巨騰國際控股有限公司

JU TENG INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3336)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

The board (the "**Board**") of directors (the "**Directors**") of Ju Teng International Holdings Limited (the "**Company**" or "**Ju Teng**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2010 (the "**Period**") as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

		For the six months ended 30 June	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	2	**3,576,712**	3,124,336
Cost of sales		**(2,976,275)**	(2,567,574)
Gross profit		**600,437**	556,762
Other income and gains	3	**51,052**	38,798
Selling and distribution costs		**(29,008)**	(19,579)
Administrative expenses		**(202,411)**	(163,594)
Other expenses		**(8,389)**	(12,109)
Finance costs	4	**(18,846)**	(31,795)
PROFIT BEFORE TAX	5	**392,835**	368,483
Income tax expense	6	**(65,040)**	(72,534)
PROFIT FOR THE PERIOD		**327,795**	295,949
Attributable to:			
Equity holders of the Company		**302,104**	289,636
Non-controlling interests		**25,691**	6,313
		327,795	295,949
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
- Basic (HK cents)		**27.0**	28.3
- Diluted (HK cents)		**25.7**	27.7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2010

	Notes	30 June 2010 (Unaudited) HK$'000	31 December 2009 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,397,596**	4,108,425
Lease premium for land		**94,852**	96,118
Goodwill		**37,894**	37,894
Investment in an associate		**7,630**	-
Deposit for acquisition of non-controlling interests		**7,379**	23,287
Prepayments for acquisition of property, plant and equipment		**117,001**	38,650
Available-for-sale investment		**48,827**	55,181
Total non-current assets		**4,711,179**	4,359,555
CURRENT ASSETS			
Inventories		**1,093,314**	869,369
Trade receivables	9	**2,562,378**	3,255,863
Factored trade receivables	9	**29,118**	11,496
Prepayments, deposits and other receivables		**396,462**	408,314
Derivative financial instruments		**14,973**	338
Pledged bank balances and time deposits		**20,556**	8,113
Cash and cash equivalents		**1,046,877**	608,422
Total current assets		**5,163,678**	5,161,915
CURRENT LIABILITIES			
Trade and bills payables	10	**1,717,807**	2,089,204
Other payables and accruals		**701,348**	629,933
Tax payable		**142,878**	130,908
Bank advances on factored trade receivables	9	**29,118**	11,496
Interest-bearing bank borrowings		**561,892**	883,134
Total current liabilities		**3,153,043**	3,744,675
NET CURRENT ASSETS		**2,010,635**	1,417,240
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,721,814**	5,776,795
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**1,708,917**	1,202,103
Deferred tax liabilities		**12,209**	14,021
Total non-current liabilities		**1,721,126**	1,216,124
Net assets		**5,000,688**	4,560,671
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	11	**111,790**	111,790
Reserves		**4,105,955**	3,764,376
Proposed final dividend		**-**	89,432
		4,217,745	3,965,598
Non-controlling interests		**782,943**	595,073
Total equity		**5,000,688**	4,560,671

NOTES

1. ACCOUNTING POLICIES

The condensed consolidated interim financial information for the Period are prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting". 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 2009, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial information:

HKFRSs (Amendments)	Improvements to HKFRSs
HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

Adoption of these new HKFRSs did not have any material effect on the financial position or performance of the Group, nor resulted in restatement of comparative figures.

2. SEGMENT INFORMATION

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

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

<u>Geographical information</u>

Revenue from external customers:

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The People's Republic of China (the "**PRC**"), excluding Hong Kong	**3,404,650**	2,966,175
The Republic of China (the "**ROC**")	**111,008**	144,434
Others	**61,054**	13,727
	3,576,712	3,124,336

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

<u>Information about major customers</u>

Revenue of approximately HK$1,357,815,000, HK$924,333,000 and HK$686,378,000 for the period ended 30 June 2010 was derived from sales to three major customers, including sales to a group of entities which are known to be under common control with these customers.

Revenue of approximately HK$1,041,680,000, HK$928,535,000 and HK$465,113,000 for the period ended 30 June 2009 was derived from sales to three major customers, including sales to a group of entities which are known to be under common control with these customers.

3. OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**4,802**	5,398
Sale of scrap materials	**26,415**	18,034
Exchange gains, net	**6,345**	3,181
Subsidy income	**4,811**	7,478
Others	**8,679**	4,707
	51,052	38,798

4. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and other loans wholly repayable within five years	**18,846**	31,795
Total interest expense on financial liabilities not at fair value through profit or loss	**18,846**	31,795

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold	**2,966,246**	2,492,044
Depreciation	**195,410**	139,751
Amortisation of lease premium for land	**1,993**	584
Losses on write-off/disposal of items of property, plant and equipment, net	**590**	9,910

6. INCOME TAX EXPENSE

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 2009: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Provision for the Period		
Current – The PRC, excluding Hong Kong		
Charge for the Period	**41,736**	69,205
Underprovision/(Overprovision) in prior years	**4,641**	(583)
Current – Overseas		
Charge for the Period	**19,057**	2,966
(Overprovision)/Underprovision in prior years	**(188)**	946
Deferred	**(206)**	-
Total tax charge for the Period	**65,040**	72,534

7. INTERIM DIVIDEND

The Directors did not propose to declare an interim dividend for the Period (six months ended 30 June 2009: Nil).

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$302,104,000 (six months ended 30 June 2009: HK$289,636,000) and the weighted average of 1,117,898,000 (six months ended 30 June 2009: 1,022,114,917) 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$302,104,000 (six months ended 30 June 2009: HK$289,636,000). The weighted average number of ordinary shares used in the calculation is the 1,117,898,000 (six months ended 30 June 2009: 1,022,114,917) ordinary shares in issue during the Period, as used in the basic earnings per share calculation, and the weighted average of 58,939,158 (six months ended 30 June 2009: 25,166,106) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential shares into shares.

9. 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 and factored trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2010 (Unaudited) ***HK$'000***	As at 31 December 2009 (Audited) *HK$'000*
Trade receivables		
Within 3 months	**1,597,214**	2,031,299
4 – 6 months	**961,455**	1,213,921
7 – 12 months	**3,709**	6,041
Over 1 year	**-**	4,602
	2,562,378	3,255,863
Factored trade receivables		
Within 3 months	**16,208**	11,496
4 – 6 months	**12,910**	-
	29,118	11,496

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	As at 30 June 2010 (Unaudited) ***HK$'000***	As at 31 December 2009 (Audited) *HK$'000*
Neither past due nor impaired	**2,337,072**	2,488,088
1 – 3 months	**222,983**	755,659
4 – 6 months	**2,131**	7,130
7 – 12 months	**192**	786
Over 1 year	**-**	4,200
	2,562,378	3,255,863

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

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

As at 31 December 2009 and 30 June 2010, the factored trade receivables are factored to banks on a with-recourse basis for cash.

At 30 June 2010, the Group did not have trade receivables pledged to secure certain banking facilities granted to the Group (31 December 2009: HK$23,196,000).

10. 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 reporting period, based on the invoice date, is as follows:

	As at 30 June 2010 (Unaudited) ***HK$'000***	As at 31 December 2009 (Audited) *HK$'000*
Within 3 months	**1,163,323**	1,491,079
4 - 6 months	**461,699**	423,097
7 - 12 months	**74,716**	166,184
Over 1 year	**18,069**	8,844
	1,717,807	2,089,204

11. SHARE CAPITAL

	As at 30 June 2010 (Unaudited) *HK$'000*	As at 31 December 2009 (Audited) *HK$'000*
Authorised		
2,000,000,000 shares of HK$0.1 each	**200,000**	200,000
Issued and fully paid		
1,117,898,000 shares of HK$0.1 each	**111,790**	111,790

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review & Prospect

In 2009, the financial tsunami continued to strike the global economy with numerous challenges and difficulties. Ju Teng overcame adversity successfully in the second half of 2009 with a series of effective contingency measures. The Group also spearheaded its expansion strategy for production capacity last year, including the acquisition of Wah Yuen to venture into the metal casing business and the joint-venture cooperation with a client to establish a new plant in Jiangsu Province, which boosted the Group's annual production capacity to 70 million casings with 7 plants in total. Ju Teng's expansion efforts bore fruit in early 2010. When global markets stabilized with the implementation of economic stimulus packages in different countries, Ju Teng was well prepared for the increased orders from customers in the first quarter. In terms of regional markets, the performance of Asian-pacific market outshone the others in the first half of this year. In particular, China market delivered stunning sales figures, which underscored the success of the Chinese government's RMB4 trillion economic stimulus package that helped increase domestic consumption. Ju Teng's sales increase in the first quarter was indeed very impressive. Despite the postponement and decrease of orders caused by the outburst of the Greek debt crisis in the second quarter, which led to a disastrous knock-on effect on the Eurozone economy and weakened local markets concerned, the Group still enjoyed a double-digit growth in turnover for the first half of the year.

During the period, casings of notebook computer remained a major contributor to the Group in terms of sales volume. Last year, the Group began to develop the metal casing business with higher margin, and to produce LCD TV casings and digital camera casings. At present, these businesses only accounted for a small portion of the Group's turnover.

During the period, the Group's gross profit margin declined due to an increase in production costs which was paralleled by the rise in wages and raw material costs. Nevertheless, Ju Teng continued to post profit growth. In response to the pay rise demands in the Chinese manufacturing industry, Ju Teng increased the wages of its plant workers during the first half of this year. In the long run, the wage level in China is expected to rise further under the influence of government policies and the upward adjustment of minimum wage. However, Ju Teng believes that the wage hike will not affect the Group's long-term profit.

Forecasts of the imbalances of supply and demand in the PRC manufacturing labor market have led Ju Teng to commence a research project with a third party on mechanized production, which aims to reduce its reliance on labor-intensive production through automation. Ju Teng's advanced casing technologies call for a high standard of precision for mechanization. Thus, despite the fact that the Group has made satisfactory progress in this regard, the mechanized facilities have yet to go through a relatively long test phase before they can be applied to the production process.

Looking ahead to the second half of the year, while keeping a watchful eye on the development of the debt crisis in the Euro economic zone and the performance of the European market, the management remains cautiously optimistic about the prospects of the Group's business. The management is of the view that, despite uncertainty looming over the global economy, market demand for notebook computers will continue to climb. It is obvious that notebook computers' lightweight portability as well as its increasing user-friendly pricing and functionality have won consumers' hearts. Hence, its growth momentum is expected to outrun that of the traditional desktop computer. According to a market research company IDC, notebooks will become a major driving force for the growth of both personal and commercial computer markets. It is projected that the sales volume of notebook computers will account for approximately 70% of the overall computer market by 2013. As a leading notebook casing manufacturer, Ju Teng will capitalize on the growth of the industry by increasing its production capabilities for greater economies of scale, which will strengthen its profit margin and market share, thereby rewarding shareholders for their longstanding support.

Financial Review

During the Period, the notebook market in Asia Pacific performed well, offsetting the effect of the decrease in sales from the Eurozone countries. Accordingly, for the first half of the year, the turnover of the Group grew by 14.5% to approximately HK$3,577 million (2009: HK$3,124 million). The overall gross profit margin dropped to 16.8% (2009: 17.8%) due to rising labor costs and prices of raw materials.

As a result of the acquisition of Wah Yuen, a magnesium alloy casing manufacturer and expansion of its production capacity, the Group recorded an increase of 22.8% in operating cost and other operating expenses, including administrative expenses, selling and distribution costs and other expenses to approximately HK$240 million (2009: HK$195 million), accounting for 6.7% (2009: 6.2%) of the Group's turnover.

Finance costs decreased by 40.7% to approximately HK$19 million for the Period as compared to that of 2009 which was due to the low USD interest rate.

The profit attributable to equity holders for the Period amounted to approximately HK$302 million, representing an increase of 4.3% when compared to the same period of last year (2009: HK$290 million). It is mainly attributable to the increase in turnover of the Group.

Liquidity and Financial Resources

As at 30 June 2010, total bank borrowings of the Group amounted to approximately HK$2,271 million, representing an increase of 8.9% as compared to that of 31 December 2009. The Group's bank borrowings include short-term loans with 1-year maturity, 2-year term loan and 3-year revolving syndicated loan. As at 30 June 2010, the Group's bank loans denominated in USD and New Taiwan dollars are carrying the amounts of approximately HK$2,268 million (31 December 2009: HK$2,023 million) and approximately HK$3 million (31 December 2009: HK$20 million) respectively.

During the Period, the Group's cashflow from operating activities increased to approximately HK$717 million from HK$656 million for the corresponding period in 2009 due to the improving cashflow from operating activities and decrease in trade receivables. As a result of the purchase of fixed assets to expand its production capacity and construction of a new plant, the Group recorded a net cash outflow from investing activities of HK$585 million (2009: HK$717 million). During the Period, due to newly raised bank loans and contribution from minority shareholders, the Group recorded a net cash inflow from financing activities of approximately HK$266 million (2009: HK$242 million). As at 30 June 2010, the Group had cash and bank balances of approximately HK$1,047 million (31 December 2009: HK$608 million).

The gearing ratio of the Group, calculated as total bank borrowings of approximately HK$2,271 million (31 December 2009: HK$2,085 million) divided by total assets of approximately HK$9,875 million (31 December 2009: HK$9,521 million), as at 30 June 2010 was 23.0% (31 December 2009: 21.9%). The gearing ratio was slightly increased to settle the payment of the Group's plant and machinery.

Pledge of Assets

As at 30 June 2010, the Group's pledged leasehold land and buildings and machineries with an aggregate carrying amount of approximately HK$37 million (31 December 2009: HK$100 million), no trade receivables (31 December 2009: HK$23 million) and shares of certain subsidiaries (31 December 2009: Nil) 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 the RMB will have adverse effect on the Group's profitability. Accordingly, the Group has entered into forward foreign exchange contracts to mitigate possible exchange losses in relation to the fluctuations in the values of the USD and RMB.

Employees

As at 30 June 2010, the Group had approximately 35,000 employees. The Group recorded staff costs of approximately HK$544 million (30 June 2009: HK$463 million). The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. Discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee. The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme for its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations of the PRC.

Capital Commitment

As at 30 June 2010, the capital commitments which the Group had contracted for but were not provided for in the financial information in respect to the acquisition of land and buildings, machinery and the acquisition of non-controlling interests amounted to approximately HK$742 million (31 December 2009: HK$246 million).

Contingent Liabilities

As at 30 June 2010, the Group did not have any significant contingent liabilities.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Period.

INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend in respect of the period ended 30 June 2010.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("**CG Code**") contained in Appendix 14 to the Rules ("**Listing Rules**") Governing the Listing of Securities on the Stock Exchange. The Company periodically reviews 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 officer should be separate and should not be performed by the same individual. Mr. Cheng Li-Yu is the chairman of the Board but the Company has not appointed any chief executive officer. Details of the considered reasons for such deviation had been set out in the corporate governance report contained in the Company's annual report of the year ended 31 December 2009.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted and applied a code of conduct regarding the Directors' securities transaction on terms not less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company is satisfied that all the Directors have fully complied with the standards set out in the Model Code and the code of conduct for 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.

PUBLICATION ON THE STOCK EXCHANGE'S WEBSITE

The interim results announcement will be published on the Company's website (http://www.irasia.com/listco/hk/juteng) and Stock Exchange's website (http://www.hkex.com.hk). The 2010 Interim Report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and Stock Exchange in due course.

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

Hong Kong, 25 August 2010

As at the date of this announcement, the executive Directors are Mr. Cheng Li-Yu, Mr. Cheng Li-Yen, Mr. Huang Kuo-Kuang, Mr. Hsieh Wan-Fu, Mr. Lo Jung-Te, and Mr. Tsui Yung Kwok, and the independent non-executive Directors are Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming.