



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



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Cheng Li-Yu (*Chairman*)
Mr. Chiu Hui-Chin (*Chief Executive Officer*)
Mr. Huang Kuo-Kuang
Mr. Lin Feng-Chieh
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

Ms. Cheung Lai Yin

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

Bank of China
Bank SinoPac
CTBC Bank
DBS Bank
E. Sun Bank
Fubon Bank
KGI Bank
Mega International Commercial Bank
Standard Chartered Bank
Taishin Bank
Yuanta Bank

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
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
		2020 (Unaudited)	2019 (Unaudited)	
Operating Results:				
Revenue (HK\$ million)		4,572	4,341	+5.3%
Profit/(loss) attributable to equity holders of the Company (HK\$ million)		227	(47)	+580.2%
Earnings/(loss) per share				
Basic (HK cents)		25.9	(5.1)	+607.8%
Diluted (HK cents)		25.6	(5.1)	+602.0%
Profitability Ratio:				
Gross profit margin		15.1%	10.2%	+4.9%
Operating profit margin	1	7.1%	0.7%	+6.4%
Net profit/(loss) margin	2	5.0%	-1.1%	+6.1%
EBITDA (HK\$ million)		882	596	+48.0%
Return on equity	3	7.8%	-1.6%	+9.4%
Liquidity and Capital Ratio:				
Inventory turnover days	4	84	70	+20.0%
Trade receivables turnover days	5	143	112	+27.7%
Trade and bills payables turnover days	6	55	43	+27.9%
Interest coverage	7	744.8%	79.8%	+665.0%
Net debt to equity	8	44.0%	36.0%	+8.0%
Cash flows from operating activities (HK\$ million)		68	691	-90.2%

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/(loss) margin equals profit/(loss) attributable to equity holders of the Company divided by revenue.
- (3) Return on equity equals profit/(loss) 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/(loss) 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 2020 (the “Period”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
REVENUE	3	4,572,242	4,341,454
Cost of sales		(3,879,557)	(3,899,449)
Gross profit		692,685	442,005
Other income and gains	3	111,234	38,568
Selling and distribution expenses		(61,692)	(66,685)
Administrative expenses		(308,284)	(346,246)
Other expenses		(14,815)	(8,801)
Finance costs	4	(56,276)	(73,753)
PROFIT/(LOSS) BEFORE TAX	5	362,852	(14,912)
Income tax expense	6	(100,382)	(16,298)
PROFIT/(LOSS) FOR THE PERIOD		262,470	(31,210)
Attributable to:			
Equity holders of the Company		227,420	(47,355)
Non-controlling interests		35,050	16,145
		262,470	(31,210)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
– Basic (HK cents)		25.9	(5.1)
– Diluted (HK cents)		25.6	(5.1)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	262,470	(31,210)
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive expenses that may be reclassified to profit or loss in subsequent periods: Exchange differences on translation of foreign operations	(193,374)	(22,437)
Other comprehensive income/(expenses) that will not be reclassified to profit or loss in subsequent periods: Equity investment designated at fair value through other comprehensive income: Change in fair value Income tax effect	(2,080) 422	4,233 –
	(1,658)	4,233
Release of exchange fluctuation reserve upon disposal of a subsidiary	–	(962)
Net other comprehensive income/(expenses) that will not be reclassified to profit or loss in subsequent periods	(1,658)	3,271
OTHER COMPREHENSIVE EXPENSES FOR THE PERIOD, NET OF TAX	(195,032)	(19,166)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD	67,438	(50,376)
Attributable to:		
Equity holders of the Company	70,021	(59,693)
Non-controlling interests	(2,583)	9,317
	67,438	(50,376)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Notes	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	6,984,659	7,174,534
Right-of-use assets		619,482	546,196
Goodwill		52,488	52,488
Deferred tax assets		48,013	61,654
Prepayments for acquisition of property, plant and equipment		64,051	66,764
Equity investment designated at fair value through other comprehensive income		24,648	26,841
Total non-current assets		7,793,341	7,928,477
CURRENT ASSETS			
Inventories		1,789,751	1,657,535
Trade receivables	10	3,603,183	3,146,961
Prepayments, deposits and other receivables		335,562	205,047
Pledged and restricted bank balances		54,442	33,824
Cash and cash equivalents		787,098	1,142,072
Total current assets		6,570,036	6,185,439
CURRENT LIABILITIES			
Trade and bills payables	11	1,166,241	1,064,696
Other payables and accruals		1,609,722	1,566,366
Lease liabilities		2,183	1,764
Tax payable		117,579	156,929
Interest-bearing bank borrowings		3,331,731	2,869,848
Total current liabilities		6,227,456	5,659,603
NET CURRENT ASSETS		342,580	525,836
TOTAL ASSETS LESS CURRENT LIABILITIES		8,135,921	8,454,313

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2020

Notes	30 June 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	687,173	904,999
Deferred income	34,687	35,646
Lease liabilities	2,214	2,960
Deferred tax liabilities	61,783	62,205
	<hr/>	<hr/>
Total non-current liabilities	785,857	1,005,810
	<hr/>	<hr/>
Net assets	7,350,064	7,448,503
	<hr/>	<hr/>
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	116,634	116,634
Reserves	5,664,108	5,759,964
	<hr/>	<hr/>
	5,780,742	5,876,598
Non-controlling interests	1,569,322	1,571,905
	<hr/>	<hr/>
Total equity	7,350,064	7,448,503
	<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to equity holders of the Company											
	Issued capital HK\$'000	Share premium account* HK\$'000	Shares held under share award plan* HK\$'000	Employee share-based compensation reserve* HK\$'000	Statutory reserve fund* HK\$'000	Exchange fluctuation reserve* HK\$'000	Retained profits* HK\$'000	Fair value reserve* HK\$'000	Other reserves* HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
(Unaudited)												
At 1 January 2019	116,634	85,267	(556,223)	81,763	216,125	(278,278)	6,092,056	(3,960)	323,963	6,077,347	1,546,453	7,623,800
Profit/(loss) for the Period	-	-	-	-	-	-	(47,355)	-	-	(47,355)	16,145	(31,210)
Other comprehensive income/(expenses) for the Period:												
Change in fair value of an equity investment designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	4,233	-	4,233	-	4,233
Exchange differences on translation of foreign operations	-	-	-	-	-	(15,609)	-	-	-	(15,609)	(6,828)	(22,437)
Release of exchange fluctuation reserve upon disposal of a subsidiary	-	-	-	-	-	(962)	-	-	-	(962)	-	(962)
Total comprehensive income/(expenses) for the Period	-	-	-	-	-	(16,571)	(47,355)	4,233	-	(59,693)	9,317	(50,376)
Purchase of shares under the share award plan	-	-	(44,070)	-	-	-	-	-	-	(44,070)	-	(44,070)
Disposal of a subsidiary	-	-	-	-	(1,521)	-	-	-	-	(1,521)	-	(1,521)
Dividend received under the share award plan	-	-	24,246	-	-	-	-	-	-	24,246	-	24,246
Share-based compensation arrangements	-	-	-	11,532	-	-	-	-	-	11,532	-	11,532
2018 final dividend	-	-	-	-	-	-	(116,634)	-	-	(116,634)	-	(116,634)
At 30 June 2019	116,634	85,267	(576,047)	93,295	214,604	(294,849)	5,928,067	273	323,963	5,891,207	1,555,770	7,446,977
(Unaudited)												
At 1 January 2020	116,634	85,267	(632,706)	102,764	256,202	(465,718)	6,079,737	10,455	323,963	5,876,598	1,571,905	7,448,503
Profit for the Period	-	-	-	-	-	-	227,420	-	-	227,420	35,050	262,470
Other comprehensive expenses for the Period:												
Change in fair value of an equity investment designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	(1,658)	-	(1,658)	-	(1,658)
Exchange differences on translation of foreign operations	-	-	-	-	-	(155,741)	-	-	-	(155,741)	(37,633)	(193,374)
Total comprehensive income/(expenses) for the Period	-	-	-	-	-	(155,741)	227,420	(1,658)	-	70,021	(2,583)	67,438
Purchase of shares under the share award plan	-	-	(82,576)	-	-	-	-	-	-	(82,576)	-	(82,576)
Dividend received under the share award plan	-	-	29,770	-	-	-	-	-	-	29,770	-	29,770
Share-based compensation arrangements	-	-	-	3,563	-	-	-	-	-	3,563	-	3,563
Transfer from retained profits	-	-	-	-	203,173	-	(203,173)	-	-	-	-	-
2019 final dividend	-	-	-	-	-	-	(116,634)	-	-	(116,634)	-	(116,634)
At 30 June 2020	116,634	85,267	(685,512)	106,327	459,375	(621,459)	5,987,350	8,797	323,963	5,780,742	1,569,322	7,350,064

* These reserve accounts comprise the consolidated reserves of HK\$5,664,108,000 (31 December 2019: HK\$5,759,964,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	249,470	908,209
Income tax paid	(126,795)	(146,056)
Withholding tax paid	–	(314)
Interest received	5,858	6,934
Interest paid	(60,493)	(78,030)
Net cash flows from operating activities	<u>68,040</u>	<u>690,743</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(331,719)	(322,084)
Purchases of right-of-use assets	(91,143)	–
Proceeds from disposal of items of property, plant and equipment	1,788	68,722
Disposal of a subsidiary	–	32,586
Decrease/(increase) in pledged and restricted bank balances	(20,618)	4,778
Increase in prepayments for acquisition of property, plant and equipment	(64,051)	(45,967)
Net cash flows used in investing activities	<u>(505,743)</u>	<u>(261,965)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	956,164	683,711
Repayment of bank loans	(690,877)	(964,871)
Dividend paid	(116,634)	(116,634)
Purchase of shares held under the share award plan	(82,576)	(44,070)
Dividend received under the share award plan	29,770	24,246
Principal portion of lease payments	(1,119)	(59)
Net cash flows from/(used in) financing activities	<u>94,728</u>	<u>(417,677)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(342,975)	11,101
Cash and cash equivalents at beginning of Period	1,142,072	1,157,244
Effect of foreign exchange rate changes, net	(11,999)	(2,191)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>787,098</u>	<u>1,166,154</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	787,098	1,166,154

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2020

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

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

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2019. 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 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) for the first time for the current period’s financial information:

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

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

2. OPERATING SEGMENT INFORMATION

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

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

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2020

2. OPERATING SEGMENT INFORMATION (continued)

Geographical information

Revenue from external customers:

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
The People's Republic of China (the "PRC" or "Mainland China"), excluding Hong Kong	4,495,641	4,261,934
The Republic of China (the "ROC")	42,862	54,024
Others	33,739	25,496
	<u>4,572,242</u>	<u>4,341,454</u>

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

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue from contracts with customers		
Sale of goods	<u>4,572,242</u>	<u>4,341,454</u>

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2020

3. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
<i>Geographical markets</i>		
The PRC, excluding Hong Kong	4,495,641	4,261,934
The ROC	42,862	54,024
Others	33,739	25,496
	4,572,242	4,341,454

(ii) Performance obligation

Sale of goods

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

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interest income	5,858	6,934
Subsidy income [#]	16,736	7,895
Compensation income	5,835	6,670
Gross rental income	12,640	13,241
Write-off of long outstanding other payables and accruals	2,245	799
Foreign exchange gains, net	67,556	2,371
Others	364	658
	111,234	38,568

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

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2020

4. FINANCE COSTS

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

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interest on bank loans	60,493	78,030
Interest on lease liabilities	91	5
Total interest expense on financial liabilities not at fair value through profit or loss	60,584	78,035
Less: Interest capitalised	(4,308)	(4,282)
	56,276	73,753

5. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Cost of inventories sold	3,879,557	3,899,449
Depreciation of property, plant and equipment	455,539	530,150
Depreciation of right-of-use assets	7,673	7,117
Provision/(reversal of provision) for inventories, net	145,869	(4,334)
Impairment of trade receivables	8,546	2,082
Write-back of trade receivables	(1,094)	(1,981)
Loss on disposal of items of property, plant and equipment, net	4,101	4,704
Loss on disposal of a subsidiary	–	2,048
Foreign exchange gains, net	(67,556)	(2,371)

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2020

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 2019: 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	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Provision for the Period		
Current – The PRC, excluding Hong Kong		
Charge for the Period	101,763	21,789
Underprovision in prior years	2,154	9,526
Current – Overseas		
Charge for the Period	6,180	1,104
Overprovision in prior years	(22,250)	(14,425)
Deferred tax	12,535	(1,696)
Total tax charge for the Period	100,382	16,298

7. INTERIM DIVIDEND

The Directors did not propose to declare any interim dividend for the Period (six months ended 30 June 2019: Nil).

During the six months ended 30 June 2020, the Company approved and paid a final dividend of HK10 cents (six months ended 30 June 2019: HK10 cents) per ordinary share, amounting to approximately HK\$116,634,000 (six months ended 30 June 2019: approximately HK\$116,634,000) in respect of the previous financial year.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2020

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

The calculation of the basic earnings/(loss) per share amounts is based on the profit for the Period attributable to equity holders of the Company of HK\$227,420,000 (six months ended 30 June 2019: loss of HK\$47,355,000) and the weighted average number of 877,038,517 (six months ended 30 June 2019: 931,450,317) ordinary shares in issue excluding shares held under the share award plan during the Period.

The calculation of diluted earnings/(loss) per share amounts is based on the profit for the Period attributable to equity holders of the Company of HK\$227,420,000 (six months ended 30 June 2019: loss of HK\$47,355,000). The weighted average number of ordinary shares used in the calculation is 877,038,517 (six months ended 30 June 2019: 931,450,317) ordinary shares in issue excluding shares held under the share award plan during the Period, as used in the basic earnings/(loss) per share calculation, and the weighted average number of 10,293,827 (six months ended 30 June 2019: 4,043,110) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

9. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment of HK\$402,791,000 and disposed of property, plant and equipment with an aggregate net book value of HK\$5,889,000.

During the six months ended 30 June 2019, the Group acquired property, plant and equipment of HK\$338,855,000, disposed of property, plant and equipment with an aggregate net book value of HK\$73,426,000 and disposed of property, plant and equipment upon the disposal of a subsidiary with an aggregate net book value of HK\$34,570,000.

The amount of borrowing costs capitalised during the Period was approximately HK\$4,308,000 (six months ended 30 June 2019: HK\$4,282,000). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was approximately 2.99% (six months ended 30 June 2019: 3.82%), which is the effective interest rate of the borrowings.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2020

10. TRADE RECEIVABLES

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Trade receivables	3,613,638	3,148,870
Impairment	(10,455)	(1,909)
	<u>3,603,183</u>	<u>3,146,961</u>

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

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

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Within 3 months	2,572,236	2,317,879
4 to 6 months	921,779	818,294
7 to 12 months	109,168	10,788
	<u>3,603,183</u>	<u>3,146,961</u>

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2020

11. TRADE AND BILLS PAYABLES

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

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

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Within 3 months	973,532	862,024
4 to 6 months	177,799	186,652
7 to 12 months	7,900	9,465
Over 1 year	7,010	6,555
	1,166,241	1,064,696

12. SHARE CAPITAL

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Authorised: 2,000,000,000 shares of HK\$0.1 each	200,000	200,000
Issued and fully paid: 1,166,342,445 shares of HK\$0.1 each	116,634	116,634

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.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2020

13. SHARE-BASED COMPENSATION

(a) SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted by the Company on 11 May 2015. Details of the terms of the Scheme were disclosed in the Group's annual financial statements as at 31 December 2019.

The following share options were outstanding under the Scheme during the current and prior periods:

	2020		2019	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share	Number of options
At 1 January	1.48	73,448,000	1.48	78,286,000
Lapsed/forfeited	1.48	<u>(2,224,000)</u>	1.48	<u>(2,218,000)</u>
At 30 June	1.48	<u>71,224,000</u>	1.48	<u>76,068,000</u>

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

(b) 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.

As at 30 June 2020, a total of 313,345,774 (31 December 2019: 277,183,774) shares were held by Bank of Communications Trustee Limited under the Share Award Plan.

14. CONTINGENT LIABILITIES

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

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2020

15. PLEDGE OF ASSETS

As at 30 June 2020, certain land and buildings of the Group with a net carrying amount of approximately HK\$20,971,000 (31 December 2019: HK\$20,720,000) were pledged to secure banking facilities granted to the Group.

16. COMMITMENTS

The Group had the following capital commitments at the end of the Period:

	As at 30 June 2020 (Unaudited) HK\$'000	As at 31 December 2019 (Audited) HK\$'000
Contracted, but not provided for:		
Buildings	480,321	49,870
Machinery and office equipment	281,661	243,114
Total capital commitments	<u>761,982</u>	<u>292,984</u>

17. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June 2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Rental expenses paid to:		
Ms. Lin Mei-Li (Note (i))	–	31
Ms. Cheng Shao-Wen (Note (ii))	–	71
Mr. Cheng Yung-Kang (Note (iii))	–	21

Notes:

- (i) Ms. Lin Mei-Li is the spouse of Mr. Cheng Li-Yu, a director of the Company. The Group entered into an agreement with Ms. Lin Mei-Li on 1 January 2020 to lease an office at rates mutually agreed between the relevant parties. Right-of-use asset of approximately HK\$91,000 and lease liability of approximately HK\$92,000 were recognised in respect of such lease at 30 June 2020. During the Period, depreciation of right-of-use asset of approximately HK\$30,000 and interest expense on lease liability of approximately HK\$2,000 were charged to the condensed consolidated statement of profit or loss.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2020

17. RELATED PARTY TRANSACTIONS (continued)

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

Notes: (continued)

- (ii) Ms. Cheng Shao-Wen is the daughter of Mr. Cheng Li-Yu, a director of the Company. The Group entered into an agreement with Ms. Cheng Shao-Wen on 1 January 2020 to lease an office at rates mutually agreed between the relevant parties. Right-of-use asset of approximately HK\$173,000 and lease liability of approximately HK\$175,000 were recognised in respect of such lease at 30 June 2020. During the Period, depreciation of right-of-use asset of approximately HK\$57,000 and interest expense on lease liability of approximately HK\$3,000 were charged to the condensed consolidated statement of profit or loss.
- (iii) Mr. Cheng Yung-Kang is the son of Mr. Cheng Li-Yu, a director of the Company. The Group entered into an agreement with Mr. Cheng Yung-Kang on 1 January 2020 to lease a staff quarter at rates mutually agreed between the relevant parties. Right-of-use asset of approximately HK\$50,000 and lease liability of approximately HK\$51,000 were recognised in respect of such lease at 30 June 2020. During the Period, depreciation of right-of-use asset of approximately HK\$17,000 and interest expense on lease liability of approximately HK\$1,000 were charged to the condensed consolidated statement of profit or loss.
- (b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Short term employee benefits	7,181	6,904
Employee share-based compensation expenses	2,383	3,782
Total compensation paid to key management personnel	9,564	10,686

18. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts of the Group's financial instruments as at 30 June 2020 and 31 December 2019 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 an equity investment designated at fair value through other comprehensive income. As at 30 June 2020, the Group's financial instruments which comprise an equity investment designated at fair value through other comprehensive income, 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 & PROSPECTS

In the first half of 2020, the Coronavirus Disease 2019 (COVID-19) outbreak (the “Epidemic”) resulted in a recession of the global economy. According to the World Economic Outlook released by the International Monetary Fund, the global growth rate in 2020 is expected to be negative 4.9%, representing 1.9 percentage points lower than the forecast in the World Economic Outlook issued in April 2020. According to the latest survey results released by Gartner, Inc. (“Gartner”), a market research and advisory organisation, given the impact of the Epidemic on the supply and demand chain, the global personal computer (“PC”) shipments, which includes desktop, notebook, super mobile computers, for the first quarter of 2020 were 51.6 million units, dropped by 12.3% year-on-year. In the second quarter, contributed by the demand for PCs driven by work-from-home and distance learning amidst the Epidemic, coupled with suppliers’ replenishment of inventory, the global PC shipments increased by 2.8% to 64.8 million units as compared to that of the corresponding period of last year. Such rebound momentum was mainly driven by notebook computers, which have become crucial for companies and students who are adapting themselves to the new work and learning environment under the Epidemic. As one of the world’s leading notebook computer casing manufacturers, the business of Ju Teng International Holdings Limited (the “Company” or “Ju Teng”) and its subsidiaries (collectively referred to as the “Group”) has benefited from the increasing market demand for PCs as a result of the Epidemic. The Group recorded an increase in revenue and turned losses into profit attributable to equity holders during the Period as compared to that of the corresponding period of last year.

During the Period, designed to facilitate work-from-home and online learning arrangements, both commercial and educational versions of notebook computers recorded growth in shipments. The Group’s sales of plastic and metal casings during the Period achieved good performance, with sales revenue increased by approximately 5.3% to approximately HK\$4,572 million. In addition, given that the Group’s production plants are based in Mainland China, the depreciation of Renminbi (“RMB”) against Hong Kong dollar (“HKD”) reduced the Group’s production costs, pushing the Group’s gross profit margin to a relatively high level during the Period. The Group’s gross profit margin and net profit margin increased during the Period. The profit attributable to equity holders of the Company also increased to HK\$227 million.

Looking ahead to the second half of the year, the Group will continue to focus on the production of casings for notebook computers, 2-in-1 computers and tablet computers, and Ju Teng will continue to develop technology and marketing of metal casings, which command higher unit prices than plastic casings. Gartner forecasts that one billion PCs will be upgraded to Windows 10 in 2020, accounting for 80% of the total number of PCs currently in use. The Group remains cautiously optimistic about operations in the second half of the year, and will actively keep track on industry trends, capitalise on the economic development situation and focus on the introduction of new materials and technology research and development, so as to stay competitive in the international market.

The Epidemic may have changed the work and study modes, rather than creating a short-term demand growth to the PC market. New trends emerging under the Epidemic, such as remote work and online education, shall be facilitated by powerful productivity tools. Therefore, strong demand for notebook computers, being a representative of the best productivity tool, is expected to continue for several quarters. While taking into account the dynamic changes in market forecasts, the Group will also remain cautious amidst risks and uncertainties and proactively adjust production strategies to achieve sound financial development.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW & PROSPECTS (continued)

In addition, according to the assessment of the International Monetary Fund, the negative impact of the Epidemic on economic activities in the first half of 2020 was more serious than expected, and the recovery is expected to be slower than previously predicted. Drawing upon its years of experience in the PC casing market, the Group will continue to respond to challenges with a flexible market strategy. The Group remains confident in the development prospects, and will aggressively seize market opportunities alongside the economic recovery, achieve quality, sustainable and stable development, therefore creating better returns for shareholders.

FINANCIAL REVIEW

During the Period, due to the outbreak of Epidemic, countries around the world have adopted varying degrees of restrictions on the movement of their citizens, resulting in the increase in the shipments of commercial and educational versions of notebook computer to facilitate work from home and online learning, the Group's revenue increased by approximately 5.3% to approximately HK\$4,572 million (2019: approximately HK\$4,341million). The Group's gross profit margin during the Period also increased to approximately 15.1% (2019: approximately 10.2%), which was mainly attributable to the increase in sales and the depreciation of RMB against HKD during the Period by approximately 4.5% as compared to that of the corresponding period of last year. Depreciation of RMB against HKD during the Period caused a decrease in the Group's production costs as most of the Group's production costs are denominated in RMB while most of the Group's revenue is denominated in United States dollar ("USD").

During the Period, other income and gains of the Group mainly consisted of subsidy income of approximately HK\$17 million (2019: approximately HK\$8 million), interest income of approximately HK\$6 million (2019: approximately HK\$7 million), gross rental income of approximately HK\$13 million (2019: approximately HK\$13 million) and foreign exchange gains, net of approximately HK\$68 million (2019: approximately HK\$2 million) which was mainly resulting from the translation of trade receivables denominated in USD. Due to the increase in subsidy income and foreign exchange gains, net, the Group recorded a substantial increase of approximately 188.4% in other income and gains to approximately HK\$111 million (2019: approximately HK\$39 million) during the Period, accounting for approximately 2.4% (2019: approximately 0.9%) of the Group's revenue.

As a result of the depreciation of RMB against HKD during the Period, the Group recorded a decrease of approximately 10.4% in operating costs, including administrative expenses and selling and distribution expenses, to approximately HK\$370 million (2019: approximately HK\$413 million). The percentage of operating costs of the Group decreased to approximately 8.1% (2019: approximately 9.5%) of the Group's revenue.

During the Period, other expenses of the Group mainly consisted of impairment of trade receivables of approximately HK\$9 million (2019: approximately HK\$2 million) and loss on disposal of items of property, plant and equipment, net of approximately HK\$4 million (2019: HK\$5 million). Loss on disposal of a subsidiary which was engaged in mould production of approximately HK\$2 million was recorded in the corresponding period of last year. Due to a substantial increase in impairment of trade receivables, the Group recorded a substantial increase of approximately 68.3% in other expenses to approximately HK\$15 million (2019: approximately HK\$9 million), accounting for approximately 0.3% (2019: approximately 0.2%) of the Group's revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (continued)

Finance costs of the Group decreased by approximately 23.7% to approximately HK\$56 million (2019: approximately HK\$74 million) for the Period as compared to that of the corresponding period of last year, which was mainly attributable to the decrease in loan interest rate. Interest capitalised during the Period was approximately HK\$4 million (2019: approximately HK\$4 million).

As there was a profit before tax recorded during the Period, as compared to a loss before tax recorded in the corresponding period of last year, the Group's income tax expense increased substantially to approximately HK\$100 million (2019: approximately HK\$16 million) for the Period. As deferred tax assets have not been recognised for certain tax losses incurred by certain subsidiaries, the Group's effective tax rate for the Period remained at a higher level of approximately 27.7%.

The profit attributable to equity holders of the Company for the Period amounted to approximately HK\$227 million (2019: loss of approximately HK\$47 million). The change from loss to profit attributable to equity holders of the Company was mainly attributable to the increase in the Group's revenue, gross profit and other income and gains.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, total bank borrowings of the Group amounted to approximately HK\$4,019 million (31 December 2019: approximately HK\$3,775 million), representing an increase of approximately 6.5% as compared to that of 31 December 2019. The Group's bank borrowings were at floating interest rates and included short-term loans with 1-year maturity, 2-year term loans and 5-year syndicated loans. As at 30 June 2020, the Group's bank loans denominated in USD, New Taiwan dollars and RMB were approximately HK\$3,707 million (31 December 2019: approximately HK\$3,663 million), approximately HK\$33 million (31 December 2019: approximately HK\$33 million) and HK\$279 million (31 December 2019: HK\$79 million), respectively.

During the Period, the Group's net cash flows from operating activities decreased to approximately HK\$68 million from approximately HK\$691 million in 2019, which was mainly due to the increase in inventories, trade receivables and prepayments, deposits and other receivables. As a result of the purchase of production machineries in order to expand its production in products with higher profit margin which include metal casings, the Group recorded a net cash outflow from investing activities of approximately HK\$506 million (2019: approximately HK\$262 million). During the Period, due to the drawdown of new bank borrowings, the Group recorded a net cash inflow from financing activities of approximately HK\$95 million (2019: net cash outflow of approximately HK\$418 million). As at 30 June 2020, the Group had cash and bank balances of approximately HK\$787 million (31 December 2019: approximately HK\$1,142 million).

As at 30 June 2020, the Group's gearing ratio calculated as total bank borrowings of approximately HK\$4,019 million (31 December 2019: approximately HK\$3,775 million) divided by total assets of approximately HK\$14,363 million (31 December 2019: approximately HK\$14,114 million) slightly increased to approximately 28.0% (31 December 2019: approximately 26.7%), which was mainly due to the increase in total bank borrowings as at 30 June 2020 as compared with 31 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RATIOS

Due to the increase in inventory level to meet customers' demand in the second half of 2020, inventory turnover days of the Group during the Period increased significantly to approximately 84 days (2019: approximately 70 days). During the Period, a relatively large inventory provision of approximately HK\$146 million (2019: reversal of provision of approximately HK\$4 million) was provided for slow-moving and ageing inventory. As at 30 June 2020, there was an increase in the Group's inventories of approximately 8.0% to approximately HK\$1,790 million (31 December 2019: approximately HK\$1,658 million).

Trade receivables turnover days of the Group during the Period increased significantly to approximately 143 days (2019: approximately 112 days) as most of the sales for the Period was generated in the second quarter of 2020, resulting in a significant increase in the trade receivables. Trade receivables as at 30 June 2020 increased by approximately 14.5% to approximately HK\$3,603 million, compared to approximately HK\$3,147 million as at 31 December 2019.

Trade and bills payables turnover days of the Group during the Period increased to approximately 55 days (2019: approximately 43 days) due to the increase in purchases of materials in the second quarter of 2020 in order to cope with the increase in sales.

PLEDGE OF ASSETS

As at 30 June 2020, certain land and buildings of the Group with a net carrying amount of approximately HK\$21 million (31 December 2019: approximately HK\$21 million) were pledged to secure banking facilities granted to the Group.

FOREIGN EXCHANGE EXPOSURE

Since most of the Group's revenue is denominated in USD and most of the Group's expenses are denominated in RMB, the appreciation of RMB will have adverse effect on the Group's profitability and vice versa. During the Period, the Group recorded exchange gains of approximately HK\$68 million (2019: approximately HK\$2 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 minimise the adverse effects arising from the foreign currency fluctuations.

EMPLOYEES

During the Period, the Group had approximately 37,000 employees (2019: approximately 38,000 employees). During the Period, the Group recorded staff costs of approximately HK\$1,343 million (2019: approximately HK\$1,402 million).

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

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENT

As at 30 June 2020, 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\$762 million (31 December 2019: approximately HK\$293 million). The increase in capital commitments was mainly attributable to the construction agreement in relation to the construction of new production plant in Suzhou, PRC for relocation purpose.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

The ongoing development and spread of the Epidemic continued to affect the business and economic activities around the world. However, the overall financial effect of the Epidemic to the Group cannot be reliably estimated as of the date of this report. The Group will continue to monitor closely the development of the Epidemic and evaluate its impact on the financial position and operating results of the Group.

OTHER INFORMATION

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

As at 30 June 2020, 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			Total interests	Approximate percentage of the Company's issued share capital
		Personal interests	Interests of spouse	Other interests		
Mr. Cheng Li-Yu	Shares	20,000,000	7,064,046	303,240,986 (Note 1)	330,305,032	28.32%
Mr. Cheng Chia-Jiun	Shares	210,000	-	-	210,000	0.02%
	Equity Derivatives: Share Options (Note 2)	360,000	-	-	360,000	0.03%
					570,000	0.05%
Mr. Chiu Hui-Chin	Shares	5,300,000	-	-	5,300,000	0.46%
	Equity Derivatives: Share Options (Note 2)	1,200,000	-	-	1,200,000	0.10%
					6,500,000	0.56%
Mr. Huang Kuo-Kuang	Shares	7,781,866	2,300,631	-	10,082,497	0.86%
	Equity Derivatives: Share Options (Note 2)	1,008,000	-	-	1,008,000	0.09%
					11,090,497	0.95%
Mr. Lin Feng-Chieh	Shares	1,224,000	-	-	1,224,000	0.11%
	Equity Derivatives: Share Options (Note 2)	1,200,000	-	-	1,200,000	0.10%
					2,424,000	0.21%

OTHER INFORMATION

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

Name of Directors		Long positions Number of ordinary shares of HK\$0.1 each (the "Shares") and underlying Shares held under equity derivatives			Total interests	Approximate percentage of the Company's issued share capital
		Personal interests	Interests of spouse	Other interests		
Mr. Tsai Wen-Yu	Shares	176,000	-	-	176,000	0.02%
	Equity Derivatives: Share Options (Note 2)	360,000	-	-	360,000	0.03%
					<u>536,000</u>	<u>0.05%</u>
Mr. Tsui Yung Kwok	Shares	6,156,000	-	-	6,156,000	0.52%
	Equity Derivatives: Share Options (Note 2)	1,008,000	-	-	1,008,000	0.09%
					<u>7,164,000</u>	<u>0.61%</u>
Mr. Yip Wai Ming	Shares	248,000	-	-	248,000	0.02%
	Equity Derivatives: Share Options (Note 2)	288,000	-	-	288,000	0.03%
					<u>536,000</u>	<u>0.05%</u>

Notes:

- 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 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.
- 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.

OTHER INFORMATION

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

Save as disclosed above, as at 30 June 2020, 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, 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 the 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 (the "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.

The following Share Options were outstanding under the Scheme during the Period:

Name or category of participant	Number of Share Options					At 30 June 2020	Grant date	Exercise period	Exercise price per Share	Closing price per Share immediately before the grant date
	At 1 January 2020	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
Directors										
Mr. Cheng Chia-Jun	72,000	-	-	-	-	72,000	3-9-2018	7-11-2018 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2019 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2020 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	360,000	-	-	-	-	360,000				
Mr. Chiu Hui-Chin	300,000	-	-	-	-	300,000	3-9-2018	7-11-2019 to 31-8-2024	HK\$1.48	HK\$1.48
	300,000	-	-	-	-	300,000	3-9-2018	7-11-2020 to 31-8-2024	HK\$1.48	HK\$1.48
	300,000	-	-	-	-	300,000	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	300,000	-	-	-	-	300,000	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	1,200,000	-	-	-	-	1,200,000				

OTHER INFORMATION

SHARE OPTION SCHEME (continued)

Name or category of participant	Number of Share Options					At 30 June 2020	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2020	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
Mr. Huang Kuo-Kuang	252,000	-	-	-	-	252,000	3-9-2018	7-11-2019 to 31-8-2024	HK\$1.48	HK\$1.48
	252,000	-	-	-	-	252,000	3-9-2018	7-11-2020 to 31-8-2024	HK\$1.48	HK\$1.48
	252,000	-	-	-	-	252,000	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	252,000	-	-	-	-	252,000	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	1,008,000	-	-	-	-	1,008,000				
Mr. Lin Feng-Chieh	300,000	-	-	-	-	300,000	3-9-2018	7-11-2019 to 31-8-2024	HK\$1.48	HK\$1.48
	300,000	-	-	-	-	300,000	3-9-2018	7-11-2020 to 31-8-2024	HK\$1.48	HK\$1.48
	300,000	-	-	-	-	300,000	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	300,000	-	-	-	-	300,000	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	1,200,000	-	-	-	-	1,200,000				
Mr. Tsai Wen-Yu	72,000	-	-	-	-	72,000	3-9-2018	7-11-2018 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2019 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2020 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	360,000	-	-	-	-	360,000				
Mr. Tsui Yung Kwok	252,000	-	-	-	-	252,000	3-9-2018	7-11-2019 to 31-8-2024	HK\$1.48	HK\$1.48
	252,000	-	-	-	-	252,000	3-9-2018	7-11-2020 to 31-8-2024	HK\$1.48	HK\$1.48
	252,000	-	-	-	-	252,000	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	252,000	-	-	-	-	252,000	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	1,008,000	-	-	-	-	1,008,000				

OTHER INFORMATION

SHARE OPTION SCHEME (continued)

Name or category of participant	Number of Share Options					At 30 June 2020	Grant date (Note 1)	Exercise period	Closing price per Share immediately before the grant date	
	At 1 January 2020	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					Exercise price per Share (Note 2)
Mr. Yip Wai Ming	72,000	-	-	-	-	72,000	3-9-2018	7-11-2019 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2020 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	72,000	-	-	-	-	72,000	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	<u>288,000</u>	-	-	-	-	<u>288,000</u>				
Other employees										
In aggregate	230,400	-	-	-	-	230,400	3-9-2018	7-11-2018 to 31-8-2024	HK\$1.48	HK\$1.48
	16,948,400	-	-	-	(556,000)	16,392,400	3-9-2018	7-11-2019 to 31-8-2024	HK\$1.48	HK\$1.48
	16,948,400	-	-	-	(556,000)	16,392,400	3-9-2018	7-11-2020 to 31-8-2024	HK\$1.48	HK\$1.48
	16,948,400	-	-	-	(556,000)	16,392,400	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	16,948,400	-	-	-	(556,000)	16,392,400	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	<u>68,024,000</u>	-	-	-	(2,224,000)	<u>65,800,000</u>				
	<u>73,448,000</u>	-	-	-	(2,224,000)	<u>71,224,000</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 Scheme.

SHARE AWARD PLAN

On 19 May 2017, a trust deed (the "Trust Deed") was entered into between the Company as settlor and Bank of Communications Trustee Limited as trustee (the "Trustee") in relation to the establishment of a trust (the "Trust") and adoption of a share award plan (the "Plan"). The purpose of the Plan is to recognize the contribution by eligible participants under the Plan 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. 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.

OTHER INFORMATION

SHARE AWARD PLAN (continued)

The Plan is a discretionary scheme 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 Trust Deed. The Plan does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules.

The Plan will remain in force for a period of 30 years since the date of adoption of the Plan. Early termination may be done by the Board.

During the Period, no share award has been granted by the Board to any selected participants.

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

As at 30 June 2020, 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 POSITIONS

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	26.00%
Shine Century Assets Corp. (Note 1)	Interest of controlled corporations	303,240,986	26.00%
East Asia International Trustee Limited (Note 1)	Trustee (other than a bare trustee)	303,240,986	26.00%
Ms. Lin Mei-Li (Note 2)	Beneficial owner Interest of spouse	7,064,046	0.61%
		<u>323,240,986</u>	<u>27.71%</u>
		<u>330,305,032</u>	<u>28.32%</u>
Bank of Communications Trustee Limited	Trustee	313,345,774	26.87%

OTHER INFORMATION

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

Notes:

1. 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 is 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.
2. 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.

Save as disclosed above, as at 30 June 2020, 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.

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS

Change in Director's biographical details for the Period and up to the date of this interim report, which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules are set out below:

Name of Directors	Details of change
Mr. Chiu Hui-Chin	Mr. Chiu Hui-Chin has been appointed as an independent director of Syncmold Enterprise Corp. (stock code: 1582.TT), a company listed on the Taiwan Stock Exchange Corporation since 18 June 2020.
Mr. Yip Wai Ming	Mr. Yip Wai Ming has been appointed as an independent non-executive director of Peijia Medical Limited (stock code: 9996.HK), a company listed on the Main Board of the Hong Kong Stock Exchange since 21 January 2020 (effective from 15 May 2020)

Save as disclosed above, there is no other matters required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules or required to be brought to the attention of the shareholders of the Company.

OTHER INFORMATION

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS (continued)

Pursuant to code provision A.5.5 of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, if an independent non-executive director will be holding his/her seventh (or more) listed company directorship, it should be set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why the board believes the individual would still be able to devote sufficient time to the board.

Mr. Yip was appointed (the "Appointment") as an independent non-executive director of Peijia Medical Limited on 21 January 2020 and the Appointment was effective from 15 May 2020 when Peijia Medical Limited was listed on the Main Board of the Hong Kong Stock Exchange on the same date. Upon the Appointment, Mr. Yip was holding directorship of seven listed companies. Please refer to the circular to Shareholders ("Circular") for the annual general meeting of the Company on 27 May 2020 ("2020 AGM") dated 24 April 2020 for the directorships held by Mr. Yip in other listed companies.

Mr. Yip was re-elected as director of the Company in the 2020 AGM. The Appointment was not disclosed in the Circular and the explanatory statement accompanying the notice of the 2020 AGM as Peijia Medical Limited was not listed on the Main Board of the Hong Kong Stock Exchange and Mr. Yip was only holding directorship in six listed companies as at the date of the Circular. Code provision A.5.5 of the CG code was therefore then not applicable to the Company.

As at the date of this interim report, Mr. Yip is holding directorship of seven listed companies. Despite the several directorships of Mr. Yip, the Board believes Mr. Yip would still be able to devote sufficient time to the Board due to the following reasons:

- (i) Mr. Yip was appointed as an independent non-executive Director ("INED") since 25 May 2006. The Board is satisfied that he has devoted sufficient time to perform the role of INED throughout his appointment. With his long services in the Company and his extensive experiences in accounting and finance, the Board believes that Mr. Yip will be able to allocate sufficient time to the Board despite his directorships in other listed companies; and
- (ii) given arrangements by the Company will be in place to ensure that all Directors are given an opportunity to include matters in the agenda for regular board meetings, and that notice of at least 14 days should be given of a regular board meeting, and reasonable notice should be given for all other board meetings pursuant to the Listing Rules, it will allow Mr. Yip to allocate sufficient time to be aware and participate in the affairs of the Group.

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 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 CG Code. The Company and its corporate governance committee periodically review its corporate governance practices to ensure its continuous compliance with the CG Code. The Company had complied with the code provisions of the CG Code throughout the Period.

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, 18 August 2020