巨騰國際控股有限公司

JU TENG INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3336)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

Financial Highlights

- Revenue for the year ended 31 December 2017 was approximately HK$7,752 million, representing a decrease of approximately 3.1%.
- Gross profit for the year ended 31 December 2017 was approximately HK$1,104 million, representing a decrease of approximately 17.8%.
- Gross profit margin for the year ended 31 December 2017 decreased to approximately 14.2% from approximately 16.8% for the year ended 31 December 2016.
- Profit attributable to equity holders of the Company for the year ended 31 December 2017 was approximately HK$77 million, representing a decrease of approximately 84.6%.
- Basic earnings per share attributable to equity holders of the Company for the year ended 31 December 2017 decreased to approximately HK7 cents, representing a decrease of approximately 84.5%.
- Net asset value per share attributable to equity holders of the Company as at 31 December 2017 was approximately HK$5.9 as compared with approximately HK$5.6 as at 31 December 2016.

The board (the "**Board**") of directors (the "**Directors**") of Ju Teng International Holdings Limited (the "**Company**" or "**Ju Teng**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
REVENUE	3	**7,751,797**	8,002,359
Cost of sales		**(6,647,762)**	(6,659,322)
Gross profit		**1,104,035**	1,343,037
Other income and gains	3	**212,988**	273,360
Selling and distribution expenses		**(109,333)**	(105,854)
Administrative expenses		**(702,063)**	(621,588)
Other expenses		**(134,451)**	(48,453)
Finance costs	4	**(108,661)**	(94,363)
PROFIT BEFORE TAX	5	**262,515**	746,139
Income tax expense	6	**(95,163)**	(156,412)
PROFIT FOR THE YEAR		**167,352**	589,727
Attributable to:			
Equity holders of the Company		**76,929**	500,586
Non-controlling interests		**90,423**	89,141
		167,352	589,727
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
- Basic (HK cents)		**7.0**	45.1
- Diluted (HK cents)		**6.9**	44.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017 *HK$'000*	2016 *HK$'000*
PROFIT FOR THE YEAR	**167,352**	589,727
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**812,617**	(680,528)
Available-for-sale investment:		
Change in fair value	**10,265**	(9,017)
Income tax effect	**(1,162)**	909
Reclassification adjustment for losses included in the consolidated statement of profit or loss – impairment loss	**-**	3,415
	9,103	(4,693)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**821,720**	(685,221)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**989,072**	(95,494)
Attributable to:		
Equity holders of the Company	**770,155**	(59,361)
Non-controlling interests	**218,917**	(36,133)
	989,072	(95,494)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**8,462,966**	8,079,378
Lease premium for land		**596,427**	486,086
Deferred tax assets		**52,855**	5,727
Goodwill		**53,985**	53,985
Prepayments for acquisition of property, plant and equipment		**8,790**	73,172
Available-for-sale investments		**24,987**	14,581
Total non-current assets		**9,200,010**	8,712,929
CURRENT ASSETS			
Inventories		**1,545,656**	1,289,404
Trade receivables	9	**2,744,612**	2,875,870
Prepayments, deposits and other receivables		**354,903**	369,576
Pledged and restricted bank balances		**39,809**	31,459
Cash and cash equivalents		**1,750,770**	1,529,053
Total current assets		**6,435,750**	6,095,362
CURRENT LIABILITIES			
Trade and bills payables	10	**919,973**	1,041,913
Other payables and accruals		**1,491,665**	1,027,432
Tax payable		**200,547**	201,857
Interest-bearing bank borrowings		**2,463,662**	1,657,469
Total current liabilities		**5,075,847**	3,928,671
NET CURRENT ASSETS		**1,359,903**	2,166,691
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,559,913**	10,879,620
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**2,005,317**	2,791,440
Deferred income		**154,127**	302,787
Deferred tax liabilities		**52,084**	41,399
Total non-current liabilities		**2,211,528**	3,135,626
Net assets		**8,348,385**	7,743,994
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	11	**114,755**	113,471
Reserves		**6,632,921**	6,248,731
		6,747,676	6,362,202
Non-controlling interests		**1,600,709**	1,381,792
Total equity		**8,348,385**	7,743,994

NOTES

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

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

Revised HKFRSs

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

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 early adopted any amendments and new or amended HKFRSs that are not yet effective for the current accounting period.

2. OPERATING SEGMENT INFORMATION

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

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

Geographical information

(i) Revenue from external customers:

	2017	2016
	HK$'000	*HK$'000*
The People's Republic of China (the "**PRC**"), excluding Hong Kong	**7,611,024**	7,867,765
The Republic of China (the "**ROC**")	**105,228**	95,957
Others	**35,545**	38,637
	7,751,797	8,002,359

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

(ii) Non-current assets:

	2017	2016
	HK$'000	*HK$'000*
The PRC, excluding Hong Kong	**8,972,943**	8,515,389
The ROC	**149,197**	177,204
Others	**28**	28
	9,122,168	8,692,621

The non-current asset information above, excluding available-for-sale investments and deferred tax assets, is based on the locations of the assets.

Information about major customers

Revenue of approximately HK$1,769,138,000, HK$1,536,583,000, HK$1,205,066,000, HK$870,422,000 and HK$826,970,000 for the year ended 31 December 2017 was derived from sales to each of the respective five major customers, the revenue from each of which contributed 10% or more sales to the Group's revenue, including sales to a group of entities which are known to be under common control with these customers.

Revenue of approximately HK$1,710,949,000, HK$1,533,477,000, HK$1,080,252,000, HK$935,901,000, HK$808,392,000 and HK$805,703,000 for the year ended 31 December 2016 was derived from sales to each of the respective six major customers, the revenue from each of which contributed 10% or more sales to the Group's revenue, including sales to a group of entities which are known to be under common control with these customers.

3. REVENUE, OTHER INCOME AND GAINS

Revenue represents the invoiced value of goods sold, net of value-added tax, after allowances for returns and trade discounts, and after elimination of all significant intra-group transactions.

An analysis of revenue, other income and gains is as follows:

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**7,751,797**	8,002,359
Other income and gains		
Interest income	**21,594**	9,812
Subsidy income	**143,411**	145,761
Compensation income	**15,710**	1,211
Rental income	**21,797**	9,418
Dividend income	**361**	699
Foreign exchange gains, net	**-**	102,830
Others	**10,115**	3,629
	212,988	273,360

4. FINANCE COSTS

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

	2017	2016
	HK$'000	*HK$'000*
Interest on bank loans and other loans	**117,482**	102,505
Total interest expense on financial liabilities not at fair value through profit or loss	**117,482**	102,505
Less: Interest capitalised	**(8,821)**	(8,142)
	108,661	94,363

5. PROFIT BEFORE TAX

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

	2017	2016
	HK$'000	*HK$'000*
Cost of inventories sold	**6,696,952**	6,616,459
Depreciation	**1,026,830**	983,657
Amortisation of lease premium for land	**12,923**	11,899
Provision/(reversal of provision) for slow-moving and obsolete inventories	**(51,769)**	40,284
Loss on disposal of items of property, plant and equipment, net	**8,220**	38,827
Impairment of an available-for-sale investment	**-**	3,415
Foreign exchange losses/(gains), net	**98,880**	(102,830)

6. INCOME TAX

Hong Kong profits tax has not been provided as the Group did not have any assessable profits arising in Hong Kong during the year (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.

	2017	2016
	HK$'000	*HK$'000*
Provision for the year		
Current – The PRC, excluding Hong Kong		
Charge for the year	**140,302**	135,315
Underprovision in prior years	**422**	4,612
Current – Overseas		
Charge for the year	**26,784**	38,098
Overprovision in prior years	**(36,885)**	(35,145)
Deferred tax	**(35,460)**	13,532
Total tax charge for the year	**95,163**	156,412

7. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Proposed final – HK8 cents (2016: HK10 cents) per ordinary share (note)	**91,804**	113,471

7. DIVIDENDS (continued)

Note:

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

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK$76,929,000 (2016: HK$500,586,000) and the weighted average number of 1,101,919,378 (2016: 1,110,895,303) ordinary shares in issue excluding shares held under the share award plan during the year.

The calculation of diluted earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK$76,929,000 (2016: HK$500,586,000). The weighted average number of ordinary shares used in the calculation is 1,101,919,378 (2016: 1,110,895,303) ordinary shares in issue excluding shares held under the share award plan during the year, as used in the basic earnings per share calculation, and the weighted average number of 7,812,080 (2016: 18,403,185) 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

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:

	2017	2016
	HK$'000	*HK$'000*
Within 3 months	**1,857,513**	2,113,334
4 to 6 months	**853,535**	748,380
7 to 12 months	**33,564**	14,156
	2,744,612	2,875,870

9. TRADE RECEIVABLES (continued)

The aged analysis of the Group's trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**2,200,688**	2,475,806
1 to 3 months past due	**532,519**	391,890
4 to 6 months past due	**10,050**	7,624
7 to 12 months past due	**1,355**	550
	2,744,612	2,875,870

Receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

10. 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:

	2017	2016
	HK$'000	*HK$'000*
Within 3 months	**679,754**	757,840
4 to 6 months	**181,257**	210,144
7 to 12 months	**9,171**	15,364
Over 1 year	**49,791**	58,565
	919,973	1,041,913

11. SHARE CAPITAL

	2017	2016
	HK$'000	*HK$'000*
Authorised:		
2,000,000,000 shares of HK$0.1 each	**200,000**	200,000
Issued and fully paid:		
1,147,550,445 (2016: 1,134,708,445) shares of HK$0.1 each	**114,755**	113,471

During the year, the movements in share capital were as follows:

	Number of shares in issue of HK$0.1 each	Share capital *HK$'000*	Share premium account *HK$'000*	Total *HK$'000*
At 1 January 2016	1,119,977,185	111,997	218,062	330,059
Issue of shares in connection with the exercise of share options (Note(i))	14,730,000	1,473	12,815	14,288
Issue of shares in connection with the exercise of warrants (Note(ii))	1,260	1	6	7
Share issue expenses	-	-	(9)	(9)
Transfer from employee share-based compensation reserve	-	-	14,820	14,820
2015 final dividend	-	-	(167,997)	(167,997)
At 31 December 2016 and at 1 January 2017	**1,134,708,445**	**113,471**	**77,697**	**191,168**
Issue of shares in connection with the exercise of share options (Note (i))	**12,842,000**	**1,284**	**11,173**	**12,457**
Transfer from employee share-based compensation reserve	**-**	**-**	**14,398**	**14,398**
2016 final dividend	**-**	**-**	**(77,697)**	**(77,697)**
At 31 December 2017	**1,147,550,445**	**114,755**	**25,571**	**140,326**

11. SHARE CAPITAL (continued)

Notes:

(i) During the year, the Company issued a total of 12,842,000 (2016: 14,730,000) shares at an exercise price of HK$0.97 (2016: HK$0.97) per share, pursuant to the exercise of options granted under the share option scheme of the Company, resulting in the issue of 12,842,000 (2016: 14,730,000) shares of HK$0.1 each for a total cash consideration, before expenses, of HK$12,457,000 (2016: HK$14,288,000). A total of HK$14,398,000 (2016: HK$14,820,000) was transferred from the employee share-based compensation reserve to the share premium account upon the exercise of the share options.

(ii) A bonus issue of warrants (the "**Warrants**") was made by the Company in the proportion of one Warrant for every eight shares held on the record date, i.e. 9 April 2015, resulting in 143,954,000 Warrants being issued. Each Warrant entitles the warrant holder thereof to subscribe for one warrant share at the initial subscription price of HK$4.60 per warrant share (subject to adjustment) at any time during the period from 15 April 2015 to 14 October 2016 (both days inclusive).

During the year ended 31 December 2016, the Company issued a total of 1,260 shares at a subscription price of HK$4.60 per warrant share pursuant to the exercise of subscription rights attached to the Warrants by certain bonus warrant holders, resulting in the issue of 1,260 shares of HK$0.10 each for a total cash consideration, before expenses, of HK$6,000. The issued capital of the warrant shares was increased by the par value and the premium received thereon after deducting the related expenses incurred on the issue of the bonus warrants have been credited to share premium account of the Company accordingly.

The subscription rights attaching to the Warrants has expired on 14 October 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review & Prospects

In 2017, the global shipment of personal computers remained depressed and the growth of demand maintained sluggish. Both research results generated by Gartner, Inc. ("**Gartner**") and International Data Corporation ("**IDC**"), market research institutions, showed that the global PC shipment continued to decline in 2017. As a global leading manufacturer of notebook computer casing, Ju Teng's business has been negatively influenced by the persistent shrinkage of the market and its overall performance was on a downward trend in 2017.

For the year ended 31 December 2017, the turnover of Ju Teng dropped by approximately 3.1% to approximately HK$7,752 million and the gross margin declined by approximately 2.6% compared to the previous year. The decline in revenue and gross margin was caused by various factors. On one hand, the continuous decline in the global PC shipment resulted in a decrease in the Group's revenue; on the other hand, an oversupply of production capacity contributed to an increase in the unit cost. Meanwhile, as the Group's plants are located in Mainland China, the appreciation of RMB during the year under review led to an increase in production and labor costs.

Although the global PC shipment registered another drop in 2017, the industry has been aware of its recovery signals. According to the data from IDC, PC shipment in 2017 has outperformed expectations and 2017 has been the most stable year since 2011. At present, despite the fact that prices have been rising due to higher component costs, driven by speed-up replacement of Windows 10, it is estimated that the PC market is set to return to growth in 2018. Coupled with the R&D of PC industry innovative product, namely Always Connected PC, and changes in purchasing purpose of the personal computer, Ju Teng believes that the PC market will be encouraging in the future. Ju Teng will continue to leverage its sophisticated market insights and pay closer attention to the industry trends.

Looking ahead, Ju Teng will continue to focus on its core business of notebook computer casing. Based on the current market trend, 2-in-1 computer products are increasingly popular among consumers. The Group will timely respond to such demand changes in both casing type and material preference, and keep expanding the R&D and production in 2-in-1 PC casings to increase the market share in 2-in-1 PC casings segment. In addition, Ju Teng will also actively look for new business development segments to fulfill different consumer needs so as to enhance its ability to cope with market risks.

Meanwhile, Ju Teng will maintain and promote the advanced production technology and years of industry experience accumulated in the plastic casing, stabilize the segment orders and market share, and reinforce the quality of plastic casing on the existing basis, to meet broader market demands. Moreover, the Group will further promote and develop both metal casing and composite material casing as they are expected to meet various requirements for different types of PCs. They are projected to be the growth driver for the Group in the future.

Despite the risks and challenges caused by the volatile external environment, Ju Teng's business and financial performance have remained stable. The Group was able to stay abreast of the market trends and adjust its product structure to meet market demand. In the future, in order to maintain its leading position in the notebook computer casing industry, Ju Teng will continue to keep close step with market trend, seize the opportunities brought by the PC upgrade, optimize product mix, and improve production capacity. The Group will further enhance its profit margins by lowering costs and increasing production efficiency. Having experienced the fluctuation of the market, Ju Teng will further strengthen its reputation as a leader in notebook computer casing industry. Ju Teng believes, with the gradual recovery of the PC industry, a healthier financial performance is expected.

Financial Review

Since the global demand for notebook computers remained sluggish, the market has continued to be in a downward trend. During the year, the Group's revenue slightly decreased by approximately 3.1% to approximately HK$7,752 million (2016: approximately HK$8,002 million). Resulting from the decrease in turnover and increase in production costs, the Group's gross profit margin during the year decreased to approximately 14.2% (2016: approximately 16.8%).

During the year, other income and gains of the Group mainly consisted of subsidy income of approximately HK$143 million (2016: approximately HK$146 million) and rental income of approximately HK$22 million (2016: approximately HK$9 million). Due to the incurrence of foreign exchange losses which was included in other expenses, as compared to foreign exchange gains of HK$103 million in 2016, the Group recorded a decrease of approximately 22.1% in other income and gains to approximately HK$213 million (2016: approximately HK$273 million) during the year, accounting for approximately 2.7% (2016: approximately 3.4%) of the Group's revenue.

Due to the recognition of approximately HK$22 million arising from the grant of share award pursuant to the share award plan adopted on 19 May 2017 (the "**Share Award Plan**") and appreciation of RMB during the year, the Group recorded an increase of approximately 11.5% in operating costs, including administrative expenses, and selling and distribution expenses, to approximately HK$811 million (2016: approximately HK$727 million). Therefore, the percentage of operating costs of the Group increased to approximately 10.5% (2016: approximately 9.1%) of the Group's revenue.

During the year, other expenses of the Group mainly consisted of losses on disposal of items of property, plants and equipment of approximately HK$8 million (2016: approximately HK$39 million), foreign exchange losses of approximately HK$99 million (2016: foreign exchange gains of approximately HK$103 million) resulting from the appreciation of RMB and employees' compensation of approximately HK$25 million (2016: approximately HK$0.4 million) due to downsizing moulding work force. As a result, the Group recorded an increase of approximately 177.5% in other expenses to approximately HK$134 million (2016: approximately HK$48 million), accounting for approximately 1.7% (2016: approximately 0.6%) of the Group's revenue.

Finance costs of the Group increased by approximately 15.2% to approximately HK$109 million (2016: approximately HK$94 million) for the year as compared to that of 2016, which was mainly attributable to the increase in loan interest rate. Interest capitalised during the year was approximately HK$8.8 million (2016: approximately HK$8.1 million).

Income tax expenses of the Group decreased by approximately 39.2% to approximately HK$95 million (2016: approximately HK$156 million) for the year as compared to that of 2016, resulting from the decrease in profit before tax. The Group's effective tax rate for the year was 36.3% (2016: 21.0%). The increase in effective tax rate was mainly because the deferred tax assets have not been recognized for certain tax losses.

The profit attributable to equity holders of the Company for the year amounted to approximately HK$77 million (2016: approximately HK$501 million), representing a decrease of approximately 84.6% when compared to that of last year. The decrease in the profit attributable to equity holders of the Company was mainly attributable to the decrease in the Group's gross profit and increase in administrative and other expenses.

Liquidity and Financial Resources

As at 31 December 2017, total bank borrowings of the Group amounted to approximately HK$4,469 million (31 December 2016: approximately HK$4,449 million). 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 31 December 2017, the Group's bank loans denominated in United States dollar ("**USD**"), and New Taiwan Dollars were approximately HK$4,431 million (31 December 2016: approximately HK$4,417 million), and approximately HK$38 million (31 December 2016: approximately HK$32 million) respectively.

During the year, the Group's cash flows from operating activities decreased to approximately HK$1,104 million from approximately HK$1,897 million in 2016, which was mainly due to the decline in profit before tax and decrease in trade and bills payables. As a result of the purchase of fixed assets for the production capacity in Taizhou City and compensation income received for relocation of production plants, the Group recorded a net cash outflow from investing activities of approximately HK$469 million (2016: approximately HK$1,274 million). During the year, due to the purchase of the Company's share under the Share Award Plan, the Group recorded a net cash outflow from financing activities of approximately HK$450 million (2016: approximately HK$601 million). As at 31 December 2017, the Group had cash and bank balances of approximately HK$1,751 million (31 December 2016: approximately HK$1,529 million).

As at 31 December 2017, the Group's gearing ratio, calculated as total bank borrowings of approximately HK$4,469 million (31 December 2016: approximately HK$4,449 million) divided by total assets of approximately HK$15,636 million (31 December 2016: approximately HK$14,808 million) was approximately 28.6% (31 December 2016: approximately 30%). The decrease in gearing ratio was due to the increase in total assets.

Financial Ratios

Inventory turnover days of approximately 85 days (2016: 71 days) of the Group for the year was higher than that of 2016 due to the decline in sales. There was an increase in the Group's inventories of approximately 19.9% to approximately HK$1,546 million as at 31 December 2017 from approximately HK$1,289 million as at 31 December 2016.

Trade receivables turnover days of the Group during the year slightly decreased to approximately 129 days (2016: 132 days). Trade receivables as at 31 December 2017 decreased by approximately 4.6% to approximately HK$2,745 million (31 December 2016: approximately HK$2,876 million).

Trade and bills payables turnover days of the Group for the year decreased to approximately 51 days (2016: 57 days) due to early payment to suppliers in order to get better trade terms.

Pledge of Assets

As at 31 December 2017, certain buildings with a net carrying amount of approximately HK$21,773,000 (2016: Nil) were pledged to secure banking facilities granted to the Group.

As at 31 December 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 RMB has negative effects on the Group's profitability. During the year, the Group recorded exchange losses of approximately HK$99 million (2016: exchange gains of approximately HK$103 million). The management of the Group will, nonetheless, continue to monitor the Group's foreign currency risk exposures and adopt prudent measures as appropriate to minimize the adverse effects arising from the foreign currency fluctuations.

Employees

As at 31 December 2017, the Group had approximately 32,000 employees (31 December 2016: approximately 34,000 employees). The Group recorded staff costs (excluding directors' remuneration) of approximately HK$2,144 million (2016: approximately HK$2,012 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 31 December 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$206 million (31 December 2016: approximately HK$258 million).

Contingent Liabilities

As at 31 December 2017, 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 has purchased, sold or redeemed any of the Company's listed securities during the year.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK8 cents per share in respect of the year ended 31 December 2017 (2016: HK10 cents per share) to shareholders whose names appear on the register of members of the Company on 23 May 2018 subject to the approval by the shareholders of the Company at the forthcoming annual general meeting (the "**AGM**") to be held on 16 May 2018.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining members who are qualified for attending the AGM of the Company, the register of members of the Company will be closed from 11 May 2018 to 16 May 2018 (both days inclusive), during which no transfer of shares can be registered. To qualify for the attendance at the AGM of the Company, shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company (the "**Branch Share Registrar**"), Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 10 May 2018.

For the purpose of determining members who are qualified for the proposed final dividend for the year ended 31 December 2017, and conditional on the passing of the resolution approving the declaration of the final dividend by the shareholders in the AGM of the Company, the register of members of the Company will also be closed from 24 May 2018 to 25 May 2018 (both days inclusive), during which no transfer of shares can be registered. To qualify for the final dividend (which will be payable on or about 1 June 2018) to be approved at the AGM of the Company, shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Branch Share Registrar at the above address no later than 4:30 p.m. on 23 May 2018.

CORPORATE GOVERNANCE PRACTICES

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

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

Code Provision A.2.1

Pursuant to Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated 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 enhancing 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 of the Group from time to time and shall make necessary changes when appropriate and inform the shareholders 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 year.

AUDIT COMMITTEE

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

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website (http://www.irasia.com/listco/hk/juteng) and the Hong Kong Stock Exchange's website (http://www.hkexnews.hk). The 2017 annual report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Hong Kong Stock Exchange in due course in accordance with the Listing Rules.

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

Hong Kong, 16 March 2018

As at the date of this announcement, the executive Directors are Mr. Cheng Li-Yu, Mr. Chiu Hui-Chin, Mr. Huang Kuo-Kuang, Mr. Lin Feng-Chieh and Mr. Tsui Yung Kwok, and the independent non-executive Directors are Mr. Cherng Chia-Jiun, Mr. Tsai Wen-Yu and Mr. Yip Wai Ming.