# 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 2012

Financial Highlights

- Turnover for the year ended 31 December 2012 reached approximately HK$9,201 million, representing an increase of approximately 11.7%.
- Gross profit for the year ended 31 December 2012 reached approximately HK$1,401 million, representing an increase of approximately 61.5%.
- Gross profit margin for the year ended 31 December 2012 increased to approximately 15.2% from approximately 10.5% for the year ended 31 December 2011.
- Profit attributable to equity holders of the Company for the year ended 31 December 2012 reached approximately HK$601 million, representing an increase of approximately 134.2%.
- Basic earnings per share attributable to equity holders of the Company for the year ended 31 December 2012 increased to approximately HK53.2 cents, representing an increase of approximately 134.4%.
- Net asset value per share attributable to equity holders of the Company as at 31 December 2012 reached approximately HK$4.7 as compared with approximately HK$4.2 as at 31 December 2011.

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 2012 as follows:

## CONSOLIDATED INCOME STATEMENT

*For the year ended 31 December 2012*

| | Notes | 2012 HK$'000 | 2011 HK$'000 |
|---|---|---|---|
| **REVENUE** | 3 | **9,201,313** | 8,234,507 |
| Cost of sales | | **(7,800,083)** | (7,366,615) |
| Gross profit | | **1,401,230** | 867,892 |
| Other income and gains | 3 | **99,874** | 64,760 |
| Selling and distribution costs | | **(93,525)** | (97,877) |
| Administrative expenses | | **(530,905)** | (478,112) |
| Other expenses | | **(26,471)** | (17,252) |
| Finance costs | 4 | **(61,993)** | (45,125) |
| Share of loss of an associate | | **-** | (7,178) |
| **PROFIT BEFORE TAX** | 5 | **788,210** | 287,108 |
| Income tax expense | 6 | **(128,589)** | (50,361) |
| **PROFIT FOR THE PERIOD** | | **659,621** | 236,747 |
| Attributable to: | | | |
| Equity holders of the Company | | **600,959** | 256,625 |
| Non-controlling interests | | **58,662** | (19,878) |
| | | **659,621** | 236,747 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY** | 8 | | |
| - Basic (HK cents) | | **53.2** | 22.7 |
| - Diluted (HK cents) | | **51.2** | 22.6 |

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2012*

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **PROFIT FOR THE YEAR** | **659,621** | 236,747 |
| **OTHER COMPREHENSIVE INCOME** | | |
| Exchange differences on translation of foreign operations | **63,174** | 234,967 |
| Available-for-sale investment: | | |
| Change in fair value | **6,653** | (22,037) |
| Income tax effect | **(1,400)** | 7,001 |
| | **5,253** | (15,036) |
| **OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX** | **68,427** | 219,931 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | **728,048** | 456,678 |
| Attributable to: | | |
| Equity holders of the Company | **663,786** | 432,109 |
| Non-controlling interests | **64,262** | 24,569 |
| | **728,048** | 456,678 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*31 December 2012*

| | Notes | 2012 HK$'000 | 2011 HK$'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **6,193,404** | 5,804,675 |
| Lease premium for land | | **183,319** | 169,154 |
| Goodwill | | **40,062** | 37,894 |
| Investment in an associate | | **-** | (772) |
| Prepayments for acquisition of property, plant and equipment | | **438,178** | 309,492 |
| Available-for-sale investments | | **31,373** | 24,768 |
| Total non-current assets | | **6,886,336** | 6,345,211 |
| **CURRENT ASSETS** | | | |
| Inventories | | **937,488** | 1,029,348 |
| Trade receivables | 9 | **3,239,371** | 2,731,863 |
| Prepayments, deposits and other receivables | | **964,792** | 558,292 |
| Derivative financial instruments | | **15,155** | 9,970 |
| Pledged bank balances and time deposits | | **43,231** | 43,347 |
| Cash and cash equivalents | | **1,162,927** | 654,492 |
| Total current assets | | **6,362,964** | 5,027,312 |
| **CURRENT LIABILITIES** | | | |
| Trade and bills payables | 10 | **1,629,270** | 1,795,876 |
| Other payables and accruals | | **744,140** | 921,614 |
| Tax payable | | **172,918** | 130,492 |
| Interest-bearing bank borrowings | | **2,499,007** | 540,877 |
| Total current liabilities | | **5,045,335** | 3,388,859 |
| **NET CURRENT ASSETS** | | **1,317,629** | 1,638,453 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **8,203,965** | 7,983,664 |
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing bank borrowings | | **1,582,652** | 2,081,154 |
| Deferred tax liabilities | | **4,719** | 3,799 |
| Total non-current liabilities | | **1,587,371** | 2,084,953 |
| Net assets | | **6,616,594** | 5,898,711 |
| **EQUITY** | | | |
| **Equity attributable to equity holders of the Company** | | | |
| Issued capital | 11 | **115,016** | 111,897 |
| Reserves | | **5,133,063** | 4,540,255 |
| Proposed final dividend | 7 | **138,019** | 89,518 |
| | | **5,386,098** | 4,741,670 |
| **Non-controlling interests** | | **1,230,496** | 1,157,041 |
| Total equity | | **6,616,594** | 5,898,711 |

**NOTES**

## 1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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 revised HKFRSs for the first time for the current year's financial information.

| | |
|---|---|
| HKFRS 1 Amendments | Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* |
| HKFRS 7 Amendments | Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* |
| HKAS 12 Amendments | Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* |

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

## 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.

<u>Geographical information</u>

*(i) Revenue from external customers:*

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| The People's Republic of China (the "**PRC**"), excluding Hong Kong | **8,850,634** | 7,397,371 |
| The Republic of China (the "**ROC**") | **125,374** | 242,868 |
| Others | **225,305** | 594,268 |
| | **9,201,313** | 8,234,507 |

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

*(ii) Non-current assets:*

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| The PRC, excluding Hong Kong | **6,724,308** | 6,219,844 |
| The ROC | **161,976** | 125,307 |
| Others | **52** | 60 |
| | **6,886,336** | 6,345,211 |

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

**Information about major customers**

Revenue of approximately HK$3,009,452,000, HK$2,242,582,000, HK$1,836,142,000 and HK$1,346,612,000 for the year ended 31 December 2012 was derived from sales to each of the Group's four major customers, including sales to a group of entities which are known to be under common control with these customers.

Revenue of approximately HK$2,783,674,000, HK$2,166,598,000, HK$1,060,433,000 and HK$979,844,000 for the year ended 31 December 2011 was derived from sales to each of the Group's four 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:

| | 2012 | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Revenue** | | |
| Sale of goods | **9,201,313** | 8,234,507 |
| **Other income and gains** | | |
| Interest income | **6,835** | 14,000 |
| Dividend income | **205** | 1,373 |
| Subsidy income | **8,773** | 2,449 |
| Compensation income | **19,626** | - |
| Exchange gains, net | **50,516** | 33,917 |
| Others | **13,919** | 13,021 |
| | **99,874** | 64,760 |

## 4. FINANCE COSTS

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

| | 2012 | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on bank loans and other loans wholly repayable within five years | **61,993** | 45,125 |
| Total interest expense on financial liabilities not at fair value through profit or loss | **61,993** | 45,125 |

## 5. PROFIT BEFORE TAX

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

| | 2012 | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Cost of inventories sold | **7,801,819** | 7,350,458 |
| Depreciation | **589,396** | 490,550 |
| Amortisation of lease premium for land | **4,188** | 2,359 |
| (Written back of provision)/provision for slow-moving and obsolete inventories | **(11,750)** | 5,081 |
| Loss on disposal of items of property, plant and equipment, net | **17,493** | 9,013 |

## 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 (2011: 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.

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Provision for the year | | |
| Current – The PRC, excluding Hong Kong | | |
| Charge for the year | **93,207** | 37,489 |
| Underprovision/(overprovision) in prior years | **5,655** | (316) |
| Current – Overseas | | |
| Charge for the year | **43,953** | 31,927 |
| Overprovision in prior years | **(11,263)** | (10,928) |
| Tax refund | **(2,483)** | (7,331) |
| Deferred tax | **(480)** | (480) |
| Total tax charge for the year | **128,589** | 50,361 |

## 7. DIVIDENDS

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Additional final dividend for prior year (note (a)) | **1,006** | - |
| Proposed final – HK12 cents (2011: HK8 cents) per ordinary share (note (b)) | **138,019** | 89,518 |
| | **139,025** | 89,518 |

Notes:

(a) Subsequent to the approval of the 2011 financial statements and prior to the book close period of the 2011 final dividends, additional 12,580,000 ordinary shares were issued by the Company as a result of the exercise of share options by certain employees. Accordingly, an additional 2011 final dividend amounted to HK$1,006,000 was paid in 2012.

(b) The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 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$600,959,000 (2011: HK$256,625,000) and the weighted average number of 1,129,562,984 (2011: 1,130,677,436) ordinary shares in issue during the year.

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (continued)

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$600,959,000 (2011: HK$256,625,000). The weighted average number of ordinary shares used in the calculation is the 1,129,562,984 (2011: 1,130,677,436) ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of 45,170,853 (2011: 4,118,368) 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 as at the end of the reporting period, based on the invoice date, is as follows:

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 3 months | **2,390,759** | 2,187,962 |
| 4 to 6 months | **846,598** | 529,699 |
| 7 to 12 months | **2,014** | 12,505 |
| Over 1 year | **-** | 1,697 |
| | **3,239,371** | 2,731,863 |

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

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Neither past due nor impaired | **2,926,550** | 2,544,982 |
| 1 to 3 months past due | **311,673** | 176,440 |
| 4 to 6 months past due | **661** | 4,459 |
| 7 to 12 months past due | **487** | 5,982 |
| | **3,239,371** | 2,731,863 |

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.

## 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:

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 3 months | **1,242,533** | 1,401,440 |
| 4 to 6 months | **357,014** | 373,669 |
| 7 to 12 months | **15,088** | 7,360 |
| Over 1 year | **14,635** | 13,407 |
| | **1,629,270** | 1,795,876 |

## 11. SHARE CAPITAL

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Authorised: | | |
| 2,000,000,000 shares of HK$0.1 each | **200,000** | 200,000 |
| Issued and fully paid: | | |
| 1,150,162,000 (2011: 1,118,972,000) shares of HK$0.1 each | **115,016** | 111,897 |

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

| | Number of shares in issue of HK$0.1 each | Issued capital | Share premium account | Total |
|---|---|---|---|---|
| | | *HK$'000* | *HK$'000* | *HK$'000* |
| At 1 January 2011 | 1,132,914,000 | 113,291 | 690,137 | 803,428 |
| Repurchases of shares (note (a)) | (13,942,000) | (1,394) | (17,897) | (19,291) |
| | 1,118,972,000 | 111,897 | 672,240 | 784,137 |
| Shares repurchases expenses | - | - | (85) | (85) |
| At 31 December 2011 and 1 January 2012 | **1,118,972,000** | **111,897** | **672,155** | **784,052** |
| Share options exercised under the share option scheme (note (b)) | **31,190,000** | **3,119** | **35,496** | **38,615** |
| | **1,150,162,000** | **115,016** | **707,651** | **822,667** |
| Transfer from employee share-based compensation reserve | **-** | **-** | **50,654** | **50,654** |
| Proposed final dividend | **-** | **-** | **(38,342)** | **(38,342)** |
| At 31 December 2012 | **1,150,162,000** | **115,016** | **719,963** | **834,979** |

## 11. SHARE CAPITAL (continued)

Notes:

(a) In prior year, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") as follows:

| Month/year | Number of shares repurchased | Highest price paid per share | Lowest price paid per share | Aggregate price paid |
|---|---|---|---|---|
| | | *HK$* | *HK$* | *HK$'000* |
| September 2011 | 1,318,000 | 1.49 | 1.42 | 1,923 |
| October 2011 | 11,624,000 | 1.50 | 1.29 | 15,930 |
| November 2011 | 1,000,000 | 1.48 | 1.42 | 1,438 |
| | 13,942,000 | | | 19,291 |
| | | | Total expenses on shares repurchased | 85 |
| | | | | 19,376 |

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid on the repurchase of the shares of HK$17,897,000 was charged to share premium account.

(b) During the year, the Company issued a total of 31,190,000 shares at exercise prices ranging from HK$0.97 to HK$1.56 per share pursuant to the exercise of options granted under the share option scheme of the Company, resulting in the issue of 31,190,000 shares of HK$0.1 each for a total cash consideration, before expenses, of HK$38,615,000. A total of HK$50,654,000 was transferred from the employee share-based compensation reserve to the share premium account upon the exercise of the share options.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review & Prospect

In 2012, due to continued economic weakness in the U.S. and European countries, the global personal computer industry recorded a disappointing year marked by shipment decline. Notwithstanding these challenges in the market, Ju Teng achieved remarkable results with its profits more than doubled during the year, which underscored the Group's success in corporate transformation by focusing on product diversification and improvement in gross profit margin.

During the year, Ju Teng continued to expand its production capacity, especially the metal casing segment with a higher gross profit margin. In addition, the Group also expanded its production facilities in Neijiang City, Sichuan Province, with the construction of second phase which has already commenced production after its construction completion in late 2012.

During the year, Ju Teng saw its metal casing orders growing with the expansion of production capacity in this segment. In the first half of 2012, the Group began to supply aluminum unibody casings to a Korean customer and received more metal casing orders from a number of major notebook computer brands in the second half of the year. Thanks to this impressive sales growth, the metal casing segment accounted for approximately 20% of the Group's total revenue this year in comparison to approximately 10% in the previous year.

Furthermore, Ju Teng also put great efforts in the expansion of carbon fibre casing operations during the year. For its resilient and high heat resistant properties as well as colorful surface treatment possibilities, carbon fibre casing is suitable for notebook computers at the higher end of the market. Two years ago, the Group cooperated with a Japanese company that specializes in carbon fibre technology to conduct research and development on the application of this technology in notebook computer casing. During the year, the Group's carbon fibre casing operations commenced mass production and started to contribute to its annual revenue.

In 2012, Ju Teng's plastic casing operations also made considerable progress after last year's intense price war that put some competitors out of business. Leveraging on its competitive advantage as a leader in the casing industry, the Group received more new contracts for plastic casings during the year. The Group also tapped into the tablet PC market by providing plastic casings for a popular brand, which further increased its share in the plastic casing market. In respect of pricing, Ju Teng's plastic casing orders managed to fetch higher price tags during the year after the Group abandoned its low-price and high-volume strategy, which helped the Group enhance its overall gross profit margin.

Looking ahead, apart from stimulating plastic and metal casing sales via construction of new production facilities, Ju Teng also plans to step up its research and development on carbon fibre technology. The Group aims to improve the yield rate of carbon fibre casings while lowering the production costs and selling price, thereby facilitating its market penetration. With the increasing adoption of carbon fibre casings by notebook computer brands, the Group expects its carbon fibre casing business to speed up in the coming year. The Group will also put great efforts to develop non-metal casing solutions that shall lower production costs, especially slim casings made with techniques of plastic injection molding and processing of composite materials. These hybrid casings offer the advantage of lower production cost in comparison to metal casings. Therefore, the market demand for hybrid casings is expected to pick up in the future.

In addition, thanks to the exponential growth of tablet PC in recent years and Microsoft's launch of Windows 8 operating system tailor-made for touch screens, it is expected that more tablet PCs will be introduced in the market in 2013. Therefore, Ju Teng has taken substantial efforts to reinforce cooperation with major brands by providing more casing solutions, thereby boosting the growth of its tablet PC segment.

Apart from business expansion, Ju Teng also pays great attention to cost control in its operations. Since Chinese workers' salary hike has slowed down recently, management believes that the coming year will see relative modest wage increase, which will help the Group transfer this cost pressure to its customers by requesting for upward price adjustment in contracts. In addition, management is also closely monitoring the development of Renminbi ("RMB"). While the value of RMB continues to trend upward, it nevertheless is moving in a markedly slower pace, which can minimize risks arising from exchange rate volatility and help Ju Teng achieve operating stability. In the coming year, the Group aims to enhance its gross profit margin further with effective cost control measures, thereby pushing its profits to a new high.

**Financial Review**

During the year, thanks to its aggressive expansion of metal casing operations and dedicated efforts to increase the average selling price of its products, the Group continued to achieve revenue growth, which increased for approximately 11.7% to approximately HK$9,201 million (2011: HK$8,235 million). The overall gross profit margin also rose to approximately 15.2 % (2011: 10.5%).

Due to the commencement of the production of a plant in Sichuan Province, the Group recorded an increase of approximately 9.7% in operating costs and other operating expenses, including administrative expenses, selling and distribution costs and other expenses to approximately HK$651 million (2011: HK$593 million), accounting for approximately 7.1% (2011: 7.2%) of the Group's turnover.

Finance costs increased by approximately 37.8% to approximately HK$62 million (2011: HK$45 million) for the year as compared to that of 2011, which was due to an increase in bank borrowings.

The profit attributable to equity holders for the year amounted to approximately HK$601 million (2011: HK$257 million), representing an increase of approximately 134.2% when compared to last year, which was mainly attributable to the increase in the Group's turnover and gross profit margin.

## Liquidity and Financial Resources

As at 31 December 2012, total bank borrowings of the Group amounted to approximately HK$4,082 million (31 December 2011: HK$2,622 million), representing an increase of approximately 55.7% as compared to that of 31 December 2011. 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 31 December 2012, the Group's bank loans denominated in USD and New Taiwan Dollars are carrying the amounts of approximately HK$4,028 million (31 December 2011: HK$2,609 million) and approximately HK$54 million (31 December 2011: HK$13 million) respectively.

During the year, the Group's cashflow from operating activities decreased to approximately HK$411 million from HK$687 million during last year due to an increase in trade receivables. As a result of the purchase of fixed assets to expand its production capacity in metal casings and construction of second phase of a production plant in Sichuan Province, the Group recorded a net cash outflow from investing activities of HK$1,344 million (2011: HK$1,618 million). During the year, due to additional bank loans obtained to finance the expansion, the Group recorded a net cash inflow from financing activities of approximately HK$1,408 million (2011: HK$696 million). As at 31 December 2012, the Group had cash and bank balances of approximately HK$1,163 million (31 December 2011: HK$654 million).

As at 31 December 2012, the Group's gearing ratio, calculated as total bank borrowings of approximately HK$4,082 million (31 December 2011: HK$2,622 million) divided by total assets of approximately HK$13,249 million (31 December 2011: HK$11,373 million) was 30.8% (31 December 2011: 23.1%). The gearing ratio was increased due to the increase in bank borrowings.

## Pledge of Assets

As at 31 December 2012 and 31 December 2011, the Group did not have any leasehold land and buildings and machinery pledged to secure banking facilities granted to the Group.

As at 31 December 2012 and 31 December 2011, shares of certain subsidiaries of the Group were pledged to secure banking facilities granted to the Group.

## Foreign Exchange Exposure

Since most of the Group's revenue is denominated in USD and most of the Group's expenses are denominated in RMB, the appreciation of value of RMB will have adverse effect on the Group's profitability. Accordingly, the Group has entered into forward foreign exchange contracts to mitigate possible exchange losses in relation to the fluctuations in the values of the USD and RMB.

## Employees

As at 31 December 2012, the Group had approximately 32,000 employees (31 December 2011: 32,000 employees). The Group recorded staff costs of approximately HK$1,741 million (2011: HK$1,479 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 2012, 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, buildings and machineries amounted to approximately HK$214 million (31 December 2011: HK$560 million).

### Contingent Liabilities

As at 31 December 2012, the Group did not have any significant contingent liabilities.

## 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 year.

## FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK$0.12 per share in respect of the year ended 31 December 2012 (2011: HK$0.08 per share) to shareholders whose names appear on the register of members of the Company on 22 May 2013.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 13 May 2013 to 14 May 2013, both days inclusive, during which no transfer of shares can be registered. To qualify for the attendance at the forthcoming 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 (the "**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 10 May 2013.

Conditional on the passing of the resolution approving the declaration of the final dividend by the shareholders in the forthcoming annual general meeting of the Company, the register of members of the Company will also be closed from 21 May 2013 to 22 May 2013, both days inclusive, during which no transfer of shares can be registered. To qualify for the final dividend (which will be payable on or about 28 May 2013) to be approved at the annual general meeting of the Company, shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Share Registrar at the above address no later than 4:30 p.m. on 20 May 2013.

## CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"). On 1 April 2012, the Board has established a corporate governance committee of the Company (the "**CG Committee**") with written terms of reference in compliance with code provision D.3.1 of the CG code. The Company and the CG Committee 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 for the year ended 31 December 2012.

Code Provision A.2.1

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 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 no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**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 required standards set out in the Model Code and the code of conduct for the year.

## 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.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website (http://www.irasia.com/listco/hk/juteng) and the Hong Kong Stock Exchange's website (http://www.hkexnews.hk). The 2012 annual report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Hong Kong Stock Exchange in due course in accordance with the Listing Rules.

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

Hong Kong, 19 March 2013

*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.*