



JU TENG INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3336)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

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 2007 with the comparative figures for the corresponding year in 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

		The Group	
	<i>Notes</i>	2007	2006
		HK\$'000	HK\$'000
REVENUE	4	5,275,832	3,558,282
Cost of sales		(4,479,682)	(3,053,217)
Gross profit		796,150	505,065
Other income and gains	4	94,978	84,792
Selling and distribution costs		(23,671)	(17,570)
Administrative expenses		(271,942)	(242,335)
Other expenses		(12,688)	(3,076)
Finance costs	5	(99,940)	(99,054)
Share of profit of an associate		1,312	4,001
PROFIT BEFORE TAX	6	484,199	231,823
Tax	7	(57,338)	(30,676)
PROFIT FOR THE YEAR		<u>426,861</u>	<u>201,147</u>
Attributable to:			
Equity holders of the Company		409,988	202,942
Minority interests		16,873	(1,795)
		<u>426,861</u>	<u>201,147</u>
DIVIDEND	8	<u>—</u>	<u>—</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	9		
– Basic (HK cents)		<u>41.0</u>	<u>20.3</u>
– Diluted (HK cents)		<u>40.2</u>	<u>20.3</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	<i>Notes</i>	The Group 2007 HK\$'000	2006 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,662,323	1,478,907
Lease premium for land		25,641	22,489
Goodwill		1,065	1,065
Interest in an associate		–	24,745
Deferred tax assets		–	5,296
Prepayments for acquisition of property, plant and equipment		6,656	–
Available-for-sale investment		120,607	–
Total non-current assets		1,816,292	1,532,502
CURRENT ASSETS			
Inventories		727,751	654,646
Trade receivables	10	1,582,689	942,770
Factored trade receivables	10	443,525	373,698
Prepayments, deposits and other receivables		166,546	153,088
Available-for-sale investment		–	74,210
Derivative financial instruments		28,256	8,079
Pledged bank balances and time deposits		53,221	156,491
Cash and cash equivalents		406,019	179,547
Total current assets		3,408,007	2,542,529
CURRENT LIABILITIES			
Trade and bills payables	11	1,398,375	819,802
Other payables and accruals		330,510	348,491
Tax payable		84,705	87,996
Bank advances on factored trade receivables		443,525	393,946
Interest-bearing bank borrowings		757,178	838,045
Total current liabilities		3,014,293	2,488,280
NET CURRENT ASSETS		393,714	54,249
TOTAL ASSETS LESS CURRENT LIABILITIES		2,210,006	1,586,751
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		–	2,056
Deferred tax liabilities		25,626	–
Total non-current liabilities		25,626	2,056
Net assets		2,184,380	1,584,695
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		100,000	100,000
Reserves		2,011,143	1,451,005
		2,111,143	1,551,005
Minority interests		73,237	33,690
Total equity		2,184,380	1,584,695

NOTES

1. BASIS OF PREPARATION

These financial statements 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 available-for-sale investment, 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 except when otherwise indicated.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

3. 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 segment

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 attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

The following tables present revenue, certain assets and capital expenditure information for the Group’s geographical segments for the years ended 31 December 2007 and 2006.

Segment revenue from external customers:

	2007 HK\$'000	2006 HK\$'000
Mainland China	5,011,304	3,139,955
The Republic of China (the “ROC”)	259,548	414,601
Others	4,980	3,726
	<u>5,275,832</u>	<u>3,558,282</u>

Segment assets:

	2007 HK\$'000	2006 HK\$'000
Mainland China	4,741,172	3,570,329
The ROC	465,566	489,648
Others	17,561	15,054
	<u>5,224,299</u>	<u>4,075,031</u>

Segment capital expenditure:

	2007 HK\$'000	2006 HK\$'000
Mainland China	214,775	372,759
The ROC	2,030	2,732
Others	411	2
	<u>217,216</u>	<u>375,493</u>

4. 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:

	2007 HK\$'000	2006 HK\$'000
Revenue		
Sale of goods	<u>5,275,832</u>	<u>3,558,282</u>
Other income		
Interest income	11,517	6,980
Subcontracting fee income	1,232	1,448
Sale of scrap materials	25,606	17,950
Dividend income	2,166	982
Excess over the cost of a business combination	4,576	—
Excess over the cost of acquisition of an interest in an associate	—	1,625
Subsidy income	3,385	—
Others	11,039	5,787
	<u>59,521</u>	<u>34,772</u>
Gains		
Exchange gains, net	34,427	33,623
Gain on disposal of an available-for-sale investment	—	16,397
Others	1,030	—
	<u>35,457</u>	<u>50,020</u>
	<u>94,978</u>	<u>84,792</u>

5. FINANCE COSTS

	2007 HK\$'000	Group 2006 HK\$'000
Interest on bank loans and other loans wholly repayable:		
Within five years	99,932	99,026
Over five years	8	28
	<u>99,940</u>	<u>99,054</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u>99,940</u>	<u>99,054</u>

6. PROFIT BEFORE TAX

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

	2007 HK\$'000	2006 HK\$'000
Cost of inventories sold	4,413,995	3,023,051
Depreciation	168,198	129,524
Amortisation of lease premium for land	524	648

7. 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 rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2007 HK\$'000	2006 HK\$'000
Provision for the year:		
Current – The People's Republic of China (the "PRC"), excluding Hong Kong		
Charge for the year	46,746	22,359
Underprovision in prior year	1,332	–
Current – Overseas		
Charge for the year	2,770	16,811
Underprovision in prior year	1,129	–
Tax refund	–	(7,259)
Deferred tax	5,361	(1,235)
	<u>57,338</u>	<u>30,676</u>
Total tax charge for the year	<u>57,338</u>	<u>30,676</u>

8. DIVIDEND

No dividend has been paid or declared by the Company during the year.

9. 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\$409,988,000 (2006: HK\$202,942,000) and the 1,000,000,000 shares in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to equity holders of the Company of HK\$409,988,000 (2006: HK\$202,942,000). The weighted average number of shares used in the calculation is the 1,000,000,000 shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of 19,372,980 (2006: 746,913) shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential shares into shares.

10. TRADE RECEIVABLES

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

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

	Group	
	2007	2006
	HK\$'000	HK\$'000
Trade receivables		
Within 3 months	1,159,938	712,595
4 – 6 months	417,778	212,986
7 – 12 months	3,654	8,789
Over 1 year	1,319	8,400
	<u>1,582,689</u>	<u>942,770</u>
Factored trade receivables		
Within 3 months	172,345	233,772
4 – 6 months	271,180	139,926
	<u>443,525</u>	<u>373,698</u>

As at 31 December 2007, certain subsidiaries of the Group had factored trade receivables of HK\$443,525,000 (2006: HK\$373,698,000) to banks on a without-recourse basis for cash. As the subsidiaries of the Group 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 aged analysis of the Group's trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2007	2006
	HK\$'000	HK\$'000
Within 3 months	927,928	596,072
4 – 6 months	452,583	209,449
7 – 12 months	10,737	9,704
Over 1 year	7,127	4,577
	<u>1,398,375</u>	<u>819,802</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

In 2007, driven by the rapid growth in shipment of notebook computers worldwide, the Group continued to record enormous increase in revenue as turnover increased by 48% from HK\$3,558 million in 2006 to HK\$5,276 million in 2007, thereby providing fruitful return to the Group. The growth in shipment of notebook computers worldwide is mainly attributable to the acceleration in the pace of notebook computers superseding desktop PCs as well as the strong demand from consumers and emerging markets. Notebook computers have become a general consumer product with the design being the core attraction to the consumers. In light of this, top notebook computer brands introduced products with delicate design and delightful color mix so as to have instant appeal to consumers. Being the major manufacturer of worldwide notebook computer casings, the Group is equipped with certain advanced surface treatment technology such as in-mould decoration injection moulding which directly adheres film to notebook computer's plastic casing by moulding technique and the manipulation of spray painting that creates three-dimensional visual effects. All of which provides a technological platform to tailor make various surface treatment technology solutions for different computer brands that strive to make the design of the casings stand out. Such surface treatment technology is well received by customers and enhanced the average price and earnings of the Group's products, which consummated a win-win situation.

Prospects

Despite the decrease in consumer demand from the United States, emerging markets still have strong demand for notebook computers, the rapid development of which should be able to offset the slump in demand from the United States. As such, the Group is optimistic about its performance in 2008. As notebook computers with colorful and attractive appearances are popular amongst consumers, more computer brands are tempted to make use of advanced surface treatment technology, whereas the introduction of low-priced computers will intensify notebook computers to supersede desktop PCs, the demand for notebook computers is therefore able to maintain a substantial growth. Recognising the importance of the ability to develop state-of-art products, the Group will constantly devote resources in perfecting material applications and to provide more options in surface treatment technology solutions. The Group will also leverage on the technology it mastered so far to enlarge the product range. While the Group's gross profit margin was gradually improving in 2007, it will continue to face the challenge in the coming year triggered by the surge of raw material price, appreciation of the value of Renminbi ("RMB") and the increase in the PRC tax rate. As such, the Group will continue to improve production efficiency and increase the proportion of sales from new products to alleviate these unfavourable effects and, on this basis, to further enhance its profitability.

Financial Review

Turnover and gross margin

The Group continued to record a substantial growth of 48% in terms of turnover in 2007 and reached approximately HK\$5,276 million. This is the third consecutive year that the Group had recorded a remarkable growth in turnover since its listing on the main board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 3 November 2005. As the Group benefited from the growing demand for new casing products using in-mould decoration and three-dimensional painting technologies, which had a relatively higher average selling price and higher profit margin, the overall gross profit margin of the Group for the year ended 31 December 2007 increased to 15.1% from 14.2% in 2006.

Operating expenses

Despite the fact that the Group's turnover increased by 48%, the Group's operating costs and other operating expenses, including administrative expenses, selling and distribution costs and other operating expenses remained at a relatively low level of approximately HK\$308 million, representing an increase of 17% as compared to that of 2006. The increase in operating costs was mainly attributable to the full operation of the new production plant in Kunshan and the acquisition of mould production plant and the increase in staff costs for the expansion of the Group's operational scale. Due to the operating leverage, the Group operating expenses in 2007 and 2006 only accounted for 5.8% and 7.4% of the Group's turnover, respectively.

Finance costs

Interests on bank borrowings remained at the same level of 2006 at approximately HK\$100 million (2006: HK\$99 million).

Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company for the year ended 31 December 2007 increased by 102% to approximately HK\$410 million from approximately HK\$203 million in 2006. The net profit margin of the Group increased to 7.8% in 2007 as compared to 5.7% in 2006. The increase in profitability was mainly attributable to the increase in the Group's turnover, the improvement in gross margin and the stable operating expenses.

Liquidity, financial resources and capital structure

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 2007, the Group's cash and bank balances amounted to approximately HK\$459 million (2006: HK\$336 million), representing an increase of 37% as compared with that of 2006.

As at 31 December 2007, the Group had total bank borrowings of approximately HK\$757 million, which declined slightly by 10% from that of 2006. All the bank borrowings are matured within one year. The Group's bank loans with carrying amounts of approximately HK\$644 million (2006: HK\$798 million), approximately HK\$93 million (2006: HK\$30 million), and approximately HK\$20 million (2006: HK\$12 million) were denominated in U.S. dollars ("USD"), RMB and New Taiwan dollars, respectively.

During the year, due to the increase in trade receivables, the Group's cash flow from operating activities declined to approximately HK\$414 million from approximately HK\$472 million in 2006. However, as a result of the reduction in acquisition of fixed assets, the Group's cash flow from investing activities improved from net cash outflow of approximately HK\$512 million in 2006 to net cash outflow of approximately HK\$110 million in 2007. During the year, the Group recorded the net cash outflow from financing activities of approximately HK\$83 million (2006: HK\$11 million) due to a net repayment of bank borrowings. The Group's net increase in cash and cash equivalents of approximately HK\$221 million (2006: net decrease in cash and cash equivalents of approximately HK\$50 million) was primarily attributable to the reduction in acquisition of fixed assets and the decrease in pledged bank balances.

The gearing ratio of the Group, calculated as total bank borrowings of approximately HK\$757 million (2006: HK\$840 million) over total assets of approximately HK\$5,224 million (2006: HK\$4,075 million) was 14%, representing an improvement from 21% in 2006. The improvement was attributable to the repayment of bank borrowings and increase in total assets.

Pledge of assets

As at 31 December 2007, the Group pledged land and buildings and machinery with an aggregate carrying value of approximately HK\$96 million (2006: HK\$604 million), trade receivables of approximately HK\$351 million (2006: HK\$439 million) and bank balances of approximately HK\$49 million (2006: HK\$133 million) as securities for bank facilities.

Employees

As at 31 December 2007, the Group had approximately 28,000 employees. The Group recorded the staff costs of approximately HK\$621 million (2006: HK\$468 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 all its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulation of the PRC.

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, the appreciation in value of the RMB will adversely affect the Group's profitability. Accordingly, the Group has entered into forward foreign exchange contracts to mitigate the possible exchange losses relating to the fluctuations in the values of the USD and RMB.

Capital commitment

As at 31 December 2007, 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\$45 million (2006: HK\$17 million).

Contingent liabilities

As at 31 December 2007, the Group did not have any significant contingent liabilities.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2007.

CORPORATE GOVERNANCE REPORT

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

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 to the Rules ("Listing Rules") Governing the Listing of Securities on the Stock Exchange. The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the CG Code. For the year ended 31 December 2007, the Company had complied with the code provision of the CG Code save for the following:

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company is satisfied that all the Directors have fully complied with the standards set out in the Model Code for the year ended 31 December 2007.

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 statements and results of the Group for the year ended 31 December 2007.

REMUNERATION COMMITTEE

The Remuneration Committee of the Board has reviewed remuneration policy and packages of the Directors and senior management for the year ended 31 December 2007.

PUBLICATION ON THE STOCK EXCHANGE'S WEBSITE

The results announcement will be published on the Company's website (<http://www.irasia.com/listco/hk/juteng>) and Stock Exchange's website (<http://www.hkex.com.hk>). The 2007 Annual Report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and Stock Exchange in due course.

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

Hong Kong, 8, April 2008

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. Yu Chwo-Ming, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming.