

# 2014

## INTERIM REPORT



**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

ANZ Bank  
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

## **CORPORATE INFORMATION**

### **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  
Level 22, Hopewell Centre  
183 Queen's Road East, Wanchai  
Hong Kong

### **WEBSITE**

[www.irasia.com/listco/hk/juteng](http://www.irasia.com/listco/hk/juteng)

### **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 2014 (the "Period") as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014

		<b>For the six months ended 30 June</b>	
		<b>2014</b>	2013
	<i>Notes</i>	<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	HK\$'000
<b>REVENUE</b>	2	<b>4,398,690</b>	4,298,825
Cost of sales		<u><b>(3,624,459)</b></u>	<u>(3,505,901)</u>
Gross profit		<b>774,231</b>	792,924
Other income and gains	3	<b>88,187</b>	30,424
Selling and distribution expenses		<b>(55,574)</b>	(44,511)
Administrative expenses		<b>(309,696)</b>	(258,167)
Other expenses		<b>(19,071)</b>	(35,182)
Finance costs	4	<u><b>(46,703)</b></u>	<u>(22,415)</u>
<b>PROFIT BEFORE TAX</b>	5	<b>431,374</b>	463,073
Income tax expense	6	<u><b>(83,118)</b></u>	<u>(142,971)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>348,256</b></u>	<u>320,102</u>
Attributable to:			
Equity holders of the Company		<b>310,686</b>	260,408
Non-controlling interests		<u><b>37,570</b></u>	<u>59,694</u>
		<u><b>348,256</b></u>	<u>320,102</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	8		
– Basic (HK cents)		<u><b>26.6</b></u>	<u>22.6</u>
– Diluted (HK cents)		<u><b>25.5</b></u>	<u>21.5</u>

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

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>348,256</b>	320,102
<b>OTHER COMPREHENSIVE INCOME:</b>		
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>		
Exchange differences on translation of foreign operations	(248,103)	122,481
Available-for-sale investment:		
Change in fair value	16,308	964
Income tax effect	(2,772)	(164)
	<u>13,536</u>	<u>800</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>(234,567)</b>	123,281
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>113,689</u></b>	<u>443,383</u>
Attributable to:		
Equity holders of the Company	120,783	352,807
Non-controlling interests	(7,094)	90,576
	<u>113,689</u>	<u>443,383</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2014

	Notes	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	7,604,850	7,290,846
Lease premium for land		344,509	205,199
Goodwill		40,062	40,062
Prepayments for acquisition of property, plant and equipment		290,166	122,244
Available-for-sale investments		60,333	44,042
Total non-current assets		8,339,920	7,702,393
<b>CURRENT ASSETS</b>			
Inventories		1,176,041	1,183,131
Trade receivables	10	3,553,111	3,953,777
Prepayments, deposits and other receivables		776,073	793,583
Pledged bank balances and time deposits		22,937	23,803
Cash and cash equivalents		1,402,552	1,061,299
Total current assets		6,930,714	7,015,593
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	1,388,203	1,554,929
Other payables and accruals		749,729	984,038
Tax payable		223,398	237,854
Interest-bearing bank borrowings		3,216,702	2,663,599
Derivative financial instruments		1,026	4,190
Total current liabilities		5,579,058	5,444,610
<b>NET CURRENT ASSETS</b>		<b>1,351,656</b>	<b>1,570,983</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>9,691,576</b>	<b>9,273,376</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		1,883,827	1,634,195
Deferred income		210,046	–
Deferred tax liabilities		18,922	6,391
Total non-current liabilities		2,112,795	1,640,586
Net assets		7,578,781	7,632,790
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Issued capital	12	116,736	116,736
Reserves		6,071,890	5,943,700
Proposed final dividend		–	175,105
		6,188,626	6,235,541
<b>Non-controlling interests</b>		<b>1,390,155</b>	<b>1,397,249</b>
Total equity		7,578,781	7,632,790

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to equity holders of the Company											
	Issued capital	Share premium account	Employee share-based compensation reserve	Capital reserve	Statutory reserve fund	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
(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>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>
(Unaudited)												
At 1 January 2014	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
Profit for the Period	-	-	-	-	-	-	310,686	-	-	310,686	37,570	348,256
Other comprehensive income for the Period:												
Change in fair value of available-for-sale investment, net of tax	-	-	-	-	-	-	-	13,536	-	13,536	-	13,536
Exchange differences on translation of foreign operations	-	-	-	-	-	(203,439)	-	-	-	(203,439)	(44,664)	(248,103)
Total comprehensive income for the Period	-	-	-	-	-	(203,439)	310,686	13,536	-	120,783	(7,094)	113,689
Share-based compensation arrangements	-	-	7,407	-	-	-	-	-	-	7,407	-	7,407
Final 2013 dividend declared	-	-	-	-	-	-	-	-	(175,105)	(175,105)	-	(175,105)
At 30 June 2014	<u>116,736</u>	<u>590,894*</u>	<u>68,144*</u>	<u>365,239*</u>	<u>182,964*</u>	<u>658,593*</u>	<u>4,174,925*</u>	<u>31,131*</u>	<u>-</u>	<u>6,188,626</u>	<u>1,390,155</u>	<u>7,578,781</u>

\* These reserve accounts comprise the consolidated reserves of HK\$6,071,890,000 (31 December 2013: HK\$5,943,700,000) in the condensed consolidated statement of financial position.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	<b>892,528</b>	1,011,269
Income tax paid	<b>(87,978)</b>	(51,441)
Withholding tax paid	–	(51,062)
Interest received	<b>8,946</b>	3,721
Interest paid	<b>(51,244)</b>	(22,415)
Net cash flows from operating activities	<b>762,252</b>	890,072
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	<b>(748,821)</b>	(1,038,870)
Purchases of lease premium for land	<b>(151,729)</b>	–
Proceeds from disposal of items of property, plant and equipment	<b>79,792</b>	50,371
Decrease in pledged bank balances and time deposits	<b>866</b>	10,364
(Increase)/decrease in prepayments for acquisition of property, plant and equipment	<b>(167,922)</b>	241,446
Net cash flows used in investing activities	<b>(987,814)</b>	(736,689)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank loans	<b>1,421,471</b>	1,100,050
Repayment of bank loans	<b>(618,736)</b>	(1,319,207)
Dividend paid	<b>(175,105)</b>	(138,019)
Net cash flows from/(used in) financing activities	<b>627,630</b>	(357,176)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>402,068</b>	(203,793)
Cash and cash equivalents at beginning of Period	<b>1,061,299</b>	1,162,927
Effect of foreign exchange rate changes, net	<b>(60,815)</b>	13,017
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,402,552</b>	972,151
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>1,402,552</b>	972,151



# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2014

## 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 2013. 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 2013, 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 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC) – Int 21	<i>Levies</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 2014

## 2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the business of manufacture and sale of casings for notebook computer 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.

### GEOGRAPHICAL INFORMATION

Revenue from external customers:

	<b>For the six months ended 30 June 2014 (Unaudited) HK\$'000</b>	2013 (Unaudited) HK\$'000
The People's Republic of China (the "PRC"), excluding Hong Kong	<b>4,170,525</b>	4,152,627
The Republic of China	<b>137,613</b>	45,926
Others	<b>90,552</b>	100,272
	<b><u>4,398,690</u></b>	<u>4,298,825</u>

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

## 3. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	<b>For the six months ended 30 June 2014 (Unaudited) HK\$'000</b>	2013 (Unaudited) HK\$'000
Interest income	<b>8,946</b>	3,721
Subsidy income <sup>#</sup>	<b>64,467</b>	7,241
Compensation income	<b>6,921</b>	12,218
Others	<b>7,853</b>	7,244
	<b><u>88,187</u></b>	<u>30,424</u>

<sup>#</sup> Various government subsidies have been received in Mainland China. There are no unfilled conditions or contingences relating to these subsidies.

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2014

## 4. FINANCE COSTS

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

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interest on bank loans and other loans wholly repayable within five years	<u>51,244</u>	<u>30,875</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<b>51,244</b>	30,875
Less: Interest capitalised	<u>(4,541)</u>	<u>(8,460)</u>
	<b><u>46,703</u></b>	<b><u>22,415</u></b>

## 5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Cost of inventories sold	<b>3,666,185</b>	3,495,586
Depreciation	<b>377,596</b>	311,006
Amortisation of lease premium for land	<b>7,112</b>	2,416
Losses on disposal of items of property, plant and equipment, net	<b>10,215</b>	20,232
(Written back of provision)/provision for slow-moving and obsolete inventories	<b>(19,671)</b>	7,393
Fair value losses on derivative financial instruments, net	<b>3,164</b>	12,779
Foreign exchange losses/(gains), net	<b><u>2,986</u></b>	<b><u>(3,519)</u></b>

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2014

## 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 2013: 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.

	<b>For the six months ended 30 June 2014 (Unaudited) HK\$'000</b>	2013 (Unaudited) HK\$'000
Provision for the Period		
Current – The PRC, excluding Hong Kong		
Charge for the Period	<b>67,996</b>	128,579
Underprovision in prior years	<b>1,014</b>	5,520
Current – Overseas		
Charge for the Period	<b>12,095</b>	14,815
Overprovision in prior years	<b>(7,747)</b>	(5,703)
Deferred tax	<b>9,760</b>	(240)
Total tax charge for the Period	<b>83,118</b>	142,971

During the six months ended 30 June 2013, 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.

## 7. INTERIM DIVIDEND

The Directors did not propose to declare any interim dividend for the Period (six months ended 30 June 2013: Nil).

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2014

## 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\$310,686,000 (six months ended 30 June 2013: HK\$260,408,000) and the weighted average number of 1,167,366,000 (six months ended 30 June 2013: 1,150,162,000) ordinary shares in issue during the Period.

The calculation of diluted earnings per share amounts is based on the profit for the Period attributable to equity holders of the Company of HK\$310,686,000 (six months ended 30 June 2013: HK\$260,408,000). The weighted average number of ordinary shares used in the calculation is the 1,167,366,000 (six months ended 30 June 2013: 1,150,162,000) ordinary shares in issue during the Period, as used in the basic earnings per share calculation, and the weighted average number of 52,910,595 (six months ended 30 June 2013: 59,989,993) 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\$958,867,000 (six months ended 30 June 2013: HK\$1,038,870,000) and disposed of property, plant and equipment with an aggregate net book value of HK\$90,007,000 (six months ended 30 June 2013: HK\$70,603,000).

The amount of borrowing costs capitalised during the Period was approximately HK\$4,541,000 (six months ended 30 June 2013: HK\$8,460,000). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 2.00% (six months ended 30 June 2013: 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 2014 (Unaudited) HK\$'000	As at 31 December 2013 (Audited) HK\$'000
Within 3 months	2,572,386	2,799,468
4 to 6 months	868,909	1,075,086
7 to 12 months	111,816	79,223
	<u>3,553,111</u>	<u>3,953,777</u>

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2014

## 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:

	<b>As at 30 June 2014 (Unaudited) HK\$'000</b>	<b>As at 31 December 2013 (Audited) HK\$'000</b>
Within 3 months	<b>1,135,527</b>	1,311,382
4 to 6 months	<b>222,969</b>	218,815
7 to 12 months	<b>15,332</b>	8,285
Over 1 year	<b>14,375</b>	16,447
	<b><u>1,388,203</u></b>	<b><u>1,554,929</u></b>

## 12. SHARE CAPITAL

	<b>As at 30 June 2014 (Unaudited) HK\$'000</b>	<b>As at 31 December 2013 (Audited) HK\$'000</b>
Authorised 2,000,000,000 shares of HK\$0.1 each	<b><u>200,000</u></b>	<b><u>200,000</u></b>
Issued and fully paid 1,167,366,000 shares of HK\$0.1 each	<b><u>116,736</u></b>	<b><u>116,736</u></b>

### 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 2014

## 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 2013.

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

	<b>2014</b>		<b>2013</b>	
	<b>Weighted average exercise price HK\$ per share</b>	<b>Number of options</b>	<b>Weighted average exercise price HK\$ per share</b>	<b>Number of options</b>
At 1 January and 30 June	<u>0.97</u>	<u>68,446,000</u>	<u>0.97</u>	<u>87,606,000</u>

During the six months ended 30 June 2014, 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 2014 and 31 December 2013, 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 2014 and 31 December 2013, shares of certain subsidiaries of the Company were pledged to secure banking facilities granted to the Group.

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2014

## 16. OPERATING LEASE COMMITMENTS

The Group leases certain of its office, 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:

	<b>As at 30 June 2014 (Unaudited) HK\$'000</b>	As at 31 December 2013 (Audited) HK\$'000
Within one year	<b>4,724</b>	6,595
In the second to fifth years, inclusive	<b>2,640</b>	3,737
	<b>7,364</b>	10,332

## 17. COMMITMENTS

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

	<b>As at 30 June 2014 (Unaudited) HK\$'000</b>	As at 31 December 2013 (Audited) HK\$'000
Contracted, but not provided for:		
Land and buildings	<b>202,880</b>	715,556
Machinery and office equipment	<b>556,378</b>	161,380
	<b>759,258</b>	876,936
Authorised, but not contracted for:		
Land and buildings	–	70,493
Total capital commitments	<b>759,258</b>	947,429



# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2014

## 18. RELATED PARTY TRANSACTIONS

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

		For the six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Rental expenses paid to:			
Ms. Lin Mei-Li	(1),(i)	<u>32</u>	<u>32</u>

Notes:

- (1) Ms. Lin Mei-Li is the spouse of Mr. Cheng Li-Yu, a director of the Company.
- (i) The rentals were determined at rates mutually agreed between the relevant parties.
- (b) Outstanding balances with related parties:

As at 30 June 2014 and 31 December 2013, 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	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short term employee benefits	3,569	3,778
Employee share-based compensation expenses	<u>2,480</u>	<u>3,256</u>
Total compensation paid to key management personnel	<u>6,049</u>	<u>7,034</u>

## 19. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts of the Group's financial instruments as at 30 June 2014 and 31 December 2013 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 2014, 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

The International Monetary Fund has cut its global economic growth forecast for 2014 from 3.7% (the original forecast made in April 2014) to 3.4%, as impacted by the economic instability in Europe and the United States (“US”) and the conflict in Ukraine. The sluggish economic recovery led to weak demand in emerging markets. Based on statistical data from the International Data Corp. (“IDC”), the global PC (including desktop computers, notebook computers and tablet PCs) shipments, as affected by the weak demand in emerging markets, recorded a continuous decrease and the decline did not alleviate until the second quarter of 2014, with a 4.4% decline in the first quarter of 2014 and a 1.7% slowdown in the second quarter of 2014 over the same period of last year. Canalys, a global market research institution, reported an easing downward trend of notebook computers in May 2014 and indicated that such trend was mainly attributable to the steady North American market and the recovering West European market. As one of the largest worldwide notebook computer casing manufacturers, Ju Teng’s business performance corresponds closely with the market. Amid the steady industry climate, Ju Teng managed to maintain an approximately 2.3% increase in revenue during the first half of the year 2014 as compared to the corresponding period last year. In addition to the existing stable clients and orders of the Group, the cease of updates to Windows XP by Microsoft on 8 April 2014 stimulated the replacements of PCs and to a certain extent promoted notebook computer shipments, contributing to the growth of the Group’s notebook computer casings business.

Being continuously affected by the trends of large screens on smartphones, slimming notebook computers and the growing popularity of touch screen functions thereon, tablet PC shipments recorded only 3.9% growth for the first quarter of 2014 as compared to that of the last year and declined sequentially from the first quarter of 2014 by 1.5% for the second quarter this year, according to the statistical data from IDC. NP DisplaySearch explained that the performance of this category of electronic devices was affected by the decline of certain US tablet PCs brand shipments. However, different levels of growth were recorded in the Middle East, Greater China, Central Europe and Eastern Europe according to Canalys. As Ju Teng’s tablet PC casings mainly supplied to the mid-priced market, the Group was not affected by the shrinkage of individual predominant brands. Ju Teng’s tablet PC casings remained stable during the period under review.

Smartphone was the only product which saw increasing momentum among the smart mobile devices (including notebook computers, tablet PCs and smartphones) during the Period. Based on statistical data from IDC, global smartphone shipments increased by 23.1% to approximately 300 million units for the second quarter of 2014 as compared to the same period last year. Smartphone casings has been a new segment of Ju Teng and it was committed to expanding its customer base during the period under review. However, smartphone casing business of the Group was yet to gain significant market share and represented only a small proportion in the Group’s revenue, thus unobvious benefits from the growth of the smartphone market.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW & PROSPECT (continued)

As a world leading notebook computer casings manufacturer, Ju Teng mainly develops and manufactures plastic casings, metal casings and composite material casings. Among the others, the market share of plastic casings has maintained a desired level and contributed stable returns to the Group. Thanks to the market trend and design preferences, metal casings as well as composite material casings are gaining popularity. With thorough understanding of the market trends, the Group has continued to develop these two types of casings, thus capturing the promising market share. During the period under review, these two types of casings recorded healthy growth in proportion to the overall products. As the Chongqing plant of the Group is currently under construction, an annex to the Jurong plant is being built to relieve the shortage of production capacity faced until the commencement of the operation of the Chongqing plant. The annex is expected to commence production in the third quarter of this year. Once the construction of the Chongqing plant is completed, Ju Teng will devote to promote the two sorts of materials among high-end customers.

According to IDC's forecast published in June 2014, smartphones will continue to be the key factor driving smart mobile device shipments, with a 15.6% expected growth this year. Microsoft's end of support to Windows XP will continue to drive the replacements of commercial PCs, therefore, Ju Teng's notebook computer casings business is expected to achieve an encouraging performance. Ju Teng holds a stable market share in the mid-priced tablet PC casings and its performance is expected to remain satisfactory in this segment. According to IDC's forecast, the ratio of smartphones shipments to the overall PCs shipments will rise to 6:1 in 2018. The growth in smartphones which are the first choice and the necessity among the mobile devices will remain robust in the second half of the year. Ju Teng will seize the opportunities to expand its smartphone casing business by seeking new customers and orders, with a view to increasing the Group's revenue. Ju Teng has observed a preference to metal casing among the brands which seek to tap into high-end smartphone markets. When the Chongqing plant has commenced operation, the Board expects that Ju Teng's metal casing production capacity will increase significantly. Ju Teng looks forward to a leap in the smartphone segment by then.

Ju Teng, being a global leading casing manufacturer, will maintain its existing healthy product mix and a steady expansion strategy. The Group will strive for new clients and orders, enhance and optimize its production capacity, as well as enrich its product mix in order to solidify its leading position as the one-stop casing solutions provider for notebook computers, tablet PCs and smartphones. Ju Teng will continue to keep abreast of the market trends and the industry development, and actively adjust its strategies with a view towards stable and sustainable growth of the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

During the Period, the Group continued its strategy to launch new products and boosted its metal and composite materials casings operation to compensate the sluggish demand for notebook computers. There was a slight increase of the Group's revenue of approximately 2.3% to approximately HK\$4,399 million (2013: HK\$4,299 million). Due to the higher development costs for the new products of the customers and the lower yield rate for the initial production, the Group's gross profit margin during the Period dropped to approximately 17.6% (2013: 18.4%).

During the Period, due to the increase in various government subsidies received by certain subsidiaries of the Company in the PRC, the Group recorded an increase of approximately 189.9% in other income to approximately HK\$88 million (2013: HK\$30 million), accounting for approximately 2.0% (2013: 0.7%) of the Group's turnover.

Due to the expansion of the production capacity of production plants in Sichuan Province and Jiangsu Province, the Group recorded an increase of approximately 20.7% in operating costs, including administrative expenses, and selling and distribution costs, to approximately HK\$365 million (2013: HK\$303 million) during the Period, accounting for approximately 8.3% (2013: 7.0%) of the Group's turnover.

During the Period, due to the decrease in losses on disposal of property, plant and equipment, the Group recorded a decrease of approximately 45.8% in other expenses to approximately HK\$19 million (2013: HK\$35 million), accounting for approximately 0.4% (2013: 0.8%) of the Group's turnover.

Finance costs increased by approximately 108.4% to approximately HK\$47 million (2013: HK\$22 million) for the Period as compared to that of the same period in 2013, which was mainly attributable to the increase in bank borrowings and interest rates. Interest capitalised during the Period was approximately HK\$5 million (2013: HK\$8 million).

Income tax expenses decreased by approximately 41.9% to approximately HK\$83 million (2013: HK\$143 million) for the Period as compared to that of the same period in 2013, which was mainly attributable to the incurrence of an one-off withholding tax expense in the amount of approximately HK\$51 million in relation to the repatriation of dividends declared by certain subsidiaries of the Company in the PRC for the six months ended 30 June 2013.

The profit attributable to equity holders for the Period amounted to approximately HK\$311 million (2013: HK\$260 million), representing an increase of approximately 19.3% when compared to the same period last year. The increase in the profit attributable to equity holders was mainly attributable to the increase in the Group's other income and decrease in income tax expenses.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, total bank borrowings of the Group amounted to approximately HK\$5,101 million (31 December 2013: HK\$4,298 million), representing an increase of approximately 18.7% as compared to that of 31 December 2013. 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 2014, the Group's bank loans denominated in USD and New Taiwan Dollars were approximately HK\$5,030 million (31 December 2013: HK\$4,231 million) and approximately HK\$71 million (31 December 2013: HK\$67 million) respectively.

During the Period, the Group's cashflow from operating activities decreased to approximately HK\$762 million from approximately HK\$890 million during the same period last year mainly due to a decrease in trade and bills payables and other payables and accruals. As a result of the purchase of fixed assets for the expansion of production plants in Jiangsu Province and the establishment of new production plant in Chongqing City, the Group recorded a net cash outflow from investing activities of approximately HK\$988 million (2013: HK\$737 million). During the Period, due to the additional bank borrowings obtained to finance the expansion of production capacities, the Group recorded a net cash inflow from financing activities of approximately HK\$628 million (2013: net cash outflow of HK\$357 million). As at 30 June 2014, the Group had cash and bank balances of approximately HK\$1,403 million (31 December 2013: HK\$1,061 million).

As at 30 June 2014, the Group's gearing ratio, calculated as total bank borrowings of approximately HK\$5,101 million (31 December 2013: HK\$4,298 million) divided by total assets of approximately HK\$15,271 million (31 December 2013: HK\$14,718 million) was 33.4% (31 December 2013: 29.2%). The increase of gearing ratio was due to the increase in total bank borrowings.

## PLEDGE OF ASSETS

As at 30 June 2014 and 31 December 2013, 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 2014 and 31 December 2013, shares of certain subsidiaries of the Company were pledged to secure banking facilities granted to the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 as needed to mitigate possible exchange losses in relation to the fluctuations in the values of the USD and RMB.

## EMPLOYEES

As at 30 June 2014, the Group had approximately 39,000 employees (30 June 2013: 38,000 employees). The Group recorded staff costs of approximately HK\$1,103 million (2013: HK\$935 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 2014, 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, machinery and office equipment amounted to approximately HK\$759 million (31 December 2013: HK\$877 million).

As at 31 December 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 and buildings amounted to approximately HK\$70 million.

## CONTINGENT LIABILITIES

As at 30 June 2014, 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 2014, the interests and short positions of the Directors and chief executive of the Company in the shares (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)	273,556,986 (L) ordinary Shares	23.43%
	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)	273,556,986 (L) ordinary Shares	23.43%
Mr. Cheng 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)	2,300,631 (L) ordinary Shares	0.20%
Mr. Hsieh Wan-Fu	Beneficial owner	2,326,432 (L) ordinary Shares	0.20%
Mr. Lo Jung-Te	Beneficial owner	7,217,942 (L) ordinary Shares	0.62%
Mr. Tsai Wen-Yu	Beneficial owner	34,000 (L) ordinary Shares	0.00%
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%

## 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	1,665,000(L) (Note 2)	N/A	N/A	0.14%
Mr. Cheng 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)



## 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. 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)

## 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	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)

## 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 1,665,000 units of Taiwan depository receipts on the Taiwan Stock Exchange Corporation, representing 1,665,000 Shares.
3. The long position in the underlying Shares comprised 142,000, 1,006,000, 1,608,000, 1,608,000, 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 30 June 2014.
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 30 June 2014, 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 2014	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2014	Granted during the Period	Exercised during the Period	Lapsed during the Period					
<b>Directors</b>									
Mr. Cheng Chia-lun	2,000	-	-	-	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
	<u>142,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,000</u>				
Mr. Huang Kuo-Kuang	2,000	-	-	-	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
	<u>1,006,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,006,000</u>				
Mr. Hsieh Wan-Fu	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
	<u>1,608,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,608,000</u>				

## OTHER INFORMATION

### SHARE OPTION SCHEME (continued)

Name or category of participant	Number of share options				At 30 June 2014	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2014	Granted during the Period	Exercised during the Period	Lapsed during the Period					
<b>Directors (continued)</b>									
Mr. Lo Jung-Te	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
	<u>1,608,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,608,000</u>				
Mr. Tsai Wen-Yu	2,000	-	-	-	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
	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,000</u>	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.93
<u>142,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,000</u>					
Mr. Tsui Yung Kwok	2,000	-	-	-	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
	<u>251,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,000</u>	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.93
<u>1,006,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,006,000</u>					

## OTHER INFORMATION

### SHARE OPTION SCHEME (continued)

Name or category of participant	Number of share options				At 30 June 2014	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2014	Granted during the Period	Exercised during the Period	Lapsed during the Period					
<b>Directors (continued)</b>									
Mr. Yip Wai Ming	2,000	-	-	-	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
	<u>142,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,000</u>				
<b>Other employees</b>									
In aggregate	250,132	-	-	-	250,132	17-1-2012	7-11-2013 to 30-11-2019	HK\$0.97	HK\$0.93
	15,635,467	-	-	-	15,635,467	17-1-2012	7-11-2014 to 30-11-2019	HK\$0.97	HK\$0.93
	15,635,467	-	-	-	15,635,467	17-1-2012	7-11-2015 to 30-11-2019	HK\$0.97	HK\$0.93
	15,635,467	-	-	-	15,635,467	17-1-2012	7-11-2016 to 30-11-2019	HK\$0.97	HK\$0.93
	15,635,467	-	-	-	15,635,467	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.93
	<u>62,792,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,792,000</u>				
	<u>68,446,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,446,000</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.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2014, 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	273,556,986 (L) ordinary Shares	23.43%
Shine Century Assets Corp. (Note 2)	Interest of a controlled corporation	273,556,986 (L) ordinary Shares	23.43%
East Asia International Trustees Limited (Note 2)	Trustee (other than a bare trustee)	273,556,986 (L) ordinary Shares	23.43%
Ms. Lin Mei-Li (Note 3)	Beneficial owner	10,518,046 (L) ordinary Shares	0.90%
	Interest of spouse	310,102,986 (L) ordinary Shares	26.56%
Allianz SE (Note 4)	Interest of a controlled corporation	70,018,284 (L) ordinary Shares	6.00%

#### Notes:

- The letter "L" denotes a long position in the Share.
- 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.
- 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.
- These Shares were directly interested as to 734,000 by Allianz Global Investors Taiwan Ltd., 55,641,000 by RCM Asia Pacific Ltd., 4,380,000 by Allianz Global Investors Singapore Ltd., 6,269,284 by Allianz Global Investors Europe GmbH and 2,994,000 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.

## OTHER INFORMATION

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES** (continued)

Save as disclosed above, as at 30 June 2014, 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 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 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 reasons for such deviation had been set out under the paragraph headed "Code Provision A.2.1" in the corporate governance report incorporated in the Company's annual report for the year ended 31 December 2013.

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.



## **OTHER INFORMATION**

### **DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES**

Pursuant to Rule 13.51B(1) of the Listing Rules, the Board would like to announce that Mr. Yip Wai Ming, an independent non-executive Director, has been appointed as an independent non-executive director of Yida China Holdings Limited (stock code: 3639) with effect from 1 June 2014.

### **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, 20 August 2014