

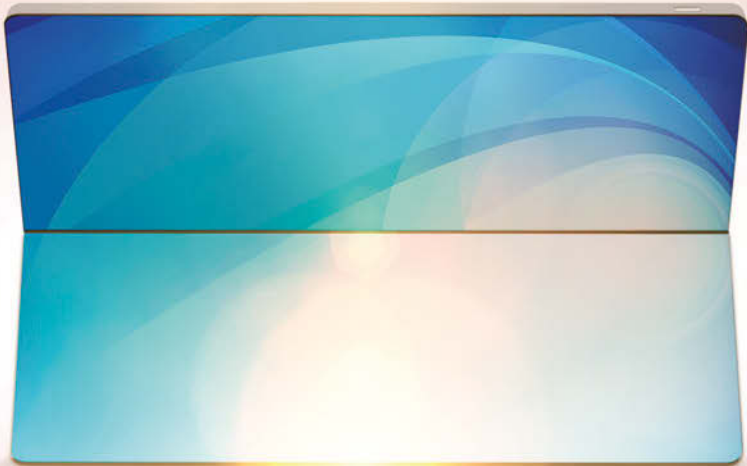


**JU TENG INTERNATIONAL HOLDINGS LIMITED**

**巨騰國際控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3336



**2016**  
Interim Report

## 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  
CTBC Bank  
DBS Bank  
E.Sun Bank  
Fubon Bank  
KGI Bank  
Mega International Commercial Bank  
Public Bank  
Taishin International Bank  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
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  
PO 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

## FINANCIAL HIGHLIGHTS

	Notes	For the six months ended 30 June		
		2016 (Unaudited)	2015 (Unaudited)	Changes
<b>Operating Results:</b>				
Revenue (HK\$ million)		<b>3,696</b>	4,215	-12.3%
Profit attributable to equity holders of the Company (HK\$ million)		<b>202</b>	354	-43.1%
Earnings per share				
Basic (HK cents)		<b>18.2</b>	30.7	-40.7%
Diluted (HK cents)		<b>17.8</b>	29.7	-40.1%
<b>Profitability Ratio:</b>				
Gross profit margin		<b>14.9%</b>	19.1%	-4.2%
Operating profit margin	1	<b>5.2%</b>	10.4%	-5.2%
Net profit margin		<b>5.5%</b>	8.4%	-2.9%
EBITDA (HK\$ million)		<b>832</b>	905	-8.1%
Return on equity	2	<b>6.2%</b>	10.7%	-4.5%
<b>Liquidity and Capital Ratio:</b>				
Inventory turnover days	3	<b>74</b>	72	+2.8%
Trade receivables turnover days	4	<b>133</b>	119	+11.8%
Trade and bills payables turnover days	5	<b>51</b>	50	+2.0%
Interest coverage	6	<b>666.9%</b>	1036.4%	-369.5%
Net debt to equity	7	<b>43.0%</b>	45.2%	-2.2%
Cash flows from operating activities (HK\$ million)		<b>931</b>	572	+62.7%

### Notes:

- (1) Operating profit margin equals operating profit divided by revenue. Operating profit includes gross profit, net of selling and distribution expenses, and administrative expenses.
- (2) Return on equity equals profit attributable to equity holders of the Company divided by the average of the beginning and closing balance of equity attributable to equity holders of the Company, and is calculated on an annualized basis.
- (3) Inventory turnover days is equal to the closing balance of inventories divided by cost of sales and multiplied by the number of days in the period.
- (4) Trade receivables turnover days is equal to the closing balance of trade receivables divided by revenue and multiplied by the number of days in the period.
- (5) Trade and bills payables turnover days is equal to the closing balance of trade and bills payables divided by cost of sales and multiplied by the number of days in the period.
- (6) Interest coverage ratio equals profit before tax and finance costs divided by finance costs.
- (7) Net debt to equity equals net debt divided by net assets. Net debt includes all interest-bearing bank borrowings net of cash and cash equivalents.

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 2016 (the "Period") as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

		For the six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
	Notes		
<b>REVENUE</b>	2	<b>3,696,230</b>	4,214,869
Cost of sales		<b>(3,145,691)</b>	(3,408,976)
Gross profit		<b>550,539</b>	805,893
Other income and gains	3	<b>168,016</b>	69,181
Selling and distribution expenses		<b>(52,418)</b>	(56,760)
Administrative expenses		<b>(304,773)</b>	(312,300)
Other expenses		<b>(35,231)</b>	(47,528)
Finance costs	4	<b>(48,900)</b>	(44,238)
<b>PROFIT BEFORE TAX</b>	5	<b>277,233</b>	414,248
Income tax expense	6	<b>(46,787)</b>	(62,870)
<b>PROFIT FOR THE PERIOD</b>		<b>230,446</b>	351,378
Attributable to:			
Equity holders of the Company		<b>201,632</b>	354,383
Non-controlling interests		<b>28,814</b>	(3,005)
		<b>230,446</b>	351,378
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	8		
– Basic (HK cents)		<b>18.2</b>	30.7
– Diluted (HK cents)		<b>17.8</b>	29.7

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>230,446</b>	<b>351,378</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(174,353)	(17,606)
Available-for-sale investment:		
Change in fair value	(5,654)	4,605
Income tax effect	961	(783)
	<b>(4,693)</b>	<b>3,822</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>(179,046)</b>	<b>(13,784)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>51,400</b>	<b>337,594</b>
Attributable to:		
Equity holders of the Company	60,285	341,281
Non-controlling interests	(8,885)	(3,687)
	<b>51,400</b>	<b>337,594</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

	Notes	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	8,430,388	8,397,593
Lease premium for land		463,721	465,616
Goodwill		53,985	40,062
Prepayments for acquisition of lease premium for land, property, plant and equipment		119,444	3,034
Available-for-sale investments		14,371	24,803
Total non-current assets		9,081,909	8,931,108
<b>CURRENT ASSETS</b>			
Inventories		1,276,483	1,295,793
Trade receivables	10	2,706,010	3,079,708
Prepayments, deposits and other receivables		448,888	509,095
Principal-protected investment deposits		–	61,745
Pledged bank balances		33,435	37,049
Cash and cash equivalents		1,477,589	1,541,485
Total current assets		5,942,405	6,524,875
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	878,262	1,051,886
Other payables and accruals		893,948	915,832
Tax payable		163,758	217,033
Interest-bearing bank borrowings		3,432,149	3,492,946
Total current liabilities		5,368,117	5,677,697
<b>NET CURRENT ASSETS</b>		<b>574,288</b>	<b>847,178</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>9,656,197</b>	<b>9,778,286</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		1,422,909	1,410,591
Deferred income		344,198	417,500
Deferred tax liabilities		26,639	22,788
Total non-current liabilities		1,793,746	1,850,879
Net assets		7,862,451	7,927,407
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Issued capital	12	111,998	111,997
Reserves		6,341,413	6,433,901
		6,453,411	6,545,898
<b>Non-controlling interests</b>		<b>1,409,040</b>	<b>1,381,509</b>
Total equity		7,862,451	7,927,407

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

Notes	Attributable to equity holders of the Company										Total equity HK\$'000	
	Issued capital HK\$'000	Share premium account* HK\$'000	Treasury shares* HK\$'000	Employee share-based compensation reserve* HK\$'000	Capital reserve* HK\$'000	Statutory reserve fund* HK\$'000	Exchange fluctuation reserve* HK\$'000	Retained profits* HK\$'000	Available-for-sale investment revaluation reserve* HK\$'000	Non-controlling interests 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 2015	116,195	539,238	(498)	51,623	365,239	182,964	651,610	4,628,906	11,993	6,547,270	1,410,295	7,957,565
Profit for the Period	-	-	-	-	-	-	-	354,383	-	354,383	(3,005)	351,378
Other comprehensive income for the Period:												
Change in fair value of available-for-sale investment, net of tax	-	-	-	-	-	-	-	-	3,822	3,822	-	3,822
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(16,924)	-	-	(16,924)	(682)	(17,606)
Total comprehensive income for the Period	-	-	-	-	-	-	(16,924)	354,383	3,822	341,281	(3,687)	337,594
Issue of shares in connection with the exercise of warrants	1,367	61,519	-	-	-	-	-	-	-	62,886	-	62,886
Share issue expense	-	(418)	-	-	-	-	-	-	-	(418)	-	(418)
Cancellation of shares repurchased	(1,032)	(20,186)	498	-	-	-	-	-	-	(20,720)	-	(20,720)
Transfer from retained profits	-	-	-	-	-	29,542	-	(29,542)	-	-	-	-
Share-based compensation arrangements	-	-	-	16,529	-	-	-	-	-	16,529	-	16,529
2014 final dividend	-	(174,664)	-	-	-	-	-	-	-	(174,664)	-	(174,664)
At 30 June 2015	116,530	405,469 <sup>#</sup>	-	68,152	365,239	212,506	634,686	4,953,747	15,815	6,772,164	1,406,608	8,178,772
(Unaudited)												
At 1 January 2016	111,997	218,062	-	60,989	365,239	212,506	98,091	5,474,321	4,693	6,545,898	1,381,509	7,927,407
Profit for the Period	-	-	-	-	-	-	-	201,632	-	201,632	28,814	230,446
Other comprehensive income for the Period:												
Change in fair value of available-for-sale investment, net of tax	-	-	-	-	-	-	-	-	(4,693)	(4,693)	-	(4,693)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(136,654)	-	-	(136,654)	(37,699)	(174,353)
Total comprehensive income for the Period	-	-	-	-	-	-	(136,654)	201,632	(4,693)	60,285	(8,885)	51,400
Issue of shares in connection with the exercise of warrants	12	1	1	-	-	-	-	-	-	2	-	2
Acquisition of subsidiaries	14	-	-	-	-	-	-	-	-	-	36,416	36,416
Transfer from retained profits	-	-	-	-	-	3,697	-	(3,697)	-	-	-	-
Share-based compensation arrangements	-	-	-	15,223	-	-	-	-	-	15,223	-	15,223
2015 final dividend	-	(167,997)	-	-	-	-	-	-	-	(167,997)	-	(167,997)
At 30 June 2016	111,998	50,066	-	76,212	365,239	216,203	(38,563)	5,672,256	-	6,453,411	1,409,040	7,862,451

<sup>#</sup> Share premium account has been adjusted for the proposed final dividend in accordance with the current period's presentation, which is described in note 3.3 to the annual financial statements for the year ended 31 December 2015.

<sup>\*</sup> These reserve accounts comprise the consolidated reserves of HK\$6,341,413,000 (31 December 2015: HK\$6,433,901,000) in the condensed consolidated statement of financial position.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	1,078,570	774,671
Income tax paid	(100,669)	(160,941)
Withholding tax paid	(367)	(357)
Interest received	5,637	7,524
Interest paid	(51,687)	(48,547)
Net cash flows from operating activities	<u>931,484</u>	<u>572,350</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	(696,200)	(966,538)
Purchases of lease premium for land	(11,094)	(4,729)
Proceeds from disposal of items of property, plant and equipment	25,444	56,056
Proceeds from disposal of available-for-sale investments	–	602
Acquisition of subsidiaries	(30,814)	–
Decrease in principal-protected investment deposits	62,239	–
Decrease/(increase) in pledged bank balances	3,614	(6,650)
Increase in prepayments for acquisition of lease premium for land, property, plant and equipment	(116,410)	(37,176)
Net cash flows used in investing activities	<u>(763,221)</u>	<u>(958,435)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank loans	815,190	1,259,096
Repayment of bank loans	(871,073)	(829,669)
Dividend paid	(167,997)	(174,664)
Proceeds from issue of shares in connection with the exercise of warrants	2	62,886
Shares repurchase	–	(20,720)
Payment for share issue expenses	–	(418)
Net cash flows (used in)/from financing activities	<u>(223,878)</u>	<u>296,511</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(55,615)</b>	<b>(89,574)</b>
Cash and cash equivalents at beginning of Period	1,541,485	1,563,614
Effect of foreign exchange rate changes, net	(8,281)	(22,717)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>1,477,589</u></b>	<b><u>1,451,323</u></b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u>1,477,589</u>	<u>1,451,323</u>

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2016

## 1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES 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 2015. 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 2015, 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:

### NEW AND REVISED HKFRSs

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11 HKFRS 14	<i>Accounting for Acquisitions of Interests in Joint Operations Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011) <i>Annual Improvements 2012-2014 Cycle</i>	<i>Equity Method in Separate Financial Statements Amendments to a number of HKFRSs</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 2016

## 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:

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
The People's Republic of China (the "PRC"), excluding Hong Kong	3,626,087	4,161,493
The Republic of China	49,004	40,679
Others	21,139	12,697
	<u>3,696,230</u>	<u>4,214,869</u>

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

## 3. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interest income	5,637	7,524
Subsidy income <sup>#</sup>	105,389	14,561
Compensation income	1,317	8,289
Exchange gains, net	53,139	33,527
Others	2,534	5,280
	<u>168,016</u>	<u>69,181</u>

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

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2016

## 4. FINANCE COSTS

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

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interest on bank loans and other loans	51,687	48,547
Total interest expense on financial liabilities not at fair value through profit or loss	51,687	48,547
Less: Interest capitalised	(2,787)	(4,309)
	<u>48,900</u>	<u>44,238</u>

## 5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Cost of inventories sold	3,107,524	3,380,076
Depreciation	499,920	442,345
Amortisation of lease premium for land	5,829	4,585
Provision for slow-moving and obsolete inventories	35,588	26,996
Losses on disposal of items of property, plant and equipment, net	26,850	19,496
Losses on disposal of available-for-sale investments	–	687
Impairment of available-for-sale investments	3,635	–
Reversal of impairment of other receivables	–	(1,010)
Foreign exchange gains, net	(53,139)	(9,942)
Fair value gains on derivative financial instruments, net	–	(23,585)
	<u>–</u>	<u>(23,585)</u>

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2016

## 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 2015: Nil). Taxes on assessable profits 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	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Provision for the Period		
Current – The PRC, excluding Hong Kong		
Charge for the Period	38,202	53,045
Underprovision in prior years	4,038	4,486
Current – Overseas		
Charge for the Period	19,359	8,123
Overprovision in prior years	(19,572)	(12,544)
Deferred tax	4,760	9,760
Total tax charge for the Period	46,787	62,870

## 7. INTERIM DIVIDEND

The Directors did not propose to declare any interim dividend for the Period (six months ended 30 June 2015: Nil).

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2016

## 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\$201,632,000 (six months ended 30 June 2015: HK\$354,383,000) and the weighted average number of 1,108,681,475 (six months ended 30 June 2015: 1,155,309,140) ordinary shares in issue excluding shares held under the share award scheme 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\$201,632,000 (six months ended 30 June 2015: HK\$354,383,000). The weighted average number of ordinary shares used in the calculation is 1,108,681,475 (six months ended 30 June 2015: 1,155,309,140) ordinary shares in issue excluding shares held under the share award scheme during the Period, as used in the basic earnings per share calculation, and the weighted average number of 21,320,377 (six months ended 30 June 2015: 37,667,726) 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\$698,987,000 (six months ended 30 June 2015: HK\$971,711,000) and disposed of property, plant and equipment with an aggregate net book value of HK\$52,294,000 (six months ended 30 June 2015: HK\$75,552,000).

The amount of borrowing costs capitalised during the Period was approximately HK\$2,787,000 (six months ended 30 June 2015: HK\$4,309,000). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was approximately 2.38% (six months ended 30 June 2015: 1.82%), which is the effective interest rate of the borrowings.

## 10. TRADE RECEIVABLES

The general credit terms of the Group range from 60 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:

	<b>As at 30 June 2016 (Unaudited) HK\$'000</b>	As at 31 December 2015 (Audited) HK\$'000
Within 3 months	<b>1,795,230</b>	2,211,049
4 to 6 months	<b>868,580</b>	848,644
7 to 12 months	<b>42,200</b>	20,015
	<b>2,706,010</b>	3,079,708

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2016

## 11. TRADE AND BILLS PAYABLES

The trade payables are non-interest-bearing and are normally settled on 60 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 2016 (Unaudited) HK\$'000	As at 31 December 2015 (Audited) HK\$'000
Within 3 months	697,782	800,983
4 to 6 months	161,426	225,442
7 to 12 months	7,224	10,850
Over 1 year	11,830	14,611
	<u>878,262</u>	<u>1,051,886</u>

## 12. SHARE CAPITAL

	As at 30 June 2016 (Unaudited) HK\$'000	As at 31 December 2015 (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: 1,119,977,445 (31 December 2015: 1,119,977,185) shares of HK\$0.1 each	<u>111,998</u>	<u>111,997</u>

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2016

## 12. SHARE CAPITAL (continued)

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

	Number of shares in issue of HK\$0.1 each	Share capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 January 2016	1,119,977,185	111,997	218,062	330,059
Issue of shares in connection with the exercise of Warrants (note)	260	1	1	2
2015 final dividend	—	—	(167,997)	(167,997)
At 30 June 2016	<u>1,119,977,445</u>	<u>111,998</u>	<u>50,066</u>	<u>162,064</u>

Note:

A bonus issue of warrants (the "Warrants") was made by the Company in the proportion of one Warrant for every eight shares held on the record date, i.e. 9 April 2015, resulting in 143,954,000 Warrants being issued. Each Warrant entitles the warrant holder thereof to subscribe for one warrant share at the initial subscription price of HK\$4.60 per warrant share (subject to adjustment) at any time during the period from 15 April 2015 to 14 October 2016 (both days inclusive).

During the Period, the Company issued a total of 260 shares at a subscription price of HK\$4.60 per warrant share pursuant to the exercise of subscription rights attached to the Warrants by certain warrant holders, resulting in the issue of 260 shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$1,000. The issued capital of the warrant shares was increased by the par value and the premium received thereon after deducting the related expenses incurred on the issue of the bonus warrants have been credited to share premium account of the Company accordingly.

At the end of the reporting period, the Company had 130,282,555 outstanding Warrants. The exercise in full of the outstanding Warrants would, under the present capital structure of the Company, result in the issue of 130,282,555 additional ordinary shares of the Company and additional share capital of HK\$13,028,000 and share premium of HK\$586,271,000 (before issue expenses).

### 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 2016

## 13. SHARE OPTION SCHEME

A share option scheme (the “Old Scheme”) was adopted by the Company on 3 November 2005 and was terminated by resolutions of the shareholders of the Company on 11 May 2015 and a new share option scheme (the “New Scheme”) was adopted by the Company on 11 May 2015. Details of the terms of the Old Scheme and the New Scheme were disclosed in the Annual Report of the Company for the year ended 31 December 2015.

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

	2016		2015	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share	Number of options
At 1 January	2.56	101,354,000	3.08	120,022,000
Lapsed during the Period	3.29	<u>(938,000)</u>	2.78	<u>(100,000)</u>
At 30 June	2.55	<u>100,416,000</u>	3.08	<u>119,922,000</u>

No share options were granted, exercised or cancelled under the Old Scheme and the New Scheme during the current and prior periods.

## 14. BUSINESS COMBINATION

On 25 April 2016, the Group entered into the acquisition and subscription agreement with Green Garden Limited (“Green Garden”) and Sonic Vantage Limited (“Sonic Vantage”), two independent third parties, pursuant to which the Group agreed to acquire 18% and 14% equity interests from Green Garden and Sonic Vantage, respectively, in Prime Smart Limited (“Prime Smart”) at a total cash consideration of approximately HK\$50,350,000 (equivalent to US\$6,486,000). The acquisition was completed in May 2016. Upon completion of the acquisition, Prime Smart became a 51% owned subsidiary of the Group.

Prime Smart is a private company incorporated in the Samoa with limited liability. Prime Smart and its subsidiaries (collectively the “Prime Smart Group”) are principally engaged in the development, manufacture and sale of materials for the manufacture of casings for notebook computers and handheld devices with manufacturing facilities located in Jurong City of Jiangsu Province and Chongqing City, the PRC.

The acquisition of Prime Smart Group during the Period is determined on a provisional basis as the nature and fair value of the identifiable assets and liabilities acquired can be determined on a provisional value only as at the end of the reporting period. The Company is in the process of finalising the valuation on Prime Smart Group’s fair value. It may be adjusted upon the completion of the initial accounting.

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2016

## 14. BUSINESS COMBINATION (continued)

The provisional fair values of the identifiable assets and liabilities of Prime Smart Group as at the date of acquisition was as follows:

	Provisional fair value recognised on acquisition <i>HK\$'000</i>
Property, plant and equipment	5,661
Inventories	2,956
Trade receivables	61,316
Cash and cash equivalents	19,536
Prepayments, deposits and other receivables	1,038
Trade and bills payables	(6,367)
Other payables and accruals	(4,420)
Tax payable	(5,402)
Non-controlling interests	(36,416)
	<u>37,902</u>
Provisional goodwill on acquisition	13,923
	<u>51,825</u>
Satisfied by:	
Cash	50,350
Reclassified from available-for-sale investment	1,475
	<u>51,825</u>

The Group incurred transaction costs of HK\$9,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the condensed consolidated statement of profit or loss.

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

	<i>HK\$'000</i>
Cash consideration	(50,350)
Cash and cash equivalents acquired	19,536
	<u>(30,814)</u>

Since its acquisition, Prime Smart Group contributed HK\$2,488,000 to the profit attributable to equity holders of the Company for the Period.

Had the combination taken place at the beginning of the Period, the profit attributable to equity holders of the Company for the Period would have been HK\$207,780,000.

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2016

## 15. CONTINGENT LIABILITIES

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

## 16. PLEDGE OF ASSETS

As at 30 June 2016 and 31 December 2015, 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 2016 and 31 December 2015, shares of certain subsidiaries of the Company were pledged to secure banking facilities granted to the Group.

## 17. OPERATING LEASE COMMITMENTS

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

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

	<b>As at 30 June 2016 (Unaudited) HK\$'000</b>	As at 31 December 2015 (Audited) HK\$'000
Within one year	19	2,307
In the second to fifth years, inclusive	19	133
	<b>38</b>	<b>2,440</b>

## 18. COMMITMENTS

In addition to the operating lease commitments detailed in note 17 above, the Group had the following capital commitments at the end of the reporting period:

	<b>As at 30 June 2016 (Unaudited) HK\$'000</b>	As at 31 December 2015 (Audited) HK\$'000
Contracted, but not provided for:		
Land and buildings	207,051	66,134
Machinery and office equipment	107,400	43,664
Total capital commitments	<b>314,451</b>	<b>109,798</b>

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2016

## 19. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Rental expenses paid to: Ms. Lin Mei-Li	<u>29</u>	<u>31</u>

Ms. Lin Mei-Li is the spouse of Mr. Cheng Li-Yu, a director of the Company. The rentals were determined at rates mutually agreed between the relevant parties.

- (b) Outstanding balances with related parties:

As at 30 June 2016 and 31 December 2015, 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	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Short term employee benefits	6,101	6,275
Employee share-based compensation expenses	<u>5,459</u>	<u>5,839</u>
Total compensation paid to key management personnel	<u>11,560</u>	<u>12,114</u>

## 20. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts of the Group's financial instruments as at 30 June 2016 and 31 December 2015 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 2016, the Group's financial instruments which comprise an available-for-sale investment, which was 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

Concerns from the market emerged over the faltering economic growth and strong headwinds persisting in the external environment in the first half of 2016. The subdued global growth and high volatility in global finance led to deeper setbacks in trade. Worldwide personal computers (“PC”) shipments also lost some momentum and the rising downside risks resulting in a double digit decrease in the first quarter of 2016. According to International Data Corporation (“IDC”), a market research institution, the worldwide PC shipments in the second quarter of 2016 recorded a year-on-year decline of 4.5%, narrowing further from previous quarters but this was the seventh consecutive quarter of PC shipment declines. Being a leading notebook computer casing manufacturer which has had successive rising gross profits against market routs for two years, the performance of Ju Teng is impacted by the continuously deteriorating market.

During the Period, worldwide PC shipments recorded a further contraction, especially the performance of low-end products which suffered a significant drop. Ju Teng, which is famous for producing quality plastic casings for notebook computer, suffered a strong hit from the sluggish market, resulting in reduced revenue. Although the production costs have been decreasing following the continuous depreciation of the RMB starting from August last year, Ju Teng has had to lower the selling prices of products so as to maintain its market share and remain on good terms with its customers. The development costs for the new products which are expected to be launched in the second half of 2016 and the expenses incurred for the transformation of some of the existing production facilities from plastic casing products to metal casing products are attributable to the decrease in gross profit.

Looking ahead to the second half of 2016, Ju Teng will continue to conduct research in the casings for the 2-in-1 PC to meet the market needs. IDC also claimed that worldwide tablet shipments declined 12.3% in the second quarter of 2016 and that worldwide tablet shipments declined to 38.7 million units from 44.1 million units last year. Furthermore, tablets serve as products with limited functions between laptops and smartphones so Ju Teng shifted the focus onto 2-in-1 PC products which had faster growth. Since 2014, Ju Teng has provided casings for 2-in-1 product of a well-known information technology company. The respective business kept pace during the Period.

On the other hand, Gartner Inc. (“Gartner”), a market research and advisory firm, expects the growth of global smartphone shipment in 2016 will continue to slow down and will no longer grow by double digit as a result of the saturation in many emerging markets such as China. Worldwide smartphone annual sales are expected to grow 7% in 2016 only as compared to 14.4% in 2015 and 73% in 2010. Ju Teng adjusted its product structure in a timely manner with its accurate market insight. Up until now, thanks to the high profit margin nature and high-end market demand of metal casings, Ju Teng will trend toward continuing to expand this business and may reduce the proportion of plastic casings.

As the world’s leading manufacturer of casings for notebook computer and handheld devices, Ju Teng dominates in the research and development sector for plastic and metal casings, and its composite materials casings are widely recognized by the industry. Meanwhile, Ju Teng continuously improved its profit margin over the past years through grasping market opportunities, optimizing product structure and expanding the proportion of the promising metal casings.

## **BUSINESS REVIEW & PROSPECT** (continued)

In addition, last year Gartner said shipments of global hybrid PCs (also known as 2-in-1 PCs) have been on pace to increase from 2012. Hybrid PCs are still a major impetus in the PC market in the forthcoming years, and this momentum is expected to be maintained until 2019. As a driver of this sector, the Company believes that the 2-in-1 PC business will be more promising. With regard to raw materials, metal is commonly used in 2-in-1 PC casings, which is implying a trend towards metal casings in the high-end 2-in-1 PC market and corresponding to the wise corporate development strategy duly employed by Ju Teng – vigorously developing the capacity of metal casings.

Ju Teng will continue to improve the product mix and strive to achieve a higher gross profit margin with proactive adjustment of market strategies, flexible optimization of products and material mix, reasonable allocation of production capacity, reduction of cost and efficiency enhancement. The management believes Ju Teng will continue to demonstrate strong resilience and achieve spectacular results amid a market fraught with challenges.

## **FINANCIAL REVIEW**

During the Period, due to the decrease in global shipment of notebook computers and the downward adjustment of selling price of products of the Group in order to maintain the Group's market share, the Group's revenue was declined by approximately 12.3% to approximately HK\$3,696 million (2015: HK\$4,215 million). Moreover, resulting from the increase in development costs for the new products of the Group which are expected to be launched in second half of 2016, the expenses incurred for the transformation of some of the existing production facilities from plastic casing products to metal casing products and the decrease in revenue, the Group's gross profit margin during the Period dropped to approximately 14.9% (2015: 19.1%).

Other income and gains of the Group mainly consisted of subsidy income of approximately HK\$105 million (2015: HK\$15 million) and exchange gains of approximately HK\$53 million (2015: HK\$34 million). Due to the substantial increase in various government subsidies received by certain subsidiaries of the Company in the PRC and the increase in foreign exchange gains, the Group recorded an increase of approximately 142.9% in other income and gains to approximately HK\$168 million (2015: HK\$69 million) during the Period, accounting for approximately 4.5% (2015: 1.6%) of the Group's revenue.

During the Period, due to the depreciation of Renminbi ("RMB"), the Group recorded a decrease of approximately 3.2% in operating costs, including administrative expenses, and selling and distribution costs, to approximately HK\$357 million (2015: HK\$369 million). Resulting from the decrease in revenue, operating costs of the Group increased to approximately 9.7% (2015: 8.8%) of the Group's revenue.

During the Period, other expenses of the Group mainly consisted of losses on disposal of items of property, plant and equipment of approximately HK\$27 million (2015: HK\$19 million) and impairment of available-for-sale investments of approximately HK\$4 million (2015: Nil). Due to the substantial decrease in the amount of written off of certain trade receivables, the Group recorded a decrease of approximately 25.9% in other expenses to approximately HK\$35 million (2015: HK\$48 million), accounting for approximately 1.0% (2015: 1.1%) of the Group's revenue.

## FINANCIAL REVIEW (continued)

Finance costs of the Group increased by approximately 10.5% to approximately HK\$49 million (2015: HK\$44 million) for the Period as compared to that of the same period in 2015, which was mainly attributable to the increase in loan interest rate. Interest capitalised during the Period was approximately HK\$3 million (2015: HK\$4 million).

Income tax expenses of the Group decreased by approximately 25.6% to approximately HK\$47 million (2015: HK\$63 million) for the Period as compared to that of the same period in 2015, resulting from the decrease in profit before tax.

The profit attributable to equity holders of the Company for the Period amounted to approximately HK\$202 million (2015: HK\$354 million), representing a decrease of approximately 43.1% when compared to that of the same period last year. The decrease in the profit attributable to equity holders was mainly attributable to the decrease in the Group's revenue and gross profit.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, total bank borrowings of the Group amounted to approximately HK\$4,855 million (31 December 2015: HK\$4,904 million), representing a decrease of approximately 1.0% as compared to that of 31 December 2015. 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 2016, the Group's bank loans denominated in USD and New Taiwan Dollars were approximately HK\$4,816 million (31 December 2015: HK\$4,848 million) and approximately HK\$39 million (31 December 2015: HK\$56 million) respectively.

During the Period, the Group's cashflow from operating activities increased to approximately HK\$931 million from approximately HK\$572 million during the corresponding period last year mainly due to the decrease in the magnitude of the reduction in trade payables and other payables. As a result of the establishment of new plant in Taizhou and the purchase of fixed assets for the expansion of production plants in Jiangsu Province and Chongqing City, the Group recorded a net cash outflow from investing activities of approximately HK\$763 million (2015: HK\$958 million). During the Period, due to the repayment of certain syndicated loan facilities amounts, the Group recorded a net cash outflow from financing activities of approximately HK\$224 million (2015: net cash inflow of HK\$297 million). As at 30 June 2016, the Group had cash and bank balances of approximately HK\$1,478 million (31 December 2015: HK\$1,541 million).

As at 30 June 2016, the Group's gearing ratio, calculated as total bank borrowings of approximately HK\$4,855 million (31 December 2015: HK\$4,904 million) divided by total assets of approximately HK\$15,024 million (31 December 2015: HK\$15,456 million) was 32.3% (31 December 2015: 31.7%). The slight increase of gearing ratio was due to the decrease in total assets.

## FINANCIAL RATIOS

Inventory turnover days of the Group during the Period of 74 days (2015: 72 days) was slightly higher than that of the corresponding period in 2015 due to the decline in revenue during the Period. There was a decrease in the Group's inventories of approximately 1.5% to approximately HK\$1,276 million as at 30 June 2016 from approximately HK\$1,296 million as at 31 December 2015.

Trade receivables turnover days of the Group during the Period raised to 133 days (2015: 119 days), which was attributable to the slower payment from the customers during the Period. Trade receivables as at 30 June 2016 was decreased by approximately 12.1% to HK\$2,706 million (31 December 2015: HK\$3,080 million).

Trade and bills payable turnover days of the Group during the Period amounted to 51 days (2015: 50 days) and remained stable when compared to the corresponding period in 2015.

## PLEDGE OF ASSETS

As at 30 June 2016 and 31 December 2015, 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 2016 and 31 December 2015, 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 and vice versa. 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 2016, the Group had approximately 31,000 employees (30 June 2015: 32,000 employees). The Group recorded staff costs of approximately HK\$943 million (30 June 2015: HK\$1,026 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 2016, 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\$314 million (31 December 2015: HK\$110 million).

## CONTINGENT LIABILITIES

As at 30 June 2016, 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 2016, 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:

Name of Directors		Long positions Number of ordinary shares of HK\$0.1 each (the "Shares") and underlying Shares held under equity derivatives				Approximate percentage of the Company's issued share capital
		Personal interests	Interests of spouse	Other interests (Note 1)	Total interests	
Mr. Cheng Li-Yen	Shares	-	-	303,240,986	303,240,986	27.08%
	Equity Derivatives: TDRs (Note 2)	1,665,000	-	-	1,665,000	0.15%
	Warrants (Note 3)	208,125	-	37,905,123	38,113,248	3.40%
					<u>343,019,234</u>	<u>30.63%</u>
Mr. Cheng Li-Yu	Shares	20,000,000	7,064,046	303,240,986	330,305,032	29.49%
	Equity Derivatives: Warrants (Note 3)	2,500,000	883,005	37,905,123	41,288,128	3.69%
					<u>371,593,160</u>	<u>33.18%</u>
Mr. Cherng Chia-Jiun	Shares	140,000	-	-	140,000	0.01%
	Equity Derivatives: Warrants (Note 3)	13,000	-	-	13,000	0.00%
	Share Options (Note 4)	370,000	-	-	370,000	0.04%
					<u>523,000</u>	<u>0.05%</u>
Mr. Huang Kuo-Kuang	Shares	6,427,866	2,300,631	-	8,728,497	0.78%
	Equity Derivatives: Warrants (Note 3)	771,983	287,578	-	1,059,561	0.09%
	Share Options (Note 4)	1,502,000	-	-	1,502,000	0.14%
					<u>11,290,058</u>	<u>1.01%</u>

## OTHER INFORMATION

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

Name of Directors		Long positions Number of ordinary shares of HK\$0.1 each (the "Shares") and underlying Shares held under equity derivatives			Total interests	Approximate percentage of the Company's issued share capital
		Personal interests	Interests of spouse	Other interests (Note 1)		
Mr. Hsieh Wan-Fu	Shares	2,680,432	-	-	2,680,432	0.24%
	Equity Derivatives:					
	Warrants (Note 3)	341,054	-	-	341,054	0.03%
	Share Options (Note 4)	1,804,000	-	-	1,804,000	0.16%
					<u>4,825,486</u>	<u>0.43%</u>
Mr. Lo Jung-Te	Shares	8,021,942	-	-	8,021,942	0.71%
	Equity Derivatives:					
	Warrants (Note 3)	952,492	-	-	952,492	0.09%
	Share Options (Note 4)	1,804,000	-	-	1,804,000	0.16%
					<u>10,778,434</u>	<u>0.96%</u>
Mr. Tsai Wen-Yu	Shares	106,000	-	-	106,000	0.01%
	Equity Derivatives:					
	Warrants (Note 3)	8,750	-	-	8,750	0.00%
	Share Options (Note 4)	370,000	-	-	370,000	0.03%
					<u>484,750</u>	<u>0.04%</u>
Mr. Tsui Yung Kwok	Shares	4,802,000	-	-	4,802,000	0.43%
	Equity Derivatives:					
	Warrants (Note 3)	568,750	-	-	568,750	0.05%
	Share Options (Note 4)	1,502,000	-	-	1,502,000	0.13%
					<u>6,872,750</u>	<u>0.61%</u>
Mr. Yip Wai Ming	Shares	106,000	-	-	106,000	0.01%
	Equity Derivatives:					
	Warrants (Note 3)	8,750	-	-	8,750	0.00%
	Share Options (Note 4)	370,000	-	-	370,000	0.03%
					<u>484,750</u>	<u>0.04%</u>

## OTHER INFORMATION

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

Notes:

1. The Shares and the underlying 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.
2. The 1,665,000 units of Taiwan depositary receipts (the "TDRs") are regarded for the time being as listed physically settled equity derivatives listing on the Taiwan Stock Exchange Corporation, representing 1,665,000 Shares.
3. The Warrants are regarded for the time being as listed physically settled equity derivatives. Each Warrant entitles the warrant holder thereof to subscribe at any time during the period from 15 April 2015 to 14 October 2016 (both days inclusive) for one fully paid Share at an initial subscription price of HK\$4.60 per Share (subject to adjustment).
4. The share options granted by the Company (the "Share Options") are regarded for the time being as unlisted physically settled equity derivatives. Details of the Share Options are set out in the section headed "Share Option Scheme" below and note 13 to the interim financial information.

Save as disclosed above, as at 30 June 2016, 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 and save in the section headed "Warrants" in this report, 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.

### SHARE OPTION SCHEME

The Company operates a 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.

## OTHER INFORMATION

### SHARE OPTION SCHEME (continued)

During the Period, the following share options were outstanding under the share option scheme which was adopted by the Company on 3 November 2005 and was terminated by resolutions of the shareholders of the Company on 11 May 2015 (the "Old Scheme"), and the new share option scheme which was adopted by the Company on 11 May 2015 (the "New Scheme"):

Name or category of participant	Number of share options					At 30 June 2016	Grant date	Exercise period	Exercise price per Share	Closing price per Share immediately before the grant date
	At 1 January 2016	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
<b>Directors</b>										
Mr. Cheng Chia-Jiun	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
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	370,000	-	-	-	-	370,000				
Mr. Huang Kuo-Kuang	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
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	1,502,000	-	-	-	-	1,502,000				
Mr. Hsieh Wan-Fu	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
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	1,804,000	-	-	-	-	1,804,000				

## OTHER INFORMATION

### SHARE OPTION SCHEME (continued)

Name or category of participant	Number of share options					At 30 June 2016	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2016	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
<b>Directors (continued)</b>										
Mr. Lo Jung-Te	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
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>1,804,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,804,000</u>				
Mr. Tsai Wen-Yu	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
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>370,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370,000</u>				
Mr. Tsui Yung Kwok	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
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>1,502,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,502,000</u>				
Mr. Yip Wai Ming	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
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>370,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370,000</u>				

## OTHER INFORMATION

### SHARE OPTION SCHEME (continued)

Name or category of participant	Number of share options					At 30 June 2016	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2016	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
<b>Other employees</b>										
In aggregate	117,400	-	-	-	-	117,400	17-1-2012	7-11-2015 to 30-11-2019	HK\$0.97	HK\$0.93
	14,445,300	-	-	-	-	14,445,300	17-1-2012	7-11-2016 to 30-11-2019	HK\$0.97	HK\$0.93
	14,445,300	-	-	-	-	14,445,300	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.93
	30,000	-	-	-	-	30,000	9-7-2015	9-7-2015 to 31-8-2024	HK\$3.29	HK\$3.00
	30,000	-	-	-	-	30,000	9-7-2015	7-11-2015 to 31-8-2024	HK\$3.29	HK\$3.00
	380,000	-	-	-	-	380,000	9-7-2015	7-11-2016 to 31-8-2024	HK\$3.29	HK\$3.00
	378,000	-	-	-	-	378,000	9-7-2015	7-11-2017 to 31-8-2024	HK\$3.29	HK\$3.00
	12,706,000	-	-	-	(186,000)	12,520,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	12,770,000	-	-	-	(188,000)	12,582,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	12,738,000	-	-	-	(186,000)	12,552,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	12,770,000	-	-	-	(188,000)	12,582,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	12,822,000	-	-	-	(190,000)	12,632,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>93,632,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(938,000)</u>	<u>92,694,000</u>				
	<u>101,354,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(938,000)</u>	<u>100,416,000</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 event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of the Company in accordance with the rules of the Old Scheme and the New Scheme.

## WARRANTS

On 15 April 2015, the Company issued a total of 143,954,000 Warrants (on the basis of one Warrant for every eight Shares) pursuant to an instrument by way of deed poll executed by the Company on 1 April 2015. The Warrants entitling the holders thereof to subscribe for an aggregate of up to 143,954,000 ordinary shares of the Company at an initial subscription price of HK\$4.60 per Share (subject to adjustment) at any time during a period commencing from 15 April 2015 to 14 October 2016 (both days inclusive).

The Board believes that the issue of Warrants will provide shareholders of the Company with an opportunity to participate in the growth of the Company. The bonus issue of Warrants will also, upon the exercise of the subscription rights attaching thereto, strengthen the equity base of the Company and increase the Company's working capital.

## OTHER INFORMATION

### WARRANTS (continued)

The exercise of the subscription rights attaching to the Warrants, and therefore the issue of Shares by the Company, is subject to the terms and conditions of the Warrants as set out in the certificates for the Warrants, a summary of which is set out in the appendix to the circular of the Company dated 1 April 2015.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2016, 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 shareholders	Capacity and nature of interest	Number of Shares	Long positions		Approximate percentage of the Company's issued share capital
			Number of underlying Shares held under equity derivatives <i>(Note 1)</i>	Total interests	
Southern Asia	Beneficial owner	303,240,986	37,905,123	341,146,109	30.46%
Shine Century Assets Corp. <i>(Note 2)</i>	Interest of controlled corporation	303,240,986	37,905,123	341,146,109	30.46%
East Asia International Trustees Limited <i>(Note 2)</i>	Trustee (other than a bare trustee)	303,240,986	37,905,123	341,146,109	30.46%
Ms. Lin Mei-Li <i>(Note 3)</i>	Beneficial owner	7,064,046	883,005	7,947,051	0.71%
	Interest of spouse	323,240,986	40,405,123	<u>363,646,109</u>	<u>32.47%</u>
				<u>371,593,160</u>	<u>33.18%</u>
Templeton Asset Management Ltd.	Investment manager	94,368,000	10,756,500	105,124,500	9.39%

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

Notes:

1. The long position in the underlying Shares held under equity derivatives represents the interest in the Warrants.
2. The Shares and underlying 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.

Save as disclosed above, as at 30 June 2016, 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 did 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.



## OTHER INFORMATION

### **CORPORATE GOVERNANCE PRACTICES** (continued)

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 incorporated in the Company's annual report for the year ended 31 December 2015.

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.

### **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, 15 August 2016