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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)**

**INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

Financial Highlights

- Revenue for the six months ended 30 June 2023 was approximately HK\$3,463 million, representing a decline of approximately 26.9%.
- Gross profit for the six months ended 30 June 2023 was approximately HK\$108 million, representing a decline of approximately 78.2%.
- Gross profit margin for the six months ended 30 June 2023 decreased to approximately 3.1% from approximately 10.5% for the six months ended 30 June 2022.
- Loss attributable to equity holders of the Company for the six months ended 30 June 2023 was approximately HK\$57 million, as compared to the profit attributable to equity holders of the Company of approximately HK\$115 million for the corresponding period in 2022.
- Basic loss per share attributable to equity holders of the Company for the six months ended 30 June 2023 was approximately HK6.7 cents, as compared to the earnings per share attributable to equity holders of the Company of approximately HK13.6 cents for the corresponding period in 2022.
- Net asset value per share attributable to equity holders of the Company as at 30 June 2023 was approximately HK\$4.6 as compared with approximately HK\$5.0 as at 31 December 2022.

The board (the “**Board**”) of directors (the “**Directors**”) of Ju Teng International Holdings Limited (the “**Company**” or “**Ju Teng**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 (the “**Period**”) as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
<b>REVENUE</b>	3	<b>3,463,474</b>	4,735,642
Cost of sales		<b>(3,355,613)</b>	(4,240,392)
Gross profit		<b>107,861</b>	495,250
Other income and gains	3	<b>266,452</b>	252,440
Selling and distribution expenses		<b>(71,588)</b>	(87,904)
Administrative expenses		<b>(252,988)</b>	(324,208)
Other expenses		<b>(37,544)</b>	(81,892)
Finance costs	4	<b>(108,584)</b>	(42,035)
Share of loss of an associate		<b>(16)</b>	-
<b>PROFIT/(LOSS) BEFORE TAX</b>	5	<b>(96,407)</b>	211,651
Income tax expense	6	<b>(24,309)</b>	(106,555)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>(120,716)</b>	105,096
Attributable to:			
Equity holders of the Company		<b>(57,073)</b>	114,657
Non-controlling interests		<b>(63,643)</b>	(9,561)
		<b>(120,716)</b>	105,096
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	8		
- Basic (HK cents)		<b>(6.7)</b>	13.6
- Diluted (HK cents)		<b>(6.7)</b>	13.6

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b><u>(120,716)</u></b>	<b><u>105,096</u></b>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES)</b>		
Other comprehensive expenses that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>(524,882)</b>	(617,379)
Release of exchange fluctuation reserve upon disposal of a subsidiary	<b><u>(15,958)</u></b>	<u>-</u>
	<b><u>(540,840)</u></b>	<b><u>(617,379)</u></b>
Other comprehensive income/(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>12,068</b>	(5,818)
Income tax effect	<b><u>(1,484)</u></b>	<u>-</u>
	<b><u>10,584</u></b>	<b><u>(5,818)</u></b>
<b>OTHER COMPREHENSIVE EXPENSES FOR THE PERIOD, NET OF TAX</b>	<b><u>(530,256)</u></b>	<b><u>(623,197)</u></b>
<b>TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD</b>	<b><u>(650,972)</u></b>	<b><u>(518,101)</u></b>
Attributable to:		
Equity holders of the Company	<b>(531,436)</b>	(407,399)
Non-controlling interests	<b><u>(119,536)</u></b>	<u>(110,702)</u>
	<b><u>(650,972)</u></b>	<b><u>(518,101)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	<i>Notes</i>	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		5,962,694	6,587,803
Right-of-use assets		837,372	887,421
Deferred tax assets		7,077	14,210
Prepayments for acquisition of property, plant and equipment		12,095	30,356
Investment in an associate		12,645	12,654
Equity investment designated at fair value through other comprehensive income		25,600	13,489
Total non-current assets		<u>6,857,483</u>	<u>7,545,933</u>
<b>CURRENT ASSETS</b>			
Inventories		1,653,100	2,193,695
Trade receivables	9	2,516,377	2,420,946
Prepayments, deposits and other receivables		176,396	193,690
Pledged and restricted bank balances		115,174	102,659
Cash and cash equivalents		1,358,847	1,706,797
		<u>5,819,894</u>	<u>6,617,787</u>
Non-current assets classified as held for sale		-	26,210
Total current assets		<u>5,819,894</u>	<u>6,643,997</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	10	797,596	822,603
Other payables and accruals		1,105,731	1,445,517
Lease liabilities		159,623	244,513
Tax payable		49,513	51,245
Derivative financial instruments		18,593	1,676
Interest-bearing bank and other borrowings		2,872,325	3,048,744
Total current liabilities		<u>5,003,381</u>	<u>5,614,298</u>
<b>NET CURRENT ASSETS</b>		<u>816,513</u>	<u>1,029,699</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,673,996</u>	<u>8,575,632</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (continued)

30 June 2023

	<i>Notes</i>	<b>30 June 2023 (Unaudited) HK\$'000</b>	<b>31 December 2022 (Audited) HK\$'000</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>801,342</b>	994,384
Deferred income		<b>40,734</b>	42,625
Lease liabilities		<b>10,158</b>	21,764
Deferred tax liabilities		<b>71,730</b>	73,572
Total non-current liabilities		<b>923,964</b>	1,132,345
<b>Net assets</b>		<b>6,750,032</b>	<b>7,443,287</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Issued capital	11	<b>120,001</b>	120,001
Reserves		<b>5,344,663</b>	5,918,382
		<b>5,464,664</b>	6,038,383
<b>Non-controlling interests</b>		<b>1,285,368</b>	1,404,904
<b>Total equity</b>		<b>6,750,032</b>	<b>7,443,287</b>

## NOTES

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

The condensed consolidated interim financial information 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 2022. 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 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which also include HKASs and Interpretations) for the first time for the current period’s financial information:

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The adoption of the above new and revised HKFRSs has had no significant financial effect on the Group’s condensed consolidated interim 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

Revenue from external customers:

	For the six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
The People's Republic of China (the "PRC" or "Mainland China"), excluding Hong Kong	3,302,124	4,603,801
The Republic of China (the "ROC")	40,020	51,370
Others	121,330	80,471
	<u>3,463,474</u>	<u>4,735,642</u>

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

## 3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
<b>Revenue from contracts with customers</b>		
Sale of casings for notebook computer and handheld devices	<u>3,463,474</u>	<u>4,735,642</u>

### Revenue from contracts with customers

#### (i) Disaggregated revenue information

	For the six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
<b>Geographical markets</b>		
The PRC, excluding Hong Kong	3,302,124	4,603,801
The ROC	40,020	51,370
Others	121,330	80,471
	<u>3,463,474</u>	<u>4,735,642</u>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<u>3,463,474</u>	<u>4,735,642</u>

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

#### (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:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income	13,404	2,147
Subsidy income <sup>#</sup>	4,491	5,649
Compensation income	2,781	3,559
Gross rental income	11,550	13,621
Write-back of trade receivables	-	465
Reversal of impairment of trade receivables	288	-
Write-off of long outstanding other payables and accruals	37	754
Write-off of long outstanding trade payables	-	857
Gain on disposal of a subsidiary	42,507	-
Foreign exchange gains, net	190,417	225,001
Others	977	387
	<u>266,452</u>	<u>252,440</u>

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

### 4. FINANCE COSTS

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

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank and other borrowings	112,787	47,428
Interest on lease liabilities	278	23
Total interest expense on financial liabilities not at fair value through profit or loss	113,065	47,451
Less: Interest capitalised	(4,481)	(5,416)
	<u>108,584</u>	<u>42,035</u>



## 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	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	3,355,613	4,240,392
Depreciation of property, plant and equipment	427,927	525,336
Depreciation of right-of-use assets	11,406	11,316
Provision for inventories, net	42,760	18,251
Impairment/(reversal of impairment) of trade receivables	(288)	78
Write-off/(write-back) of trade receivables	2,325	(465)
Loss on disposal of items of property, plant and equipment, net	6,531	30,825
Gain on disposal of a subsidiary	(42,507)	-
Foreign exchange gains, net	(190,417)	(225,001)
Fair value losses on derivative financial instruments, net		
- Realised losses	6,182	40,700
- Unrealised losses	16,920	8,382
	<u>6,182</u>	<u>40,700</u>
	<u>16,920</u>	<u>8,382</u>

## 6. INCOME TAX

Hong Kong profits tax has not been provided as the Group did not have any assessable profits arising in Hong Kong during the Period (six months ended 30 June 2022: 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	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Provision for the Period:		
Current – The PRC, excluding Hong Kong		
Charge for the Period	21,261	77,401
Underprovision in prior years	573	19,873
Current – Overseas		
Charge for the Period	11,831	16,729
Overprovision in prior years	(12,853)	(7,525)
Deferred tax	3,497	77
Total tax charge for the Period	<u>24,309</u>	<u>106,555</u>

## 7. INTERIM DIVIDEND

The Directors did not propose to declare any interim dividend for the Period (six months ended 30 June 2022: Nil).

During the six months ended 30 June 2023, the Company approved and paid a final dividend of HK5 cents (six months ended 30 June 2022: HK8 cents) per ordinary share, amounting to approximately HK\$60,000,000 (six months ended 30 June 2022: approximately HK\$96,001,000) in respect of the previous financial year.

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

The calculation of the basic earnings/(loss) per share amounts is based on the loss for the Period attributable to equity holders of the Company of HK\$57,073,000 (six months ended 30 June 2022: profit for the Period attributable to equity holders of the Company of HK\$114,657,000) and the weighted average number of 845,662,671 (six months ended 30 June 2022: 845,662,671) ordinary shares in issue excluding shares held under the share award plan during the Period.

For the six months ended 30 June 2023 and six months ended 30 June 2022, no adjustment has been made to the basic earnings/(loss) per share amounts presented in respect of a dilution as the impact of share options outstanding had no dilutive effect on the basic earnings/(loss) per share amounts presented.

## 9. TRADE RECEIVABLES

	<b>As at 30 June 2023 (Unaudited) HK\$'000</b>	<b>As at 31 December 2022 (Audited) HK\$'000</b>
Trade receivables	<b>2,521,255</b>	2,426,112
Impairment	<b>(4,878)</b>	(5,166)
	<b><u>2,516,377</u></b>	<u>2,420,946</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.

## 9. TRADE RECEIVABLES (continued)

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

	<b>As at 30 June 2023 (Unaudited) HK\$'000</b>	<b>As at 31 December 2022 (Audited) HK\$'000</b>
Within 3 months	1,488,768	1,295,835
4 to 6 months	931,164	1,064,992
7 to 12 months	96,445	60,119
	<b><u>2,516,377</u></b>	<b><u>2,420,946</u></b>

## 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 Period, based on the invoice date and issuance date, respectively, is as follows:

	<b>As at 30 June 2023 (Unaudited) HK\$'000</b>	<b>As at 31 December 2022 (Audited) HK\$'000</b>
Within 3 months	550,276	532,780
4 to 6 months	216,780	254,025
7 to 12 months	22,238	29,030
Over 1 year	8,302	6,768
	<b><u>797,596</u></b>	<b><u>822,603</u></b>

## 11. SHARE CAPITAL

	<b>As at 30 June 2023 (Unaudited) HK\$'000</b>	<b>As at 31 December 2022 (Audited) HK\$'000</b>
Authorised: 2,000,000,000 shares of HK\$0.1 each	<b><u>200,000</u></b>	<b><u>200,000</u></b>
Issued and fully paid: 1,200,008,445 shares of HK\$0.1 each	<b><u>120,001</u></b>	<b><u>120,001</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review & Prospects

Looking back at the first half of 2023, the global personal computer (“PC”) market was still in a downturn, mainly due to the recovery of business, working and learning activities after the global pandemic subsided which led to a reduced demand for PCs, as well as the longer-than-expected high inventory levels which adversely affect the global PC sales performance. According to the survey report released by Canalys, a market research organization, the total global PC shipments decreased by 33% to 54 million units in the first quarter of 2023, marking a double-digit decline for four consecutive quarters. However, in the second quarter of 2023, some data showed a slowdown in the market decline, with the total PC shipments decreasing by 11.5% to 62.1 million units as compared with the same period of last year. Despite improvement of the global PC market in the second quarter of 2023, the overall PC shipments in the first half of the year remained weak, leading to a significant decrease in demands for the computer casings. Furthermore, affected by the uncertain economic environment, heightened global inflation and rising loan interest rates, many companies delayed their PC purchase plans, and the consumers reduced their expenses on PC, bringing tremendous challenges to the recovery of the PC market.

As one of the world’s leading notebook computer casing manufacturers, the sales of notebook computer casing and 2-in-1 computer casing remained as the Group’s major source of revenue for the Period. For the Period, the Group recorded revenue of approximately HK\$3,463 million (2022: approximately HK\$4,736 million). Due to the sluggish global demand for notebook computers, the downstream manufacturers strived to reduce their inventories, resulting in a decrease in demand for the Group’s products and a significant decrease in sales revenue. Despite the Group recording a net foreign exchange gain of approximately HK\$190 million during the Period due to the heightened US dollar exchange rate, it was not sufficient to offset the impact of the decrease in revenue and gross profit during the Period. The Group recorded a loss attributable to equity holders of the Company of approximately HK\$57 million (2022: profit of approximately HK\$115 million) for the Period.

During the Period, the demand from global consumers for non-necessity goods has decreased, putting the business environment to the test. In view of this, the Group has kept abreast of market changes, and actively adjusted its operation strategies. During the Period, the Group has taken various measures to reduce its operating costs, completed the integration of production plants in Mainland China, slowed down the investment progress of production plants in Vietnam, and further improved its resource allocation to achieve cost-effectiveness. With the development of technologies and the continuous updating and upgrading of PC products, the Group aims to more effectively improve its product quality and production efficiency by optimizing the production system, so as to prepare itself for capturing potential growth in the PC market in the future.

Looking ahead to the second half of the year, it is expected that the inventory levels of the global PC market will gradually return to normal. The expected launch of the Windows 11 operating system update in the fourth quarter of 2023, together with the demand for hardware performance updates, will improve the consumers' demands, and push the market towards restoring its stability. With the advancement of AI technology, PC products with high computing performance may become new growth factors to PC casing products. It is expected that the global PC market will further improve in the second half of 2023, and according to the forecast of International Data Corporation, a market research organization, the PC market is expected to rebound in 2024. In anticipation of the further recovery of market demand, the Group will also gradually make an improvement in its business and financial performance.

Although the PC industry remains full of challenges in the tough global economic environment, the Group remains prudently optimistic about its development prospects in this industry. The Group will closely monitor the development trends of the market, adjust its market strategies accordingly, continuously improve its product portfolios to meet various market demands, and implement the integration of capacity allocation through a mode of operation focused on cost reduction and efficiency enhancement, so as to enhance the Group's competitiveness. During the time of computer upgrades and consumer demands yet to be explored, the Group actively leverages its advantages in the industry and continuously improves product quality, so as to seize the opportunities from the future market recovery and fortify its leading position in the market. Looking ahead, the Group will continue to actively respond to various challenges and changes in the industry, and strive to create more development opportunities to provide better returns for its shareholders and achieve sustainable development.

## **Financial Review**

During the Period, due to the subsiding global pandemic in various countries, the previous surge in demand for the PC brought by remote work and online classrooms has been greatly reduced, and because inventory levels have been higher than normal for longer than expected, demand for the Group's computer casings product was reduced. Therefore, the Group's revenue for the Period declined by approximately 26.9% as compared with the corresponding period of last year to approximately HK\$3,463 million (2022: approximately HK\$4,736 million). The Group's gross profit margin during the Period decreased to approximately 3.1% (2022: approximately 10.5%), which was mainly due to the sharp decrease in market demand for notebook computers, and downstream manufacturers' active destocking, resulting in a decrease in the Group's product sales price and lower utilization rates of the Group's production capacity.

During the Period, 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\$190 million (2022: approximately HK\$225 million) arising from the depreciation of RMB against USD, gain on disposal of a subsidiary of approximately HK\$43 million (2022: Nil), interest income of approximately HK\$13 million (2022: approximately HK\$2 million), gross rental income of approximately HK\$12 million (2022: approximately HK\$14 million) and subsidy income of approximately HK\$4 million (2022: approximately HK\$6 million). The Group recorded an increase of approximately 5.6% in other income and gains as compared with the corresponding period of last year to approximately HK\$266 million (2022: approximately HK\$252 million) during the Period, accounting for approximately 7.7% (2022: approximately 5.3%) of the Group's revenue.

During the Period, the Group recorded a decrease of approximately 21.2% in operating costs, including administrative expenses and selling and distribution expenses, as compared with the corresponding period of last year to approximately HK\$325 million (2022: approximately HK\$412 million). The decrease in the operating costs were mainly attributable to the decrease in exports, staff costs and transportation expenses. The percentage of operating costs of the Group accounted for approximately 9.4% (2022: approximately 8.7%) of the Group's revenue.

During the Period, other expenses of the Group mainly consisted of fair value losses on derivative financial instruments (i.e. the forward foreign exchange contracts) of approximately HK\$23 million (2022: approximately HK\$49 million) and loss on disposal of items of property, plant and equipment, net of approximately HK\$7 million (2022: approximately HK\$31 million). The Group recorded a decrease of approximately 54.2% in other expenses as compared with the corresponding period of last year to approximately HK\$38 million (2022: approximately HK\$82 million), accounting for approximately 1.1% (2022: approximately 1.7%) of the Group's revenue.

Finance costs of the Group increased by approximately 158.3% as compared with the corresponding period of last year to approximately HK\$109 million (2022: approximately HK\$42 million) for the Period, which was mainly attributable to the increase in USD loan interest rates. Interest capitalised during the Period was approximately HK\$4 million (2022: approximately HK\$5 million).

As a loss before tax was recorded during the Period, the Group's income tax expense decreased to approximately HK\$24 million (2022: approximately HK\$107 million) for the Period. 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 expense has been provided for in respect of the assessable profits generated by certain subsidiaries during the Period.

Despite the measures adopted by the Group to lower the operating costs, the Group recorded a loss attributable to equity holders of the Company for the Period amounted to approximately HK\$57 million (2022: profit of approximately HK\$115 million), mainly due to the decrease in the sales revenue and gross profit, and increase in finance costs.

### **Liquidity and Financial Resources**

As at 30 June 2023, total bank and other borrowings of the Group amounted to approximately HK\$3,674 million (31 December 2022: approximately HK\$4,043 million), representing a decrease of approximately 9.1% as compared with that of 31 December 2022. The Group's bank and other borrowings were at floating interest rates and included short-term loans with 1-year maturity, 2-year term loans, 3-year term loans and 5-year syndicated loans. As at 30 June 2023, the Group's bank and other loans denominated in USD, New Taiwan dollars and RMB were approximately HK\$3,432 million (31 December 2022: approximately HK\$3,728 million), approximately HK\$20 million (31 December 2022: approximately HK\$21 million) and approximately HK\$222 million (31 December 2022: approximately HK\$294 million), respectively.

During the Period, the Group's net cash flows from operating activities decreased to approximately HK\$178 million from approximately HK\$764 million in the corresponding period of last year, which was mainly attributable to the Group recording loss before tax, increase in trade receivables and decrease in other payables. Due to the completion of the installation of new manufacturing facilities at the new production plant in Suzhou last year, the Group only recorded a net cash outflow from investing activities of approximately HK\$11 million (2022: approximately HK\$326 million) during the Period. During the Period, due to the repayment of bank borrowings and settlement of certain lease payables, the Group recorded a net cash outflow from financing activities of approximately HK\$495 million (2022: approximately HK\$139 million). As at 30 June 2023, the Group had cash and bank balances of approximately HK\$1,359 million (31 December 2022: approximately HK\$1,707 million).

As at 30 June 2023, the Group's gearing ratio, calculated as total bank and other borrowings of approximately HK\$3,674 million (31 December 2022: approximately HK\$4,043 million) divided by total assets of approximately HK\$12,677 million (31 December 2022: approximately HK\$14,190 million), slightly increased to approximately 29.0% (31 December 2022: approximately 28.5%), which was mainly due to the decrease in total assets as at 30 June 2023 as compared with that as at 31 December 2022.

### **Financial Ratios**

Due to the decline in sales and the Group's tightened inventory control policies, the inventory turnover days of the Group during the Period decreased to approximately 89 days (2022: approximately 109 days). As at 30 June 2023, there was a decrease in the Group's inventories of approximately 24.6% to approximately HK\$1,653 million (31 December 2022: approximately HK\$2,194 million).

Trade receivables turnover days of the Group during the Period decreased to approximately 132 days (2022: approximately 135 days) due to faster settlement by customers of the Group. Trade receivables as at 30 June 2023 increased by approximately 3.9% to approximately HK\$2,516 million, as compared with approximately HK\$2,421 million as at 31 December 2022.

Trade and bills payables turnover days of the Group during the Period slightly increased to approximately 43 days (2022: approximately 42 days).

### **Pledge of Assets**

As at 30 June 2023, certain land and buildings of the Group with a net carrying amount of approximately HK\$20 million (31 December 2022: approximately HK\$20 million) were pledged to secure banking facilities granted to the Group.

## **Foreign Exchange Exposure**

Since most of the Group's revenue is denominated in USD and most of the Group's expenses are denominated in RMB, an appreciation of RMB against USD 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 Period, the Group recorded foreign exchange gains, net of approximately HK\$190 million (2022: approximately HK\$225 million) and fair value losses on derivative financial instruments, net of approximately HK\$23 million (2022: approximately HK\$49 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 Period, the Group had approximately 23,000 employees (2022: approximately 34,000 employees) and recorded staff costs of approximately HK\$987 million (2022: approximately HK\$1,520 million).

The Group's employees are remunerated in line with prevailing market terms and individual performance, with the remuneration package and policies being 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 30 June 2023, 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\$64 million (31 December 2022: approximately HK\$93 million).

## **Contingent Liabilities**

As at 30 June 2023, 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 Period.

## **INTERIM DIVIDEND**

The Directors do 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 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 the 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 Period.

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 have fully complied with the required standards set out in the Model Code and the code of conduct of the Company for 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 condensed consolidated interim financial information and results of the Group for the Period and has no disagreement.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This interim 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 interim report of the Company for the six months ended 30 June 2023 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, 16 August 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.*