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 2005

The Board (the "Board") of Directors (the "Directors") of Ju Teng International Holdings Limited (the "Company" or "Ju Teng") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2005 together with the comparative figures for the corresponding year in 2004 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2005

	Notes	2005 HK$'000	2004 HK$'000
REVENUE	5	**2,671,798**	1,561,093
Cost of sales		**(2,229,736)**	(1,159,259)
Gross profit		**442,062**	401,834
Other income and gains	5	**45,801**	21,542
Selling and distribution costs		**(23,667)**	(21,191)
Administrative expenses		**(191,815)**	(121,574)
Other expenses		**(3,362)**	(5,287)
Finance costs	6	**(59,932)**	(12,557)
PROFIT BEFORE TAX	7	**209,087**	262,767
Tax	8	**(16,992)**	(21,394)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**192,095**	241,373
DIVIDEND		**–**	–
EARNINGS PER SHARE	9		
– Basic *(HK cents)*		**24.6**	32.6
– Diluted *(HK cents)*		**24.6**	N/A

CONSOLIDATED BALANCE SHEET
As at 31 December 2005

	Notes	**2005** **HK$'000**	2004 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,159,704**	855,706
Lease premium for land		**15,956**	12,690
Deferred tax assets		**3,913**	2,092
Prepayments for acquisition of investments		**33,462**	–
Prepayments for acquisition of property, plant and equipment		**–**	40,249
Total non-current assets		**1,213,035**	910,737
CURRENT ASSETS			
Inventories		**764,963**	415,515
Trade receivables	*10*	**797,530**	747,564
Factored trade receivables	*10*	**502,067**	–
Prepayments, deposits and other receivables		**65,313**	66,063
Derivative financial instruments		**3,565**	4,107
Pledged bank balances and time deposits		**30,993**	49,981
Cash and cash equivalents		**226,699**	145,322
Total current assets		**2,391,130**	1,428,552
CURRENT LIABILITIES			
Trade and bills payables	*11*	**629,985**	433,554
Other payables and accruals		**289,137**	209,129
Tax payable		**63,730**	48,068
Bank advances on factored trade receivables		**512,477**	–
Interest-bearing bank borrowings		**343,102**	770,390
Total current liabilities		**1,838,431**	1,461,141
NET CURRENT ASSETS/(LIABILITIES)		**552,699**	(32,589)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,765,734**	878,148
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**526,260**	175,517
Net assets		**1,239,474**	702,631
EQUITY			
Issued capital		**100,000**	410,280
Reserves		**1,139,474**	292,351
Total equity		**1,239,474**	702,631

Notes:

1. GROUP REORGANISATION

Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 17 June 2005 (the "Group Reorganisation").

2. BASIS OF CONSOLIDATION

The consolidated financial statements have been prepared using the merger basis of accounting as a result of the Group Reorganisation. On this basis, the Company has been treated as the holding company of its subsidiaries for the financial years presented rather than from the date of their acquisition. Accordingly, the consolidated results of the Group for the years ended 31 December 2005 and 2004 include the results of the Company and its subsidiaries with effect from 1 January 2004 or since their respective dates of incorporation/registration, where this is a shorter period, except for Hempton International Limited ("Hempton") and Ju Teng Electronics (Shanghai) Co., Ltd. ("Ju Teng Electronics") which are consolidated from the date of acquisition. The comparative combined balance sheet as at 31 December 2004 has been prepared on the basis that the existing Group had been in place at that date. The acquisition of Hempton and Ju Teng Electronics during the prior year has been accounted for using the purchase method of accounting.

3. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include 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, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

The Group has adopted all applicable new and revised HKFRSs, which are effective for accounting period beginning on 1 January 2005, since 1 January 2004.

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

(a) Business segments

The Group was principally engaged in the manufacture and sale of notebook computer casings. Therefore, no further business segment analysis is presented.

(b) Geographical segments

In determining the Group's geographical segments, revenues are attributable to the segments based on the location of customers, and assets are attributable to the segments based on the location of assets.

The following tables present revenue, certain assets and capital expenditure information for the Group's geographical segments for the years ended 31 December 2005 and 2004.

Segment revenue from external customers:

	2005	2004
	HK$'000	*HK$'000*
Mainland China	**2,415,718**	1,371,569
The Republic of China ("ROC")	**244,315**	187,721
Others	**11,765**	1,803
	2,671,798	1,561,093

Segment assets:

	2005	2004
	HK$'000	*HK$'000*
Mainland China	**3,180,921**	2,012,579
The ROC	**290,873**	313,533
Others	**132,371**	13,177
	3,604,165	2,339,289

Segment capital expenditure:

	2005	2004
	HK$'000	*HK$'000*
Mainland China	**385,942**	408,749
The ROC	**909**	3,217
Others	**25**	785
	386,876	412,751

5. 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:

	2005	2004
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**2,671,798**	1,561,093
Other income		
Interest income	**2,245**	977
Subcontracting fee income	**2,490**	3,577
Sale of scrap materials	**10,916**	7,454
Sale of used moulds	**1,645**	3,162
Subsidy income	**1,671**	5,565
Others	**1,655**	807
	20,622	21,542
Gains		
Exchange gains, net	**25,179**	–
	45,801	21,542

6. FINANCE COSTS

	Group 2005 HK$'000	2004 HK$'000
Interest on bank loans and other loans wholly repayable:		
Within five years	**59,896**	16,001
Over five years	**36**	72
Total interest	**59,932**	16,073
Less: Interest capitalised	**–**	(3,516)
	59,932	12,557

7. PROFIT BEFORE TAX

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

	2005 HK$'000	2004 HK$'000
Cost of inventories sold	**2,176,868**	1,122,476
Depreciation	**91,634**	48,326
Amortisation of lease premium for land	**357**	397

8. 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. Taxes on profits assessable elsewhere have been calculated at the prevailing tax rate in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

	2005 HK$'000	2004 HK$'000
Provision for the year:		
Mainland China	**11,770**	13,113
Overseas	**11,681**	10,733
Overprovision in prior years – overseas	**–**	(360)
Tax refund	**(4,719)**	–
Deferred tax	**(1,740)**	(2,092)
Total tax charge for the year	**16,992**	21,394

9. EARNINGS PER SHARE

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$192,095,000 (2004: HK$241,373,000) and the weighted average number of 782,027,397 (2004: 740,000,000) shares in issue during the year, on the assumption that the Group Reorganisation and the capitalisation issue of shares had been completed on 1 January 2004.

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$192,095,000 (2004: HK$241,373,000). The weighted average number of shares used in the calculation is the 782,027,397 (2004: 740,000,000) shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of 66,953 shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential shares into shares.

A diluted earnings per share amount for the year ended 31 December 2004 has not been disclosed as no diluting events existed during that year.

10. TRADE RECEIVABLES

The general credit terms of the Group range from 90 days to 120 days. Trade receivables are non-interest-bearing.

An ageing analysis of the Group's trade receivables and factored trade receivables as at the balance sheet date, based on invoice date, is as follows:

Trade receivables	**2005**	2004
	HK$'000	*HK$'000*
Within 3 months	**558,198**	510,700
4 – 6 months	**229,889**	223,422
7 – 12 months	**5,781**	9,738
Over 1 year	**3,662**	3,704
	797,530	747,564

Factored trade receivables	**2005**	2004
	HK$'000	*HK$'000*
Within 3 months	**312,337**	–
4 – 6 months	**188,618**	–
7 – 12 months	**1,112**	–
	502,067	–

At 31 December 2005, certain subsidiaries of the Company had factored trade receivables of HK$502,067,000 to banks on a without-recourse basis for cash. As the subsidiaries of the Company still retained the risks and rewards associated with the delay in payment by the customers, the financial asset derecognition conditions as stipulated in HKAS 39 have not been fulfilled. Accordingly, the proceeds from the factoring of the Group's trade receivables have been accounted for as liabilities in the consolidated balance sheet.

11. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the balance sheet date, based on invoice date, is as follows:

	2005	2004
	HK$'000	*HK$'000*
Within 3 months	**511,356**	383,486
4 – 6 months	**91,062**	40,779
7 – 12 months	**19,424**	5,321
Over 1 year	**8,143**	3,968
	629,985	433,554

The trade payables are non-interest-bearing and are normally settled on 90-120 day terms.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2005.

CLOSURE OF REGISTER OF MEMBERS

The register of the members of the Company will be closed from 23 May 2006 to 25 May 2006, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting ("Annual General Meeting"), all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on 22 May 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

High growth in notebook market

As a leading global manufacturer of notebook computer casings, Ju Teng achieved remarkable growth in revenue in 2005. The Group's turnover increased 71% from approximately HK$1,561 million in 2004 to approximately HK$2,672 million in 2005. The fast growing global notebook computer market and Taiwan's increasing share in the market have benefited Ju Teng greatly. The Directors expect the notebook computer market to continue to deliver growth of over 20% each year in the coming few years bolstered by the replacement of desktop PCs by notebook computers. Taiwan manufacturers currently supply over 70% of notebook computers shipment globally and their market share is still growing after having relocated their production plants to the PRC and built the world's largest notebook supply chain in the Shanghai area. With direct presence in Jiangsu province, Ju Teng is able to work closely with Taiwan notebook computers assembly players, including Quanta, Compal, Asustek and Wistron to increase operational efficiency and optimise product development.

Advanced technologies

Similar to other consumer products, notebook computers need to have appealing product designs to stand out in the market. To attract maximum customers' attention, top notebook computer brands are putting greater efforts into notebook computer design. As a leading notebook computer casing manufacturer, Ju Teng specialises in creating new looks for notebook computers. Ju Teng possesses advanced casing technologies, such as double-shot injection (dual colour injection) which enables moulding and stamping of different plastic materials of different colours into a single piece. Ju Teng's expertise also lies in advanced surface painting and thin-wall moulding. It is capable of spray painting that creates three-dimensional visual effects to give products more colourful and attractive appearances. In terms of material applications, Ju Teng has recently launched the carbon-fibre alloy notebook computer casing that has the rigidity and lightness of light metal and longer mould-production life and ease of painting of plastic. The Directors believe carbon-fibre alloy is likely to become the mainstream material for notebook computer casings.

Prospects

The Directors remain optimistic about the Group's performance in 2006 as they expect a strong demand for notebook computers to continue in 2006. The Group will continue to diversify from notebook computer casings to casings of other electronic products by leveraging at its relationships with existing customers and utilisation of its specialised technological know-how in casing manufacturing. Recognising the importance of being able to constantly develop new and advanced products, the Group will focus on perfecting material applications and spray painting technology. With major challenges in the coming year including rising short term interest rates, raw material price fluctuation and cost implication of the possible appreciation of the Reminbi ("RMB") in the coming year, the Group will strive to improve production efficiency to alleviate the impact of the increase in the production cost.

Financial Review

Turnover and gross margin

Benefited from the strong demand for notebook computers, the Group's turnover for the year was approximately HK$2,672 million, representing an increase of 71% over that of 2004. While the Group maintained a substantial growth in revenue, its gross profit margin for the year decreased to 17% from 26% in 2004 because of high material costs pushed up by surging crude oil prices and the start up costs incurred by the new mould production plant and the new production plant in Shanghai.

Operating expenses

The Group's operating costs and other operating expenses, including administrative expenses, selling and distribution costs and other expenses for the year were approximately HK$219 million, representing an increase of 48% as compared with that of 2004. Administrative expenses increased from approximately HK$122 million in 2004 to approximately HK$192 million in 2005 attributable mainly to the business expansion and recruitment of project managers to oversee the development of new products.

Financial costs

Interests of bank borrowings increased significantly by 377% to approximately HK$60 million in 2005 as compared with that of 2004. This was mainly due to the increase in bank borrowings and the increase in the average bank borrowing rate during the year.

Net profit

The Group's net profit declined to approximately HK$192 million in 2005 from approximately HK$241 million in 2004. The decrease in profitability was mainly the result of decrease in gross profit margin and the high interest costs.

Liquidity and financial resources

The Group generally finances its operations with internally generated cash flow as well as banking facilities provided by its principal bankers. As at 31 December 2005, mainly attributable to the receipt of the proceeds from the issue of the Company's new shares in November 2005 ("IPO Proceeds"), the Group's cash and bank balances amounted to approximately HK$227 million, representing an increase of 56% as compared with that of 2004.

As at 31 December 2005, the Group had a total bank borrowings of approximately HK$869 million, representing a slight decline of 8% from that of 2004. Except for an amount of approximately HK$343 million (2004: HK$770 million) which is matured within one year, all the bank borrowings will be repayable after one year. The Group's bank loans with carrying amounts of approximately HK$829 million (2004: HK$898 million), approximately HK$37 million (2004: HK$45 million), and approximately HK$3 million (2004: HK$3 million) were denominated in U.S. dollars ("USD"), RMB and New Taiwan dollars ("NTD") respectively.

During the year, the Group entered into trade receivables factoring facilities on a without recourse basis which improved significantly the Group's cash flow from operating activities to a net cash inflow position of approximately HK$177 million (2004: net cash outflow of HK$306 million). The Group's net increase in cash and cash equivalents of approximately HK$78 million (2004: HK$31 million) was primarily attributable to the cash flows from operating activities and the IPO Proceeds, which were offset by the purchases of fixed assets and repayment of bank borrowings.

The gearing ratio of the Group, calculated as total bank borrowings of approximately HK$869 million (2004: HK$946 million) over total assets of approximately HK$3,604 million (2004: HK$2,339 million), was 24%, representing a substantial improvement from 40% in 2004. The improvement was attributable to the receipt of the IPO Proceeds and the entering of trade receivables factoring facilities on a without recourse basis.

Pledge of assets

As at 31 December 2005, the Group pledged land and buildings and machinery with an aggregate carrying value of approximately HK$751 million (2004: HK$399 million), trade receivables of approximately HK$439 million (2004: HK$604 million) and bank balances of approximately HK$18 million (2004: HK$38 million) as securities for banking facilities.

Employees

As at 31 December 2005, the Group had approximately 22,000 employees and staff costs amounted to approximately HK$397 million (2004: HK$248 million). The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme for all its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations of the PRC. The Group also offers discretionary bonuses to its employees based on their individual performance and the performance of the Group.

Foreign exchange exposure

The Group is exposed to fluctuation in foreign exchange rates. Since most of the Group's revenue is denominated in USD and most of the Group's expenses are denominated in RMB, appreciation of the RMB will adversely affect the Group's profitability. Accordingly, the Group has entered into forward foreign exchange contracts to mitigate possible exchange losses relating to fluctuations in the values of the USD and RMB.

Use of IPO Proceeds

The Company was listed on 3 November 2005 ("Listing Date") on the Main Board of the Stock Exchange, which involved an international placing and public offering of 260 million new shares ("Share Offer") at HK$1.4 per share. The net proceeds from the Share Offer after deducting relevant expenses were approximately HK$322 million. Since the Listing Date, the Group had utilised part of the IPO Proceeds in accordance with the plan disclosed in the Company's prospectus dated 25 October 2005 ("Prospectus"), as to approximately HK$47 million for the acquisition of new machinery, approximately HK$71 million for acquisition of interests in companies engaged in mould manufacturing and production materials supplies, and approximately HK$77 million for the repayment of the outstanding bank borrowings. The balance of the IPO Proceeds was placed with licensed banks in Hong Kong as deposits and will be applied in the future for their intended uses as set out in the Prospectus and as general working capital of the Group.

Capital commitment

As at 31 December 2005, the capital commitment for which the Group had contracted but not provided for in the financial statements in respect of the acquisition of land and building and machinery amounted to approximately HK$10 million (2004: HK$138 million).

Contingent liabilities

As at 31 December 2005, the Group did not have any significant contingent liabilities.

Post balance sheet events

(a) On 23 January 2006, the Group entered into an agreement for the acquisition of 70% interest in Mindforce Holdings Limited at a consideration of USD4.9 million (equivalent to approximately HK$38.2 million). Mindforce Holdings Limited, a company incorporated in the British Virgin Islands, has a wholly-owned PRC subsidiary, WIS Precision (Kunshan) Company Limited ("緯立資訊配件(昆山)有限公司"), which is principally engaged in the manufacture and sale of notebook computer casings and related products.

(b) On 13 February 2006, the Group entered into an agreement for the acquisition of 36.5% interest in Smart Success Enterprises Limited at a consideration of USD2.2 million (equivalent to approximately HK$17.1 million). Smart Success Enterprises Limited, a company incorporated in Samoa, has a wholly-owned PRC subsidiary, Chengyang Precision Mold (Kunshan) Company Limited ("晟揚精密模具(昆山)有限公司"), which is principally engaged in the manufacture and sale of moulds.

(c) On 20 March 2006, the Group entered into an agreement for the acquisition of approximately 5.26% interest in 柏騰科技股份有限公司 at a consideration of NTD$67 million (equivalent to approximately HK$16 million). 柏騰科技股份有限公司 is a company incorporated in the ROC and is principally engaged in the provision of coating services.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

For the period from the Listing Date to 31 December 2005, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of good corporate governance to its healthy growth, thus has devoted much efforts into formulating the best corporate governance practices that agree with 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. The Directors consider that since the Listing Date, the Company has complied with the code provisions of the CG Code, save as disclosed below and save for the code provisions in relation to internal controls, which are to be implemented for accounting periods commencing on or after 1 July 2005.

(a) 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 there is no chief executive officer appointed in the Company. The day-to-day management of the business of the 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 different experiences and qualifications will enable the Group to enhance the effectiveness and efficiency of the implementation of the business plan.

(b) Code provision A.4.2

Pursuant to code provision A.4.2. of the CG Code, all directors of a listed company appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their respective appointments. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, the articles 108, 111, 112 and 124 of the articles of association ("**Articles**") of the Company, which provide for the rotational requirements of the Directors, stipulate that, among other matters, any Director appointed to fill in causal vacancy or as an additional Director shall hold office until the next annual general meeting of the Company and one-third of the then Directors, or if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office by rotation at each annual general meeting of the Company. To ensure compliance with the CG Code, a special resolution will be proposed to amend the relevant provisions of the Articles at the Annual General Meeting so that the Articles will be consistent with code provision A.4.2; and

(c) Code provision E.2.1

Pursuant to code provision E.2.1 of the CG Code, the chairman of a shareholders' meeting of a listed company and/or its directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at a particular meeting shall demand a poll in certain circumstances where, on a show of hand, a meeting votes in the opposite manner to that instructed in those proxies. However, the Articles does not provide for such rights conferred to the chairman of the shareholders' meetings and the Directors. To ensure compliance with the CG Code, a special resolution will be proposed to amend the relevant provisions of the Articles at the Annual General Meeting so that the Articles will be consistent with code provision E.2.1.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code"). After having made specific enquiries of all the Directors, the Company is satisfied that all the Directors had fully complied with the standards set out in the Model Code from the Listing Date to 31 December 2005.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting policies, accounting standards and practices adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 December 2005.

PUBLICATION ON THE STOCK EXCHANGE'S WEBSITE

The results announcement will be published on the Stock Exchange's website (http://www.hkex.com.hk). The 2005 Annual Report will be despatched to the shareholders and will be made available on the website of Stock Exchange in due course.

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

Hong Kong, 21 April 2006

As at the date of this announcement, the executive Directors are Mr. Cheng Li-Yu ,Mr. Cheng Li-Yen, Mr. Huang Kuo-Kuang and Mr. Tsui Yung Kwok, the non-executive Director is Mr. Horng Tsai-Chin and the independent non-executive Directors are Mr. Yu Chwo-Ming, Mr. Tsai Wen-Yu and Mr. Lo Ching Pong.