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巨騰國際控股有限公司

JU TENG INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3336)

**ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Financial Highlights

- Revenue for the year ended 31 December 2021 was approximately HK\$11,283 million, representing an increase of approximately 12.5%.
- Gross profit for the year ended 31 December 2021 was approximately HK\$1,213 million, representing a decline of approximately 15.5%.
- Gross profit margin for the year ended 31 December 2021 decreased to approximately 10.7% from approximately 14.3% for the year ended 31 December 2020.
- Profit attributable to equity holders of the Company for the year ended 31 December 2021 was approximately HK\$162 million, representing an increase of approximately 24.4%.
- Basic earnings per share attributable to equity holders of the Company for the year ended 31 December 2021 was approximately HK19.2 cents, representing an increase of approximately 27.2%.
- Net asset value per share attributable to equity holders of the Company as at 31 December 2021 was approximately HK\$5.7 as compared with approximately HK\$5.4 as at 31 December 2020.

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 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

| | Notes | 2021 HK\$'000 | 2020 HK\$'000 |
|---|-------|-------------------------|--------------------|
| REVENUE | 3 | 11,282,979 | 10,029,519 |
| Cost of sales | | <u>(10,070,265)</u> | <u>(8,594,772)</u> |
| Gross profit | | 1,212,714 | 1,434,747 |
| Other income and gains | 3 | 180,197 | 116,245 |
| Selling and distribution expenses | | (224,161) | (155,537) |
| Administrative expenses | | (756,298) | (697,522) |
| Other expenses | | (148,455) | (320,079) |
| Finance costs | 4 | <u>(63,802)</u> | <u>(92,332)</u> |
| PROFIT BEFORE TAX | 5 | 200,195 | 285,522 |
| Income tax expense | 6 | <u>(142,646)</u> | <u>(128,503)</u> |
| PROFIT FOR THE YEAR | | <u>57,549</u> | <u>157,019</u> |
| Attributable to: | | | |
| Equity holders of the Company | | 162,396 | 130,506 |
| Non-controlling interests | | <u>(104,847)</u> | <u>26,513</u> |
| | | <u>57,549</u> | <u>157,019</u> |
| EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | 8 | | |
| - Basic (HK cents) | | <u>19.2</u> | <u>15.1</u> |
| - Diluted (HK cents) | | <u>19.1</u> | <u>14.8</u> |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*Year ended 31 December 2021*

| | 2021 HK\$'000 | 2020 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| PROFIT FOR THE YEAR | <u>57,549</u> | <u>157,019</u> |
| OTHER COMPREHENSIVE INCOME/(EXPENSES) | | |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | <u>356,114</u> | <u>823,270</u> |
| Other comprehensive expenses that will not be reclassified to profit or loss in subsequent periods: | | |
| Equity investment designated at fair value through other comprehensive income: | | |
| Change in fair value | (5,460) | (2,515) |
| Income tax effect | <u>1,246</u> | <u>509</u> |
| | <u>(4,214)</u> | <u>(2,006)</u> |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX | <u>351,900</u> | <u>821,264</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>409,449</u> | <u>978,283</u> |
| Attributable to: | | |
| Equity holders of the Company | 450,470 | 803,599 |
| Non-controlling interests | <u>(41,021)</u> | <u>174,684</u> |
| | <u>409,449</u> | <u>978,283</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

| | Notes | 2021 HK\$'000 | 2020 HK\$'000 |
|--|-------|------------------|------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 8,169,862 | 7,858,301 |
| Right-of-use assets | | 685,825 | 664,566 |
| Goodwill | | 52,488 | 52,488 |
| Deferred tax assets | | 69,806 | 68,091 |
| Prepayments for acquisition of property, plant and equipment | | 43,315 | 183,072 |
| Equity investment designated at fair value through other comprehensive income | | 18,879 | 24,218 |
| Total non-current assets | | <u>9,040,175</u> | <u>8,850,736</u> |
| CURRENT ASSETS | | | |
| Inventories | | 2,620,078 | 2,292,404 |
| Trade receivables | 9 | 4,297,352 | 3,975,767 |
| Prepayments, deposits and other receivables | | 364,050 | 370,295 |
| Derivative financial instruments | | 3,680 | - |
| Pledged and restricted bank balances | | 74,744 | 38,311 |
| Cash and cash equivalents | | 848,600 | 928,674 |
| Total current assets | | <u>8,208,504</u> | <u>7,605,451</u> |
| CURRENT LIABILITIES | | | |
| Trade and bills payables | 10 | 1,333,045 | 1,399,513 |
| Other payables and accruals | | 2,337,001 | 2,106,296 |
| Lease liabilities | | 1,416 | 2,155 |
| Tax payable | | 68,286 | 128,023 |
| Derivative financial instrument | | 216 | - |
| Interest-bearing bank borrowings | | 3,554,599 | 3,061,696 |
| Total current liabilities | | <u>7,294,563</u> | <u>6,697,683</u> |
| NET CURRENT ASSETS | | <u>913,941</u> | <u>907,768</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>9,954,116</u> | <u>9,758,504</u> |
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing bank borrowings | | 1,298,055 | 1,430,951 |
| Deferred income | | 47,329 | 46,894 |
| Lease liabilities | | 581 | 1,180 |
| Deferred tax liabilities | | 60,450 | 61,696 |
| Total non-current liabilities | | <u>1,406,415</u> | <u>1,540,721</u> |
| Net assets | | <u>8,547,701</u> | <u>8,217,783</u> |
| EQUITY | | | |
| Equity attributable to equity holders of the Company | | | |
| Issued capital | 11 | 120,001 | 120,001 |
| Reserves | | 6,722,132 | 6,351,193 |
| | | <u>6,842,133</u> | <u>6,471,194</u> |
| Non-controlling interests | | <u>1,705,568</u> | <u>1,746,589</u> |
| Total equity | | <u>8,547,701</u> | <u>8,217,783</u> |

NOTES

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

This financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and an equity investment designated at fair value through other comprehensive income which have been measured at fair value. This financial information is presented in Hong Kong dollars (“**HK\$**” or “**HKD**”) and all values are rounded to the nearest thousand except when otherwise indicated.

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

| | |
|---|---|
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | <i>Interest Rate Benchmark Reform – Phase 2</i> |
|---|---|

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

2. OPERATING SEGMENT INFORMATION

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

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

2. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(i) Revenue from external customers:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| The People's Republic of China (the "PRC" or "Mainland China"), excluding Hong Kong | 11,076,119 | 9,884,929 |
| The Republic of China (the "ROC") | 95,023 | 89,218 |
| Others | 111,837 | 55,372 |
| | <u>11,282,979</u> | <u>10,029,519</u> |

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

(ii) Non-current assets:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|------------------------------|-------------------------|-------------------------|
| The PRC, excluding Hong Kong | 8,762,564 | 8,587,760 |
| The ROC | 187,718 | 167,752 |
| Others | 1,208 | 2,915 |
| | <u>8,951,490</u> | <u>8,758,427</u> |

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

Information about major customers

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

Revenues of approximately HK\$3,004,469,000, HK\$1,919,813,000, HK\$1,503,889,000 and HK\$1,316,667,000 for the year ended 31 December 2020 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:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|--------------------------|--------------------------|
| Revenue from contracts with customers | | |
| Sale of casings for notebook computer and handheld devices | <u>11,282,979</u> | <u>10,029,519</u> |

Revenue from contracts with customers

(i) Disaggregated revenue information

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--------------------------------------|--------------------------|--------------------------|
| Geographical markets | | |
| The PRC, excluding Hong Kong | 11,076,119 | 9,884,929 |
| The ROC | 95,023 | 89,218 |
| Others | <u>111,837</u> | <u>55,372</u> |
| | <u>11,282,979</u> | <u>10,029,519</u> |
| Timing of revenue recognition | | |
| Goods transferred at a point in time | <u>11,282,979</u> | <u>10,029,519</u> |

(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:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Interest income | 10,495 | 9,440 |
| Subsidy income [#] | 93,372 | 71,102 |
| Compensation income | 984 | 7,627 |
| Gross rental income | 26,248 | 24,643 |
| Reversal of impairment of trade receivables | 1,602 | - |
| Write-back of trade receivables | - | 425 |
| Write-off of long outstanding trade payables | - | 173 |
| Write-off of long outstanding other payables and accruals | 9,699 | 2,373 |
| Fair value gains on derivative financial instruments, net | | |
| - Realised gains | 34,038 | - |
| - Unrealised gains | 3,450 | - |
| Others | <u>309</u> | <u>462</u> |
| | <u>180,197</u> | <u>116,245</u> |

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

4. FINANCE COSTS

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

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Interest on bank loans | 73,493 | 100,696 |
| Interest on lease liabilities | <u>103</u> | <u>163</u> |
| Total interest expense on financial liabilities not at fair value through profit or loss | 73,596 | 100,859 |
| Less: Interest capitalised | <u>(9,794)</u> | <u>(8,527)</u> |
| | <u>63,802</u> | <u>92,332</u> |

5. PROFIT BEFORE TAX

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

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Cost of inventories sold | 10,070,265 | 8,594,772 |
| Depreciation of property, plant and equipment | 1,053,492 | 931,341 |
| Depreciation of right-of-use assets | 18,016 | 16,114 |
| Provision/(reversal of provision) for inventories, net | (19,480) | 156,445 |
| Impairment/(reversal of impairment) of trade receivables | (1,602) | 3,174 |
| Write-off/(write-back) of trade receivables | 4,976 | (425) |
| Loss on disposal of items of property, plant and equipment, net | 6,473 | 6,095 |
| Foreign exchange losses, net | 132,823 | 306,541 |
| Fair value gains on derivative financial instruments, net | | |
| - Realised gains | (34,038) | - |
| - Unrealised gains | <u>(3,450)</u> | <u>-</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 (2020: 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.

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Provision for the year: | | |
| Current – The PRC, excluding Hong Kong | | |
| Charge for the year | 155,043 | 153,032 |
| Underprovision in prior years | 9,719 | 11,211 |
| Current – Overseas | | |
| Charge for the year | 11,635 | 9,472 |
| Overprovision in prior years | (33,904) | (43,004) |
| Deferred tax | 153 | (2,208) |
| Total tax charge for the year | <u>142,646</u> | <u>128,503</u> |

7. DIVIDENDS

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Proposed final – HK8 cents (2020: HK10 cents) per ordinary share (Note) | <u>96,001</u> | <u>120,001</u> |

Note:

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to equity holders of the Company of HK\$162,396,000 (2020: HK\$130,506,000) and the weighted average number of 845,662,671 (2020: 862,413,185) ordinary shares in issue excluding shares held under the share award plan during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to equity holders of the Company of HK\$162,396,000 (2020: HK\$130,506,000). The weighted average number of ordinary shares used in the calculation is 845,662,671 (2020: 862,413,185) ordinary shares in issue excluding shares held under the share award plan during the year, as used in the basic earnings per share calculation, and the weighted average number of 3,968,729 (2020: 17,449,328) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

9. TRADE RECEIVABLES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|-------------------|-------------------------|-------------------------|
| Trade receivables | 4,300,833 | 3,980,850 |
| Impairment | <u>(3,481)</u> | <u>(5,083)</u> |
| | <u>4,297,352</u> | <u>3,975,767</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:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|-----------------|-------------------------|-------------------------|
| Within 3 months | 2,780,363 | 2,704,435 |
| 4 to 6 months | 1,487,320 | 1,078,759 |
| 7 to 12 months | <u>29,669</u> | <u>192,573</u> |
| | <u>4,297,352</u> | <u>3,975,767</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, is as follows:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|-----------------|-------------------------|-------------------------|
| Within 3 months | 1,093,965 | 1,144,505 |
| 4 to 6 months | 215,514 | 238,825 |
| 7 to 12 months | 14,361 | 10,047 |
| Over 1 year | <u>9,205</u> | <u>6,136</u> |
| | <u>1,333,045</u> | <u>1,399,513</u> |

11. SHARE CAPITAL

| | 2021 <i>HK\$'000</i> | 2020 <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 (2020: 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

Since the outbreak of 2019 new coronavirus pneumonia pandemic, the continuous lockdown of cities and towns, remote working and learning in various countries have driven the growth of the global market of personal computers (“PC”). The global PC market ushered in a stronger-than-expected momentum, with the consumers’ demand for remote learning and home office continuing to increase, families buying new computers for school children to attend virtual classes, and enterprises also purchasing related equipment for employees working from home. According to the latest survey results released by International Data Corporation (“IDC”), a market research organization, the global PC shipments (including desktop and notebook computers) in 2021 hit a nearly decade record high of 348.8 million units, representing an increase of 14.8% year-on-year and also the highest level of PC shipments since 2012. In the second half of 2021, with the rising vaccination rates in countries all over the world and the entering of the post-pandemic recovery era, there was an indication that the demand in the traditional PC market in many regions began to slow down after reaching the peak in early 2021. According to a report released by Gartner, Inc., another market research organization, the global PC shipments decreased by 5% from the fourth quarter in 2020 to 88.4 million units in the same period of 2021, representing the first slowdown after the six-quarter consecutive growth, especially for Chromebooks, which are mainly used for educational purposes. According to the latest research results of IDC, the Chromebook shipments in the fourth quarter of 2021 dropped by 63.6% as compared with the same period of last year, mainly due to the majority of initial demand for Chromebooks in principal markets such as Europe and the United States having been met, which resulted in a slowdown in overall shipments.

As one of the world’s leading notebook computer casing manufacturers, the Company has been actively grasping market opportunities. Notebook computer, 2-in-1 computer, and tablet computer casings remained the Group’s major source of revenue. The Group saw a promising improvement in its business as driven by the surge in shipments in the PC market. During the year ended 31 December 2021, the Group’s revenue increased by approximately 12.5% to approximately HK\$11,283 million (2020: approximately HK\$10,030 million). The surge in shipments of Chromebooks in the first half of 2021 also propelled the significant growth in the shipments of plastic casings for the year. As a result, plastic casings, which have lower profit margin than metal casings, accounted for a higher proportion of the Group’s sales for the year. In addition, most of the Group’s revenue is denominated in United States dollar (“USD”), while production costs and labor costs are denominated in Renminbi (“RMB”). During the year, as the repeated significant appreciation of RMB against USD was observed and the market continued to be affected by issues such as shortage of parts and logistics, the Group recorded a significant increase in production costs and operating costs.

Against the backdrop of uncertainties such as intensified global financial conditions, fluctuating interest rates and changing currency policies of the United States, the Group recorded significant exchange losses due to the appreciation of RMB against USD last year. In view of this, the Group has implemented currency hedging measures in the second half of 2021 to reduce possible exchange losses caused by the fluctuations of USD against RMB. The measures were able to mitigate the impact of exchange losses recorded for the year.

Going forward, the Group will make strategic decisions for resource allocation by expanding and gradually relocating part of its production capacity to Vietnam, so as to take advantage of Vietnam's competitive manufacturing industry, especially in terms of its lower labor costs and enhanced transport infrastructures, and to keep up with trends of the global supply chains.

The market demand for PC is generally expected to develop steadily. In addition, the Windows 11 operating system, as the latest-generation operating system, was officially launched by Microsoft for the year. With the official launch of new operating system by Microsoft, it is expected that enterprises and business users will replace their PC with new ones, which is expected to become the growth momentum of the PC market in the coming year, and to offset the decline in the demand of consumer segment and Chromebooks for educational use, and to drive the increase in the proportion of the Group's metal casing shipments.

Ju Teng remains prudently optimistic about its development prospects of this industry, and will continue to exert further effort on the technology and marketing relating to metal casings, which command higher unit prices than plastic casings, to seize new opportunities in the coming year. While maintaining the sound development of its main business, Ju Teng will seek to optimize its operating strategies to prepare for the future and overcome any changes that may occur in the business environment. While consolidating its internal competencies, Ju Teng will also continue to closely monitor and keep up the market trends, improve its product portfolio and seize future opportunities to increase its market share, maintain stable business development and enhance its profitability, and strive to create better investment returns for its shareholders.

Financial Review

During the year, the demand for notebook computer used for work from home and online learning remained high, resulting in the increase in shipment. As a result, the Group's revenue increased by approximately 12.5% as compared with that of 2020 to approximately HK\$11,283 million (2020: approximately HK\$10,030 million). The Group's gross profit margin during the year decreased to approximately 10.7% (2020: approximately 14.3%), which was mainly attributable to the higher proportion of shipment for plastic casing products which have relatively lower gross profit margin as compared with that of the metal casing products, and the appreciation of RMB against HKD during the year by approximately 7.2% as compared with that of 2020. Appreciation of RMB against HKD during the year led to an increase in the Group's production costs as most of the Group's production costs are denominated in RMB while most of the Group's revenue is denominated in USD.

During the year, other income and gains of the Group mainly consisted of subsidy income of approximately HK\$93 million (2020: approximately HK\$71 million), interest income of approximately HK\$10 million (2020: approximately HK\$9 million), gross rental income of approximately HK\$26 million (2020: approximately HK\$25 million), write-off of long outstanding other payables and accruals of approximately HK\$10 million (2020: approximately HK\$2 million) and fair value gains on derivative financial instruments, net (i.e. the forward foreign exchange contracts) of approximately HK\$37 million (2020: NIL). Due to the increase in subsidy income, write-off of long outstanding other payables and accruals and fair value gains on derivative financial instruments, net recorded during the year, the Group recorded a substantial increase of approximately 55.0% in other income and gains as compared with that of 2020 to approximately HK\$180 million (2020: approximately HK\$116 million), accounting for approximately 1.6% (2020: approximately 1.2%) of the Group's revenue.

During the year, the Group recorded an increase of approximately 14.9% in operating costs, including administrative expenses and selling and distribution expenses, as compared with that of 2020 to approximately HK\$980 million (2020: approximately HK\$853 million). The increase in the operating costs were mainly attributable to the increase in staff costs, import & export charges and transportation expenses. The percentage of operating costs of the Group increased to approximately 8.7% (2020: approximately 8.5%) of the Group's revenue.

During the year, other expenses of the Group mainly consisted of foreign exchange losses (mainly resulting from the translation of trade receivables denominated in USD) of approximately HK\$133 million (2020: approximately HK\$307 million) arising from the appreciation of the RMB against USD and loss on disposal of items of property, plant and equipment, net of approximately HK\$6 million (2020: approximately HK\$6 million). Due to the substantial decrease in foreign exchange losses during the year, the Group recorded a substantial decrease of approximately 53.6% in other expenses as compared with that of 2020 to approximately HK\$148 million (2020: approximately HK\$320 million), accounting for approximately 1.3% (2020: approximately 3.2%) of the Group's revenue.

Finance costs of the Group decreased by approximately 30.9% as compared with that of 2020 to approximately HK\$64 million (2020: approximately HK\$92 million) for the year, which was mainly attributable to the decrease in loan interest rate. Interest capitalised during the year was approximately HK\$10 million (2020: approximately HK\$9 million).

The Group's income tax expenses increased to approximately HK\$143 million (2020: approximately HK\$129 million) for the year, which was mainly attributable to the withholding tax derived from the dividends distribution by a PRC subsidiary. As deferred tax assets have not been recognised for certain tax losses incurred by certain subsidiaries, the Group's effective tax rate for the year remained at a higher level.

The profit attributable to equity holders of the Company for the year amounted to approximately HK\$162 million (2020: approximately HK\$131 million). The increase in profit attributable to equity holders of the Company was mainly attributable to the increase in the Group's revenue, increase in other income and gains and decrease in other expenses as discussed above.

Liquidity and Financial Resources

As at 31 December 2021, total bank borrowings of the Group amounted to approximately HK\$4,853 million (31 December 2020: approximately HK\$4,493 million), representing an increase of approximately 8.0% as compared with that as at 31 December 2020. The Group's bank borrowings were at floating interest rates and included short-term loans with 1-year maturity, 2-year term loans and 5-year syndicated loans. As at 31 December 2021, the Group's bank loans denominated in USD, New Taiwan dollars and RMB were approximately HK\$4,431 million (31 December 2020: approximately HK\$4,043 million), approximately HK\$27 million (31 December 2020: approximately HK\$25 million) and approximately HK\$395 million (31 December 2020: HK\$425 million), respectively.

During the year, the Group's net cash flows from operating activities increased to approximately HK\$709 million from approximately HK\$584 million in 2020, which was mainly attributable to the decline of magnitude for the increase in inventories and trade receivables. As a result of the purchase of new manufacturing facilities for installation in the new production plant in Suzhou, PRC and the purchase of production machineries to strengthen the environmental protection measures as well as to improve production efficiency, the Group recorded a net cash outflow from investing activities of approximately HK\$1,057 million (2020: approximately HK\$1,348 million). During the year, due to the drawdown of new bank borrowings, the Group recorded a net cash inflow from financing activities of approximately HK\$252 million (2020: approximately HK\$519 million). As at 31 December 2021, the Group had cash and bank balances of approximately HK\$849 million (31 December 2020: approximately HK\$929 million).

As at 31 December 2021, the Group's gearing ratio calculated as total bank borrowings of approximately HK\$4,853 million (31 December 2020: approximately HK\$4,493 million) divided by total assets of approximately HK\$17,249 million (31 December 2020: approximately HK\$16,456 million) increased to approximately 28.1% (31 December 2020: approximately 27.3%), which was mainly due to the increase in total bank borrowings as at 31 December 2021 as compared with that as at 31 December 2020.

Financial Ratios

As at 31 December 2021, there was an increase in the Group's inventories of approximately 14.3% to approximately HK\$2,620 million (31 December 2020: approximately HK\$2,292 million). However, inventory turnover days of the Group during the year decreased to approximately 95 days (2020: approximately 98 days) as the Group imposed tighter inventory control policies.

Trade receivables turnover days of the Group during the year decreased to approximately 139 days (2020: approximately 145 days) due to faster settlements from customers. Trade receivables as at 31 December 2021 increased by approximately 8.1% to approximately HK\$4,297 million, as compared with approximately HK\$3,976 million as at 31 December 2020.

Trade and bills payables turnover days of the Group during the year decreased to approximately 48 days (2020: approximately 60 days) due to the decrease in purchases of materials in the fourth quarter of 2021 in order to strengthen the control of inventory level. As at 31 December 2021, there was a decrease in the Group's trade and bills payables of approximately 4.7% to approximately HK\$1,333 million (31 December 2020: approximately HK\$1,400 million).

Pledge of Assets

As at 31 December 2021, certain land and buildings of the Group with a net carrying amount of approximately HK\$22 million (31 December 2020: approximately HK\$21 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. 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 losses of approximately HK\$133 million (2020: approximately HK\$307 million) and fair value gains on derivative financial instruments, net of approximately HK\$37 million (2020: NIL). 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

As at 31 December 2021, the Group had approximately 38,000 employees (31 December 2020: approximately 39,000 employees). During the year, the Group recorded staff costs (excluding directors' remuneration) of approximately HK\$3,542 million (2020: approximately HK\$2,863 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 2021, the capital commitments which the Group had contracted for but were not provided for in the financial information in respect of the acquisition of leasehold land, buildings, machinery and office equipment amounted to approximately HK\$795 million (31 December 2020: approximately HK\$578 million).

Contingent Liabilities

As at 31 December 2021, the Group did not have any significant contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK8 cents per ordinary share in respect of the year ended 31 December 2021 (2020: HK10 cents per ordinary share), amounting to approximately HK\$96 million, to the shareholders of the Company whose names appear on the register of members of the Company on 20 May 2022 subject to the approval by the shareholders of the Company at the forthcoming annual general meeting ("AGM") to be held on 13 May 2022.

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 2022 to 13 May 2022 (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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, no later than 4:30 p.m. on 6 May 2022.

For the purpose of determining members who are qualified for the proposed final dividend for the year ended 31 December 2021, and conditional on the passing of the resolution approving the declaration of the final dividend by the shareholders in the AGM of the Company, the register of members of the Company will also be closed from 19 May 2022 to 20 May 2022 (both days inclusive), during which no transfer of shares can be registered. To qualify for the final dividend (which will be payable on or about 27 May 2022) to be approved at the AGM of the Company, shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Branch Share Registrar at the above address no later than 4:30 p.m. on 18 May 2022.

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 year and up to the date of this announcement, save for code provision C.2.1 of the CG Code. Following the change of the chief executive officer of the Company on 16 March 2022 taking effect after the Board meeting for the approval of this announcement, Mr. Cheng Li-Yu, the chairman of the Board has further taken up the role as the chief executive officer of the Company. The Board believes that having the same individual in both roles as chairman of the Board and the chief executive officer of the Company allows the Group to be managed under a consistent leadership and the overall strategy of the Group could 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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 2021 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 2021 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, 16 March 2022

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 and Mr. Yip Wai Ming.*

** Appointed to the Board after the approval of this announcement.*