



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

2022 INTERIM REPORT

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Cheng Li-Yu
(Chairman and Chief Executive Officer)
(Appointed as Chief Executive Officer on 16 March 2022)

Mr. Chiu Hui-Chin *(Chief Strategy Officer)*
(Ceased to be Chief Executive Officer and appointed as Chief Strategy Officer on 16 March 2022)

Mr. Huang Kuo-Kuang

Mr. Lin Feng-Chieh

Mr. Tsui Yung Kwok *(Chief Financial Officer)*

NON-EXECUTIVE DIRECTOR

Mr. Cheng Li-Yen
(Appointed on 16 March 2022)

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

Ms. Cheung Lai Yin

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

Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Agricultural Bank of China

Bank of China

Bank SinoPac

Cathay United Bank

CTBC Bank

DBS Bank

Fubon Bank

Industrial and Commercial Bank of China

KGI Bank

OCBC Wing Hang Bank

Standard Chartered Bank

Taishin Bank

United Overseas 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. 666 Yin Jia Road
Wujiang Economic Development District
Wujiang District, Suzhou City, Jiangsu Province
The PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE

www.irasia.com/listco/hk/juteng

STOCK CODE

3336.HK and 9136.TT

FINANCIAL HIGHLIGHTS

	Notes	For the six months ended 30 June		Changes
		2022 (Unaudited)	2021 (Unaudited)	
Operating Results:				
Revenue (HK\$ million)		4,736	5,222	-9.3%
Profit attributable to equity holders of the Company (HK\$ million)		115	37	+213.8%
Earnings per share				
Basic (HK cents)		13.6	4.3	+216.3%
Diluted (HK cents)		13.6	4.3	+216.3%
Profitability Ratio:				
Gross profit margin		10.5%	11.9%	-1.4%
Operating profit margin	1	1.8%	2.7%	-0.9%
Net profit margin	2	2.4%	0.7%	+1.7%
EBITDA (HK\$ million)		790	604	+30.9%
Return on equity	3	3.5%	1.1%	+2.4%
Liquidity and Capital Ratio:				
Inventory turnover days	4	109	115	-5.2%
Trade receivables turnover days	5	135	102	+32.4%
Trade and bills payables turnover days	6	42	48	-12.5%
Interest coverage	7	603.5%	295.3%	+308.2%
Net debt to equity	8	45.6%	42.1%	+3.5%
Cash flows from operating activities (HK\$ million)		764	720	+6.1%

Notes:

- (1) Operating profit margin equals operating profit divided by revenue. Operating profit includes gross profit, net of selling and distribution expenses and administrative expenses.
- (2) Net profit margin equals profit attributable to equity holders of the Company divided by revenue.
- (3) Return on equity equals profit 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 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 2022 (the “Period”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
REVENUE	3	4,735,642	5,222,430
Cost of sales		(4,240,392)	(4,601,733)
Gross profit		495,250	620,697
Other income and gains	3	252,440	53,678
Selling and distribution expenses		(87,904)	(110,840)
Administrative expenses		(324,208)	(369,974)
Other expenses		(81,892)	(91,929)
Finance costs	4	(42,035)	(34,417)
PROFIT BEFORE TAX	5	211,651	67,215
Income tax expense	6	(106,555)	(57,858)
PROFIT FOR THE PERIOD		105,096	9,357
Attributable to:			
Equity holders of the Company		114,657	36,533
Non-controlling interests		(9,561)	(27,176)
		105,096	9,357
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
– Basic (HK cents)		13.6	4.3
– Diluted (HK cents)		13.6	4.3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	105,096	9,357
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive income/(expenses) that may be reclassified to profit or loss in subsequent periods: Exchange differences on translation of foreign operations	(617,379)	138,097
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 Income tax effect	(5,818) – (5,818)	(4,150) 830 (3,320)
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD, NET OF TAX	(623,197)	134,777
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD	(518,101)	144,134
Attributable to:		
Equity holders of the Company	(407,399)	142,988
Non-controlling interests	(110,702)	1,146
	(518,101)	144,134

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	7,563,710	8,169,862
Right-of-use assets		926,987	685,825
Goodwill		52,488	52,488
Deferred tax assets		66,702	69,806
Prepayments for acquisition of property, plant and equipment		38,077	43,315
Equity investment designated at fair value through other comprehensive income		13,162	18,879
Total non-current assets		<u>8,661,126</u>	<u>9,040,175</u>
CURRENT ASSETS			
Inventories		2,561,131	2,620,078
Trade receivables	10	3,529,201	4,297,352
Prepayments, deposits and other receivables		252,336	364,050
Derivative financial instruments		–	3,680
Pledged and restricted bank balances		113,502	74,744
Cash and cash equivalents		1,139,221	848,600
Total current assets		<u>7,595,391</u>	<u>8,208,504</u>
CURRENT LIABILITIES			
Trade and bills payables	11	991,961	1,333,045
Other payables and accruals		2,038,225	2,337,001
Lease liabilities		274,087	1,416
Tax payable		100,629	68,286
Derivative financial instruments		4,917	216
Interest-bearing bank borrowings		3,618,547	3,554,599
Total current liabilities		<u>7,028,366</u>	<u>7,294,563</u>
NET CURRENT ASSETS		<u>567,025</u>	<u>913,941</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,228,151</u>	<u>9,954,116</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2022

	Notes	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		1,150,413	1,298,055
Deferred income		44,829	47,329
Lease liabilities		9,044	581
Deferred tax liabilities		60,450	60,450
Total non-current liabilities		1,264,736	1,406,415
Net assets		7,963,415	8,547,701
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	12	120,001	120,001
Reserves		6,248,548	6,722,132
Non-controlling interests		6,368,549	6,842,133
		1,594,866	1,705,568
Total equity		7,963,415	8,547,701

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to equity holders of the Company										Total equity HK\$'000	
	Issued capital HK\$'000	Share premium account* HK\$'000	Shares held under share award plan* HK\$'000	Employee share-based compensation reserve* HK\$'000	Statutory reserve fund* HK\$'000	Exchange fluctuation reserve* HK\$'000	Retained profits* HK\$'000	Fair value reserve* HK\$'000	Other reserves* HK\$'000	Total HK\$'000		Non-controlling interests HK\$'000
(Unaudited)												
At 1 January 2021	120,001	187,919	(781,266)	52,936	459,771	209,381	5,890,040	8,449	323,963	6,471,194	1,746,589	8,217,783
Profit/(loss) for the Period	-	-	-	-	-	-	36,533	-	-	36,533	(27,176)	9,357
Other comprehensive income/(expenses) for the Period:												
Change in fair value of an equity investment designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	(3,320)	-	(3,320)	-	(3,320)
Exchange differences on translation of foreign operations	-	-	-	-	-	109,775	-	-	-	109,775	28,322	138,097
Total comprehensive income/(expenses) for the Period	-	-	-	-	-	109,775	36,533	(3,320)	-	142,988	1,146	144,134
Dividend received under the share award plan	-	-	35,435	-	-	-	-	-	-	35,435	-	35,435
Share-based compensation arrangements	-	-	-	1,865	-	-	-	-	-	1,865	-	1,865
Transfer from retained profits	-	-	-	-	35,164	-	(35,164)	-	-	-	-	-
2020 final dividend	-	-	-	-	-	-	(120,001)	-	-	(120,001)	-	(120,001)
At 30 June 2021	<u>120,001</u>	<u>187,919</u>	<u>(745,831)</u>	<u>54,801</u>	<u>494,955</u>	<u>319,156</u>	<u>5,771,388</u>	<u>5,129</u>	<u>323,963</u>	<u>6,531,481</u>	<u>1,747,735</u>	<u>8,279,216</u>
(Unaudited)												
At 1 January 2022	120,001	187,919	(745,831)	57,971	520,715	501,669	5,871,491	4,235	323,963	6,842,133	1,705,588	8,547,701
Profit/(loss) for the Period	-	-	-	-	-	-	114,657	-	-	114,657	(9,561)	105,096
Other comprehensive expenses for the Period:												
Change in fair value of an equity investment designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	(5,818)	-	(5,818)	-	(5,818)
Exchange differences on translation of foreign operations	-	-	-	-	-	(516,238)	-	-	-	(516,238)	(101,141)	(617,379)
Total comprehensive income/(expenses) for the Period	-	-	-	-	-	(516,238)	114,657	(5,818)	-	(407,399)	(110,702)	(518,101)
Dividend received under the share award plan	-	-	28,347	-	-	-	-	-	-	28,347	-	28,347
Share-based compensation arrangements	-	-	-	1,469	-	-	-	-	-	1,469	-	1,469
Transfer from retained profits	-	-	-	-	8,891	-	(8,891)	-	-	-	-	-
2021 final dividend	-	-	-	-	-	-	(96,001)	-	-	(96,001)	-	(96,001)
At 30 June 2022	<u>120,001</u>	<u>187,919</u>	<u>(717,484)</u>	<u>59,440</u>	<u>529,606</u>	<u>(14,569)</u>	<u>5,881,256</u>	<u>(1,583)</u>	<u>323,963</u>	<u>6,368,549</u>	<u>1,594,866</u>	<u>7,963,415</u>

* These reserve accounts comprise the consolidated reserves of HK\$6,248,548,000 (31 December 2021: HK\$6,722,132,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	887,672	924,780
Income tax paid	(78,751)	(145,381)
Income tax refunded	513	14,921
Withholding tax paid	–	(38,811)
Interest received	2,147	3,611
Interest paid	(47,451)	(38,969)
	<u>764,130</u>	<u>720,151</u>
Net cash flows from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(256,188)	(435,518)
Proceeds from disposal of items of property, plant and equipment	7,037	21,017
Increase in pledged and restricted bank balances	(38,758)	(35,750)
Increase in prepayments for acquisition of property, plant and equipment	(38,077)	(112,769)
	<u>(325,986)</u>	<u>(563,020)</u>
Net cash flows used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	2,046,901	756,534
Repayment of bank loans	(2,117,243)	(1,020,878)
Dividend paid	(96,001)	(120,001)
Dividend received under the share award plan	28,347	35,435
Principal portion of lease payments	(994)	(1,129)
	<u>(138,990)</u>	<u>(350,039)</u>
Net cash flows used in financing activities		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	299,154	(192,908)
Cash and cash equivalents at beginning of Period	848,600	928,674
Effect of foreign exchange rate changes, net	(8,533)	5,294
	<u>1,139,221</u>	<u>741,060</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
	<u>1,139,221</u>	<u>741,060</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>1,139,221</u>	<u>741,060</u>

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

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 2021. 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 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) for the first time for the current period’s financial information:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments 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 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.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

2. OPERATING SEGMENT INFORMATION (continued)

Geographical information

Revenue from external customers:

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
The People's Republic of China (the "PRC" or "Mainland China"), excluding Hong Kong	4,603,801	5,135,304
The Republic of China (the "ROC")	51,370	47,090
Others	80,471	40,036
	<u>4,735,642</u>	<u>5,222,430</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	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue from contracts with customers		
Sale of casings for notebook computer and handheld devices	<u>4,735,642</u>	<u>5,222,430</u>

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

3. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Geographical markets		
The PRC, excluding Hong Kong	4,603,801	5,135,304
The ROC	51,370	47,090
Others	80,471	40,036
	4,735,642	5,222,430
Timing of revenue recognition		
Goods transferred at a point in time	4,735,642	5,222,430

(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	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest income	2,147	3,611
Subsidy income [#]	5,649	28,299
Compensation income	3,559	223
Gross rental income	13,621	13,204
Reversal of impairment of trade receivables	–	2,411
Write-back of trade receivables	465	–
Write-off of long outstanding other payables and accruals	754	5,909
Write-off of long outstanding trade payables	857	–
Foreign exchange gains, net	225,001	–
Others	387	21
	252,440	53,678

[#] 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.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

4. FINANCE COSTS

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

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest on bank loans	47,428	38,909
Interest on lease liabilities	23	60
Total interest expense on financial liabilities not at fair value through profit or loss	47,451	38,969
Less: Interest capitalised	(5,416)	(4,552)
	42,035	34,417

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Cost of inventories sold	4,240,392	4,601,733
Depreciation of property, plant and equipment	525,336	493,126
Depreciation of right-of-use assets	11,316	8,872
Provision/(reversal of provision) for inventories, net	18,251	(1,356)
Impairment/(reversal of impairment) of trade receivables	78	(2,411)
Write-off/(write-back) of trade receivables	(465)	452
Loss on disposal of items of property, plant and equipment, net	30,825	5,069
Foreign exchange losses/(gains), net	(225,001)	73,256
Fair value losses on derivative financial instruments, net		
– Realised losses	40,700	–
– Unrealised losses	8,382	11,674

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

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 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.

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Provision for the Period		
Current – The PRC, excluding Hong Kong		
Charge for the Period	77,401	52,482
Underprovision in prior years	19,873	11,397
Current – Overseas		
Charge for the Period	16,729	10,860
Overprovision in prior years	(7,525)	(16,957)
Deferred tax	77	76
Total tax charge for the Period	106,555	57,858

7. INTERIM DIVIDEND

The Directors did not propose to declare any interim dividend for the Period (six months ended 30 June 2021: Nil).

During the six months ended 30 June 2022, the Company approved and paid a final dividend of HK8 cents (six months ended 30 June 2021: HK10 cents) per ordinary share, amounting to approximately \$96,001,000 (six months ended 30 June 2021: approximately HK\$120,001,000) in respect of the previous financial year.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

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 Period attributable to equity holders of the Company of HK\$114,657,000 (six months ended 30 June 2021: HK\$36,533,000) and the weighted average number of 845,662,671 (six months ended 30 June 2021: 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 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 six months ended 30 June 2021, the calculation of diluted earnings per share amounts was based on the profit for that period attributable to equity holders of the Company of HK\$36,533,000. The weighted average number of ordinary shares used in the calculation was 845,662,671 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 7,458,960 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

9. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment of approximately HK\$304,919,000 (six months ended 30 June 2021: approximately HK\$623,142,000) and disposed of property, plant and equipment with an aggregate net book value of approximately HK\$37,862,000 (six months ended 30 June 2021: approximately HK\$101,747,000).

The amount of borrowing costs capitalised during the Period was approximately HK\$5,416,000 (six months ended 30 June 2021: approximately HK\$4,552,000).

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

10. TRADE RECEIVABLES

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Trade receivables	3,532,760	4,300,833
Impairment	(3,559)	(3,481)
	<u>3,529,201</u>	<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 Period, based on the invoice date and net of loss allowance, is as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Within 3 months	1,992,133	2,780,363
4 to 6 months	1,448,353	1,487,320
7 to 12 months	88,715	29,669
	<u>3,529,201</u>	<u>4,297,352</u>

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

11. 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, is as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Within 3 months	764,791	1,093,965
4 to 6 months	205,331	215,514
7 to 12 months	13,732	14,361
Over 1 year	8,107	9,205
	991,961	1,333,045

12. SHARE CAPITAL

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Authorised: 2,000,000,000 shares of HK\$0.1 each	200,000	200,000
Issued and fully paid: 1,200,008,445 shares of HK\$0.1 each	120,001	120,001

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.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

13. SHARE-BASED COMPENSATION

(a) Share option scheme

A share option scheme (the "Share Option Scheme") was adopted by the Company on 11 May 2015. Details of the terms of the Share Option Scheme were disclosed in the Group's annual financial statements as at 31 December 2021.

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

	2022		2021	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share	Number of options
At 1 January	1.48	33,512,000	1.48	35,630,000
Forfeited	1.48	<u>(744,000)</u>	1.48	<u>(1,732,000)</u>
At 30 June	1.48	<u>32,768,000</u>	1.48	<u>33,898,000</u>

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

(b) Share award plan

The Board approved the adoption of the new share award plan (the "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.

As at 30 June 2022 and 31 December 2021, a total of 354,345,774 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 2022, certain land and buildings of the Group with a net carrying amount of approximately HK\$20,870,000 (31 December 2021: approximately HK\$22,227,000) were pledged to secure banking facilities granted to the Group.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

16. COMMITMENTS

The Group had the following capital commitments at the end of the Period:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Contracted, but not provided for:		
Buildings	161,969	236,872
Machinery and office equipment	160,782	220,588
Leasehold land	-	337,061
	322,751	794,521
Total capital commitments	322,751	794,521

17. RELATED PARTY TRANSACTIONS

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

	Notes	For the six months ended 30 June 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Lease payments paid to:			
Ms. Cheng Shao-Wen	(i)	75	13
Mr. Cheng Yung-Kang	(ii)	31	13
禾涎股份有限公司 (formerly known as 禾涎有限公司) ("禾涎")	(iii)	159	63
Ms. Lin Mei-Li	(iv)	33	-
Depreciation of the right-of-use assets:			
Ms. Cheng Shao-Wen	(i)	-	59
Mr. Cheng Yung-Kang	(ii)	-	17
禾涎	(iii)	-	78
Ms. Lin Mei-Li	(iv)	-	31
Interest expenses on the lease liabilities:			
Ms. Cheng Shao-Wen	(i)	-	1
禾涎	(iii)	-	2
Ms. Lin Mei-Li	(iv)	-	1
		-	1

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

17. RELATED PARTY TRANSACTIONS (continued)

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

Notes:

- (i) Ms. Cheng Shao-Wen is the daughter of Mr. Cheng Li-Yu, a director of the Company. The rentals were determined at rates mutually agreed between the relevant parties. In addition to the lease payments for the short-term lease to Ms. Cheng Shao-Wen, the Group entered into an agreement with Ms. Cheng Shao-Wen on 1 January 2020 to lease an office of 2 years at rates mutually agreed between the relevant parties. At 30 June 2022 and 31 December 2021, there were no right-of-use asset and lease liability upon the expiration of the agreement.
- (ii) Mr. Cheng Yung-Kang is the son of Mr. Cheng Li-Yu, a director of the Company. The rentals were determined at rates mutually agreed between the relevant parties. In addition to the lease payments for the short-term lease to Mr. Cheng Yung-Kang, the Group entered into an agreement with Mr. Cheng Yung-Kang on 1 January 2020 to lease a staff quarter of 2 years at rates mutually agreed between the relevant parties. At 30 June 2022 and 31 December 2021, there were no right-of-use asset and lease liability upon the expiration of the agreement.
- (iii) During the six months ended 30 June 2022, Ms. Cheng Shao-Wen and Mr. Cheng Yung-Kang are the directors of 禾澁. Ms. Lin Mei-Li, the spouse of Mr. Cheng Li-Yu, a director of the Company, Ms. Cheng Shao-Wen and Mr. Cheng Yung-Kang are the shareholders of 禾澁. During the six months ended 30 June 2021, Mr. Cheng Yung-Kang was the director and shareholder of 禾澁. The rentals were determined at rates mutually agreed between the relevant parties. In addition to the lease payments for the short-term lease to 禾澁, the Group entered into an agreement with 禾澁 on 1 March 2020 to lease an office of terms of 1 year and 10 months at rates mutually agreed between the relevant parties. At 30 June 2022 and 31 December 2021, there were no right-of-use asset and lease liability upon the expiration of the agreement.
- (iv) 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. In addition to the lease payments for the short-term lease to Ms. Lin Mei-Li, the Group entered into an agreement with Ms. Lin Mei-Li on 1 January 2020 to lease an office of 2 years at rates mutually agreed between the relevant parties. At 30 June 2022 and 31 December 2021, there were no right-of-use asset and lease liability upon the expiration of the agreement.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2022

17. RELATED PARTY TRANSACTIONS (continued)

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

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Short term employee benefits	7,224	6,875
Employee share-based compensation expenses	614	1,274
Total compensation paid to key management personnel	7,838	8,149

18. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts of the Group's financial instruments as at 30 June 2022 and 31 December 2021 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 values of an equity investment designated at fair value through other comprehensive income and derivative financial instruments. As at 30 June 2022, the Group's financial instruments which comprise an equity investment designated at fair value through other comprehensive income and derivative financial instruments, which were measured at fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 under the fair value hierarchy) and based on significant observations inputs (Level 2 under the fair value hierarchy), respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW & PROSPECTS

Since the outbreak of the COVID-19 pandemic (the “Pandemic”), remote working and online learning models have led to a surge in demand for personal computers (“PC”). In the first quarter of 2021, as a result of the rise of consumers and enterprises purchasing notebook computers and desktop computers for remote working and learning, the global PC sales growth hit a decade record high. In the first half of 2022, as the Pandemic in various countries gradually eased and local communities began to resume the normal way of life, the boom in PC sales gradually faded out. According to the survey results released by Gartner, Inc., a market research organization, the global PC shipments (including desktop and notebook computers) recorded 77.9 million units in the first quarter of 2022, decreased by 6.8% as compared with the same period of last year. Among them, the Chromebook, which has seen a surge in sales over the past two years, recorded a sharp decline as compared with the same period of last year. According to a report released by International Data Corporation (“IDC”), another market research organization, the Chromebook shipments in the first quarter of 2022 dropped by 61.9% as compared with the same period of last year, which is believed to be due to the saturated demand in the education market and slowdown in consumer expenditure after the uptick in demand during the initial stage of the Pandemic. Affected by various external environmental factors, including the development of the Pandemic, the rapid changes in the global supply chain and the international political and economic environment, the global PC market has been affected to a moderate extent.

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, due to the decline of sales in the global PC market, the Group recorded revenue of approximately HK\$4,736 million (2021: approximately HK\$5,222 million), representing a decrease of approximately 9.3% period-on-period. With the Pandemic being gradually brought under control, many enterprises returned to work at the office. In addition, the Windows 11 operating system, as the newest-generation operating system, was launched by Microsoft last year, ushering a new round of business users replacing their notebook computers. Accordingly, the proportion of the Group’s metal casing products increased in the first half of 2022. However, whether enterprise user demand can offset the decline in the education market demand of Chromebook is yet to be seen. During the Period, affected by the geopolitical situation and the strong United States dollar (“USD”) exchange rate, the exchange rate of Renminbi (“RMB”) against USD continued to depreciate during the Period. As the Group held certain assets denominated in USD during the Period, including trade receivables denominated in USD, the depreciation of RMB against USD resulted in a significant increase in the Group’s foreign exchange gains during the Period, causing the profit attributable to equity holders of the Company to increase by approximately 213.8% period-on-period to approximately HK\$115 million (2021: approximately HK\$37 million).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW & PROSPECTS (continued)

To cope with uncertain factors such as the global geopolitical situation and the supply chain disruptions caused by the impact of the Pandemic, the Group will change its operating strategy and gradually relocate part of its production capacity to Vietnam, so as to take advantage of Vietnam's competitive manufacturing industry. The Group has plans to build another production base in Nghe An Province, Vietnam. For further details, please refer to the announcements of the Company dated 30 December 2021, 26 January 2022 and 24 June 2022.

Looking ahead to the second half of 2022, it is expected that the global PC market will remain under pressure from the weak demand and the high inflation, while demand from the commercial market will be more stable than that of the education and consumer markets. Ju Teng will continue to closely monitor the market trends, develop the technology and marketing related to metal casings which command higher unit prices than plastic casings, improve its product portfolio, and seize opportunities in the second half of 2022. Ju Teng maintains a prudent attitude towards the development prospects of the industry. Through consistent implementation of strict internal control measures, refined management, cost reduction and efficiency enhancement, Ju Teng will further enhance its profitability and strive to create more values for shareholders' interests.

FINANCIAL REVIEW

During the Period, 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 9.3% as compared with the corresponding period of last year to approximately HK\$4,736 million (2021: approximately HK\$5,222 million). The Group's gross profit margin during the Period decreased to approximately 10.5% (2021: approximately 11.9%), which was mainly attributable to the decline in the Group's revenue.

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\$225 million (2021: foreign exchange losses of approximately HK\$73 million) arising from the depreciation of RMB against USD, subsidy income of approximately HK\$6 million (2021: approximately HK\$28 million), interest income of approximately HK\$2 million (2021: approximately HK\$4 million) and gross rental income of approximately HK\$14 million (2021: approximately HK\$13 million). The Group recorded a significant increase of approximately 370.3% in other income and gains as compared with the corresponding period of last year to approximately HK\$252 million (2021: approximately HK\$54 million) during the Period, accounting for approximately 5.3% (2021: approximately 1.0%) of the Group's revenue.

During the Period, the Group recorded a decrease of approximately 14.3% in operating costs, including administrative expenses and selling and distribution expenses, as compared with the corresponding period of last year to approximately HK\$412 million (2021: approximately HK\$481 million). The decrease in the operating costs were mainly attributable to the decrease in staff costs. The percentage of operating costs of the Group dropped to approximately 8.7% (2021: approximately 9.2%) of the Group's revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (continued)

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\$49 million (2021: approximately HK\$12 million) and loss on disposal of items of property, plant and equipment, net of approximately HK\$31 million (2021: approximately HK\$5 million). The Group recorded a decrease of approximately 10.9% in other expenses as compared with the corresponding period of last year to approximately HK\$82 million (2021: approximately HK\$92 million), accounting for approximately 1.7% (2021: approximately 1.8%) of the Group's revenue.

Finance costs of the Group increased by approximately 22.1% as compared with the corresponding period of last year to approximately HK\$42 million (2021: approximately HK\$34 million) for the Period, which was mainly attributable to the increase in loan interest rate. Interest capitalised during the Period was approximately HK\$5 million (2021: approximately HK\$5 million).

As higher profit before tax was recorded during the Period as compared with that of the corresponding period of last year, the Group's income tax expenses increased to approximately HK\$107 million (2021: approximately HK\$58 million) for the Period. As deferred tax assets have not been recognized for certain tax losses incurred by certain subsidiaries, the Group's effective tax rate for the Period remained at a higher level.

The profit attributable to equity holders of the Company for the Period amounted to approximately HK\$115 million (2021: approximately HK\$37 million). The substantial increase in profit attributable to equity holders of the Company was mainly attributable to the increase in foreign exchange gains of the Group as discussed above.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, total bank borrowings of the Group amounted to approximately HK\$4,769 million (31 December 2021: approximately HK\$4,853 million), representing a decrease of approximately 1.7% as compared with that of 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 30 June 2022, the Group's bank loans denominated in USD, New Taiwan dollars and RMB were approximately HK\$4,705 million (31 December 2021: approximately HK\$4,431 million), approximately HK\$29 million (31 December 2021: approximately HK\$27 million) and approximately HK\$35 million (31 December 2021: HK\$395 million), respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES (continued)

During the Period, the Group's net cash flows from operating activities increased to approximately HK\$764 million from approximately HK\$720 million in the corresponding period of last year, which was mainly attributable to the decrease in trade receivables. As a result of the purchase of new manufacturing facility 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\$326 million (2021: approximately HK\$563 million). During the Period, due to the repayment of bank borrowings, the Group recorded a net cash outflow from financing activities of approximately HK\$139 million (2021: approximately HK\$350 million). As at 30 June 2022, the Group had cash and bank balances of approximately HK\$1,139 million (31 December 2021: approximately HK\$849 million).

As at 30 June 2022, the Group's gearing ratio calculated as total bank borrowings of approximately HK\$4,769 million (31 December 2021: approximately HK\$4,853 million) divided by total assets of approximately HK\$16,257 million (31 December 2021: approximately HK\$17,249 million) increased to approximately 29.3% (31 December 2021: approximately 28.1%), which was mainly due to the decrease in total assets as at 30 June 2022 as compared with that as at 31 December 2021.

FINANCIAL RATIOS

As the Group imposed tightened inventory control policies, the inventory turnover days of the Group during the Period decreased to approximately 109 days (2021: approximately 115 days). As at 30 June 2022, there was a decrease in the Group's inventories of approximately 2.2% to approximately HK\$2,561 million (31 December 2021: approximately HK\$2,620 million).

Trade receivables turnover days of the Group during the Period increased significantly to approximately 135 days (2021: approximately 102 days) due to slower settlements from customers of the Group. Trade receivables as at 30 June 2022 decreased by approximately 17.9% to approximately HK\$3,529 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 Period decreased to approximately 42 days (2021: approximately 48 days) due to the decrease in purchases of production materials in the second quarter of 2022 in order to strengthen the control of the Group's inventory levels.

PLEDGE OF ASSETS

As at 30 June 2022, certain land and buildings of the Group with a net carrying amount of approximately HK\$21 million (31 December 2021: approximately 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, 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 of approximately HK\$225 million (2021: foreign exchange losses of approximately HK\$73 million) and fair value losses on derivative financial instruments, net of approximately HK\$49 million (2021: approximately HK\$12 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 34,000 employees (2021: approximately 41,000 employees) and recorded staff costs of approximately HK\$1,520 million (2021: approximately HK\$1,921 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 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\$323 million (31 December 2021: approximately HK\$795 million).

CONTINGENT LIABILITIES

As at 30 June 2022, 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 2022, 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 (Note 3)
		Personal interests	Interests of spouse	Other interests	Total interests	
Mr. Cheng Li-Yen	Shares	-	-	303,240,986 (Note 1)	303,240,986	25.27%
Mr. Cheng Li-Yu	Shares	23,408,000	7,064,046	303,240,986 (Note 1)	333,713,032	27.81%
Mr. Cherng Chia-Jiun	Shares	210,000	-	-	210,000	0.02%
	Equity Derivatives: Share Options (Note 2)	360,000	-	-	360,000	0.03%
					570,000	0.05%
Mr. Chiu Hui-Chin	Shares	5,900,000	-	-	5,900,000	0.49%
	Equity Derivatives: Share Options (Note 2)	600,000	-	-	600,000	0.05%
					6,500,000	0.54%
Mr. Huang Kuo-Kuang	Shares	8,285,866	2,300,631	-	10,586,497	0.88%
	Equity Derivatives: Share Options (Note 2)	504,000	-	-	504,000	0.04%
					11,090,497	0.92%

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 (Note 3)
		Personal interests	Interests of spouse	Other interests	Total interests	
Mr. Lin Feng-Chieh	Shares	1,824,000	-	-	1,824,000	0.15%
	Equity Derivatives: Share Options (Note 2)	600,000	-	-	600,000	0.05%
					<u>2,424,000</u>	<u>0.20%</u>
Mr. Tsai Wen-Yu	Shares	146,000	-	-	146,000	0.01%
	Equity Derivatives: Share Options (Note 2)	360,000	-	-	360,000	0.03%
					<u>506,000</u>	<u>0.04%</u>
Mr. Tsui Yung Kwok	Shares	6,156,000	-	-	6,156,000	0.51%
	Equity Derivatives: Share Options (Note 2)	1,008,000	-	-	1,008,000	0.09%
					<u>7,164,000</u>	<u>0.60%</u>
Mr. Yip Wai Ming	Shares	248,000	-	-	248,000	0.02%
	Equity Derivatives: Share Options (Note 2)	288,000	-	-	288,000	0.02%
					<u>536,000</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 held in the name of East Asia International Trustees Limited as trustee for the Cheng Family Trust which was founded by Mr. Cheng Li-Yu. The beneficiaries of the Cheng Family Trust include Mr. Cheng Li-Yu and Mr. Cheng Li-Yen. Mr. Cheng Li-Yu and Mr. Cheng Li-Yen were deemed to be interested in all the Shares in which Southern Asia 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.
- These percentages are calculated on the basis of 1,200,008,445 Shares of the Company in issue as at 30 June 2022.

OTHER INFORMATION

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

Save as disclosed above, as at 30 June 2022, 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.

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 the 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 the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Share Option Scheme will remain in force for a period of 10 years commencing from the date of adoption, i.e. 11 May 2015. Further details are disclosed in note 13 to the interim financial information.

The following Share Options were outstanding under the Share Option Scheme during the Period:

Name or category of participant	Number of Share Options					At 30 June 2022	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2022	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
Directors										
Mr. Cherng Chia-Jiun	72,000	-	-	-	-	72,000	3-9-2018	7-11-2018 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2019 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2020 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	<u>360,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,000</u>				
Mr. Chiu Hui-Chin	300,000	-	-	-	-	300,000	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	300,000	-	-	-	-	300,000	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>600,000</u>				

OTHER INFORMATION

SHARE OPTION SCHEME (continued)

Name or category of participant	Number of Share Options					At 30 June 2022	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2022	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
Mr. Huang Kuo-Kuang	252,000	-	-	-	-	252,000	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	252,000	-	-	-	-	252,000	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	504,000	-	-	-	-	504,000				
Mr. Lin Feng-Chieh	300,000	-	-	-	-	300,000	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	300,000	-	-	-	-	300,000	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	600,000	-	-	-	-	600,000				
Mr. Tsai Wen-Yu	72,000	-	-	-	-	72,000	3-9-2018	7-11-2018 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2019 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2020 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	360,000	-	-	-	-	360,000				
Mr. Tsui Yung Kwok	252,000	-	-	-	-	252,000	3-9-2018	7-11-2019 to 31-8-2024	HK\$1.48	HK\$1.48
	252,000	-	-	-	-	252,000	3-9-2018	7-11-2020 to 31-8-2024	HK\$1.48	HK\$1.48
	252,000	-	-	-	-	252,000	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	252,000	-	-	-	-	252,000	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	1,008,000	-	-	-	-	1,008,000				
Mr. Yip Wai Ming	72,000	-	-	-	-	72,000	3-9-2018	7-11-2019 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2020 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	288,000	-	-	-	-	288,000				

OTHER INFORMATION

SHARE OPTION SCHEME (continued)

Name or category of participant	Number of Share Options					At 30 June 2022	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2022	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
Other employees										
In aggregate	40,400	-	-	-	-	40,400	3-9-2018	7-11-2018 to 31-8-2024	HK\$1.48	HK\$1.48
	66,400	-	-	-	-	66,400	3-9-2018	7-11-2019 to 31-8-2024	HK\$1.48	HK\$1.48
	70,400	-	-	-	-	70,400	3-9-2018	7-11-2020 to 31-8-2024	HK\$1.48	HK\$1.48
	14,808,400	-	-	-	(372,000)	14,436,400	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	14,806,400	-	-	-	(372,000)	14,434,400	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	<u>29,792,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(744,000)</u>	<u>29,048,000</u>				
	<u>33,512,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(744,000)</u>	<u>32,768,000</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 Share Option Scheme.

SHARE AWARD PLAN

On 19 May 2017, a trust deed (the "Trust Deed") was entered into between the Company as settlor and Bank of Communications Trustee Limited as trustee (the "Trustee") in relation to the establishment of a trust (the "Trust") and adoption of a share award plan (the "Plan"). The purpose of the Plan is to recognize the contribution by eligible participants under the Plan 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 with 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. 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.

OTHER INFORMATION

SHARE AWARD PLAN (continued)

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

The Plan will remain in force for a period of 30 years since the date of adoption of the Plan. Early termination may be done by the Board.

During the Period, no share award has been granted by the Board to any eligible participants.

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

As at 30 June 2022, 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:

Long positions

Name of shareholders	Capacity and nature of interest	Number of Shares	Approximate percentage of the Company's issued share capital (Note 3)
Southern Asia	Beneficial owner	303,240,986	25.27%
Shine Century Assets Corp. (Note 1)	Interest of controlled corporations	303,240,986	25.27%
East Asia International Trustees Limited (Note 1)	Trustee	303,240,986	25.27%
Ms. Lin Mei-Li (Note 2)	Beneficial owner Interest of spouse	7,064,046 <u>326,648,986</u>	0.59% <u>27.22%</u>
		<u>333,713,032</u>	<u>27.81%</u>
Bank of Communications Trustee Limited	Trustee	354,345,774	29.53%

OTHER INFORMATION

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

Notes:

1. 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 held in the name of East Asia International Trustees Limited as trustee for the Cheng Family Trust. Shine Century Assets Corp. was deemed to be interested in all the Shares in which Southern Asia is interested by virtue of the SFO. East Asia International Trustees 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 and Mr. Cheng Li-Yen in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company" above.
2. 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.
3. These percentages are calculated on the basis of 1,200,008,445 Shares of the Company in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, 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.

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS

Change in Directors' biographical details for the Period and up to the date of this interim report, which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules are set out below:

Name of Directors	Details of change
Mr. Chiu Hui-Chin	Mr. Chiu Hui-Chin ceased to be the chief executive officer of the Company and has been appointed as the chief strategy officer of the Company with effect from 16 March 2022.
Mr. Cheng Li-Yu	Mr. Cheng Li-Yu has been appointed as the chief executive officer of the Company with effect from 16 March 2022.
Mr. Yip Wai Ming	Mr. Yip Wai Ming resigned as an independent non-executive director, the chairman of the remuneration and assessment committee of the board of directors and the member of the audit committee of the board of directors of Poly Culture Group Corporation Limited (stock code: 3636) with effect from 21 June 2022.

Save as disclosed above, there are no other matters required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules or required to be brought to the attention of the shareholders of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

OTHER INFORMATION

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 Part 2 of Appendix 14 to the Listing Rules. The Company and its corporate governance committee 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. 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 condensed 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 and Chief Executive Officer

Hong Kong, 17 August 2022