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

Annual Report 2013

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CORPORATE INFORMATION

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

Independent Non-Executive Directors
Mr. Cherng Chia-Jiun
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

Authorised Representatives
Mr. Cheng Li-Yu
Mr. Tsui Yung Kwok

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

Audit Committee
Mr. Cherng Chia-Jiun *(Chairman)*
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

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

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

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

Legal Advisers as to Hong Kong Laws
Chiu & Partners

Auditors
Ernst & Young

Stock Code
3336.HK and 9136.TT

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

Registered Office
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong
Suites 3311-3312, Jardine House
1 Connaught Place, Central
Hong Kong

Principal Place of Business in the People's Republic of China
No.2 Gua Jing Road
Song Ling Town Economic Development District
Wu Jiang City, Jiang Su
The PRC

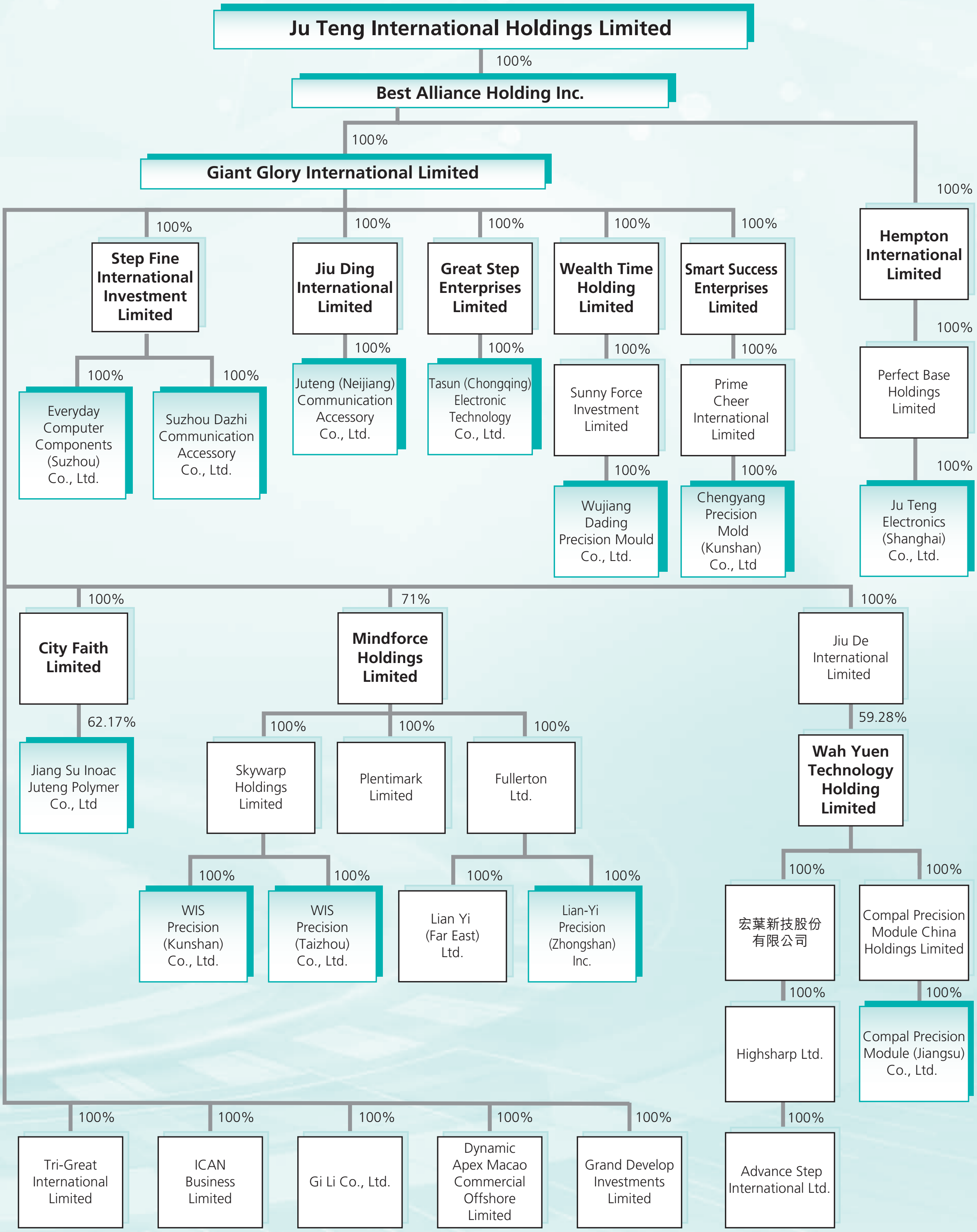
Principal Share Registrar and Transfer Office
Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office
Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East, Wanchai
Hong Kong
(With effect from 31 March 2014: Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong)

Website
www.irasia.com/listco/hk/juteng

GROUP STRUCTURE

As at 31 December 2013



CHAIRMAN'S STATEMENT

Sales decline in personal computer narrowing, Ju Teng kept a moderate improvement in business

In 2013, despite the moderate recovery of the global economy, actual demand for consumer goods remained weak. As shown by the statistics from International Data Corp ("IDC"), the global personal computer ("PC") shipment declined by approximately 9.8%. For the year ended 31 December 2013, Ju Teng International Holdings Limited (the "Company", or "Ju Teng") recorded turnover of approximately HK$9,257 million, representing a moderate growth of approximately 0.6% as compared to that of 2012. The growth in such the market dynamic was mainly contributed by the dominant market share in notebook computer casing, advanced casing technologies with new materials, as well as the diverse product mix of the Company. In addition, thanks to the optimized mixes of products and materials, profit attributable to equity holder of the Company for the year recorded a record high since its listing, amounting to approximately HK$762 million.

Optimizing profit mix through products and materials diversification

Notebook computer casing is the main product and the main source of income of Ju Teng. As one of the world's leading notebook computer casing manufacturers, Ju Teng masters sophisticated casing technology as well as substantial and stable market share, which enable us to progressively grow in the relevant market.

Meantime, in order to enrich product mix and business segments, as well as to keep abreast of the growing trend of smartphone and tablet PC markets, Ju Teng proactively develops casings for both smartphone and tablet PC markets in 2013. In the second half of the year, Ju Teng tapped into smartphone casing market, and its customers from the brands of tablet PC also increased.

For the casing materials, plastic casing has been the main product of the Company. Thanks to the long-term distinctive management as well as our long-standing commitment to research and development, Ju Teng masters sophisticated casing techniques with the relevant materials. Such sophisticated casing techniques together with the dominant market share ensure Ju Teng with decreasing numbers of competitors with similar scales. Ju Teng's view is in line with that of an analyst of IDC, expecting that products with low prices will be the main driver of the entire market of smart-electronic products. Demand for plastic casing with relatively lower cost will maintain resilient. Therefore, plastic casing will continue to be the core business of Ju Teng and contribute stable income for the Company.

In addition, our production capacity in metal casing has gradually increased and commenced production. Ju Teng's new plant for metal casing in Chongqing will also commence operations in the fourth quarter of 2014.

Composite material casing which we have been committed to developing also has robust upsize potential. Ju Teng believes its development in the relevant segments is favorable to the optimization of our profit structure. These materials, with low costs and higher profit margins, can be easily processed and sized, therefore, they are expected to be another main product of the Company after plastic casing.

Benefiting from the sale growth of metal and composite material casing, Ju Teng's gross profit margin greatly improved from approximately 15.2% in 2012 to approximately 20.2% in 2013.

Prospect

Looking forward, Ju Teng sees growth opportunities and the market is gaining momentum after a trough.

First of all, for the market trend, it is believed that the continuous perfection of Windows 8 as well as the end of support to Windows XP will be catalysts to the evolution of operating system. Up to now, the main reasons that the launch of Windows 8 have not yet driven the PC market growth is Microsoft has not yet stopped the operating system updates of Windows XP, resulting in the demand of PC replacement of most of the existing PCs has not yet been started. By the time the end of support to Windows XP system updates in April 2014, the continuing increase in usage of Windows 7 and Windows 8, and the forthcoming launch of Windows 9 in 2015, it is expected that the operating system upgrade will release the demand of PC replacement. Accordingly, we believe that the sales of notebook computer will remain stable in 2014.

In 2014, continual growth is expected in the mobile phone casing market which we tapped into in the second half of 2013. According to NPD DisplaySearch, a market intelligence institute, the growth of the mobile phone will sustain. Among the others, there is expected a CAGR of 21% in smartphone in the coming five years. Although the Company has just entered into the smartphone casing market, with Ju Teng's market position as well as its goodwill, we are confident in achieving a satisfactory result in the smartphone casing segment.

For the tablet PC, the market was highly rated by the market. In the long run, we regard tablet PC is a substitute to a market niche between smartphones and notebook computers. With regard to the touch-screen function brought by Windows 8 and the growing sizes of smartphones, new models of tablet PC become either larger or smaller than those 9.7-inch average sizes since its launch in the market. Its market is expected to be overlapped with those of advanced models of notebook computers and smartphones. Besides, the operation of these three sorts of devices have been unifying. Tablet PC since its launch in 2010 has recorded rapid growth. IDC also expected that this trend will continue and therefore, it is expected that there will be upsize potential of this market. Ju Teng will ride on the trend and continue to develop the tablet PC casing market, for the profit growth of the Company.

Thanks to the effective business strategy of the Company, plastic casing will keep a stable market share. To achieve stable growth in the metal casing segment, Ju Teng planned to open a new plant in Chongqing, to increase production capacity of metal casings with a view towards larger market share in this segment. Additionally, the composite material which is under the progress of development will also contribute to the Company's financial performance in future.

As a whole, with our stable market share, the Company will grab business development opportunities, and further expand each segment of our casing business. Meanwhile, we will continue to adjust the product mix as well as the spectrum of materials, so as to optimize the profit structure, improve gross profit margin with a view towards maximization of the Company's profit.

At last, I would like to take this opportunity to express my heartfelt thanks to our shareholders' support and trust, as well as thanks all the dedicated staff. Thanks to their effort, the Company has maintained the satisfied financial growth in such a challenging market. In future, Ju Teng will endeavor to achieve another year of record high results.

Cheng Li-Yu
Chairman

Hong Kong
18 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review & Prospects

For the year of 2013, the recovery of global economy remained fragile, and continued affecting the entire market. Nevertheless, as shown by the relevant figures published by IDC, the overall shipments of PC, smartphones and tablet PCs rose by approximately 27.8% during the year, driven by the growth of sales for smartphones and tablet PCs. On the other hand, the PC market remained low. A report released by Gartner Consulting Inc. ("Gartner") showed that in 2013, global PC shipments fell by approximately 8.4% year on year. Furthermore, the report of Gartner also stated that, as of the fourth quarter of 2013, the sales of PC worldwide saw the seventh consecutive quarter of decline. However, such decline became stable, so did the overall PC market. Thanks to the Company's flexible business strategies and diversified product portfolio, Ju Teng's performance maintained growth in a stable pace in the aforesaid market dynamic.

As for notebook computer, in spite of the continued downward trend of the global PC market, notebook computer casing remained to be the main contributor of Ju Teng's revenue in 2013. As a world's leading notebook computer casings manufacturer, Ju Teng secured stable market share in the plastic casings market. The plastic casings business continued to be the major source of income. In respond to the changing demands in the market, Ju Teng will enrich its spectrum of products, develop technologies with wider variety of materials, as well as reduce its costs, with a view towards the maximization of profit.

According to IDC, global smartphone shipments grew by approximately 38.4% in 2013. Ju Teng captured opportunities arising from the growing smartphone market and tapped into the smartphone casings market in August 2013. The phone casing products developed by Ju Teng are light and thin, with high selling prices and high gross profit. Furthermore, riding on the large market share of Ju Teng in the notebook computer casings market, the Company will be able to penetrate the mobile phone casings market quickly. No doubt the mobile phone casings segment contributed to the Company's revenue in the second half of the year.

In terms of tablet PCs, global shipments in 2013 achieved an increase of approximately 53% according to Gartner. Ju Teng, kept abreast of the market changes, and captured the trend during development of its tablet PC casing business. Ju Teng targeted the mid-price market in this segment and received positive market feedback. Sales of tablet PC casing products are expected to achieve a steady growth in 2014.

As Microsoft announced the launch of Windows 8 as well as ceasing the support to Windows XP, the PC market is expected to remain steady in 2014. Therefore, Ju Teng's notebook computer casings are expected to see a stable performance. Also, thanks to the launch of Windows 8, touch-screen notebook computer became more popular. Ju Teng believes that composite materials are the direction of future development in the casings industry and pioneered to the research and development of composite material casings, in an attempt to promote its business in composite materials ahead other competitors in the market. The profit margin for composite material casings is relatively higher, which are expected to optimize the profit structure of the Company.

In addition to developing casing technology of new materials, Ju Teng will continue to develop plastic and metal casings which have been the two main products of the Company. With the Group's outstanding product quality, plastic casings enjoyed a steadily rising market share, contributing to a continuing stable turnover in 2014. In addition, with regards to the increasing demand in the metal casing market, the Company will continue its pace in the development of the production therefor, such as establishing new plants in Chongqing and development of new products, with a view to enlarging its market share.

In terms of market share, Ju Teng is one of the largest plastic casing manufacturers. In terms of technology, Ju Teng masters the techniques in both metal and composite material casing. Therefore, Ju Teng has maintained its leading position being a one-stop casing solution provider for notebook computers, tablet PCs, and smartphone. While maintaining its stable growth in each segment, Ju Teng will keep abreast of the market trends, proactively manage its product portfolio, focusing on the development of products with high demand and profit margin. Also, Ju Teng will enhance its marketing to secure a larger market share for another year of satisfying results.

Financial Review

During the year, attributable to the Group's continuing strategy to launch new products with higher price tags and boosting its metal and composite materials casings operation, which offset the sluggish demand for notebook computers, there was a slight increase of the Group's revenue of approximately 0.6% to approximately HK$9,257 million (2012: HK$9,201 million). However, the overall gross profit margin rose substantially to approximately 20.2% (2012: 15.2%).

Due to the expansion of the production capacity of production plants in Sichuan Province and Jiangsu Province, the Group recorded an increase of approximately 9.3% in operating costs including administrative expenses, and selling and distribution costs to approximately HK$683 million (2012: HK$624 million), accounting for approximately 7.4% (2012: 6.8%) of the Group's turnover.

Due to the record of losses on disposal of property, plant and equipment, and the exchange losses arising from trade receivables as a result of the depreciation in value of United States dollar ("USD") against Renminbi ("RMB"), the Group recorded an increase of approximately 134.8% in other expenses to approximately HK$62 million (2012: HK$26 million), accounting for approximately 0.7% (2012: 0.3%) of the Group's turnover.

Finance costs for the year, which amounting to approximately HK$62 million (2012: HK$62 million), was in line with that of 2012. Interest capitalized during the year at approximately HK$14 million (2012: nil).

Income tax expenses increased by approximately 98.6% to approximately HK$255 million (2012: HK$129 million) for the year as compared to that of 2012, which was mainly attributable to the increase of profit before tax and the incurrence of an one-off withholding tax expense in the amount of approximately HK$51 million (2012: nil) in relation to the repatriation of dividends declared by certain subsidiaries of the Company in the PRC.

The profit attributable to equity holders for the year amounted to approximately HK$762 million (2012: HK$601 million), representing an increase of approximately 26.8% when compared to that of last year. Had the one-off withholding tax expense as mentioned above not incurred, the profit attributable to equity holders for the year would have reached approximately HK$813 million, representing an increase of approximately 35.3% when compared to that of last year (these combined figures were computed based on the sum of the profit attributable to equity holders of the Company for the year as set out in the consolidated statement of profit or loss for the year and the amount of HK$51 million of withholding tax as set out in note 11 to the financial statements. These combined figures are for illustrative purpose only. Because of their nature, these combined figures may not give a true picture of the financial position or results of the Group that would have occurred had the one-off withholding tax expense did not incur). The increase in the profit attributable to equity holders was mainly attributable to the increase in the Group's gross profit margin.

Liquidity and Financial Resources

As at 31 December 2013, total bank borrowings of the Group amounted to approximately HK$4,298 million (31 December 2012: HK$4,082 million), representing an increase of approximately 5.3% as compared to that of 31 December 2012. The Group's bank borrowings include short-term loans with 1-year maturity, 2-year term loans and 3-year revolving syndicated loans. As at 31 December 2013, the Group's bank loans denominated in USD and New Taiwan Dollars with carrying amount of approximately HK$4,231 million (31 December 2012: HK$4,028 million) and approximately HK$67 million (31 December 2012: HK$54 million) respectively.

During the year, the Group's cashflow from operating activities increased to approximately HK$1,056 million from approximately HK$411 million last year due to an increase in profit before tax, a decrease in prepayments, deposits and other receivables, and an increase in other payables and accruals. As a result of the purchase of fixed assets for the expansion of production plants in Sichuan Province and Jiangsu Province, the Group recorded a net cash outflow used in investing activities of approximately HK$1,292 million (2012: HK$1,344 million). During the year, due to the additional bank loans obtained to finance the expansion, the Group recorded a net cash inflow from financing activities of approximately HK$95 million (2012: HK$1,408 million). As at 31 December 2013, the Group had cash and bank balances of approximately HK$1,061 million (31 December 2012: HK$1,163 million).

As at 31 December 2013, the Group's gearing ratio, calculated as total bank borrowings of approximately HK$4,298 million (31 December 2012: HK$4,082 million) divided by total assets of approximately HK$14,718 million (31 December 2012: HK$13,249 million) was 29.2% (31 December 2012: 30.8%). The gearing ratio was slightly decreased due to the increase in total assets.

Pledge of Assets

As at 31 December 2013 and 31 December 2012, the Group did not have any leasehold land and buildings and machinery pledged to secure banking facilities granted to the Group.

As at 31 December 2013 and 31 December 2012, shares of certain subsidiaries of the Company were pledged to secure banking facilities granted to the Group.

Foreign Exchange Exposure

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

Employees

As at 31 December 2013, the Group had approximately 36,000 employees (31 December 2012: 32,000 employees). The Group recorded staff costs of approximately HK$2,034 million (2012: HK$1,741 million).

The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. Discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee. The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme for its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations of the PRC.

Capital Commitment

As at 31 December 2013, 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, buildings and machineries amounted to approximately HK$877 million (31 December 2012: HK$214 million).

As at 31 December 2013, the capital commitments which the Group had authorized for but were not contracted for in respect to the acquisition of land amounted to approximately HK$70 million (31 December 2012: nil).

Contingent Liabilities

As at 31 December 2013, the Group did not have any significant contingent liabilities.

MANAGEMENT PROFILE

Directors

Executive Directors

Mr. Cheng Li-Yu (鄭立育), aged 55, is the chairman of the Group and director of certain subsidiaries of the Group. Mr. Cheng Li-Yu is the younger brother of Mr. Cheng Li-Yen and he is one of the founders of the Group. Mr. Cheng started working at San Li Industrial Company Limited which is engaged in spray painting 28 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 60, is an executive Director and director of certain subsidiaries of the Group. Mr. Cheng is the elder brother of Mr. Cheng Li-Yu and he is also one of the founders of the Group. Mr. Cheng started working at San Li Industrial Company Limited which is engaged in spray painting over 22 years ago and later joined the management of Sunrise Plastic Injection Company Limited in around 2000. Mr. Cheng is responsible for the Group's overall management of resource planning, as well as plant expansion, development and construction. Mr. Cheng was appointed as an executive Director on 10 June 2005.

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

Mr. Huang Kuo-Kuang (黃國光), aged 53, is an executive Director and director of certain subsidiaries of the Group. He joined the Group in February 2001 as a member of the Group's senior management and has been responsible for the Group's daily operations and for overseeing the Group's procurement and operation management of two of its major operating subsidiaries in the PRC, namely, Everyday Computer Components (Suzhou) Co., Ltd. ("Everyday Computer") and Suzhou Dazhi Communication Accessory Co., Ltd ("Suzhou Dazhi"), since their establishment. He was appointed as senior vice president of Everyday Computer and of Suzhou Dazhi in 2002. He has more than 21 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 50, is an executive Director and director of certain subsidiaries of the Group. He joined the Group as senior vice president in 2003. He is responsible for the establishment of quality control system, supervision of the Group's production in spray painting, development of new technology in dust-free spray painting and promotion of the application of relevant technology in dust-free spray painting to the customers. Mr. Hsieh was appointed as an executive Director on 25 May 2006.

Mr. Lo Jung-Te (羅榮德), aged 54, is an executive Director and director of certain subsidiaries of the Group. He joined the Group as senior vice president in 2004. He is responsible for the supervision of the manufacture and development of the Group's automatic moulding. He is also responsible for assisting with the Group's improvement in manufacturing technology of injection moulding development, expansion of new markets and product design of non-notebook computer casing. Mr. Lo was appointed as an executive Director on 25 May 2006.

Mr. Tsui Yung Kwok (徐容國), aged 45, is an executive Director and director of a subsidiary of the Group, the chief financial officer and the company secretary of the Group and is responsible for the overall financial management and company secretarial functions of the Group. He holds a master degree in corporate governance and a bachelor degree in business (Accounting). He is also a member of the Institute of Chartered Accountants in Australia, CPA Australia, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Chartered Secretaries. Before joining the Group in August 2004, Mr. Tsui had been the chief financial officer of a Hong Kong listed company and held a senior position in an international accounting firm in Hong Kong. He had over 21 years' experience in accounting and finance. He has been an independent non-executive director of Shenguan Holdings (Group) Limited (Stock code: 829) since 19 September 2009, SITC International Holdings Company Limited (Stock code: 1308) since 10 September 2010, 361 Degrees International Limited (Stock code: 1361) since 1 September 2012 and Cabbeen Fashion Limited (Stock code: 2030) since 18 February 2013. Mr. Tsui was appointed as an executive Director on 10 June 2005.

Independent non-executive Directors

Mr. Cherng Chia-Jiun (程嘉君), aged 59, graduated from the National Chengchi University with a Master's degree in Business Administration and a Bachelor of Science degree in Statistics. Mr. Cherng is currently an independent director of Azion Corporation, whose shares are traded on the Taiwan OTC Market and a part-time lecturer of Shih Chien University. He was also the director and President of Digital United Inc., whose shares are traded on the Taiwan Emerging Market until 16 March 2009. Furthermore, he was appointed as an independent director of FSP Technology Inc. since June 2011, whose shares are listed on the Taiwan Stock Exchange Corporation ("TSEC"). From 1979 to 1998, Mr. Cherng was with the Taiwan based Institute for Information Industry (III), serving in various capacities including general manager of the Network Business Group, director of the Technology Service Group, director of the Market Intelligence Center, and program director of the Technology Research Division. Mr. Cherng was also the director of Zinwell Corporation and the supervisor of AOpen Inc., both of these companies are listed on the TSEC. Mr. Cherng was appointed as an independent non-executive Director on 31 July 2008.

Mr. Tsai Wen-Yu (蔡文預), aged 60, is an independent non-executive Director. He obtained his master degree in business administration from the National Chengchi University. He has extensive experience in accounting, taxation and corporate governance. Mr. Tsai is a certified public accountant in Taiwan. He is also the supervisor of Hua Nan Commercial Bank, and is the independent director of Maywufa Company Ltd., a company listed on the TSEC. Mr. Tsai was appointed as an independent non-executive Director on 10 June 2005.

Mr. Yip Wai Ming (葉偉明), aged 48, is an independent non-executive Director. He has more than 23 years of experience in finance and accounting, and had held senior positions in an international accounting firm, a major European bank and listed companies in Hong Kong. Mr. Yip graduated from the University of Hong Kong with a Bachelor's degree in social sciences and from the University of London with a Bachelor's degree in law. He is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the Chinese Institute of Certified Public Accountants. He has been appointed as an independent non-executive director of BBMG Corporation (Stock code: 2009) since 28 April 2009, PAX Global Technology Limited (Stock code: 327) since 1 December 2010, Far East Horizon Limited (Stock code: 3360) since 11 March 2011 and Poly Culture Group Corporation Limited (Stock code: 3636) since December 2013. Mr. Yip was appointed as an independent non-executive Director on 25 May 2006.

MANAGEMENT PROFILE

Senior Management

Mr. Huang Cheng Pin (黃正斌), aged 48, is an assistant to Mr. Cheng Li-Yu. He joined the Group in 2003. Mr. Huang has over 16 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 48, is an assistant to Mr. Cheng Li-Yu. He joined the Group in 2003. Mr. Lu has over 23 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 54, 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 45, 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 21 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 56, 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 25 years. He is responsible for the supervision of the Group's production in plastic injection, the development of new technology in plastic injection and the improvement of the Group's production efficiency. He is also responsible for the project review on the source of development for injection moulding in progress. In addition, he helps coordinate the communication and liaison between the plastic injection moulding development unit and the injection moulding production unit.

Mr. Cheng Li-Chen (鄭立晨), aged 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 24 years. Mr. Cheng is responsible for the planning of manufacturing process and production management of the surface coating for the Group's plastic casing products, the improvement in efficiency and cost reductions. In addition to specializing in the research and development of the new technology of three dimensional coating, he is also responsible for the repairs and maintenance and the improvement in production yield in relation to all coating production facilities of the Group.

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

Mr. Yeh Chih-Yuan (葉志原), aged 48, 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 24 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 50, 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 26 years. He is responsible for the supervision of the Group's production in plastic injection, the development of new technology in plastic injection and the improvement of the Group's production efficiency. 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 53, is an associate vice president of the Group who joined the Group in 2003. He has been working in the plastic moulding industry for 25 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 39, is an associate vice president of the Group who joined the Group in 2003. He has 18 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 53, is an associate vice president of the Group who joined the Group in 2004. He has 20 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.

Mr. Chen Yung-Chang (陳永昌), aged 53, is a vice president of the Group. He was the chairman of Chengyang Precision Mould (Kunshan) Co., Ltd, and he founded a sole proprietorship in Taiwan, namely Chengyang Industrial Co., Ltd., which was specialized in the manufacture of notebook computers moulds in 1994. In order to smoothing of the production processes by vertical integration, the Group had acquired his company in 2008 and he joined the Group since then.

Mr. Lin Feng-Chieh (林豊杰), aged 55, is a vice president of the Group who joined the Group in September 2011 and obtained a MBA from the University of Leicester, UK. He worked at Arima Computer Corporation from 1990 to 2005, served as a senior vice president at the R & D center of notebook computer, responsible for the leading and management of the R & D team to carry out the development of notebook computer. He worked at Huafu Technology Co., Ltd., as the chief technology officer of the group and a general manager of Taiwan business from 2006 to 2008, responsible for the planning of the new technology R & D strategy of the group, and the operating strategic planning and operational management of the Taiwan business. He worked at Flextronics, an American computer business group, served as a senior director of R & D center of notebook computer from 2008 to June 2011, responsible for the leading and management of the mechanical design team to carry out the development of the notebook computer. He is currently responsible to monitor the development of new technology-related businesses of the Group.

REPORT OF THE DIRECTORS

The directors (the "Directors") of Ju Teng International Holdings Limited (the "Company") present their report and the audited financial statements of the Company and its subsidiaries (the "Subsidiaries" and together with the Company, the "Group") for the year ended 31 December 2013.

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 2013 and the state of affairs of the Company and the Group at 31 December 2013 are set out in the financial statements on pages 39 to 119.

The Directors recommend the payment of a final dividend of HK$0.15 per share in respect of the year ended 31 December 2013 (2012: HK$0.12 per share) to shareholders whose names appear on the register of members of the Company on 21 May 2014.

Summary Financial Information

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 120. This summary does not form part of the audited financial statements of the Group for the year ended 31 December 2013.

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 (the "Shares") on a pro rata basis to the existing shareholders of the Company.

Tax Relief and Exemption

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

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013.

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 2013, the Company's reserves available for distribution, as calculated in accordance with the provisions of the Companies Law of the Cayman Islands, amounted to approximately HK$866,078,000.

Charitable Contributions

During the year, the Group made charitable contributions of approximately HK$230,000.

Major Customers and Suppliers

In the year under review, sales to the Group's five largest customers accounted for approximately 85% of the total sales for the year and sales to the largest customer amounted to approximately 28% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year. None of the Directors nor any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) of the Company had any interest in the Group's five largest customers.

Directors

The Directors during the year were:

Executive Directors:

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

Independent non-executive Directors:

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

In accordance with article 108(A) of the Company's articles of association, Mr. Cheng Li-Yen, Mr. Lo Jung-Te and Mr. Yip Wai Ming 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 "Hong Kong Stock Exchange") from all the three independent non-executive Directors namely, Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming. As at the date of this report, the Company still considers these independent non-executive Directors to be independent.

Directors' and Senior Managements' Biographies

Biographical details of the Directors and senior management of the Group are set out on pages 10 to 13 of this annual report.

Directors' Service Contracts

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

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

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

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

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

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

Directors' and Senior Managements' Remuneration

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

The remuneration of the senior management of the Group by band for the year ended 31 December 2013 is set out below:

Remuneration bands	Number of senior management
HK$500,001 to HK$1,000,000	4
HK$1,000,001 to HK$1,500,000	7
HK$1,500,001 to HK$2,000,000	2
	13

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

Directors' Interests in Contracts

Save as disclosed in note 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 any of the controlling shareholder of the Company or any of its subsidiaries was entered into.

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

As at 31 December 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules were as follows:

(i) Interests in Shares

Name of Director	Nature of interest	Number and class of Shares held (Note 1)	Approximate percentage of shareholding
Mr. Cheng Li-Yu	Founder of a discretionary trust *(Note 2)*	290,090,986 (L) ordinary Shares	24.85%
	Beneficial owner	36,546,000 (L) ordinary Shares	3.13%
	Interest of spouse *(Note 3)*	10,518,046 (L) ordinary Shares	0.90%
Mr. Cheng Li-Yen	Beneficiary of a trust *(Note 2)*	290,090,986 (L) ordinary Shares	24.85%
Mr. Cherng Chia-Jiun	Beneficial owner	68,000 (L) ordinary Shares	0.01%
Mr. Huang Kuo-Kuang	Beneficial owner	5,923,866 (L) ordinary Shares	0.51%
	Interest of spouse *(Note 4)*	2,950,631 (L) ordinary Shares	0.25%
Mr. Hsieh Wan-Fu	Beneficial owner	2,326,432 (L) ordinary Shares	0.20%
Mr. Lo Jung-Te	Beneficial owner	7,271,942 (L) ordinary Shares	0.62%
Mr. Tsai Wen-Yu	Beneficial owner	68,000 (L) ordinary Shares	0.01%
Mr. Tsui Yung Kwok	Beneficial owner	4,298,000 (L) ordinary Shares	0.37%
Mr. Yip Wai Ming	Beneficial owner	34,000 (L) ordinary Shares	0.00%

Notes:

1. The letter "L" denotes a long position in the Shares.
2. The Shares were registered in the name of Southern Asia Management Limited ("Southern Asia"), which was wholly owned by Shine Century Assets Corp., the entire issued share capital of which was beneficially owned by the Cheng Family Trust which was founded by Mr. Cheng Li-Yu. The beneficiaries of the Cheng Family Trust include, among others, Mr. Cheng Li-Yen and Mr. Cheng Li-Yu. Mr. Cheng Li-Yen and Mr. Cheng Li-Yu were deemed to be interested in all the Shares in which Shine Century Assets Corp. was interested by virtue of the SFO.
3. Mr. Cheng Li-Yu is the husband of Ms. Lin Mei-Li and he was deemed to be interested in all the Shares in which Ms. Lin Mei-Li was interested by virtue of the SFO.
4. Mr. Huang Kuo-Kuang is the husband of Ms. Wang Shu-Hui and he was deemed to be interested in all the Shares in which Ms. Wang Shu-Hui was interested by virtue of the SFO.

(ii) Interests in Underlying Shares

Name of Director	Nature of interest	Number of underlying Shares *(Note 1)*	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
Mr. Cheng Li-Yen	Beneficial owner	2,029,000(L) *(Note 2)*	N/A	N/A	0.16%
Mr. Cherng Chia-Jiun	Beneficial owner	2,000 (L) *(Note 3)*	7-11-2013 to 30-11-2019	HK$0.97	0.00% *(Note 4)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2014 to 30-11-2019	HK$0.97	0.00% *(Note 4)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2015 to 30-11-2019	HK$0.97	0.00% *(Note 4)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2016 to 30-11-2019	HK$0.97	0.00% *(Note 4)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2017 to 30-11-2019	HK$0.97	0.00% *(Note 4)*
Mr. Huang Kuo-Kuang	Beneficial owner	2,000 (L) *(Note 3)*	7-11-2013 to 30-11-2019	HK$0.97	0.00% *(Note 4)*
	Beneficial owner	251,000 (L) *(Note 3)*	7-11-2014 to 30-11-2019	HK$0.97	0.02% *(Note 4)*
	Beneficial owner	251,000 (L) *(Note 3)*	7-11-2015 to 30-11-2019	HK$0.97	0.02% *(Note 4)*
	Beneficial owner	251,000 (L) *(Note 3)*	7-11-2016 to 30-11-2019	HK$0.97	0.02% *(Note 4)*
	Beneficial owner	251,000 (L) *(Note 3)*	7-11-2017 to 30-11-2019	HK$0.97	0.02% *(Note 4)*

Name of Director	Nature of interest	Number of underlying Shares *(Note 1)*	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
Mr. Hsieh Wan-Fu	Beneficial owner	402,000 (L) *(Note 3)*	7-11-2014 to 30-11-2019	HK$0.97	0.03% *(Note 4)*
	Beneficial owner	402,000 (L) *(Note 3)*	7-11-2015 to 30-11-2019	HK$0.97	0.03% *(Note 4)*
	Beneficial owner	402,000 (L) *(Note 3)*	7-11-2016 to 30-11-2019	HK$0.97	0.03% *(Note 4)*
	Beneficial owner	402,000 (L) *(Note 3)*	7-11-2017 to 30-11-2019	HK$0.97	0.03% *(Note 4)*
Mr. Lo Jung-Te	Beneficial owner	402,000 (L) *(Note 3)*	7-11-2014 to 30-11-2019	HK$0.97	0.03% *(Note 4)*
	Beneficial owner	402,000 (L) *(Note 3)*	7-11-2015 to 30-11-2019	HK$0.97	0.03% *(Note 4)*
	Beneficial owner	402,000 (L) *(Note 3)*	7-11-2016 to 30-11-2019	HK$0.97	0.03% *(Note 4)*
	Beneficial owner	402,000 (L) *(Note 3)*	7-11-2017 to 30-11-2019	HK$0.97	0.03% *(Note 4)*
Mr. Tsai Wen-Yu	Beneficial owner	2,000 (L) *(Note 3)*	7-11-2013 to 30-11-2019	HK$0.97	0.00% *(Note 4)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2014 to 30-11-2019	HK$0.97	0.00% *(Note 4)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2015 to 30-11-2019	HK$0.97	0.00% *(Note 4)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2016 to 30-11-2019	HK$0.97	0.00% *(Note 4)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2017 to 30-11-2019	HK$0.97	0.00% *(Note 4)*

Name of Director	Nature of interest	Number of underlying Shares *(Note 1)*	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
Mr. Tsui Yung Kwok	Beneficial owner	2,000 (L) *(Note 3)*	7-11-2013 to 30-11-2019	HK$0.97	0.00% *(Note 4)*
	Beneficial owner	251,000 (L) *(Note 3)*	7-11-2014 to 30-11-2019	HK$0.97	0.02% *(Note 4)*
	Beneficial owner	251,000 (L) *(Note 3)*	7-11-2015 to 30-11-2019	HK$0.97	0.02% *(Note 4)*
	Beneficial owner	251,000 (L) *(Note 3)*	7-11-2016 to 30-11-2019	HK$0.97	0.02% *(Note 4)*
	Beneficial owner	251,000 (L) *(Note 3)*	7-11-2017 to 30-11-2019	HK$0.97	0.02% *(Note 4)*
Mr. Yip Wai Ming	Beneficial owner	2,000 (L) *(Note 3)*	7-11-2013 to 30-11-2019	HK$0.97	0.00% *(Note 4)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2014 to 30-11-2019	HK$0.97	0.00% *(Note 4)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2015 to 30-11-2019	HK$0.97	0.00% *(Note 4)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2016 to 30-11-2019	HK$0.97	0.00% *(Note 4)*
	Beneficial owner	35,000 (L) *(Note 3)*	7-11-2017 to 30-11-2019	HK$0.97	0.00% *(Note 4)*

Notes:

1. The letter "L" denotes a long position in the underlying Shares.
2. The long position in the underlying Shares comprised 2,029,000 units of Taiwan depositary receipts on the Taiwan Stock Exchange Corporation, representing 2,029,000 Shares of the Company.
3. The long position in the underlying Shares comprised 142,000, 1,006,000, 1,608,000, 1,068,000, 142,000, 1,006,000 and 142,000 options granted to Mr. Cherng Chia-Jiun, Mr. Huang Kuo-Kuang, Mr. Hsieh Wan-Fu, Mr. Lo Jung-Te, Mr. Tsai Wen-Yu, Mr. Tsui Yung Kwok and Mr. Yip Wai Ming respectively by the Company on 17 January 2012 under the share option scheme of the Company (the "Share Option Scheme") and such share options remained outstanding as at 31 December 2013.
4. This percentage was calculated on the basis of 1,235,812,000 Shares in issue immediately following the exercise in full of all the options granted under the Share Option Scheme at the same time and assuming that there would be no change in the total issued share capital of the Company other than as enlarged by the exercise of these options prior to the exercise in full of these options.

Save as disclosed above, as at 31 December 2013, none of the Directors or chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in note 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 (natural or adopted), or were such rights exercised by them; nor was the Company or any of the Subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Share Option Scheme

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

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

Name or category of participant	Number of share options: At 1 January 2013	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 December 2013	Grant date *(Note 1)*	Exercise period	Exercise price per Share *(Note 2)*	Closing price per Share immediately before the grant date
Directors										
Mr. Cherng Chia-Jiun	1,000	–	(1,000)	–	–	–	17-1-2012	7-11-2012 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	(33,000)	–	–	2,000	17-1-2012	7-11-2013 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	176,000	–	(34,000)	–	–	142,000				
Mr. Huang Kuo-Kuang	1,000	–	(1,000)	–	–	–	17-1-2012	7-11-2012 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	(249,000)	–	–	2,000	17-1-2012	7-11-2013 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	–	251,000	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	–	251,000	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	–	251,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	–	251,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	1,256,000	–	(250,000)	–	–	1,006,000				

Name or category of participant	At 1 January 2013	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 December 2013	Grant date *(Note 1)*	Exercise period	Exercise price per Share *(Note 2)*	Closing price per Share immediately before the grant date
	Number of share options									
Mr. Hsieh Wan-Fu	402,000	–	(402,000)	–	–	–	17-1-2012	7-11-2013 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	–	402,000	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	–	402,000	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	–	402,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	–	402,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	2,010,000	–	(402,000)	–	–	1,608,000				
Mr. Lo Jung-Te	402,000	–	(402,000)	–	–	–	17-1-2012	7-11-2013 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	–	402,000	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	–	402,000	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	–	402,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	402,000	–	–	–	–	402,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	2,010,000	–	(402,000)	–	–	1,608,000				
Mr. Tsai Wen-Yu	1,000	–	(1,000)	–	–	–	17-1-2012	7-11-2012 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	(33,000)	–	–	2,000	17-1-2012	7-11-2013 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	176,000	–	(34,000)	–	–	142,000				
Mr. Tsui Yung Kwok	1,000	–	(1,000)	–	–	–	17-1-2012	7-11-2012 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	(249,000)	–	–	2,000	17-1-2012	7-11-2013 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	–	251,000	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	–	251,000	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	–	251,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	251,000	–	–	–	–	251,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	1,256,000	–	(250,000)	–	–	1,006,000				

Name or category of participant	Number of share options: At 1 January 2013	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 December 2013	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
Mr. Yip Wai Ming	1,000	–	(1,000)	–	–	–	17-1-2012	7-11-2012 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	(33,000)	–	–	2,000	17-1-2012	7-11-2013 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	35,000	–	–	–	–	35,000	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	176,000	–	(34,000)	–	–	142,000				
Other employees										
In aggregate	412,666	–	(412,666)	–	–	–	17-1-2012	7-11-2012 to 30-11-2019	HK$0.97	HK$0.93
	16,026,666	–	(15,385,334)	–	(391,200)	250,132	17-1-2012	7-11-2013 to 30-11-2019	HK$0.97	HK$0.93
	16,026,667	–	–	–	(391,200)	15,635,467	17-1-2012	7-11-2014 to 30-11-2019	HK$0.97	HK$0.93
	16,026,667	–	–	–	(391,200)	15,651,667	17-1-2012	7-11-2015 to 30-11-2019	HK$0.97	HK$0.93
	16,026,667	–	–	–	(391,200)	15,651,667	17-1-2012	7-11-2016 to 30-11-2019	HK$0.97	HK$0.93
	16,026,667	–	–	–	(391,200)	15,651,667	17-1-2012	7-11-2017 to 30-11-2019	HK$0.97	HK$0.93
	80,546,000	–	(15,798,000)	–	(1,956,000)	62,792,000				
	87,606,000	–	(17,204,000)	–	(1,956,000)	68,446,000				

Notes:

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

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

Substantial Shareholders' Interests in Shares

As at 31 December 2013, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of shareholder	Capacity and nature of interest	Number and class of Shares held *(Note 1)*	Approximate percentage of shareholding
Southern Asia	Beneficial owner	290,090,986 (L) ordinary Shares	24.85%
Shine Century Assets Corp. *(Note 2)*	Interest of a controlled corporation	290,090,986 (L) ordinary Shares	24.85%
East Asia International Trustees Limited *(Note 2)*	Trustee (other than a bare trustee)	290,090,986 (L) ordinary Shares	24.85%
Ms. Lin Mei-Li *(Note 3)*	Beneficial owner	10,518,046 (L) ordinary Shares	0.90%
	Interest of spouse	326,636,986 (L) ordinary Shares	27.98%
Allianz SE	Interest of a controlled corporation *(Note 4)*	59,577,719 (L) ordinary Shares	5.10%

Notes:

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

2. The Shares were held by Southern Asia, which was wholly owned by Shine Century Assets Corp. The entire issued share capital of Shine Century Assets Corp. was owned by the Cheng Family Trust, the trustee of which was East Asia International Trustees Limited. Shine Century Assets Corp. was deemed to be interested in all the Shares in which Southern Asia is interested by virtue of the SFO. East Asia International Trustee Limited was deemed to be interested in all the Shares in which Shine Century Assets Corp. was interested by virtue of the SFO. The Shares registered in the name of Southern Asia was also disclosed as the interest of Mr. Cheng Li-Yu and Mr. Cheng Li-Yen in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company" above.

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

4. These Shares were directly interested as to 1,360,000 by Allianz Global Investors Taiwan Ltd., 48,169,540 by RCM Asia Pacific Ltd., 842,000 by Allianz Global Investors Singapore Ltd., 6,044,179 by Allianz Global Investors Europe GmbH and 3,162,000 by Allianz Global Investors U.S. LLC. Each of Allianz Global Investors Taiwan Ltd., RCM Asia Pacific Ltd., Allianz Global Investors Singapore Ltd. and Allianz Global Investors Europe GmbH was 100% controlled by Allianz Global Investors GmbH, which was in turn 100% controlled by Allianz Asset Management AG. Allianz Asset Management AG was 100% controlled by Allianz SE. Allianz Global Investors U.S. LLC was 100% controlled by Allianz Global Investors U.S. Holdings LLC, which was in turn 100% controlled by Allianz Asset Management of America L.P. Allianz Asset Management of America L.P. was 100% controlled by Allianz Asset Management of America Holdings Inc. which was in turn 100% controlled by Allianz Asset Management AG. Accordingly, Allianz SE was deemed to be interested in all the Shares in which Allianz Global Investors Taiwan Ltd., RCM Asia Pacific Ltd., Allianz Global Investors Singapore Ltd., Allianz Global Investors Europe GmbH and Allianz Global Investors U.S. LLC. were interested by virtue of the SFO.

Save as disclosed above, as at 31 December 2013, no person (other than a Director or chief executive of the Company) had registered an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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 connected transaction and continuing connected transactions which were required to be disclosed pursuant to Rules 14A.45 and 14A.46 of the Listing Rules:

(a) Pursuant to a master sales agreement dated as of 31 December 2008 entered into between Giant Glory International Limited ("Giant Glory"), an indirect wholly-owned subsidiary of the Company (for itself and on behalf of other members of the Group) and Wistron Corporation ("Wistron") (for itself and on behalf of other members of the Wistron and its subsidiaries (the "Wistron Group")) on 23 January 2009, the Group agreed to sell the casings for electronic products and related materials manufactured and/or supplied by the Group (the "Products") to the Wistron Group, at prices to be determined from time to time by the Group and Wistron (for itself and on behalf of other members of the Wistron Group) with reference to the market prices and on such terms that are no more favourable than those applicable to the sales of the Products by the Group to independent third parties. On 31 October 2011, Giant Glory (for itself and on behalf of other members of the Group) and Wistron (for itself and on behalf of other members of Wistron Group) entered into a renewal agreement for the existing master sales agreement which has a term of three years commencing from 1 January 2012 and ending on 31 December 2014 unless terminated earlier according to the terms and conditions of the agreement. The total sales of the Products by the Group to the Wistron Group amounted to approximately HK$1,944,035,000 for the year ended 31 December 2013 (2012: HK$2,242,582,000).

    Wistron is a substantial shareholder of Mindforce Holdings Limited, an indirect non-wholly owned subsidiary of the Company, and therefore is a connected person of the Company.

(b) On 1 January 2009, Giant Glory (for itself and on behalf of other members of the Group) and Compal Electronics, Inc. ("Compal") and three of its subsidiaries (for themselves and on behalf of other members of Compal and its subsidiaries (the "Compal Group")) entered into a master sales agreement in relation to the sales of the Products by the Group to the Compal Group at prices to be determined from time to time by the Group and Compal (for itself and on behalf of the other members of the Compal Group) with reference to the market prices and on such terms that are no more favourable than those applicable to the sales of the Products by the Group to independent third parties. The price of the Products shall be payable by the Compal Group to the Group in arrears on a 120 days' credit period by transferring to the Group's bank account. On 15 November 2011, Giant Glory (for itself and on behalf of other members of the Group) and Compal (for itself and on behalf of other members of Compal Group) entered into a renewal agreement for the existing master sales agreement which has a term of three years commencing from 1 January 2012 and ending on 31 December 2014 unless terminated earlier according to the terms and conditions of the agreement. The total sales of the Products by the Group to the Compal Group amount to approximately HK$2,613,522,000 for the year ended 31 December 2013 (2012: HK$3,009,452,000).

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

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

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed in (a) and (b) above by the Group in accordance with the Listing Rules and confirming the matters as stated in Rule 14A.38 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Hong Kong Stock Exchange.

Sufficiency of Public Float

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

Directors' Interests in Competing Businesses

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

Audit Committee

The Audit Committee of the Board has reviewed the accounting policies, accounting standards and practices adopted by the Group and the consolidated financial statements and results of the Group for the year ended 31 December 2013.

Auditors

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

ON BEHALF OF THE BOARD

Cheng Li-Yu
Chairman
Hong Kong
18 March 2014

Corporate Governance Practices

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

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The Company and its corporate governance committee (the "CG Committee") periodically review its corporate governance practices to ensure continuous compliance with the CG Code. Save as disclosed below, the Company had complied with the code provisions of the CG Code for the year ended 31 December 2013.

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 ("Directors") of the board (the "Board") of the Company and the senior management of the Group. The Directors believe that the allocation of the daily management of different sectors of the Group's business amongst the senior management who possesses experiences and qualifications in different areas will enable the Group to enhance the effectiveness and efficiency of the implementation of its business plan.

The Board will continue to review the management structure from time to time and shall make necessary changes when appropriate and inform the shareholders of the Company accordingly.

Board of Directors

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

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

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

The Company has adopted and applied a code of conduct regarding the Directors' securities transaction on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules throughout the year ended 31 December 2013. Having made specific enquiry of all Directors, the Company is satisfied that all the Directors have fully complied with the required standards set out in the Model Code and the code of conduct regarding directors' securities transactions for the year ended 31 December 2013.

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

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

Directors' Attendance Record at Meetings

Pursuant to Paragraph A.1.1 of the CG Code, the Board should meet regularly for at least four times a year, i.e. at approximately quarterly intervals. Special meetings of the Board will be convened if the situation requires so. For the year ended 31 December 2013, the Board convened a total of five Board meetings (exclusive of meetings of Board committee constituted by the Board held during the year) and one general meeting, i.e. the annual general meeting. The individual attendance record of the Directors at board meetings and general meeting of the Company is tabulated as follows:

	Board meeting		General meeting	
Name of Directors	**Number of meeting held**	**Number of meeting attended**	**Number of meeting held**	**Number of meeting attended**
Executive Directors				
Mr. Cheng Li-Yu *(Chairman)*	5	5	1	1
Mr. Cheng Li-Yen	5	4	1	–
Mr. Huang Kuo-Kuang	5	5	1	–
Mr. Hsieh Wan-Fu	5	4	1	–
Mr. Lo Jung-Te	5	5	1	–
Mr. Tsui Yung Kwok	5	5	1	1
Independent non-executive Directors				
Mr. Cherng Chia-Jiun	5	5	1	–
Mr. Tsai Wen-Yu	5	5	1	–
Mr. Yip Wai Ming	5	5	1	1

Board committee meeting will be convened as and when necessary.

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

Continuous Professional Development of Directors

To ensure the Directors' contribution to the Board remains informed and relevant and in compliance with Paragraph A.6.5 of the CG Code, the Company would arrange and fund suitable continuous professional development for Directors to participate to develop and refresh their knowledge and skills. During the year ended 31 December 2013, the Company has arranged, and each of directors, except Mr. Yip Wai Ming, has attended a training seminar regarding corporate governance and regulatory compliance of the Taiwan depositary receipts companies and substantial taxation principle provided by a Taiwan-based accounting firm. During the year ended 31 December 2013, Mr. Yip Wai Ming has attended training seminars organized by other professional bodies.

Committees of the Board

As at 31 December 2013, the Board has four Board committees, namely, the CG Committee, the nomination committee (the "Nomination Committee"), the audit committee (the "Audit Committee") and the remuneration committee (the "Remuneration Committee"), for overseeing various aspects of the Company's affairs.

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

Corporate Governance Committee

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

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

The CG Committee convened one meeting for the year ended 31 December 2013 to review the policies and practices on corporate governance of the Group. The individual attendance record of each member of the CG Committee is tabulated as follows:

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

Nomination Committee

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

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

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

There was no nomination and appointment of directors during the year. The Nomination Committee convened a total of two meetings for the year ended 31 December 2013 to review the structure and composition of the Board and propose a policy on board diversity to be adopted by the Board pursuant to Paragraph A.5.6 of the CG Code. The individual attendance record of each member of the Nomination Committee is tabulated as follows:

Name of Director	Number of meeting held	Number of meeting attended
Mr. Cheng Li-Yu *(Chairman)*	2	2
Mr. Cherng Chia-Jiun	2	2
Mr. Tsai Wen-Yu	2	2
Mr. Yip Wai Ming	2	2
Mr. Huang Kuo-Kuang	2	2

Pursuant to the new code provision of the CG Code with effect from 1 September 2013 which requires a policy concerning diversity of board members (the "Board Diversity Policy") to be adopted by listed issuer, on 21 August 2013, the Nomination Committee proposed and the Board approved and adopted the Board Diversity Policy. Accordingly, the Company and the Nomination Committee periodically review the Board Diversity Policy, and monitor the progress on achieving the measurable objectives (the "Measurable Objectives") which are set for implementing diversity on the Board. For the year ended 31 December 2013, the Board has adopted and the Company has achieved the following Measurable Objectives:

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

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

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

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

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

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

Audit Committee and Accountability

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

The Company has established the Audit Committee on 17 June 2005 with written terms of reference adopted in compliance with the CG Code. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming. Mr. Cherng Chia-Jiun is the chairman of the Audit Committee.

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

It is responsible for making recommendations to the Board for the appointment, reappointment or removal of the external auditors and also reviews and monitors the external auditors' independence and objectivity as well as the effectiveness of the audit process to make sure that it is in full compliance with the Listing Rules and other applicable standards and reviewing the financial information of the Group. For the year ended 31 December 2013, the Audit Committee met with the external auditors to review and approve the audit plans and also reviewed the Group's annual results of 2012 and interim results of 2013 and the audit findings with the attendance of the external auditors and executive Directors.

The Audit Committee convened a total of four meetings for the year ended 31 December 2013. The individual attendance record of each member of the Audit Committee is tabulated as follows:

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

Remuneration Committee

The Company has established the Remuneration Committee on 17 June 2005 with written terms of reference adopted in compliance with the CG Code. The Remuneration Committee currently consists of five members, namely, Mr. Cherng Chia-Jiun, Mr. Tsai-Wen Yu and Mr. Yip Wai Ming who are all independent non-executive Directors; and Mr. Cheng Li-Yu and Mr. Huang Kuo-Kuang who are both executive Directors. Mr. Cherng Chia-Jiun is the chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's remuneration policy and the remuneration, bonuses and welfare benefits for the executive Directors and senior management, reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. For the year ended 31 December 2013, 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 2013. The individual attendance record of each member of the Remuneration Committee is tabulated as follows:

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

Auditors' Remuneration

During the year, the audit and non-audit fees payable/paid to Ernst & Young, the auditors of the Group, was made up of an audit fee of HK$3,350,000 and non-audit service fees of HK$1,198,000, respectively.

Directors' and Auditors' Acknowledgement

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

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

Internal Control

The Board is responsible for ensuring that sound and effective internal control systems are maintained within the Group. The Group had hired independent professionals to perform a review on the system of internal control of the Group to ensure that the financial and operational functions, compliance control, 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 2013 and are satisfied that it is sufficient to provide reasonable, but not absolute, assurance that the Group's assets are safeguarded against loss from unauthorized use or disposition, transactions are properly authorized and proper accounting records are maintained. The Directors will continue to engage external independent professionals to review the Group's internal control systems and will continue to review the need for setting up an internal audit function.

Investor Relations and Shareholders' Communications

The Company enhances investor relations and communications through various channels. Information of the Company shall be communicated to the shareholders of the Company and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meeting and other meetings that maybe convened, during which the Directors and designated senior management will attend the meeting and respond to requests for information and queries from the shareholders of the Company and the investment community. The Chairman and Directors will answer questions on the Company's business at the meeting. External auditors will also attend the annual general meeting and to answer any question if necessary.

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

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

Shareholders' Rights

Procedures for shareholders to convene an extraordinary general meeting

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

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

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

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

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

Procedures for raising enquiries

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

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

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

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

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

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

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

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

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

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

We have audited the consolidated financial statements of Ju Teng International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 39 to 119, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors (the "Directors") of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

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

INDEPENDENT AUDITORS' REPORT

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

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

18 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
REVENUE	6	**9,256,832**	9,201,313
Cost of sales		**(7,383,881)**	(7,800,083)
Gross profit		**1,872,951**	1,401,230
Other income and gains	6	**65,868**	99,874
Selling and distribution expenses		**(101,564)**	(93,525)
Administrative expenses		**(581,043)**	(530,905)
Other expenses		**(62,162)**	(26,471)
Finance costs	7	**(61,844)**	(61,993)
PROFIT BEFORE TAX	8	**1,132,206**	788,210
Income tax expense	11	**(255,389)**	(128,589)
PROFIT FOR THE YEAR		**876,817**	659,621
Attributable to:			
Equity holders of the Company	12	**762,173**	600,959
Non-controlling interests		**114,644**	58,662
		876,817	659,621
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	14		
– Basic (HK cents)		**66.2**	53.2
– Diluted (HK cents)		**62.9**	51.2

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 2013

	Notes	2013 HK$'000	2012 HK$'000
PROFIT FOR THE YEAR		**876,817**	659,621
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**230,432**	63,174
Available-for-sale investment:			
Change in fair value	23	**12,657**	6,653
Income tax effect		**(2,152)**	(1,400)
		10,505	5,253
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**240,937**	68,427
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,117,754**	728,048
Attributable to:			
Equity holders of the Company	12	**949,804**	663,786
Non-controlling interests		**167,950**	64,262
		1,117,754	728,048

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**7,290,846**	6,193,404
Lease premium for land	16	**205,199**	183,319
Goodwill	17	**40,062**	40,062
Prepayments for acquisition of property, plant and equipment		**122,244**	438,178
Available-for-sale investments	23	**44,042**	31,373
Total non-current assets		**7,702,393**	6,886,336
CURRENT ASSETS			
Inventories	20	**1,183,131**	937,488
Trade receivables	21	**3,953,777**	3,239,371
Prepayments, deposits and other receivables	22	**793,583**	964,792
Derivative financial instruments	28	**–**	15,155
Pledged bank balances and time deposits	24	**23,803**	43,231
Cash and cash equivalents	24	**1,061,299**	1,162,927
Total current assets		**7,015,593**	6,362,964
CURRENT LIABILITIES			
Trade and bills payables	25	**1,554,929**	1,629,270
Other payables and accruals	26	**984,038**	744,140
Tax payable		**237,854**	172,918
Interest-bearing bank borrowings	27	**2,663,599**	2,499,007
Derivative financial instruments	28	**4,190**	–
Total current liabilities		**5,444,610**	5,045,335
NET CURRENT ASSETS		**1,570,983**	1,317,629
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,273,376**	8,203,965

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	27	**1,634,195**	1,582,652
Deferred tax liabilities	18	**6,391**	4,719
Total non-current liabilities		**1,640,586**	1,587,371
Net assets		**7,632,790**	6,616,594
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	29	**116,736**	115,016
Reserves	31(a)	**5,943,700**	5,133,063
Proposed final dividend	13	**175,105**	138,019
		6,235,541	5,386,098
Non-controlling interests		**1,397,249**	1,230,496
Total equity		**7,632,790**	6,616,594

Cheng-Li Yu
Director

Huang Kuo-Keung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

		Attributable to equity holders of the Company												
	Notes	Issued capital HK$'000 (Note 29)	Share premium account HK$'000 (Note (c))	Contributed surplus HK$'000 (Note (c))	Employee share-based compensation reserve HK$'000 (Note (c))	Capital reserve HK$'000 (Notes (b),(c))	Statutory reserve fund HK$'000 (Notes (a),(c))	Exchange fluctuation reserve HK$'000 (Note (c))	Retained profits HK$'000 (Note (c))	Available-for-sale investment revaluation reserve HK$'000 (Note (c))	Proposed final dividend HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2012		111,897	672,155	100,683	88,938	365,239	125,628	627,332	2,558,443	1,837	89,518	4,741,670	1,157,041	5,898,711
Profit for the year		–	–	–	–	–	–	–	600,959	–	–	600,959	58,662	659,621
Other comprehensive income for the year:														
Change in fair value of available-for-sale investment, net of tax		–	–	–	–	–	–	–	–	5,253	–	5,253	–	5,253
Exchange differences on translation of foreign operations		–	–	–	–	–	–	57,574	–	–	–	57,574	5,600	63,174
Total comprehensive income for the year		–	–	–	–	–	–	57,574	600,959	5,253	–	663,786	64,262	728,048
Issue of shares in connection with the exercise of share options		3,119	86,150	–	(50,654)	–	–	–	–	–	–	38,615	–	38,615
Acquisition of non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	(3,825)	(3,825)
Capital injection from a non-controlling shareholder		–	–	–	–	–	–	–	–	–	–	–	15,220	15,220
Deregistration of a non-wholly-owned subsidiary		–	–	–	–	–	–	–	–	–	–	–	(2,202)	(2,202)
Share-based compensation arrangements	30	–	–	–	32,551	–	–	–	–	–	–	32,551	–	32,551
Final 2011 dividend declared		–	–	(1,006)	–	–	–	–	–	–	(89,518)	(90,524)	–	(90,524)
Proposed final dividend	13	–	(38,342)	(99,677)	–	–	–	–	–	–	138,019	–	–	–
At 31 December 2012 and 1 January 2013		**115,016**	**719,963**	**–**	**70,835**	**365,239**	**125,628**	**684,906**	**3,159,402**	**7,090**	**138,019**	**5,386,098**	**1,230,496**	**6,616,594**
Profit for the year		–	–	–	–	–	–	–	762,173	–	–	762,173	114,644	876,817
Other comprehensive income for the year:														
Change in fair value of available-for-sale investment, net of tax		–	–	–	–	–	–	–	–	10,505	–	10,505	–	10,505
Exchange differences on translation of foreign operations		–	–	–	–	–	–	177,126	–	–	–	177,126	53,306	230,432
Total comprehensive income for the year		–	–	–	–	–	–	177,126	762,173	10,505	–	949,804	167,950	1,117,754
Issue of shares in connection with the exercise of share options		1,720	46,036	–	(31,069)	–	–	–	–	–	–	16,687	–	16,687
Deregistration of a non-wholly-owned subsidiary		–	–	–	–	–	–	–	–	–	–	–	(1,197)	(1,197)
Share-based compensation arrangements	30	–	–	–	20,971	–	–	–	–	–	–	20,971	–	20,971
Final 2012 dividend declared		–	–	–	–	–	–	–	–	–	(138,019)	(138,019)	–	(138,019)
Proposed final dividend	13	–	(175,105)	–	–	–	–	–	–	–	175,105	–	–	–
Transfer from retained profits		–	–	–	–	–	57,336	–	(57,336)	–	–	–	–	–
At 31 December 2013		**116,736**	**590,894**	**–**	**60,737**	**365,239**	**182,964**	**862,032**	**3,864,239**	**17,595**	**175,105**	**6,235,541**	**1,397,249**	**7,632,790**

Notes:

(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$5,943,700,000 (2012: HK$5,133,063,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,132,206**	788,210
Adjustments for:			
Finance costs	7	**61,844**	61,993
Interest income	6	**(18,444)**	(6,835)
Dividend income		**(289)**	(205)
Depreciation	8	**667,658**	589,396
Amortisation of lease premium for land	8	**6,409**	4,188
Loss on disposal of items of property, plant and equipment, net	8	**37,934**	17,493
Provisions/(written back of provision) for slow-moving and obsolete inventories	8	**42,085**	(11,750)
Equity-settled share option expenses	30	**20,971**	32,551
		1,950,374	1,475,041
(Increase)/decrease in inventories		**(287,728)**	106,746
Increase in trade receivables		**(714,406)**	(504,373)
Decrease/(increase) in prepayments, deposits and other receivables		**171,209**	(159,773)
Decrease/(increase) in derivative financial instruments		**19,345**	(5,185)
Decrease in trade and bills payables		**(74,341)**	(184,291)
Increase/(decrease) in other payables and accruals		**239,898**	(177,883)
Cash generated from operations		**1,304,351**	550,282
Mainland China income tax paid		**(139,754)**	(86,237)
Overseas income tax paid		**(523)**	(657)
Withholding tax paid on the distributable profits of the Group's PRC subsidiaries		**(51,062)**	–
Income tax refunded		**–**	2,483
Interest received		**18,444**	6,835
Interest paid		**(75,844)**	(61,993)
Net cash flows from operating activities		**1,055,612**	410,713

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(1,705,962)**	(1,274,766)
Purchases of lease premium for land		**(23,016)**	(20,067)
Proceeds from disposal of items of property, plant and equipment		**102,558**	71,209
Dividend received		**289**	205
Decrease in pledged bank balances and time deposits		**19,428**	116
Decrease/(increase) in prepayments for acquisition of property, plant and equipment		**315,934**	(128,686)
Acquisition of a subsidiary	32	**–**	(5,261)
Capital injection from a non-controlling shareholder		**–**	15,201
Deregistration of a non-controlling interest		**(1,197)**	(1,634)
Net cash flows used in investing activities		**(1,291,966)**	(1,343,683)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**2,254,371**	1,836,318
Repayment of bank loans		**(2,038,236)**	(376,690)
Dividend paid		**(138,019)**	(90,524)
Proceeds from issue of shares	29	**16,687**	38,615
Net cash flows from financing activities		**94,803**	1,407,719
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(141,551)**	474,749
Cash and cash equivalents at beginning of year		**1,162,927**	654,492
Effect of foreign exchange rate changes, net		**39,923**	33,686
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,061,299**	1,162,927
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	**1,061,299**	1,162,927
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		**1,061,299**	1,162,927

STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	**2013 HK$'000**	2012 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	19	**1,221,377**	1,330,358
CURRENT ASSETS			
Prepayments, deposits and other receivables	22	**280**	281
Cash and cash equivalents	24	**42**	42
Total current assets		**322**	323
CURRENT LIABILITIES			
Other payables and accruals	26	**3,043**	2,476
NET CURRENT LIABILITIES		**(2,721)**	(2,153)
Net assets		**1,218,656**	1,328,205
EQUITY			
Issued capital	29	**116,736**	115,016
Reserves	31(b)	**926,815**	1,075,170
Proposed final dividend	13	**175,105**	138,019
Total equity		**1,218,656**	1,328,205

Cheng-Li Yu
Director

Huang Kuo-Keung
Director

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), 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 an available-for-sale investment, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 12, HKFRS 13, Amendments to HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the above new and revised HKFRSs did not have any material financial effect on these financial statements.

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

(a) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities. Details of the disclosures for subsidiaries are included in note 19 to the financial statements.

(b) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of financial instruments are included in note 38 to the financial statements.

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

(c) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

(d) HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any significant defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no material effect on the financial position or performance of the Group.

(e) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

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

(f) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements:* Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments: Presentation:* Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

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 9	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC) – Int 21	*Levies*[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 No mandatory effective date yet determined but is available for adoption

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

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

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

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

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to setoff" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

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

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

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

Fair value measurement

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

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

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

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

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

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

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

Impairment of non-financial assets

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

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

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

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 statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

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

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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

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

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 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.

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

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

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

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

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

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

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

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

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

Employee benefits

Pension schemes

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

The Group also operates a defined contribution Mandatory Provident Fund retirement 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 statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

Share-based payments

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

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 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 in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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

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

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

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

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statement of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

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

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

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

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

(a) the party is a person or a close member of that person's family and that person

- (i) has control, or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Operating leases

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

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

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and receivables

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

Available-for-sale financial investments

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

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

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

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

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

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

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

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

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

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

Financial assets carried at amortised cost

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

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

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

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

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Assets carried at cost

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

Available-for-sale financial investments

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivative are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and borrowings

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments

Initial recognition and subsequent measurement

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

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Current versus non-current classification

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

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

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

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

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.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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. When the subsidies relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

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

Revenue recognition

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

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

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

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(d) dividend income, when the shareholders' right to receive payment has been established.

Borrowing costs

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

4. SIGNIFICANT ACCOUNTING 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 their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 17.

Impairment of non-financial assets (other than goodwill)

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

Write-down of inventories

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

The identification of obsolete and slow-moving inventory items requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact on the carrying values of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed. The carrying amount of inventories carried as assets in the consolidated statement of financial position as at 31 December 2013 was HK$1,183,131,000 (2012: HK$937,488,000), details of which are set out in note 20 to the financial statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Current tax and deferred tax

The Group is subject to income taxes in Mainland China and overseas. The Group carefully evaluates tax implications of transactions in accordance with the prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provision in the periods in which such determination is made. The carrying amount of income tax payable carried as a liability in the consolidated statement of financial position as at 31 December 2013 was HK$237,854,000 (2012: HK$172,918,000).

Withholding taxes

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2013, the Group has unremitted earning that are subject to withholding taxes amounted to approximately HK$1,497,998,000 (2012: HK$1,536,964,000). In the opinion of the Directors, the Company is able to control the timing of the reversal of the temporary difference and it is not probable that these subsidiaries established in Mainland China will distribute such earnings in the foreseeable future. Accordingly, no deferred tax has been recognised for withholding taxes that would be payable on distribution of unremitted earnings by the Group's subsidiaries established in Mainland China in respect of earnings generated.

5. OPERATING SEGMENT INFORMATION

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

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(i) Revenue from external customers:

	2013 **HK$'000**	2012 HK$'000
The People's Republic of China (the "PRC"), excluding Hong Kong	**8,928,386**	8,850,634
The Republic of China (the "ROC")	**131,605**	125,374
Others	**196,841**	225,305
	9,256,832	9,201,313

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

(ii) Non-current assets:

	2013 **HK$'000**	2012 HK$'000
The PRC, excluding Hong Kong	**7,537,523**	6,724,308
The ROC	**164,838**	161,976
Others	**32**	52
	7,702,393	6,886,336

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

Information about major customers

Revenue of approximately HK$2,613,522,000, HK$1,944,035,000 and HK$1,859,631,000 for the year ended 31 December 2013 was derived from sales to three major customers which contribute 10% or more sales to the Group's revenue, including sales to a group of entities which were known to be under common control with these customers.

Revenue of approximately HK$3,009,452,000, HK$2,242,582,000, HK$1,836,142,000 and HK$1,346,612,000 for the year ended 31 December 2012 was derived from sales to four major customers which contribute 10% or more sales to the Group's revenue, including sales to a group of entities which were known to be under common control with these customers.

6. REVENUE, OTHER INCOME AND GAINS

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

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

	2013 HK$'000	2012 HK$'000
Revenue		
Sale of goods	**9,256,832**	9,201,313
Other income and gains		
Interest income	**18,444**	6,835
Subsidy income#	**19,954**	8,773
Compensation income	**14,421**	19,626
Exchange gains, net	**–**	50,516
Others	**13,049**	14,124
	65,868	99,874

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

7. FINANCE COSTS

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

	2013 HK$'000	2012 HK$'000
Interest on bank loans and other loans wholly repayable within five years	**75,844**	61,993
Total interest expense on financial liabilities not at fair value through profit or loss	**75,844**	61,993
Less: Interest capitalised	**(14,000)**	–
	61,844	61,993

8. PROFIT BEFORE TAX

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

	Notes	**2013 HK$'000**	2012 HK$'000
Cost of inventories sold		**7,334,972**	7,801,819
Auditors' remuneration		**3,350**	3,100
Depreciation	15	**667,658**	589,396
Amortisation of lease premium for land	16	**6,409**	4,188
Minimum lease payments under operating leases:			
Land and buildings		**5,782**	7,632
Motor vehicles		**2,187**	4,718
Provision/(written back of provision) for slow-moving and obsolete inventories*		**42,085**	(11,750)
Employee benefits expense (excluding Directors' remuneration – note 9):			
Wages and salaries, bonuses, allowances and welfare		**1,936,037**	1,641,111
Equity-settled share option expenses		**19,470**	30,314
Pension scheme contributions		**78,706**	69,938
		2,034,213	1,741,363
Loss on disposal of items of property, plant and equipment, net**#		**37,934**	17,493
Foreign exchange gains, net		**(5,999)**	(45,331)
Fair value losses/(gains) on derivative financial instruments, net**		**19,345**	(5,185)

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

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

\# Included in the loss on disposal of items of property, plant and equipment for the year ended 31 December 2012, is a relocation compensation of HK$280,250,000 (equivalent to RMB224,920,000) from the Council of Jurong Economic Development Zone at Jiangsu Province (江蘇省句容經濟開發區管委會) (the "Council") to offset against the costs and losses arising from the surrender of the land to the Council and the disposal of certain property, plant and equipment resulting from the relocation of the plant of a subsidiary.

9. DIRECTORS' REMUNERATION

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

	Group	
	2013	2012
	HK$'000	HK$'000
Fees	**594**	594
Other emoluments:		
Salaries, allowances and benefits in kind	**4,578**	4,444
Performance related bonuses	**1,056**	836
Equity-settled share option expenses	**1,661**	2,237
Pension scheme contributions	**15**	14
	7,310	7,531
	7,904	8,125

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

9. DIRECTORS' REMUNERATION *(Continued)*

(a) Independent non-executive Directors

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

2013

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

2012

Name of Director	Fees HK$'000	Equity-settled share option expenses HK$'000	Total remuneration HK$'000
Mr. Cherng Chia-Jiun	198	72	270
Mr. Tsai Wen-Yu	198	72	270
Mr. Yip Wai Ming	198	72	270
	594	216	810

There were no other emoluments payable to the independent non-executive Directors during the year (2012: Nil).

9. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive Directors

2013

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

2012

Name of Director	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expenses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Mr. Cheng Li-Yu	–	778	130	–	–	908
Mr. Cheng Li-Yen	–	700	117	–	–	817
Mr. Huang Kuo-Kuang	–	701	117	404	–	1,222
Mr. Hsieh Wan-Fu	–	602	127	616	–	1,345
Mr. Lo Jung-Te	–	662	137	616	–	1,415
Mr. Tsui Yung Kwok	–	1,001	208	385	14	1,608
	–	4,444	836	2,021	14	7,315

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

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included one (2012: two) Director, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining four (2012: three) highest paid employees who are neither a Director nor chief executive of the Company are as follows:

	Group 2013 HK$'000	Group 2012 HK$'000
Salaries, allowances and benefits in kind	**2,658**	1,674
Performance related bonuses	**664**	413
Equity-settled share option expenses	**2,674**	2,704
	5,996	4,791

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

	Number of employees 2013	Number of employees 2012
HK$1,000,001 to HK$1,500,000	**2**	1
HK$1,500,001 to HK$2,000,000	**2**	2
	4	3

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

11. INCOME TAX

Hong Kong profits tax has not been provided as the Group did not have any assessable profits arising in Hong Kong during the year (2012: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2013 HK$'000	2012 HK$'000
Provision for the year:		
Current – The PRC, excluding Hong Kong		
Charge for the year	**225,591**	93,207
Underprovision in prior years	**5,607**	5,655
Current – Overseas		
Charge for the year	**35,881**	43,953
Overprovision in prior years	**(11,210)**	(11,263)
Tax refund	**–**	(2,483)
Deferred tax (note 18)	**(480)**	(480)
Total tax charge for the year	**255,389**	128,589

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

11. INCOME TAX *(Continued)*

Group – 2013

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

Group – 2012

	Hong Kong		The PRC, excluding Hong Kong		Overseas		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(48,360)		575,007		261,563		788,210	
Tax at the statutory tax rate	(7,979)	16.5	143,751	25.0	44,466	17.0	180,238	22.9
Preferential tax rates	–	–	(64,203)	(11.2)	–	–	(64,203)	(8.2)
Income not subject to tax	(108)	0.2	(1,081)	(0.2)	(513)	(0.2)	(1,702)	(0.2)
Tax refund	–	–	(2,483)	(0.4)	–	–	(2,483)	(0.3)
Expenses not deductible for tax	8,087	(16.7)	227	–	–	–	8,314	1.0
Adjustments in respect of current tax of previous periods	–	–	5,655	1.0	(11,263)	(4.3)	(5,608)	(0.7)
Tax losses not recognised	–	–	14,033	2.5	–	–	14,033	1.8
Tax charge at the Group's effective rate	–	–	95,899	16.7	32,690	12.5	128,589	16.3

11. INCOME TAX *(Continued)*

In accordance with the relevant tax rules and regulations in Mainland China, certain subsidiaries of the Company in Mainland China enjoying tax benefit as follows:

During the year, Juteng (Neijiang) Communication Accessory Co., Ltd. ("Juteng (Neijiang)"), a subsidiary of the Company in the PRC was assessed as High and New Technology Enterprise which is subject to a reduced preferential corporate income tax ("CIT") rate of 15% since 1 January 2013 according to the applicable PRC Corporate Income Tax Law.

Compal Precision Module (Jiangsu) Company Limited ("Compal Precision"), a subsidiary of the Company, is subject to a tax rate of 25% (2012: 12.5%) for the year ended 31 December 2013. In the prior year, Compal Precision was subject to CIT in Mainland China at a preferential tax rate of 12.5% as it is a foreign investment manufacturing enterprise which was entitled to full exemption from income tax for two years starting from the first profitable year which was the year ended 31 December 2008 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 2013 includes a loss of HK$9,188,000 (2012: loss of HK$8,688,000) which has been dealt with in the financial statements of the Company (note 31(b)).

13. DIVIDENDS

	2013 **HK$'000**	2012 HK$'000
Additional final dividend for prior year (note (a))	**–**	1,006
Proposed final – HK15 cents (2012: HK12 cents) per ordinary share (note (b))	**175,105**	138,019
	175,105	139,025

Notes:

(a) Subsequent to the approval of the 2011 financial statements and prior to the book close period of the 2011 final dividends, additional 12,580,000 ordinary shares were issued by the Company as a result of the exercise of share options by certain employees. Accordingly, an additional 2011 final dividend amounted to HK$1,006,000 was paid in 2012.

(b) 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 amounts is based on the profit for the year attributable to equity holders of the Company of HK$762,173,000 (2012: HK$600,959,000) and the weighted average number of 1,152,141,638 (2012: 1,129,562,984) ordinary shares in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to equity holders of the Company of HK$762,173,000 (2012: HK$600,959,000). The weighted average number of ordinary shares used in the calculation is 1,152,141,638 (2012: 1,129,562,984) ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of 59,581,746 (2012: 45,170,853) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings HK$'000	Leasehold improvements HK$'000	Machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2013							
At 1 January 2013:							
Cost	2,474,110	2,933	4,627,311	510,434	16,837	1,123,659	8,755,284
Accumulated depreciation	(508,620)	(2,031)	(1,731,604)	(309,639)	(9,986)	–	(2,561,880)
Net carrying amount	1,965,490	902	2,895,707	200,795	6,851	1,123,659	6,193,404
At 1 January 2013, net of accumulated depreciation	1,965,490	902	2,895,707	200,795	6,851	1,123,659	6,193,404
Additions	62,659	–	449,393	68,035	1,780	1,138,094	1,719,961
Transfers	890,549	–	1,020,300	195,104	82	(2,106,035)	–
Disposals/written-off	(4,403)	–	(115,235)	(3,208)	(267)	(17,379)	(140,492)
Depreciation provided during the year	(133,649)	(158)	(453,679)	(77,943)	(2,229)	–	(667,658)
Exchange realignment	56,424	(12)	89,353	6,437	187	33,242	185,631
At 31 December 2013, net of accumulated depreciation	2,837,070	732	3,885,839	389,220	6,404	171,581	7,290,846
At 31 December 2013:							
Cost	3,487,486	2,537	5,828,146	768,057	16,526	171,581	10,274,333
Accumulated depreciation	(650,416)	(1,805)	(1,942,307)	(378,837)	(10,122)	–	(2,983,487)
Net carrying amount	2,837,070	732	3,885,839	389,220	6,404	171,581	7,290,846

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

Group *(Continued)*

	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 2012							
At 1 January 2012:							
Cost	2,005,138	2,878	4,251,341	563,398	14,724	1,128,678	7,966,157
Accumulated depreciation	(417,342)	(1,831)	(1,465,176)	(268,126)	(9,007)	–	(2,161,482)
Net carrying amount	1,587,796	1,047	2,786,165	295,272	5,717	1,128,678	5,804,675
At 1 January 2012, net of accumulated depreciation	1,587,796	1,047	2,786,165	295,272	5,717	1,128,678	5,804,675
Additions	36,254	13	91,121	16,020	2,501	1,128,857	1,274,766
Acquisition of a subsidiary (note 32)	–	–	4,793	38	–	1,322	6,153
Transfers	612,786	–	519,069	9,604	778	(1,142,237)	–
Disposals	(159,516)	–	(121,324)	(46,862)	(223)	(3,647)	(331,572)
Depreciation provided during the year	(120,847)	(177)	(392,085)	(74,336)	(1,951)	–	(589,396)
Exchange realignment	9,017	19	7,968	1,059	29	10,686	28,778
At 31 December 2012, net of accumulated depreciation	1,965,490	902	2,895,707	200,795	6,851	1,123,659	6,193,404
At 31 December 2012:							
Cost	2,474,110	2,933	4,627,311	510,434	16,837	1,123,659	8,755,284
Accumulated depreciation	(508,620)	(2,031)	(1,731,604)	(309,639)	(9,986)	–	(2,561,880)
Net carrying amount	1,965,490	902	2,895,707	200,795	6,851	1,123,659	6,193,404

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

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

	2013 HK$'000	2012 HK$'000
Net carrying amount:		
Freehold land outside Hong Kong	**54,210**	58,002
Buildings held under medium term leases outside Hong Kong	**2,782,860**	1,907,488
	2,837,070	1,965,490

At 31 December 2013, the Group did not pledge any land and buildings to secure its banking facilities granted to the Group (2012: Nil).

16. LEASE PREMIUM FOR LAND

	Group	
	2013 **HK$'000**	2012 HK$'000
Net carrying amount at 1 January	**183,319**	169,154
Additions during the year	**23,016**	20,067
Recognised during the year	**(6,409)**	(4,188)
Exchange realignment	**5,273**	(1,714)
Net carrying amount at 31 December	**205,199**	183,319

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

At 31 December 2013, the Group did not pledge any land to secure its banking facilities granted to the Group (2012: Nil).

17. GOODWILL

Group

	HK$'000
Cost and net carrying amount at 1 January 2012	37,894
Deemed acquisition of a subsidiary (note 32)	2,168
Cost and net carrying amount at 31 December 2012, 1 January 2013 and 31 December 2013	**40,062**

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 12% (2012: 11%) and cash flows beyond the five-year period are extrapolated using a growth rate of 2% (2012: 2%).

Assumptions were used in the value in use calculation of the manufacture and sale of notebook computer casings cash-generating unit for 31 December 2013 and 31 December 2012. 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.

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

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

18. DEFERRED TAX

Deferred tax assets

The Group had tax losses arising in the PRC and the ROC of approximately HK$259,771,000 (2012: HK$243,387,000) and HK$38,588,000 (2012: HK$38,588,000), respectively, that are available for offsetting against future taxable profits of the subsidiaries in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax liabilities

Group

	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Fair value adjustments arising from revaluation of an available-for-sale investment HK$'000	Total HK$'000
At 1 January 2012	3,799	–	3,799
Deferred tax credited to the income statement during the year (note 11)	(480)	–	(480)
Deferred tax credited to equity during the year	–	1,400	1,400
Gross deferred tax liabilities at 31 December 2012 and 1 January 2013	**3,319**	**1,400**	**4,719**
Deferred tax credited to the income statement during the year (note 11)	**(480)**	**–**	**(480)**
Deferred tax charged to equity during the year	**–**	**2,152**	**2,152**
Gross deferred tax liabilities at 31 December 2013	**2,839**	**3,552**	**6,391**

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

18. DEFERRED TAX *(Continued)*

Deferred tax liabilities *(Continued)*

During the year, an amount of HK$51,062,000 (2012: Nil) withholding tax, as disclosed in note 11 to the financial statements, had been paid by the Group in relation to the repatriation of dividends declared by certain subsidiaries of the Company in the PRC. In the opinion of the Directors, the distribution of dividends by the Company's subsidiaries in the PRC and the relevant withholding tax paid was an one-off event and the Company's subsidiaries in the PRC will not have similar dividend declaration in the foreseeable future.

As at 31 December 2013, the Group has unremitted earnings that are subject to withholding taxes amounted to approximately HK$1,497,998,000 (2012: HK$1,536,964,000). In the opinion of the Directors, the Company is able to control the timing of the reversal of the temporary difference and it is not probable that these subsidiaries established in Mainland China will distribute such earnings in the foreseeable future. Accordingly, no deferred tax has been recognised for withholding taxes that would be payable on distribution of unremitted earnings by the Company's subsidiaries established in Mainland China in respect of earnings generated.

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

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013	2012
	HK$'000	HK$'000
Unlisted shares, at cost	**777,358**	777,358
Due from subsidiaries	**303,988**	427,413
Due to subsidiaries	**(4,835)**	–
Capital contribution in respect of employee share-based compensation	**144,866**	125,587
	1,221,377	1,330,358

The amounts due from and to subsidiaries included in the Company's non-current assets and current liabilities of HK$303,988,000 (2012: HK$427,413,000) and HK$4,835,000 (2012: Nil), respectively, are unsecured, interest-free and have no fixed terms of repayment.

In the opinion of the Company's Directors, the amounts due from the subsidiaries are considered as quasi-equity loans to the subsidiaries. The carrying amounts of the amounts due from subsidiaries approximate to their fair values.

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries are as follows:

Company name	Place of incorporation/ registration	Nominal value of issued and paid up share/ registered capital	Equity interest attributable to the Company	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
Step Fine International Investment Limited	Hong Kong	HK$100,000 Ordinary	100%	Investment holding
Everyday Computer Components (Suzhou) Co., Ltd. *@	The PRC	US$52,500,000	100%	Manufacture and sale of notebook computer casings
Suzhou Dazhi Communication Accessory Co., Ltd. *@	The PRC	US$108,500,000	100%	Manufacture and sale of notebook computer casings
Jiu De International Limited @	Samoa	US$12,800,000 Ordinary	100%	Investment holding
Jiu Ding International Limited @	Samoa	US$40,000,000 Ordinary	100%	Investment holding
Ju Teng (Neijiang) Communication Accessory Co., Ltd. *@	The PRC	US$99,000,000	100%	Manufacture and sale of notebook computer casings
Tri-Great International Limited @	Samoa	US$1,000,000 Ordinary	100%	Sale of notebook computer casings
ICAN Business Limited @	BVI	US$1,500,000 Ordinary	100%	Sale of notebook computer casings

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

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

Company name	Place of incorporation/ registration	Nominal value of issued and paid up share/ registered capital	Equity interest attributable to the Company	Principal activities
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 ("Mindforce") @	BVI	US$75,101,000	71%	Investment holding
Skywarp Holdings Limited	Hong Kong	HK$1,200,000,000 Ordinary	71%	Investment holding
WIS Precision (Kunshan) Co., Ltd. *@	The PRC	US$25,000,000	71%	Manufacture and sale of notebook computer casings
WIS Precision (Taizhou) Co., Ltd. *@	The PRC	US$49,800,000	71%	Manufacture and sale of casings
Plentimark Limited @	BVI	US$50,000 Ordinary	71%	Sale of materials for the manufacture of notebook computer casings

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

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

Company name	Place of incorporation/ registration	Nominal value of issued and paid up share/ registered capital	Equity interest attributable to the Company	Principal activities
Dynamic Apex Macao Commercial Offshore Limited @	Macau	MOP$100,000	100%	Sale of materials for the manufacture of 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$13,000,000	100%	Manufacture and sale of moulds
Fullerton Ltd. @	Samoa	US$31,749,800 Ordinary	71%	Investment holding
Lian-Yi (Far East) Ltd. @	The ROC	NT$5,000,000 Ordinary	71%	Trading of computer equipment and peripherals and import and export trading business
Lian-Yi Precision (Zhongshan) Inc. *@	The PRC	US$33,400,000	71%	Research, design, product development and manufacture of computer equipment and peripherals
Wah Yuen Technology Holding Limited ("Wah Yuen") @	Mauritius	US$261,758,240 Ordinary	59.28%	Investment holding
宏葉新技股份有限公司 @	The ROC	NT$475,577,800 Ordinary	59.28%	Manufacture and sale of notebook computer casings
Highsharp Ltd. @	Samoa	US$10,000 Ordinary	59.28%	Investment holding

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

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

Company name	Place of incorporation/ registration	Nominal value of issued and paid up share/ registered capital	Equity interest attributable to the Company	Principal activities
Advance Step International Ltd. @	Samoa	US$5,000 Ordinary	59.28%	Import and export trading business
Compal Precision Module China Holdings Ltd. @	Mauritius	US$236,267,926 Ordinary	59.28%	Investment holding
Compal Precision Module (Jiangsu) Company Limited *@	The PRC	US$350,000,000	59.28%	Manufacture and sale of notebook computer casings
City Faith Limited @	Samoa	US$1,000,000 Ordinary	100%	Investment holding
Jiang Su Inoac Juteng Polymer Co., Ltd. *@	The PRC	US$6,000,000	62.17%	Manufacture and sale of materials
Wealth Time Holding Limited @	BVI	US$15,000,000 Ordinary	100%	Investment holding
Sunny Force Investment Limited	Hong Kong	HK$117,000,000 Ordinary	100%	Investment holding
Wujiang Dading Precision Mould Co., Ltd. *@	The PRC	US$55,000,000	100%	Manufacture and sale of casings
Great Step Enterprises Limited @#	Samoa	US$30,000,000 Ordinary	100%	Investment holding
Tasun (Chongqing) Electronic Technology Co., Ltd. *@#	The PRC	US$30,000,000	100%	Manufacture and sale of casings

* Registered as wholly-foreign-owned enterprises under the PRC law.
@ Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.
# Incorporated during the year.
^ Directly held by the Group.

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

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

	2013	2012
Percentage of equity interest held by non-controlling interests:		
Wah Yuen and its subsidiaries ("Wah Yuen Group")	**40.72%**	40.72%
Mindforce and its subsidiaries ("Mindforce Group")	**29%**	29%

	2013 HK$'000	2012 HK$'000
Profit for the year allocated to non-controlling interests:		
Wah Yuen Group	**81,410**	53,804
Mindforce Group	**23,454**	1,766
Accumulated balances of non-controlling interests at the reporting dates:		
Wah Yuen Group	**1,024,196**	898,454
Mindforce Group	**349,537**	318,816

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

2013

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

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

2012

	Wah Yuen Group HK$'000	Mindforce Group HK$'000
Revenue	2,279,063	1,823,081
Total expenses	(2,147,065)	(1,815,536)
Profit for the year	131,998	7,545
Total comprehensive income/(loss) for the year	129,878	(6,320)
Current assets	1,717,891	1,129,972
Non-current assets	2,353,611	1,330,185
Current liabilities	(1,595,233)	(1,062,107)
Non-current liabilities	(268,555)	(308,082)
Net cash flows (used in)/from operating activities	(4,209)	292,873
Net cash flows used in investing activities	(457,799)	(552)
Net cash flows from/(used in) financing activities	529,025	(48,123)
Net increase in cash and cash equivalents	67,017	244,198

20. INVENTORIES

	Group	
	2013 HK$'000	2012 HK$'000
Production materials	**250,158**	199,964
Work in progress	**230,095**	193,587
Finished goods	**398,782**	284,651
Moulds and consumable tools	**304,096**	259,286
	1,183,131	937,488

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 as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Within 3 months	**2,799,468**	2,390,759
4 to 6 months	**1,075,086**	846,598
7 to 12 months	**79,223**	2,014
	3,953,777	3,239,371

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

	Group	
	2013	2012
	HK$'000	HK$'000
Neither past due nor impaired	**3,290,060**	2,926,550
1 to 3 months past due	**597,330**	311,673
4 to 6 months past due	**66,387**	661
7 to 12 months past due	**–**	487
	3,953,777	3,239,371

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

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

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**91,002**	47,740	**280**	281
Deposits and other receivables	**702,581**	917,052	**–**	–
	793,583	964,792	**280**	281

Included in the Group's deposit and other receivables are amounts of compensation from the Council for relocation of factory of a Group's subsidiary of HK$212,056,000 (2012: HK$240,195,000). In view of the fact that the Council is part of the municipal governments in the PRC, the Directors of the Company are of the opinion that the credit risk is not significant and the balances are still considered fully recoverable.

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

23. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2013	2012
	HK$'000	HK$'000
Overseas listed equity investment, at fair value	**38,885**	26,219
Unlisted equity investments, at cost less impairment	**5,157**	5,154
	44,042	31,373

During the year, the gross profit in respect of the Group's available-for-sale investment recognised in other comprehensive income amounted to HK$12,657,000 (2012: gross profit of HK$6,653,000).

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

In the opinion of the Company's Directors, the available-for-sale investments are not expected to be realised within 12 months after the end of the reporting period. Accordingly, the investments are classified as non-current assets in the consolidated statement of financial position.

The market value of the Group's listed equity investment at the date of approval of these financial statements was approximately HK$45,577,000.

As at 31 December 2013, certain unlisted equity investments with carrying amounts of HK$5,157,000 (2012: HK$5,154,000) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair value cannot be measured reliably.

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**1,061,299**	1,162,927	**42**	42
Time deposits	**23,803**	43,231	**–**	–
	1,085,102	1,206,158	**42**	42
Less: Pledged bank balances and time deposits	**(23,803)**	(43,231)	**–**	–
Cash and cash equivalents	**1,061,299**	1,162,927	**42**	42

RMB is not a freely convertible currency in Mainland China and the remittance of funds out of Mainland China is subject to the exchange restriction imposed by the PRC government. Companies incorporated in the ROC are subject to certain controls in the remittance of funds out of the ROC up to a certain limit for each calendar year. At the end of the reporting period, the cash and cash equivalents which were subject to exchange and/or remittance restrictions in Mainland China or the ROC amounted to approximately HK$427,173,000 (2012: HK$365,559,000).

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

25. TRADE AND BILLS PAYABLES

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

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

	Group	
	2013	2012
	HK$'000	HK$'000
Within 3 months	**1,311,382**	1,242,533
4 to 6 months	**218,815**	357,014
7 to 12 months	**8,285**	15,088
Over 1 year	**16,447**	14,635
	1,554,929	1,629,270

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other payables	**440,509**	333,061	**–**	–
Accruals	**543,529**	411,079	**3,043**	2,476
	984,038	744,140	**3,043**	2,476

Other payables are non-interest-bearing.

27. INTEREST-BEARING BANK BORROWINGS

Group

	2013			2012		
	Effective interest rate (%)	**Maturity**	**HK$'000**	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans – secured	**1.29 – 2.00**	**2014**	**1,053,701**	1.21 – 1.36	2013	1,243,955
Bank loans – unsecured	**0.78 – 2.78**	**2014**	**1,609,898**	0.83 – 1.85	2013	1,255,052
			2,663,599			2,499,007
Non-current						
Bank loans – secured	**1.78 – 2.00**	**2015**	**175,229**	1.21 – 1.36	2014 – 2015	988,189
Bank loans – unsecured	**2.00 – 2.78**	**2015 – 2016**	**1,458,966**	1.54 – 1.81	2014 – 2015	594,463
			1,634,195			1,582,652
			4,297,794			4,081,659

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

	Group	
	2013	2012
	HK$'000	HK$'000
Repayable:		
Within one year	**2,663,599**	2,499,007
In the second year	**1,041,650**	1,447,793
In the third to fifth years, inclusive	**592,545**	134,859
	4,297,794	4,081,659

Notes:

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

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

(ii) corporate guarantees executed by the Company to the extent of HK$3,428,091,000 (2012: HK$3,215,406,000) as at the end of the reporting period.

(b) The Group's bank loans with carrying amounts of HK$4,231,197,000 (2012: HK$4,027,935,000) and HK$66,597,000 (2012: HK$53,724,000) are denominated in US$ and NT$, respectively.

(c) The carrying amount of the Group's interest-bearing bank borrowings approximated to their fair values.

28. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2013	2012
	Liabilities	Assets
	HK$'000	HK$'000
Forward currency contracts	**(4,190)**	15,155

The Group has entered into various forward currency contracts to reduce its exposure to foreign currency exchange rate fluctuations. These forward currency contracts are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in fair value of non-hedging currency derivatives amounting to HK$19,345,000 were charged to the statement of profit or loss during the year (2012: gross profit of HK$5,185,000).

At the end of the reporting period, the Company had provided corporate guarantees in the aggregate amount of HK$538,868,000 (2012: HK$724,672,000) to banks in connection with the banking facilities of the above forward currency contracts granted to its subsidiaries, which were not utilised.

29. SHARE CAPITAL

Shares

	2013 HK$'000	2012 HK$'000
Authorised:		
2,000,000,000 shares of HK$0.1 each	**200,000**	200,000
Issued and fully paid:		
1,167,366,000 (2012: 1,150,162,000) shares of HK$0.1 each	**116,736**	115,016

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

	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 2012	1,118,972,000	111,897	672,155	784,052
Share options exercised under the share option scheme (note)	31,190,000	3,119	35,496	38,615
	1,150,162,000	115,016	707,651	822,667
Transfer from employee share-based compensation reserve	–	–	50,654	50,654
Proposed final dividend	–	–	(38,342)	(38,342)
At 31 December 2012 and 1 January 2013	**1,150,162,000**	**115,016**	**719,963**	**834,979**
Share options exercised under the share option scheme (note)	**17,204,000**	**1,720**	**14,967**	**16,687**
	1,167,366,000	**116,736**	**734,930**	**851,666**
Transfer from employee share-based compensation reserve	**–**	**–**	**31,069**	**31,069**
Proposed final dividend	**–**	**–**	**(175,105)**	**(175,105)**
At 31 December 2013	**1,167,366,000**	**116,736**	**590,894**	**707,630**

29. SHARE CAPITAL *(Continued)*

Note:

During the year, the Company issued a total of 17,204,000 (2012: 31,190,000) shares at exercise prices of HK$0.97 (2012: ranging from HK$0.97 to HK$1.56) per share pursuant to the exercise of options granted under the share option scheme of the Company, resulting in the issue of 17,204,000 (2012: 31,190,000) shares of HK$0.1 each for a total cash consideration, before expenses, of HK$16,687,000 (2012: HK$38,615,000). A total of HK$31,069,000 (2012: HK$50,654,000) was transferred from the employee share-based compensation reserve to the share premium account upon the exercise of the share options.

Share options

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

30. EQUITY COMPENSATION PLANS

Share option scheme

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

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

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

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, which period may commence from the date of the offer of the share options, and ends on a date which is not later than 10 years from the date of the offer of the share options.

30. EQUITY COMPENSATION PLANS *(Continued)*

Share option scheme *(Continued)*

The exercise price of the share options is determinable by the Directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the daily quotation sheets on the Hong Kong Stock Exchange on the date of the offer of the share options; and (ii) the average closing price of the Company's shares as quoted on the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

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

On 17 January 2012, the share options previously granted to the Directors and certain employees of the Group of 123,424,000 share options granted on 24 April 2008, 14 July 2009 and 3 May 2011 had been cancelled and replaced (the "Cancelled Share Options").

During the year ended 31 December 2012, the Company had granted 110,148,000 new share options under the share option scheme to holders of the Cancelled Share Options to subscribe for a total of 110,148,000 shares in the replacement of the Cancelled Share Options held by them.

The Directors considered that the exercise price for the Cancelled Share Options was higher than the recent market prices of the shares; the Cancelled Share Options could no longer serve the purpose of providing incentives of rewards to the holders thereof. The replacement by the new share options, by bringing the exercise price (being HK$0.97 per share) to the current trading price level of the shares, would better serve the purpose of the Scheme in providing incentives or rewards to eligible participants to contribute to the success of the Group's operations.

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

	2013		2012	
	Weighted average exercise price HK$ per share	**Number of options**	Weighted average exercise price HK$ per share	Number of options
At 1 January	**0.97**	**87,606,000**	2.75	141,022,000
Exercised during the year	**0.97**	**(17,204,000)**	1.24	(31,190,000)
Lapsed during the year	**0.97**	**(1,956,000)**	1.63	(10,660,000)
Cancelled and replaced during the year	–	–	2.88	(123,424,000)
Granted during the year	–	–	0.97	111,858,000
At 31 December	**0.97**	**68,446,000**	0.97	87,606,000

30. EQUITY COMPENSATION PLANS *(Continued)*

Share option scheme *(Continued)*

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

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

2012 Number of options	Exercise price* HK$ per share	Exercise period
417,666	0.97	7-11-2012 to 30-11-2019
17,437,666	0.97	7-11-2013 to 30-11-2019
17,437,667	0.97	7-11-2014 to 30-11-2019
17,437,667	0.97	7-11-2015 to 30-11-2019
17,437,667	0.97	7-11-2016 to 30-11-2019
17,437,667	0.97	7-11-2017 to 30-11-2019
87,606,000		

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

The fair value of the Cancelled Share Options and the incremental fair value of the replaced share option in the prior year were HK$14,286,000 and HK$14,119,000 respectively. The Group recognised a share option expense of HK$20,971,000 (2012: HK$32,551,000) during the year ended 31 December 2013 in respect of share options granted/replaced in the prior year.

30. EQUITY COMPENSATION PLANS *(Continued)*

Share option scheme *(Continued)*

The fair value of the Cancelled Share Options and the incremented fair value of the replaced share options were estimated as at the date of replacement in the prior year, using a binomial model, taking into account the terms and conditions upon which the options were granted/replaced. The following table lists the inputs to the model used:

	2012
Dividend yield (%)	8.25
Expected volatility (%)	58.26
Historical volatility (%)	58.26
Risk-free interest rate (%)	1.01-1.22
Weighted average expected life of options (year)	6.27-7.87
Underlying price per share (HK$)	0.97

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

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

The total of 17,204,000 share options exercised during the year resulted in the issue of 17,204,000 ordinary shares of the Company and new share capital of HK$1,720,000 and share premium of HK$14,967,000 (before issue expenses), as further detailed in note 29 to the financial statements.

At the end of the reporting period, the Company had 68,446,000 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 68,446,000 additional ordinary shares of the Company and additional share capital of HK$6,845,000 and share premium of HK$59,548,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 68,446,000 share options outstanding under the scheme, which represented approximately 5.9% 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.

The Group's contributed surplus represents the difference between the nominal value of the shares and the share premium account 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.

31. RESERVES *(Continued)*

(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
As 1 January 2012		672,155	452,515	88,938	(58,772)	1,154,836
Total comprehensive loss for the year		–	–	–	(8,688)	(8,688)
Issue of shares in connection with the exercise of share options	29	86,150	–	(50,654)	–	35,496
Share-based compensation arrangements	30	–	–	32,551	–	32,551
Final 2011 dividend	13	–	(1,006)	–	–	(1,006)
Proposed final dividend	13	(38,342)	(99,677)	–	–	(138,019)
As 31 December 2012 and 1 January 2013		**719,963**	**351,832**	**70,835**	**(67,460)**	**1,075,170**
Total comprehensive loss for the year		**–**	**–**	**–**	**(9,188)**	**(9,188)**
Issue of shares in connection with the exercise of share options	29	**46,036**	**–**	**(31,069)**	**–**	**14,967**
Share-based compensation arrangements	30	**–**	**–**	**20,971**	**–**	**20,971**
Proposed final dividend	13	**(175,105)**	**–**	**–**	**–**	**(175,105)**
As 31 December 2013		**590,894**	**351,832**	**60,737**	**(76,648)**	**926,815**

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 COMBINATION

Business combination of Jiang Su Inoac Juteng Polymer Co., Ltd.

In December 2011, the Group committed to further acquire 13.17% equity interest in an associate, Jiang Su Inoac Juteng Polymer Co., Ltd. ("Jiang Su Inoac Juteng") to increase the total equity interest to 62.17%. Jiang Su Inoac Juteng, a company incorporated in the PRC, which is principally engaged in the sales of materials for the manufacture of notebook computers casings with manufacturing facilities located in Jurong City of Jiangsu Province, the PRC. The consideration for the acquisition was in the form of cash of approximately HK$6,135,000 (US$790,000). The acquisition was completed in January 2012. Upon completion of the acquisition, Jiang Su Inoac Juteng became a 62.17%-owned subsidiary of the Group.

The fair values of the identifiable assets and liabilities of Jiang Su Inoac Juteng as at the date of acquisition determined was as follows:

	Fair value recognised on acquisition HK$'000
Property, plant and equipment	6,153
Inventories	3,136
Trade receivables	3,135
Cash and cash equivalents	874
Prepayments, deposits and other receivables	34,919
Trade and bills payables	(17,685)
Other payables and accruals	(409)
Non-controlling interests	(11,396)
	18,727
Goodwill on deemed acquisition (note 17)	2,168
	20,895
Satisfied by:	
Cash	6,135
Reclassification from an interest in an associate to an investment in a subsidiary	14,760
	20,895

32. BUSINESS COMBINATION *(Continued)*

Business combination of Jiang Su Inoac Juteng Polymer Co., Ltd. *(Continued)*

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

	HK$'000
Cash consideration	(6,135)
Cash and cash equivalents acquired	874
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(5,261)

Since its acquisition, Jiang Su Inoac Juteng contributed HK$54,401,000 to the Group's turnover and HK$4,833,000 to the profit attributable to equity holders of the Company for the year ended 31 December 2012.

Had the combination taken place at the beginning of the prior year, the Group's turnover and profit for the year ended 31 December 2012 would have had no significant difference as compared to the amounts reflected in the consolidated statement of profit or loss.

33. CONTINGENT LIABILITIES

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

In addition to the corporate guarantees as disclosed in note 27 to the financial statements, at the end of the reporting period, the Company had provided corporate guarantees of approximately HK$6,325,890,000 (2012: HK$3,953,407,000) to banks in connection with banking facilities of bank loans granted to its subsidiaries, which were utilised to the extent of approximately HK$3,428,091,000 (2012: HK$3,215,406,000).

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 three 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:

	2013 **HK$'000**	2012 HK$'000
Within one year	**6,595**	6,596
In the second to fifth years, inclusive	**3,737**	3,669
	10,332	10,265

35. COMMITMENTS

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

	2013 HK$'000	2012 HK$'000
Contracted, but not provided for:		
Land and buildings	715,556	77,436
Machinery and office equipment	161,380	136,548
	876,936	213,984
Authorised, but not contracted for:		
Land and buildings	70,493	–
Total capital commitments	947,429	213,984

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

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	2013 HK$'000	2012 HK$'000
Purchase of plant and equipment from:			
San Li	(1), (i)	–	21,456
Purchase of production materials from:			
San Li	(1), (ii)	–	357
Sale of finished goods to:			
San Li	(iii)	–	1,468
Rental expenses paid to:			
Ms. Lin Mei-Li	(2), (iv)	65	64

36. RELATED PARTY TRANSACTIONS *(Continued)*

(a) *(Continued)*

Note:

(1) San Li was controlled by Mr. Cheng Li-Yu, a Director of the Company, and was deregistered during the prior year.

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

(i) The consideration of plant and equipment was determined based on the valuation report from an independent valuer.

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

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

(iv) 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 2013 also constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

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

	2013 **HK$'000**	2012 HK$'000
Short term employee benefits	**9,414**	9,017
Employee share-based compensation expenses	**5,732**	7,976
Total compensation paid to key management personnel	**15,146**	16,993

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:

2013
Financial assets

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

Financial liabilities

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

37. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2012

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 investments	–	–	31,373	31,373
Trade receivables	–	3,239,371	–	3,239,371
Financial assets included in prepayments, deposits and other receivables	–	917,052	–	917,052
Derivative financial instruments	15,155	–	–	15,155
Pledged bank balances and time deposits	–	43,231	–	43,231
Cash and cash equivalents	–	1,162,927	–	1,162,927
	15,155	5,362,581	31,373	5,409,109

Financial liabilities

	Group Financial liabilities at amortised costs HK$'000
Trade and bills payables	1,629,270
Financial liabilities included in other payables and accruals	744,140
Interest-bearing bank borrowings	4,081,659
	6,455,069

37. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial assets

	Company	
	Loans and receivables 2013 HK$'000	Loans and receivables 2012 HK$'000
Due from subsidiaries (note 19)	**303,988**	427,413
Cash and cash equivalents	**42**	42
	304,030	427,455

Financial liabilities

	Company	
	Financial liabilities at amortised cost 2013 HK$'000	Financial liabilities at amortised cost 2012 HK$'000
Due to a subsidiary (note 19)	**4,835**	–
Financial liabilities included in other payables and accruals	**3,043**	2,476
	7,878	2,476

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

Group

	Carrying amounts		Fair values	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Available-for-sale investments				
Overseas listed equity investment, at fair value	**38,885**	26,219	**38,885**	26,219
Derivative financial instruments	**–**	15,155	**–**	15,155
	38,885	41,374	**38,885**	41,374
Financial liabilities				
Derivative financial instruments	**4,190**	–	**4,190**	–
	4,190	–	**4,190**	–

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

As at 31 December 2013 and 2012, certain unlisted equity investments without quoted price at carrying amount of HK$5,157,000 and HK$5,154,000 are stated at costs less impairment and excluded from the table above, as the Group is of the opinion that their fair values cannot be reliably measured.

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

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

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

The fair values of non-current portion interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments on with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and borrowings as at 31 December 2013 and 31 December 2012 was assessed to be insignificant.

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

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

Fair value hierarchy

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

Assets measured at fair value

Group

As at 31 December 2013

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

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

Fair value hierarchy *(Continued)*

Assets measured at fair value *(Continued)*

Group

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Available-for-sale investments:				
Overseas listed equity investments	26,219	–	–	26,219
Derivative financial instruments:				
Forward exchange contracts	–	15,155	–	15,155
	26,219	15,155	–	41,374

Liabilities measured at fair value

Group

As at 31 December 2013

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

The Company did not have any financial assets and liabilities measured at fair value as at 31 December 2013 and 2012.

During the year, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2012: Nil).

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

It is, and has been throughout the year under review the Group's policy that no trading in financial instruments shall be undertaken.

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

Interest rate risk

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

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

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000
2013		
United States dollar	**50**	**(21,156)**
United States dollar	**(50)**	**21,156**
2012		
United States dollar	50	(20,140)
United States dollar	(50)	20,140

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 currencies.

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 exchange rate, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in profit before tax HK$'000
2013		
If United States dollar strengthens against Renminbi	**2.53**	**72,096**
If United States dollar weakens against Renminbi	**(2.53)**	**(72,096)**
2012		
If United States dollar strengthens against Renminbi	2.94	88,550
If United States dollar weakens against Renminbi	(2.94)	(88,550)

Credit risk

The carrying amount of trade receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's trade receivables. The Group has a significant concentration of credit risk in relation to trade receivables as the trade receivables due from the five largest customers accounted for 83% (2012: 93%) of the Group's trade receivables at the end of the reporting period.

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

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

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

Liquidity risk

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

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

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

Group

	2013			
	On demand or within 1 year HK$'000	**2 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Trade and bills payables	**1,554,929**	**–**	**–**	**1,554,929**
Other payables and accruals	**984,038**	**–**	**–**	**984,038**
Interest-bearing bank borrowings	**2,716,802**	**1,672,556**	**–**	**4,389,358**
	5,255,769	**1,672,556**	**–**	**6,928,325**

	2012			
	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	1,629,270	–	–	1,629,270
Other payables and accruals	744,140	–	–	744,140
Interest-bearing bank borrowings	2,529,947	1,598,657	–	4,128,604
	4,903,357	1,598,657	–	6,502,014

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

Liquidity risk *(Continued)*

Company

	2013			
	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 (notes 27 and 33)	**6,864,758**	**–**	**–**	**6,864,758**

	2012			
	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 (notes 27 and 33)	4,678,079	–	–	4,678,079

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 an available-for-sale investment (note 23) as at 31 December 2013. The Group's listed investment is listed on the Taiwan Stock Exchange and is valued at the quoted market price at the end of the reporting period.

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

	31 December 2013	**High/low 2013**	31 December 2012	High/low 2012
Taiwan – TSEC Weighted Index	**8,612**	**8,647/7,603**	7,700	8,170/6,857

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

	Carrying amount of equity investment HK$'000	**Increase/ (decrease) in equity price %**	**Increase/ (decrease) in equity* HK$'000**
2013			
Investment listed in:			
Taiwan – Available-for-sale	**38,885**	**31.88**	**10,288**
	(38,885)	**(31.88)**	**(10,288)**
2012			
Investment listed in:			
Taiwan – Available-for-sale	26,219	34.70	7,551
	26,219	(34.70)	(7,551)

* Excluding retained profits

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

Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 31 December 2012.

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	
	2013	2012
	HK$'000	HK$'000
Total bank borrowings	**4,297,794**	4,081,659
Total non-current assets	**7,702,393**	6,886,336
Total current assets	**7,015,593**	6,362,964
Total assets	**14,717,986**	13,249,300
Gearing ratio	**29%**	31%

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 18 March 2014.

FIVE YEAR FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 December				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**9,256,832**	9,201,313	8,234,507	7,166,213	7,463,909
PROFIT BEFORE TAX	**1,132,206**	788,210	287,108	420,305	933,933
Income tax expense	**(255,389)**	(128,589)	(50,361)	(65,302)	(172,783)
PROFIT FOR THE YEAR	**876,817**	659,621	236,747	355,003	761,150
Attributable to:					
Equity holders of the Company	**762,173**	600,959	256,625	331,189	704,876
Non-controlling interests	**114,644**	58,662	(19,878)	23,814	56,274
	876,817	659,621	236,747	355,003	761,150

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**14,717,986**	13,249,300	11,372,523	9,911,602	9,521,470
TOTAL LIABILITIES	**(7,085,196)**	(6,632,706)	(5,473,812)	(4,686,113)	(4,960,799)
NON-CONTROLLING INTERESTS	**(1,397,249)**	(1,230,496)	(1,157,041)	(836,581)	(595,073)
	6,235,541	5,386,098	4,741,670	4,388,908	3,965,598