



JU TENG INTERNATIONAL HOLDINGS LIMITED

巨騰國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3336



2017

Interim Report



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Cheng Li-Yu (*Chairman*)
Mr. Cheng Li-Yen
(Resigned on 1 March 2017)
Mr. Chiu Hui-Chin (*Chief Executive Officer*)
(Appointed on 1 March 2017)
Mr. Huang Kuo-Kuang
Mr. Lin Feng-Chieh
(Appointed on 1 March 2017)
Mr. Hsieh Wan-Fu
(Resigned on 1 March 2017)
Mr. Lo Jung-Te (Resigned on 1 March 2017)
Mr. Tsui Yung Kwok

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cherng Chia-Jiun
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

AUTHORISED REPRESENTATIVES

Mr. Cheng Li-Yu
Mr. Tsui Yung Kwok

COMPANY SECRETARY

Mr. Tsui Yung Kwok *CA, CPA, ACS*
(Resigned on 1 March 2017)
Mr. Leung Ka Shing
(Appointed on 1 March 2017)

AUDIT COMMITTEE

Mr. Cherng Chia-Jiun (*Chairman*)
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

REMUNERATION COMMITTEE

Mr. Cherng Chia-Jiun (*Chairman*)
Mr. Cheng Li-Yu
Mr. Huang Kuo-Kuang
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

NOMINATION COMMITTEE

Mr. Cheng Li-Yu (*Chairman*)
Mr. Huang Kuo-Kuang
Mr. Cherng Chia-Jiun
Mr. Tsai Wen-Yu
Mr. Yip Wai Ming

CORPORATE GOVERNANCE COMMITTEE

Mr. Yip Wai Ming (*Chairman*)
Mr. Cheng Li-Yu
Mr. Huang Kuo-Kuang
Mr. Cherng Chia-Jiun
Mr. Tsai Wen-Yu

LEGAL ADVISERS AS TO HONG KONG LAWS

Chiu & Partners

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

ANZ Bank
Bank of China
Bank SinoPac
CTBC Bank
DBS Bank
Fubon Bank
KGI Bank
OCBC Wing Hang Bank
Standard Chartered Bank
Taishin International Bank
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Yuanta Commercial Bank

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

CORPORATE INFORMATION

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 3311-3312, Jardine House
1 Connaught Place, Central
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

No. 2 Gua Jing Road
Song Ling Town Economic Development District
Wu Jiang City, Jiang Su
The PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

WEBSITE

www.irasia.com/listco/hk/juteng

STOCK CODE

3336.HK and 9136.TT

FINANCIAL HIGHLIGHTS

	Notes	For the six months ended 30 June		Changes
		2017 (Unaudited)	2016 (Unaudited)	
Operating Results:				
Revenue (HK\$ million)		3,748	3,696	+1.4%
Profit attributable to equity holders of the Company (HK\$ million)		82	202	-59.5%
Earnings per share				
Basic (HK cents)		7.3	18.2	-59.9%
Diluted (HK cents)		7.2	17.8	-59.6%
Profitability Ratio:				
Gross profit margin		15%	14.9%	+0.1%
Operating profit margin	1	4.8%	5.2%	-0.4%
Net profit margin	2	2.2%	5.5%	-3.3%
EBITDA (HK\$ million)		698	832	-16.1%
Return on equity	3	2.5%	6.2%	-3.7%
Liquidity and Capital Ratio:				
Inventory turnover days	4	82	74	+10.8%
Trade receivables turnover days	5	131	133	-1.5%
Trade and bills payables turnover days	6	50	51	-2.0%
Interest coverage	7	358.7%	666.9%	-308.2%
Net debt to equity	8	36.4%	43.0%	-6.6%
Cash flows from operating activities (HK\$ million)		493	931	-47%

Notes:

- (1) Operating profit margin equals operating profit divided by revenue. Operating profit includes gross profit, net of selling and distribution expenses, and administrative expenses.
- (2) Net Profit margin equals profits attributable to equity holders of the Company divided by revenue.
- (3) Return on equity equals profit attributable to equity holders of the Company divided by the average of the beginning and closing balance of equity attributable to equity holders of the Company, and is calculated on an annualized basis.
- (4) Inventory turnover days is equal to the closing balance of inventories divided by cost of sales and multiplied by the number of days in the period.
- (5) Trade receivables turnover days is equal to the closing balance of trade receivables divided by revenue and multiplied by the number of days in the period.
- (6) Trade and bills payables turnover days is equal to the closing balance of trade and bills payables divided by cost of sales and multiplied by the number of days in the period.
- (7) Interest coverage ratio equals profit before tax and finance costs divided by finance costs.
- (8) Net debt to equity equals net debt divided by net assets. Net debt includes all interest-bearing bank borrowings net of cash and cash equivalents.

The board (the “Board”) of directors (the “Directors”) of Ju Teng International Holdings Limited (the “Company” or “Ju Teng”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2017 (the “Period”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
REVENUE	2	3,747,924	3,696,230
Cost of sales		(3,186,857)	(3,145,691)
Gross profit		561,067	550,539
Other income and gains	3	58,096	168,016
Selling and distribution expenses		(49,000)	(52,418)
Administrative expenses		(331,531)	(304,773)
Other expenses		(57,936)	(35,231)
Finance costs	4	(50,374)	(48,900)
PROFIT BEFORE TAX	5	130,322	277,233
Income tax expense	6	(20,803)	(46,787)
PROFIT FOR THE PERIOD		109,519	230,446
Attributable to:			
Equity holders of the Company		81,611	201,632
Non-controlling interests		27,908	28,814
		109,519	230,446
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
– Basic (HK cents)		7.3	18.2
– Diluted (HK cents)		7.2	17.8

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	109,519	230,446
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	377,823	(174,353)
Available-for-sale investment:		
Change in fair value	849	(5,654)
Income tax effect	–	961
	849	(4,693)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	378,672	(179,046)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	488,191	51,400
Attributable to:		
Equity holders of the Company	398,612	60,285
Non-controlling interests	89,579	(8,885)
	488,191	51,400

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

	Notes	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	8,268,135	8,079,378
Lease premium for land		497,963	486,086
Goodwill		53,985	53,985
Deferred tax assets		5,867	5,727
Prepayments for acquisition of property, plant and equipment		46,178	73,172
Available-for-sale investments		15,533	14,581
Total non-current assets		8,887,661	8,712,929
CURRENT ASSETS			
Inventories		1,435,346	1,289,404
Trade receivables	10	2,704,893	2,875,870
Prepayments, deposits and other receivables		358,674	369,576
Pledged and restricted bank balances		38,179	31,459
Cash and cash equivalents		1,711,196	1,529,053
Total current assets		6,248,288	6,095,362
CURRENT LIABILITIES			
Trade and bills payables	11	870,280	1,041,913
Other payables and accruals		1,063,607	1,027,432
Tax payable		98,498	201,857
Interest-bearing bank borrowings		2,163,536	1,657,469
Total current liabilities		4,195,921	3,928,671
NET CURRENT ASSETS		2,052,367	2,166,691
TOTAL ASSETS LESS CURRENT LIABILITIES		10,940,028	10,879,620
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		2,511,499	2,791,440
Deferred income		232,497	302,787
Deferred tax liabilities		46,159	41,399
Total non-current liabilities		2,790,155	3,135,626
Net assets		8,149,873	7,743,994
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	12	113,471	113,471
Reserves		6,565,031	6,248,731
		6,678,502	6,362,202
Non-controlling interests			
		1,471,371	1,381,792
Total equity		8,149,873	7,743,994

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

		Attributable to equity holders of the Company									
Notes	Issued capital	Share premium account*	Employee share-based compensation reserve*	Other reserves*	Statutory reserve fund*	Exchange fluctuation reserve*	Retained profits*	Available-for-sale investment revaluation reserve*	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)											
At 1 January 2016	111,997	218,062	60,989	365,239	212,506	98,091	5,474,321	4,693	6,545,898	1,381,509	7,927,407
Profit for the Period	-	-	-	-	-	-	201,632	-	201,632	28,814	230,446
Other comprehensive income for the Period:											
Change in fair value of available-for-sale investment, net of tax	-	-	-	-	-	-	-	(4,693)	(4,693)	-	(4,693)
Exchange differences on translation of foreign operations	-	-	-	-	-	(136,654)	-	-	(136,654)	(37,699)	(174,353)
Total comprehensive income for the Period	-	-	-	-	-	(136,654)	201,632	(4,693)	60,285	(8,885)	51,400
Issue of shares in connection with the exercise of warrants	1	1	-	-	-	-	-	-	2	-	2
Acquisition of subsidiaries	14	-	-	-	-	-	-	-	-	36,416	36,416
Transfer from retained profits	-	-	-	-	3,697	-	(3,697)	-	-	-	-
Share-based compensation arrangements	-	-	15,223	-	-	-	-	-	15,223	-	15,223
2015 final dividend	-	(167,997)	-	-	-	-	-	-	(167,997)	-	(167,997)
At 30 June 2016	111,998	50,066	76,212	365,239	216,203	(38,563)	5,672,256	-	6,453,411	1,409,040	7,862,451
(Unaudited)											
At 1 January 2017	113,471	77,697	75,545	365,239	216,125	(457,163)	5,971,288	-	6,362,202	1,381,792	7,743,994
Profit for the Period	-	-	-	-	-	-	81,611	-	81,611	27,908	109,519
Other comprehensive income for the Period:											
Change in fair value of available-for-sale investment, net of tax	-	-	-	-	-	-	-	849	849	-	849
Exchange differences on translation of foreign operations	-	-	-	-	-	316,152	-	-	316,152	61,671	377,823
Total comprehensive income for the Period	-	-	-	-	-	316,152	81,611	849	398,612	89,579	488,191
Share-based compensation arrangements	-	-	31,159	-	-	-	-	-	31,159	-	31,159
2016 final dividend	-	(77,697)	-	(35,774)	-	-	-	-	(113,471)	-	(113,471)
At 30 June 2017	113,471	-	106,704	329,465	216,125	(141,011)	6,052,899	849	6,678,502	1,471,371	8,149,873

* These reserve accounts comprise the consolidated reserves of HK\$6,565,031,000 (31 December 2016: HK\$6,248,731,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	662,752	1,078,570
Income tax paid	(119,573)	(100,669)
Withholding tax paid	(293)	(367)
Interest received	4,850	5,637
Interest paid	(54,253)	(51,687)
	<u>493,483</u>	<u>931,484</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(532,098)	(696,200)
Purchases of lease premium for land	(13,075)	(11,094)
Proceeds from disposal of items of property, plant and equipment	114,368	25,444
Acquisition of subsidiaries	-	(30,814)
Redemption of principal-protected investment deposits	-	62,239
Decrease/(increase) in pledged bank balances	(6,720)	3,614
Decrease/(increase) in prepayments for acquisition of lease premium for land, property, plant and equipment	26,994	(116,410)
	<u>(410,531)</u>	<u>(763,221)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	1,060,975	815,190
Repayment of bank loans	(869,391)	(871,073)
Dividends paid	(113,471)	(167,997)
Proceeds from issue of shares in connection with the exercise of warrants	-	2
	<u>78,113</u>	<u>(223,878)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	161,065	(55,615)
Cash and cash equivalents at beginning of Period	1,529,053	1,541,485
Effect of foreign exchange rate changes, net	21,078	(8,281)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,711,196	1,477,589
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>1,711,196</u>	<u>1,477,589</u>

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2017

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

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 interim condensed consolidated 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 2016. 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 2016, except in relation to the following 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:

REVISED HKFRSS

Amendments to HKAS 7
Amendments to HKAS 12

Disclosure Initiative
*Recognition of Deferred Tax Assets for
Unrealized Losses*

Amendments to HKFRS 12
included in *Annual Improvements
2014-2016 Cycle*

Disclosure of Interests in Other Entities

Adoption of the above revised HKFRSs did not have any material effect on the financial position or performance of the Group.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a potential impact on its results of operations and financial position.

2. OPERATING SEGMENT INFORMATION

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

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

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2017

2. OPERATING SEGMENT INFORMATION (continued)

GEOGRAPHICAL INFORMATION

Revenue from external customers:

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
The People's Republic of China (the "PRC"), excluding Hong Kong	3,690,733	3,626,087
The Republic of China	47,511	49,004
Others	9,680	21,139
	<u>3,747,924</u>	<u>3,696,230</u>

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	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Interest income	4,850	5,637
Subsidy income [#]	25,459	105,389
Compensation income	5,924	1,317
Rental income	10,983	1,672
Write-back of long outstanding other payables and accruals	3,115	–
Exchange gains, net	–	53,139
Others	7,765	862
	<u>58,096</u>	<u>168,016</u>

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

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2017

4. FINANCE COSTS

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

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Interest on bank loans	54,253	51,687
Total interest expense on financial liabilities not at fair value through profit or loss	54,253	51,687
Less: Interest capitalised	(3,879)	(2,787)
	<u>50,374</u>	<u>48,900</u>

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Cost of inventories sold	3,182,026	3,107,524
Depreciation	511,384	499,920
Amortisation of lease premium for land	6,209	5,829
Provision for slow-moving and obsolete inventories	2,252	35,588
Losses on disposal of items of property, plant and equipment, net	5,882	26,850
Impairment of available-for-sale investments	–	3,635
Foreign exchange losses/(gains), net	27,380	(53,139)

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2017

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 2016: 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	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Provision for the Period		
Current – The PRC, excluding Hong Kong		
Charge for the Period	17,297	38,202
Underprovision in prior years	2,331	4,038
Current – Overseas		
Charge for the Period	13,617	19,359
Overprovision in prior years	(17,202)	(19,572)
Deferred tax	4,760	4,760
Total tax charge for the Period	20,803	46,787

7. INTERIM DIVIDEND

The Directors did not propose to declare any interim dividend for the Period (six months ended 30 June 2016: Nil).

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

The calculation of basic earnings per share amounts is based on the profit for the Period attributable to equity holders of the Company of HK\$81,611,000 (six months ended 30 June 2016: HK\$201,632,000) and the weighted average number of 1,123,412,671 (six months ended 30 June 2016: 1,108,681,475) ordinary shares in issue excluding shares held under the share award plan during the Period.

The calculation of diluted earnings per share amounts is based on the profit for the Period attributable to equity holders of the Company of HK\$81,611,000 (six months ended 30 June 2016: HK\$201,632,000). The weighted average number of ordinary shares used in the calculation is 1,123,412,671 (six months ended 30 June 2016: 1,108,681,475) ordinary shares in issue excluding shares held under the share award plan during the Period, as used in the basic earnings per share calculation, and the weighted average number of 9,904,184 (six months ended 30 June 2016: 21,320,377) 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.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2017

9. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment of HK\$535,977,000 (six months ended 30 June 2016: HK\$698,987,000) and disposed of property, plant and equipment with an aggregate net book value of HK\$120,250,000 (six months ended 30 June 2016: HK\$52,294,000).

The amount of borrowing costs capitalised during the Period was HK\$3,879,000 (six months ended 30 June 2016: HK\$2,787,000). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 2.25% (six months ended 30 June 2016: 2.38%), which is the effective interest rate of the borrowings.

10. TRADE RECEIVABLES

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

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

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Within 3 months	2,009,194	2,113,334
4 to 6 months	650,507	748,380
7 to 12 months	45,192	14,156
	2,704,893	2,875,870

11. TRADE AND BILLS PAYABLES

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

An aged 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:

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Within 3 months	656,977	757,840
4 to 6 months	120,516	210,144
7 to 12 months	42,959	15,364
Over 1 year	49,828	58,565
	870,280	1,041,913

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2017

12. SHARE CAPITAL

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (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: 1,134,708,445 shares of HK\$0.1 each	<u>113,471</u>	<u>113,471</u>

SHARE OPTIONS

Details of the Company's share option scheme and the share options granted are included in note 13 to the interim financial information.

13. SHARE-BASED COMPENSATION PLANS

SHARE OPTION SCHEME

A share option scheme (the "Old Scheme") was adopted by the Company on 3 November 2005 and was terminated by resolutions of the shareholders of the Company on 11 May 2015 and a new share option scheme (the "New Scheme") was adopted by the Company on 11 May 2015. Details of the terms of the Old Scheme and the New Scheme were disclosed in the Annual Report of the Company for the year ended 31 December 2016.

The following share options were outstanding under the Old Scheme and the New Scheme during the current and prior period:

	2017		2016	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share	Number of options
At 1 January	2.86	80,354,000	2.56	101,354,000
Lapsed during the Period	2.83	<u>(5,466,000)</u>	3.29	<u>(938,000)</u>
At 30 June	2.86	<u>74,888,000</u>	2.55	<u>100,416,000</u>

No share options were granted, exercised or cancelled under the Old Scheme and the New Scheme during the current and prior periods.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2017

13. SHARE-BASED COMPENSATION PLAN (continued)

SHARE AWARD PLAN

The Board approved the adoption of the new share award plan (the “Share Award Plan”) with effect from 19 May 2017. The purpose of the Share Award Plan is to (i) recognise and reward the contribution of certain eligible participants to the growth and development of the Group through an award of shares and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) attract suitable personnel for further development of the Group. The vesting period of the awarded shares is determined by the Board.

On 16 June 2017, the Company granted an aggregate of 6,800,000 awarded shares (the “Award Shares”) to four selected participants, namely Mr. Chiu Hui-Chin, Mr. Huang Kuo-Kuang, Mr. Lin Feng-Chieh and Mr. Tsui Yung Kwok (“Selected Participants”). Subject to the acceptance of the Selected Participants and that the Selected Participants remain as employees of the Group on the vesting date of the Award Shares, the Award Shares shall vest in them on 3 July 2017. The Award Shares were transferred to the Selected Participants at nil consideration on 3 July 2017. As at 30 June 2017, a total of 11,295,774 shares were held by the trustee under the share award plan.

The fair value of the Award Shares was determined with reference to the market price of the Company’s share at the grant date of approximately HK\$3.25 per share.

14. BUSINESS COMBINATION

On 25 April 2016, the Group entered into the acquisition and subscription agreement with Green Garden Limited (“Green Garden”) and Sonic Vantage Limited (“Sonic Vantage”), two independent third parties, pursuant to which the Group agreed to further acquire 18% and 14% equity interests from Green Garden and Sonic Vantage, respectively, in Prime Smart Limited (“Prime Smart”) at a total cash consideration of approximately HK\$50,350,000 (equivalent to US\$6,486,000). The acquisition was completed in May 2016. Upon completion of the acquisition, Prime Smart became a 51% owned subsidiary of the Group. Prime Smart is a private company incorporated in the Samoa with limited liability.

Prime Smart and its subsidiaries (collectively the “Prime Smart Group”) are principally engaged in the development, manufacture and sale of materials for the manufacture of casings for notebook computers and handheld devices with manufacturing facilities located in Jurong City of Jiangsu Province and Chongqing City, the PRC.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2017

14. BUSINESS COMBINATION (continued)

The fair values of the identifiable assets and liabilities of Prime Smart Group as at the date of acquisition was as follows:

	Fair value recognised on acquisition <i>HK\$'000</i>
Property, plant and equipment	5,661
Inventories	2,956
Trade receivables	61,316
Cash and cash equivalents	19,536
Prepayments, deposits and other receivables	1,038
Trade and bills payables	(6,367)
Other payables and accruals	(4,420)
Tax payable	(5,402)
Non-controlling interests	<u>(36,416)</u>
	37,902
Goodwill on acquisition	<u>13,923</u>
	<u>51,825</u>
Satisfied by:	
Cash	50,350
Reclassified from available-for-sale investment	<u>1,475</u>
	<u>51,825</u>

The Group incurred transaction costs of HK\$9,000 for this acquisition in the prior period. These transaction costs had been expensed and were included in administrative expenses in the condensed consolidated statement of profit or loss for the six months ended 30 June 2016.

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Prime Smart Group is as follows:

	<i>HK\$'000</i>
Cash consideration	(50,350)
Cash and cash equivalents acquired	<u>19,536</u>
Net outflow of cash and cash equivalents in respect of the acquisition of Prime Smart Group	<u>(30,814)</u>

Since its acquisition, Prime Smart Group contributed HK\$2,488,000 to the profit attributable to equity holders of the Company for the six months ended 30 June 2016.

Had the combination taken place at the beginning of the prior period, the profit attributable to equity holders of the Company for the six months ended 30 June 2016 would have been HK\$207,780,000.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2017

15. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities.

16. PLEDGE OF ASSETS

As at 30 June 2017 and 31 December 2016, the Group did not have any leasehold land and buildings and machinery pledged to secure banking facilities granted to the Group.

As at 30 June 2017 and 31 December 2016, shares of certain subsidiaries of the Company were pledged to secure banking facilities granted to the Group.

17. OPERATING LEASE COMMITMENTS

AS LESSOR

The Group leases certain part of its factory under operating lease arrangement, with leases negotiated for terms ranging from one to fifteen years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market condition.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Within one year	16,546	8,456
In the second to fifth years, inclusive	88,614	67,023
Over five years	160,040	180,522
	265,200	256,001

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2017

17. OPERATING LEASE COMMITMENTS (continued)

AS LESSEE

The Group leases certain of its offices, properties and motor vehicles under operating lease arrangements, with leases negotiated for terms ranging from one to five years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Within one year	3,248	3,742
In the second to fifth years, inclusive	3,682	2,876
	<u>6,930</u>	<u>6,618</u>

18. COMMITMENTS

In addition to the operating lease commitments detailed in note 17 above, the Group had the following capital commitments at the end of the reporting period:

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Contracted, but not provided for:		
Land and buildings	54,328	72,925
Machinery and office equipment	143,556	184,850
Total capital commitments	<u>197,884</u>	<u>257,775</u>

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2017

19. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Rental expenses paid to: Ms. Lin Mei-Li	31	29

Ms. Lin Mei-Li is the spouse of Mr. Cheng Li-Yu, a director of the Company. The rentals were determined at rates mutually agreed between the relevant parties.

- (b) Outstanding balances with related parties:

As at 30 June 2017 and 31 December 2016, the Group did not have any balances with the related companies.

- (c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Short term employee benefits	8,776	6,101
Employee share-based compensation expenses	24,863	5,459
Total compensation paid to key management personnel	33,639	11,560

20. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts of the Group's financial instruments as at 30 June 2017 and 31 December 2016 approximate to their fair values.

The Group uses fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities for determining and disclosing the fair value of financial instruments. As at 30 June 2017, the Group's financial instruments which comprise an available-for-sale investment, which was measured at fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 under the fair value hierarchy).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW & PROSPECT

Despite the improving world economy during the first half of 2017 from 2016, growth of the Company remained slow. According to the “World Economic Situation and Prospects of 2017” released by the United Nations Department of Economic and Social Affairs, global economic growth will reach 2.7% in 2017, from 2.2% in 2016. However, this has yet to be translated to momentum-twisting strong growth in the world economy. The faltering growth in the economy impaired development of the market, while the global PC market continued to progress towards saturation. According to data released by International Data Corporation (“IDC”), a market research institution, global PC shipments decline 3.3% from the previous year to 60.5 million units in the second quarter of 2017. With PC shipments continued to decline, as the world’s leading manufacturer of notebook computer casings, Ju Teng’s business momentum stay close with the broader market, and had therefore been negatively impacted by the persistent shrinkage of the market.

During the period, worldwide PC shipments marked declines for the eleventh consecutive quarter, and the PC industry was in a trough within a five-year correction. According to data from Gartner Inc. (“Gartner”), a market research and advisory firm, the shortage of components spurred PC selling prices, thereby inflicted repercussions on PC demand during the second quarter. In the consumer market, individual consumers tend to be more sensitive to changes in prices. Citing the high PC prices at the moment, consumers opt to postpone their purchases until the prices decline. Meanwhile, commercial PC sales was subject to a relatively weaker impact from this factor.

Looking ahead, according to Gartner, the decline in the global PC shipment in 2017 from the preceding year is expected to narrow to 3%. Consumers will embrace and accept the new PCs as they see the clear benefits of better security brought about by Windows 10 and the hardware advantage in the new PCs. Ju Teng will continue to focus on its core business of notebook computer casings, and seize the opportunities from the improving market, seeking to achieve better performance.

According to data from IDC, tablet and 2-in-1 PC shipments for the second quarter of 2017 declined 3.4% from the corresponding period in 2016. Once touted a savior of the market, 2-in-1 PC shipment also declined in the second quarter as consumers awaited the launch of new products. However, with most of the new product launches scheduled towards the end of the second quarter, IDC expected the 2-in-1 PC market to maintain strong momentum in the second half of the year.

As the world’s leading manufacturer of casings for notebook computers and handheld devices, Ju Teng will stay abreast of the cutting-edge market trends, seeking opportunities for steady growth brought about by the market. Ju Teng will continue to focus on its core casing business while exploring new opportunities to expand into new market in light of the saturating and maturing global PC market, striving to improve profit margin, and to optimize the products mix.

Ju Teng is committed to maintaining its competitiveness in the industry. With its rich untapped potential and flexible marketing strategies, Ju Teng will continue to showcase to investors its unmatched resilience which steers the Group towards steady development in an extremely challenging environment.

FINANCIAL REVIEW

Although the global demand for notebook computers remained sluggish, the market has continued to trend toward stabilization. During the Period, the Group's revenue slightly increased by approximately 1.4% to approximately HK\$3,748 million (2016: approximately HK\$3,696 million). The Group's gross profit margin during the Period was 15%, which was in line with the gross profit margin of approximately 14.9% for the six months ended 30 June 2016.

Other income and gains of the Group mainly consisted of subsidy income of approximately HK\$25 million (2016: approximately HK\$105 million), interest income of approximately HK\$5 million (2016: approximately HK\$6 million) and rental income of approximately HK\$11 million (2016: approximately HK\$2 million). Due to the substantial decrease in various government subsidies received by certain subsidiaries of the Company in the PRC and the foreign exchange losses which had been included in other expenses, as compared to foreign exchange gains of HK\$53 million in 2016, the Group recorded a decrease of approximately 65.4% in other income and gains to approximately HK\$58 million (2016: approximately HK\$168 million) during the Period, accounting for approximately 1.6% (2016: approximately 4.5%) of the Group's revenue.

During the Period, due to the recognition of non-cash expenses of approximately HK\$18 million arising from the grant of share award pursuant to share award plan, the Group recorded an increase of approximately 6.5% in operating costs, including administrative expenses, and selling and distribution costs, to approximately HK\$381 million (2016: approximately HK\$357 million). The operating costs of the Group increased to approximately 10.2% (2016: approximately 9.7%) of the Group's revenue.

During the Period, other expenses of the Group mainly consisted of losses on disposal of items of property, plant and equipment of approximately HK\$6 million (2016: approximately HK\$27 million), employees' compensation of approximately HK\$23 million (2016: approximately HK\$0.4 million) due to the downsizing of moulding work force and foreign exchange losses of approximately HK\$27 million (2016: foreign exchange gains of approximately HK\$53 million). The foreign exchange losses arose from the appreciation of Renminbi ("RMB") against Hong Kong Dollar during the Period. The Group recorded an increase of approximately 64.4% in other expenses to approximately HK\$58 million (2016: approximately HK\$35 million), accounting for approximately 1.5% (2016: approximately 1.0%) of the Group's revenue.

Finance costs of the Group increased by approximately 3% to approximately HK\$50 million (2016: approximately HK\$49 million) for the Period as compared to that of the same period in 2016, which was mainly attributable to the increase in loan interest rate. Interest capitalised during the Period was approximately HK\$4 million (2016: approximately HK\$3 million).

Income tax expense of the Group decreased by approximately 55.5% to approximately HK\$21 million (2016: approximately HK\$47 million) for the Period as compared to that of the same period in 2016, resulting from the decrease in profit before tax.

The profit attributable to equity holders of the Company for the Period amounted to approximately HK\$82 million (2016: approximately HK\$202 million), representing a decrease of approximately 59.5% when compared to that of the same period last year. The decrease in the profit attributable to equity holders was mainly attributable to the decrease in other income and increase in administrative and other expenses.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, total bank borrowings of the Group amounted to approximately HK\$4,675 million (31 December 2016: approximately HK\$4,449 million), representing an increase of approximately 5.1% as compared to that of 31 December 2016. The Group's bank borrowings include short-term loans with 1-year maturity, 2-year term loans and 5-year revolving syndicated loans. As at 30 June 2017, the Group's bank loans denominated in United States dollar ("USD") and New Taiwan Dollars were approximately HK\$4,636 million (31 December 2016: approximately HK\$4,417 million) and approximately HK\$39 million (31 December 2016: approximately HK\$32 million) respectively.

During the Period, the Group's cash flows from operating activities decreased to approximately HK\$493 million from approximately HK\$931 million during the corresponding period last year. The decrease was mainly due to the decrease in profit before tax and increase in inventories. As a result of the purchase of fixed assets for the expansion of production plants in Taizhou and Chongqing, the PRC, the Group recorded a net cash outflow from investing activities of approximately HK\$411 million (2016: approximately HK\$763 million). During the Period, due to the addition of new bank borrowings, the Group recorded a net cash inflow from financing activities of approximately HK\$78 million (2016: net cash outflow of approximately HK\$224 million). As at 30 June 2017, the Group had cash and bank balances of approximately HK\$1,711 million (31 December 2016: approximately HK\$1,529 million).

As at 30 June 2017, the Group's gearing ratio, calculated as total bank borrowings of approximately HK\$4,675 million (31 December 2016: approximately HK\$4,449 million) divided by total assets of approximately HK\$15,136 million (31 December 2016: approximately HK\$14,808 million) was approximately 30.9% (31 December 2016: approximately 30%). The slight increase of gearing ratio was due to the increase in bank borrowings.

FINANCIAL RATIOS

Inventory turnover days of the Group during the Period of approximately 82 days (2016: approximately 74 days) was higher than that of the corresponding period in 2016 as certain new products launched towards the end of Period. There was an increase in the Group's inventories of approximately 11.3% to approximately HK\$1,435 million as at 30 June 2017 from approximately HK\$1,289 million as at 31 December 2016.

Trade receivables turnover days of the Group during the Period decreased to approximately 131 days (2016: approximately 133 days), which was attributable to the faster payment from the customers during the Period. Trade receivables as at 30 June 2017 decreased by approximately 5.9% to approximately HK\$2,705 million (31 December 2016: approximately HK\$2,876 million).

Trade and bills payables turnover days of the Group during the Period amounted to approximately 50 days (2016: approximately 51 days) and remained stable when compared to the corresponding period in 2016.

PLEDGE OF ASSETS

As at 30 June 2017 and 31 December 2016, the Group did not have any leasehold land and buildings and machinery pledged to secure banking facilities granted to the Group.

As at 30 June 2017 and 31 December 2016, shares of certain subsidiaries of the Company 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 value of RMB will have adverse effect on the Group's profitability and vice versa. During the Period, the Group recorded exchange losses of approximately HK\$27 million (2016: exchange gains of approximately HK\$53 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 2017, the Group had approximately 34,000 employees (30 June 2016: approximately 31,000 employees). The Group recorded staff costs of approximately HK\$1,056 million (30 June 2016: approximately HK\$943 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 2017, 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\$198 million (31 December 2016: approximately HK\$258 million).

CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any significant contingent liabilities.

OTHER INFORMATION

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

As at 30 June 2017, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") were as follows:

Name of Directors		Long positions Number of ordinary shares of HK\$0.1 each (the "Shares") and underlying Shares held under equity derivatives				Approximate percentage of the Company's issued share capital
		Personal interests	Interests of spouse	Other interests	Total interests	
Mr. Cheng Li-Yu	Shares	20,000,000	7,064,046	303,240,986 (Note 1)	330,305,032	29.11%
					<u>330,305,032</u>	<u>29.11%</u>
Mr. Cherng Chia-Jiun	Shares	174,000	-	-	174,000	0.01%
	Equity Derivatives: Share Options (Note 2)	336,000	-	-	<u>336,000</u>	<u>0.03%</u>
					<u>510,000</u>	<u>0.04%</u>
Mr. Chiu Hui-Chin	Shares	-	-	5,000,000 (Note 3)	5,000,000	0.44%
					<u>5,000,000</u>	<u>0.44%</u>
Mr. Huang Kuo-Kuang	Shares	6,677,866	2,300,631	600,000 (Note 3)	9,578,497	0.84%
	Equity Derivatives: Share Options (Note 2)	1,252,000	-	-	<u>1,252,000</u>	<u>0.11%</u>
					<u>10,830,497</u>	<u>0.95%</u>

OTHER INFORMATION

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

		Long positions Number of ordinary shares of HK\$0.1 each (the "Shares") and underlying Shares held under equity derivatives				Approximate percentage of the Company's issued share capital
Name of Directors		Personal interests	Interests of spouse	Other interests	Total interests	
Mr. Lin Feng-Chieh	Shares	164,000	–	600,000 (Note 3)	764,000	0.06%
	Equity Derivatives: Share Options (Note 2)	1,660,000	–	–	1,660,000	0.15%
					<u>2,424,000</u>	<u>0.21%</u>
Mr. Tsai Wen-Yu	Shares	140,000	–	–	140,000	0.01%
	Equity Derivatives: Share Options (Note 2)	336,000	–	–	336,000	0.03%
					<u>476,000</u>	<u>0.04%</u>
Mr. Tsui Yung Kwok	Shares	5,052,000	–	600,000 (Note 3)	5,652,000	0.50%
	Equity Derivatives: Share Options (Note 2)	1,252,000	–	–	1,252,000	0.11%
					<u>6,904,000</u>	<u>0.61%</u>
Mr. Yip Wai Ming	Shares	140,000	–	–	140,000	0.01%
	Equity Derivatives: Share Options (Note 2)	336,000	–	–	336,000	0.03%
					<u>476,000</u>	<u>0.04%</u>

OTHER INFORMATION

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

Notes:

1. The Shares and the underlying Shares were registered in the name of Southern Asia Management Limited ("Southern Asia"), which was wholly owned by Shine Century Assets Corp., the entire issued share capital of which was beneficially owned by the Cheng Family Trust which was founded by Mr. Cheng Li-Yu. The beneficiaries of the Cheng Family Trust include, among others, Mr. Cheng Li-Yu. Mr. Cheng Li-Yu was deemed to be interested in all the Shares in which Shine Century Assets Corp. was interested by virtue of the SFO.
2. The share options granted by the Company (the "Share Options") are regarded for the time being as unlisted physically settled equity derivatives. Details of the Share Options are set out in the section headed "Share Option Scheme" below and note 13 to the interim financial information.
3. Those 5,000,000 shares, 600,000 shares, 600,000 shares and 600,000 shares were award shares granted by the Board on 16 June 2017 pursuant to the Share Award Plan adopted by the Company on 19 May 2017 but had not yet vested as at 30 June 2017. For further details, please refer to the announcement of the Company dated 16 June 2017.

Save as disclosed above, as at 30 June 2017, none of the Directors or chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in note 13 to the interim financial information and save in the section headed "Share Award Plan" in this report, at no time during the Period were there rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or minor (natural or adopted), or were such rights exercised by them; nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details are disclosed in note 13 to the interim financial information.

OTHER INFORMATION

SHARE OPTION SCHEME (continued)

During the Period, the following share options were outstanding under the share option scheme which was adopted by the Company on 3 November 2005 and was terminated by resolutions of the shareholders of the Company on 11 May 2015 (the "Old Scheme"), and the new share option scheme which was adopted by the Company on 11 May 2015 (the "New Scheme"):

Name or category of participant	Number of share options					At 30 June 2017	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2017	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
Directors										
Mr. Cheng Chia-jiun	1,000	-	-	-	-	1,000	17-1-2012	7-11-2016 to 30-11-2019	HK\$0.97	HK\$0.93
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.93
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>336,000</u>	-	-	-	-	<u>336,000</u>				
Mr. Huang Kuo-Kuang	1,000	-	-	-	-	1,000	17-1-2012	7-11-2016 to 30-11-2019	HK\$0.97	HK\$0.93
	251,000	-	-	-	-	251,000	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.93
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>1,252,000</u>	-	-	-	-	<u>1,252,000</u>				
Mr. Lin Feng-Chieh	160,000	-	-	-	-	160,000	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.93
	300,000	-	-	-	-	300,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	300,000	-	-	-	-	300,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	300,000	-	-	-	-	300,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	300,000	-	-	-	-	300,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	300,000	-	-	-	-	300,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
		<u>1,660,000</u>	-	-	-	-	<u>1,660,000</u>			
Mr. Tsai Wen-Yu	1,000	-	-	-	-	1,000	17-1-2012	7-11-2016 to 30-11-2019	HK\$0.97	HK\$0.93
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.93
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>336,000</u>	-	-	-	-	<u>336,000</u>				
Mr. Tsai Yung Kwok	1,000	-	-	-	-	1,000	17-1-2012	7-11-2016 to 30-11-2019	HK\$0.97	HK\$0.93
	251,000	-	-	-	-	251,000	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.93
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	200,000	-	-	-	-	200,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>1,252,000</u>	-	-	-	-	<u>1,252,000</u>				

OTHER INFORMATION

SHARE OPTION SCHEME (continued)

Name or category of participant	Number of share options					At 30 June 2017	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2017	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
Directors										
Mr. Yip Wai Ming	1,000	-	-	-	-	1,000	17-1-2012	7-11-2016 to 30-11-2019	HK\$0.97	HK\$0.93
	35,000	-	-	-	-	35,000	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.93
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	60,000	-	-	-	-	60,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>336,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>336,000</u>				
Other employees										
In aggregate	130,700	-	-	-	-	130,700	17-1-2012	7-11-2016 to 30-11-2019	HK\$0.97	HK\$0.93
	13,977,300	-	-	-	(1,076,000)	12,901,300	17-1-2012	7-11-2017 to 30-11-2019	HK\$0.97	HK\$0.93
	30,000	-	-	-	(10,000)	20,000	9-7-2015	9-7-2015 to 31-8-2024	HK\$3.29	HK\$3.00
	30,000	-	-	-	(10,000)	20,000	9-7-2015	7-11-2015 to 31-8-2024	HK\$3.29	HK\$3.00
	380,000	-	-	-	(10,000)	370,000	9-7-2015	7-11-2016 to 31-8-2024	HK\$3.29	HK\$3.00
	378,000	-	-	-	(10,000)	368,000	9-7-2015	7-11-2017 to 31-8-2024	HK\$3.29	HK\$3.00
	12,002,000	-	-	-	(868,000)	11,134,000	9-7-2015	7-11-2018 to 31-8-2024	HK\$3.29	HK\$3.00
	12,058,000	-	-	-	(870,000)	11,188,000	9-7-2015	7-11-2019 to 31-8-2024	HK\$3.29	HK\$3.00
	12,032,000	-	-	-	(868,000)	11,164,000	9-7-2015	7-11-2020 to 31-8-2024	HK\$3.29	HK\$3.00
	12,058,000	-	-	-	(870,000)	11,188,000	9-7-2015	7-11-2021 to 31-8-2024	HK\$3.29	HK\$3.00
	12,106,000	-	-	-	(874,000)	11,232,000	9-7-2015	7-11-2022 to 31-8-2024	HK\$3.29	HK\$3.00
	<u>75,182,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,466,000)</u>	<u>69,716,000</u>				
	<u>80,354,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,466,000)</u>	<u>74,888,000</u>				

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. The exercise price of the share options is subject to adjustment in the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of the Company in accordance with the rules of the Old Scheme and the New Scheme.

OTHER INFORMATION

SHARE AWARD PLAN

On 19 May 2017, the Company adopted the share award plan (the "Plan"), pursuant to which Bank of Communications Trustee Limited was appointed as trustee (the "Trustee") for the plan. The Board is pleased to announce that it has adopted the Plan to recognize and reward the contribution by certain eligible participants and to attract suitable personnel for further development of the Group. The Company may make contribution to the trust for the purpose of vesting awarded Shares to the selected participants. Pursuant to the Plan, the Company may from time to time at its sole discretion subject to requirements under the Plan, cause to be paid any sums of money to the Trustee and instruct the Trustee to purchase shares in the market at prevailing market price, subject to the compliance with the requirements of the Listing Rules, and all applicable laws from time to time. The Trustee will hold the awarded shares on trust for all or one or more of the selected participants until such awarded shares are vested with the relevant selected participants in accordance with the rules of the Plan.

The Plan is a discretionary plan of the Company and shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Plan and the terms of trust deed ("Trust Deed"). The Trustee shall hold the trust fund in accordance with the terms of the Trust Deed.

The Board shall not instruct the Trustee to subscribe and/or purchase Shares which will result in the total number of the Shares held by the Trustee under the Plan exceeding ten per cent (10%) of the total number of issued Share of the Company as at the beginning of the financial year from time to time. The Plan does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules.

The Scheme will remain in force for a period of 30 years since the date of adoption of the Scheme subject to early termination as determined by the Board.

During the six months ended 30 June 2017, the Trustee purchased 11,295,774 shares of the Company on the Stock Exchange.

On 16 June 2017, the Board resolved to grant a total of 6,800,000 awarded shares (the "Awarded Share") to four selected participants. Details are set out in the announcement of the Company dated 16 June 2017.

Below is a summary of the particulars of Awarded Shares under the Plan during the six months ended 30 June 2017:

Date of grant	Number of Awarded Shares granted	Approximate percentage of the Company's share capital as at the Adoption Date	Number of Awarded Shares	
			Vested as at 30 June 2017	Outstanding (held by the Trustee for the grantees) as at 30 June 2017
16 June 2017	6,800,000	0.6%	-	6,800,000

OTHER INFORMATION

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

As at 30 June 2017, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

LONG POSITION

Name of shareholders	Capacity and nature of interest	Number of Shares	Approximate percentage of the Company's issued share capital
Southern Asia	Beneficial owner	303,240,986	26.72%
Shine Century Assets Corp.(Note 1)	Interest of controlled corporation	303,240,986	26.72%
East Asia International Trustees Limited (Note 1)	Trustee (other than a bare trustee)	303,240,986	26.72%
Ms. Lin Mei-Li (Note 2)	Beneficial owner Interest of spouse	7,064,046 323,240,986	0.62% 28.49%
		<u>330,305,032</u>	<u>29.11%</u>
Templeton Asset Management Ltd	Investment Manager	78,685,500	6.93%
JP Morgan Chase & Co (Note 3)	Beneficial owner Custodian/approved lending agent	4,146,000 85,632,525	0.37% 7.54%
		<u>89,778,525</u>	<u>7.91%</u>

SHORT POSITION

Name of shareholders	Capacity and nature of interest	Number of Shares	Approximate percentage of the Company's issued share capital
JP Morgan Chase & Co (Note 3)	Beneficial owner	<u>2,079,500</u>	<u>0.18%</u>

OTHER INFORMATION

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

LENDING POOL

Name of shareholders	Capacity and nature of interest	Number of Shares	Approximate percentage of the Company's issued share capital
JP Morgan Chase & Co (Note 3)	Custodian/approved lending agent	85,632,525	7.54%

Notes:

- The Shares and underlying Shares were held by Southern Asia, which was wholly owned by Shine Century Assets Corp. The entire issued share capital of Shine Century Assets Corp. was owned by the Cheng Family Trust, the trustee of which was East Asia International Trustees Limited. Shine Century Assets Corp. was deemed to be interested in all the Shares in which Southern Asia was interested by virtue of the SFO. East Asia International Trustee Limited was deemed to be interested in all the Shares in which Shine Century Assets Corp. was interested by virtue of the SFO. The Shares registered in the name of Southern Asia was also disclosed as the interest of Mr. Cheng Li-Yu in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company" above.
- Ms. Lin Mei-Li is the wife of Mr. Cheng Li-Yu and she was deemed to be interested in all the Shares in which Mr. Cheng Li-Yu was interested by virtue of the SFO.
- So far as the Directors are aware of and based on the disclosure of interest form filed by JP Morgan Chase & Co ("JPMC&C") on 30 June 2017, which was the latest disclosure of interest form filed by JPMC&C during the six months ended 30 June 2017, these Shares were beneficially owned as to (i) 6,000 Shares (long position) by J.P. Morgan Whitefriars Inc. ("JPMWI"); (ii) 85,632,525 Shares (long position) by JPMorgan Chase Bank, N.A. ("JPMCBNA"); and (iii) 4,140,000 Shares (long position) and 2,079,500 Shares (short position) by J.P. Morgan Securities plc ("JPMSP").

JPMWI was wholly owned by J.P. Morgan Overseas Capital Corporation, which was in turned wholly owned by J.P. Morgan International Finance Limited ("JPMIFL"). JPMIFL was wholly owned by Bank One International Holdings Corporation, which was wholly owned by J.P. Morgan International Inc. ("JPMII"). JPMII was wholly owned by JPMCBNA, which was in turned wholly owned by JPMC&C.

JPMSP was owned as to 99.41% by J.P. Morgan Chase International Holdings ("JPMCIH") and 0.59% by J.P. Morgan Capital Financing Limited ("JPMCFCL"). JPMCIH was wholly owned by J.P. Morgan Chase (UK) Holdings Limited which was wholly owned by J.P. Morgan Capital Holdings Limited ("JPMCHL"). JPMCHL was owned as to 72.73% by JPMIFL and 27.27% by J.P. Morgan Overseas Capital Corporation. JPMCFCL was wholly owned by JPMC&C.

JPMC&C was deemed to be interested in all the Shares in which JPMWI, JPMCBNA and JPMSP were interested by virtue of the SFO.

Save as disclosed above, as at 30 June 2017, no person (other than a Director or chief executive of the Company) had registered an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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.

OTHER INFORMATION

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules. The Company and its corporate governance committee periodically review the Company’s 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 A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Prior to 1 March 2017, Mr. Cheng Li-Yu was the chairman of the Board but the Company had not appointed any chief executive officer. As the Board would like Mr. Cheng Li-Yu, Chairman of the Company, to focus on his role for the Group’s overall strategy planning, forecast and analysis of market trend and establishment of the Group’s future development, Mr. Chiu Hui-Chin was appointed as an executive Director and the Chief Executive Officer of the Company to be responsible for the overall operation management of the Group with effect from 1 March 2017. Such arrangement would also be in line with the requirement in code provision A.2.1.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted and applied a code of conduct regarding the Directors’ securities transaction on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, the Company is satisfied that all the Directors have fully complied with the required standards set out in the Model Code and the code of conduct of the Company during the Period.

AUDIT COMMITTEE

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

By order of the Board
Ju Teng International Holdings Limited
Cheng Li-Yu
Chairman

Hong Kong, 16 August 2017