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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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 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 consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2010 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
REVENUE	2	**7,166,213**	7,463,909
Cost of sales		**(6,307,841)**	(6,119,165)
Gross profit		**858,372**	1,344,744
Other income and gains	3	**92,801**	74,199
Selling and distribution costs		**(63,389)**	(35,748)
Administrative expenses		**(416,280)**	(369,353)
Other expenses		**(15,394)**	(31,308)
Finance costs	4	**(34,564)**	(48,601)
Share of loss of an associate		**(1,241)**	-
PROFIT BEFORE TAX	5	**420,305**	933,933
Income tax expense	6	**(65,302)**	(172,783)
PROFIT FOR THE YEAR		**355,003**	761,150
Attributable to:			
Equity holders of the Company		**331,189**	704,876
Non-controlling interests		**23,814**	56,274
		355,003	761,150
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
- Basic (HK cents)		**29.6**	66.2
- Diluted (HK cents)		**28.4**	63.1

Details of dividend proposed for the year are disclosed in note 7.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,742,126**	4,108,425
Lease premium for land		**95,675**	96,118
Goodwill		**37,894**	37,894
Deposit for acquisition of non-controlling interests		**-**	23,287
Investment in an associate		**6,388**	-
Prepayments for acquisition of property, plant and equipment		**148,985**	38,650
Available-for-sale investment		**41,681**	55,181
Total non-current assets		**5,072,749**	4,359,555
CURRENT ASSETS			
Inventories		**1,028,719**	869,369
Trade receivables	9	**2,472,934**	3,255,863
Factored trade receivables	9	**26,033**	11,496
Prepayments, deposits and other receivables		**409,719**	408,314
Derivative financial instruments		**17,616**	338
Pledged bank balances and time deposits		**21,682**	8,113
Cash and cash equivalents		**862,150**	608,422
Total current assets		**4,838,853**	5,161,915
CURRENT LIABILITIES			
Trade and bills payables	10	**1,581,300**	2,089,204
Other payables and accruals		**834,541**	629,933
Tax payable		**119,506**	130,908
Bank advances on factored trade receivables	9	**26,033**	11,496
Interest-bearing bank borrowings		**760,690**	883,134
Total current liabilities		**3,322,070**	3,744,675
NET CURRENT ASSETS		**1,516,783**	1,417,240
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,589,532**	5,776,795
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**1,352,763**	1,202,103
Deferred tax liabilities		**11,280**	14,021
Total non-current liabilities		**1,364,043**	1,216,124
Net assets		**5,225,489**	4,560,671
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	11	**113,291**	111,790
Reserves		**4,184,984**	3,764,376
Proposed final dividend		**90,633**	89,432
		4,388,908	3,965,598
Non-controlling interests		**836,581**	595,073
Total equity		**5,225,489**	4,560,671

NOTES

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

These financial information have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and an available-for-sale investment, which have been measured at fair value. These financial information are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial information.

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*
HKFRS 5 Amendments 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*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendments to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	Presentation of Financial Statements – *Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Except for in certain cases, giving rise to additional disclosures, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial information and there have been no significant changes to the accounting policies applied in these financial information.

2. OPERATING SEGMENT INFORMATION

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

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

Geographical information

(i) Revenue from external customers:

	2010 HK$'000	2009 HK$'000
The People's Republic of China (the "**PRC**"), excluding Hong Kong	**6,799,129**	7,078,064
The Republic of China (the "**ROC**")	**194,031**	347,711
Others	**173,053**	38,134
	7,166,213	7,463,909

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

(ii) Non-current assets:

	2010 HK$'000	2009 HK$'000
The PRC, excluding Hong Kong	**4,919,834**	4,241,034
The ROC	**152,885**	118,491
Others	**30**	30
	5,072,749	4,359,555

The non-current assets information above is based on the location of assets.

Information about major customers

Revenue of approximately HK$2,559,180,000, HK$1,955,742,000 and HK$1,206,679,000 for the year ended 31 December 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$2,500,172,000, HK$2,259,923,000 and HK$1,174,415,000 for the year ended 31 December 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. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the invoiced value of goods sold, net of value-added tax, business tax and government surcharges, after allowances for returns and trade discounts, and after elimination of all significant intra-group transactions.

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

	2010	2009
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**7,166,213**	7,463,909
Other income and gains		
Interest income	**12,118**	6,667
Sale of scrap materials	**63,611**	45,995
Dividend income	**2,735**	1,417
Subsidy income	**4,849**	6,090
Others	**9,488**	14,030
	92,801	74,199

4. FINANCE COSTS

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

	2010	2009
	HK$'000	*HK$'000*
Interest on bank loans and other loans wholly repayable within five years	**34,564**	48,601
Total interest expense on financial liabilities not at fair value through profit or loss	**34,564**	48,601

5. PROFIT BEFORE TAX

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

	2010	2009
	HK$'000	*HK$'000*
Cost of inventories sold	**6,259,484**	6,027,100
Depreciation	**414,711**	314,569
Amortisation of lease premium for land	**3,242**	1,901
Loss on disposal of items of property, plant and equipment, net	**9,996**	12,690

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 year (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.

	2010	2009
	HK$'000	*HK$'000*
Provision for the year:		
Current – The PRC, excluding Hong Kong		
Charge for the year	**47,955**	150,159
Underprovision/(overprovision) in prior years	**4,726**	(356)
Current – Overseas		
Charge for the year	**11,788**	37,511
Underprovision/(overprovision) in prior years	**1,771**	(13,911)
Tax refund	**(492)**	(95)
Deferred tax	**(446)**	(525)
Total tax charge for the year	**65,302**	172,783

7. DIVIDEND

	2010	2009
	HK$'000	*HK$'000*
Proposed final – HK8 cents (2009: HK8 cents) per ordinary share	**90,633**	89,432

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 year attributable to equity holders of the Company of HK$331,189,000 (2009: HK$704,876,000) and the weighted average number of 1,119,173,332 (2009: 1,064,898,625) ordinary shares in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to equity holders of the Company of HK$331,189,000 (2009: HK$704,876,000). The weighted average number of ordinary shares used in the calculation is the 1,119,173,332 (2009: 1,064,898,625) ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of 47,855,093 (2009: 51,715,501) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary 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:

Trade receivables	**2010** **HK$'000**	2009 HK$'000
Within 3 months	**1,712,833**	2,031,299
4 to 6 months	**744,594**	1,213,921
7 to12 months	**13,244**	6,041
Over 1 year	**2,263**	4,602
	2,472,934	3,255,863

Factored trade receivables	**2010** **HK$'000**	2009 HK$'000
Within 3 months	**17,881**	11,496
4 to 6 months	**8,152**	-
	26,033	11,496

The aged analysis of the Group's trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2010 **HK$'000**	2009 HK$'000
Neither past due nor impaired	**2,236,165**	2,488,088
1 to 3 months past due	**228,890**	755,659
4 to 6 months past due	**4,824**	7,130
7 to 12 months past due	**902**	786
Over 1 year	**2,153**	4,200
	2,472,934	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 2010, the factored trade receivables are factored to banks on a with-recourse basis for cash.

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

	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**1,233,995**	1,491,079
4 to 6 months	**320,505**	423,097
7 to 12 months	**10,478**	166,184
Over 1 year	**16,322**	8,844
	1,581,300	2,089,204

11. SHARE CAPITAL

Shares

	2010	2009
	HK$'000	*HK$'000*
Authorised:		
2,000,000,000 shares of HK$0.1 each	**200,000**	200,000
Issued and fully paid:		
1,132,914,000 (2009: 1,117,898,000) shares of HK$0.1 each	**113,291**	111,790

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review & Prospect

In 2010, drastic changes in the market affected Ju Teng's business substantially. In the first quarter, thanks to the stimulus packages announced by various governments in response to the financial tsunami, global economy improved gradually and the Group's new orders grew faster. Nevertheless, in the second quarter, notebook computer sales was impacted by the deepening of debt crisis in the European Union, which led to decrease in the Group's new orders. In the second half of the year, tablet PCs gained huge popularity and impressive market share with their competitive pricing, which resulted in sales decline of conventional notebook computers and delay of new product launch of the latter. In addition, the surge of tablet PCs has forced conventional notebook computer manufacturers to adjust their product mix by focusing on cheaper products with their average selling prices slashed. This had in turn affected the gross profit margins of Ju Teng's casings and ultimately impacted the Group's revenue and profit substantially.

During the year, the Group operated 7 factories with annual production capacity reaching 80 million casings. In terms of sales volume, plastic casings of notebook computer remained a major contributor to the Group. Last year, the Group strengthened its metal casing business via the acquisition of 53.4% stake in magnesium alloy casing manufacturer, Wah Yuen Technology Holding Limited ("**Wah Yuen**") and received healthy number of orders for LCD TV casings and digital camera casings. Nevertheless, as these businesses were still in the initial stage, they only accounted for about 10% of the Group's turnover.

Despite the challenges and difficulties, the Group continued its expansion during the year. Ju Teng established a company with a Japanese company for production of carbon fiber, that is a very strong, lightweight and high-tech material often used by manufacturers of racing cars and airplanes. The Group has a 49% stake in the company and will adopt carbon fiber in its casing production in the second quarter of 2011, which is expected to fetch a higher gross profit margin than that of the plastic and metal casings.

In December 2010, the Group signed a memorandum of cooperation with Neijiang City government in Sichuan Province for the construction of a new factory with an annual production capacity of 10 million plastic and metal casings. With its scheduled commencement of production in 2012, the Group will be able to employ more workers in inland China and expand its production output.

In addition, in response to labor shortage and wage hike in China's manufacturing sector, the Group had put great efforts in the research and development of automated production technologies applicable to labor-intensive production procedures so as to minimize manpower cost. Currently, the automated production plan is in its final testing stage.

Looking forward, management remains cautious of the Group's business outlook. With the launch of Windows 7 operating system by Microsoft, it is expected that replacement demands for business notebook computers will be accelerated as commercial users who seek greater functionality and faster speed are more willing to invest in new notebook computers than average users. Management believes this is a positive factor for the Group's expansion in the business notebook computer segment with its carbon fibre and metal casings.

Despite tablet PCs' recent selling success, management believes that since conventional notebook computers offer better functionality and stability, consumers will ultimately shift their attention back to the latter after the former's buying craze subsides. In the long run, notebook computers will continue to upgrade and become replacements for desktop computers, creating a room for further development of the industry. Ju Teng will be a major benefiter of this mega trend. As the world's leading notebook casing manufacturer, Ju Teng enjoys a dominant position and is poised for further business and market share expansion, which will increase its returns to shareholders.

Financial Review

During the year, a number of Eurozone countries plunged into debt crisis, which shocked the world and dragged down notebook computer sales in the second quarter. In addition, the surge of tablet PC in the second half of the year was detrimental to conventional notebook computer sales and impacted the Group's revenue for the year which dropped 4% to approximately HK$7,166 million (2009: HK$7,464 million). The overall gross profit margin dropped to 12% (2009: 18%) due to rising labor costs and prices of raw materials as well as decline in the average selling price of notebook computers.

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 13.5% in operating cost and other operating expenses, including administrative expenses, selling and distribution costs and other expenses to approximately HK$495 million (2009: HK$436 million), accounting for 6.9% (2009: 5.8%) of the Group's turnover for the year.

Finance costs decreased by 29% to approximately HK$35 million for the year as compared to that of 2009 which was due to the low USD interest rate.

The profit attributable to equity holders for the year amounted to approximately HK$331 million, representing a decrease of 53% when compared to last year (2009: HK$705 million). It was mainly attributable to the decline in the Group's turnover and gross profit margin.

Liquidity and Financial Resources

As at 31 December 2010, total bank borrowings of the Group amounted to approximately HK$2,113 million, representing a slight increase of 1.3% as compared to that of 31 December 2009. The Group's bank borrowings include short-term loans with 1-year maturity and 3-year revolving syndicated loans. As at 31 December 2010, the Group's bank loans denominated in USD and New Taiwan dollars are carrying the amounts of approximately HK$2,110 million (2009: HK$2,023 million) and approximately HK$3 million (2009: HK$20 million) respectively.

During the year, the Group's cashflow from operating activities decreased to approximately HK$1,097 million from HK$1,220 million in 2009 mainly due to the decrease in trade and bills payables. 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$1,070 million (2009: HK$1,405 million). During the year, due to newly raised bank loans and contribution from non-controlling shareholders, the Group recorded a net cash inflow from financing activities of approximately HK$176 million (2009: HK$345 million). As at 31 December 2010, the Group had cash and bank balances of approximately HK$862 million (2009: HK$608 million).

The gearing ratio of the Group, calculated as total bank borrowings of approximately HK$2,113 million (2009: HK$2,085 million) divided by total assets of approximately HK$9,912 million (2009: HK$9,521 million), as at 31 December 2010 was 21.3% (2009: 21.9%). The gearing ratio was slightly decreased due to the increase in the Group's property, plant and machinery.

Pledge of Assets
As at 31 December 2010, the Group's pledged leasehold land and buildings and machineries with an aggregate carrying amount of approximately HK$29 million (2009: HK$100 million) and shares of certain subsidiaries 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 31 December 2010, the Group had approximately 31,000 employees. The Group recorded staff costs of approximately HK$1,155 million (2009: HK$1,074 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 31 December 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 and machinery amounted to approximately HK$320 million (2009: HK$246 million).

Contingent Liabilities
As at 31 December 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 year.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK$0.08 per share in respect of the year ended 31 December 2010 (2009: HK$0.08 per share) to shareholders whose names appear on the register of members of the Company on 18 May 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 May 2011 to 18 May 2011, both days inclusive, during which period no transfer of shares can be registered. To qualify for the final dividend (which will be payable on or about 31 May 2011) to be approved at the forthcoming annual general meeting of the Company and the attendance at the annual general meeting, shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 13 May 2011.

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 and applied 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 of Hong Kong Limited ("**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 year:

<u>Code Provision A.2.1</u>

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. The day-to-day management of the business of Group and the execution of the instructions and directions of the Board are managed by the management team of the Group which comprises some of the executive Directors and the senior management of the Group. The Directors believe that the allocation of the daily management of different sectors of the Group's business amongst the senior management who possesses experiences and qualifications in different areas will enable the Group to enhance the effectiveness and efficiency of the implementation of its business plan. The Board will continue to review the current 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 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 year ended 31 December 2010.

AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the accounting policies, accounting standards and practices adopted by the Group and the consolidated financial information and results of the Group for the year ended 31 December 2010.

PUBLICATION ON THE STOCK EXCHANGE'S WEBSITE

The 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 Annual 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, 22 March 2011

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.