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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 2022**

Financial Highlights

- Revenue for the year ended 31 December 2022 was approximately HK\$8,256 million, representing a decrease of approximately 26.8%.
- Gross profit for the year ended 31 December 2022 was approximately HK\$464 million, representing a decline of approximately 61.8%.
- Gross profit margin for the year ended 31 December 2022 decreased to approximately 5.6% from approximately 10.7% for the year ended 31 December 2021.
- Profit attributable to equity holders of the Company for the year ended 31 December 2022 was approximately HK\$172 million, representing an increase of approximately 6.0%.
- Basic earnings per share attributable to equity holders of the Company for the year ended 31 December 2022 was approximately HK20.4 cents, representing an increase of approximately 6.3%.
- Net asset value per share attributable to equity holders of the Company as at 31 December 2022 was approximately HK\$5.0 as compared with approximately HK\$5.7 as at 31 December 2021.

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 2022 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>REVENUE</b>	3	<b>8,255,947</b>	11,282,979
Cost of sales		<u>(7,792,204)</u>	<u>(10,070,265)</u>
Gross profit		<b>463,743</b>	1,212,714
Other income and gains	3	<b>1,093,976</b>	180,197
Selling and distribution expenses		<b>(170,007)</b>	(224,161)
Administrative expenses		<b>(635,639)</b>	(756,298)
Other expenses		<b>(391,986)</b>	(148,455)
Finance costs	4	<b>(121,573)</b>	(63,802)
Share of loss of an associate		<b>(7)</b>	-
<b>PROFIT BEFORE TAX</b>	5	<b>238,507</b>	200,195
Income tax expense	6	<u><b>(180,404)</b></u>	<u>(142,646)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>58,103</b></u>	<u>57,549</u>
Attributable to:			
Equity holders of the Company		<b>172,149</b>	162,396
Non-controlling interests		<u><b>(114,046)</b></u>	<u>(104,847)</u>
		<u><b>58,103</b></u>	<u>57,549</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	8		
- Basic (HK cents)		<u><b>20.4</b></u>	<u>19.2</u>
- Diluted (HK cents)		<u><b>20.4</b></u>	<u>19.1</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***Year ended 31 December 2022*

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>PROFIT FOR THE YEAR</b>	<b><u>58,103</u></b>	<b><u>57,549</u></b>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES)</b>		
Other comprehensive income/(expenses) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b><u>(1,091,711)</u></b>	<u>356,114</u>
Other comprehensive expenses that will not be reclassified to profit or loss in subsequent periods:		
Equity investment designated at fair value through other comprehensive income:		
Change in fair value	<b>(5,429)</b>	(5,460)
Income tax effect	<b><u>-</u></b>	<u>1,246</u>
	<b><u>(5,429)</u></b>	<u>(4,214)</u>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR, NET OF TAX</b>	<b><u>(1,097,140)</u></b>	<u>351,900</u>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR</b>	<b><u>(1,039,037)</u></b>	<b><u>409,449</u></b>
Attributable to:		
Equity holders of the Company	<b>(738,373)</b>	450,470
Non-controlling interests	<b><u>(300,664)</u></b>	<u>(41,021)</u>
	<b><u>(1,039,037)</u></b>	<b><u>409,449</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		6,587,803	8,169,862
Right-of-use assets		887,421	685,825
Goodwill		-	52,488
Deferred tax assets		14,210	69,806
Prepayments for acquisition of property, plant and equipment		30,356	43,315
Investment in an associate		12,654	-
Equity investment designated at fair value through other comprehensive income		13,489	18,879
Total non-current assets		<u>7,545,933</u>	<u>9,040,175</u>
<b>CURRENT ASSETS</b>			
Inventories		2,193,695	2,620,078
Trade receivables	9	2,420,946	4,297,352
Prepayments, deposits and other receivables		193,690	364,050
Derivative financial instruments		-	3,680
Pledged and restricted bank balances		102,659	74,744
Cash and cash equivalents		1,706,797	848,600
		<u>6,617,787</u>	<u>8,208,504</u>
Non-current assets classified as held for sale		26,210	-
Total current assets		<u>6,643,997</u>	<u>8,208,504</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	10	822,603	1,333,045
Other payables and accruals		1,445,517	2,337,001
Lease liabilities		244,513	1,416
Tax payable		51,245	68,286
Derivative financial instruments		1,676	216
Interest-bearing bank borrowings		3,048,744	3,554,599
Total current liabilities		<u>5,614,298</u>	<u>7,294,563</u>
<b>NET CURRENT ASSETS</b>		<u>1,029,699</u>	<u>913,941</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,575,632</u>	<u>9,954,116</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (continued)  
31 December 2022

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		<b>994,384</b>	1,298,055
Deferred income		<b>42,625</b>	47,329
Lease liabilities		<b>21,764</b>	581
Deferred tax liabilities		<b>73,572</b>	60,450
Total non-current liabilities		<u><b>1,132,345</b></u>	<u>1,406,415</u>
<b>Net assets</b>		<u><b>7,443,287</b></u>	<u>8,547,701</u>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Issued capital	11	<b>120,001</b>	120,001
Reserves		<b>5,918,382</b>	6,722,132
		<u><b>6,038,383</b></u>	<u>6,842,133</u>
<b>Non-controlling interests</b>		<u><b>1,404,904</b></u>	<u>1,705,568</u>
<b>Total equity</b>		<u><b>7,443,287</b></u>	<u>8,547,701</u>

## NOTES

### 1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES 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 and an equity investment designated at fair value through other comprehensive income which have been measured at fair value. Non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. This financial information is presented in Hong Kong dollars ("**HK\$**") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKFRS 16	<i>Covid-19 Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the above revised HKFRSs has had no significant financial effect on this financial information.

### 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.

## 2. OPERATING SEGMENT INFORMATION (continued)

### Geographical information

(i) Revenue from external customers:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
The People's Republic of China (the "PRC" or "Mainland China"), excluding Hong Kong	<b>7,942,911</b>	11,076,119
The Republic of China (the "ROC")	<b>104,580</b>	95,023
Others	<b>208,456</b>	111,837
	<b><u>8,255,947</u></b>	<b><u>11,282,979</u></b>

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

(ii) Non-current assets:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
The PRC, excluding Hong Kong	<b>7,065,638</b>	8,762,564
The ROC	<b>164,014</b>	187,718
The Socialist Republic of Vietnam	<b>272,034</b>	-
Others	<b>16,548</b>	1,208
	<b><u>7,518,234</u></b>	<b><u>8,951,490</u></b>

The non-current asset information above, excluding an equity investment designated at fair value through other comprehensive income and deferred tax assets, is based on the locations of the assets.

### Information about major customers

Revenues of approximately HK\$1,933,994,000, HK\$1,728,715,000, HK\$1,400,030,000 and HK\$1,064,670,000 for the year ended 31 December 2022 were derived from sales to four major groups of customers, the revenue from each of which accounted for 10% or more of the Group's revenue.

Revenues of approximately HK\$2,858,180,000, HK\$2,783,533,000, HK\$1,673,722,000 and HK\$1,394,933,000 for the year ended 31 December 2021 were derived from sales to four major groups of customers, the revenue from each of which accounted for 10% or more of the Group's revenue.

### 3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue from contracts with customers</b>		
Sale of casings for notebook computer and handheld devices	<b>8,255,947</b>	11,282,979
<b>Revenue from contracts with customers</b>		
(i) <i>Disaggregated revenue information</i>		
	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Geographical markets</b>		
The PRC, excluding Hong Kong	<b>7,942,911</b>	11,076,119
The ROC	<b>104,580</b>	95,023
Others	<b>208,456</b>	111,837
	<b>8,255,947</b>	11,282,979
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<b>8,255,947</b>	11,282,979

#### (ii) *Performance obligation*

*Sale of casings for notebook computer and handheld devices*

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 60 to 120 days from delivery.

An analysis of other income and gains is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income	<b>8,676</b>	10,495
Subsidy income <sup>#</sup>	<b>121,471</b>	93,372
Compensation income	<b>11,075</b>	984
Dividend income	<b>705</b>	-
Gross rental income	<b>26,147</b>	26,248
Reversal of impairment of trade receivables	-	1,602
Write-back of trade receivables	<b>2,523</b>	-
Write-off of long outstanding trade payables	<b>827</b>	-
Write-off of long outstanding other payables and accruals	<b>728</b>	9,699
Gain on disposal of items of property, plant and equipment and right-of-use assets, net*	<b>525,446</b>	-
Foreign exchange gains, net	<b>394,900</b>	-
Fair value gains on derivative financial instruments, net		
- Realised gains	-	34,038
- Unrealised gains	-	3,450
Others	<b>1,478</b>	309
	<b>1,093,976</b>	180,197



### 3. REVENUE, OTHER INCOME AND GAINS (continued)

# Various government subsidies have been received for enterprises engaged in businesses in Mainland China for promoting the manufacturing industry. For the year ended 31 December 2022, a government subsidy of approximately HK\$73,463,000 for the Group's relocation of certain production plants in Suzhou due to the urban planning (the "Relocation"), is recognized as subsidy income upon completion of the Relocation during the year. There are no unfulfilled conditions or contingencies relating to these subsidies.

\* Pursuant to the Relocation, the Group disposed of certain of its items of property, plant and equipment and right-of-use assets in Suzhou and government compensation income of approximately HK\$559,223,000, net of the carrying amounts of the items of property, plant and equipment and right-of-use assets surrendered by the Group, is recognised as gain on disposal of items of property, plant and equipment and right-of-use assets upon completion of the Relocation during the year ended 31 December 2022.

### 4. FINANCE COSTS

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

	2022 HK\$'000	2021 HK\$'000
Interest on bank loans	131,257	73,493
Interest on lease liabilities	1,020	103
Total interest expense on financial liabilities		
not at fair value through profit or loss	132,277	73,596
Less: Interest capitalised	(10,704)	(9,794)
	<u>121,573</u>	<u>63,802</u>

### 5. PROFIT BEFORE TAX

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

	2022 HK\$'000	2021 HK\$'000
Cost of inventories sold	7,792,204	10,070,265
Depreciation of property, plant and equipment	1,001,293	1,053,492
Depreciation of right-of-use assets	23,803	18,016
Provision/(reversal of provision) for inventories, net	108,229	(19,480)
Impairment/(reversal of impairment) of trade receivables	1,685	(1,602)
Write-off/(write-back) of trade receivables	(2,523)	4,976
Loss/(gain) on disposal of items of property, plant and equipment and right-of-use assets, net	(525,446)	6,473
Foreign exchange losses/(gains), net	(394,900)	132,823
Impairment of property, plant and equipment*	285,401	-
Impairment of goodwill *	52,488	-
Fair value losses/(gains) on derivative financial instruments, net		
- Realised losses/(gains)	40,725	(34,038)
- Unrealised losses/(gains)	5,160	(3,450)

\* Included in "Other expenses" on the face of the consolidated statement of profit or loss.

## 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 (2021: 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.

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Provision for the year:		
Current – The PRC, excluding Hong Kong		
Charge for the year	<b>103,600</b>	155,043
Underprovision in prior years	<b>18,756</b>	9,719
Current – Overseas		
Charge for the year	<b>13,465</b>	11,635
Overprovision in prior years	<b>(20,373)</b>	(33,904)
Deferred tax	<b>64,956</b>	153
Total tax charge for the year	<b>180,404</b>	142,646

## 7. DIVIDENDS

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Proposed final – HK5 cents (2021: HK8 cents) per ordinary share (Note)	<b>60,000</b>	96,001

Note:

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 amounts is based on the profit for the year attributable to equity holders of the Company of HK\$172,149,000 (2021: HK\$162,396,000) and the weighted average number of 845,662,671 (2021: 845,662,671) ordinary shares in issue excluding shares held under the share award plan during the year.

For the year ended 31 December 2022, no adjustment has been made to the basic earnings per share amounts presented in respect of a dilution as the impact of share options outstanding had no dilutive effect on the basic earnings per share amounts presented.

For the year ended 31 December 2021, the calculation of diluted earnings per share amounts was based on the profit for that year attributable to equity holders of the Company of HK\$162,396,000. The weighted average number of ordinary shares used in the calculation is 845,662,671 ordinary shares in issue excluding shares held under the share award plan during that year, as used in the basic earnings per share calculation, and the weighted average number of 3,968,729 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

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Trade receivables	<b>2,426,112</b>	4,300,833
Impairment	<b>(5,166)</b>	(3,481)
	<b><u>2,420,946</u></b>	<u>4,297,352</u>

The general credit terms of the Group range from 60 to 120 days. Trade receivables are non-interest-bearing. The Group does not hold any collateral or other credit enhancements over these balances.

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Within 3 months	<b>1,295,835</b>	2,780,363
4 to 6 months	<b>1,064,992</b>	1,487,320
7 to 12 months	<b>60,119</b>	29,669
	<b><u>2,420,946</u></b>	<u>4,297,352</u>

## 10. TRADE AND BILLS PAYABLES

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

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

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Within 3 months	<b>532,780</b>	1,093,965
4 to 6 months	<b>254,025</b>	215,514
7 to 12 months	<b>29,030</b>	14,361
Over 1 year	<b>6,768</b>	9,205
	<b><u>822,603</u></b>	<u>1,333,045</u>

## 11. SHARE CAPITAL

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Authorised:		
2,000,000,000 shares of HK\$0.1 each	<b><u>200,000</u></b>	<u>200,000</u>
Issued and fully paid:		
1,200,008,445 (2021: 1,200,008,445) shares of HK\$0.1 each	<b><u>120,001</u></b>	<u>120,001</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review & Prospects

During the year ended 31 December 2022 (the “**Year**”), as the COVID-19 pandemic (the “**Pandemic**”) in various countries gradually stabilized and government restrictions eased, the previous surge in demand for personal computers (“**PC**”) brought by remote working and online classroom has been digested. According to the survey data released by Gartner, Inc., a market research organization, the global PC shipments (including desktop and notebook computers) during the Year totaled 286.2 million units, representing a decrease of 16.2% year-on-year. Looking at the fourth quarter of the Year, the global PC shipments totaled about 65.3 million units, decreased by 28.5% as compared with the same period of last year, which was the largest quarterly decline recorded by the organization since it started tracking the PC market. According to the latest survey results released by Canalys, another market research organization, after the hyper-growth demand for PCs during the Pandemic in 2020 and 2021, most of the initial demand has been satisfied and is gradually slowing down. The annual shipments of notebook computers during the Year decreased by 19% year-on-year, which was 12 percentage points higher than that of desktop computers, indicating that the demand for notebook computers declined even more. Meanwhile, along with the factors such as increasing concerns over inflation and the global economic recession, the consumer market is experiencing a slow-down in purchases or replacements of computers, posing challenges to the development of the global PC market.

As one of the world’s leading notebook computer casing manufacturers, notebook computer and 2-in-1 computer casings remained as the Group’s major source of revenue during the Year. Throughout the Year, the Group’s overall business was affected by the weakening demand of the global PC market, especially during the second half of the Year which recorded a substantial decrease in product sales. During the Year, the Group recorded revenue of approximately HK\$8,256 million (2021: approximately HK\$11,283 million). Driven by the demand for remote office and learning during the Pandemic, the Group’s sales of casing products during the year ended 31 December 2021 had increased significantly, leading to a more significant decline in revenue for the Year and its retraction to the pre-Pandemic levels of 2019. However, during the Year, due to the depreciation of Renminbi (“**RMB**”) and the United States dollar (“**USD**”) remaining strong as a whole, the Group recorded significant net foreign exchange gains of approximately HK\$395 million, which partially offset the negative impact of the shrinking demand for the Group’s products. As a result, the profit attributable to equity holders of the Company increased by approximately 6.0% year-on-year to approximately HK\$172 million (2021: approximately HK\$162 million).

During the Year, with the ongoing Russia-Ukraine conflict, the US interest rate hike policy, the high inflation rate, and the significantly tightened currencies of various major economies, the international financial situation has been complex and volatile, which restrained individual consumption and corporate spending on the whole. The global demand for consumer goods slowed down, resulting in a challenging business environment. In the face of a sharp rise in production costs, the Group actively adjusted its operating strategy and completed the relocation and integration of three production plants located in Wujiang District, Jiangsu Province, China to another main production base in Wujiang District during the Year, which is expected to further improve the Group’s production efficiency and reduce its administrative costs. In order to better take advantage of the global supply chain, the Group also completed the acquisition of the land located in Nghe An Province, Vietnam in the Year. In the future, the Group will gradually relocate part of its production capacity to Vietnam, so as to build another production base with more cost efficiency and seize the development opportunities of Vietnam’s manufacturing industry.

Looking forward to 2023, as the world gradually returns to normal, more workers will be returning to work at their offices, and the market demand for commercial computers is expected to be more stable than the education and personal consumer market. However, as affected by the rising prices and the low willingness to spend, consumer demand remains low. Going forward, Ju Teng remains prudently optimistic about its development prospects in this industry, and will continue to pay attention to the latest development trend of the market, adhere to its operating model of reducing costs and increasing efficiency, improve its product portfolio and implement the integration of capacity allocation so as to prepare itself for seizing the opportunities from the market recovery and fortifying its leading position in the market. Given the tough industry challenges, the Group is confident that the business strategies outlined as aforesaid will set it on the trajectory for preserving and generating value to the shareholders of the Company, and will strive to explore more development opportunities to further improve its profitability and create better returns for its shareholders.

## **Financial Review**

During the Year, the global demand for PC declined as the effects of the Pandemic in various countries gradually eased and the local communities began to resume the normal way of life. As a result, the Group's revenue decreased by approximately 26.8% as compared with that of 2021 to approximately HK\$8,256 million (2021: approximately HK\$11,283 million). As the demand for the Group's product slowed down rapidly in the second half of the Year, the Group took time to adjust the production scale and was therefore unable to achieve economies of scale, resulting in significant decline in gross profit margin. The Group's gross profit margin during the Year decreased to approximately 5.6% (2021: approximately 10.7%).

During the Year, other income and gains of the Group mainly consisted of foreign exchange gains, mainly resulting from the translation of trade receivables denominated in USD, of approximately HK\$395 million (2021: foreign exchange losses of approximately HK\$133 million) arising from the depreciation of RMB against USD, subsidy income of approximately HK\$121 million (2021: approximately HK\$93 million), interest income of approximately HK\$9 million (2021: approximately HK\$10 million), gross rental income of approximately HK\$26 million (2021: approximately HK\$26 million), compensation income of approximately HK\$11 million (2021: approximately HK\$1 million), write-back of trade receivables of approximately HK\$3 million (2021: Nil), and gain on disposal of items of property, plant and equipment and right-of-use assets of approximately HK\$525 million (2021: loss on disposal of items of property, plant and equipment of approximately HK\$6 million). Gain on disposal of items of property, plant and equipment and right-of-use assets, net, mainly represented the relocation compensation for the surrender of certain land and losses of buildings, fixtures and facilities for the relocation of certain production plants in the PRC pursuant to the relocation agreements entered into between the two indirectly wholly-owned subsidiaries of the Company and the Council of Wujiang Economic Development Zone on 9 June 2017. The relocation was completed during the Year.

Due to the gain on disposal of items of property, plant and equipment and right-of-use assets and the foreign exchange gains, the Group recorded a substantial increase of approximately 507.1% in other income and gains during the Year as compared with that of 2021 to approximately HK\$1,094 million (2021: approximately HK\$180 million), accounting for approximately 13.3% (2021: approximately 1.6%) of the Group's revenue.

During the Year, the Group recorded a decrease of approximately 17.8% in operating costs, including administrative expenses and selling and distribution expenses, as compared with that of 2021 to approximately HK\$806 million (2021: approximately HK\$980 million). The decrease in the operating costs was mainly attributable to the decrease in staff costs, import & export charges and transportation expenses due to the lower sales volume of the Group's products as a result of the relatively weaker demand. The operating costs of the Group as a percentage of the Group's revenue increased to approximately 9.8% (2021: approximately 8.7%).

During the Year, other expenses of the Group mainly consisted of impairment of property, plant and equipment of approximately HK\$241 million (2021: Nil) and impairment of goodwill of approximately HK\$52 million (2021: Nil), as the recoverable amount of the cash-generating unit is less than the carrying amount as determined based on the cash flow projections, impairment of property, plant and equipment of approximately HK\$45 million upon the transfer of certain machineries to non-current assets held for sale and fair value losses on derivative financial instruments (i.e. the forward foreign exchange contracts) of approximately HK\$46 million (2021: fair value gains of approximately HK\$37 million). Due to the impairment of property, plant and equipment and goodwill, the Group recorded a substantial increase of approximately 164.0% in other expenses during the Year as compared with that of 2021 to approximately HK\$392 million (2021: approximately HK\$148 million), accounting for approximately 4.7% (2021: approximately 1.3%) of the Group's revenue.

Finance costs of the Group increased by approximately 90.5% as compared with that of 2021 to approximately HK\$122 million (2021: approximately HK\$64 million) for the Year, which was mainly attributable to the increase in interest rate of certain USD loans of the Group. Interest capitalised during the Year was approximately HK\$11 million (2021: approximately HK\$10 million).

As deferred tax assets have not been recognised for certain tax losses incurred by certain subsidiaries and impairment of property, plant and equipment and goodwill, the Group's income tax expenses increased to approximately HK\$180 million (2021: approximately HK\$143 million) for the Year and the Group's effective tax rate for the Year remained at a higher level.

The profit attributable to equity holders of the Company for the Year amounted to approximately HK\$172 million (2021: approximately HK\$162 million). The increase in profit attributable to equity holders of the Company was mainly attributable to the increase in other income and gains which has offset the negative impact of the decrease in the Group's revenue and gross profit, and increase in other expenses as discussed above.

### **Liquidity and Financial Resources**

As at 31 December 2022, total bank borrowings of the Group amounted to approximately HK\$4,043 million (31 December 2021: approximately HK\$4,853 million), representing a decrease of approximately 16.7% as compared with that as at 31 December 2021. The Group's bank borrowings were at floating interest rates and included short-term loans with 1-year maturity, 2-year term loans and 5-year syndicated loans. As at 31 December 2022, the Group's bank loans denominated in USD, New Taiwan dollars and RMB were approximately HK\$3,728 million (31 December 2021: approximately HK\$4,431 million), approximately HK\$21 million (31 December 2021: approximately HK\$27 million) and approximately HK\$294 million (31 December 2021: approximately HK\$395 million), respectively.

During the Year, the Group's net cash flows from operating activities increased to approximately HK\$2,256 million from approximately HK\$709 million in 2021, which was mainly attributable to the decrease in inventories and trade receivables. As a result of the purchase of manufacturing facilities for installation in the new production plant in Suzhou, PRC and the purchase of production machineries to strengthen the environmental protection measures as well as to improve production efficiency, the Group recorded a net cash outflow from investing activities of approximately HK\$491 million (2021: approximately HK\$1,057 million). During the Year, due to the repayment of bank borrowings, the Group recorded a net cash outflow from financing activities of approximately HK\$836 million (2021: a net cash inflow from financing activities of approximately HK\$252 million). As at 31 December 2022, the Group had cash and bank balances of approximately HK\$1,707 million (31 December 2021: approximately HK\$849 million).

As at 31 December 2022, the Group's gearing ratio calculated as total bank borrowings of approximately HK\$4,043 million (31 December 2021: approximately HK\$4,853 million) divided by total assets of approximately HK\$14,190 million (31 December 2021: approximately HK\$17,249 million) remained at approximately 28.5% (31 December 2021: approximately 28.1%).

### **Financial Ratios**

Inventory turnover days of the Group during the Year increased to approximately 103 days (2021: approximately 95 days) due to the decline in revenue of the Group in the second half of the Year. As at 31 December 2022, there was a decrease in the Group's inventories of approximately 16.3% to approximately HK\$2,194 million (31 December 2021: approximately HK\$2,620 million).

Trade receivables turnover days of the Group during the Year decreased to approximately 107 days (2021: approximately 139 days) due to the decline in revenue in the second half of the Year. Trade receivables as at 31 December 2022 decreased by approximately 43.7% to approximately HK\$2,421 million, as compared with approximately HK\$4,297 million as at 31 December 2021.

Trade and bills payables turnover days of the Group during the Year decreased to approximately 39 days (2021: approximately 48 days) due to the decrease in purchases of materials in the second half of the Year in order to strengthen the control of inventory level. As at 31 December 2022, there was a decrease in the Group's trade and bills payables of approximately 38.3% to approximately HK\$823 million (31 December 2021: approximately HK\$1,333 million).

### **Pledge of Assets**

As at 31 December 2022, certain land and buildings of the Group with a net carrying amount of approximately HK\$20 million (31 December 2021: approximately HK\$22 million) were pledged to secure certain banking facilities granted to the Group.

## **Foreign Exchange Exposure**

Since most of the Group's revenue is denominated in USD and most of the Group's expenses are denominated in RMB, the appreciation of RMB will have adverse effect on the Group's profitability and vice versa. Accordingly, the Group has entered into forward foreign exchange contracts to mitigate possible exchange losses arising from the fluctuations in the values of the USD and RMB. During the Year, the Group recorded foreign exchange gains of approximately HK\$395 million (2021: foreign exchange losses approximately HK\$133 million) and fair value losses on derivative financial instruments, net of approximately HK\$46 million (2021: fair value gains on derivative financial instruments, net of approximately HK\$37 million). The management of the Group will continue to monitor the Group's foreign currency risk exposures and adopt prudent measures as appropriate to minimise the adverse effects arising from the foreign currency fluctuations.

## **Employees**

During the Year, the Group had approximately 30,000 employees (2021: approximately 38,000 employees) and recorded staff costs (excluding directors' remuneration) of approximately HK\$2,481 million (2021: approximately HK\$3,542 million).

The Group's employees are remunerated in line with 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 and ROC employees with welfare schemes as required by the applicable laws and regulations of the PRC and ROC.

## **Capital Commitment**

As at 31 December 2022, the capital commitments which the Group had contracted for but were not provided for in the financial information in respect of the acquisition of buildings, machinery and office equipment amounted to approximately HK\$93 million (31 December 2021: acquisition of leasehold land, buildings, machinery and office equipment amounted to approximately HK\$795 million).

## **Contingent Liabilities**

As at 31 December 2022, the Group did not have any significant contingent liabilities.

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

Neither the Company, nor any of its subsidiaries had 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 HK5 cents (2021: HK8 cents) per ordinary share in respect of the year ended 31 December 2022, amounting to approximately HK\$60 million (2021: approximately HK\$96 million), to the shareholders of the Company whose names appear on the register of members of the Company on 25 May 2023 subject to the approval by the shareholders of the Company at the forthcoming annual general meeting ("**AGM**") to be held on 17 May 2023.



## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining members who are qualified for attending the AGM of the Company, the register of members of the Company will be closed from 12 May 2023 to 17 May 2023 (both days inclusive), during which no transfer of shares can be registered. To qualify for the attendance at the AGM 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 11 May 2023.

For the purpose of determining members who are qualified for the proposed final dividend for the year ended 31 December 2022, and conditional on the passing of the resolution approving the declaration of the final dividend by the shareholders in the AGM of the Company, the register of members of the Company will also be closed from 24 May 2023 to 25 May 2023 (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 2 June 2023) to be approved at the AGM 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 23 May 2023.

## 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 Part 2 of Appendix 14 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The Company and its corporate governance committee of the Company periodically review 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 throughout the year.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. With effect from 16 March 2022, Mr. Cheng Li-Yu assumed both roles as the chairman of the Board and the chief executive officer of the Company. The Board believes that having the same individual serving both roles as chairman of the Board and the chief executive officer of the Company would allow the Group to be managed under a consistent leadership and the overall strategy of the Group to be more effectively formulated and executed.

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 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 had fully complied with the required standards set out in the Model Code and the code of conduct of the Company for the year.

## **EVENT AFTER THE REPORTING PERIOD**

On 10 November 2022, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which, the independent third party agreed to acquire from the Group the entire equity interest in Ju Teng Electronics (Shanghai) Co., Limited, an indirectly wholly-owned subsidiary for a cash consideration of RMB23 million (equivalent to approximately HK\$27 million). The disposal was completed on 29 January 2023 and gain on disposal amounted to RMB23 million (equivalent to approximately HK\$27 million).

## **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.

## **SCOPE OF WORK OF ERNST & YOUNG**

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this announcement.

## **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 2022 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 and Chief Executive Officer*

Hong Kong, 23 March 2023

*As at the date of this announcement, the executive Directors are Mr. Cheng Li-Yu, Mr. Chiu Hui-Chin, Mr. Huang Kuo-Kuang, Mr. Lin Feng-Chieh and Mr. Tsui Yung Kwok, the non-executive Director is Mr. Cheng Li-Yen, and the independent non-executive Directors are Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu, Mr. Yip Wai Ming and Mr. Yuen Chi Ho.*