



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

2021

INTERIM REPORT

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

Chiui & Partners

AUDITORS

Ernst & Young
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of China
Bank SinoPac
CTBC Bank
DBS Bank
E. Sun Bank
Fubon Bank
Industrial and Commercial Bank of China
KGI Bank
Mega International Commercial Bank
OCBC Wing Hang Bank
Standard Chartered Bank
Taishin Bank
Yuanta Bank

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

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

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

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman KY1-1100
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
		2021 (Unaudited)	2020 (Unaudited)	
Operating Results:				
Revenue (HK\$ million)		5,222	4,572	+14.2%
Profit attributable to equity holders of the Company (HK\$ million)		37	227	-83.9%
Earnings per share				
Basic (HK cents)		4.3	25.9	-83.4%
Diluted (HK cents)		4.3	25.6	-83.2%
Profitability Ratio:				
Gross profit margin		11.9%	15.1%	-3.2%
Operating profit margin	1	2.7%	7.1%	-4.4%
Net profit margin	2	0.7%	5.0%	-4.3%
EBITDA (HK\$ million)		604	882	-31.6%
Return on equity	3	1.1%	7.8%	-6.7%
Liquidity and Capital Ratio:				
Inventory turnover days	4	115	84	+36.9%
Trade receivables turnover days	5	102	143	-28.7%
Trade and bills payables turnover days	6	48	55	-12.7%
Interest coverage	7	295.3%	744.8%	-449.5%
Net debt to equity	8	42.1%	44.0%	-1.9%
Cash flows from operating activities (HK\$ million)		720	68	+958.4%

Notes:

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

The board (the “Board”) of directors (the “Directors”) of Ju Teng International Holdings Limited (the “Company” or “Ju Teng”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 (the “Period”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
REVENUE	3	5,222,430	4,572,242
Cost of sales		(4,601,733)	(3,879,557)
Gross profit		620,697	692,685
Other income and gains	3	53,678	111,234
Selling and distribution expenses		(110,840)	(61,692)
Administrative expenses		(369,974)	(308,284)
Other expenses		(91,929)	(14,815)
Finance costs	4	(34,417)	(56,276)
PROFIT BEFORE TAX	5	67,215	362,852
Income tax expense	6	(57,858)	(100,382)
PROFIT FOR THE PERIOD		9,357	262,470
Attributable to:			
Equity holders of the Company		36,533	227,420
Non-controlling interests		(27,176)	35,050
		9,357	262,470
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
– Basic (HK cents)		4.3	25.9
– Diluted (HK cents)		4.3	25.6

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	9,357	262,470
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive income/(expenses) that may be reclassified to profit or loss in subsequent periods: Exchange differences on translation of foreign operations	138,097	(193,374)
Other comprehensive expenses that will not be reclassified to profit or loss in subsequent periods: Equity investment designated at fair value through other comprehensive income:		
Change in fair value	(4,150)	(2,080)
Income tax effect	830	422
	(3,320)	(1,658)
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD, NET OF TAX	134,777	(195,032)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	144,134	67,438
Attributable to:		
Equity holders of the Company	142,988	70,021
Non-controlling interests	1,146	(2,583)
	144,134	67,438

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	7,967,715	7,858,301
Right-of-use assets		663,223	664,566
Goodwill		52,488	52,488
Deferred tax assets		68,659	68,091
Prepayments for acquisition of property, plant and equipment		112,769	183,072
Equity investment designated at fair value through other comprehensive income		19,692	24,218
Total non-current assets		<u>8,884,546</u>	<u>8,850,736</u>
CURRENT ASSETS			
Inventories		2,919,643	2,292,404
Trade receivables	10	2,930,016	3,975,767
Prepayments, deposits and other receivables		380,494	370,295
Pledged and restricted bank balances		74,061	38,311
Cash and cash equivalents		741,060	928,674
Total current assets		<u>7,045,274</u>	<u>7,605,451</u>
CURRENT LIABILITIES			
Trade and bills payables	11	1,223,959	1,399,513
Other payables and accruals		2,060,301	2,106,296
Lease liabilities		2,174	2,155
Tax payable		52,111	128,023
Interest-bearing bank borrowings		2,920,533	3,061,696
Derivative financial instruments		11,681	–
Total current liabilities		<u>6,270,759</u>	<u>6,697,683</u>
NET CURRENT ASSETS		<u>774,515</u>	<u>907,768</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,659,061</u>	<u>9,758,504</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2021

	Notes	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		1,306,456	1,430,951
Deferred income		46,953	46,894
Lease liabilities		986	1,180
Deferred tax liabilities		25,450	61,696
		<hr/>	<hr/>
Total non-current liabilities		1,379,845	1,540,721
		<hr/>	<hr/>
Net assets		8,279,216	8,217,783
		<hr/>	<hr/>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	12	120,001	120,001
Reserves		6,411,480	6,351,193
		<hr/>	<hr/>
		6,531,481	6,471,194
Non-controlling interests		1,747,735	1,746,589
		<hr/>	<hr/>
Total equity		8,279,216	8,217,783
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	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 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	(2,563)	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
(Unaudited)												
At 1 January 2021	120,001	187,919	(781,266)	52,936	459,771	209,381	5,890,040	8,449	323,963	6,471,194	1,746,589	8,217,783
Profit/(loss) for the Period	-	-	-	-	-	-	36,533	-	-	36,533	(27,176)	9,357
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	-	-	-	-	-	-	-	(3,320)	-	(3,320)	-	(3,320)
Exchange differences on translation of foreign operations	-	-	-	-	-	109,775	-	-	-	109,775	28,322	138,097
Total comprehensive income/(expenses) for the Period	-	-	-	-	-	109,775	36,533	(3,320)	-	142,988	1,146	144,134
Dividend received under the share award plan	-	-	35,435	-	-	-	-	-	-	35,435	-	35,435
Share-based compensation arrangements	-	-	-	1,865	-	-	-	-	-	1,865	-	1,865
Transfer from retained profits	-	-	-	-	35,184	-	(35,184)	-	-	-	-	-
2020 final dividend	-	-	-	-	-	-	(120,001)	-	-	(120,001)	-	(120,001)
At 30 June 2021	120,001	187,919	(745,831)	54,801	494,955	319,156	5,771,388	5,129	323,963	6,531,481	1,747,735	8,279,216

* These reserve accounts comprise the consolidated reserves of HK\$6,411,480,000 (31 December 2020: HK\$6,351,193,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	924,780	249,470
Income tax paid	(145,381)	(126,795)
Income tax refunded	14,921	–
Withholding tax paid	(38,811)	–
Interest received	3,611	5,858
Interest paid	(38,969)	(60,493)
Net cash flows from operating activities	<u>720,151</u>	<u>68,040</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(435,518)	(331,719)
Purchases of right-of-use assets	–	(91,143)
Proceeds from disposal of items of property, plant and equipment	21,017	1,788
Increase in pledged and restricted bank balances	(35,750)	(20,618)
Increase in prepayments for acquisition of property, plant and equipment	(112,769)	(64,051)
Net cash flows used in investing activities	<u>(563,020)</u>	<u>(505,743)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	756,534	956,164
Repayment of bank loans	(1,020,878)	(690,877)
Dividend paid	(120,001)	(116,634)
Purchase of shares held under the share award plan	–	(82,576)
Dividend received under the share award plan	35,435	29,770
Principal portion of lease payments	(1,129)	(1,119)
Net cash flows from/(used in) financing activities	<u>(350,039)</u>	<u>94,728</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(192,908)	(342,975)
Cash and cash equivalents at beginning of Period	928,674	1,142,072
Effect of foreign exchange rate changes, net	5,294	(11,999)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>741,060</u>	<u>787,098</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>741,060</u>	<u>787,098</u>

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

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 2020. 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 2020, 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 9, HKAS 39, *Interest Rate Benchmark Reform – Phase 2*
HKFRS 7, HKFRS 4 and HKFRS 16

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 2021

2. OPERATING SEGMENT INFORMATION (continued)

Geographical Information

Revenue from external customers:

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
The People's Republic of China (the "PRC" or "Mainland China"), excluding Hong Kong	5,135,304	4,495,641
The Republic of China (the "ROC")	47,090	42,862
Others	40,036	33,739
	5,222,430	4,572,242

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

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue from contracts with customers		
Sale of casings for notebook computer and handheld devices	5,222,430	4,572,242

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

3. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Geographical markets		
The PRC, excluding Hong Kong	5,135,304	4,495,641
The ROC	47,090	42,862
Others	40,036	33,739
	5,222,430	4,572,242
Timing of revenue recognition		
Goods transferred at a point in time	5,222,430	4,572,242

(ii) Performance obligation

Sale of casings for notebook computer and handheld devices

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

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest income	3,611	5,858
Subsidy income [#]	28,299	16,736
Compensation income	223	5,835
Gross rental income	13,204	12,640
Reversal of impairment of trade receivables	2,411	–
Write-off of long outstanding other payables and accruals	5,909	2,245
Foreign exchange gains, net	–	67,556
Others	21	364
	53,678	111,234

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

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

4. FINANCE COSTS

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

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest on bank loans	38,909	60,493
Interest on lease liabilities	60	91
Total interest expense on financial liabilities not at fair value through profit or loss	38,969	60,584
Less: Interest capitalised	(4,552)	(4,308)
	34,417	56,276

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Cost of inventories sold	4,601,733	3,879,557
Depreciation of property, plant and equipment	493,126	455,539
Depreciation of right-of-use assets	8,872	7,673
Provision/(reversal of provision) for inventories, net	(1,356)	145,869
Impairment/(reversal of impairment) of trade receivables	(2,411)	8,546
Write-off/(write-back) of trade receivables	452	(1,094)
Loss on disposal of items of property, plant and equipment, net	5,069	4,101
Foreign exchange losses/(gains), net	73,256	(67,556)
Fair value losses on derivative financial instruments, net	11,674	–

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

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 2020: Nil). Taxes on assessable profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Provision for the Period		
Current – The PRC, excluding Hong Kong		
Charge for the Period	52,482	101,763
Underprovision in prior years	11,397	2,154
Current – Overseas		
Charge for the Period	10,860	6,180
Overprovision in prior years	(16,957)	(22,250)
Deferred tax	76	12,535
Total tax charge for the Period	57,858	100,382

7. INTERIM DIVIDEND

The Directors did not propose to declare any interim dividend for the Period (six months ended 30 June 2020: Nil).

During the six months ended 30 June 2021, the Company approved and paid a final dividend of HK10 cents (six months ended 30 June 2020: HK10 cents) per ordinary share, amounting to approximately HK\$120,001,000 (six months ended 30 June 2020: approximately HK\$116,634,000) in respect of the previous financial year.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

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

The calculation of the basic earnings per share amounts is based on the profit for the Period attributable to equity holders of the Company of HK\$36,533,000 (six months ended 30 June 2020: HK\$227,420,000) and the weighted average number of 845,662,671 (six months ended 30 June 2020: 877,038,517) ordinary shares in issue excluding shares held under the share award plan during the Period.

The calculation of diluted earnings per share amounts is based on the profit for the Period attributable to equity holders of the Company of HK\$36,533,000 (six months ended 30 June 2020: HK\$227,420,000). The weighted average number of ordinary shares used in the calculation is 845,662,671 (six months ended 30 June 2020: 877,038,517) ordinary shares in issue excluding shares held under the share award plan during the Period, as used in the basic earnings per share calculation, and the weighted average number of 7,458,960 (six months ended 30 June 2020: 10,293,827) 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\$623,142,000 (six months ended 30 June 2020: HK\$402,791,000) and disposed of property, plant and equipment with an aggregate net book value of HK\$101,747,000 (six months ended 30 June 2020: HK\$5,889,000).

The amount of borrowing costs capitalised during the Period was approximately HK\$4,552,000 (six months ended 30 June 2020: HK\$4,308,000). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was approximately 1.59% (six months ended 30 June 2020: 2.99%), which is the effective interest rate of the borrowings.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

10. TRADE RECEIVABLES

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Trade receivables	2,932,688	3,980,850
Impairment	(2,672)	(5,083)
	<u>2,930,016</u>	<u>3,975,767</u>

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

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

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Within 3 months	2,121,234	2,704,435
4 to 6 months	773,144	1,078,759
7 to 12 months	35,638	192,573
	<u>2,930,016</u>	<u>3,975,767</u>

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

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 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Within 3 months	976,047	1,144,505
4 to 6 months	232,098	238,825
7 to 12 months	8,197	10,047
Over 1 year	7,617	6,136
	<u>1,223,959</u>	<u>1,399,513</u>

12. SHARE CAPITAL

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Authorised: 2,000,000,000 shares of HK\$0.1 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid: 1,200,008,445 shares of HK\$0.1 each	<u>120,001</u>	<u>120,001</u>

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 2021

13. SHARE-BASED COMPENSATION

(a) Share option scheme

A share option scheme (the "Share Option Scheme") was adopted by the Company on 11 May 2015. Details of the terms of the Share Option Scheme were disclosed in the Group's annual financial statements as at 31 December 2020.

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

	2021		2020	
	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	35,630,000	1.48	73,448,000
Lapsed/forfeited	1.48	<u>(1,732,000)</u>	1.48	<u>(2,224,000)</u>
At 30 June	1.48	<u>33,898,000</u>	1.48	<u>71,224,000</u>

No share options were granted, exercised or cancelled under the Share Option 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 2021 and 31 December 2020, a total of 354,345,774 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.

15. PLEDGE OF ASSETS

As at 30 June 2021, certain land and buildings of the Group with a net carrying amount of approximately HK\$21,865,000 (31 December 2020: HK\$21,140,000) were pledged to secure banking facilities granted to the Group.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

16. COMMITMENTS

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

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
Contracted, but not provided for:		
Buildings	189,148	349,964
Machinery and office equipment	193,155	228,173
Total capital commitments	<u>382,303</u>	<u>578,137</u>

17. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Rental expenses/lease payments paid to:		
Ms. Lin Mei-Li (Note (i))	–	–
Ms. Cheng Shao-Wen (Note (ii))	13	–
Mr. Cheng Yung-Kang (Note (iii))	13	–
禾涎有限公司 (Note (iv))	63	–
	<u>63</u>	<u>–</u>

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2021

17. RELATED PARTY TRANSACTIONS (continued)

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

Notes:

- (i) Ms. Lin Mei-Li is the spouse of Mr. Cheng Li-Yu, a director of the Company. The rentals were determined at rates mutually agreed between the relevant parties. The Group entered into an agreement with Ms. Lin Mei-Li on 1 January 2020 to lease an office of 2 years at rates mutually agreed between the relevant parties. Right-of-use asset of approximately HK\$32,000 (31 December 2020: HK\$62,000) and lease liability of approximately HK\$33,000 (31 December 2020: HK\$62,000) were recognised in respect of such lease at 30 June 2021. During the Period, depreciation of the right-of-use asset of approximately HK\$31,000 (six months ended 30 June 2020: HK\$30,000) and interest expense on the lease liability of approximately HK\$1,000 (six months ended 30 June 2020: HK\$2,000) were charged to the condensed consolidated statement of profit or loss.
- (ii) Ms. Cheng Shao-Wen is the daughter of Mr. Cheng Li-Yu, a director of the Company. The rentals were determined at rates mutually agreed between the relevant parties. In addition to the lease payments for the short-term lease to Ms. Cheng Shao-Wen, the Group entered into an agreement with Ms. Cheng Shao-Wen on 1 January 2020 to lease an office of 2 years at rates mutually agreed between the relevant parties. Right-of-use asset of approximately HK\$61,000 (31 December 2020: HK\$117,000) and lease liability of approximately HK\$62,000 (31 December 2020: HK\$119,000) were recognised in respect of such lease at 30 June 2021. During the Period, depreciation of the right-of-use asset of approximately HK\$59,000 (six months ended 30 June 2020: HK\$57,000) and interest expense on the lease liability of approximately HK\$1,000 (six months ended 30 June 2020: 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 rentals were determined at rates mutually agreed between the relevant parties. In addition to the lease payments for the short-term lease to Mr. Cheng Yung-Kang, the Group entered into an agreement with Mr. Cheng Yung-Kang on 1 January 2020 to lease a staff quarter of 2 years at rates mutually agreed between the relevant parties. Right-of-use asset of approximately HK\$18,000 (31 December 2020: HK\$34,000) and lease liability of approximately HK\$18,000 (31 December 2020: HK\$34,000) were recognised in respect of such lease at 30 June 2021. During the Period, depreciation of the right-of-use asset of approximately HK\$17,000 (six months ended 30 June 2020: HK\$17,000) was charged to the condensed consolidated statement of profit or loss. During the six months ended 30 June 2020, interest expense on the lease liability of approximately HK\$1,000 was charged to the condensed consolidated statement of profit or loss.
- (iv) Mr. Cheng Yung-Kang is the director and shareholder of 禾涎有限公司. The rentals were determined at rates mutually agreed between the relevant parties. In addition to the lease payments for the short-term lease to 禾涎有限公司, the Group entered into an agreement with 禾涎有限公司 on 1 March 2020 to lease an office for terms of 1 year and 10 months at rates mutually agreed between the relevant parties. Right-of-use asset of approximately HK\$80,000 (31 December 2020: HK\$154,000) and lease liability of approximately HK\$82,000 (31 December 2020: HK\$156,000) were recognised in respect of such lease at 30 June 2021. During the Period, depreciation of the right-of-use asset of approximately HK\$78,000 and interest expense on the 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 2021

17. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Short term employee benefits	6,875	7,181
Employee share-based compensation expenses	1,274	2,383
Total compensation paid to key management personnel	8,149	9,564

18. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts of the Group's financial instruments as at 30 June 2021 and 31 December 2020 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 values of an equity investment designated at fair value through other comprehensive income and derivative financial instruments. As at 30 June 2021, the Group's financial instruments which comprise an equity investment designated at fair value through other comprehensive income and derivative financial instruments, which were measured at fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 under the fair value hierarchy) and based on significant observations inputs (Level 2 under the fair value hierarchy), respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW & PROSPECTS

During the outbreak of 2019 new coronavirus pneumonia epidemic (the “Epidemic”), the global market of personal computers (“PC”) ushered in a stronger-than-expected momentum last year. The consumers’ demand for remote learning and home office continued to increase. In particular, various countries have brought out some lifestyle changes after the Epidemic, including the one-PC-per-person trend. In the first half of 2021, with the Epidemic gradually brought under control all over the world, local communities began to enter the recovery period of the post-epidemic era and gradually resumed to their lifestyle before the outbreak of the Epidemic. According to the latest survey results released by International Data Corporation (“IDC”), a market research organization, contributed by the demand for distance office and learning driven by the Epidemic, although the global PC shipments (including desktop and notebook computers) in the first quarter of 2021 dropped by approximately 8% as compared with the fourth quarter of last year to 84 million units, they increased significantly by approximately 55.2% year-on-year. Meanwhile, according to the latest survey results released by Canalys, an independent market analysis agency, Chromebook computers continued to dominate the education market, especially the demand for Chromebook computers in the developed market is still strong. In the first quarter of 2021, Chromebook computers achieved an increase of approximately 275% year-on-year.

As one of the world’s leading notebook computer casing manufacturers, Ju Teng International Holdings Limited (the “Company” or “Ju Teng”, and together with its subsidiaries, the “Group”) has grasped market opportunities. The sale of notebook computer casing and 2-in-1 computer casing remained the Group’s major source of revenue. Driven by the booming PC market, the Group’s shipments have also recorded substantial growth, among which the shipments of plastic casings recorded a significant increase. For the six months ended 30 June 2021 (the “Period”), the Group’s revenue increased by approximately 14.2% to HK\$5,222 million (2020: approximately HK\$4,572 million). However, plastic casings, which have lower profit margin than metal casings, accounted for a higher proportion of the Group’s sales in the first half of 2021. In addition, most of the Group’s revenue is denominated in United States dollar (“USD”), while production costs and labor costs are denominated in Renminbi (“RMB”). During the period, the significant appreciation of RMB against USD was observed; and the market continued to be affected by issues such as shortage of parts and logistics. In the first half of 2021, the Group recorded an increase in production costs and operating costs, causing the profit attributable to equity holders of the Company to decrease to HK\$37 million (2020: approximately HK\$227 million).

Affected by various factors such as the unsynchronized global epidemic prevention and control, unbalanced economic recovery, intensified political and economic conflicts, and currency policies of different countries, the Group recorded significant exchange losses due to the appreciation of RMB against USD. In view of this, the Group has implemented currency hedging measures to reduce possible exchange losses caused by the fluctuations of USD against RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW & PROSPECTS (continued)

Looking ahead to the second half of 2021, the market demand for PC and notebook computers is generally expected to develop steadily. With the world gradually returning to normal, and the corporate commercial demands also increasing, the Group expects that the proportion of its metal casings mainly used in business computer models will increase in the second half of 2021, reversing the trend of higher proportion of plastic casings in the first half of 2021. In addition, the Windows 11 operating system will be launched by Microsoft, which is expected to usher in a new round of personal and business users replacing their computers in the market in the second half of 2021 and next year. Ju Teng will continue to exert further effort on the technology and marketing relating to metal casings, which command higher unit prices than plastic casings, to seize new opportunities in the second half of 2021.

Ju Teng remains prudently optimistic about its development prospects of this industry. While maintaining the sound development of its main business, Ju Teng will continue to closely monitor and keep up the market trends, improve its product portfolio and seize future opportunities to increase its market share, maintain business development and enhance its profitability, and strive to create better investment value for its shareholders.

FINANCIAL REVIEW

During the Period, the demand for notebook computer used for work from home and online learning remained high, resulting in the increase in shipment. As a result, the Group's revenue increased by approximately 14.2% as compared with the corresponding period of last year to approximately HK\$5,222 million (2020: approximately HK\$4,572 million). The Group's gross profit margin during the Period decreased to approximately 11.9% (2020: approximately 15.1%), which was mainly attributable to the higher proportion of shipment for plastic casing products which have relatively lower gross profit margin as compared with that of the metal casing products, and the appreciation of RMB against HKD during the Period by approximately 8.9% as compared with that of the corresponding period of last year. Appreciation of RMB against HKD during the Period led to an increase in the Group's production costs as most of the Group's production costs are denominated in RMB while most of the Group's revenue is denominated in USD.

During the Period, other income and gains of the Group mainly consisted of subsidy income of approximately HK\$28 million (2020: approximately HK\$17 million), interest income of approximately HK\$4 million (2020: approximately HK\$6 million) and gross rental income of approximately HK\$13 million (2020: approximately HK\$13 million). Since there was no foreign exchange gains recorded during the Period (2020: approximately HK\$68 million), the Group recorded a significant decrease of approximately 51.7% in other income and gains as compared with the corresponding period of last year to approximately HK\$54 million (2020: approximately HK\$111 million) during the Period, accounting for approximately 1.0% (2020: approximately 2.4%) of the Group's revenue.

During the Period, the Group recorded an increase of approximately 30.0% in operating costs, including administrative expenses and selling and distribution expenses, as compared with the corresponding period of last year to approximately HK\$481 million (2020: approximately HK\$370 million). The increase in the operating costs were mainly attributable to the increase in staff costs and transportation expenses. The percentage of operating costs of the Group increased to approximately 9.2% (2020: approximately 8.1%) of the Group's revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (continued)

During the Period, other expenses of the Group mainly consisted of foreign exchange losses (mainly resulting from the translation of trade receivables denominated in USD) of approximately HK\$73 million (2020: NIL) arising from the appreciation of the RMB against USD, fair value losses on derivative financial instruments (i.e. the forward foreign exchange contracts) of approximately HK\$12 million (2020: NIL) and loss on disposal of items of property, plant and equipment, net of approximately HK\$5 million (2020: approximately HK\$4 million). Since there were foreign exchange losses and fair value losses on derivative financial instruments recorded during the Period, the Group recorded a substantial increase of approximately 520.5% in other expenses as compared with the corresponding period of last year to approximately HK\$92 million (2020: approximately HK\$15 million), accounting for approximately 1.8% (2020: approximately 0.3%) of the Group's revenue.

Finance costs of the Group decreased by approximately 38.8% as compared with the corresponding period of last year to approximately HK\$34 million (2020: approximately HK\$56 million) for the Period, which was mainly attributable to the decrease in loan interest rate. Interest capitalised during the Period was approximately HK\$5 million (2020: approximately HK\$4 million).

As lower profit before tax was recorded during the Period as compared with that of the corresponding period of last year, the Group's income tax expenses decreased to approximately HK\$58 million (2020: approximately HK\$100 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.

The profit attributable to equity holders of the Company for the Period amounted to approximately HK\$37 million (2020: approximately HK\$227 million). The substantial decrease in profit attributable to equity holders of the Company was mainly attributable to the decrease in the Group's gross profit and increase in other expenses as discussed above.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, total bank borrowings of the Group amounted to approximately HK\$4,227 million (31 December 2020: approximately HK\$4,493 million), representing a decrease of approximately 5.9% as compared with that of 31 December 2020. The Group's bank borrowings were at floating interest rates and included short-term loans with 1-year maturity, 2-year term loans and 5-year syndicated loans. As at 30 June 2021, the Group's bank loans denominated in USD, New Taiwan dollars and RMB were approximately HK\$3,879 million (31 December 2020: approximately HK\$4,043 million), approximately HK\$25 million (31 December 2020: approximately HK\$25 million) and approximately HK\$323 million (31 December 2020: HK\$425 million), respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES (continued)

During the Period, the Group's net cash flows from operating activities increased to approximately HK\$720 million from approximately HK\$68 million in the corresponding period of last year, which was mainly attributable to the decrease in trade receivables. As a result of the purchase of new manufacturing facility for installation in the new production plant in Suzhou, PRC and the purchase of production machineries to strengthen the environmental protection measures as well as to improve production efficiency, the Group recorded a net cash outflow from investing activities of approximately HK\$563 million (2020: approximately HK\$506 million). During the Period, due to the repayment of bank borrowings, the Group recorded a net cash outflow from financing activities of approximately HK\$350 million (2020: net cash inflow of approximately HK\$95 million). As at 30 June 2021, the Group had cash and bank balances of approximately HK\$741 million (31 December 2020: approximately HK\$929 million).

As at 30 June 2021, the Group's gearing ratio calculated as total bank borrowings of approximately HK\$4,227 million (31 December 2020: approximately HK\$4,493 million) divided by total assets of approximately HK\$15,930 million (31 December 2020: approximately HK\$16,456 million) decreased to approximately 26.5% (31 December 2020: approximately 27.3%), which was mainly due to the decrease in total bank borrowings as at 30 June 2021 as compared with that as at 31 December 2020.

FINANCIAL RATIOS

Due to the increase in inventory level to meet customers' demand expected in the second half of 2021, inventory turnover days of the Group during the Period increased significantly to approximately 115 days (2020: approximately 84 days). As at 30 June 2021, there was an increase in the Group's inventories of approximately 27.4% to approximately HK\$2,920 million (31 December 2020: approximately HK\$2,292 million).

Trade receivables turnover days of the Group during the Period decreased significantly to approximately 102 days (2020: approximately 143 days) due to faster settlements from customers. Trade receivables as at 30 June 2021 decreased by approximately 26.3% to approximately HK\$2,930 million, as compared with approximately HK\$3,976 million as at 31 December 2020.

Trade and bills payables turnover days of the Group during the Period decreased to approximately 48 days (2020: approximately 55 days) due to the decrease in purchases of materials in the second quarter of 2021 in order to strengthen the control of inventory level.

PLEDGE OF ASSETS

As at 30 June 2021, certain land and buildings of the Group with a net carrying amount of approximately HK\$22 million (31 December 2020: approximately HK\$21 million) were pledged to secure banking facilities granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

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 foreign exchange losses of approximately HK\$73 million (2020: foreign exchange gains of approximately HK\$68 million). Accordingly, the Group has entered into forward foreign exchange contracts to mitigate possible exchange losses arising from the fluctuations in the values of the USD and RMB. The management of the Group will continue to monitor the Group's foreign currency risk exposures and adopt prudent measures as appropriate to minimise the adverse effects arising from the foreign currency fluctuations.

EMPLOYEES

During the Period, the Group had approximately 41,000 employees (2020: approximately 37,000 employees). During the Period, the Group recorded staff costs of approximately HK\$1,921 million (2020: approximately HK\$1,343 million).

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

CAPITAL COMMITMENT

As at 30 June 2021, the capital commitments which the Group had contracted for but were not provided for in the financial information in respect of the acquisition of buildings, machinery and office equipment amounted to approximately HK\$382 million (31 December 2020: approximately HK\$578 million).

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities.

OTHER INFORMATION

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

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") were as follows:

Name of Directors		Long positions Number of ordinary shares of HK\$0.1 each (the "Shares") and underlying Shares held under equity derivatives				Approximate percentage of the Company's issued share capital
		Personal interests	Interests of spouse	Other interests	Total interests	
Mr. Cheng Li-Yu	Shares	23,408,000	7,064,046	303,240,986 (Note 1)	333,713,032	27.81%
Mr. Cherng 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	5,900,000	-	-	5,900,000	0.49%
	Equity Derivatives: Share Options (Note 2)	600,000	-	-	600,000	0.05%
					6,500,000	0.54%
Mr. Huang Kuo-Kuang	Shares	8,285,866	2,300,631	-	10,586,497	0.88%
	Equity Derivatives: Share Options (Note 2)	504,000	-	-	504,000	0.04%
					11,090,497	0.92%
Mr. Lin Feng-Chieh	Shares	1,824,000	-	-	1,824,000	0.15%
	Equity Derivatives: Share Options (Note 2)	600,000	-	-	600,000	0.05%
					2,424,000	0.20%

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	0.01%
	Equity Derivatives: Share Options (Note 2)	360,000	-	-	360,000	0.03%
					<u>536,000</u>	<u>0.04%</u>
Mr. Tsui Yung Kwok	Shares	6,156,000	-	-	6,156,000	0.51%
	Equity Derivatives: Share Options (Note 2)	1,008,000	-	-	1,008,000	0.09%
					<u>7,164,000</u>	<u>0.60%</u>
Mr. Yip Wai Ming	Shares	248,000	-	-	248,000	0.02%
	Equity Derivatives: Share Options (Note 2)	288,000	-	-	288,000	0.02%
					<u>536,000</u>	<u>0.04%</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 2021, 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 the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Share Option Scheme will remain in force for a period of 10 years commencing from the date of adoption, i.e. 11 May 2015. Further details are disclosed in note 13 to the interim financial information.

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

Name or category of participant	Number of Share Options					At 30 June 2021	Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2021	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
Directors										
Mr. Cherng Chia-Jiun	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
	<u>360,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,000</u>				
Mr. Chiu Hui-Chin	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
	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>600,000</u>				

OTHER INFORMATION

SHARE OPTION SCHEME (continued)

Name or category of participant	Number of Share Options					At 30 June 2021	Grant date <i>(Note 1)</i>	Exercise period	Exercise price per Share <i>(Note 2)</i>	Closing price per Share immediately before the grant date
	At 1 January 2021	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period					
Mr. Huang Kuc-Kuang	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
	504,000	-	-	-	-	504,000				
Mr. Lin Feng-Chieh	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
	600,000	-	-	-	-	600,000				
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					
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
	288,000	-	-	-	-	288,000				

OTHER INFORMATION

SHARE OPTION SCHEME (continued)

Name or category of participant	Number of Share Options						Grant date	Exercise period	Exercise price per Share	Closing price per Share immediately before the grant date
	At 1 January 2021	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	At 30 June 2021				
Other employees										
In aggregate	88,400	-	-	-	(48,000)	40,400	3-9-2018	7-11-2018 to 31-8-2024	HK\$1.48	HK\$1.48
	114,400	-	-	-	(48,000)	66,400	3-9-2018	7-11-2019 to 31-8-2024	HK\$1.48	HK\$1.48
	118,400	-	-	-	(48,000)	70,400	3-9-2018	7-11-2020 to 31-8-2024	HK\$1.48	HK\$1.48
	15,794,400	-	-	-	(794,000)	15,000,400	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	15,794,400	-	-	-	(794,000)	15,000,400	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	<u>31,910,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,732,000)</u>	<u>30,178,000</u>				
	<u>35,630,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,732,000)</u>	<u>33,898,000</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 Share Option 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 2021, 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	25.27%
Shine Century Assets Corp. (Note 1)	Interest of controlled corporations	303,240,986	25.27%
East Asia International Trustee Limited (Note 1)	Trustee (other than a bare trustee)	303,240,986	25.27%
Ms. Lin Mei-Li (Note 2)	Beneficial owner	7,064,046	0.59%
	Interest of spouse	<u>326,648,986</u>	<u>27.22%</u>
		<u>333,713,032</u>	<u>27.81%</u>
Bank of Communications Trustee Limited	Trustee	354,345,774	29.53%

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 2021, 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 DIRECTOR'S 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 Director	Details of change
Mr. Cherng Chia-Jiun	Mr. Cherng Chia-Jiun has been appointed as an independent director of BizLink Holding Inc. (stock code: 3665.TT), a company listed on the Taiwan Stock Exchange Corporation since July 2021.

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.

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 Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules. 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, 17 August 2021