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巨騰國際控股有限公司

JU TENG INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3336)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

Financial Highlights

- Revenue for the six months ended 30 June 2022 was approximately HK\$4,736 million, representing a decline of approximately 9.3%.
- Gross profit for the six months ended 30 June 2022 was approximately HK\$495 million, representing a decline of approximately 20.2%.
- Gross profit margin for the six months ended 30 June 2022 decreased to approximately 10.5% from approximately 11.9% for the six months ended 30 June 2021.
- Profit attributable to equity holders of the Company for the six months ended 30 June 2022 was approximately HK\$115 million, representing an increase of approximately 213.8%.
- Basic earnings per share attributable to equity holders of the Company for the six months ended 30 June 2022 was approximately HK13.6 cents, representing an increase of approximately 216.3%.
- Net asset value per share attributable to equity holders of the Company as at 30 June 2022 was approximately HK\$5.3 as compared with approximately HK\$5.7 as at 31 December 2021.

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 2022 (the “**Period**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	<i>Notes</i>	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		7,563,710	8,169,862
Right-of-use assets		926,987	685,825
Goodwill		52,488	52,488
Deferred tax assets		66,702	69,806
Prepayments for acquisition of property, plant and equipment		38,077	43,315
Equity investment designated at fair value through other comprehensive income		13,162	18,879
Total non-current assets		<u>8,661,126</u>	<u>9,040,175</u>
CURRENT ASSETS			
Inventories		2,561,131	2,620,078
Trade receivables	9	3,529,201	4,297,352
Prepayments, deposits and other receivables		252,336	364,050
Derivative financial instruments		-	3,680
Pledged and restricted bank balances		113,502	74,744
Cash and cash equivalents		1,139,221	848,600
Total current assets		<u>7,595,391</u>	<u>8,208,504</u>
CURRENT LIABILITIES			
Trade and bills payables	10	991,961	1,333,045
Other payables and accruals		2,038,225	2,337,001
Lease liabilities		274,087	1,416
Tax payable		100,629	68,286
Derivative financial instruments		4,917	216
Interest-bearing bank borrowings		3,618,547	3,554,599
Total current liabilities		<u>7,028,366</u>	<u>7,294,563</u>
NET CURRENT ASSETS		<u>567,025</u>	<u>913,941</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,228,151</u>	<u>9,954,116</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		1,150,413	1,298,055
Deferred income		44,829	47,329
Lease liabilities		9,044	581
Deferred tax liabilities		60,450	60,450
Total non-current liabilities		<u>1,264,736</u>	<u>1,406,415</u>
Net assets		<u>7,963,415</u>	<u>8,547,701</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	11	120,001	120,001
Reserves		6,248,548	6,722,132
		<u>6,368,549</u>	<u>6,842,133</u>
Non-controlling interests		<u>1,594,866</u>	<u>1,705,568</u>
Total equity		<u>7,963,415</u>	<u>8,547,701</u>

NOTES

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

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

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2021. The accounting policies and basis of preparation adopted in the preparation of the interim financial information are the same as those used in the annual financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) for the first time for the current period’s financial information:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKFRS 16	<i>Covid-19 Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

2. OPERATING SEGMENT INFORMATION

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

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

2. OPERATING SEGMENT INFORMATION (continued)

Geographical information

Revenue from external customers:

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

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

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue from contracts with customers		
Sale of casings for notebook computer and handheld devices	<u>4,735,642</u>	<u>5,222,430</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

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

3. REVENUE, OTHER INCOME AND GAINS (continued)

(ii) Performance obligation

Sale of casings for notebook computer and handheld devices

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 60 to 120 days from delivery.

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income	2,147	3,611
Subsidy income [#]	5,649	28,299
Compensation income	3,559	223
Gross rental income	13,621	13,204
Reversal of impairment of trade receivables	-	2,411
Write-back of trade receivables	465	-
Write-off of long outstanding other payables and accruals	754	5,909
Write-off of long outstanding trade payables	857	-
Foreign exchange gains, net	225,001	-
Others	387	21
	<u>252,440</u>	<u>53,678</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:

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

5. PROFIT BEFORE TAX

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

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

6. INCOME TAX

Hong Kong profits tax has not been provided as the Group did not have any assessable profits arising in Hong Kong during the Period (six months ended 30 June 2021: Nil). Taxes on assessable profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

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

7. INTERIM DIVIDEND

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

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

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

The calculation of the basic earnings per share amounts is based on the profit for the Period attributable to equity holders of the Company of HK\$114,657,000 (six months ended 30 June 2021: HK\$36,533,000) and the weighted average number of 845,662,671 (six months ended 30 June 2021: 845,662,671) ordinary shares in issue excluding shares held under the share award plan during the Period.

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

For the six months ended 30 June 2021, the calculation of diluted earnings per share amounts was based on the profit for that period attributable to equity holders of the Company of HK\$36,533,000. The weighted average number of ordinary shares used in the calculation was 845,662,671 ordinary shares in issue excluding shares held under the share award plan during that period, as used in the basic earnings per share calculation, and the weighted average number of 7,458,960 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

9. TRADE RECEIVABLES

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Trade receivables	3,532,760	4,300,833
Impairment	(3,559)	(3,481)
	<u>3,529,201</u>	<u>4,297,352</u>

The general credit terms of the Group range from 60 to 120 days. Trade receivables are non-interest-bearing. The Group does not hold any collateral or other credit enhancements over these balances.

9. TRADE RECEIVABLES (continued)

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

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

10. TRADE AND BILLS PAYABLES

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

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

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

11. SHARE CAPITAL

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Authorised: 2,000,000,000 shares of HK\$0.1 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid: 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 the COVID-19 pandemic (the “Pandemic”), remote working and online learning models have led to a surge in demand for personal computers (“PC”). In the first quarter of 2021, as a result of the rise of consumers and enterprises purchasing notebook computers and desktop computers for remote working and learning, the global PC sales growth hit a decade record high. In the first half of 2022, as the Pandemic in various countries gradually eased and local communities began to resume the normal way of life, the boom in PC sales gradually faded out. According to the survey results released by Gartner, Inc., a market research organization, the global PC shipments (including desktop and notebook computers) recorded 77.9 million units in the first quarter of 2022, decreased by 6.8% as compared with the same period of last year. Among them, the Chromebook, which has seen a surge in sales over the past two years, recorded a sharp decline as compared with the same period of last year. According to a report released by International Data Corporation (“IDC”), another market research organization, the Chromebook shipments in the first quarter of 2022 dropped by 61.9% as compared with the same period of last year, which is believed to be due to the saturated demand in the education market and slowdown in consumer expenditure after the uptick in demand during the initial stage of the Pandemic. Affected by various external environmental factors, including the development of the Pandemic, the rapid changes in the global supply chain and the international political and economic environment, the global PC market has been affected to a moderate extent.

As one of the world’s leading notebook computer casing manufacturers, the sales of notebook computer casing and 2-in-1 computer casing remained as the Group’s major source of revenue for the Period. For the Period, due to the decline of sales in the global PC market, the Group recorded revenue of approximately HK\$4,736 million (2021: approximately HK\$5,222 million), representing a decrease of approximately 9.3% period-on-period. With the Pandemic being gradually brought under control, many enterprises returned to work at the office. In addition, the Windows 11 operating system, as the newest-generation operating system, was launched by Microsoft last year, ushering a new round of business users replacing their notebook computers. Accordingly, the proportion of the Group’s metal casing products increased in the first half of 2022. However, whether enterprise user demand can offset the decline in the education market demand of Chromebook is yet to be seen. During the Period, affected by the geopolitical situation and the strong United States dollar (“USD”) exchange rate, the exchange rate of Renminbi (“RMB”) against USD continued to depreciate during the Period. As the Group held certain assets denominated in USD during the Period, including trade receivables denominated in USD, the depreciation of RMB against USD resulted in a significant increase in the Group’s foreign exchange gains during the Period, causing the profit attributable to equity holders of the Company to increase by approximately 213.8% period-on-period to approximately HK\$115 million (2021: approximately HK\$37 million).

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

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

Financial Review

During the Period, the global demand for PC declined as the effects of the Pandemic in various countries gradually eased and the local communities began to resume the normal way of life. As a result, the Group's revenue decreased by approximately 9.3% as compared with the corresponding period of last year to approximately HK\$4,736 million (2021: approximately HK\$5,222 million). The Group's gross profit margin during the Period decreased to approximately 10.5% (2021: approximately 11.9%), which was mainly attributable to the decline in the Group's revenue.

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

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

During the Period, other expenses of the Group mainly consisted of fair value losses on derivative financial instruments (i.e. the forward foreign exchange contracts) of approximately HK\$49 million (2021: approximately HK\$12 million) and loss on disposal of items of property, plant and equipment, net of approximately HK\$31 million (2021: approximately HK\$5 million). The Group recorded a decrease of approximately 10.9% in other expenses as compared with the corresponding period of last year to approximately HK\$82 million (2021: approximately HK\$92 million), accounting for approximately 1.7% (2021: approximately 1.8%) of the Group's revenue.

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

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

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

Liquidity and Financial Resources

As at 30 June 2022, total bank borrowings of the Group amounted to approximately HK\$4,769 million (31 December 2021: approximately HK\$4,853 million), representing a decrease of approximately 1.7% as compared with that of 31 December 2021. The Group's bank borrowings were at floating interest rates and included short-term loans with 1-year maturity, 2-year term loans and 5-year syndicated loans. As at 30 June 2022, the Group's bank loans denominated in USD, New Taiwan dollars and RMB were approximately HK\$4,705 million (31 December 2021: approximately HK\$4,431 million), approximately HK\$29 million (31 December 2021: approximately HK\$27 million) and approximately HK\$35 million (31 December 2021: HK\$395 million), respectively.

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

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

Financial Ratios

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

Trade receivables turnover days of the Group during the Period increased significantly to approximately 135 days (2021: approximately 102 days) due to slower settlements from customers of the Group. Trade receivables as at 30 June 2022 decreased by approximately 17.9% to approximately HK\$3,529 million, as compared with approximately HK\$4,297 million as at 31 December 2021.

Trade and bills payables turnover days of the Group during the Period decreased to approximately 42 days (2021: approximately 48 days) due to the decrease in purchases of production materials in the second quarter of 2022 in order to strengthen the control of the Group's inventory levels.

Pledge of Assets

As at 30 June 2022, certain land and buildings of the Group with a net carrying amount of approximately HK\$21 million (31 December 2021: approximately HK\$22 million) were pledged to secure banking facilities granted to the Group.

Foreign Exchange Exposure

Since most of the Group's revenue is denominated in USD and most of the Group's expenses are denominated in RMB, an appreciation of RMB against USD will have adverse effect on the Group's profitability and vice versa. Accordingly, the Group has entered into forward foreign exchange contracts to mitigate possible exchange losses arising from the fluctuations in the values of the USD and RMB. During the Period, the Group recorded foreign exchange gains of approximately HK\$225 million (2021: foreign exchange losses of approximately HK\$73 million) and fair value losses on derivative financial instruments, net of approximately HK\$49 million (2021: approximately HK\$12 million). The management of the Group will continue to monitor the Group's foreign currency risk exposures and adopt prudent measures as appropriate to minimise the adverse effects arising from the foreign currency fluctuations.

Employees

During the Period, the Group had approximately 34,000 employees (2021: approximately 41,000 employees) and recorded staff costs of approximately HK\$1,520 million (2021: approximately HK\$1,921 million).

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

Capital Commitment

As at 30 June 2022, the capital commitments which the Group had contracted for but were not provided for in the financial information in respect of the acquisition of buildings, machinery and office equipment amounted to approximately HK\$323 million (31 December 2021: approximately HK\$795 million).

Contingent Liabilities

As at 30 June 2022, the Group did not have any significant contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"). The Company and 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 Period.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

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 2022 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 and Chief Executive Officer

Hong Kong, 17 August 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.