

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



巨騰國際控股有限公司

JU TENG INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3336)

**ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Financial Highlights

- Revenue for the year ended 31 December 2023 was approximately HK\$6,936 million, representing a decrease of approximately 16.0%.
- Gross profit for the year ended 31 December 2023 was approximately HK\$508 million, representing an increase of approximately 9.4%.
- Gross profit margin for the year ended 31 December 2023 increased to approximately 7.3% from approximately 5.6% for the year ended 31 December 2022.
- Loss attributable to equity holders of the Company for the year ended 31 December 2023 was approximately HK\$231 million, as compared to the profit attributable to equity holders of the Company of approximately HK\$172 million for the year ended 31 December 2022.
- Basic loss per share attributable to equity holders of the Company for the year ended 31 December 2023 was approximately HK27.3 cents, as compared to the basic earnings per share attributable to equity holders of the Company of approximately HK20.4 cents for the year ended 31 December 2022.
- Net asset value per share attributable to equity holders of the Company as at 31 December 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 consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
REVENUE	3	6,936,056	8,255,947
Cost of sales		<u>(6,428,556)</u>	<u>(7,792,204)</u>
Gross profit		507,500	463,743
Other income and gains	3	279,626	1,093,976
Selling and distribution expenses		(145,996)	(170,007)
Administrative expenses		(518,044)	(635,639)
Other expenses		(75,122)	(391,986)
Finance costs	4	(214,562)	(121,573)
Share of loss of an associate		<u>(47)</u>	<u>(7)</u>
PROFIT/(LOSS) BEFORE TAX	5	(166,645)	238,507
Income tax expense	6	<u>(162,176)</u>	<u>(180,404)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>(328,821)</u>	<u>58,103</u>
Attributable to:			
Equity holders of the Company		(230,815)	172,149
Non-controlling interests		<u>(98,006)</u>	<u>(114,046)</u>
		<u>(328,821)</u>	<u>58,103</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
- Basic (HK cents)		<u>(27.3)</u>	<u>20.4</u>
- Diluted (HK cents)		<u>(27.3)</u>	<u>20.4</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
PROFIT/(LOSS) FOR THE YEAR	<u>(328,821)</u>	<u>58,103</u>
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive expenses that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(309,785)	(1,091,711)
Release of exchange fluctuation reserve upon disposal of a subsidiary	<u>(15,993)</u>	<u>-</u>
	<u>(325,778)</u>	<u>(1,091,711)</u>
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	11,824	(5,429)
Income tax effect	<u>(1,437)</u>	<u>-</u>
	<u>10,387</u>	<u>(5,429)</u>
OTHER COMPREHENSIVE EXPENSES FOR THE YEAR, NET OF TAX	<u>(315,391)</u>	<u>(1,097,140)</u>
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR	<u>(644,212)</u>	<u>(1,039,037)</u>
Attributable to:		
Equity holders of the Company	(530,656)	(738,373)
Non-controlling interests	<u>(113,556)</u>	<u>(300,664)</u>
	<u>(644,212)</u>	<u>(1,039,037)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		5,679,602	6,587,803
Right-of-use assets		807,247	887,421
Deferred tax assets		7,102	14,210
Prepayments for acquisition of property, plant and equipment		7,974	30,356
Investment in an associate		-	12,654
Equity investment designated at fair value through other comprehensive income		<u>25,236</u>	<u>13,489</u>
Total non-current assets		<u>6,527,161</u>	<u>7,545,933</u>
CURRENT ASSETS			
Inventories		1,538,625	2,193,695
Trade receivables	9	2,486,447	2,420,946
Prepayments, deposits and other receivables		178,093	193,690
Pledged and restricted bank balances		111,876	102,659
Cash and cash equivalents		<u>1,221,852</u>	<u>1,706,797</u>
		5,536,893	6,617,787
Non-current assets classified as held for sale		<u>91,460</u>	<u>26,210</u>
Total current assets		<u>5,628,353</u>	<u>6,643,997</u>
CURRENT LIABILITIES			
Trade and bills payables	10	890,797	822,603
Other payables and accruals		1,077,187	1,445,517
Lease liabilities		133,100	244,513
Tax payable		39,189	51,245
Derivative financial instruments		-	1,676
Interest-bearing bank and other borrowings		<u>2,539,139</u>	<u>3,048,744</u>
Total current liabilities		<u>4,679,412</u>	<u>5,614,298</u>
NET CURRENT ASSETS		<u>948,941</u>	<u>1,029,699</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,476,102</u>	<u>8,575,632</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		597,475	994,384
Deferred income		40,922	42,625
Lease liabilities		9,265	21,764
Deferred tax liabilities		71,648	73,572
Total non-current liabilities		<u>719,310</u>	<u>1,132,345</u>
Net assets		<u>6,756,792</u>	<u>7,443,287</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	11	120,001	120,001
Reserves		<u>5,345,443</u>	<u>5,918,382</u>
		5,465,444	6,038,383
Non-controlling interests		<u>1,291,348</u>	<u>1,404,904</u>
Total equity		<u>6,756,792</u>	<u>7,443,287</u>

NOTES

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

This financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and an equity investment designated at fair value through other comprehensive income which have been measured at fair value. Non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. This financial information is presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

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

HKFRS 17	<i>Insurance Contracts</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 this financial information.

2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the business of manufacture and sale of casings for notebook computer and handheld devices. For management purposes, the Group operates in one business unit based on its casing products, and has one reportable operating segment.

No operating segments have been aggregated to form the above reportable operating segment.

2. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(i) Revenue from external customers:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The People's Republic of China (the "PRC" or "Chinese Mainland"), excluding Hong Kong	6,495,182	7,942,911
Others	440,874	313,036
	<u>6,936,056</u>	<u>8,255,947</u>

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

During the Year, except for the revenue from external customers in the PRC, the Group's revenue derived from each of other locations was less than 10% of the Group's revenue. Comparative figures have been restated to group the revenue from external customers of other locations into "others".

(ii) Non-current assets:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The PRC, excluding Hong Kong	6,031,433	7,065,638
The Socialist Republic of Vietnam (the "Vietnam")	307,987	272,034
The Republic of China (the "ROC")	152,973	164,014
Others	2,430	16,548
	<u>6,494,823</u>	<u>7,518,234</u>

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

Information about major customers

Revenues of approximately HK\$1,659,793,000, HK\$1,441,042,000, HK\$1,033,489,000, HK\$793,395,000 and HK\$745,026,000 for the year ended 31 December 2023 were derived from sales to five major groups of customers, the revenue from each of which accounted for 10% or more of the Group's revenue.

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

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers		
Sale of casings for notebook computer and handheld devices	6,936,056	8,255,947

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Geographical markets		
The PRC, excluding Hong Kong	6,495,182	7,942,911
Others	440,874	313,036
	6,936,056	8,255,947
Timing of revenue recognition		
Goods transferred at a point in time	6,936,056	8,255,947

(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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other income and gains		
Interest income	28,167	8,676
Subsidy income [#]	38,268	121,471
Compensation income	23,054	11,075
Dividend income	334	705
Gross rental income	22,803	26,147
Reversal of impairment of trade receivables	1,574	-
Write-back of trade receivables	-	2,523
Write-off of long outstanding trade payables	-	827
Write-off of long outstanding other payables and accruals	2,110	728
Gain on disposal of a subsidiary	42,507	-
Gain on modification of a lease	7,375	-
Gain on disposal of items of property, plant and equipment and right-of-use assets, net*	-	525,446
Foreign exchange gains, net	111,780	394,900
Others	1,654	1,478
	279,626	1,093,976

3. REVENUE, OTHER INCOME AND GAINS (continued)

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

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

4. FINANCE COSTS

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank and other borrowings	223,616	131,257
Interest on lease liabilities	433	1,020
Total interest expense on financial liabilities not at fair value through profit or loss	224,049	132,277
Less: Interest capitalised	(9,487)	(10,704)
	<u>214,562</u>	<u>121,573</u>

5. PROFIT/(LOSS) BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of inventories sold	6,428,556	7,792,204
Depreciation of property, plant and equipment	812,325	1,001,293
Depreciation of right-of-use assets	21,825	23,803
Provision/(reversal of provision) for inventories, net	(40,518)	108,229
Impairment/(reversal of impairment) of trade receivables	(1,574)	1,685
Write-off/(write-back) of trade receivables	4,729	(2,523)
Loss/(gain) on disposal of items of property, plant and equipment and right-of-use assets, net	2,344	(525,446)
Loss on disposal of non-current assets classified as held for sale	964	-
Foreign exchange gains, net	(111,780)	(394,900)
Impairment of property, plant and equipment	45,000	285,401
Impairment of goodwill	-	52,488
Fair value losses on derivative financial instruments, net		
- Realised losses	15,855	40,725
- Unrealised losses	-	5,160
	<u>15,855</u>	<u>45,885</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 year ended 31 December 2023 (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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Provision for the year:		
Current – The PRC, excluding Hong Kong		
Charge for the year	162,464	103,600
Underprovision in prior years	4,916	18,756
Current – Overseas		
Charge for the year	18,754	13,465
Overprovision in prior years	(27,469)	(20,373)
Deferred tax	3,511	64,956
Total tax charge for the year	<u>162,176</u>	<u>180,404</u>

7. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Proposed final – Nil (2022: HK5 cents) per ordinary share	<u>-</u>	<u>60,000</u>

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2023.

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

The calculation of the basic loss (2022: earnings) per share amounts is based on the loss for the year attributable to equity holders of the Company of HK\$230,815,000 (2022: profit for the year attributable to equity holders of the Company of HK\$172,149,000) and the weighted average number of 845,662,671 (2022: 845,662,671) ordinary shares in issue excluding shares held under the share award plan during the year.

For the years ended 31 December 2023 and 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	2,490,039	2,426,112
Impairment	<u>(3,592)</u>	<u>(5,166)</u>
	<u>2,486,447</u>	<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.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 3 months	1,440,992	1,295,835
4 to 6 months	1,019,371	1,064,992
7 to 12 months	<u>26,084</u>	<u>60,119</u>
	<u>2,486,447</u>	<u>2,420,946</u>

10. TRADE AND BILLS PAYABLES

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

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 3 months	567,760	532,780
4 to 6 months	292,661	254,025
7 to 12 months	18,814	29,030
Over 1 year	<u>11,562</u>	<u>6,768</u>
	<u>890,797</u>	<u>822,603</u>

11. SHARE CAPITAL

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Authorised: 2,000,000,000 shares of HK\$0.1 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid: 1,200,008,445 (2022: 1,200,008,445) shares of HK\$0.1 each	<u>120,001</u>	<u>120,001</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review & Prospects

During the year ended 31 December 2023 (the “Year”), the global PC market has experienced a cold winter, mainly affected by various factors such as the global economic downturn, geopolitical situations and weak market demand, as well as a downward trend in the global PC shipments caused by the industry inventory adjustments. According to the report released by Gartner, Inc., a market research organization, 2023 was regarded as the worst year ever in the global PC industry, with a total global shipment of only 242 million units, representing a decrease of 14.8% from that of 2022. It was the first time that the total global shipments have fallen below 250 million units since 2006, due to the downturn in the PC market which in turn directly affected the demand for computer casings. However, despite the sluggish demand in the PC market and the global economic downturn, there was an indication of recovery in the global PC market later in the Year. Following the narrowing of the decline in shipments in the third quarter of the Year, the global shipments then rebounded to record 63 million units in the fourth quarter of the Year, representing an increase of 0.3% as compared with that of 2022, successfully halting their downward trend of seven consecutive quarters starting from the first quarter of 2022. Nevertheless, the business environment remains full of challenges due to the high inflation, high loan interest rates, and geopolitical conflicts, as well as various uncertainties in consumer demand and corporate procurement plans.

As one of the world’s leading notebook computer casing manufacturers, notebook computers and 2-in-1 computer casings remained as the Group’s major source of revenue. Throughout the Year, due to the weakening demand in the global PC market and the high inventory levels, demand for our products has decreased, which in turn impacted our sales revenue. Along with an indication of recovery in market demand in the second half of the Year, the Group also narrowed the decline in its product sales: during the Year, the Group recorded revenue of approximately HK\$6,936 million (2022: approximately HK\$8,256 million), representing a decrease of approximately 16% as compared with 2022. During the Year, the Group actively adjusted its product portfolios to alleviate the weakening demand caused by the global inflation and excessive market inventory, recording an improvement in gross profit margin to approximately 7.3% (2022: approximately 5.6%). However, owing mainly to the fact that during the Year, (i) financial costs significantly increased due to the increase in interest rates of United States dollars borrowings; (ii) there was no gain on disposal of items of property, plant and equipment and right-of-use assets of approximately HK\$525 million as recognised during 2022; and (iii) the Group’s subsidiaries located in the Chinese Mainland have significantly increased their dividend payments as compared with 2022, leading to an increase of approximately HK\$93 million in withholding tax expenses for the Year, the Group recorded a loss attributable to equity holders of the Company of approximately HK\$231 million for the Year (2022: profit of approximately HK\$172 million).

During the Year, the uncertain international financial situation and intensified geopolitical conflicts, as well as interest rate hikes by central banks in numerous countries and rising inflation, led to the weakening demand for notebook computers worldwide, longer-than-expected high inventory levels, and a complex and volatile market environment. For the purpose of reducing costs and increasing efficiency, the Group closely kept up with the changing trends in the global supply chain, adopted its resource allocation strategies, and gradually migrated certain of its production capacity to Vietnam. To this end, during the Year, Ju Teng Electronic Technology (Vietnam) Limited, an indirect, non-wholly-owned subsidiary of the Group, entered into construction agreements with a contractor in relation to the construction of a Vietnam production plant. For further details as to these construction agreements, please refer to the announcements of the Company dated 25 September 2023, 3 November 2023 and 13 December 2023. The Group expects to accelerate the migration, and achieve more efficient production and delivery of products, so as to meet the demands of downstream manufacturers for supply chain layout in Vietnam, improve its production flexibility and performance, and achieve a more sustainable growth.

Looking ahead, the adjustments made to the global PC inventory are expected to cease, and the supply-demand relationship is gradually returning to equilibrium. According to the report released by Gartner, Inc., the subtle increase in the PC shipments in the fourth quarter of 2023 indicates that the supply-demand relationship has finally returned to equilibrium. According to the report released by International Data Corporation, a market research organization, the PC market will resume growth in 2024. In addition, the market demand will also be boosted by the updates and iterations of AI and the operating system, in particular, as a result of AI development and Microsoft's discontinuation of support for the Windows 10 system which will accelerate the demand for product replacement. According to the prediction made by Canalys, a market research organization, it is expected that PCs equipped with AI configurations will become popular quickly from 2025 and account for about 60% of the total PC shipments in 2027, and will thereby provide momentum for the Group's revenue growth.

Despite the current global economic downturn and weak demand in the PC market, the Group remains prudently optimistic about its development prospects of this industry. As one of the world's leading computer casing manufacturers, the Group will closely monitor market trends, flexibly adjust its operation strategies and resource integration, optimize its production capacity layout, and continuously improve its production performance. The Group will actively leverage its industry-leading advantages, continuously improve its product qualities and research & development capabilities, and consolidate its industry position with quality products and services. The Group is also confident and determined in coping with the challenges and changes in the industry, and in seizing opportunities from the industry recovery to further improve its profitability and create better returns for its shareholders.

Financial Review

During the Year, mainly due to the excess inventory and weak demand for notebook computers worldwide resulting from high levels of global inflation, economic downturn and geopolitical events, the Group's revenue decreased by approximately 16.0% as compared with that of 2022 to approximately HK\$6,936 million (2022: approximately HK\$8,256 million). As the demand for the Group's product slowed down during the Year, the Group had adjusted the production scale to improve production efficiency and reduce the cost of production. Therefore the Group achieved better economies of scale in the second half of the Year, resulting in an increase in gross profit margin. The Group's gross profit margin during the Year increased to approximately 7.3% (2022: approximately 5.6%).

During the Year, other income and gains of the Group mainly consisted of foreign exchange gains, mainly resulting from the translation of trade receivables denominated in USD, of approximately HK\$112 million (2022: approximately HK\$395 million) arising from the depreciation of RMB against USD, gain on disposal of a subsidiary of approximately HK\$43 million (2022: Nil), subsidy income of approximately HK\$38 million (2022: approximately HK\$121 million), interest income of approximately HK\$28 million (2022: approximately HK\$9 million) and gross rental income of approximately HK\$23 million (2022: approximately HK\$26 million) and gain on modification of lease of approximately HK\$7 million (2022: Nil) arising from returning certain lots of the land located in Vietnam to the transferor under the supplemental agreement as disclosed in the announcement of the Company dated 10 November 2023.

Due to the absence of a gain on disposal of items of property, plant and equipment and right-of-use assets, net of approximately HK\$525 million recognised during the year ended 31 December 2022 and decrease in foreign exchange gains to approximately HK\$112 million for the Year from approximately HK\$395 million during the year ended 31 December 2022, the Group recorded a substantial decrease of approximately 74.4% in other income and gains during the Year as compared with that of 2022 to approximately HK\$280 million (2022: approximately HK\$1,094 million), accounting for approximately 4.0% (2022: approximately 13.3%) of the Group's revenue.

During the Year, the Group recorded a decrease of approximately 17.6% in operating costs, including administrative expenses and selling and distribution expenses, as compared with that of 2022 to approximately HK\$664 million (2022: approximately HK\$806 million). The decrease in the operating costs was mainly attributable to the decrease in staff costs, export charges and transportation expenses. The operating costs of the Group as a percentage of the Group's revenue decreased slightly to approximately 9.6% (2022: approximately 9.8%).

During the Year, other expenses of the Group mainly consisted of impairment of property, plant and equipment of approximately HK\$45 million (2022: approximately HK\$285 million), as the recoverable amount of the cash-generating unit is less than the carrying amount of non-financial assets as determined based on the cash flow projections, fair value losses on derivative financial instruments (i.e. the forward foreign exchange contracts) amounted to approximately HK\$16 million (2022: approximately HK\$46 million). Due to the decrease in fair value losses on derivative financial instruments, substantial reduction in impairment of property, plant and equipment and no impairment of goodwill (2022: approximately HK\$52 million), the Group recorded a decrease of approximately 80.8% in other expenses during the Year as compared with that of 2022 to approximately HK\$75 million (2022: approximately HK\$392 million), accounting for approximately 1.1% (2022: approximately 4.7%) of the Group's revenue.

Finance costs of the Group increased by approximately 76.5% as compared with that of 2022 to approximately HK\$215 million (2022: approximately HK\$122 million) for the Year, which was mainly attributable to the increase in interest rate of USD borrowings of the Group. Interest capitalised during the Year was approximately HK\$9 million (2022: approximately HK\$11 million).

As deferred tax assets have not been recognised for certain tax losses incurred by certain subsidiaries and impairment of property, plant and equipment, and withholding tax of approximately HK\$106 million was incurred on dividends distributed by certain subsidiaries located in the PRC in the Year, the Group's income tax expenses amounted to approximately HK\$162 million (2022: approximately HK\$180 million) for the Year and the Group's effective tax rate for the Year remained at a higher level.

The loss attributable to equity holders of the Company for the Year amounted to approximately HK\$231 million (2022: profit attributable to equity holders of the Company approximately HK\$172 million). The Group recorded a loss attributable to equity holders of the Company was mainly attributable to the decrease in revenue and other income and gains, and increase in finance costs as discussed above.

Liquidity and Financial Resources

As at 31 December 2023, total bank and other borrowings of the Group amounted to approximately HK\$3,137 million (31 December 2022: approximately HK\$4,043 million), representing a decrease of approximately 22.4% as compared with that as at 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 and 5-year syndicated loans. As at 31 December 2023, the Group's bank and other borrowings denominated in USD, New Taiwan dollars and RMB were approximately HK\$2,735 million (31 December 2022: approximately HK\$3,728 million), approximately HK\$20 million (31 December 2022: approximately HK\$21 million) and approximately HK\$382 million (31 December 2022: approximately HK\$294 million), respectively.

During the Year, the Group's net cash flows from operating activities decreased to approximately HK\$598 million from approximately HK\$2,256 million in 2022, which was mainly attributable to the Group's recording loss before tax and decrease in other payables in the Year, and substantial decrease in trade receivables as at 31 December 2022 as compared with that as at 31 December 2021. Due to the completion of the installation of new manufacturing facilities at the new production plant in Suzhou in 2022, the Group only recorded a net cash outflow from investing activities of approximately HK\$112 million (2022: approximately HK\$491 million) during the Year. During the Year, due to the repayment of bank borrowings, the Group recorded a net cash outflow from financing activities of approximately HK\$962 million (2022: approximately HK\$836 million). As at 31 December 2023, the Group had cash and bank balances of approximately HK\$1,222 million (31 December 2022: approximately HK\$1,707 million).

As at 31 December 2023, the Group's gearing ratio, calculated as total bank and other borrowings of approximately HK\$3,137 million (31 December 2022: approximately HK\$4,043 million) divided by total assets of approximately HK\$12,156 million (31 December 2022: approximately HK\$14,190 million), decreased to approximately 25.8% (31 December 2022: approximately 28.5%), which was mainly due to the decrease in total bank and other borrowings as at 31 December 2023 as compared with that as at 31 December 2022.

Financial Ratios

Inventory turnover days of the Group during the Year decreased to approximately 87 days (2022: approximately 103 days) mainly due to the Group's effort in inventory reduction in response to the decline in revenue. As at 31 December 2023, there was a decrease in the Group's inventories of approximately 29.9% to approximately HK\$1,539 million (31 December 2022: approximately HK\$2,194 million).

Trade receivables turnover days of the Group during the Year increased to approximately 131 days (2022: approximately 107 days) mainly due to the decline in revenue in the second half of 2022 as compared with that of the first half of 2022, resulting in a lower trade receivables turnover days in 2022. Trade receivables as at 31 December 2023 increased by approximately 2.7% to approximately HK\$2,486 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 Year increased to approximately 51 days (2022: approximately 39 days) mainly due to decrease in purchases of materials in the second half of 2022 as compared with that of the first half of 2022, resulting in a lower trade and bills payables turnover days in 2022. As at 31 December 2023, there was an increase in the Group's trade and bills payables of approximately 8.3% to approximately HK\$891 million (31 December 2022: approximately HK\$823 million).

Pledge of Assets

As at 31 December 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 certain banking facilities granted to the Group.

Foreign Exchange Exposure

Since most of the Group's revenue is denominated in USD and most of the Group's expenses are denominated in RMB, the appreciation of RMB will have adverse effect on the Group's profitability and vice versa. Accordingly, the Group has entered into forward foreign exchange contracts to mitigate possible exchange losses arising from the fluctuations in the values of the USD and RMB. During the Year, the Group recorded foreign exchange gains of approximately HK\$112 million (2022: approximately HK\$395 million) and fair value losses on derivative financial instruments, net of approximately HK\$16 million (2022: approximately HK\$46 million). The management of the Group will continue to monitor the Group's foreign currency risk exposures and adopt prudent measures as appropriate to minimise the adverse effects arising from the foreign currency fluctuations.

Employees

During the Year, the Group had approximately 23,000 employees (2022: approximately 30,000 employees) and recorded staff costs (excluding directors' remuneration) of approximately HK\$1,856 million (2022: approximately HK\$2,481 million).

The Group's employees are remunerated in line with prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. Discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and that of the individual employee. The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme for its employees in Hong Kong, and provides its PRC and ROC employees with welfare schemes as required by the applicable laws and regulations of the PRC and ROC.

Capital Commitment

As at 31 December 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\$253 million (31 December 2022: approximately HK\$93 million).

Contingent Liabilities

As at 31 December 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 Year.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2022: HK5 cents).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining members who are qualified for attending the AGM of the Company, the register of members of the Company will be closed from 10 May 2024 to 16 May 2024 (both days inclusive), during which no transfer of shares can be registered. To qualify for the attendance at the AGM of the Company, shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company (the "**Branch Share Registrar**"), Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 9 May 2024.

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 C1 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The Company and its corporate governance committee of the Company periodically review its corporate governance practices to ensure its continuous compliance with the CG Code. Save as disclosed below, the Company had complied with the code provisions of the CG Code throughout the Year.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted and applied a code of conduct regarding the Directors’ securities transaction on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, the Company is satisfied that all the Directors had fully complied with the required standards set out in the Model Code and the code of conduct of the Company for the Year.

EVENTS AFTER THE REPORTING PERIOD

Reference is made to (1) the announcements of the Company dated 22 November 2023, 13 December 2023, 12 January 2024, 25 January 2024 and 13 March 2024; and (2) the circular of the Company dated 30 January 2024 regarding the disposal of certain land and property in the PRC in relation to land resumption (the “**Disposal for Land Resumption**”). On 22 November 2023, (a) Everyday Computer Components (Suzhou) Co., Ltd (大昶電腦配件(蘇州)有限公司), an indirect wholly owned subsidiary of the Company, entered into two agreements with each of Wujiang Economic and Technological Development Zone Management Committee (吳江經濟技術開發區管理委員會) and Huaying Shixun (Wujiang) Co., Ltd* (華映視訊(吳江)有限公司) (“**Huaying Wujiang**”) for the resumption of certain plots of land it owned at an aggregate consideration of approximately RMB501.6 million; and (b) Wujiang Dading Precision Mould Co., Ltd (吳江大鼎精密模具有限公司), an indirect wholly owned subsidiary of the Company, entered into an agreement with Huaying Wujiang in relation to the resumption of a plot of land it owned at a consideration of approximately RMB78.4 million (collectively, the “**Resumption Agreements**”). Completion of each Resumption Agreement is subject to the Company’s compliance with applicable disclosure requirements under the Listing Rules, and obtaining approval from the Board and the shareholders of the Company. At the extraordinary general meeting of the Company held on 13 March 2024, the resolutions to approve, confirm and ratify each of the Resumption Agreements were duly passed as ordinary resolutions of the Company. The Disposal for Land Resumption is scheduled to be completed in 2024 and is expected to result in a gain on disposal before tax of approximately HK\$548.9 million.

AUDIT COMMITTEE

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

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website (<http://www.irasia.com/listco/hk/juteng>) and the Hong Kong Stock Exchange's website (<http://www.hkexnews.hk>). The 2023 annual report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Hong Kong Stock Exchange in due course in accordance with the Listing Rules.

By order of the Board
Ju Teng International Holdings Limited
Cheng Li-Yu
Chairman and Chief Executive Officer

Hong Kong, 18 March 2024

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.

* For identification purposes only