



**JU TENG INTERNATIONAL HOLDINGS LIMITED**

**巨騰國際控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3336



## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Mr. Cheng Li-Yu (*Chairman*)  
Mr. Chiu Hui-Chin (*Chief Executive Officer*)  
Mr. Huang Kuo-Kuang  
Mr. Lin Feng-Chieh  
Mr. Tsui Yung Kwok

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cherng Chia-Jiun  
Mr. Tsai Wen-Yu  
Mr. Yip Wai Ming

### AUTHORISED REPRESENTATIVES

Mr. Cheng Li-Yu  
Mr. Tsui Yung Kwok

### COMPANY SECRETARY

Mr. Leung Ka Shing

### AUDIT COMMITTEE

Mr. Cherng Chia-Jiun (*Chairman*)  
Mr. Tsai Wen-Yu  
Mr. Yip Wai Ming

### REMUNERATION COMMITTEE

Mr. Cherng Chia-Jiun (*Chairman*)  
Mr. Cheng Li-Yu  
Mr. Huang Kuo-Kuang  
Mr. Tsai Wen-Yu  
Mr. Yip Wai Ming

### NOMINATION COMMITTEE

Mr. Cheng Li-Yu (*Chairman*)  
Mr. Huang Kuo-Kuang  
Mr. Cherng Chia-Jiun  
Mr. Tsai Wen-Yu  
Mr. Yip Wai Ming

### CORPORATE GOVERNANCE COMMITTEE

Mr. Yip Wai Ming (*Chairman*)  
Mr. Cheng Li-Yu  
Mr. Huang Kuo-Kuang  
Mr. Cherng Chia-Jiun  
Mr. Tsai Wen-Yu

### LEGAL ADVISERS AS TO HONG KONG LAWS

Chiu & Partners

### AUDITORS

Ernst & Young

### PRINCIPAL BANKERS

ANZ Bank  
Bank of China  
Bank SinoPac  
CTBC Bank  
DBS Bank  
Fubon Bank  
KGI Bank  
OCBC Wing Hang Bank  
Standard Chartered Bank  
Taishin International Bank  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
Yuanta Commercial Bank

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## **CORPORATE INFORMATION**

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Suites 3311-3312, Jardine House  
1 Connaught Place, Central  
Hong Kong

### **PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA**

No.2 Gua Jing Road  
Song Ling Town Economic Development District  
Wu Jiang City, Jiang Su  
The PRC

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

SMP Partners (Cayman) Limited  
Royal Bank House – 3rd Floor  
24 Shedden Road  
P.O. Box 1586  
Grand Cayman, KY1-1110  
Cayman Islands

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East, Wanchai  
Hong Kong

### **WEBSITE**

[www.irasia.com/listco/hk/juteng](http://www.irasia.com/listco/hk/juteng)

### **STOCK CODE**

3336.HK and 9136.TT

## FINANCIAL HIGHLIGHTS

	Notes	For the six months ended 30 June		Changes
		2018 (Unaudited)	2017 (Unaudited)	
<b>Operating Results:</b>				
Revenue (HK\$ million)		<b>3,946</b>	3,748	+5.3%
Profit/(loss) attributable to equity holders of the Company (HK\$ million)		<b>(154)</b>	82	-287.8%
Earnings/(loss) per share				
Basic (HK cents)		<b>(15.5)</b>	7.3	-312.3%
Diluted (HK cents)		<b>(15.5)</b>	7.2	-315.3%
<b>Profitability Ratio:</b>				
Gross profit margin		<b>6.6%</b>	15%	-8.4%
Operating profit/(loss) margin	1	<b>-3.6%</b>	4.8%	-8.4%
Net profit/(loss) margin	2	<b>-3.9%</b>	2.2%	-6.1%
EBITDA (HK\$ million)		<b>534</b>	698	-23.5%
Return on equity	3	<b>-4.7%</b>	2.5%	-7.2%
<b>Liquidity and Capital Ratio:</b>				
Inventory turnover days	4	<b>69</b>	82	-15.9%
Trade receivables turnover days	5	<b>125</b>	131	-4.6%
Trade and bills payables turnover days	6	<b>41</b>	50	-18.0%
Interest coverage	7	<b>-78.1%</b>	358.7%	-436.8%
Net debt to equity	8	<b>40.0%</b>	36.4%	+3.6%
Cash flows from operating activities (HK\$ million)		<b>172</b>	493	-65.1%

### Notes:

- (1) Operating profit/(loss) margin equals operating profit/(loss) divided by revenue. Operating profit/(loss) includes gross profit, net of selling and distribution expenses, and administrative expenses.
- (2) Net profit/(loss) margin equals profit/(loss) attributable to equity holders of the Company divided by revenue.
- (3) Return on equity equals profit/(loss) attributable to equity holders of the Company divided by the average of the beginning and closing balance of equity attributable to equity holders of the Company, and is calculated on an annualized basis.
- (4) Inventory turnover days is equal to the closing balance of inventories divided by cost of sales and multiplied by the number of days in the period.
- (5) Trade receivables turnover days is equal to the closing balance of trade receivables divided by revenue and multiplied by the number of days in the period.
- (6) Trade and bills payables turnover days is equal to the closing balance of trade and bills payables divided by cost of sales and multiplied by the number of days in the period.
- (7) Interest coverage ratio equals profit/(loss) before tax and finance costs divided by finance costs.
- (8) Net debt to equity equals net debt divided by net assets. Net debt includes all interest-bearing bank borrowings, net of cash and cash equivalents.

The board (the "Board") of directors (the "Directors") of Ju Teng International Holdings Limited (the "Company" or "Ju Teng") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2018 (the "Period") as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
<b>REVENUE</b>	2	<b>3,945,778</b>	3,747,924
Cost of sales		<b>(3,685,467)</b>	(3,186,857)
Gross profit		<b>260,311</b>	561,067
Other income and gains	3	<b>102,007</b>	58,096
Selling and distribution expenses		<b>(58,894)</b>	(49,000)
Administrative expenses		<b>(344,153)</b>	(331,531)
Other expenses		<b>(14,023)</b>	(57,936)
Finance costs	4	<b>(70,115)</b>	(50,374)
<b>PROFIT/(LOSS) BEFORE TAX</b>	5	<b>(124,867)</b>	130,322
Income tax expense	6	<b>(20,968)</b>	(20,803)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>(145,835)</b>	109,519
Attributable to:			
Equity holders of the Company		<b>(154,478)</b>	81,611
Non-controlling interests		<b>8,643</b>	27,908
		<b>(145,835)</b>	109,519
<b>EARNINGS/(LOSS) PER SHARE</b>			
<b>ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	8		
– Basic (HK cents)		<b>(15.5)</b>	7.3
– Diluted (HK cents)		<b>(15.5)</b>	7.2

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(145,835)</b>	109,519
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES)</b>		
Other comprehensive income/(expenses) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(161,010)	377,823
Other comprehensive income/(expenses) not to be reclassified to profit or loss in subsequent periods:		
Equity instrument at fair value through other comprehensive income		
Change in fair value	(9,130)	849
Income tax effect	1,162	–
	<b>(7,968)</b>	849
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD, NET OF TAX</b>	<b>(168,978)</b>	378,672
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD</b>	<b>(314,813)</b>	488,191
Attributable to:		
Equity holders of the Company	(297,385)	398,612
Non-controlling interests	(17,428)	89,579
	<b>(314,813)</b>	488,191

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2018

	Notes	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	8,075,061	8,462,966
Lease premium for land		580,922	596,427
Goodwill		53,985	53,985
Deferred tax assets		73,188	52,855
Prepayments for acquisition of property, plant and equipment		73,477	8,790
Equity instrument at fair value through other comprehensive income		15,943	24,987
Total non-current assets		<u>8,872,576</u>	<u>9,200,010</u>
<b>CURRENT ASSETS</b>			
Inventories		1,412,992	1,545,656
Trade receivables	10	2,732,881	2,744,612
Prepayments, deposits and other receivables		314,858	354,903
Pledged and restricted bank balances		75,035	39,809
Cash and cash equivalents		670,947	1,750,770
Total current assets		<u>5,206,713</u>	<u>6,435,750</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	843,936	919,973
Other payables and accruals		1,281,742	1,491,665
Tax payable		136,799	200,547
Interest-bearing bank borrowings		2,325,547	2,463,662
Total current liabilities		<u>4,588,024</u>	<u>5,075,847</u>
<b>NET CURRENT ASSETS</b>		<u>618,689</u>	<u>1,359,903</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,491,265</u>	<u>10,559,913</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2018

	Notes	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		1,482,884	2,005,317
Deferred income		100,158	154,127
Deferred tax liabilities		55,679	52,084
Total non-current liabilities		<u>1,638,721</u>	<u>2,211,528</u>
Net assets		<u>7,852,544</u>	<u>8,348,385</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Issued capital	12	114,755	114,755
Reserves		<u>6,154,508</u>	<u>6,632,921</u>
<b>Non-controlling interests</b>		<u>6,269,263</u>	<u>6,747,676</u>
		<u>1,583,281</u>	<u>1,600,709</u>
Total equity		<u>7,852,544</u>	<u>8,348,385</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to equity holders of the Company											
	Issued capital	Share premium account*	Shares held under share award plan*	Employee share-based compensation reserve*	Other reserves*	Statutory reserve fund*	Exchange fluctuation reserve*	Retained profits*	Fair value reserve of equity instrument at fair value through other comprehensive income*	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)												
At 1 January 2017	113,471	77,697	-	75,545	365,239	216,125	(457,163)	5,971,288	-	6,362,202	1,381,792	7,743,994
Profit for the Period	-	-	-	-	-	-	-	81,611	-	81,611	27,908	109,519
Other comprehensive income for the Period:												
Change in fair value of equity instrument at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	-	849	849	-	849
Exchange differences on translation of foreign operations	-	-	-	-	-	-	316,152	-	-	316,152	61,671	377,823
Total comprehensive income for the Period	-	-	-	-	-	-	316,152	81,611	849	398,612	89,579	488,191
Share-based compensation arrangements	-	-	-	31,159	-	-	-	-	-	31,159	-	31,159
2016 final dividend	-	(77,697)	-	-	(35,774)	-	-	-	-	(113,471)	-	(113,471)
At 30 June 2017	113,471	-	-	106,704	329,465	216,125	(141,011)	6,052,899	849	6,678,502	1,471,371	8,149,873
(Unaudited)												
At 1 January 2018	114,755	25,571	(308,818)	86,298	329,465	216,125	226,960	6,048,217	9,103	6,747,676	1,600,709	8,348,385
Profit/(loss) for the Period	-	-	-	-	-	-	-	(154,478)	-	(154,478)	8,643	(145,835)
Other comprehensive expenses for the Period:												
Change in fair value of equity instrument at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	-	(7,968)	(7,968)	-	(7,968)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(134,939)	-	-	(134,939)	(26,071)	(161,010)
Total comprehensive expenses for the Period	-	-	-	-	-	-	(134,939)	(154,478)	(7,968)	(297,385)	(17,428)	(314,813)
Purchase of shares under the share award plan	-	-	(111,749)	-	-	-	-	-	-	(111,749)	-	(111,749)
Dividend received under the share award plan	-	-	12,309	-	-	-	-	-	-	12,309	-	12,309
Share-based compensation arrangements	-	-	-	10,216	-	-	-	-	-	10,216	-	10,216
2017 final dividend	-	-	-	-	-	-	-	(91,804)	-	(91,804)	-	(91,804)
At 30 June 2018	114,755	25,571	(408,258)	96,514	329,465	216,125	92,021	5,801,935	1,135	6,269,263	1,583,281	7,852,544

\* These reserve accounts comprise the consolidated reserves of HK\$6,154,508,000 (31 December 2017: HK\$6,632,921,000) in the condensed consolidated statement of financial position.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	335,373	662,752
Income tax paid	(97,402)	(119,573)
Withholding tax paid	(5,049)	(293)
Interest received	14,557	4,850
Interest paid	(74,987)	(54,253)
Net cash flows from operating activities	<u>172,492</u>	<u>493,483</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	(581,633)	(532,098)
Purchases of lease premium for land	–	(13,075)
Proceeds from disposal of items of property, plant and equipment	312,231	114,368
Increase in pledged and restricted bank balances	(34,250)	(6,720)
Decrease/(increase) in prepayments for acquisition of property, plant and equipment	(73,477)	26,994
Net cash flows used in investing activities	<u>(377,129)</u>	<u>(410,531)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank loans	972,596	1,060,975
Repayment of bank loans	(1,648,816)	(869,391)
Dividend paid	(91,804)	(113,471)
Dividend paid to a non-controlling interest	(13,625)	–
Purchase of shares under the share award plan	(111,749)	–
Dividend received under the share award plan	12,309	–
Net cash flows from/(used in) financing activities	<u>(881,089)</u>	<u>78,113</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,085,726)</b>	<b>161,065</b>
Cash and cash equivalents at beginning of Period	1,750,770	1,529,053
Effect of foreign exchange rate changes, net	5,903	21,078
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><b>670,947</b></u>	<u><b>1,711,196</b></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u><b>670,947</b></u>	<u><b>1,711,196</b></u>

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2018

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

The condensed consolidated interim financial information for the Period has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2017. The accounting policies and basis of preparation adopted in the preparation of the interim financial information are the same as those used in the annual financial statements for the year ended 31 December 2017, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Group and has adopted for the first time for the current period’s financial information:

### NEW AND REVISED HKFRSs

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Annual Improvements 2014-2016 Cycle	<i>Amendments to HKFRS 1 and HKAS 28</i>

Other than explained below, the adoption of the above new and revised HKFRSs has had no material effect on the financial position or performance of the Group.

### HKFRS 9 FINANCIAL INSTRUMENTS

HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2018

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

### HKFRS 9 FINANCIAL INSTRUMENTS (continued)

The Group has applied HKFRS 9 retrospectively, with the initial application date of 1 January 2018 and adjusting the comparative information for the period beginning 1 January 2017.

#### (I) CLASSIFICATION AND MEASUREMENT

Except for trade receivables, under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion").

The new classification and measurement of the Group's financial assets are as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade receivables and financial assets included in prepayments, deposits and other receivables.
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under HKFRS 9. Under HKAS 39, the Group's equity instruments were classified as available-for-sale investments.

Except for the reclassification of the Group's available-for-sale investment to equity instrument at fair value through other comprehensive income, the Group does not expect that the adoption of HKFRS 9 will have a significant impact on the measurement of financial assets and continue measuring at fair value all financial assets currently held at fair value. Equity investment previously held as available for sale is measured at fair value through other comprehensive income as the investment is intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investment cannot be recycled to profit or loss when the investment is derecognised.

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2018

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

### HKFRS 9 FINANCIAL INSTRUMENTS (continued)

#### (I) CLASSIFICATION AND MEASUREMENT (continued)

The assessment of the Group's business model was made as of the date of initial application, i.e. 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39. Similar to the requirements of HKAS 39, HKFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

#### (II) IMPAIRMENT

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### HKFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The adoption of HKFRS 15 does not have any material effects on the financial position or performance of the Group.

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2018

## 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

Revenue from external customers:

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
The People's Republic of China (the "PRC"), excluding Hong Kong	3,873,419	3,690,733
The Republic of China	60,715	47,511
Others	11,644	9,680
	<b>3,945,778</b>	<b>3,747,924</b>

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

## 3. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Interest income	14,557	4,850
Subsidy income <sup>#</sup>	29,050	25,459
Compensation income	7,964	5,924
Rental income	12,329	10,983
Write-back of long outstanding trade payables, other payables and accruals	7,444	3,115
Exchange gains, net	28,376	–
Others	2,287	7,765
	<b>102,007</b>	<b>58,096</b>

<sup>#</sup> Various government subsidies have been received for enterprises engaged business in Mainland China. There are no unfulfilled conditions or contingencies relating to these subsidies.

## NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2018

### 4. FINANCE COSTS

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

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Interest on bank loans	74,987	54,253
Total interest expense on financial liabilities not at fair value through profit or loss	74,987	54,253
Less: Interest capitalised	(4,872)	(3,879)
	<b>70,115</b>	<b>50,374</b>

### 5. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Cost of inventories sold	3,631,727	3,182,026
Depreciation	580,926	511,384
Amortisation of lease premium for land	7,505	6,209
Provision for slow-moving and obsolete inventories, net	51,507	2,252
Impairment of trade receivables, net	10,287	–
Loss on disposal of items of property, plant and equipment, net	–	5,882
Foreign exchange losses/(gains), net	(28,376)	27,380

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2018

## 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 Period (six months ended 30 June 2017: 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.

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Provision for the Period		
Current – The PRC, excluding Hong Kong		
Charge for the Period	33,635	17,297
Underprovision in prior years	8,681	2,331
Current – Overseas		
Charge for the Period	2,460	13,617
Overprovision in prior years	(6,637)	(17,202)
Deferred tax	(17,171)	4,760
Total tax charge for the Period	20,968	20,803

## 7. INTERIM DIVIDEND

The Directors did not propose to declare any interim dividend for the Period (six months ended 30 June 2017: Nil).

During the six months ended 30 June 2018, the Company approved and paid a final dividend of HK8 cents (six months ended 30 June 2017: HK10 cents) per ordinary share, amounting to approximately HK\$91,804,000 (six months ended 30 June 2017: approximately HK\$113,471,000) in respect of the previous financial year.

## NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2018

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

The calculation of basic earnings/(loss) per share amounts is based on the loss for the Period attributable to equity holders of the Company of HK\$154,478,000 (six months ended 30 June 2017: profit of HK\$81,611,000) and the weighted average number of 995,098,240 (six months ended 30 June 2017: 1,123,412,671) ordinary shares in issue excluding shares held under the share award plan during the Period.

The calculation of diluted earnings/(loss) per share amounts is based on the loss for the Period attributable to equity holders of the Company of HK\$154,478,000 (six months ended 30 June 2017: profit of HK\$81,611,000). For the six months ended 30 June 2018, diluted loss per share amounts is the same as basic loss per share amounts because the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share amounts. For the six months ended 30 June 2017, the weighted average number of ordinary shares used in the calculation was 1,123,412,671 ordinary shares in issue excluding shares held under the share award plan during that period, as used in the basic earnings per share calculation, and the weighted average number of 9,904,184 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares and the shares awarded pursuant to the share award plan.

### 9. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment of HK\$595,295,000 (six months ended 30 June 2017: HK\$535,977,000) and disposed of property, plant and equipment with an aggregate net book value of HK\$311,275,000 (six months ended 30 June 2017: HK\$120,250,000).

The amount of borrowing costs capitalised during the Period was approximately HK\$4,872,000 (six months ended 30 June 2017: HK\$3,879,000). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was approximately 3.20% (six months ended 30 June 2017: 2.25%), which is the effective interest rate of the borrowings.

## NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2018

### 10. TRADE RECEIVABLES

The general credit terms of the Group range from 60 days to 120 days. Trade receivables are non-interest-bearing.

An ageing analysis of the Group's trade receivables as at the end of the Period, based on the invoice date, is as follows:

	<b>As at 30 June 2018 (Unaudited) HK\$'000</b>	As at 31 December 2017 (Audited) HK\$'000
Within 3 months	<b>1,916,869</b>	1,857,513
4 to 6 months	<b>758,552</b>	853,535
7 to 12 months	<b>57,460</b>	33,564
	<b><u>2,732,881</u></b>	<u>2,744,612</u>

### 11. TRADE AND BILLS PAYABLES

The trade payables are non-interest-bearing and are normally settled on 60 to 120 days terms.

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

	<b>As at 30 June 2018 (Unaudited) HK\$'000</b>	As at 31 December 2017 (Audited) HK\$'000
Within 3 months	<b>676,209</b>	679,754
4 to 6 months	<b>125,684</b>	181,257
7 to 12 months	<b>6,204</b>	9,171
Over 1 year	<b>35,839</b>	49,791
	<b><u>843,936</u></b>	<u>919,973</u>

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2018

## 12. SHARE CAPITAL

	<b>As at 30 June 2018 (Unaudited) HK\$'000</b>	As at 31 December 2017 (Audited) HK\$'000
Authorised: 2,000,000,000 shares of HK\$0.1 each	<b>200,000</b>	200,000
Issued and fully paid: 1,147,550,445 shares of HK\$0.1 each	<b>114,755</b>	114,755

### SHARE OPTIONS

Details of the Company's share option scheme and the share options granted are included in note 13 to the interim financial information.

## 13. SHARE-BASED COMPENSATION

### SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted by the Company on 11 May 2015. Details of the terms of the Scheme were disclosed in the Group's annual financial statements as at 31 December 2017.

The following share options were outstanding under the Scheme during the current and prior periods:

	2018		2017	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share	Number of options
At 1 January	3.29	57,376,000	2.86	80,354,000
Lapsed during the Period	3.29	<u>(3,684,000)</u>	2.83	<u>(5,466,000)</u>
At 30 June	3.29	<u>53,692,000</u>	2.86	<u>74,888,000</u>

No share options were granted, exercised or cancelled under the Scheme during the current and prior periods.

# NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2018

## 13. SHARE-BASED COMPENSATION (continued)

### SHARE AWARD PLAN

The Board approved the adoption of the new share award plan with effect from 19 May 2017. The purpose of the share award plan is to (i) recognise and reward the contribution of certain eligible participants to the growth and development of the Group through an award of shares and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) attract suitable personnel for further development of the Group. The vesting period of the awarded shares is determined by the Board.

On 16 June 2017, the Company granted an aggregate of 6,800,000 awarded shares (the "Award Shares") to four selected participants. The Award Shares were vested in and transferred to the selected participants at nil consideration on 3 July 2017.

As at 30 June 2018, a total of 153,859,774 shares (30 June 2017: 11,295,774 shares) were held by Bank of Communications Trustee Limited under the share award plan.

## 14. CONTINGENT LIABILITIES

At the end of the Period, the Group did not have any significant contingent liabilities.

## 15. PLEDGE OF ASSETS

As at 30 June 2018, certain land and buildings of the Group with a net carrying amount of approximately HK\$21,213,000 (31 December 2017: approximately HK\$21,773,000) were pledged to secure banking facilities granted to the Group.

## NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2018

### 16. OPERATING LEASE COMMITMENTS

#### AS LESSOR

The Group leases certain part of its factory under operating lease arrangements, with leases negotiated for terms ranging from one to fifteen years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the Period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>As at 30 June 2018 (Unaudited) HK\$'000</b>	As at 31 December 2017 (Audited) HK\$'000
Within one year	<b>19,782</b>	19,293
In the second to fifth years, inclusive	<b>73,417</b>	73,386
Over five years	<b>164,094</b>	176,061
	<b>257,293</b>	268,740

#### AS LESSEE

The Group leases certain of its office properties and motor vehicles under operating lease arrangements, with leases negotiated for terms ranging from one to five years.

At the end of the Period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>As at 30 June 2018 (Unaudited) HK\$'000</b>	As at 31 December 2017 (Audited) HK\$'000
Within one year	<b>2,109</b>	2,552
In the second to fifth years, inclusive	<b>306</b>	1,138
	<b>2,415</b>	3,690

## NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2018

### 17. COMMITMENTS

In addition to the operating lease commitments detailed in note 16 above, the Group had the following capital commitments at the end of the Period:

	<b>As at 30 June 2018 (Unaudited) HK\$'000</b>	As at 31 December 2017 (Audited) HK\$'000
Contracted, but not provided for:		
Land and buildings	101,701	127,332
Machinery and office equipment	157,789	79,144
	<u>259,490</u>	<u>206,476</u>

### 18. RELATED PARTY TRANSACTIONS

(a) The Group had the following material related party transactions during the Period:

	<b>For the six months ended 30 June 2018 HK\$'000 (Unaudited)</b>	2017 HK\$'000 (Unaudited)
Rental expenses paid to:		
Ms. Lin Mei-Li	<u>32</u>	<u>31</u>

Ms. Lin Mei-Li is the spouse of Mr. Cheng Li-Yu, a director of the Company. The rentals were determined at rates mutually agreed between the relevant parties.

(b) Outstanding balances with related parties:

As at 30 June 2018 and 31 December 2017, the Group did not have any balances with the related companies.

## NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2018

### 18. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Short term employee benefits	7,710	8,776
Employee share-based compensation expenses	4,776	24,863
Total compensation paid to key management personnel	12,486	33,639

### 19. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts of the Group's financial instruments as at 30 June 2018 and 31 December 2017 approximate to their fair values.

The Group uses fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities for determining and disclosing the fair value of financial instruments. As at 30 June 2018, the Group's financial instruments which comprise an equity instrument at fair value through other comprehensive income, which was measured at fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 under the fair value hierarchy).

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW & PROSPECT

Following the gradual improvement in economy in 2017, the overall economy kept steady growth in the first half of 2018. According to the “World Economic Situation and Prospects of 2018” released by the United Nations Department of Economic and Social Affairs, it is expected that the global economic growth will stabilize at 3% in 2018 and 2019, which is higher than that of 2.7% in 2017. The improvement in economy has facilitated the growth in the continuously saturated global PC market. According to the data released by International Data Corporation (“IDC”), during the first half of 2018, global PC (including desktop, notebook and ultra-mobile PC) shipments remained stable in the first quarter of the year and witnessed a growth in the second quarter of the year. According to the data from IDC, during the second quarter of 2018, global PC shipments increased by 2.7% from the previous year to 62.3 million units. The global PC shipments increased for the first time since the first quarter of 2012. As one of the world’s leading manufacturers of notebook computer casings, Ju Teng’s business momentum stays close with the broader market all the time. For the six months ended 30 June 2018 (the “Period”), Ju Teng recorded an increase in the revenue, however, its financial performance was affected by the restrained gross profit margin dragged by the Renminbi (“RMB”) exchange rate fluctuation.

During the Period, the turnover of Ju Teng increased by approximately 5.3% to approximately HK\$3,946 million. According to the analysis results released by Gartner, Inc. (“Gartner”), a market research institution, the market demand for PCs (including notebook PCs) has picked up mainly driven by the market demand for commercial PCs and the speed-up replacement by enterprises during the first half of 2018. However, Ju Teng has recorded an increase in the production costs indirectly caused by the high RMB against Hong Kong Dollars (“HKD”) exchange rate in the first half of 2018 as the plants of Ju Teng were located in Mainland China. Meanwhile, Ju Teng incurred overcapacity resulted from the slow progress in plants relocation. During the Period, the gross profit margin of the Group was approximately 6.6%, representing a decrease of approximately 8.4% from the corresponding period in 2017.

For the second half of 2018, Ju Teng will continue to focus on its core business of notebook and 2-in-1 PC casings production. According to IDC, driven by speed-up replacement brought by Windows 10, it is estimated that the growth in PC (including notebook PC) shipments will continue in 2018, especially in the United States, Europe and Japan, among which the growth in sales of notebook PCs will be relatively significant. In addition, the PC market is relatively sensitive to price fluctuations due to the continuous rise in PC prices caused by a shortage of some electronic components. As the value of ultra-mobile computers is relatively higher, it is expected that the demand will increasingly shift from commercial PCs to high-end PCs, which will boost the growth in sales of ultra-mobile PC.

With respect to tablet PC, IDC believed that the overall market development will remain optimistic with the introduction of relatively inexpensive models by major brands. Ju Teng will strive for various business opportunities by continuously promoting its long-term cooperation relationships with different customers.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW & PROSPECT (continued)

In view of the situations such as individual market development, the downward trend of RMB and the trade war between China and the United States, for the second half of 2018, Ju Teng will focus on its internal capacity integration so as to improve production efficiency and complete the plant relocation as soon as possible to reduce production costs.

As one of the world's leading manufacturers of casings for notebook computers, Ju Teng will continuously monitor the market development, stay abreast of the market trends, and achieve steady development by seizing opportunities arising from the market. Ju Teng will continue to focus on its core casing business, strive to explore new opportunities to expand its business, improve its profit margin and optimize the product mix. We believe, with its infinite potential and flexible market strategies, Ju Teng will steer the Group towards steady development in an extremely challenging environment.

## FINANCIAL REVIEW

Driven by the demand in the business market for replacement purpose, the global notebook computer market started to stabilize in the first half of 2018. As the average selling price for the casings of commercial notebook computer is higher, the Group recorded an increase in revenue by approximately 5.3% to approximately HK\$3,946 million (2017: approximately HK\$3,748 million). However, the Group's gross profit margin during the Period substantially declined to approximately 6.6% which was mainly attributable to the following factors: (1) strong appreciation of RMB against HKD during the Period by approximately 8.7% as compared to the same period in 2017 even though RMB had weakened in the recent months. Appreciation of RMB caused an increase in the Group's production costs as most of the Group's revenue is denominated in United States Dollars ("USD") while most of the Group's production cost are denominated in RMB; (2) increase in labour and manufacturing overhead costs of the Group due to the delay in the relocation of the manufacturing facilities in Wujiang Economic Development Zone (吳江經濟技術開發區) at Jiangsu Province which led to an overcapacity during the Period; and (3) increase in provision for slow-moving and obsolete inventories during the Period by approximately HK\$49 million to approximately HK\$52 million (2017: approximately HK\$2 million).

Other income and gains of the Group mainly consisted of exchange gains of approximately HK\$28 million (2017: exchange loss of approximately HK\$27 million) arising from the depreciation of RMB as at 30 June 2018 as compared with the RMB against USD exchange rate as at 31 December 2017, mainly resulting from the translation of trade receivables denominated in USD, subsidy income of approximately HK\$29 million (2017: approximately HK\$25 million), interest income of approximately HK\$15 million (2017: approximately HK\$5 million) and rental income of approximately HK\$12 million (2017: approximately HK\$11 million). Due to the exchange gains, an increase in various government subsidies and an increase in interest income, the Group recorded an increase of approximately 75.6% in other income and gains to approximately HK\$102 million (2017: approximately HK\$58 million) during the Period, accounting for approximately 2.6% (2017: approximately 1.6%) of the Group's revenue.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW (continued)

As a result of appreciation of RMB during the Period and an increase in selling and distribution costs, the Group recorded an increase of approximately 5.9% in operating costs, including administrative expenses, and selling and distribution costs, to approximately HK\$403 million (2017: approximately HK\$381 million). The operating costs of the Group remained at approximately 10.2% (2017: approximately 10.2%) of the Group's revenue.

During the Period, other expenses of the Group mainly consisted of impairment of trade receivables of approximately HK\$10 million (2017: Nil), employees' compensation of approximately HK\$2 million (2017: approximately HK\$23 million). Employees' compensation of approximately HK\$23 million was incurred in 2017 for the downsizing of the mould work force but no such amount was incurred during the Period. Since there was a substantial decrease in employees' compensation and no exchange losses (2017: exchange losses of approximately HK\$27 million) was recorded during the Period, the Group recorded a decrease of approximately 75.8% in other expenses to approximately HK\$14 million (2017: approximately HK\$58 million), accounting for approximately 0.4% (2017: approximately 1.5%) of the Group's revenue.

Finance costs of the Group increased by approximately 39.2% to approximately HK\$70 million (2017: approximately HK\$50 million) for the Period as compared to that of the same period in 2017, which was mainly attributable to the increase in loan interest rate. Interest capitalised during the Period was approximately HK\$5 million (2017: approximately HK\$4 million).

Income tax expense of the Group remained at approximately HK\$21 million (2017: approximately HK\$21 million) for the Period as compared to that of the same period in 2017. Despite the fact that the Group incurred loss before tax on consolidated basis, income tax credits have not been recognized in respect of tax losses incurred by certain subsidiaries and income tax expenses have been provided for in respect of the assessable profits generated by certain subsidiaries during the Period.

The loss attributable to equity holders of the Company for the Period amounted to approximately HK\$154 million (2017: profit of approximately HK\$82 million). The loss attributable to equity holders was mainly resulted from the decrease in gross profit.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, total bank borrowings of the Group amounted to approximately HK\$3,808 million (31 December 2017: approximately HK\$4,469 million), representing an decrease of approximately 14.8% as compared to that of 31 December 2017. The Group's bank borrowings were at floating interest rate and included short-term loans with 1-year maturity, 2-year term loans and 5-year revolving syndicated loans. As at 30 June 2018, the Group's bank loans denominated in USD and New Taiwan Dollars were approximately HK\$3,772 million (31 December 2017: approximately HK\$4,431 million) and approximately HK\$36 million (31 December 2017: approximately HK\$38 million) respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY AND FINANCIAL RESOURCES (continued)

During the Period, the Group's cash flows from operating activities decreased to approximately HK\$172 million from approximately HK\$493 million during the corresponding period in 2017. The decrease was mainly due to the decrease in profit before tax. As a result of the purchase of fixed assets for the production plant in Taizhou, the People's Republic of China (the "PRC"), the Group recorded a net cash outflow from investing activities of approximately HK\$377 million (2017: approximately HK\$411 million). During the Period, due to the repayment of bank borrowings and payment of 2017 final dividend, the Group recorded a net cash outflow from financing activities of approximately HK\$881 million (2017: net cash inflow of approximately HK\$78 million). As at 30 June 2018, the Group had cash and bank balances of approximately HK\$671 million (31 December 2017: approximately HK\$1,751 million).

As at 30 June 2018, the Group's gearing ratio, calculated as total bank borrowings of approximately HK\$3,808 million (31 December 2017: approximately HK\$4,469 million) divided by total assets of approximately HK\$14,079 million (31 December 2017: approximately HK\$15,636 million) was approximately 27% (31 December 2017: approximately 28.6%). The decrease of gearing ratio was due to the decrease in bank borrowings.

### FINANCIAL RATIOS

Inventory turnover days of the Group during the Period of approximately 69 days (2017: approximately 82 days) was lower than that of the corresponding period in 2017 as the Group imposed tighter inventory control policies. There was a decrease in the Group's inventories of approximately 8.6% to approximately HK\$1,413 million as at 30 June 2018 from approximately HK\$1,546 million as at 31 December 2017.

Trade receivables turnover days of the Group during the Period decreased to approximately 125 days (2017: approximately 131 days), which was attributable to the faster payment from the customers during the Period. Trade receivables as at 30 June 2018 remained relatively stable at approximately HK\$2,733 million (31 December 2017: approximately HK\$2,745 million), compared to the amount as at 31 December 2017.

Trade and bills payables turnover days of the Group during the Period decreased to approximately 41 days (2017: approximately 50 days) due to the increase in the cost of sales.

### PLEDGE OF ASSETS

As at 30 June 2018, certain land and buildings of the Group with a net carrying amount of approximately HK\$21 million (31 December 2017: HK\$22 million) were pledged to secure banking facilities granted to the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FOREIGN EXCHANGE EXPOSURE

Since most of the Group's revenue is denominated in USD and most of the Group's expenses are denominated in RMB, the appreciation of RMB will have adverse effect on the Group's profitability and vice versa. During the Period, the Group recorded exchange gains of approximately HK\$28 million (2017: exchange losses of approximately HK\$27 million). The management of the Group will continue to monitor the Group's foreign currency risk exposures and adopt prudent measures as appropriate to minimize the adverse effects arising from foreign currency fluctuations.

### EMPLOYEES

As at 30 June 2018, the Group had approximately 39,000 employees (30 June 2017: approximately 34,000 employees). The Group recorded staff costs of approximately HK\$1,224 million (30 June 2017: approximately HK\$1,056 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 30 June 2018, 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\$260 million (31 December 2017: approximately HK\$206 million).

### CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any significant contingent liabilities.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") were as follows:

Name of Directors		Long positions Number of ordinary shares of HK\$0.1 each (the "Shares") and underlying Shares held under equity derivatives				Approximate percentage of the Company's issued share capital
		Personal interests	Interests of spouse	Other interests	Total interests	
Mr. Cheng Li-Yu	Shares	20,000,000	7,064,046	303,240,986 (Note 1)	330,305,032	28.78%
Mr. Cherng Chia-Jiun	Shares	210,000	-	-	210,000	0.01%
	Equity Derivatives: Share Options (Note 2)	300,000	-	-	300,000	0.03%
					510,000	0.04%
Mr. Chiu Hui-Chin	Shares	5,000,000	-	-	5,000,000	0.44%
Mr. Huang Kuo-Kuang	Shares	7,529,866	2,300,631	-	9,830,497	0.86%
	Equity Derivatives: Share Options (Note 2)	1,000,000	-	-	1,000,000	0.08%
					10,830,497	0.94%

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY (continued)

Name of Directors		Long positions Number of ordinary shares of HK\$0.1 each (the "Shares") and underlying Shares held under equity derivatives				Approximate percentage of the Company's issued share capital
		Personal interests	Interests of spouse	Other interests	Total interests	
Mr. Lin Feng-Chieh	Shares	924,000	–	–	924,000	0.08%
	Equity Derivatives: Share Options (Note 2)	1,500,000	–	–	1,500,000	0.13%
					<u>2,424,000</u>	<u>0.21%</u>
Mr. Tsai Wen-Yu	Shares	176,000	–	–	176,000	0.01%
	Equity Derivatives: Share Options (Note 2)	300,000	–	–	300,000	0.03%
					<u>476,000</u>	<u>0.04%</u>
Mr. Tsui Yung Kwok	Shares	5,904,000	–	–	5,904,000	0.51%
	Equity Derivatives: Share Options (Note 2)	1,000,000	–	–	1,000,000	0.09%
					<u>6,904,000</u>	<u>0.60%</u>

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY (continued)

Name of Directors		Long positions Number of ordinary shares of HK\$0.1 each (the "Shares") and underlying Shares held under equity derivatives			Total interests	Approximate percentage of the Company's issued share capital
		Personal interests	Interests of spouse	Other interests		
Mr. Yip Wai Ming	Shares	176,000	–	–	176,000	0.01%
	Equity Derivatives: Share Options (Note 2)	300,000	–	–	300,000	0.03%
					<u>476,000</u>	<u>0.04%</u>

*Notes:*

- The Shares and the underlying Shares were registered in the name of Southern Asia Management Limited ("Southern Asia"), which was wholly owned by Shine Century Assets Corp., the entire issued share capital of which was beneficially owned by the Cheng Family Trust which was founded by Mr. Cheng Li-Yu. The beneficiaries of the Cheng Family Trust include, among others, Mr. Cheng Li-Yu. Mr. Cheng Li-Yu was deemed to be interested in all the Shares in which Shine Century Assets Corp. was interested by virtue of the SFO.
- The share options granted by the Company (the "Share Options") are regarded for the time being as unlisted physically settled equity derivatives. Details of the Share Options are set out in the section headed "Share Option Scheme" below and note 13 to the interim financial information.

Save as disclosed above, as at 30 June 2018, none of the Directors or chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in note 13 to the interim financial information, at no time during the Period were there rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or minor (natural or adopted), or were such rights exercised by them; nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

### SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details are disclosed in note 13 to the interim financial information.

During the Period, the following share options were outstanding under the share option scheme which was adopted by the Company on 11 May 2015 (the "Scheme"):

Name or category of participant	Number of share options					At 30 June 2018	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2018	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
Directors										
Mr. Chheng Chia-Jiun	60,000	-	-	-	-	60,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>				

## OTHER INFORMATION

### SHARE OPTION SCHEME (continued)

Name or category of participant	Number of share options					At 30 June 2018	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2018	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
Mr. Huang Kuo-Kuang	200,000	-	-	-	-	200,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>				
Mr. Lin Feng-Chieh	300,000	-	-	-	-	300,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	300,000	-	-	-	-	300,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	300,000	-	-	-	-	300,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	300,000	-	-	-	-	300,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	300,000	-	-	-	-	300,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>				
Mr. Tsai Wen-Yu	60,000	-	-	-	-	60,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>				
Mr. Tsui Yung Kwok	200,000	-	-	-	-	200,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>				

## OTHER INFORMATION

### SHARE OPTION SCHEME (continued)

Name or category of participant	Number of share options					At 30 June 2018	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2018	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
Mr. Yip Wai Ming	60,000	-	-	-	-	60,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>300,000</u>	-	-	-	-	<u>300,000</u>				
Other employees In aggregate	350,000	-	-	-	-	350,000	9-7-2015	7-11-2016 to 31-8-2024	HK\$3.29	HK\$3.00
	348,000	-	-	-	-	348,000	9-7-2015	7-11-2017 to 31-8-2024	HK\$3.29	HK\$3.00
	10,410,000	-	-	-	(732,000)	9,678,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	10,464,000	-	-	-	(738,000)	9,726,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	10,436,000	-	-	-	(734,000)	9,702,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	10,464,000	-	-	-	(738,000)	9,726,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	10,504,000	-	-	-	(742,000)	9,762,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>52,976,000</u>	-	-	-	<u>(3,684,000)</u>	<u>49,292,000</u>				
	<u>57,376,000</u>	-	-	-	<u>(3,684,000)</u>	<u>53,692,000</u>				

#### Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. The exercise price of the share options is subject to adjustment in the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of the Company in accordance with the rules of the Scheme.

## OTHER INFORMATION

### SHARE AWARD PLAN

On 19 May 2017, the Company adopted the share award plan (the “Plan”), pursuant to which Bank of Communications Trustee Limited was appointed as trustee (the “Trustee”) for the plan. The Plan was adopted to recognize and reward the contribution by certain eligible participants and to attract suitable personnel for further development of the Group. The Company may make contribution to the trust for the purpose of vesting awarded Shares to the selected participants. Pursuant to the Plan, the Company may from time to time at its sole discretion subject to requirements under the Plan, cause to be paid any sums of money to the Trustee and instruct the Trustee to purchase shares in the market at prevailing market price, subject to the compliance with the requirements of the Listing Rules, and all applicable laws from time to time. The Trustee will hold the awarded shares on trust for all or one or more of the selected participants until such awarded shares are vested with the relevant selected participants in accordance with the rules of the Plan.

The Plan is a discretionary plan of the Company and shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Plan and the terms of trust deed (“Trust Deed”). The Trustee shall hold the trust fund in accordance with the terms of the Trust Deed.

The Board shall not instruct the Trustee to subscribe and/or purchase Shares which will result in the total number of the Shares held by the Trustee under the Plan exceeding ten per cent (10%) of the total number of issued Share of the Company as at the beginning of the financial year from time to time.

The Plan will remain in force for a period of 30 years since the date of adoption of the Plan subject to early termination as determined by the Board.

The Plan does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules.

During the six months ended 30 June 2018, no share award has been granted by the Board to any selected participants.

### SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2018, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

#### LONG POSITION

Name of shareholders	Capacity and nature of interest	Number of Shares	Approximate percentage of the Company's issued share capital
Southern Asia	Beneficial owner	303,240,986	26.43%
Shine Century Assets Corp. (Note 1)	Interest of controlled corporations	303,240,986	26.43%
East Asia International Trustee Limited (Note 1)	Trustee (other than a bare trustee)	303,240,986	26.43%
Ms. Lin Mei-Li (Note 2)	Beneficial owner Interest of spouse	7,064,046	0.61%
		<u>323,240,986</u>	<u>28.17%</u>
		<u>330,305,032</u>	<u>28.78%</u>
Bank of Communications Trustee Limited	Trustee	<u>153,859,774</u>	<u>13.41%</u>

#### Notes:

- The Shares and underlying Shares were held by Southern Asia, which was wholly owned by Shine Century Assets Corp. The entire issued share capital of Shine Century Assets Corp. was owned by the Cheng Family Trust, the trustee of which was East Asia International Trustees Limited. Shine Century Assets Corp. was deemed to be interested in all the Shares in which Southern Asia was interested by virtue of the SFO. East Asia International Trustee Limited was deemed to be interested in all the Shares in which Shine Century Assets Corp. was interested by virtue of the SFO. The Shares registered in the name of Southern Asia was also disclosed as the interest of Mr. Cheng Li-Yu in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company" above.
- Ms. Lin Mei-Li is the wife of Mr. Cheng Li-Yu and she was deemed to be interested in all the Shares in which Mr. Cheng Li-Yu was interested by virtue of the SFO.

Save as disclosed above, as at 30 June 2018, no person (other than a Director or chief executive of the Company) had registered an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## **OTHER INFORMATION**

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

### **INTERIM DIVIDEND**

The Directors did not recommend the payment of interim dividend for the Period.

### **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 Listing Rules. The Company and its corporate governance committee periodically review the Company's corporate governance practices to ensure its continuous compliance with the CG Code. The Company had complied with the code provisions of the CG Code throughout the Period.

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

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted and applied a code of conduct regarding the Directors' securities transaction on terms no less exacting than the required standard set out in the Model Code. 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 during the Period.

### **AUDIT COMMITTEE**

The audit committee of the Board has reviewed the accounting policies, accounting standards and practices adopted by the Group and the unaudited consolidated interim financial information and results of the Group for the Period.

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

Hong Kong, 24 August 2018