,000,000 (2008: HK$69,731,000);

(ii) floating charges over certain of the Group's trade receivables of HK$23,196,000 (2008: HK$193,264,000) in aggregate at 31 December 2009;

(iii) the pledge of certain of the Group's bank balances and time deposits amounting to HK$81,462,000 at 31 December 2008;

(iv) the pledge of shares in certain subsidiaries; and

(v) corporate guarantees executed by the Company to the extent of HK$1,525,723,000 (2008: HK$1,521,301,000) as at the end of the reporting period.

(b) The Group's bank loans with carrying amounts of HK$2,023,306,000 (2008: HK$1,857,708,000), HK$42,011,000 (2008: Nil) and HK$19,920,000 (2008: HK$19,680,000) are denominated in US$, RMB and NT$, respectively.

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

28. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2009	2008
	HK$'000	HK$'000
Forward currency contracts	**338**	24,381

The carrying amount of forward currency contracts is the same as their fair value. The above transactions involving derivative financial instruments are with creditworthy banks.

The Group has entered into various forward currency contracts to reduce its exposure to foreign currency exchange rate fluctuations, which did not meet the criteria for hedge accounting. Changes in fair value of non-hedging currency derivatives, amounting to a charge of HK$24,043,000 (2008: HK$3,875,000) were recognised in the income statement during the year.

29. SHARE CAPITAL

Shares

	2009 **HK$'000**	2008 HK$'000
Authorised:		
2,000,000,000 shares of HK$0.1 each	**200,000**	200,000
Issued and fully paid:		
1,117,898,000 (2008:1,000,000,000) shares of HK$0.1 each	**111,790**	100,000

During the year, the movements in share capital were as follows:

	Notes	**Number of shares in issue of HK$0.1 each**	**Issued capital** HK$'000	**Share premium account** HK$'000	**Total** HK$'000
At 1 January 2009		1,000,000,000	100,000	227,127	327,127
Issue of shares	(a)	100,000,000	10,000	397,000	407,000
Share options exercised under the Pre-IPO share option scheme	(b)	2,800,000	280	3,248	3,528
Share options exercised under the Post-IPO share option scheme	(c)	15,098,000	1,510	22,043	23,553
		1,117,898,000	111,790	649,418	761,208
Transfer from employee share-based compensation reserve		–	–	11,900	11,900
Share issue expenses		–	–	(4,747)	(4,747)
At 31 December 2009		1,117,898,000	111,790	656,571	768,361

29. SHARE CAPITAL *(Continued)*

(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 Taiwan 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$402,253,000, net of related expenses from the TDR offering.

(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.

(c) On 11 November 2009, the Company issued 15,098,000 shares at HK$1.56 per share pursuant to exercise of options under a Post-IPO share option scheme, resulting in the issue of 15,098,000 shares of HK$0.1 each for a total cash consideration, before expenses, of approximately HK$23,553,000.

Share options

Details of the Company's Pre-IPO share option scheme, Post-IPO share option scheme and the share options granted are included in note 30 to the financial statements.

30. EQUITY COMPENSATION PLANS

(a) Pre-IPO share option scheme

On 17 June 2005, the Company adopted a 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 of HK$1.26 per share. The exercise period commences from 3 November 2006 and ends on and includes 16 June 2015.

The 2,800,000 Pre-IPO share options were exercised during the year 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 29 to the financial statements.

(b) Share award plan

On 17 June 2005, the Company adopted a share award plan in which a total of 13,405,550 shares in the Company were transferred to the trustee of the share award plan by certain shareholders of the Company. As at 31 December 2008 and 2009, a total of 9,115,774 shares were held by the trustee under the share award plan.

(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 provide research, development or other technological support to the Group, the Group's shareholders and the advisers or consultants of the Group and participants who have contributed or may contribute to the development and growth of the Group. The Scheme became effective on 3 November 2005 and unless otherwise cancelled or amended, will remain in force for a period to 5 October 2015.

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

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.

30. 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 10 years from the date of the offer of the share options.

The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the 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.

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

	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
Exercised during the year	**1.56**	**(15,098,000)**	–	–
Lapsed during the year	**2.11**	**(3,308,000)**	1.63	(2,732,000)
Granted during the year	**4.15**	**24,200,000**	2.75	47,200,000
At 31 December	**2.73**	**100,262,000**	2.15	94,468,000

On 11 November 2009, an aggregate of 15,098,000 Post-IPO share options were exercised resulting in the issue of 15,098,000 ordinary shares of the Company and new share capital of approximately HK$1,510,000 and share premium of approximately HK$22,043,000 (before issue expenses), as further detailed in note 29 to the financial statements.

30. EQUITY COMPENSATION PLANS *(Continued)*

(c) Post-IPO share option scheme *(Continued)*

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

2009 Number of options	**Exercise price* HK$ per share**	**Exercise period**
83,333	**1.56**	**7-11-2009 to 6-11-2016**
15,181,334	**1.56**	**7-11-2010 to 6-11-2016**
15,181,333	**1.56**	**7-11-2011 to 6-11-2016**
15,238,666	**2.75**	**7-11-2012 to 23-4-2018**
15,238,666	**2.75**	**7-11-2013 to 23-4-2018**
15,238,668	**2.75**	**7-11-2014 to 23-4-2018**
4,820,000	**4.15**	**7-11-2011 to 13-7-2019**
4,820,000	**4.15**	**7-11-2012 to 13-7-2019**
4,820,000	**4.15**	**7-11-2013 to 13-7-2019**
4,820,000	**4.15**	**7-11-2014 to 13-7-2019**
4,820,000	**4.15**	**7-11-2015 to 13-7-2019**
100,262,000		

2008 Number of options	Exercise price* HK$ per share	Exercise period
15,810,667	1.56	7-11-2009 to 6-11-2016
15,810,667	1.56	7-11-2010 to 6-11-2016
15,810,666	1.56	7-11-2011 to 6-11-2016
15,678,666	2.75	7-11-2012 to 23-4-2018
15,678,666	2.75	7-11-2013 to 23-4-2018
15,678,668	2.75	7-11-2014 to 23-4-2018
94,468,000		

* 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.

30. EQUITY COMPENSATION PLANS *(Continued)*

(c) Post-IPO share option scheme *(Continued)*

The fair value of the share options granted during the year was HK$47,268,000 (HK$1.95 each) (2008: HK$56,567,000 (HK$1.20 each)). The Group recognised a share option expense of HK$23,972,000 (2008: HK$16,149,000) during the year ended 31 December 2009 in respect of share options granted in the current and prior years.

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

	2009	2008
Dividend yield (%)	**1.21**	2
Expected volatility (%)	**58.92**	52.66
Risk-free interest rate (%)	**1.20 – 2.14**	2.33 – 2.47
Weighted average expected life of options (year)	**5.32**	6.54
Underlying price per share (HK$)	**4.15**	2.75

The expected life of the options is based on the directors' estimation and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

The weighted average share price at the date of the exercise for share options exercised during the year was HK$5.71.

At the end of the reporting period, the Company had 100,262,000 share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 100,262,000 additional ordinary shares of the Company and additional share capital of HK$10,026,000 and share premium of HK$263,204,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 98,282,000 share options outstanding under the Scheme, which represented approximately 8.8% of the Company's shares in issue as at that date.

31. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 43 of the financial statements.

(b) Company

	Notes	Share premium account HK$'000	Contributed surplus HK$'000	Employee share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2008		227,127	772,098	17,786	(23,306)	993,705
Total comprehensive loss for the year	12	–	–	–	(11,475)	(11,475)
Share-based compensation arrangements	30	–	–	16,149	–	16,149
Proposed final dividend	13	–	(50,000)	–	–	(50,000)
At 31 December 2008 and 1 January 2009		227,127	722,098	33,935	(34,781)	948,379
Total comprehensive loss for the year	12	–	–	–	(6,119)	(6,119)
Issue of shares	29	434,191	–	(11,900)	–	422,291
Share issue expenses	29	(4,747)	–	–	–	(4,747)
Share-based compensation arrangements	30	–	–	23,973	–	23,973
Proposed final dividend	13	–	(89,432)	–	–	(89,432)
As 31 December 2009		656,571	632,666	46,008	(40,900)	1,294,345

The Company's contributed surplus represents the excess of the fair value of the shares of the former Group holding company acquired pursuant to the Group reorganisation in 2005, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Law of the Cayman Islands, a company may make distributions to its members out of the contributed surplus in certain circumstances.

32. BUSINESS COMBINATIONS

(a) Business combination of Wah Yuen Technology Holding Limited in the current year

On 28 October 2008, the Group entered into the acquisition and subscription agreements for the acquisition 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. The acquisition was completed in March 2009.

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 casings 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 and the corresponding carrying amounts immediately before the acquisition were as follows:

	Notes	Fair value recognised on acquisition HK$'000	Previous carrying amount HK$'000
Property, plant and equipment	15	482,506	490,600
Lease premium for land	16	16,432	10,139
Prepayments for acquisition of property, plant and equipment		170,820	170,820
Inventories		22,471	22,471
Trade receivables		105,407	105,407
Prepayments, deposits and other receivables		28,626	28,626
Cash and cash equivalents		226,958	226,958
Trade and bills payables		(70,139)	(70,139)
Other payables and accruals		(18,247)	(18,247)
Interest-bearing bank borrowings		(275,411)	(275,411)
		689,423	691,224
Minority interests		(320,995)	
Goodwill on acquisition	17	33,048	
		401,476	
Satisfied by:			
Cash		296,844	
Deposit		104,632	
		401,476	

32. BUSINESS COMBINATIONS *(Continued)*

(a) Business combination of Wah Yuen Technology Holding Limited in the current year *(Continued)*

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

	HK$'000
Cash consideration	(296,844)
Cash and cash equivalents acquired	226,958
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	(69,886)

Since its acquisition, Wah Yuen and its subsidiaries contributed HK$737,935,000 to the Group's turnover and HK$40,927,000 to the profit attributable to equity holders of the Company for the year ended 31 December 2009.

Had the combination taken place at the beginning of the year, there would have been no significant impact to the revenue and profit of the Group for the year ended 31 December 2009.

(b) Business combination of Gold Connection Limited in the prior year

On 19 December 2008, the Group acquired a 71% interest in Gold Connection Limited. Gold Connection Limited, a company incorporated in Samoa, has a wholly-owned PRC subsidiary, Lian-Yi Precision (Zhongshan) Inc. ("聯益精密(中山)有限公司"), which is principally engaged in the manufacture and sale of computer parts and peripherals in Mainland China. The consideration for the acquisition was in the form of cash of HK$103,445,000, which was paid in the prior year.

32. BUSINESS COMBINATIONS *(Continued)*

(b) Business combination of Gold Connection Limited in the prior year *(Continued)*

The fair values of the identifiable assets and liabilities of Gold Connection Limited and its subsidiaries as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Notes	**Fair value recognised on acquisition** HK$'000	**Previous carrying amount** HK$'000
Property, plant and equipment	15	211,340	195,340
Lease premium for land	16	16,797	11,797
Prepayments for acquisition of property, plant and equipment		50,264	50,264
Inventories		41,105	41,105
Pledged deposit		98	98
Cash and cash equivalents		20,002	20,002
Prepayments, deposits and other receivables		5,548	5,548
Trade receivables		118,314	118,314
Trade and bills payables		(109,389)	(109,389)
Other payables and accruals		(159,113)	(159,113)
Interest-bearing bank borrowings		(47,234)	(47,234)
Deferred tax liabilities	18	(5,250)	–
		142,482	126,732
Minority interests		(41,320)	
Goodwill on acquisition	17	2,283	
		103,445	
Satisfied by:			
Cash		103,445	

32. BUSINESS COMBINATIONS *(Continued)*

(b) Business combination of Gold Connection Limited in the prior year *(Continued)*

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

	HK$'000
Cash consideration	(103,445)
Cash and cash equivalents acquired	20,002
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	(83,443)

Since their acquisition, Gold Connection Limited and its subsidiaries had no significant contribution to the Group's turnover and profit for the year ended 31 December 2008.

Had the combination taken place at the beginning of the prior year, the revenue of the Group and the profit attributable to equity holders of the Company for the prior year would have been HK$7,527,722,000 and HK$643,739,000.

33. CONTINGENT LIABILITIES

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

At the end of the reporting period, the Company had provided corporate guarantees of approximately HK$2,479,433,000 (2008: HK$1,747,738,000) to banks in connection with banking facilities granted to its subsidiaries, which were utilised to the extent of approximately HK$1,525,723,000 (2008: HK$1,521,301,000).

34. OPERATING LEASE COMMITMENTS

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

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

	2009	2008
	HK$'000	HK$'000
Within one year	11,739	15,379
In the second to fifth years, inclusive	14,070	24,278
	25,809	39,657

35. COMMITMENTS

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

	Group		Company	
	2009	2008	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000
Contracted, but not provided for:				
Land and buildings	230,644	110,015	–	–
Machinery	15,336	20,954	–	–
Acquisition of an investment	–	296,844	–	296,844
Total capital commitments	245,980	427,813	–	296,844

36. RELATED PARTY TRANSACTIONS

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

	Notes	**2009 HK$'000**	2008 HK$'000
Purchase of production materials from:			
San Li (1)	(i)	**2,712**	1,446
Sunrise (2)	(i)	**92**	17
Sale of finished goods to:			
San Li	(ii)	**354**	104
Sunrise	(ii)	**16**	–
Rental expenses paid to:			
Ms. Lin Mei-Li (3)	(iii)	**58**	61

Notes:

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

(2) Sunrise is controlled by Mr. Cheng Li-Yen, a director of the Company, and his family members.

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

(i) The purchase prices of production materials were determined at rates mutually agreed between the relevant parties.

(ii) The selling prices of finished goods were determined at rates mutually agreed between the relevant parties.

(iii) The rentals were determined at rates mutually agreed between the relevant parties.

The above transactions entered into by the Group during the year ended 31 December 2009 also constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Outstanding balances with related parties:

Details of the Group's balances with its related companies as at the end of the reporting period are included in notes 21 and 25 to the financial statements.

36. RELATED PARTY TRANSACTIONS *(Continued)*

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

	2009	2008
	HK$'000	HK$'000
Short term employee benefits	**7,737**	7,946
Employee share-based compensation expenses	**6,710**	5,730
Total compensation paid to key management personnel	**14,447**	13,676

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

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

2009

Financial assets

	Group			
	Financial assets at fair value through profit or loss-held for trading HK$'000	**Loans and receivables HK$'000**	**Available-for-sale financial assets HK$'000**	**Total HK$'000**
Available-for-sale investment	–	–	55,181	55,181
Trade receivables	–	3,255,863	–	3,255,863
Derivative financial instruments	338	–	–	338
Factored trade receivables	–	11,496	–	11,496
Financial assets included in prepayments, deposits and other receivables	–	311,423	–	311,423
Pledged bank balances and time deposits	–	8,113	–	8,113
Cash and cash equivalents	–	608,422	–	608,422
	338	4,195,317	55,181	4,250,836

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	**2,089,204**
Financial liabilities included in other payables and accruals	**375,672**
Bank advances on factored trade receivables	**11,496**
Interest-bearing bank borrowings	**2,085,237**
	4,561,609

37. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2008

Financial assets

	Group			
	Financial assets at fair value through profit or loss-held for trading HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale investment	–	–	33,306	33,306
Trade receivables	–	2,863,214	–	2,863,214
Derivative financial instruments	24,381	–	–	24,381
Factored trade receivables	–	74,205	–	74,205
Financial assets included in prepayments, deposits and other receivables	–	168,566	–	168,566
Pledged bank balances and time deposits	–	108,933	–	108,933
Cash and cash equivalents	–	450,508	–	450,508
	24,381	3,665,426	33,306	3,723,113

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	1,530,098
Financial liabilities included in other payables and accruals	391,107
Bank advances on factored trade receivables	74,205
Interest-bearing bank borrowings	1,877,388
	3,872,798

37. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial assets

	Company	
	2009	2008
	Loans and receivables	Loans and receivables
	HK$'000	HK$'000
Due from subsidiaries included in interests in subsidiaries *(note 19)*	**676,289**	302,735
Cash and cash equivalents	**40**	28
	676,329	302,763

38. FAIR VALUE HIERARCHY

The Group uses fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities for determining and disclosing the fair value of financial instruments. As at 31 December 2009, the Group's financial instruments which comprise available-for-sale investment and derivative financial instruments were measured at fair value.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans, factored trade receivables, pledged bank balances and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 3.3 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short term debt obligations denominated in United States dollars with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity***
		HK$'000	HK$'000
2009			
United States dollar	**50**	**(10,117)**	**–**
United States dollar	**(50)**	**10,117**	**–**
2008			
United States dollar	50	(9,289)	–
United States dollar	(50)	9,289	–

* Excluding retained profits

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

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency.

The Group's exposure to market risk for changes in foreign currency exchange rates relates primarily to certain trade receivables, trade and bills payables and certain cash and cash equivalents in currencies other than the functional currency of the Group's operating subsidiaries. The Group uses derivative financial instruments to reduce its foreign currency risk, but the transactions do not qualify for hedge accounting.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Renminbi and New Taiwan dollar exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity*
	%	HK$'000	HK$'000
2009			
If United States dollar strengthens against Renminbi	**1.16**	**19,323**	**–**
If United States dollar weakens against Renminbi	**(1.16)**	**(19,323)**	**–**
2008			
If United States dollar strengthens against Renminbi	4.286	18,144	–
If United States dollar weakens against Renminbi	(4.286)	(18,144)	–

* Excluding retained profits

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

Credit risk

The carrying amount of trade receivables included in the consolidated statement financial position represents the Group's maximum exposure to credit risk in relation to the Group's trade receivables. The Group has a significant concentration of credit risk in relation to trade receivables as the trade receivables due from the five largest customers accounted for 90% (2008: 90%) of the Group's trade receivables at the end of the reporting period.

The Group performs ongoing credit evaluations of its customers' financial conditions and requires no collateral from its customers. The allowance for doubtful debts is based upon a review of the expected collectibility of all trade receivables.

With respect to credit risk arising from the other financial assets of the Group, comprising cash and cash equivalents, other receivables and factored trade receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure being equal to the carrying amounts of these instruments. There is no significant concentration of credit risk within the Group in relation to the other financial assets.

Liquidity risk

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

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

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

Group		**2009**		
	On demand or within 1 year HK$'000	**2 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Trade and bills payables	**2,089,846**	**–**	**–**	**2,089,846**
Other payables	**375,671**	**–**	**–**	**375,671**
Bank advances on factored trade receivables	**11,496**	**–**	**–**	**11,496**
Interest-bearing bank borrowings	**908,460**	**1,211,604**	**–**	**2,120,064**
	3,385,473	**1,211,604**	**–**	**4,597,077**

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

Liquidity risk *(Continued)*

Group — 2008

	On demand or within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Trade and bills payables	1,530,098	–	–	1,530,098
Other payables	391,107	–	–	391,107
Bank advances on factored trade receivables	74,205	–	–	74,205
Interest-bearing bank borrowings	1,004,149	996,356	–	2,000,505
	2,999,559	996,356	–	3,995,915

Company — 2009

	On demand or within 1 year HK$'000	**2 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Financial guaranteed issued: Maximum amount guaranteed *(note 33)*	**2,479,433**	**–**	**–**	**2,479,433**

Company — 2008

	On demand or within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial guarantees issued: Maximum amount guaranteed *(note 33)*	1,747,738	–	–	1,747,738

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

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investment classified as available-for-sale investment (note 23) as at 31 December 2009. The Group's listed investment is listed on the Taiwan Stock Exchange and is valued at quoted market price at the end of the reporting period.

The market equity index for the following stock exchange, at the close of business of the nearest trading day in the year to the end of the reporting period and their respective highest and lowest points during the year were as follows:

	31 December 2009	**High/low 2009**	31 December 2008	High/low 2008
Taiwan - TSEC Weighted Index	**8,188**	**8,188/ 4,164**	4,591	9,310/ 3,955

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

	Carrying amount of equity investment	**Increase/ (decrease) in equity price**	**Increase/ (decrease) in equity***
	HK$'000	%	HK$'000
2009			
Investment listed in:			
Taiwan - Available-for-sale	**55,181**	**98.08**	**40,590**
	55,181	**(98.08)**	**(40,590)**
2008			
Investment listed in:			
Taiwan - Available-for-sale	33,306	75.31	18,813
	33,306	(75.31)	(18,813)

* Excluding retained profits

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

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2009 and 31 December 2008.

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

	Group	
	2009	2008
	HK$'000	HK$'000
Total bank borrowings	**2,085,237**	1,877,388
Total non-current assets	**4,359,555**	2,585,102
Total current assets	**5,161,915**	4,559,354
Total assets	**9,521,470**	7,144,456
Gearing ratio	**22%**	26%

40. EVENT AFTER THE REPORTING PERIOD

The Company and certain of its subsidiaries entered into two US$120 million (approximately HK$931 million) three-year term loan facility agreements dated 5 March 2010 with certain banks. Each of the term loan facility agreement has a two-year extension option to increase the tenor to five years. The proceeds of the facility agreements would be used for the Group's expansion of manufacturing capacity and general working capital purpose.

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2010.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements is set out below:

RESULTS

	Year ended 31 December				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**7,463,909**	7,249,183	5,275,832	3,558,282	2,671,798
PROFIT BEFORE TAX	**933,933**	818,850	484,199	231,823	209,087
Tax	**(172,783)**	(130,280)	(57,338)	(30,676)	(16,992)
PROFIT FOR THE YEAR	**761,150**	688,570	426,861	201,147	192,095
Attributable to:					
Equity holders of the Company	**704,876**	658,295	409,988	202,942	192,095
Minority interests	**56,274**	30,275	16,873	(1,795)	–
	761,150	688,570	426,861	201,147	192,095

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 December				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**9,521,470**	7,144,456	5,224,299	4,075,031	3,604,165
TOTAL LIABILITIES	**(4,960,799)**	(4,163,041)	(3,039,919)	(2,490,336)	(2,364,691)
MINORITY INTERESTS	**(595,073)**	(161,135)	(73,237)	(33,690)	–
	3,965,598	2,820,280	2,111,143	1,551,005	1,239,474