巨騰國際控股有限公司
JU TENG INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3336)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

Financial Highlights

- Revenue for the six months ended 30 June 2018 was approximately HK$3,946 million, representing an increase of approximately 5.3%.
- Gross profit for the six months ended 30 June 2018 was approximately HK$260 million, representing a decrease of approximately 53.6%.
- Gross profit margin for the six months ended 30 June 2018 decreased to approximately 6.6% from approximately 15% for the six months ended 30 June 2017.
- Loss attributable to equity holders of the Company for the six months ended 30 June 2018 was approximately HK$154 million, as compared to profit attributable to equity holders of the Company of HK$82 million for the corresponding period in 2017.
- Basic loss per share attributable to equity holders of the Company was approximately HK15.5 cents, as compared to basic earnings per share attributable to equity holders of the Company of HK7.3 cents in the corresponding period in 2017.
- Net asset value per share attributable to equity holders of the Company as at 30 June 2018 amounted to approximately HK$5.5 as compared with approximately HK$5.9 as at 31 December 2017.

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2018

	Notes	**30 June 2018 (Unaudited) *HK$'000***	31 December 2017 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**8,075,061**	8,462,966
Lease premium for land		**580,922**	596,427
Goodwill		**53,985**	53,985
Deferred tax assets		**73,188**	52,855
Prepayments for acquisition of property, plant and equipment		**73,477**	8,790
Equity instrument at fair value through other comprehensive income		**15,943**	24,987
Total non-current assets		**8,872,576**	9,200,010
CURRENT ASSETS			
Inventories		**1,412,992**	1,545,656
Trade receivables	9	**2,732,881**	2,744,612
Prepayments, deposits and other receivables		**314,858**	354,903
Pledged and restricted bank balances		**75,035**	39,809
Cash and cash equivalents		**670,947**	1,750,770
Total current assets		**5,206,713**	6,435,750
CURRENT LIABILITIES			
Trade and bills payables	10	**843,936**	919,973
Other payables and accruals		**1,281,742**	1,491,665
Tax payable		**136,799**	200,547
Interest-bearing bank borrowings		**2,325,547**	2,463,662
Total current liabilities		**4,588,024**	5,075,847
NET CURRENT ASSETS		**618,689**	1,359,903
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,491,265**	10,559,913
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**1,482,884**	2,005,317
Deferred income		**100,158**	154,127
Deferred tax liabilities		**55,679**	52,084
Total non-current liabilities		**1,638,721**	2,211,528
Net assets		**7,852,544**	8,348,385
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	11	**114,755**	114,755
Reserves		**6,154,508**	6,632,921
		6,269,263	6,747,676
Non-controlling interests		**1,583,281**	1,600,709
Total equity		**7,852,544**	8,348,385

NOTES

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

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

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

<u>New and revised HKFRSs</u>

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

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

HKFRS 9 Financial Instruments

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

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

(i) Classification and measurement

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

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

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

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade receivables and financial assets included in prepayments, deposits and other receivables.

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under HKFRS 9. Under HKAS 39, the Group's equity instruments were classified as available-for-sale investments.

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

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

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

(ii) Impairment

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

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

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

HKFRS 15 Revenue from Contracts with Customers

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

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

2. OPERATING SEGMENT INFORMATION

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

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

Geographical information

Revenue from external customers:

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

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

3. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

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

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

4. FINANCE COSTS

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

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

5. PROFIT/(LOSS) BEFORE TAX

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

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

6. INCOME TAX

Hong Kong profits tax has not been provided as the Group did not have any assessable profits arising in Hong Kong during the Period (six months ended 30 June 2017: Nil). Taxes on assessable profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

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

7. INTERIM DIVIDEND

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

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

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

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

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

9.

9. TRADE RECEIVABLES

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

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

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

10. TRADE AND BILLS PAYABLES

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

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

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

11. SHARE CAPITAL

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review & Prospect

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

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

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

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

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

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

Financial Review

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

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

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

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

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

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

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

Liquidity and Financial Resources

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

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

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

Financial Ratios

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

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

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

Pledge of Assets

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

Foreign Exchange Exposure

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

Employees

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

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

Capital Commitment

As at 30 June 2018, the capital commitments which the Group had contracted for but were not provided for in the financial information in respect of the acquisition of land, buildings, machinery and office equipment amounted to approximately HK$260 million (31 December 2017: approximately HK$206 million).

Contingent Liabilities

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE PRACTICES

The Company continues to devote much effort on formulating and implementing sufficient corporate governance practices which it believes is crucial to its healthy growth and its business needs.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"). The Company and the corporate governance committee of the Company periodically review its corporate governance practices to ensure its continuous compliance with the CG Code. The Company had complied with the code provisions of the CG Code throughout the Period.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted and applied a code of conduct regarding the Directors' securities transaction on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company is satisfied that all the Directors have fully complied with the required standards set out in the Model Code and the code of conduct of the Company during the Period.

AUDIT COMMITTEE

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the Company's website (http://www.irasia.com/listco/hk/juteng) and the Hong Kong Stock Exchange's website (http://www.hkexnews.hk). The 2018 interim 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

Hong Kong, 24 August 2018

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, and the independent non-executive Directors are Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming.