



Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the annual report of Ju Teng International Holdings Limited (the "Company" or "Ju Teng") for the year ended 31 December 2006.

BUSINESS REVIEW

High growth in shipment of notebook computers

As a leading global manufacturer of notebook computer casings, the Group continued to record growth in revenue in 2006. The turnover increased 33% from HK\$2,672 million in 2005 to HK\$3,558 million in 2006, mainly attributable to the fast growing global notebook computer market and Taiwan's share in the global market. The Group expects the notebook computer market to continue to deliver growth of over 15% each year in the coming few years bolstered by the market trend of shifting from desktop PCs to notebook computers. Taiwan manufacturers currently supply over 80% of notebook computers shipment globally and their market share is still growing after having relocated their production plants to the PRC and built the world's largest notebook supply chain in the Shanghai area. With direct presence in Jiangsu province, the Group is able to work closely with Taiwan notebook computers assembly players, including Quanta, Compal, Asustek, Wistron and Inventec to increase operational efficiency and optimise product development.

Advanced technologies

Notebook computers are gradually becoming one of the general consumer products. As a result, they need to have appealing product designs to stand out in the market. To attract maximum customers' attention, top notebook computer brands are putting greater efforts on notebook computer design and colour scheme. As a leading notebook computer casing manufacturer, the Group plays an important role in creating new looks for notebook computers. The Group has successfully developed several advanced casing technologies, such as in-mould decoration injection moulding which directly adheres film to notebook computer's plastic casing by moulding technique, thus skipping the later process of spray painting. This technology has been adopted by a number of notebook computer brand manufacturers. The Group is also highly committed to the application of advanced surface treatment technology. It is capable of spray painting that creates three-dimensional visual effects to give products more colourful and attractive appearances.

PROSPECTS

The Group remains optimistic about the Group's performance in 2007 as we expect a strong demand for notebook computers to continue in 2007. The Group will continue to diversify the product base from notebook computer casings to casings of other electronic products by leveraging at its relationships with existing customers and utilisation of its specialized technological know-how in casing manufacturing. Recognising the importance of the ability to develop new and advanced products in the future, the Group will focus on perfecting material applications and spray painting technology. While the Group's gross profit margin has shown signs of stabilizing in 2006, it will continue to face the challenge of costs surge in the coming year triggered by rising short term interest rates, raw material price fluctuation and the appreciation of the value of Renminbi ("RMB"). The Group will strive to improve production efficiency and increase the proportion of sales from new products (such as casings made by in-mould decoration injection moulding technique) to alleviate these unfavourable effects and, on this basis, to further enhance its profitability.



APPRECIATION

I would like to take this opportunity to thank the Board, our shareholders and business partners for their commitment and continuous support. On behalf of the Group, I would also like to express my gratitude to all my dedicated colleagues for their efforts over the past year, without which we would not have achieved so much progress.

Chairman

Hong Kong
16 April 2007