

INTERIM REPORT 2013



JU TENG INTERNATIONAL HOLDINGS LIMITED

巨騰國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3336

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Cheng Li-Yu (*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

PRINCIPAL BANKERS

Agricultural Bank of China
ANZ Bank
Bank of America
Bank of Taiwan
Bank SinoPac
China Development Industrial Bank
Chinatrust Commercial Bank
DBS Bank
E.Sun Bank
Fubon Bank
Industrial and Commercial Bank
of China
Mega International Commercial Bank
Standard Chartered Bank
Taishin International Bank
Yuanta Commercial Bank

REGISTERED OFFICE

Cricket Square
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Cayman Islands

CORPORATE INFORMATION

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

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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
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Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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WEBSITE

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STOCK CODE

3336.HK and 9136.TT

The board (the "Board") of directors (the "Directors") of Ju Teng International Holdings Limited (the "Company" or "Ju Teng") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2013 (the "Period") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2013

		For the six months ended 30 June	
	Notes	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
REVENUE	2	4,298,825	4,315,486
Cost of sales		(3,505,901)	(3,725,901)
Gross profit		792,924	589,585
Other income and gains	3	30,424	41,959
Selling and distribution expenses		(44,511)	(40,013)
Administrative expenses		(258,167)	(244,379)
Other expenses		(35,182)	(6,921)
Finance costs	4	(22,415)	(32,429)
PROFIT BEFORE TAX	5	463,073	307,802
Income tax expense	6	(142,971)	(55,843)
PROFIT FOR THE PERIOD		320,102	251,959
Attributable to:			
Equity holders of the Company		260,408	243,893
Non-controlling interests		59,694	8,066
		320,102	251,959
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
– Basic (HK cents)		22.6	21.7
– Diluted (HK cents)		21.5	21.5

Details of dividend for the Period are disclosed in note 7 to the interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	320,102	251,959
OTHER COMPREHENSIVE INCOME/(LOSS)		
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:		
Exchange differences on translation of foreign operations	122,481	(55,799)
Available-for-sale investment:		
Change in fair value	964	647
Income tax effect	(164)	(379)
	800	268
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	123,281	(55,531)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	443,383	196,428
Total comprehensive income attributable to:		
Equity holders of the Company	352,807	195,679
Non-controlling interests	90,576	749
	443,383	196,428

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2013

	Notes	30 June 2013 (Unaudited) HK\$'000	31 December 2012 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	6,946,785	6,193,404
Lease premium for land		191,471	183,319
Goodwill		40,062	40,062
Prepayments for acquisition of property, plant and equipment		199,259	438,178
Available-for-sale investments		32,362	31,373
Total non-current assets		7,409,939	6,886,336
CURRENT ASSETS			
Inventories		1,056,625	937,488
Trade receivables	10	3,091,467	3,239,371
Prepayments, deposits and other receivables		852,844	964,792
Derivative financial instruments		2,376	15,155
Pledged bank balances and time deposits		32,867	43,231
Cash and cash equivalents		972,151	1,162,927
Total current assets		6,008,330	6,362,964
CURRENT LIABILITIES			
Trade and bills payables	11	1,546,548	1,629,270
Other payables and accruals		858,071	744,140
Tax payable		213,401	172,918
Interest-bearing bank borrowings		2,216,240	2,499,007
Total current liabilities		4,834,260	5,045,335
NET CURRENT ASSETS			
		1,174,070	1,317,629
TOTAL ASSETS LESS CURRENT LIABILITIES			
		8,584,009	8,203,965
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		1,646,262	1,582,652
Deferred tax liabilities		4,644	4,719
Total non-current liabilities		1,650,906	1,587,371
Net assets		6,933,103	6,616,594
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	12	115,016	115,016
Reserves		5,497,015	5,133,063
Proposed final dividend		-	138,019
		5,612,031	5,386,098
Non-controlling interests			
		1,321,072	1,230,496
Total equity		6,933,103	6,616,594

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to equity holders of the Company												
	Issued capital	Share premium	Contributed surplus	Employee share-based compensation reserve	Capital reserve	Statutory reserve	Exchange fluctuation reserve	Retained profits	Available-for-sale investment revaluation reserve	Proposed final dividend	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)													
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 Period	-	-	-	-	-	-	-	243,893	-	-	243,893	8,066	251,959
Other comprehensive income for the Period:													
Change in fair value of available-for-sale investment, net of tax	-	-	-	-	-	-	-	-	268	-	268	-	268
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(48,482)	-	-	-	(48,482)	(7,317)	(55,799)
Total comprehensive income for the Period	-	-	-	-	-	-	(48,482)	243,893	268	-	195,679	749	196,428
Issue of shares in connection with the exercise of share options	1,258	30,096	-	(11,729)	-	-	-	-	-	-	19,625	-	19,625
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	-	-	-	17,086	-	-	-	-	-	-	17,086	-	17,086
Final 2011 dividend declared	-	-	(1,006)	-	-	-	-	-	-	(89,518)	(90,524)	-	(90,524)
At 30 June 2012	<u>113,155</u>	<u>702,251</u>	<u>99,677</u>	<u>94,295</u>	<u>365,239</u>	<u>125,628</u>	<u>578,850</u>	<u>2,802,336</u>	<u>2,105</u>	<u>-</u>	<u>4,883,536</u>	<u>1,166,983</u>	<u>6,050,519</u>
(Unaudited)													
At 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 Period	-	-	-	-	-	-	-	260,408	-	-	260,408	59,694	320,102
Other comprehensive income for the Period:													
Change in fair value of available-for-sale investment, net of tax	-	-	-	-	-	-	-	-	800	-	800	-	800
Exchange differences on translation of foreign operations	-	-	-	-	-	-	91,599	-	-	-	91,599	30,882	122,481
Total comprehensive income for the Period	-	-	-	-	-	-	91,599	260,408	800	-	352,807	90,576	443,383
Transfer from retained profits	-	-	-	-	-	57,336	(57,336)	-	-	-	-	-	-
Share-based compensation arrangements	-	-	-	11,145	-	-	-	-	-	-	11,145	-	11,145
Final 2012 dividend declared	-	-	-	-	-	-	-	-	(138,019)	(138,019)	-	-	(138,019)
At 30 June 2013	<u>115,016</u>	<u>719,963*</u>	<u>-</u>	<u>81,980*</u>	<u>365,239*</u>	<u>182,964*</u>	<u>776,505*</u>	<u>3,362,474*</u>	<u>7,890*</u>	<u>-</u>	<u>5,612,031</u>	<u>1,321,072</u>	<u>6,933,103</u>

* These reserve accounts comprise the consolidated reserves of HK\$5,497,015,000 (31 December 2012: HK\$5,133,063,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	890,072	233,848
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(736,689)	(652,882)
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES	(357,176)	243,852
NET DECREASE IN CASH AND CASH EQUIVALENTS	(203,793)	(175,182)
Cash and cash equivalents at beginning of Period	1,162,927	654,492
Effect of foreign exchange rate changes, net	13,017	(28,435)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	972,151	450,875
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	972,151	450,875

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2013

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

The condensed consolidated interim financial information for the Period has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2012. The accounting policies and basis of preparation adopted in the preparation of the interim financial information are the same as those used in the annual financial statements for the year ended 31 December 2012, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Company and the Group and has adopted for the first time for the current period’s financial information:

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities Consolidated Financial Statements</i>
HKFRS 10	<i>Joint Arrangements</i>
HKFRS 11	<i>Disclosure of Interests in Other Entities</i>
HKFRS 12	<i>Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition Guidance</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	<i>Fair Value Measurement</i>
HKFRS 13	<i>Amendments to HKAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 1 Amendments	<i>Employee Benefits</i>
HKAS 19 (2011)	<i>Separate Financial Statements</i>
HKAS 27 (2011)	<i>Investments in Associates and Joint Ventures</i>
HKAS 28 (2011)	<i>Amendments to a number of HKFRSs issued in June 2012</i>
<i>Annual Improvements 2009-2011 Cycle</i>	

Adoption of the above new and revised HKFRSs did not have any material effect on the financial position or performance of the Group.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a potential impact on its results of operations and financial position.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2013

2. OPERATING SEGMENT INFORMATION

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

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

GEOGRAPHICAL INFORMATION

Revenue from external customers:

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
The People's Republic of China (the "PRC"), excluding Hong Kong	4,152,627	4,170,062
The Republic of China	45,926	119,182
Others	100,272	26,242
	4,298,825	4,315,486

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

3. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Interest income	3,721	3,211
Exchange gains, net	–	30,410
Compensation income	12,218	–
Subsidy income	7,241	4,915
Others	7,244	3,423
	30,424	41,959

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2013

4. FINANCE COSTS

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

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Interest on bank loans and other loans wholly repayable within five years	30,875	32,429
Less: Interest capitalized	(8,460)	–
Net finance costs for the Period	<u>22,415</u>	<u>32,429</u>

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Cost of inventories sold	3,495,586	3,702,666
Depreciation	311,006	273,190
Amortisation of lease premium for land	2,416	2,489
Losses on disposal of items of property, plant and equipment, net	20,232	4,106
Provision for slow-moving and obsolete inventories	7,393	16,198
Exchange losses/(gains), net	<u>9,260</u>	<u>(30,410)</u>

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2013

6. 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 Period (six months ended 30 June 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.

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Provision for the Period		
Current – The PRC, excluding Hong Kong		
Charge for the Period	128,579	39,207
Underprovision in prior years	5,520	3,608
Current – Overseas		
Charge for the Period	14,815	21,465
Overprovision in prior years	(5,703)	(5,717)
Tax refund	–	(2,480)
Deferred tax	(240)	(240)
Total tax charge for the Period	142,971	55,843

During the Period, an amount of HK\$51,062,000 withholding tax had been paid by the Group in relation to the repatriation of dividends declared by certain subsidiaries of the Company in the PRC (six months ended 30 June 2012: Nil).

7. INTERIM DIVIDEND

The Directors did not propose to declare any interim dividend for the Period (six months ended 30 June 2012: Nil).

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2013

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

The calculation of basic earnings per share amounts is based on the profit for the Period attributable to equity holders of the Company of HK\$260,408,000 (six months ended 30 June 2012: HK\$243,893,000) and the weighted average number of 1,150,162,000 (six months ended 30 June 2012: 1,123,257,495) ordinary shares in issue during the Period.

The calculation of diluted earnings per share amounts is based on the profit for the Period attributable to equity holders of the Company of HK\$260,408,000 (six months ended 30 June 2012: HK\$243,893,000). The weighted average number of ordinary shares used in the calculation is the 1,150,162,000 (six months ended 30 June 2012: 1,123,257,495) ordinary shares in issue during the Period, as used in the basic earnings per share calculation, and the weighted average number of 59,989,993 (six months ended 30 June 2012: 13,053,272) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

9. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment of HK\$1,038,870,000 (six months ended 30 June 2012: HK\$804,456,000) and disposed of property, plant and equipment with an aggregate net book value of HK\$70,603,000 (six months ended 30 June 2012: HK\$6,461,000).

The amount of borrowing costs capitalized during the six months ended 30 June 2013 was approximately HK\$8,460,000. The weighted average rate used to determine the amount of borrowing costs eligible for capitalization was 1.51%, which is the effective interest rate of the borrowings.

10. 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:

	As at 30 June 2013 (Unaudited) HK\$'000	As at 31 December 2012 (Audited) HK\$'000
Within 3 months	2,345,907	2,390,759
4 to 6 months	735,466	846,598
7 to 12 months	10,094	2,014
	3,091,467	3,239,371

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2013

11. 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:

	As at 30 June 2013 (Unaudited) HK\$'000	As at 31 December 2012 (Audited) HK\$'000
Within 3 months	1,279,770	1,242,533
4 to 6 months	237,813	357,014
7 to 12 months	13,008	15,088
Over 1 year	15,957	14,635
	<u>1,546,548</u>	<u>1,629,270</u>

12. SHARE CAPITAL

	As at 30 June 2013 (Unaudited) HK\$'000	As at 31 December 2012 (Audited) HK\$'000
Authorised 2,000,000,000 shares of HK\$0.1 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid 1,150,162,000 shares of HK\$0.1 each	<u>115,016</u>	<u>115,016</u>

SHARE OPTIONS

Details of the Company's share option scheme and the share options granted are included in note 13 to the interim financial information.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2013

13. SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted by the Company on 3 November 2005, unless otherwise cancelled or amended, the Scheme will remain in force for a period to 5 October 2015. Details of the terms of the Scheme were disclosed in the Annual Report of the Company for the year ended 31 December 2012.

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

	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 Period	-	-	1.56	(12,580,000)
Lapsed during the Period	-	-	3.04	(3,384,000)
Cancelled and replaced during the Period	-	-	2.88	(123,424,000)
Granted during the Period	-	-	0.97	111,858,000
At 30 June	0.97	87,606,000	0.98	113,492,000

During the six months ended 30 June 2013, no share options were granted, exercised, cancelled or lapsed under the Scheme.

14. CONTINGENT LIABILITIES

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

15. PLEDGE OF ASSETS

As at 30 June 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 30 June 2013 and 31 December 2012, shares of certain subsidiaries of the Company were pledged to secure banking facilities granted to the Group.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2013

16. OPERATING LEASE COMMITMENTS

The Group leases certain of its office, warehouses properties and motor vehicles under operating lease arrangements. Leases for properties are 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:

	As at 30 June 2013 (Unaudited) HK\$'000	As at 31 December 2012 (Audited) HK\$'000
Within one year	5,654	6,596
In the second to fifth years, inclusive	3,874	3,669
	9,528	10,265

17. COMMITMENTS

In addition to the operating lease commitments detailed in note 16 above, the Group had the following commitments at the end of the reporting period:

	As at 30 June 2013 (Unaudited) HK\$'000	As at 31 December 2012 (Audited) HK\$'000
Contracted, but not provided for:		
Land and buildings	10,675	77,436
Machinery and office equipment	51,731	136,548
	62,406	213,984
Authorized, but not contracted for:		
Land *	355,802	-

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2013

17. COMMITMENTS (continued)

- * On 15 May 2013, the Company entered into an investment agreement with Chongqing Hi-Tech Industrial Committee for the purpose of the establishment, development and operation of the production plant for manufacturing of casings with plastic, metal and composite materials for notebook computers, tablet computers and other portable devices in the Chongqing Jinfeng Electronic Information Industrial Park (the "Industrial Park") located at Chongqing Hi-Tech Industrial Development Zone, Chongqing City, the PRC. Pursuant to the investment agreement, the Group shall establish a project company to acquire the land use right of the project site located at the Industrial Park through public tendering and to construct and operate the production plant and the project.

18. RELATED PARTY TRANSACTIONS

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

		For the six months ended 30 June	
	Notes	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Purchase of plant and equipment from: San Li Company Limited ("San Li")	(1), (i)	–	21,456
Purchase of production materials from: San Li	(ii)	–	357
Sale of finished goods to: San Li	(iii)	–	1,468
Rental expenses paid to: Ms. Lin Mei-Li	(2), (iv)	<u>32</u>	<u>32</u>

Notes:

- (1) San Li is 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.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2013

18. RELATED PARTY TRANSACTIONS (continued)

(a) Notes: (continued)

(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.

(b) Outstanding balances with related parties:

As at 30 June 2013 and 31 December 2012, the Group did not have any balances with the related companies.

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Short term employee benefits	3,778	3,935
Employee share-based compensation expenses	3,256	4,007
Total compensation paid to key management personnel	7,034	7,942

19. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts of the Group's financial instruments as at 30 June 2013 and 31 December 2012 approximate to their fair values.

The Group uses fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities for determining and disclosing the fair value of financial instruments. As at 30 June 2013, the Group's financial instruments which comprise an available-for-sale investment and derivative financial instruments were measured at fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 under the fair value hierarchy).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW & PROSPECT

During the Period, concerns from the market emerged over the federal reserve of United States' expected commencement of pruning its fiscal stimulus when the European economies were yet to recover from the sovereignty debt crisis. Also, the growth in emerging markets has been slow when the new leaders of the Chinese government have determined to adjust the national development blueprint. Hence, consumer confidence was depressed. The global sales of personal computers ("PC") has not reached the expected growth. Therefore, the growth of Ju Teng was hindered. In the first half of 2013, Ju Teng recorded revenue of approximately HK\$4,299 million, decreasing by approximately 0.4%, and profit of approximately HK\$260 million, increasing by approximately 6.8% as compared with the corresponding period in 2012. Ju Teng has used the recession over the past few years as an opportunity to expand, carrying out comprehensive product mix reconstruction. The Group has expanded its production capacity of metal casing, and has committed to developing production solution of composite materials (including carbon fiber and glass fiber). The enhanced profit margin will benefit the Group from resisting the weak economy and mitigate the future impact of cost increase. The gross profit margin of Ju Teng has further increased from 13.7% to 18.4% during the Period.

During the Period, the management has captured the trend of high-end product and proactively expanded the production capacity of metal casing. Ju Teng has provided metal casing for brands from regions including Korea, United States and the Greater China. During the Period, the portion of revenue contributed by metal casing has further risen to approximately 25%, driving the increase of profit margin. Being a pioneer of casing technology, Ju Teng has continued to enhance the production yield and to develop the technologies of composite material casing. Although the composite material has not been widely adopted, thus only contributing limited revenue to the Group currently, amid the growing demand of slim casing, Ju Teng, with its diversified casing technology, expects another triumph in this niche market.

Ju Teng, as the world's leading notebook computer casing provider, the relevant product has remained the key revenue contributor to the Group when orders for tablet PC have also increased during the Period. The price war in the previous years has been over with a small number of competitors remains. As a result, the product price has become stable. Because of the growing number of factories retreated from China, the cost of staff recruitment is lowered. The leading position of Ju Teng has hence been further secured.

Looking ahead to the second half of 2013, Ju Teng's performance is expected to further improve thanks to the completion of several orders. The management believes that there will be more brands adopting composite materials for slim casing. The Group will spare no effort in promoting its metal and composite material casing technology with a view to enhancing product margin with optimized product mix. Meanwhile, the management recognizes the market sustainability of plastic casing in the process of notebook computer and tablet PC generalization. Ju Teng will continue to capitalize its leading position to boost the sales.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW & PROSPECT (continued)

Besides, Ju Teng has achieved a significant business breakthrough by tapping into the smartphone market through providing casings for smartphones for a smartphone brand based in the United States. Such collaboration was accomplished with Ju Teng's superior production technology, proving its strength as the one-stop casing solution provider. As more breakthroughs on mobile technology are expected to come, the management believes that smartphone will become the main growth driver of the personal information technology product. With the diversified production capacity and the sound foundation, Ju Teng is expected to be able to quickly penetrate into the relevant market, widening the customer-base of the Group in the future. The smartphone casing business will generate revenue for the Group in the second half of the year.

In respect of the industry trends, Microsoft will cease its technical support to Windows XP starting from April 2014. According to a survey conducted by NetMarketShare in March 2013, the 12-year-old operating system accounted for 38% of the PCs among its own kind. Whereas the new versions of Windows become more user-friendly, a new wave of computer replacement is expected to reach its apex next year. Under the cost reduction facilitated by Intel together with its suppliers, models of Ultrabook under US\$1,000 have recently become available to the market, stimulating the consumers' desire. Furthermore, the second generation of Google Nexus and Amazon Kindle Fire tablet PC which will be launched in the second half of the year may also bring more opportunities to Ju Teng's tablet PC business.

Ju Teng is not just one of the largest plastic casing manufacturers in terms of market share, but also masters the metal and composite material casing technologies. With its products ranging over notebook computers, tablet PCs, and smartphones, the foundation of Ju Teng's leading position as a one-stop casing solution provider has been laid down firmly. Save from maintaining well-bound with the existing customers of original design manufacturers (ODM), Ju Teng will seek to strengthen the relationships with brands, with a view to facilitating inventions of new products with its superior technology and comprehensive casing solutions. Ju Teng will be vigilant to the product trends, and will strive for larger market share, creating exceptional performance of the Group.

FINANCIAL REVIEW

During the Period, although the Group continued its strategy to launch new products with higher price tags and boosted its metal and composite materials casings operation, there was a slight decrease of the Group's revenue of approximately 0.4% to approximately HK\$4,299 million (2012: HK\$4,315 million) because overall demand for notebook computers has remained sluggish. The overall gross profit margin rose to approximately 18.4% (2012: 13.7%).

Due to the expansion of the production capacity of a production plant in Sichuan Province, the Group recorded an increase of approximately 6.4% in operating costs including administrative expenses, and selling and distribution costs to approximately HK\$303 million (2012: HK\$284 million), accounting for approximately 7.0% (2012: 6.6%) of the Group's turnover.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (continued)

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 408.3% in other expenses to approximately HK\$35 million (2012: HK\$7 million), accounting for approximately 0.8% (2012: 0.2%) of the Group's turnover.

Finance costs decreased by approximately 30.9% to approximately HK\$22 million (2012: HK\$32 million) for the Period as compared to that of the same period in 2012, which was due to interest capitalized in the amount of approximately HK\$8 million (2012: nil).

Income tax expenses increased by approximately 156.0% to approximately HK\$143 million (2012: HK\$56 million) for the Period as compared to that of the same period in 2012, which was mainly attributable to the incurrence of a one-off expense of withholding tax 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 Period amounted to approximately HK\$260 million (2012: HK\$244 million), representing an increase of approximately 6.8% when compared to the same period last year. Had the one-off withholding tax expense as mentioned above not incurred, the profit attributable to equity holders for the Period would have reached approximately HK\$311 million, representing an increase of approximately 27.7% when compared to same period last year (these combined figures were unaudited and were computed based on the sum of the unaudited profit attributable to equity holders of the Company for the Period as set out in the condensed consolidated statement of profit or loss for the Period and the amount of HK\$51,062,000 of withholding tax as set out in note 6 to the interim financial information. 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.



MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2013, total bank borrowings of the Group amounted to approximately HK\$3,863 million (31 December 2012: HK\$4,082 million), representing a decrease of approximately 5.4% 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 30 June 2013, the Group's bank loans denominated in USD and New Taiwan Dollars were approximately HK\$3,795 million (31 December 2012: HK\$4,028 million) and approximately HK\$68 million (31 December 2012: HK\$54 million) respectively.

During the Period, the Group's cashflow from operating activities increased to approximately HK\$890 million from HK\$234 million during the same period last year. The increase was mainly due to a decrease in trade receivables and 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 Wujiang City, the Group recorded a net cash outflow from investing activities of approximately HK\$737 million (2012: HK\$653 million). During the Period, due to the repayment of bank loans, the Group recorded a net cash outflow from financing activities of approximately HK\$357 million (2012: net cash inflow of HK\$244 million). As at 30 June 2013, the Group had cash and bank balances of approximately HK\$972 million (31 December 2012: HK\$1,163 million).

As at 30 June 2013, the Group's gearing ratio, calculated as total bank borrowings of approximately HK\$3,863 million (31 December 2012: HK\$4,082 million) divided by total assets of approximately HK\$13,418 million (31 December 2012: HK\$13,249 million) was 28.8% (31 December 2012: 30.8%). The decrease of gearing ratio was due to a decrease in bank borrowings and an increase in assets.

PLEDGE OF ASSETS

As at 30 June 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 30 June 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.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES

As at 30 June 2013, the Group had approximately 38,000 employees (30 June 2012: 36,000 employees). The Group recorded staff costs of approximately HK\$935 million (2012: HK\$821 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 that of 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 30 June 2013, the capital commitments which the Group had contracted for but were not provided for in the financial information in respect of the acquisition of land, buildings and machineries amounted to approximately HK\$62 million (31 December 2012: HK\$214 million).

As at 30 June 2013, the capital commitments which the Group had authorized for but were not contracted for in the financial information in respect to the acquisition of land amounted to approximately HK\$356 million (31 December 2012: nil).

CONTINGENT LIABILITIES

As at 30 June 2013, the Group did not have any significant contingent liabilities.



OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 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 Stock Exchange of Hong Kong Limited (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 Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (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	25.22%
	Beneficial owner	33,680,000 (L) ordinary Shares	2.93%
	Interest of spouse (Note 3)	10,518,046 (L) ordinary Shares	0.91%
Mr. Cheng Li-Yen	Beneficiary of a trust (Note 2)	290,090,986 (L) ordinary Shares	25.22%
Mr. Cherng Chia-Jiun	Beneficial owner	34,000 (L) ordinary Shares	0.00%
Mr. Huang Kuo-Kuang	Beneficial owner	5,673,866 (L) ordinary Shares	0.49%
	Interest of spouse (Note 4)	2,950,631 (L) ordinary Shares	0.26%
Mr. Hsieh Wan-Fu	Beneficial owner	2,874,432 (L) ordinary Shares	0.25%
Mr. Lo Jung-Te	Beneficial owner	6,815,942 (L) ordinary Shares	0.59%
Mr. Tsai Wen-Yu	Beneficial owner	34,000 (L) ordinary Shares	0.00%
Mr. Tsui Yung Kwok	Beneficial owner	4,048,000 (L) ordinary Shares	0.35%

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY (continued)

(I) INTERESTS IN SHARES (continued)

Notes:

1. The letter "L" denotes a long position in the Shares.
2. The Shares were registered in the name of Southern Asia Management Limited ("Southern Asia"), which was wholly owned by Shine Century Assets Corp., the entire issued share capital of which was beneficially owned by the Cheng Family Trust which was founded by Mr. Cheng Li-Yu. The beneficiaries of the Cheng Family Trust include, among others, Mr. Cheng Li-Yen and Mr. Cheng Li-Yu. Mr. Cheng Li-Yen and Mr. Cheng Li-Yu were deemed to be interested in all the Shares in which Shine Century Assets Corp. was interested by virtue of the SFO.
3. Mr. Cheng Li-Yu is the husband of Ms. Lin Mei-Li and he 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	0.18%
Mr. Cheng Chia-Jiun	Beneficial owner	1,000 (L) (Note 3)	7-11-2012 to 30-11-2019	HK\$0.97	0.00% (Note 4)
	Beneficial owner	35,000 (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)

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY (continued)

(II) INTERESTS IN UNDERLYING SHARES (continued)

Name of Director	Nature of interest	Number of underlying Shares (Note 1)	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
Mr. Huang Kuo-Kuang	Beneficial owner	1,000 (L) (Note 3)	7-11-2012 to 30-11-2019	HK\$0.97	0.00% (Note 4)
	Beneficial owner	251,000 (L) (Note 3)	7-11-2013 to 30-11-2019	HK\$0.97	0.02% (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. Hsieh Wan-Fu	Beneficial owner	402,000 (L) (Note 3)	7-11-2013 to 30-11-2019	HK\$0.97	0.03% (Note 4)
	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)

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY (continued)

(II) INTERESTS IN UNDERLYING SHARES (continued)

Name of Director	Nature of interest	Number of underlying Shares (Note 1)	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
Mr. Lo Jung-Te	Beneficial owner	402,000 (L) (Note 3)	7-11-2013 to 30-11-2019	HK\$0.97	0.03% (Note 4)
	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	1,000 (L) (Note 3)	7-11-2012 to 30-11-2019	HK\$0.97	0.00% (Note 4)
	Beneficial owner	35,000 (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)

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY (continued)

(II) INTERESTS IN UNDERLYING SHARES (continued)

Name of Director	Nature of interest	Number of underlying Shares (Note 1)	Exercise period	Exercise price per Share	Approximate percentage of Shareholding
Mr. Tsui Yung Kwok	Beneficial owner	1,000 (L) (Note 3)	7-11-2012 to 30-11-2019	HK\$0.97	0.00% (Note 4)
	Beneficial owner	251,000 (L) (Note 3)	7-11-2013 to 30-11-2019	HK\$0.97	0.02% (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	1,000 (L) (Note 3)	7-11-2012 to 30-11-2019	HK\$0.97	0.00% (Note 4)
	Beneficial owner	35,000 (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)

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY (continued)

(II) *INTERESTS IN UNDERLYING SHARES* (continued)

Notes:

1. The letter "L" denotes a long position in the underlying Shares.
2. The long position in the underlying Shares comprised 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 176,000, 1,256,000, 2,010,000, 2,010,000, 176,000, 1,256,000 and 176,000 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 and such share options remained outstanding as at 30 June 2013.
4. This percentage was calculated on the basis of 1,237,768,000 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 30 June 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 13 to the interim financial information, at no time during the Period 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 its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

OTHER INFORMATION

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 13 to the interim financial information.

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

Name or category of participant	Number of share options					At 30 June 2013	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Price per Share at grant date (Note 3)
	At 1 January 2013	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
Directors										
Mr. Cheng Chia-liun	1,000	-	-	-	-	1,000	17-1-2012	7-11-2012 to 30-11-2019	HK\$0.97	HK\$0.97
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2013 to 30-11-2019	HK\$0.97	HK\$0.97
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2014 to 30-11-2019	HK\$0.97	HK\$0.97
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2015 to 30-11-2019	HK\$0.97	HK\$0.97
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2016 to 30-11-2019	HK\$0.97	HK\$0.97
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.97
	<u>176,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,000</u>				
Mr. Huang Kuo-Kuang	1,000	-	-	-	-	1,000	17-1-2012	7-11-2012 to 30-11-2019	HK\$0.97	HK\$0.97
	251,000	-	-	-	-	251,000	17-1-2012	7-11-2013 to 30-11-2019	HK\$0.97	HK\$0.97
	251,000	-	-	-	-	251,000	17-1-2012	7-11-2014 to 30-11-2019	HK\$0.97	HK\$0.97
	251,000	-	-	-	-	251,000	17-1-2012	7-11-2015 to 30-11-2019	HK\$0.97	HK\$0.97
	251,000	-	-	-	-	251,000	17-1-2012	7-11-2016 to 30-11-2019	HK\$0.97	HK\$0.97
	251,000	-	-	-	-	251,000	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.97
	<u>1,256,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,256,000</u>				
Mr. Hsieh Wan-Fu	402,000	-	-	-	-	402,000	17-1-2012	7-11-2013 to 30-11-2019	HK\$0.97	HK\$0.97
	402,000	-	-	-	-	402,000	17-1-2012	7-11-2014 to 30-11-2019	HK\$0.97	HK\$0.97
	402,000	-	-	-	-	402,000	17-1-2012	7-11-2015 to 30-11-2019	HK\$0.97	HK\$0.97
	402,000	-	-	-	-	402,000	17-1-2012	7-11-2016 to 30-11-2019	HK\$0.97	HK\$0.97
	402,000	-	-	-	-	402,000	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.97
		<u>2,010,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,010,000</u>			

OTHER INFORMATION

SHARE OPTION SCHEME (continued)

Name or category of participant	Number of share options					At 30 June 2013	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Price per Share at grant date (Note 3)
	At 1 January 2013	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
Directors (continued)										
Mr. Lo Jung-Te	402,000	-	-	-	-	402,000	17-1-2012	7-11-2013 to 30-11-2019	HK\$0.97	HK\$0.97
	402,000	-	-	-	-	402,000	17-1-2012	7-11-2014 to 30-11-2019	HK\$0.97	HK\$0.97
	402,000	-	-	-	-	402,000	17-1-2012	7-11-2015 to 30-11-2019	HK\$0.97	HK\$0.97
	402,000	-	-	-	-	402,000	17-1-2012	7-11-2016 to 30-11-2019	HK\$0.97	HK\$0.97
	402,000	-	-	-	-	402,000	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.97
	<u>2,010,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,010,000</u>				
Mr. Tsai Wen-Yu	1,000	-	-	-	-	1,000	17-1-2012	7-11-2012 to 30-11-2019	HK\$0.97	HK\$0.97
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2013 to 30-11-2019	HK\$0.97	HK\$0.97
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2014 to 30-11-2019	HK\$0.97	HK\$0.97
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2015 to 30-11-2019	HK\$0.97	HK\$0.97
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2016 to 30-11-2019	HK\$0.97	HK\$0.97
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.97
<u>176,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,000</u>					
Mr. Tsui Yung Kwok	1,000	-	-	-	-	1,000	17-1-2012	7-11-2012 to 30-11-2019	HK\$0.97	HK\$0.97
	251,000	-	-	-	-	251,000	17-1-2012	7-11-2013 to 30-11-2019	HK\$0.97	HK\$0.97
	251,000	-	-	-	-	251,000	17-1-2012	7-11-2014 to 30-11-2019	HK\$0.97	HK\$0.97
	251,000	-	-	-	-	251,000	17-1-2012	7-11-2015 to 30-11-2019	HK\$0.97	HK\$0.97
	251,000	-	-	-	-	251,000	17-1-2012	7-11-2016 to 30-11-2019	HK\$0.97	HK\$0.97
	251,000	-	-	-	-	251,000	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.97
<u>1,256,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,256,000</u>					

OTHER INFORMATION

SHARE OPTION SCHEME (continued)

Name or category of participant	Number of share options					At 30 June 2013	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Price per Share at grant date (Note 3)
	At 1 January 2013	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
Directors (continued)										
Mr. Yip Wai Ming	1,000	-	-	-	-	1,000	17-1-2012	7-11-2012 to 30-11-2019	HK\$0.97	HK\$0.97
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2013 to 30-11-2019	HK\$0.97	HK\$0.97
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2014 to 30-11-2019	HK\$0.97	HK\$0.97
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2015 to 30-11-2019	HK\$0.97	HK\$0.97
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2016 to 30-11-2019	HK\$0.97	HK\$0.97
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.97
	<u>176,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,000</u>				
Other employees										
In aggregate	412,666	-	-	-	-	412,666	17-1-2012	7-11-2012 to 30-11-2019	HK\$0.97	HK\$0.97
	16,026,666	-	-	-	-	16,026,666	17-1-2012	7-11-2013 to 30-11-2019	HK\$0.97	HK\$0.97
	16,026,667	-	-	-	-	16,026,667	17-1-2012	7-11-2014 to 30-11-2019	HK\$0.97	HK\$0.97
	16,026,667	-	-	-	-	16,026,667	17-1-2012	7-11-2015 to 30-11-2019	HK\$0.97	HK\$0.97
	16,026,667	-	-	-	-	16,026,667	17-1-2012	7-11-2016 to 30-11-2019	HK\$0.97	HK\$0.97
	16,026,667	-	-	-	-	16,026,667	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.97
	<u>80,546,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,546,000</u>				
	<u>87,606,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,606,000</u>				

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
3. The price of the Shares disclosed as at the date of grant of the share options is the Hong Kong Stock Exchange closing price of the Shares on the trading day immediately prior to the date of grant of the options.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 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	25.22%
Shine Century Assets Corp. (Note 2)	Interest of a controlled corporation	290,090,986 (L) ordinary Shares	25.22%
East Asia International Trustees Limited (Note 2)	Trustee (other than a bare trustee)	290,090,986 (L) ordinary Shares	25.22%
Ms. Lin Mei-Li (Note 3)	Beneficial owner	10,518,046 (L) ordinary Shares	0.91%
	Interest of spouse	323,770,986 (L) ordinary Shares	28.15%

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.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (continued)

Save as disclosed above, as at 30 June 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.

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 Period.

INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend for the Period.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules. The Company and the corporate governance committee of the Company periodically review its corporate governance practices to ensure its continuous compliance with the CG Code. Save as disclosed below, the Company had complied with the code provisions of the CG Code throughout the Period.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Cheng Li-Yu is the chairman of the Board but the Company has not appointed any chief executive officer. Details of the considered reasons for such deviation had been set out under the paragraph headed "Code provision A.2.1" in the corporate governance report contained in the Company's annual report for the year ended 31 December 2012.

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

OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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. 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 of the Company during the Period.

AUDIT COMMITTEE

The audit committee of the Board has reviewed the accounting policies, accounting standards and practices adopted by the Group and the unaudited consolidated interim financial information and results of the Group for the Period.

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

Hong Kong, 21 August 2013

