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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 2015

Financial Highlights

- Revenue for the year ended 31 December 2015 reached approximately HK\$8,936 million, representing a decrease of approximately 6.6%.
- Gross profit for the year ended 31 December 2015 reached approximately HK\$1,906 million, representing an increase of approximately 5.6%.
- Gross profit margin for the year ended 31 December 2015 increased to approximately 21.3% from approximately 18.9% for the year ended 31 December 2014.
- Profit attributable to equity holders of the Company for the year ended 31 December 2015 reached approximately HK\$875 million, representing an increase of approximately 14.4%.
- Basic earnings per share attributable to equity holders of the Company for the year ended 31 December 2015 increased to approximately HK76.9 cents, representing an increase of approximately 17.6%.
- Net asset value per share attributable to equity holders of the Company as at 31 December 2015 reached approximately HK\$5.8 as compared with approximately HK\$5.6 as at 31 December 2014.

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 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
REVENUE	3	8,936,133	9,571,195
Cost of sales		<u>(7,030,579)</u>	<u>(7,765,890)</u>
Gross profit		1,905,554	1,805,305
Other income and gains	3	154,451	176,255
Selling and distribution expenses		(108,506)	(128,084)
Administrative expenses		(650,497)	(662,205)
Other expenses		(60,560)	(91,746)
Finance costs	4	<u>(90,268)</u>	<u>(90,161)</u>
PROFIT BEFORE TAX	5	1,150,174	1,009,364
Income tax expense	6	<u>(204,919)</u>	<u>(184,957)</u>
PROFIT FOR THE YEAR		<u>945,255</u>	<u>824,407</u>
Attributable to:			
Equity holders of the Company		874,957	764,667
Non-controlling interests		<u>70,298</u>	<u>59,740</u>
		<u>945,255</u>	<u>824,407</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
- Basic (HK cents)		<u>76.9</u>	<u>65.4</u>
- Diluted (HK cents)		<u>74.7</u>	<u>62.7</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the year ended 31 December 2015*

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>945,255</u>	<u>824,407</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(652,603)	(257,116)
Available-for-sale investment:		
Change in fair value	(8,797)	(6,748)
Income tax effect	<u>1,497</u>	<u>1,146</u>
	<u>(7,300)</u>	<u>(5,602)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>(659,903)</u>	<u>(262,718)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>285,352</u>	<u>561,689</u>
Attributable to:		
Equity holders of the Company	314,138	548,643
Non-controlling interests	<u>(28,786)</u>	<u>13,046</u>
	<u>285,352</u>	<u>561,689</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		8,397,593	8,589,489
Lease premium for land		465,616	348,392
Goodwill		40,062	40,062
Prepayments for acquisition of property, plant and equipment		3,034	121,475
Available-for-sale investments		24,803	37,304
Total non-current assets		<u>8,931,108</u>	<u>9,136,722</u>
CURRENT ASSETS			
Inventories		1,295,793	1,354,806
Trade receivables	9	3,079,708	3,313,337
Prepayments, deposits and other receivables		509,095	728,330
Principal-protected investment deposits		61,745	-
Pledged bank balances		37,049	35,565
Cash and cash equivalents		1,541,485	1,563,614
Total current assets		<u>6,524,875</u>	<u>6,995,652</u>
CURRENT LIABILITIES			
Trade and bills payables	10	1,051,886	1,347,954
Other payables and accruals		915,832	1,164,257
Tax payable		217,033	291,649
Interest-bearing bank borrowings		3,492,946	2,085,070
Derivative financial instruments		-	21,610
Total current liabilities		<u>5,677,697</u>	<u>4,910,540</u>
NET CURRENT ASSETS		<u>847,178</u>	<u>2,085,112</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,778,286</u>	<u>11,221,834</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		1,410,591	2,632,610
Deferred income		417,500	616,894
Deferred tax liabilities		22,788	14,765
Total non-current liabilities		<u>1,850,879</u>	<u>3,264,269</u>
Net assets		<u>7,927,407</u>	<u>7,957,565</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	11	111,997	116,195
Reserves		6,433,901	6,431,075
		6,545,898	6,547,270
Non-controlling interests		<u>1,381,509</u>	<u>1,410,295</u>
Total equity		<u>7,927,407</u>	<u>7,957,565</u>

NOTES

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

This financial information has 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 (“**HKICPA**”), 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, an available-for-sale investment and principal-protected investment deposits, which have been measured at fair value. This financial information is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Revised HKFRSs

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

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

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a potential impact on its results of operations and financial position.

Accounting Estimates

Property, plant and equipment and depreciation

In the prior years, certain items of production equipment of the Group, which are classified as machinery, have estimated useful lives of 10 years. During the year, the Group has re-assessed the estimated economic useful lives of those items of production equipment, taking into account of the current ever-changing business environment and conditions in the notebook computer market and historical usage experience, and considered the estimated economic useful lives of 5 to 10 years will be more appropriate to the Group. This change in accounting estimate has resulted in an increase in depreciation charge of approximately HK\$75.1 million for the year ended 31 December 2015.

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

Accounting Estimates (continued)

Deferred income

During the year, the Group has re-assessed the period of the estimated economic benefits that the underlying items of production equipment can be delivered to the Group, with reference to actual sales made during the year, revised sales forecast, and the customers' product development plan, and considered that the period of which these items of equipment can bring economic benefits to the Group is approximately 5 years. This change in accounting estimate has resulted in an increase in revenue of approximately HK\$81.7 million for the year ended 31 December 2015.

2. OPERATING SEGMENT INFORMATION

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

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

Geographical information

(i) *Revenue from external customers:*

	2015 HK\$'000	2014 HK\$'000
The People's Republic of China (the "PRC"), excluding Hong Kong	8,548,222	9,236,050
The Republic of China (the "ROC")	91,423	199,140
Others	296,488	136,005
	<u>8,936,133</u>	<u>9,571,195</u>

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

(ii) *Non-current assets:*

	2015 HK\$'000	2014 HK\$'000
The PRC, excluding Hong Kong	8,776,760	8,964,608
The ROC	154,317	172,076
Others	31	38
	<u>8,931,108</u>	<u>9,136,722</u>

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

2. OPERATING SEGMENT INFORMATION (continued)

Information about major customers

Revenue of approximately HK\$2,362,540,000, HK\$1,707,507,000, HK\$1,263,976,000 and HK\$929,031,000 for the year ended 31 December 2015 was derived from sales to four major customers, each of which contributed 10% or more sales to the Group's revenue, including sales to a group of entities which are known to be under common control with these customers.

Revenue of approximately HK\$2,261,853,000, HK\$2,051,555,000, HK\$1,182,168,000 and HK\$1,001,742,000 for the year ended 31 December 2014 was derived from sales to four major customers, each of which contributed 10% or more sales to the Group's revenue, 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 represents the invoiced value of goods sold, net of value-added tax, 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Sale of goods	8,936,133	9,571,195
Other income and gains		
Interest income	16,515	17,227
Subsidy income	43,592	128,743
Compensation income	13,504	14,997
Exchange gains, net	73,950	1,910
Dividend income	1,335	570
Others	5,555	12,808
	154,451	176,255

4. FINANCE COSTS

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on bank loans and other loans	97,127	103,743
Total interest expense on financial liabilities		
not at fair value through profit or loss	97,127	103,743
Less: Interest capitalised	(6,859)	(13,582)
	90,268	90,161

5. PROFIT BEFORE TAX

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of inventories sold	6,944,708	7,797,808
Depreciation	970,068	782,469
Amortisation of lease premium for land	9,525	8,908
Provision/(write-back of provision) for slow-moving and obsolete inventories	49,108	(38,733)
Loss on disposal of items of property, plant and equipment, net	31,035	22,575
Loss on disposal of available-for-sale investments	690	-
(Reversal of impairment)/impairment of other receivables	(1,910)	5,115
Impairment of items of property, plant and equipment	-	47,440
Impairment of lease premium for land	-	2,372
Foreign currency translation gains, net	(73,950)	(19,330)
Fair value losses on derivative financial instruments, net	-	17,420
	<u> </u>	<u> </u>

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 (2014: Nil). Taxes on assessable profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Provision for the year		
Current – The PRC, excluding Hong Kong		
Charge for the year	185,732	141,162
Underprovision in prior years	3,086	16,388
Current – Overseas		
Charge for the year	32,686	34,803
Overprovision in prior years	(26,105)	(16,916)
Deferred tax	9,520	9,520
Total tax charge for the year	<u>204,919</u>	<u>184,957</u>

7. DIVIDENDS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Additional final dividend for prior year (note (a))	1,919	-
Proposed final – HK15 cents (2014: HK15 cents) per ordinary share (note (b))	<u>167,997</u> <u>169,916</u>	<u>172,745</u> <u>172,745</u>

Notes:

- (a) Subsequent to the approval of the 2014 financial statements and prior to the book close period of the 2014 final dividend, additional 12,795,006 ordinary shares were issued by the Company as a result of the exercise of the subscription rights by certain warrant holders. Accordingly, an additional 2014 final dividend amounting to HK\$1,919,000 was paid in 2015.
- (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 the basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK\$874,957,000 (2014: HK\$764,667,000) and the weighted average number of 1,137,859,442 (2014: 1,169,283,984) ordinary shares in issue excluding shares held under the share award scheme during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK\$874,957,000 (2014: HK\$764,667,000). The weighted average number of ordinary shares used in the calculation is 1,137,859,442 (2014: 1,169,283,984) ordinary shares in issue excluding shares held under the share award scheme during the year, as used in the basic earnings per share calculation, and the weighted average number of 34,204,992 (2014: 49,993,020) 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 60 days to 120 days. Trade receivables are non-interest-bearing.

9. TRADE RECEIVABLES (continued)

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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 3 months	2,211,049	2,493,789
4 to 6 months	848,644	795,222
7 to 12 months	20,015	24,326
	<u>3,079,708</u>	<u>3,313,337</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Neither past due nor impaired	2,672,922	2,838,829
1 to 3 months past due	389,344	461,670
4 to 6 months past due	11,158	10,643
7 to 12 months past due	6,284	2,195
	<u>3,079,708</u>	<u>3,313,337</u>

Receivables that were neither past due nor impaired relate to a large 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 60 to 120 days terms.

An aged analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 3 months	800,983	1,120,453
4 to 6 months	225,442	196,157
7 to 12 months	10,850	16,479
Over 1 year	14,611	14,865
	<u>1,051,886</u>	<u>1,347,954</u>

11. SHARE CAPITAL

	2015 HK\$'000	2014 HK\$'000
Authorised:		
2,000,000,000 shares of HK\$0.1 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
1,119,977,185 (2014: 1,161,950,000) shares of HK\$0.1 each	<u>111,997</u>	<u>116,195</u>

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

	Number of shares in issue of HK\$0.1 each	Share capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 January 2014	1,167,366,000	116,736	765,999	882,735
Issue of shares in connection with the exercise of share options (note(i))	16,794,000	1,680	14,610	16,290
Cancellation of shares repurchased (note(iii))	(22,210,000)	(2,221)	(78,791)	(81,012)
Shares repurchased but not yet cancelled (note(iii))	-	-	(18,385)	(18,385)
Transfer from employee share-based compensation reserve	-	-	30,910	30,910
2013 final dividend	-	-	(175,105)	(175,105)
At 31 December 2014 and 1 January 2015	<u>1,161,950,000</u>	<u>116,195</u>	<u>539,238</u>	<u>655,433</u>
Issue of shares in connection with the exercise of share options (note(i))	16,514,000	1,651	15,922	17,573
Issue of shares in connection with the exercise of warrants (note(ii))	13,671,185	1,367	61,520	62,887
Share issue expenses	-	-	(418)	(418)
Cancellation of shares repurchased (note(iii))	(72,158,000)	(7,216)	(247,941)	(255,157)
2014 final dividend (note(iv))	-	-	(174,664)	(174,664)
Transfer from employee share-based compensation reserve	-	-	24,405	24,405
At 31 December 2015	<u>1,119,977,185</u>	<u>111,997</u>	<u>218,062</u>	<u>330,059</u>

11. SHARE CAPITAL (continued)

Notes:

- (i) During the year, the Company issued a total of 15,844,000 (2014: 16,794,000) shares at an exercise price of HK\$0.97 (2014: HK\$0.97) and 670,000 (2014: Nil) shares at an exercise price of HK\$3.29 per share, pursuant to the exercise of options granted under the share option scheme of the Company, resulting in the issue of 16,514,000 (2014: 16,794,000) shares of HK\$0.1 each for a total cash consideration, before expenses, of HK\$17,573,000 (2014: HK\$16,290,000). A total of HK\$24,405,000 (2014: HK\$30,910,000) was transferred from the employee share-based compensation reserve to the share premium account upon the exercise of the share options.
- (ii) A bonus issue of warrants (the “**Warrants**”) was made by the Company in the proportion of one Warrant for every eight shares held on the record date, i.e. 9 April 2015, resulting in 143,954,000 Warrants being issued. Each Warrant entitles the warrant holder thereof to subscribe for one warrant share at the initial subscription price of HK\$4.60 per warrant share (subject to adjustment) at any time during the period from 15 April 2015 to 14 October 2016 (both days inclusive).

During the year, the Company issued a total of 13,671,185 shares at a subscription price of HK\$4.60 per warrant share pursuant to the exercise of subscription rights attached to the Warrants by certain warrant holders, resulting in the issue of 13,671,185 shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$62,887,000. The issued capital of the warrant shares was increased by the par value and the premium received thereon after deducting the related expenses incurred on the issue of the bonus warrants have been credited to share premium account of the Company accordingly.

At the end of the reporting period, the Company had 130,282,815 outstanding Warrants. The exercise in full of the outstanding Warrants would, under the present capital structure of the Company, result in the issue of 130,282,815 additional ordinary shares of the Company and additional share capital of HK\$13,028,000 and share premium of HK\$586,273,000 (before issue expenses).

- (iii) During the year, the Company purchased 67,180,000 (2014: 27,188,000) of its shares on The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) for a total consideration of HK\$254,659,000 (2014: HK\$99,895,000), of which 67,180,000 (2014: 22,210,000) of the repurchased shares were cancelled during the year. The issued capital of the cancelled shares was reduced by the par value and the premium paid thereon including related expenses have been charged to share premium account of the Company accordingly. The 4,978,000 shares repurchased in 2014, which were held as treasury shares as at 31 December 2014, were also cancelled in January 2015.
- (iv) Subsequent to the approval of the 2014 financial statements and prior to the book close period of the 2014 final dividend, additional 12,795,006 ordinary shares were issued by the Company as a result of the exercise of the subscription rights by certain warrant holders. Accordingly, an additional 2014 final dividend amounting to HK\$1,919,000 was paid in 2015 together with the final dividend amounting to HK\$172,745,000 declared as at the date of approval of the 2014 financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review & Prospects

The growth rate of the global economy, as clouded by a series of uncertainties and downward indexes, slowed down in 2015. The path for recovery was bumpy and difficult. The global personal computer (“PC”) market lacked market drivers such as PC replacements and further contracted in 2015. According to the latest research of Gartner Inc., a research and advisory firm, the global PC shipment amounted to 288.7 million in 2015, representing a decrease of 8% as compared to that of 2014. However, being one of the world’s largest notebook computer casing manufacturers, Ju Teng leveraged its profound flexible development strategy and diverse product mix, outperformed the challenging market conditions and achieved profit growth during the year.

Windows 10 was launched during the year and its download rate gradually picked up, therefore, the market looked forward to a new wave of PC replacements. However, the US dollar was strong, and the notebook computer brands were committed to reducing their inventories over the past year, causing notable decrease of notebook computer shipment. During the year, the revenue of Ju Teng’s notebook computer casing decreased, resulting in a decrease of the total revenue of the Group. In addition, as a product between notebook computers and mobile phones, tablet PCs encounter certain limitations in terms of functions and is gradually replaced by 2-in-1 PC and large-screen mobile phones. According to the latest report of TrendForce Co., Ltd. (“**TrendForce**”), a market research institute, the global tablet PC shipment dropped 12.2% year-on-year to 168.5 million in 2015. The Group had targeted 2-in-1 PC which rode on a growth trend, and provided casing of 2-in-1 PC for a renowned information technology company, which contributed considerable revenue for the Group in 2015.

Smartphone shipment continued to grow during the year. According to the latest report of TrendForce, the global smartphone shipment grew 10.3% year-on-year to 1.293 billion. The Group tapped into smartphone casing in August 2013 and has kept abreast of the international market, in particular with the design trends of the major smartphone brands, so as to adjust its product mix in a timely fashion. During the year, the Group expanded its CNC equipment for metal casing that enjoys higher profit margin. Ju Teng will ride on the trend and seek cooperation with smartphone brands with a view to securing more orders.

For the aspect of materials, Ju Teng, being a top smart device casing manufacturer, leverages its deep-rooted expertise in manufacturing and research, and possesses sophisticated techniques in plastic, metal and composite material casings. The Chongqing plant has commenced operation, and is ready for large-scale orders. It further enhances the Group’s production capacity in metal casing, and expands the proportion of the high-profit-margin products, contributing to Ju Teng’s profit growth.

Looking ahead, International Data Corporation (“**IDC**”) estimates that the global PC market in 2016 may shrink by 3.1%, but may grow by 1% to 2% when taking into account hybrid notebook computers. That being said, hybrid notebook computers will continue to be the key growth driver of the PC market. Hence, the Group expects the 2-in-1 PC casing business will continue to flourish. There will be possibly more opportunities for cooperation with different hybrid notebook computer producers. 2-in-1 PC generally adopt magnesium or aluminum alloy for casing. It reflects the demand trend of metal casing driven by high-end hybrid notebook computers and shows that the Group’s strategy to expand metal casing production capacity has been a sensible decision.

Microsoft announced on 12 January 2016 that it will cease to give technical support to Windows 8 and Internet Explorer 11. Users must upgrade to Windows 8.1 or 10 to maintain the security updates. Up to the present, some enterprises have gradually upgraded Windows and launched actions to replace their computers. It is expected that this trend will gradually extend to individual users. This is expected to bring about positive impact to notebook computer shipment in 2016. Hence, the Group maintains an optimistic view toward notebook computer casing business in 2016.

2015 is the 10th anniversary of Ju Teng's listing on Hong Kong Stock Exchange. Ju Teng has been profoundly executed effective strategies over the 10 years. The Group's revenue and profit attributable to shareholders respectively grew to approximately HK\$8,936 million and approximately HK\$875 million respectively in 2015 from approximately HK\$2,672 million and approximately HK\$192 million respectively in 2005. In addition, the Group's net assets value also grew to approximately HK\$7,927 million as at 31 December 2015 from approximately HK\$1,239 million as at 31 December 2005. Ju Teng will continue to be demand-oriented, and progressively adjust its business strategies, flexibly optimize its product mix, and reasonably allocate the production capacity, so as to achieve further growth of revenue and profit. The management of the Group is confident that Ju Teng is able to leverage its resilience and continue to flourish in the next decade.

Financial Review

During the year, the Group continued its strategy to launch premium products and boosted its metal casings operation to compensate the sluggish demand for notebook computers. There was a decrease of the Group's revenue of approximately 6.6% to approximately HK\$8,936 million (2014: HK\$9,571 million). Due to the higher gross margin on the sales of metal casings, the Group's gross profit margin during the year raised to approximately 21.3% (2014: 18.9%).

Other income and gains of the Group mainly consists of subsidy income of approximately HK\$44 million (2014: HK\$129 million) and exchange gains of approximately HK\$74 million (2014: HK\$2 million). During the year, the Group recorded a decrease of approximately 12.4% in other income and gains to approximately HK\$154 million (2014: HK\$176 million), due to the combined effect of the substantial decrease in various government subsidies received by certain subsidiaries of the Company in the PRC and increase in foreign exchange gains.

Since there was no establishment of new production plant and a decrease in sales, the Group recorded a decrease in operating costs, including administrative expenses, and selling and distribution costs, of approximately 4.0% to HK\$759 million (2014: HK\$790 million), accounting for approximately 8.5% (2014: 8.3%) of the Group's revenue.

Due to the incurrence of an one-off impairment on property, plant and equipment in the amount of approximately HK\$47 million in 2014, the Group recorded a decrease in other expenses of approximately 34.0% to approximately HK\$61 million (2014: HK\$92 million) for the year, accounting for approximately 0.7% (2014: 1.0%) of the Group's revenue.

Finance costs of the Group of approximately HK\$90 million (2014: HK\$90 million) for the year remained stable. Interest capitalised during the year was approximately HK\$7 million (2014: HK\$14 million).

Income tax expenses of the Group increased by approximately 10.8% to approximately HK\$205 million (2014: HK\$185 million) for the year as compared to that of 2014, resulting from the increase in profit before tax.

The profit attributable to equity holders of the Company for the year amounted to approximately HK\$875 million (2014: HK\$765 million), representing an increase of approximately 14.4% when compared to that of last year. The increase in the profit attributable to equity holders was mainly attributable to the increase in the Group's gross profit.

Liquidity and Financial Resources

As at 31 December 2015, total bank borrowings of the Group amounted to approximately HK\$4,904 million (31 December 2014: HK\$4,718 million), representing an increase of approximately 3.9% as compared to that of 31 December 2014. 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 2015, the Group's bank loans denominated in United States dollar ("USD") and New Taiwan Dollars were approximately HK\$4,848 million (31 December 2014: HK\$4,658 million) and approximately HK\$56 million (31 December 2014: HK\$60 million) respectively.

During the year, the Group's cashflow from operating activities decreased to approximately HK\$1,536 million from approximately HK\$2,242 million last year mainly due to the decrease in other payables and accruals and tax payable. As a result of the purchase of production equipment for the expansion of production capacity in metal casings, the Group recorded a net cash outflow from investing activities of approximately HK\$1,358 million (2014: HK\$1,826 million). During the year, due to the repurchase and cancellation of 67,180,000 ordinary shares, the Group recorded a net cash outflow from financing activities of approximately HK\$140 million (2014: a net cash inflow of HK\$161 million). As at 31 December 2015, the Group had cash and bank balances of approximately HK\$1,541 million (31 December 2014: HK\$1,564 million).

As at 31 December 2015, the Group's gearing ratio, calculated as total bank borrowings of approximately HK\$4,904 million (31 December 2014: HK\$4,718 million) divided by total assets of approximately HK\$15,456 million (31 December 2014: HK\$16,132 million) was 31.7% (31 December 2014: 29.2%). The increase in gearing ratio was due to the decrease in total assets and increase in total bank borrowings.

In order to strengthen the equity base of the Company and increase the Company's working capital, a bonus issue of warrants was made by the Company on 15 April 2015, resulting 143,954,000 Warrants being issued. Each Warrant entitles the warrant holder thereof to subscribe for one warrant share at the initial subscription price of HK\$4.60 per warrant share (subject to adjustment) at any time during the period from 15 April 2015 to 14 October 2016 (both days inclusive). On the basis of the maximum number of Warrants to be issued and based on the subscription price per warrant share, the net proceeds of the Warrants is estimated to be approximately HK\$662 million. It is intended that 70% of the net proceeds will be used for the purchase of production equipment and construction of production plant and 30% of the net proceeds will be used as general working capital of the Group depending on its business needs at the relevant time. During the year, the Company raised a gross proceed of approximately HK\$63 million upon exercise of subscription rights attached to the 13,671,185 warrants by certain warrant holders.

Financial Ratios

Inventory turnover days of 67 days (2014: 64 days) of the Group for the year was slightly higher than that of 2014 due to the decline in sales during the year. There was a decrease in the Group's inventories of approximately 4.4% to approximately HK\$1,296 million as at 31 December 2015 from approximately HK\$1,355 million as at 31 December 2014.

Trade receivables turnover days of 126 days (2014: 126 days) of the Group for the year remained stable. Trade receivables as at 31 December 2015 was decreased to HK\$3,080 million (31 December 2014: HK\$3,313 million), which was attributable to the decline in sales for the year.

Trade and bills payable turnover days of the Group for the year decreased to 55 days (2014: 63 days). This is consistent with the credit period granted by the Group's suppliers.

Pledge of Assets

As at 31 December 2015 and 31 December 2014, 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 2015 and 31 December 2014, shares of certain subsidiaries of the Company were pledged to secure banking facilities granted to the Group.

Foreign Exchange Exposure

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

Employees

As at 31 December 2015, the Group had approximately 34,000 employees (31 December 2014: 39,000 employees). The Group recorded staff costs (excluding directors' remuneration) of approximately HK\$2,096 million (2014: HK\$2,294 million).

The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. Discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and that of the individual employee. The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme for its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations of the PRC.

Capital Commitment

As at 31 December 2015, the capital commitments which the Group had contracted for but were not provided for in the financial information in respect of the acquisition of land, buildings, machinery and office equipment amounted to approximately HK\$110 million (31 December 2014: HK\$232 million).

Contingent Liabilities

As at 31 December 2015, the Group did not have any significant contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2015, the Company repurchased a total of 67,180,000 ordinary shares of the Company on the Hong Kong Stock Exchange at an aggregate consideration (before expenses) of HK\$253,834,000.

Particulars of the repurchases were as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per ordinary share		Aggregate purchase price paid HK\$'000
		Highest HK\$	Lowest HK\$	
January 2015	5,340,000	3.93	3.68	20,653
August 2015	790,000	2.96	2.94	2,333
September 2015	26,298,000	3.84	2.98	88,048
October 2015	18,208,000	4.24	3.79	74,636
November 2015	7,304,000	4.24	4.10	30,700
December 2015	9,240,000	4.21	3.93	37,464
Total	<u>67,180,000</u>			<u>253,834</u>
Total expenses on shares repurchased				<u>825</u>
				<u>254,659</u>

All shares repurchased during the year were cancelled, and the issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The 4,978,000 shares repurchased during the year ended 31 December 2014 were also cancelled in January 2015.

The above repurchases were effected by the Directors pursuant to the mandate from shareholders approved at the annual general meeting of the Company held on 14 May 2014, with a view to benefiting shareholders as a whole by enhancing the net assets value per share and earnings per share of the Group.

Save as disclosed above, 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 HK15 cents per share in respect of the year ended 31 December 2015 (2014: HK15 cents per share) to shareholders whose names appear on the register of members of the Company on 20 May 2016.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining members who are qualified for attending the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from 12 May 2016 to 13 May 2016 (both days inclusive), during which no transfer of shares can be registered. To qualify for the attendance at the forthcoming annual general meeting of the Company, shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company (the “**Branch Share Registrar**”), Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 11 May 2016.

For the purpose of determining members who are qualified for the proposed final dividend for the year ended 31 December 2015, and 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 19 May 2016 to 20 May 2016 (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 27 May 2016) 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 Branch Share Registrar at the above address no later than 4:30 p.m. on 18 May 2016.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”). The Company and the corporate governance committee of 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 for the year.

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 of the Company 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 2015 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, 14 March 2016

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.