



**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

**2024**  
ANNUAL REPORT

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# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

Mr. Cheng Li-Yu (*Chairman and Chief Executive Officer*)  
Mr. Chiu Hui-Chin (*Chief Strategy Officer*)  
Mr. Huang Kuo-Kuang  
Mr. Lin Feng-Chieh  
Mr. Tsui Yung Kwok (*Chief Financial Officer*)

## NON-EXECUTIVE DIRECTORS

Mr. Cheng Li-Yen

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cherng Chia-Jiun  
Mr. Tsai Wen-Yu (*Retired on 16 May 2024*)  
Mr. Yip Wai Ming  
Mr. Yuen Chi Ho  
Dr. Chuang Shu-Hui (*Appointed on 2 September 2024*)

## 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 (*Retired on 16 May 2024*)  
Mr. Yip Wai Ming  
Mr. Yuen Chi Ho  
Dr. Chuang Shu-Hui (*Appointed on 2 September 2024*)

## REMUNERATION COMMITTEE

Mr. Cherng Chia-Jiun (*Chairman*)  
Mr. Cheng Li-Yu  
Mr. Huang Kuo-Kuang  
Mr. Tsai Wen-Yu (*Retired on 16 May 2024*)  
Mr. Yip Wai Ming  
Mr. Yuen Chi Ho  
Dr. Chuang Shu-Hui (*Appointed on 2 September 2024*)

## NOMINATION COMMITTEE

Mr. Cheng Li-Yu (*Chairman*)  
Mr. Huang Kuo-Kuang  
Mr. Cherng Chia-Jiun  
Mr. Tsai Wen-Yu (*Retired on 16 May 2024*)  
Mr. Yip Wai Ming  
Mr. Yuen Chi Ho  
Dr. Chuang Shu-Hui (*Appointed on 2 September 2024*)

## CORPORATE GOVERNANCE COMMITTEE

Mr. Yip Wai Ming (*Chairman*)  
Mr. Cheng Li-Yu  
Mr. Huang Kuo-Kuang  
Mr. Cherng Chia-Jiun  
Mr. Tsai Wen-Yu (*Retired on 16 May 2024*)  
Mr. Yuen Chi Ho  
Dr. Chuang Shu-Hui (*Appointed on 2 September 2024*)

## LEGAL ADVISERS AS TO HONG KONG LAWS

Chiu & Partners

## AUDITORS

Ernst & Young  
*Registered Public Interest Entity Auditor*

## PRINCIPAL BANKERS

Agricultural Bank of China  
Bank of China  
Bank SinoPac  
Cathay United Bank  
China Citic Bank  
CTBC Bank  
DBS Bank  
E. Sun Bank  
Fubon Bank  
Industrial and Commercial Bank of China  
KGI Bank  
Standard Chartered Bank  
Taishin Bank  
United Overseas Bank



# CORPORATE INFORMATION

## 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. 666 Yin Jia Road  
Wujiang Economic Development District  
Wujiang District, Suzhou City, Jiangsu Province  
The PRC

## 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  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## WEBSITE

[www.irasia.com/listco/hk/juteng](http://www.irasia.com/listco/hk/juteng)

## STOCK CODE

3336.HK and 9136.TT

# FINANCIAL HIGHLIGHTS

		For the year ended 31 December		
	Notes	2024	2023	Changes
<b>Operating Results:</b>				
Revenue (HK\$ million)		6,026	6,936	-13.1%
Loss attributable to equity holders of the Company (HK\$ million)		-530	-231	+129.4%
Loss per share				
Basic (HK cents)		-62.7	-27.3	+129.7%
Diluted (HK cents)		-62.7	-27.3	+129.7%
<b>Profitability Ratio:</b>				
Gross profit margin		2.9%	7.3%	-4.4%
Operating loss margin	1	-8.8%	-2.3%	-6.5%
Net loss margin	2	-8.8%	-3.3%	-5.5%
EBITDA (HK\$ million)		130	882	-85.3%
Return on equity	3	-10.5%	-4.0%	-6.5%
<b>Liquidity and Capital Ratio:</b>				
Inventory turnover days	4	66	87	-24.1%
Trade receivables turnover days	5	129	131	-1.5%
Trade and bills payables turnover days	6	52	51	+2.0%
Interest coverage	7	-298.2%	22.3%	-320.5%
Net debt to equity	8	28.2%	28.3%	-0.1%
Net cash flows from operating activities (HK\$ million)		741	598	+23.9%

## Notes:

- (1) Operating loss margin equals operating loss divided by revenue. Operating loss includes gross profit, net of selling and distribution expenses, and administrative expenses.
- (2) Net loss margin equals loss attributable to equity holders of the Company divided by revenue.
- (3) Return on equity equals 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.
- (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 year.
- (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 year.
- (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 year.
- (7) Interest coverage ratio equals 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 and other borrowings net of cash and cash equivalents.



### **The global PC market experiences slight growth, while the domestic market demand still needs time to recover**

During the year ended 31 December 2024 (the "Year"), as the global inflation continued to ease, but the geopolitical situation continued to deteriorate, the rising trade protectionism further disrupted the global supply chains, the excessive debt levels in many countries increased their fiscal risks, and the global economic recovery was stable but slow with regional differences, the development of the global PC market and the domestic PC market also showed differentiation. According to the report released by Gartner, Inc., a market research organization, the global PC shipments in 2024 increased slightly by 1.3% as compared with that of 2023, but the PC shipments increased continuously in all four quarters of 2024, indicating a stable recovery trend. However, limited by increasingly cautious PC spending, the PC shipments in the domestic market of China had experienced a sharp decline in the first quarter of 2024. The domestic market still needs time to recover.

In addition, as major computer brand manufacturers gradually shifted their production lines to the Southeast Asian region, it further weakened the demands for domestic production capacities, and put short-term pressures on the overall performance of the Group. During the Year, Ju Teng International Holdings Limited (the "Company" and together with its subsidiaries, the "Group" or "Ju Teng") recorded revenue of approximately HK\$6,026,000,000 (2023: approximately HK\$6,936,000,000), representing a decrease of approximately 13.1% as compared with that of last year. To alleviate the negative impact of the complex business environment, the Group has actively promoted the integration of domestic factories and the construction of factories in Vietnam through diversified supply chain strategies and optimized resource allocation, so as to reduce its operating costs and enhance its production capacity flexibility. The Group strived to seize opportunities in overseas production capacity demand and stabilize its leading position in the industry.

### **Continuously optimizing various types of casing products and stabilizing its leading position through its lean management**

Notebook computers and 2-in-1 computer casings remained the core products of the Group. For many years, the Group has maintained a leading position in the industry by virtue of its deep accumulation and cutting-edge technologies, and has established close cooperative relationships with its upstream and downstream supply chains and customers, thereby maintaining a stable market share. During the Year, despite a mild recovery in the global PC market, the demand for domestic production capacity from major computer brands has not seen a rebound. In this context, the Group not only accelerated the diversification of its supply chains, but also actively devoted itself to adjusting its business strategies, including adjusting its product structure in response to market changes, optimizing its portfolio of various casing products, and continuously focusing on the technology research & development, so as to secure orders for metal casings with higher unit prices and strengthen its competitiveness in the market.

### **The trend of operating system upgrade and "AI PC" driver replacement is coming**

Technological innovation and product upgrades continued to provide growth momentum for the PC market. With the rapid development of the artificial intelligence ("AI") industry, consumers' demand for computers equipped with AI configurations continued to increase. According to the projections of Gartner, Inc., the global shipments of PC equipped with AI configurations ("AI PC") will reach 114 million units in 2025, representing an increase of 165.5% as compared with that of 2024. The proportion of AI PC shipments in the total PC shipments will increase from 17% in 2024 to 43%. Meanwhile, Microsoft will discontinue support for the Windows 10 operating system in 2025, and a large number of PCs in the education market are about to enter the elimination period, the market demand for PC replacement is expected to recover in 2025. AI PC contains huge business opportunities, and its widespread application is gradually becoming a trend. The Group will closely monitor the trend of technological development and adjust its product strategies flexibly in line with the market development, so as to seize the opportunities from the upcoming wave of PC replacement.

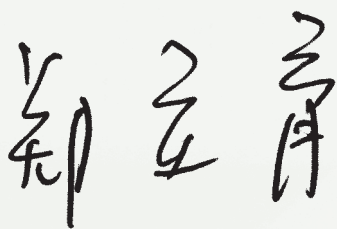
## CHAIRMAN'S STATEMENT

### Continuously optimizing the capacity configuration and accelerating the production plan of Southeast Asian factories

With the uncertainty of the global trade environment and high geopolitical risks, optimizing the capacity configuration has become an important strategy for the Group to respond to the market changes and ensure its stable operations. During the Year, the Group actively adopted a strategy of integrating its capacity configuration, aiming to effectively improve its production performance and strengthen its cost control. In Overseas, the Group actively promoted its business development plan in Vietnam, and gradually increased its investment in production plant equipments in Vietnam, so as to accelerate the progress of putting the production plant into operation to undertake more orders from Southeast Asian production capacity demand, and enhance the flexibility and resilience of the production capacity supply chain. In China, the Group also continued to carry out the factory merger plans, efficiently integrating domestic resources to improve its capacity utilization efficiency. With the global supply chain facing restructuring, supply chain diversification is the trend of the industry. The Group will closely monitor changes in the domestic and international supply chains, continuously optimize the capacity utilization and improve the cost efficiency, and actively respond to future opportunities and challenges with flexible operational strategies.

Looking forward to 2025, opportunities and challenges will coexist in the PC market. Although various factors, such as the economic policy uncertainties, geopolitical tensions, and global trade frictions, continue to disrupt the development of the PC market, the growth momentum of the industry brought by the technological innovation and operating system iteration is expected to lead to a recovery in market demand. The Group remains prudently optimistic about the development of the industry, and will continue to optimize its resource allocation and production performance to maintain a steady development trend. The Group will continue to seize the opportunities from the market recovery, and strive to create greater values for its shareholders and investors.

Lastly, I would like to take this opportunity to express my sincere gratitude to the Company's shareholders, customers, partners and investors for their continuous trust and support, as well as the unrelenting efforts of the Group's employees. Looking ahead to the future, the Group will continue to respond flexibly to market changes with efficient operational strategies, as well as actively seize opportunities from the market recovery, fully leverage its competitive advantages, and strive for substantial returns for its shareholders, employees, and all partners.



**Cheng Li-Yu**

*Chairman and Chief Executive Officer*

Hong Kong  
28 March 2025



# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review & Prospects

Looking back at the year ended 31 December 2024 (the “Year”), as the geopolitical risks have intensified, the trade restrictions and barriers have increased frequently, commodity prices have continued to fluctuate, and the global economic growth has tended to diverge, the personal computer (“PC”) market has also shown regional differences. Benefiting from the wave of computer replacement brought by the operating system iteration and technological updates, the global PC market has moderately rebounded. According to the report released by Gartner, Inc., a market research organization, the global PC shipments in 2024 reached 245 million units, representing an increase of 1.3% as compared with that of 2023. However, the recovery trajectory of the PC market in China was not consistent with the global trend. According to the survey report released by Canalys, a market research organization, due to the increased economic uncertainties and increasingly cautious PC spending from consumers and private enterprises, the PC shipments in the domestic market of China had experienced a sharp decline of 12% in the first quarter of 2024, and the recovery of market demand was slow. The persistence of macroeconomic uncertainties and the differentiation of market recovery speed have further exacerbated the operation pressures on enterprises, which in turn posed challenges to the business environment.

As one of the world’s leading notebook computer casing manufacturers, notebook computers and 2-in-1 computer casings remained as the Group’s major source of revenue. Looking back at the Year, although the global PC market has shown moderate growth, major computer brand manufacturers gradually shifted their production lines to the Southeast Asian region due to the relatively low cost of production and trade tariff, which has in turn impacted the demand for production capacities of notebook computer casings located in China. The Group recorded revenue of approximately HK\$6,026 million (2023: approximately HK\$6,936 million) for the Year, representing a decrease of approximately 13.1% as compared with that of last year. During the Year, despite the fact that the Group actively optimized its business strategies, controlled costs, and responded to market challenges by optimizing its existing resources, the Group’s gross profit margin during the Year decreased to approximately 2.9% (2023: approximately 7.3%) mainly as a result of low utilization rates of production capacity. Due to a decline in sales revenue and low utilization rates of production capacity, the Group recorded a substantial increase in impairment of property, plant and equipment of approximately HK\$304 million (2023: approximately HK\$45 million). Mainly as a result of the foregoing, the Group recorded an increase in loss attributable to equity holders of the Company to approximately HK\$530 million for the Year (2023: approximately HK\$231 million).

During the Year, the governments of major economies around the world have been in election and transition, leading to increased uncertainties in their domestic and foreign economic policies. Coupled with the intensified geopolitical situation, and the frequent global trade friction, the trend of diversification and decentralization of supply chains has become increasingly pronounced. In order to effectively diversify the risks of a single market, the Group has adhered to the operation strategy of diversifying its supply chain and active optimization of the allocation of domestic and foreign resources, including gradually increasing its procurement of production plant equipment for Vietnam and accelerating the relocation of some production capacity to Vietnam, so as to enhance the ability to fulfil Southeast Asian business demands. To this end, following the previous acquisition of the land use right to several plots of land in Vietnam for the construction of production plants in 2021 and 2022, Ju Teng Electronic Technology (Vietnam) Limited, an indirect, non-wholly-owned subsidiary of the Company, entered into several procurement contracts during the Year to purchase facilities and equipment for the Vietnam production plants to implement the next step in the Group’s business development plans in Vietnam and for facilitating the production of the Group there. At the same time, the Group has also focused on the efficient integration of domestic resources, and has continued to implement the orderly merger of factories during the Year, striving to improve the efficiency of capacity utilization. Barring any unforeseen circumstances, it is expected that more results from optimizing the resource allocation will materialize in 2025. The Group will continue to closely monitor market changes and allocate resources reasonably, so as to reduce its operating costs and improve its production flexibility.



# MANAGEMENT DISCUSSION AND ANALYSIS

Looking forward to 2025, opportunities and challenges will coexist in the sales of notebook computer casing, as the prospects for the global PC market are still unclear. According to the market expectations, there will be a wave of computer replacement in 2025, including a large number of PC devices purchased for the education market during the early years of the COVID-19 pandemic due to social distance restrictions have entered the replacement cycle. However, the lower budget also means that the update period will be distributed over many years, bringing stable and sustained demand to the market. Secondly, as Microsoft will discontinue support for the Windows 10 operating system in October 2025, users have gradually replaced their computers to avoid potential security risks caused by outdated operating systems. Such trend has already been reflected in the fourth quarter of 2024: according to the latest data released by Canalys, the global PC market shipments in the fourth quarter of 2024 achieved the year-on-year growth of 5.0%. It is expected that the PC shipments will further increase with the impending deadline of Windows 10 operating system services, providing growth momentum for the PC market. However, as the governments of major economies have been in election and transition, market concerns about the possibility of implementing new tariffs and increasing existing tariffs remain, and there are still uncertainties in the development of the PC market.

Moreover, it is expected that technological innovation will bring growth momentum into the PC market. As major global computer brands accelerated the launch of PCs equipped with AI technologies ("AI PC"), coupled with their advantages of powerful performance, significantly improved user interaction experience and work efficiency, it further stimulates consumer demands for computer replacement. According to Canalys, in the third quarter of 2024 alone, the global shipments of computers equipped with AI configurations reached 13.3 million units, accounting for 20% of the total PC shipments in that quarter. International Data Corporation, a market research organization, also believed that even if the turning point of the AI PC market appears later, the impact of AI PC on the PC industry will still be positive. AI PC contains tremendous commercial potential and will effectively promote the continuous improvement of PC values. The Group will closely monitor market changes, and flexibly adjust its operational strategies and resource allocation, so as to achieve long-term development in the wave of computer replacement driven by technological innovation.

Despite certain market demands being suppressed by the current macroeconomic environment, the Group remains cautiously optimistic about the future development of the PC market. With the gradual recovery of the global economy, incentive measures introduced in various countries to boost consumption, the wave of computer replacement brought by technological innovation, we expect that the recovery of market demands will inject new impetus into the Group's business development. As one of the world's leading notebook computer casing manufacturers, the Group will continue to closely monitor the structural changes in the PC market, flexibly adjust its diversified market layout strategies, and enhance its supply chain resilience and overall operational efficiency. At the same time, the Group will actively seize potential opportunities in the macroeconomic and industry cycles, continuously improve its operational performances, and create greater value for its shareholders and investors.

## Financial Review

### Revenue and Gross Profit Margin

During the Year, the Group's overall performance was under pressure mainly due to economic uncertainties and weak customers' demand for production capacities of notebook computer casing located in China as major computer brand manufacturers gradually shifted their production lines to the Southeast Asian region, the Group's revenue decreased by approximately 13.1% as compared with that of 2023 to approximately HK\$6,026 million (2023: approximately HK\$6,936 million). As the demand for the Group's products slowed down during the Year, the Group took time to adjust the production scale in China and have begun to shift certain production capacities to Vietnam and therefore was not able to achieve economies of scale, resulting in a decline in gross profit margin. The Group's gross profit margin during the Year decreased to approximately 2.9% (2023: approximately 7.3%).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other income and gains

During the Year, other income and gains of the Group mainly consisted of foreign exchange gains, mainly resulting from the translation of trade receivables denominated in USD, of approximately HK\$145 million (2023: approximately HK\$112 million) arising from the depreciation of RMB against USD, gain on disposal of items of property, plant and equipment and right-of-use assets, net of approximately HK\$16 million (2023: loss on disposal of approximately HK\$2 million), gain on disposal of non-current assets classified as held for sale of approximately HK\$39 million (2023: loss on disposal of approximately HK\$1 million), compensation income of approximately HK\$22 million (2023: approximately HK\$23 million), subsidy income of approximately HK\$19 million (2023: approximately HK\$38 million), interest income of approximately HK\$34 million (2023: approximately HK\$28 million) and gross rental income of approximately HK\$21 million (2023: approximately HK\$23 million).

Due to a gain on disposal of non-current assets classified as held for sale of approximately HK\$39 million, and gain on disposal of items of property, plant and equipment and right-of-use assets, net of approximately HK\$16 million recognised during the Year and an increase in foreign exchange gains to approximately HK\$145 million for the Year from approximately HK\$112 million during the year ended 31 December 2023, which offset the absence of the gain on disposal of a subsidiary during the Year as compared with a gain of approximately HK\$43 million recognised in the year ended 31 December 2023, the Group recorded an increase of approximately 7.8% in other income and gains during the Year as compared with that of 2023 to approximately HK\$301 million (2023: approximately HK\$280 million), accounting for approximately 5.0% (2023: approximately 4.0%) of the Group's revenue.

## Operating costs

During the Year, the Group recorded an increase of approximately 6.3% in operating costs, including administrative expenses and selling and distribution expenses, as compared with that of 2023 to approximately HK\$706 million (2023: approximately HK\$664 million). The increase in the operating costs was mainly attributable to the increase in staff costs, transportation expenses and pre-operating expenses of the production plant in Vietnam. The operating costs of the Group as a percentage of the Group's revenue increased to approximately 11.7% (2023: approximately 9.6%).

## Other expenses

During the Year, other expenses of the Group mainly consisted of impairment of property, plant and equipment of approximately HK\$292 million (2023: approximately HK\$45 million) as a result of the decline in sales revenue and low utilization rates of production capacity, impairment of property, plant and equipment of approximately HK\$12 million (2023: nil) upon the transfer of certain land and properties to non-current assets classified as held for sale, and fair value losses on derivative financial instruments (i.e. the forward foreign exchange contracts) amounted to approximately HK\$2 million (2023: approximately HK\$16 million). Due to the substantial increase in impairment of property, plant and equipment, the Group recorded an increase of approximately 317.7% in other expenses during the Year as compared with that of 2023 to approximately HK\$314 million (2023: approximately HK\$75 million), accounting for approximately 5.2% (2023: approximately 1.1%) of the Group's revenue.

## Finance costs

Finance costs of the Group decreased by approximately 14.8% as compared with that of 2023 to approximately HK\$183 million (2023: approximately HK\$215 million) for the Year, which was mainly attributable to the decrease in interest rate of USD borrowings of the Group and repayment of certain bank borrowings during the Year. Interest capitalized during the Year was approximately HK\$13 million (2023: approximately HK\$9 million).



# MANAGEMENT DISCUSSION AND ANALYSIS

## Income tax expenses

As deferred tax assets have not been recognised for certain tax losses incurred by certain subsidiaries and impairment of property, plant and equipment, and no withholding tax (2023: approximately HK\$106 million) was incurred on dividends distributed by certain subsidiaries located in the PRC in the Year, the Group's income tax expenses amounted to approximately HK\$2 million (2023: approximately HK\$162 million) for the Year.

## Loss attributable to equity holders of the Company

The loss attributable to equity holders of the Company for the Year amounted to approximately HK\$530 million (2023: approximately HK\$231 million). The increase in loss attributable to equity holders of the Company was mainly attributable to the decrease in revenue and gross profit, and substantial increase in impairment of property, plant and equipment included in other expenses, as discussed above.

## Liquidity and Financial Resources

As at 31 December 2024, total bank and other borrowings of the Group amounted to approximately HK\$2,640 million (31 December 2023: approximately HK\$3,137 million), representing a decrease of approximately 15.8% as compared with that as at 31 December 2023. The Group's bank and other 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 31 December 2024, the Group's bank and other borrowings denominated in USD, New Taiwan dollars and RMB were approximately HK\$2,526 million (31 December 2023: approximately HK\$2,735 million), approximately HK\$17 million (31 December 2023: approximately HK\$20 million) and approximately HK\$97 million (31 December 2023: approximately HK\$382 million), respectively.

During the Year, despite the increase in the Group's loss before tax, the Group's net cash flows from operating activities increased to approximately HK\$741 million from approximately HK\$598 million in 2023, which was mainly attributable to the decrease in inventories and trade receivables. As a result of the purchase of manufacturing facilities and equipment for installation in the new production plant in Vietnam during the Year, the Group recorded a net cash outflow from investing activities of approximately HK\$332 million (2023: approximately HK\$112 million) during the Year. During the Year, due to the repayment of certain bank borrowings, the Group recorded a net cash outflow from financing activities of approximately HK\$585 million (2023: approximately HK\$962 million). As at 31 December 2024, the Group had cash and bank balances of approximately HK\$1,028 million (31 December 2023: approximately HK\$1,222 million).

As at 31 December 2024, the Group's gearing ratio, calculated as total bank and other borrowings of approximately HK\$2,640 million (31 December 2023: approximately HK\$3,137 million) divided by total assets of approximately HK\$10,342 million (31 December 2023: approximately HK\$12,156 million), decreased slightly to approximately 25.5% (31 December 2023: approximately 25.8%), which was mainly due to the decrease in total bank and other borrowings as at 31 December 2024 as compared with that as at 31 December 2023.

## Financial Ratios

Inventory turnover days of the Group during the Year decreased to approximately 66 days (2023: approximately 87 days) mainly due to the Group's effort in inventory reduction in response to the decline in revenue. As at 31 December 2024, there was a decrease in the Group's inventories of approximately 31.9% to approximately HK\$1,048 million (31 December 2023: approximately HK\$1,539 million).

## MANAGEMENT DISCUSSION AND ANALYSIS

Trade receivables turnover days of the Group during the Year remained stable at approximately 129 days (2023: approximately 131 days). Trade receivables as at 31 December 2024 decreased by approximately 14.8% to approximately HK\$2,118 million, as compared with approximately HK\$2,486 million as at 31 December 2023.

Trade and bills payables turnover days of the Group during the Year remained stable as approximately 52 days (2023: approximately 51 days). As at 31 December 2024, there was a decrease in the Group's trade and bills payables of approximately 7.5% to approximately HK\$824 million (31 December 2023: approximately HK\$891 million).

### Pledge of Assets

As at 31 December 2024, certain land and buildings of the Group with a net carrying amount of approximately HK\$19 million (31 December 2023: approximately HK\$20 million) were pledged to secure certain 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. Accordingly, the Group has entered into forward foreign exchange contracts to mitigate possible exchange losses arising from the fluctuations in the values of the USD and RMB. During the Year, the Group recorded foreign exchange gains, net of approximately HK\$145 million (2023: approximately HK\$112 million) and fair value losses on derivative financial instruments, net of approximately HK\$2 million (2023: approximately HK\$16 million). The management of the Group will continue to monitor the Group's foreign currency risk exposures and adopt prudent measures as appropriate to minimise the adverse effects arising from the foreign currency fluctuations.

### Employees

During the Year, the Group had approximately 20,000 employees (2023: approximately 23,000 employees) and recorded staff costs (excluding directors' remuneration) of approximately HK\$1,844 million (2023: approximately HK\$1,856 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 31 December 2024, 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\$263 million (31 December 2023: approximately HK\$253 million).

### Contingent Liabilities

As at 31 December 2024, the Group did not have any significant contingent liabilities.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Events After the Reporting Period

There is no event that will have material impact on the Group since the end of the Year to the date of this report.

## Possible risks and uncertainties

The Group's financial conditions, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The following are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties which are not known to the Group or which may not be material now but could turn out to be material in the future.

### (1) **Market risk**

Casing products are one of the components for notebook computers and handheld devices. With the development of the technologies, notebook computers and handheld devices face the competition from new substitutes, leading to difficulties in the rebound of the market of notebook computers and handheld devices after the downturn this year.

Following the principals of market-orientation, the Group will strive to develop new casing products to fulfil the new market opportunities. In the view of the strong demand on metal casings with sleek, durable and high-ended features, the Group is continuously exploring any new technologies and materials in production of the metal casings.

### (2) **Concentration risk on the product types**

Casing products for the notebook computers and handheld devices are the major products of Ju Teng. In the past few years, the casing products provided the stable source of the income to the Group. The business development of the Group is therefore highly limited to the saturation of global PC market.

In the view of the concentration risk on the product types, the Group will expand the product mix based on the market trends, improve the quality of the products, focus on new product development and look for any opportunities in the future to widen the sources of the income.

### (3) **Risk of keen competition arising from the sluggish demand**

Sluggish demand on the casing products for the notebook computers result in fierce competition among the industry. Since 2015, due to the downturn of market of notebook computers and handheld devices, the demand on the casing products has become weak. In order to maintain the market, casing manufacturers have lowered the unit price of the casing products, resulting in an adverse impact on the profitability of the industry.

In the view of the keen competition in the industry, the Group will continue to invest in advanced equipment, maintain the good quality of the products and expand the product mix in order to gain good reputation among the industry.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **(4) Risk of rising labour cost in the PRC**

As the factories of the Group are mainly located in the PRC, the increase of labour costs in the PRC will adversely affect the profitability of the Group.

In the view of the upward trends on the labour cost in the PRC, the Group has strategically identified Vietnam as the ideal location for production of casings for notebook computer and automotive parts and hence shifted certain production capacity to Vietnam due to the relatively lower cost of production in Vietnam, which is in line with the Group's strategy of taking better advantage of the global supply chain, enhancing cost efficiency and seizing the development opportunities in Vietnam's manufacturing industry.

## **Compliance with Relevant Laws and Regulations**

The Group's business is mainly operated by its subsidiaries incorporated or established in the British Virgin Islands, Hong Kong, the ROC, the PRC and the Vietnam and the Company was incorporated in the Cayman Islands and is a listed company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). Therefore, the Group should comply with relevant laws and regulations of the Cayman Islands, British Virgin Islands, Hong Kong, the ROC, the PRC and the Vietnam. The Company promotes the culture of adhering to the highest ethical standards of business conduct and commits to complying with all prevailing laws and regulations in all its operating regions.

During the Year, the Company was not aware of any material non-compliance or breach of the applicable legislation or regulations that have a significant impact on the Group.

## **Environmental policy**

The Group has strong commitment towards environmental protection. The management will review the Group's environmental practices from time to time and will consider implementing further ecology friendly measures and practices in the operation to enhance environmental protection and sustainability. Details of which are disclosed in our Environmental, Social and Governance report, which will be issued separately by the Company and available on the websites of the Company and the Hong Kong Stock Exchange.

## **Product liability**

Ju Teng maintains well-established quality inspection procedures to ensure all products meet quality standards. Products from the production lines are subject to inspection by its quality management department before they are qualified for storage or delivery. The Group has also in place a set of product recall procedures to ensure that customer claims are properly addressed in case of quality issues. Details of which are disclosed in our Environmental, Social and Governance report.

## **Occupational safety**

The Group has formulated an occupational safety management system and is in compliance with the Production Safety Law of the PRC and other requirements set out in relevant laws and regulations. The Group also holds educational activities of occupational safety including the publicity of relevant laws and regulations. Moreover, new employees have to receive safety orientation training and special operations staff such as electricians and forklift operators have to be certified. The Group also holds training on safety techniques, responsibilities and systems for staff in various positions from time to time. Details of which are disclosed in our Environmental, Social and Governance report.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Relationships with key stakeholders

The Group's success also depends on the support from its key stakeholders which comprise employees, customers, suppliers and shareholders.

### (1) Employees

Diverse staff allows Ju Teng to be flexible on serving customers around the world. Each of the Ju Teng's management members is top talent in the industry, and possesses solid professional backgrounds. They serve as the backbone of the Group's development.

Ju Teng has a comprehensive internal promotion pipeline. To keep up with the market dynamics, it deploys talented executives through a system of human resources assessment, so that each of the staff may leverage its strengths, contribute to the swift growth, and maintain stable operation and flexibilities of the organization.

Ju Teng's culture emphasizes professional division of labour, team spirits and on-site management. Ju Teng pursues increasingly profound qualities and technologies through requirements on discipline and efficiency and maximization of the economies of scale.

The Group has operated a share option scheme since 2005. The purpose of the scheme is to attract and retain eligible and well-performed participants, including employees and any company related person, and to motivate them to strive for future development and expansion of the Group. The scheme serves as an incentive encouraging participants to perform their best in achieving the goals of the Group and allows the participants to enjoy the results of the Group attained through their efforts and contributions. Offering share options to employees is also a way of recognizing employees' contributions. The Group strongly believes that the operation of the scheme can result in a boost in employees' loyalty and cohesiveness.

### (2) Customers

The Group's customers are mainly global well-known notebook computer manufacturers and brand owners. They purchased products of the Group by way of a single order on request and therefore, the Group did not enter into any long-term sales contracts with any major customers. The Group has established good and long-term business relationship with the customers, and believes that these customers will continue to place the purchase orders to the Group. Meanwhile, the Group will actively seek for the new customers, in order to minimize the possible negative impact on the Group's business and profitability resulting from the discontinuance of order from any major customer.

### (3) Suppliers

Ju Teng holds supply chain management in high regard and strives to select quality suppliers through an open and transparent screening process to achieve mutual benefits. Under the same conditions, priority will be given to suppliers who stick to standard management practices and actively fulfil their social responsibility.

In addition, all suppliers must provide their company background and product information for supervision and inspection by the Group. The Group will also review and assess the performance of suppliers annually to decide whether to continue cooperating with them, and such reviews will also be taken into consideration when identifying other suppliers.

### (4) Shareholders

One of the corporate goals of the Group is to enhance corporate value to shareholders of the Company. The Group is committed to fostering business developments for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts, taking into account of capital adequacy levels, liquidity positions and business expansion needs of the Group.

Set out below is the biographical details of the Directors and senior management of the Group as at the date of this annual report:

## DIRECTORS

### Executive Directors

**Mr. Cheng Li-Yu (鄭立育)**, aged 66, is the chairman and the chief executive officer of the Group and director of certain subsidiaries of the Group. Mr. Cheng Li-Yu is one of the founders of the Group. Mr. Cheng was appointed as an executive Director on 15 July 2004 and the chief executive officer of the Group on 16 March 2022. Mr. Cheng is responsible for the Group's overall corporate strategy planning, operation management and establishment of the Group's future development direction. Prior to co-founding the Group, Mr. Cheng began his career at San Li Industrial Company Limited which was engaged in spray painting in around 1984. Mr. Cheng is the younger brother of Mr. Cheng Li-Yen, the non-executive Director. Mr. Cheng's interest in shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance is disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this annual report.

**Mr. Chiu Hui-Chin (邱輝欽)**, aged 71, is an executive Director and the chief strategy officer of the Group and director of a subsidiary of the Group. He was conferred a Master Degree in Industrial Engineering and Management in National Taipei University of Technology and EMBA in the Graduate Institute of Finance in National Taiwan University. He has more than 38 years of experience in notebook computer, and electronic products business. He joined the Group as executive Director and the chief executive officer of the Group on 1 March 2017. He ceased to be the chief executive officer of the Group and was appointed as the chief strategy officer of the Group on 16 March 2022, responsible for formulating and managing strategies of the Group. Prior to joining the Group, Mr. Chiu was a chief executive officer of Lite-on Technology Corporation, a company listed on the Taiwan Stock Exchange Corporation ("TSEC") until February 2017, and held top management position in various leading international brands and manufacturers of notebook computer, and electronic products. He was a director of Silitech Technology Corporation (stock code: 3311.TT) from June 2012 to March 2017 and Dragonjet Corporation (stock code: 3280.TT) from June 2014 to March 2017, which are listed on the TSEC. Mr. Chiu has also been appointed as an independent director of Syncmold Enterprise Corp. (stock code: 1582.TT), which is listed on the TSEC, since 18 June 2020. Mr. Chiu was the chairman of council of Department of Industrial Engineering and Management Alumnus and council member of China Value Engineering Society (中華民國價值工程學會). Mr. Chiu was also awarded as the outstanding Alumnus of National Taipei University of Technology. Mr. Chiu's interest in shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance is disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this annual report.

**Mr. Huang Kuo-Kuang (黃國光)**, aged 64, is an executive Director and director of a subsidiary of the Group. He joined the Group in February 2001 as a member of the Group's senior management and has been responsible for the Group's daily operations and for overseeing the Group's procurement and operation management of two of its major operating subsidiaries in the PRC, namely, Everyday Computer Components (Suzhou) Co., Ltd. ("Everyday Computer") and Suzhou Dazhi Communication Accessory Co., Ltd ("Suzhou Dazhi"), since their establishment. He was appointed as senior vice president of Everyday Computer and of Suzhou Dazhi in 2002. He has more than 32 years' experience in the computer industry. Mr. Huang was appointed as an executive Director on 10 June 2005. He is responsible for the planning of the Group's procurement strategy, as well as the execution and guidance of operation management. Mr. Huang's interest in shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance is disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this annual report.



## MANAGEMENT PROFILE

**Mr. Lin Feng-Chieh (林豐杰)**, aged 66, is an executive Director. He was conferred a Master of Business Administration from University of Leicester in United Kingdom. Mr. Lin was a vice president of the Group and joined the Group in September 2011. He worked at Arima Computer Corporation from 1990 to 2005, during which he served as a senior vice president at the research & development ("R & D") center of notebook computer and was responsible for the leading of the R & D team to carry out development of notebook computer. He worked at Waffer Technology Co., Ltd., as the chief technology officer of the group and a general manager of Taiwan business from 2005 to 2007, during which he was responsible for planning of new technology R & D strategy of the group, and the operating strategic planning and operational management of the Taiwan business. He worked at a US enterprise's Flextronics International Ltd., a computer business group, as a senior director of R & D center of notebook computer from 2007 to 2011, during which he was responsible for leading the R & D team to carry out the development of the notebook computer. Mr. Lin was appointed as an executive Director on 1 March 2017. He is currently responsible for monitoring the development of new technology-related businesses of the Group. Mr. Lin's interest in shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance is disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this annual report.

**Mr. Tsui Yung Kwok (徐容國)**, aged 56, is an executive Director, the chief financial officer and director of a subsidiary of the Group. Mr. Tsui was appointed as an executive Director on 10 June 2005. He is responsible for the overall financial management. He holds a master degree in corporate governance and a bachelor degree in business (Accounting). He is also a member of Chartered Accountants Australia and New Zealand, CPA Australia, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Chartered Governance Institute. Before joining the Group in August 2004, Mr. Tsui had been the chief financial officer of a Hong Kong listed company and held a senior position in an international accounting firm in Hong Kong. He had over 31 years' experience in accounting and finance. He has been an independent non-executive director of Shenguan Holdings (Group) Limited (stock code: 829) since 19 September 2009, Cabbeen Fashion Limited (stock code: 2030) since 18 February 2013 and Intron Technology Holdings Limited (stock code: 1760) since 22 June 2018. He also served as an independent non-executive director of 361 Degrees International Limited (stock Code: 1361) from 1 September 2012 to 20 May 2019 and SITC International Holdings Company Limited (stock code: 1308) from 10 September 2010 to 18 December 2020. Mr. Tsui's interest in shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance is disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this annual report.

### Non-executive Director

**Mr. Cheng Li-Yen (鄭立彥)**, aged 71, is one of the founders of the Group. He was an executive Director from 10 June 2005 to 1 March 2017, and thereafter he remained as a director of a subsidiary of the Company and a consultant to the Group in relation to the Group's overall management of resource planning, as well as plant expansion, development and construction. He was appointed as the non-executive Director on 16 March 2022. Prior to co-founding the Group, Mr. Cheng began his career at San Li Industrial Company Limited which was engaged in spray painting in around 1990 and later joined the management of Sunrise Plastic Injection Company Limited in around 2000. Mr. Cheng is the elder brother of Mr. Cheng Li-Yu, the chairman and the chief executive officer of the Group. Mr. Cheng's interest in shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance is disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this annual report.

### Independent non-executive Directors

**Mr. Cherng Chia-Jiun (程嘉君)**, aged 70, is an independent non-executive Director. He was graduated from the National Chengchi University with a Master's degree in Business Administration and a Bachelor of Science degree in Statistics. Mr. Cherng is currently an independent director of Azion Corporation (stock code: 6148.TT), whose shares are traded on the Taiwan OTC Market and FSP Technology Inc. (stock code: 3015.TT), a company listed on the TSEC. He was also the director and President of Digital United Inc., whose shares are traded on the Taiwan Emerging Market until 16 March 2009. Furthermore, he was appointed as an independent director of BizLink Holding Inc. (stock code: 3665.TT) since July 2021, whose shares are listed on the TSEC, and Mr. Cherng was appointed as an independent director of Changing Information Technology Inc. (stock code: 8272.TT) since 7 September 2023, whose shares are traded on the Taiwan Emerging Market. From 1979 to 1998, Mr. Cherng was with the Taiwan based Institute for Information Industry (III), serving in various capacities including general manager of the Network Business Group, director of the Technology Service Group, director of the Market Intelligence Center, and program director of the Technology Research Division. Mr. Cherng was also the director of Zinwell Corporation and the supervisor of AOpen Inc., both of these companies are listed on the TSEC. Mr. Cherng was appointed as an independent non-executive Director on 31 July 2008. Mr. Cherng's interest in shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance is disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this annual report.

**Mr. Yip Wai Ming (葉偉明)**, aged 59, is an independent non-executive Director. He has more than 33 years of experience in finance and accounting, and had held senior positions in an international accounting firm, a major European bank and listed companies in Hong Kong. Mr. Yip graduated from the University of Hong Kong with a Bachelor's degree in social sciences and from the University of London with a Bachelor's degree in law. He is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the Chinese Institute of Certified Public Accountants. He has been appointed as an independent non-executive director of PAX Global Technology Limited (stock code: 327) since December 2010, Far East Horizon Limited (stock code: 3360) since March 2011, Poly Culture Group Corporation Limited (stock code: 3636) since December 2013 (he then resigned as an independent non-executive director, the chairman of the remuneration and assessment committee of the board of directors and the member of the audit committee of the board of directors with effect from 21 June 2022), Yida China Holdings Limited (stock code: 3639) since June 2014 (he then resigned as an independent non-executive director, the chairman of the audit committee and member of the nomination committee of the board of directors with effect from 26 July 2024), Sinohope Technology Holdings Limited (formerly known as New Huo Technology Holdings Limited) (stock code: 1611) since October 2018 and Peijia Medical Limited (stock code: 9996) since January 2020 (with effect since May 2020). Mr. Yip was appointed as an independent non-executive Director on 25 May 2006. Mr. Yip's interest in shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance is disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this annual report.

**Mr. Yuen Chi Ho (袁志豪)**, aged 57, is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has nearly 35 years of experience in audit, accounting and financial management. Mr. Yuen has been the chief financial officer of a private group of companies principally engaged in manufacturing and sales of gardening planter products since 2020, and transitioned to a consultancy role in July 2024. From 1990 to 2000, Mr. Yuen worked in international accounting firms. He was an executive director and chief financial officer of IPE Group Limited (stock code: 929), a company listed on the Main Board of the Stock Exchange, from 1 October 2009 to 1 June 2017, and was redesignated as chief operating officer from 2 June 2017 to 30 November 2018. Mr. Yuen was appointed as an independent non-executive Director on 6 December 2022.

**Dr. Chuang Shu-Hui (莊淑惠)**, aged 59, has over 15 years of experience in business administration, application of information systems in government and enterprise, knowledge management and business intelligence. She has been the chairperson of the Department of Business Administration at Asia University, Taiwan since August 2021 and one of its professors since August 2018. Before that, she held various teaching positions at Asia University including assistant professor and associate professor at its Department of Accounting and Information Systems and Department of Business Administration, successively, from August 2007 to July 2018. She is the supervisor of Sunyu Tech Co., Inc. (翔境科技股份有限公司), which is principally engaged in providing system development and consulting services for information technology infrastructure. She has been appointed as honorary director general of the Digital Transformation and Innovative Development Association (中華數位轉型創新發展協會) in Taiwan since January 2023.



## MANAGEMENT PROFILE

She also served as an independent director of Bai Sha Technology Co., Ltd (白紗科技印刷股份有限公司), a company whose shares are listed on the Taipei Exchange (stock code: 8401), from May 2019 to May 2022. Dr. Chuang's research interests include the applications of e-business, knowledge management, online marketing, and business intelligence, and she has been a guest editor and reviewer for international journals regarding information management (such as Queuing Models and Service Management, Journal of Information and Knowledge Management and Technology Analysis & Strategic Management). Dr. Chuang obtained her master's degree in engineering from Tunghai University (東海大學) in June 1999 and her PhD in information management from National Chung Cheng University (國立中正大學) in April 2008. Dr. Chuang was appointed as an independent non-executive Director on 2 September 2024.

### SENIOR MANAGEMENT

**Mr. Huang Cheng-Pin (黃正斌)**, aged 59, is an assistant to Mr. Cheng Li-Yu, an executive Director, the chief executive officer and chairman of the Group. He joined the Group in 2003. Mr. Huang has over 24 years of experience in the banking field and is responsible for the investment planning for the new projects. He also assists the board of Directors in the evaluation of such investment projects as well as the Group's financial planning and funding matters.

**Mr. Lee Ming-Kun (李明坤)**, aged 67, is an assistant to Mr. Cheng Li-Yu, an executive Director, the chief executive officer and chairman of the Group, and joined the Group in 2013. Mr. Lee is responsible for management and supervision on new product development and management in the Group.

**Mr. Lu Fu-Hsing (呂福興)**, aged 59, is an assistant to Mr. Cheng Li-Yu, an executive Director, the chief executive officer and chairman of the Group. He joined the Group in 2003 and is responsible for the human resources planning for the new investment project. He is also responsible for the monitoring and rectification of the matters in relation to the operations and management of the Group.

**Mr. Chu San-Tai (朱三泰)**, aged 50, is a vice president of the Group who joined the Group in 2003 and is currently responsible for the overall operation management of factories in Neijiang and Chongqing regions. He is also responsible the supervision of the quality assurance department of the Group and the establishment of all quality assurance system certifications and quality control. Mr. Chu has rich experience in quality control, understands the manufacturing process and has strict quality control concept. He monitors the Group's quality control system and set-ups a complete quality control system process.

**Mr. Hsieh Min-Ta (謝旻達)**, aged 48, is an associate vice president of the Group. He joined the Group in 2001, and is responsible for the overall operation management of Juteng Electronics Technology (Taizhou) Co., Ltd, a wholly-owned subsidiary of the Group. Mr. Hsieh is responsible for the planning and production management for the coating process, efficiency improvement and cost reduction.

**Mr. Lo Ching-Chen (羅竟珍)**, aged 46, is an assistant Vice President of the Group, with approximately 25 years of experience in mold-related process planning and precision machining production management. He is responsible for the Group's plastics, metal molds, hot stamping, parts precision processing and new technology research and development, new model integration development (NPI), currently in charge of the production management of Suzhou Dazhi Communication Accessory Co., Ltd., a wholly-owned subsidiary of the Group.

**Mr. Lee Ming-Yu (李明育)**, aged 43, is an associate vice president of the Group and joined the Group in 2009. He has about 25 years of experience in mold-related process planning and production management. He is responsible for the research and development of the Group's plastic molds, metal molds, high-temperature molds, two-color molds, etc. and the new technologies, and new product introduction. Mr. Lee also responsible for the production management of Juteng (Neijiang) Communication Accessory Co., Ltd, a wholly-owned subsidiary of the Group.

**Mr. Hsiao Chuan-Cheng (蕭全成)**, aged 51, is the supervisor of the Group. He joined the Group in 2010 and has over 28 years of experience in plastic parts of notebook computers and electronic products. Mr. Hsiao is currently responsible for the operation and management of Lian-Yi Precision (Zhongshan) Inc., a non-wholly owned subsidiary of the Group.

### COMPANY SECRETARY

**Ms. Cheung Lai Yin** has been appointed as the company secretary of the Company with effect from 31 January 2019. She is a practising solicitor in Hong Kong working at Chiu & Partners, the Company's legal advisers as to Hong Kong laws, in the field of commercial and corporate finance. Ms. Cheung graduated from the University of Hong Kong with a Bachelor of Laws degree.

# REPORT OF THE DIRECTORS

The directors (the “Directors”) of Ju Teng International Holdings Limited (the “Company”) present their report and the audited consolidated financial statements of the Company and its subsidiaries (the “Subsidiaries” and together with the Company, the “Group”) for the year ended 31 December 2024.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Subsidiaries are set out in note 1 to the consolidated financial statements. There were no significant changes in the nature of the Group’s principal activities during the year ended 31 December 2024.

## BUSINESS REVIEW

Details of the business review of the Group, its likely future development, principal risks, uncertainties facing the Group, the Company’s environmental policies and performance and compliance with the relevant laws and regulations that have a significant impact on the Group for the year ended 31 December 2024, details of relationships with key stakeholders and details of important events affecting the business of the Group subsequent to 31 December 2024 are set out in the section headed “Management Discussion and Analysis” on pages 7 to 14 of this annual report.

## RESULTS AND DIVIDEND

The Group’s loss for the year ended 31 December 2024 and the Group’s financial position as at 31 December 2024 are set out in the consolidated financial statements on pages 53 to 143 of this annual report.

The Board does not recommend any payment of a final dividend for the Year (2023: Nil).

## DIVIDEND POLICY

The amount of dividends to be declared by the Company will depend on the Group’s results, working capital requirements, cash positions, the provision of relevant laws of the PRC and other factors that the Directors consider relevant from time to time, subject to the availability of the cash and distributable reserves, investment requirement, cashflow and the working capital requirements of the Group. The undistributed profit will be used to finance the continued growth and expansion of the business of the Group.

## SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 144 of this annual report. Such summary does not form part of the audited consolidated financial statements of the Group for the year ended 31 December 2024.

## SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company’s share capital and share options (the “Share Options”) during the year ended 31 December 2024, if any, are set out in notes 28 and 29 to the consolidated financial statements, respectively.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s articles of association or the laws of the Cayman Islands, the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders of the Company.



# REPORT OF THE DIRECTORS

## TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

## 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 (including sale of treasury shares) during the year ended 31 December 2024.

## ISSUE OF SHARES

During the year ended 31 December 2024, the Company did not issue any shares.

## DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution, as calculated in accordance with the provisions of the Companies Act of the Cayman Islands, amounted to approximately HK\$4,715,277,000.

## CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2024, the Group made charitable contributions of approximately HK\$217,000.

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, sales to the Group's five largest customers accounted for approximately 79% of the revenue for the year ended 31 December 2024 and sales to the largest customer amounted to approximately 22% of the revenue for the year ended 31 December 2024. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year ended 31 December 2024. None of the Directors nor any of their close associates or any shareholders (which, to the knowledge of the Directors, own more than 5% of the Company's issued share capital (excluding treasury shares)) of the Company had any interest in the Group's five largest customers or suppliers.

## DIRECTORS

The Directors during the year ended 31 December 2024 and up to the date of this report are:

### Executive Directors:

Mr. Cheng Li-Yu (*Chairman and Chief Executive Officer*)

Mr. Chiu Hui-Chin (*Chief Strategy Officer*)

Mr. Huang Kuo-Kuang

Mr. Lin Feng-Chieh

Mr. Tsui Yung Kwok (*Chief Financial Officer*)

### Non-executive Director:

Mr. Cheng Li-Yen

### Independent non-executive Directors:

Mr. Cherng Chia-Jiun

Mr. Tsai Wen-Yu (*Retired on 16 May 2024*)

Mr. Yip Wai Ming

Mr. Yuen Chi Ho

Dr. Chuang Shu-Hui (*Appointed on 2 September 2024*)

## REPORT OF THE DIRECTORS

In accordance with Article 108(A) of the Company's articles of association, Mr. Huang Kuo-Kuang, Mr. Lin Feng-Chieh, Mr. Cheng Li-Yen and Mr. Cherng Chia-Jiun will retire as Directors by rotation and, being eligible, Mr. Huang Kuo-Kuang and Mr. Cheng Li-Yen will offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company. As Dr. Chuang Shu-Hui was appointed on 2 September 2024 as an additional Director, in accordance with Article 112 of the Company's articles of association, Dr. Chuang Shu-Hui will hold office until the forthcoming annual general meeting of the Company and, being eligible, will offer herself for re-election as Director at the forthcoming annual general meeting of the Company. Each of Mr. Lin Feng-Chieh and Mr. Cherng Chia-Jiun has informed the Board that he will retire as a Director and will not offer himself for re-election at the forthcoming annual general meeting of the Company due to their desire to retire given their respective age.

The Company has received annual confirmations of independence pursuant to Rule 3.13 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") from all the four independent non-executive Directors namely, Mr. Cherng Chia-Jiun, Mr. Yip Wai Ming, Mr. Yuen Chi Ho and Dr. Chuang Shu-Hui. As at the date of this report, the Company still considers these independent non-executive Directors to be independent under the guidelines set out in Rule 3.13 of the Listing Rules.

### DIRECTORS' AND SENIOR MANAGERMENTS' BIOGRAPHIES

Biographical details of the Directors and senior management of the Group as at the date of this annual report are set out on pages 15 to 18 of this annual report.

### CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Set out below is the information relating to the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. Tsai Wen-Yu	Mr. Tsai Wen-Yu ceased to be an independent non-executive director of the Company and a member of each of the audit committee, remuneration committee, nomination committee and corporate governance committee of the Board with effect from the conclusion of the annual general meeting of the Company held on 16 May 2024. For further information regarding the retirement of Mr. Tsai Wen-Yu, please refer to the circular of the Company dated 12 April 2024 and the announcement of the Company dated 16 May 2024.
Dr. Chuang Shu-Hui	Dr. Chuang Shu-Hui was appointed as an independent non-executive Director, member of the audit committee, remuneration committee, nomination committee and corporate governance committee of the Board with effect from 2 September 2024. For further information regarding the appointment of Dr. Chuang Shu-Hui, please refer to the announcement of the Company dated 2 September 2024.
Mr. Yip Wai Ming	Mr. Yip Wai Ming resigned as an independent non-executive director of Yida China Holdings Limited, a company whose shares are listed on the Hong Kong Stock Exchange (stock code: 3639) as well as chairman of its audit committee and member of its nomination committee with effect from 26 July 2024 to devote more time to his personal commitments.

Save as disclosed above, there are 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.



# REPORT OF THE DIRECTORS

## DIRECTORS' SERVICE CONTRACTS

Each of Mr. Cheng Li-Yu, Mr. Huang Kuo-Kuang and Mr. Tsui Yung Kwok, all being executive Directors, has entered into a service agreement with the Company for an initial fixed term of three years commencing from 1 June 2005, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of the service agreement, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Each of Mr. Chiu Hui-Chin and Mr. Lin Feng-Chieh, both being executive Directors, has entered into a service agreement with the Company for an initial fixed term of three years commencing from 1 March 2017, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of the service agreement, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Cheng Li-Yen, being the non-executive Director, has entered into a service agreement with the Company for an initial fixed term of three years commencing from 16 March 2022, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of the service agreement, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Cherng Chia-Jiun, being an independent non-executive Director, has entered into an appointment letter with the Company for a term of two years commencing from 31 July 2008, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of appointment, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Yip Wai Ming, being an independent non-executive Director, has entered into an appointment letter with the Company for a term of two years commencing from 25 May 2006, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of appointment, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Yuen Chi Ho, being an independent non-executive Director, has entered into an appointment letter with the Company for a term of two years commencing from 6 December 2022, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of appointment, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

## REPORT OF THE DIRECTORS

Dr. Chuang Shu-Hui, being an independent non-executive Director, has entered into an appointment letter with the Company for a term of two years commencing from 2 September 2024, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of appointment, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

No Director proposed for re-election at the forthcoming annual general meeting of the Company has a service agreement with the Company or any of the Subsidiaries which is not determinable by the Company or the Subsidiary(ies) (as the case may be) within one year without payment of compensation, other than statutory compensation.

### DIRECTORS' AND SENIOR MANagements' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings of the Company. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

The remuneration of the senior management of the Group by band during the year ended 31 December 2024 is set out below:

Remuneration bands	Number of senior management
HK\$500,001 to HK\$1,000,000	6
HK\$1,000,001 to HK\$1,500,000	1
HK\$1,500,001 to HK\$2,000,000	1
	8

Further details of the Directors' remuneration and the five highest paid employees are set out in notes 8 and 9 to the consolidated financial statements, respectively.

### DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT

Save as disclosed in note 35 to the consolidated financial statements, the sections headed "Connected transactions and continuing connected transactions", "Share Option Scheme" and "Share Award Plan" in this report, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, the holding company of the Company or any of the Subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended 31 December 2024.



# REPORT OF THE DIRECTORS

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company which were not contract of service with any Director or any person engaged in full-time employment of the Company were entered into or existed during the year ended 31 December 2024.

## CONTRACT OF SIGNIFICANCE

No contract of significance had been entered into between the Company, or any of the Subsidiaries, and a controlling shareholder (as defined in the Listing Rules) of the Company, or any of its subsidiaries during the year ended 31 December 2024.

No contract of significance for the provision of services to the Company or the Subsidiaries by a controlling shareholder of the Company or any of its subsidiaries was entered into during the year ended 31 December 2024.

## PERMITTED INDEMNITY PROVISION

During the year ended 31 December 2024 and up to the date of this annual report, there was and is permitted indemnity provision (within the meaning in section 469 of the Hong Kong Companies Ordinance) in the articles of association of the Company being in force.

The Company has taken out and maintained directors' and officers' liability insurance throughout the year ended 31 December 2024, which provides appropriate cover for certain legal actions brought against its directors and officers.

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

As at 31 December 2024, 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules were as follows:

## REPORT OF THE DIRECTORS

		Long positions Number of ordinary shares of the Company of HK\$0.1 each (the "Shares") and underlying Shares held under equity derivatives				Approximate percentage of the Company's issued share capital (Note 3)
Name of Directors		Personal interests	Interests of spouse	Other interests	Total interests	
Mr. Cheng Li-Yen	Shares	–	–	303,240,986 (Note 1)	303,240,986	25.27%
Mr. Cheng Li-Yu	Shares	23,408,000	7,064,046	303,240,986 (Note 1)	333,713,032	27.81%
Mr. Cheng Chia-Jiun	Shares	210,000	–	–	210,000	0.02%
Mr. Chiu Hui-Chin	Shares	5,900,000	–	–	5,900,000	0.49%
Mr. Huang Kuo-Kuang	Shares	8,285,866	2,300,631	–	10,586,497	0.88%
Mr. Lin Feng-Chieh	Shares	1,824,000	–	–	1,824,000	0.15%
Mr. Tsui Yung Kwok	Shares	6,156,000	–	–	6,156,000	0.51%
Mr. Yip Wai Ming	Shares	248,000	–	–	248,000	0.02%

### 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 held in the name of East Asia International Trustees Limited as trustee for the Cheng Family Trust which was founded by Mr. Cheng Li-Yu. The beneficiaries of the Cheng Family Trust include Mr. Cheng Li-Yu and Mr. Cheng Li-Yen. Mr. Cheng Li-Yu is also a director of Southern Asia. Mr. Cheng Li-Yu and Mr. Cheng Li-Yen were deemed to be interested in all the Shares in which Southern Asia was interested by virtue of the SFO.
- These percentages are calculated on the basis of 1,200,008,445 Shares of the Company in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, 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.



# REPORT OF THE DIRECTORS

## EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed “Share Option Scheme” and “Share Award Plan”, there was no equity-linked agreement entered into by the Company, or that subsisted during the year ended 31 December 2024.

## DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed “Share Option Scheme” and “Share Award Scheme” and in note 29 to the consolidated financial statements, at no time during or at the end of the year ended 31 December 2024 were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any Director or their respective spouse or minor child (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 the Company or 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, and has remaining life of approximately one month.

The period during which an option may be exercised in accordance with the terms of the Share Option Scheme shall be the period set out in the relevant offer letter, provided that such period must expire on the date falling on the tenth anniversary of the date of the grant.

Further details are disclosed in note 29 to the consolidated financial statements.

The following Share Options were outstanding under the Share Option Scheme during the year ended 31 December 2024:

Name or category of participant	Number of Share Options						Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2024	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 December 2024				
<b>Directors</b>										
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
	360,000	-	-	-	(360,000)	-				

# REPORT OF THE DIRECTORS

Name or category of participant	Number of Share Options						Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2024	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 December 2024				
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
	600,000	-	-	-	(600,000)	-				
Mr. Huang Kuo-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 (Note 3)	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)	-				



# REPORT OF THE DIRECTORS

Name or category of participant	Number of Share Options						Grant date (Note 1)	Exercise period	Exercise price per Share (Note 2)	Closing price per Share immediately before the grant date
	At 1 January 2024	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 December 2024				
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)	-				
<b>Other employees</b>										
In aggregate	20,400	-	-	-	(20,400)	-	3-9-2018	7-11-2018 to 31-8-2024	HK\$1.48	HK\$1.48
	46,400	-	-	-	(46,400)	-	3-9-2018	7-11-2019 to 31-8-2024	HK\$1.48	HK\$1.48
	47,600	-	-	-	(47,600)	-	3-9-2018	7-11-2020 to 31-8-2024	HK\$1.48	HK\$1.48
	12,252,800	-	-	-	(12,252,800)	-	3-9-2018	7-11-2021 to 31-8-2024	HK\$1.48	HK\$1.48
	12,250,800	-	-	-	(12,250,800)	-	3-9-2018	7-11-2022 to 31-8-2024	HK\$1.48	HK\$1.48
	24,618,000	-	-	-	(24,618,000)	-				
	28,338,000	-	-	-	(28,338,000)	-				

## 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 is determinable by the Board, but shall not be less than the highest of (i) the closing price of the Shares on the date of the grant; (ii) the average closing price of the Shares for the five trading days immediately preceding the date of the grant; and (iii) the nominal value of the Shares. 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.
3. Mr. Tsai Wen-Yu ceased to be an independent non-executive Director with effect from the conclusion of the annual general meeting of the Company held on 16 May 2024. Accordingly, the 360,000 Share Options granted to him that had been outstanding lapsed on the same date.

## REPORT OF THE DIRECTORS

The number of Share Options available for grant under the scheme mandate as at 1 January 2024 and 31 December 2024 remained at 116,634,244.

As at the date of this report, the total number of Shares available for allotment and issue pursuant to the exercise of Share Options to be granted under the Share Option Scheme is 10% of the total number of Shares in issue on the date of refreshment of scheme limit i.e. 15 May 2019, which is 116,634,244 Shares, representing approximately 9.7% of the issued share capital of the Company (excluding treasury shares).

For further details regarding the Share Option Scheme, please refer to note 29 to the consolidated financial statements.

### 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 Board 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.

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 constitutes a share scheme funded by existing shares within the meaning of Chapter 17 of the Listing Rules.

On 5 December 2022, the Board resolved to make certain amendments (the “Amendments”) to the Plan effective on the same date, to the effect that: (1) the Trustee will not be instructed to subscribe for any new Shares for the purpose of satisfying awards to be granted following the effective date of the Amendments such that all awards to be granted shall be satisfied by existing Shares only; (2) the Trustee shall abstain from voting on matters that require Shareholders’ approval under the Listing Rules in respect of any Shares held under the Trust unless required by law to vote in accordance with the beneficial owner’s direction and such a direction is given; and (3) other house-keeping amendments are made for the purpose of making consequential amendments in line with the above amendments and to clarify the existing practice. Save for the Amendments disclosed in the announcement of the Company dated 5 December 2022 and other cosmetic changes, no other changes have been made to the Plan and all other terms of the Plan remain effective.



# REPORT OF THE DIRECTORS

## Eligible participants and maximum entitlement

Any employee (whether full time or part time, including any executive Director but excluding any non-executive director) and any non-executive director (including independent non-executive director) of the Company, any Subsidiary or any Invested Entity. There is no maximum entitlement applicable to an individual participant of the Plan.

## Vesting period

The vesting period of an award of Shares commences on the date on which such Shares have been provisionally set aside by the Trustee to such the grantee and ends on the date on which the legal and beneficial title to the Shares awarded are transferred to the grantee, which shall be within ten business days after the latest of (a) such date as determined by the Board; and (b) where applicable, the date on which the condition(s) or performance target(s) (if any) to be attained by such grantee have been attained.

## Determination of purchase price

Where the Trustee effects a purchase of Shares by off-market transactions for satisfying an award under the Plan, the purchase price shall not be higher than the lower of (a) the closing market price per Share on the trading day immediately prior to such purchase on which the Shares were traded on the Hong Kong Stock Exchange, and (b) the average closing market price per Share for the five preceding trading days on which the Shares were traded on the Hong Kong Stock Exchange.

## Term

The Plan will remain in force for a period of 30 years since the date of adoption of the Plan, i.e. 19 May 2017, with a remaining life of approximately 22 years. Early termination may be done by the Board.

During the year ended 31 December 2024, (i) there were no unvested awards under the Plan; (ii) no share award was granted by the Board to any eligible participants; and (iii) no awards were vested, cancelled nor lapsed.

The Plan is a share scheme funded by existing shares of the Company within the meaning of Chapter 17 of the Listing Rules. Accordingly, the scheme mandate limit does not apply. However, in any given financial year, the Trustee shall not purchase more than 10% of the total number of issued Shares as at the beginning of such financial year for the purpose of the Plan. During the year ended 31 December 2024, no Shares had been purchased by the Trustee.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2024, 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:

## REPORT OF THE DIRECTORS

Name of shareholders	Capacity and nature of interest	Long positions	
		Number of Shares	Approximate percentage of the Company's issued share capital (Note 3)
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	303,240,986	25.27%
Ms. Lin Mei-Li (Note 2)	Beneficial owner	7,064,046	0.59%
	Interest of spouse	326,648,986	27.22%
		<u>333,713,032</u>	<u>27.81%</u>
Bank of Communications Trustee Limited	Trustee	354,345,774	29.53%

### 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 held in the name of East Asia International Trustees Limited as trustee for the Cheng Family Trust. 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 Trustees Limited was deemed to be interested in all the Shares in which Shine Century Assets Corp. was interested by virtue of the SFO. Mr. Cheng Li-Yu is also a director of Southern Asia. The Shares registered in the name of Southern Asia was also disclosed as the interest of Mr. Cheng Li-Yu and Mr. Cheng Li-Yen 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.
3. These percentages are calculated on the basis of 1,200,008,445 Shares of the Company in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, 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.



# REPORT OF THE DIRECTORS

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2024, the Group had conducted the following continuing connected transactions which were required to be disclosed pursuant to Rule 14A.49 of the Listing Rules:

- (a) Pursuant to a master sales agreement dated as of 31 December 2008 entered into between Giant Glory International Limited ("Giant Glory"), an indirect wholly-owned subsidiary of the Company (for itself and on behalf of other members of the Group) and Wistron Corporation ("Wistron") (for itself and on behalf of other members of Wistron and its subsidiaries (the "Wistron Group")), on 23 January 2009, the Group agreed to sell casings for electronic products and related materials manufactured and/or supplied by the Group (the "Products") to the Wistron Group in its ordinary course of business, at prices to be determined from time to time by the Group and Wistron (for itself and on behalf of other members of the Wistron Group) with reference to the market prices and on such terms that are no more favourable than those applicable to the sales of the Products by the Group to independent third parties. The master sales agreement had subsequently been renewed on 31 October 2011, 10 December 2014, 27 December 2017 and 17 December 2020, each for a term of three years commencing from the expiry of the then current term. On 27 December 2023, Giant Glory (for itself and on behalf of other members of the Group) and Wistron (for itself and on behalf of other members of Wistron Group) further entered into a renewal agreement for the existing master sales agreement for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 unless terminated earlier according to the terms and conditions of the agreement. The total sales of the Products by the Group to the Wistron Group amounted to approximately HK\$668,830,000 for the year ended 31 December 2024 (2023: approximately HK\$793,395,000).

Wistron is a substantial shareholder of Mindforce Holdings Limited, a non-wholly owned subsidiary of the Company, and therefore is a connected person of the Company.

- (b) On 1 January 2009, Giant Glory (for itself and on behalf of other members of the Group) and Compal Electronics, Inc. ("Compal") and three of its subsidiaries (for themselves and on behalf of other members of Compal and its subsidiaries (the "Compal Group")) entered into a master sales agreement in relation to the sales of the Products by the Group to the Compal Group in its ordinary course of business, at prices to be determined from time to time by the Group and Compal (for itself and on behalf of the other members of the Compal Group) with reference to the market prices and on such terms that are no more favourable than those applicable to the sales of the Products by the Group to independent third parties. The price of the Products shall be payable by the Compal Group to the Group in arrears ranging from 45 to 120 days' credit period by transferring to the Group's bank account. The master sales agreement had subsequently been renewed on 15 November 2011, 30 December 2014, 27 December 2017 and 17 December 2020, each for a term of three years commencing from the expiry of the then current term. On 27 December 2023, Giant Glory (for itself and on behalf of other members of the Group) and Compal (for itself and on behalf of other members of Compal Group) further entered into a renewal agreement for the existing master sales agreement for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 unless terminated earlier according to the terms and conditions of the agreement. The total sales of the Products by the Group to the Compal Group amounted to approximately HK\$1,314,717,000 for the year ended 31 December 2024 (2023: approximately HK\$1,659,793,000).

Compal is a substantial shareholder of Wah Yuen Technology Holding Limited, a non-wholly owned subsidiary of the Company, and therefore is a connected person of the Company.

During the year ended 31 December 2024, the Group has followed the pricing policies agreed upon in the respective master sales agreements in determining the price and terms of the above continuing connected transactions.

## REPORT OF THE DIRECTORS

The independent non-executive Directors have reviewed and confirmed that the continuing connected transactions disclosed in (a) and (b) above undertaken by the Group were entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 (Revised) *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unmodified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed in (a) and (b) above by the Group in accordance with the Listing Rules and confirming the matters as stated in Rule 14A.56 of the Listing Rules.

The related party transactions set out in note 35 to the consolidated financial statements also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, and such transactions are fully exempt from the requirements under Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the connected transactions or continuing connected transactions.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares were held by the public as at the latest practicable date prior to the issue of this annual report.

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group.

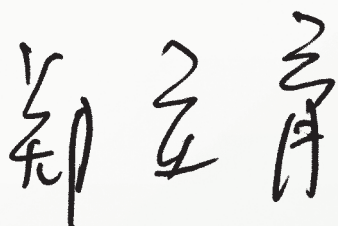
### AUDIT COMMITTEE

The Audit Committee has reviewed the accounting policies, accounting standards and practices adopted by the Group and the consolidated financial statements and results of the Group for the year ended 31 December 2024.

### AUDITORS

Ernst & Young will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD



**Cheng Li-Yu**

*Chairman and Chief Executive Officer*  
Hong Kong  
28 March 2025



# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

Ju Teng International Holdings Limited (the “Company”) continues to devote much effort on formulating and implementing sufficient corporate governance practices which it believes is crucial to its healthy growth and its business needs.

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Part 2 of Appendix C1 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) that were in effect during the year ended 31 December 2024. The Company and the corporate governance committee of the Board (the “CG 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 for the year ended 31 December 2024, save for the deviation from certain code provisions as described below.

### Code Provision C.2.1

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

The Board will continue to review the management structure from time to time and shall make necessary changes as appropriate.

### Code Provisions C.1.6 and F.2.2

Pursuant to code provision F.2.2 of the CG Code, among others, the chairman of the Board should invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, the chairman should invite another member of the committee or failing this their duly appointed delegates to attend. Pursuant to code provision C.1.6 of the CG Code, among others, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders.

During the year ended 31 December 2024, (a) independent non-executive Directors Mr. Cherng Chia-Jiun (who is also the chairman of the audit committee and remuneration committee of the Board) and Mr. Yip Wai Ming (who is also the chairman of the corporate governance committee of the Board) unable to attend the annual general meeting of the Company held on 16 May 2024 (the “AGM”) due to other business commitments, and members of the audit committee, remuneration committee and corporate governance committee of the Board were present at the AGM to answer questions; and (b) Mr. Tsai Wen-Yu, an independent non-executive Director who retired on 16 May 2024, was unable to attend the extraordinary general meeting held on 13 March 2024 (“2024 EGM”) and the AGM due to prior business commitments.

# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS

The Group is led by and controlled through the Board, which was constituted by a combination of five executive Directors, one non-executive Director and four independent non-executive Directors during the year ended 31 December 2024.

The Board oversees the overall management and operations of the Company. Major responsibilities of the Board include approving the Company's overall business, formulating financial and technical strategies, setting key performance targets, approving financial budgets and major expenditures, supervising and scrutinizing the performance of management while the senior management are responsible for the supervision and day-to-day management of operation of the Group and the execution of the plans of the Group as approved by the Board.

Independent non-executive Directors have been instrumental in ensuring independent views and input are available to the Board. The independent non-executive Directors have been appointed by the Company for a term of two years commencing from the date of their respective appointment renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment, and until terminated by not less than three months' notice in writing served by either the Company or the respective Director on the other. All the independent non-executive Directors have confirmed in writing to the Company that they have met all the guidelines for assessing their independence as set out in Rule 3.13 of the Listing Rules. In compliance with Rule 3.09D of the Listing Rules, Dr. Chuang Shu-Hui, who was appointed as an independent non-executive Director on 2 September 2024, obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 23 August 2024, and Dr. Chuang Shu-Hui has confirmed that she has understood her obligations as a director of the Company.

Mr. Cheng Li-Yen, the non-executive Director, has been appointed for an initial term of three years commencing from 16 March 2022 renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of the service agreement until terminated by not less than three months' notice in writing served by either party on the other.

All Directors are subject to rotation at annual general meetings pursuant to the articles of association of the Company.

The Company has adopted and applied a code of conduct regarding directors' securities transaction on terms no less exacting than the required standard set out in the Model Code as set out in Appendix C3 to the Listing Rules throughout the year ended 31 December 2024. 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 Company's code of conduct regarding directors' securities transactions for the year ended 31 December 2024.

The Directors' fees are subject to shareholders' approval at general meetings of the Company. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group.

Save for the sibling relationship between Mr. Cheng Li-Yu, the chairman and the chief executive officer of the Group, and Mr. Cheng Li-Yen, the non-executive Director, there is no family relationship between any of the Directors, nor were there any financial, business or other material or relevant relationships among the members of the Board.



# CORPORATE GOVERNANCE REPORT

## Mechanisms for ensuring independent views and input to the Board

To ensure independent views and input are available to the Board, the following mechanisms are implemented and are reviewed on an annual basis by the Board.

1. The Board requires each independent non-executive Director to provide written confirmation as to the factors affecting their independence as provided under the Listing Rules.
2. In recruiting independent non-executive Directors, the nomination committee of the Board ("Nomination Committee") shall assess if the candidate(s) would be independent with reference to the relevant guidelines set out in the Listing Rules and also consider other factors, including but not limited to his/her character, integrity, cross-directorships and significant links with other Directors, time commitment, professional qualifications and relevant work experience.
3. Nomination Committee shall review the structure, size and composition of the Board by taking into account of various aspects, including the diversity policy for the Board ("Board Diversity Policy") and measurable objectives to achieve Board diversity, on an annual basis.
4. The Board shall also take into account the lack of involvement in the daily management of the Company on the part of the independent non-executive Directors and any relationship or circumstances which would affect the exercise of their independent judgement.
5. The chairman of the Board meets with the independent non-executive Directors regularly without the presence of the other Directors.
6. The Directors may seek advice from external independent professional advisors at the Company's expense to perform their duties.
7. The Board shall also ensure that further re-appointment of any long-serving independent non-executive Director is subject to a separate resolution to be approved by the Shareholders at the annual general meetings of the Company.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' ATTENDANCE RECORD AT MEETINGS

Pursuant to code provision C.5.1 of the CG Code, the Board should meet regularly for at least four times a year. Special meetings of the Board will be convened if the situation requires so. During the year ended 31 December 2024, the Board convened a total of six Board meetings (exclusive of meetings of Board committees held during the year) and two general meetings, i.e. the AGM on 16 May 2024 and the 2024 EGM on 13 March 2024. The individual attendance record of the Directors at board meetings and general meetings of the Company is tabulated as follows:

Name of Directors	Board meeting		General meeting	
	Number of meetings held	Number of Meetings attended	Number of Meetings held	Number of meetings attended
<b>Executive Directors</b>				
Mr. Cheng Li-Yu ( <i>Chairman</i> )	6	6	2	2
Mr. Chiu Hui-Chin	6	6	2	2
Mr. Huang Kuo-Kuang	6	6	2	0
Mr. Lin Feng-Chieh	6	6	2	2
Mr. Tsui Yung Kwok	6	6	2	2
<b>Non-executive Director</b>				
Mr. Cheng Li-Yen	6	6	2	2
<b>Independent non-executive Directors</b>				
Mr. Cherng Chia-Jiun	6	6	2	2
Mr. Tsai Wen-Yu ( <i>Retired on 16 May 2024</i> )	3	2	2	0
Mr. Yip Wai Ming	6	6	2	2
Mr. Yuen Chi Ho	6	5	2	2
Dr. Chuang Shu-Hui ( <i>Appointed on 2 September 2024</i> )	1	1	0	0

Board committee meetings will be convened as and when necessary.

For the individual attendance record of the Directors at meetings of the CG Committee, nomination committee (the "Nomination Committee"), audit committee (the "Audit Committee") and remuneration committee (the "Remuneration Committee") of the Board, please refer to the paragraphs headed "Corporate Governance Committee", "Nomination Committee", "Audit Committee" and "Remuneration Committee", respectively, of this corporate governance report.

## CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

To ensure the Directors' contribution to the Board remains informed and relevant, and in compliance with code provision C.1.4 of the CG Code, the Company would arrange and fund suitable continuous professional development opportunities for Directors to develop and refresh their knowledge and skills. During the year ended 31 December 2024, the Company has arranged, and each of the Directors (except Dr. Chuang Shu-Hui, who was appointed on 2 September 2024) has attended, training seminar provided by the Company's Environmental, Social and Governance ("ESG") advisory team as to latest update on ESG reporting requirements, and each of the Directors has participated in anti-corruption compliance and artificial intelligence training courses provided by the training institution engaged by the Company.



# CORPORATE GOVERNANCE REPORT

## COMMITTEES OF THE BOARD

As at 31 December 2024, the Board had four Board committees, namely, the CG Committee, the nomination committee, the audit committee and the remuneration committee, for overseeing various aspects of the Company's affairs.

Each of the Board committees has been established with written terms of reference that state its authority and duties, which are available on the website of the Company and the Hong Kong Stock Exchange. Accordingly, the Board committees should report to the Board for their decisions or recommendations made and they shall be provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses. Please refer to the respective terms of reference for each of the Board committees for their practices, procedures and arrangements in conducting meetings.

## CORPORATE GOVERNANCE COMMITTEE

The Company has established the CG Committee on 1 April 2012 with written terms of reference adopted in compliance with the CG Code. The CG Committee currently consists of six members, namely Mr. Cherng Chia-Jiun, Mr. Yip Wai Ming, Mr. Yuen Chi Ho and Dr. Chuang Shu-Hui who are all independent non-executive Directors; and Mr. Cheng Li-Yu and Mr. Huang Kuo-Kuang who are both executive Directors. Mr. Yip Wai Ming is the chairman of the CG Committee.

The CG Committee is mainly responsible for ensuring the effectiveness of the corporate governance and system of internal non-financial controls of the Group. The CG Committee shall introduce and propose relevant principles concerning corporate governance as appropriate and review and determine the corporate governance policy, so as to enhance and to ensure a high standard of corporate governance practice in the Group. The CG Committee shall review and monitor the training and continuous professional development of Directors and senior management and shall review and monitor the Company's policies and practices on compliance with legal and regulatory requirements. During the year ended 31 December 2024, the CG Committee reviewed issuer's policies and practices on corporate governance of the Group, arranged for training and continuous professional development of Directors and senior management pursuant to its review and reviewed the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

The CG Committee convened one meeting during the year ended 31 December 2024 to review the policies and practices on corporate governance of the Group. The individual attendance record of each member of the CG Committee is tabulated as follows:

Name of Director	Number of meeting held	Number of meeting attended
Mr. Yip Wai Ming ( <i>Chairman</i> )	1	1
Mr. Cheng Li-Yu	1	1
Mr. Cherng Chia-Jiun	1	1
Mr. Tsai Wen-Yu ( <i>Retired on 16 May 2024</i> )	1	1
Mr. Huang Kuo-Kuang	1	1
Mr. Yuen Chi Ho	1	1
Dr. Chuang Shu-Hui ( <i>Appointed on 2 September 2024</i> )	0	0

# CORPORATE GOVERNANCE REPORT

## NOMINATION COMMITTEE

The Company has established the Nomination Committee on 1 April 2012 with written terms of reference adopted in compliance with the CG Code. The Nomination Committee currently consists of six members, namely Mr. Cherng Chia-Jiun, Mr. Yip Wai Ming, Mr. Yuen Chi Ho and Dr. Chuang Shu-Hui who are all independent non-executive Directors; and Mr. Cheng Li-Yu and Mr. Huang Kuo-Kuang who are both executive Directors. Mr. Cheng Li-Yu is the chairman of the Nomination Committee.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and diversity of perspectives experience) of the Board at least annually and making recommendation to the Board for any proposed changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive Directors; making recommendations to the Board on various matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive officer of the Company; and making recommendations to the Board on the Board Diversity Policy, and the measurable objectives for implementing such policy.

The Board has adopted a written policy for the nomination of new director. In evaluating and selecting any candidate for directorship, the criteria to be taken into account when considering the suitability of a candidate shall be, among others, his or her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of its responsibilities.

The Board has adopted procedures for nomination of new director, pursuant to which (i) an interview will be conducted with the prospective candidates; and (ii) the Nomination Committee will consider and, if thought fit, recommend to the Board for appointment; (iii) the Board would, after taking into consideration the recommendation of the Nomination Committee and other relevant factors, approve the appointment of the new director by way of board meeting or written resolution. To ensure a proper understanding of the operations and business of the Company and that he is fully aware of his responsibilities under the applicable laws and regulations (including the Listing Rules), the newly appointed director will be provided with a comprehensive, tailored and formal induction on the first occasion of his appointment.

The Nomination Committee convened two meetings during the year ended 31 December 2024 to review the structure and composition of the Board, review the Board Diversity Policy, monitor the progress on achieving the measurable objectives (the "Measurable Objectives") set out in the Board Diversity Policy and consider the nomination of Dr. Chuang Shu-Hui as independent non-executive Director. The individual attendance record of each member of the Nomination Committee is tabulated as follows:

Name of Director	Number of meeting held	Number of meeting attended
Mr. Cheng Li-Yu ( <i>Chairman</i> )	2	2
Mr. Cherng Chia-Jiun	2	2
Mr. Tsai Wen-Yu ( <i>Retired on 16 May 2024</i> )	1	1
Mr. Yip Wai Ming	2	2
Mr. Huang Kuo-Kuang	2	2
Mr. Yuen Chi Ho	2	2
Dr. Chuang Shu-Hui ( <i>Appointed on 2 September 2024</i> )	0	0



# CORPORATE GOVERNANCE REPORT

The Board and the Nomination Committee would review the implementation and effectiveness of the Board Diversity Policy on an annual basis, and monitor the progress on achieving the Measurable Objectives which are set for implementing diversity on the Board. The Board Diversity Policy endeavors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. For the year ended 31 December 2024, the Company has achieved the following Measurable Objectives that the Board has set for implementing the Board Diversity Policy:

- (a) To ensure the appropriate proportion of the independent non-executive Directors and the executive Directors in order to maintain the independence of the Board. In particular, at least one-third of the number of members of the Board shall be independent non-executive Directors;
- (b) To ensure there is at least one Director of a different gender on the Board;
- (c) To ensure at least two members of the Board shall have obtained accounting or other professional qualification;
- (d) To ensure at least one-third of the members of the Board shall have attained bachelor's degree or higher level of education;
- (e) To ensure at least one-third of the members of the Board were or currently are director(s) of listed companies (including Hong Kong and other regions) other than the Company;
- (f) To ensure Board has members coming from different cultural backgrounds (including Hong Kong and Taiwan); and
- (g) To ensure the age distribution of the members of the Board comprised of people from at least two decades.

The Company recognises the importance of gender diversity and recruits employees at all levels based on merits and regardless of gender in order to ensure there is a pipeline of male and female potential successors to the Board and the senior management. The Board shall continue to look for appropriate opportunity and candidates to increase its proportion of female members over time when selecting and making recommendation on suitable candidates for future Board appointments, with a goal to achieve at least 30% female members on the Board by 31 December 2030.

Set forth below are is the gender ratio in the Group's workforce as at 31 December 2024:

	Male	Female
Directors	90%	10%
Workforce ( <i>including senior management</i> )	56%	44%

To maintain a balance of gender composition of human resources at all levels, gender diversity targets are set across the workforce. The Board will identify specific target groups based on a set of criteria, including current and expected size of each department in the future, changes in the number of female staff members in each department, and the needs of each department with reference to the Group's business development plans. Based on the existing composition of the workforce, the Group shall endeavor to maintain a near 50% of each gender for the workforce. The targets will be revisited periodically based on the abovementioned considerations and other relevant factors. The management will review the employee turnover and recruitment data for women and men in the target group identified on a periodic basis for adjustment to the recruitment policies and strategies if necessary.

# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE

The Board is responsible for preparing the accounts of the Company, which give a true and fair view of the financial position of the Group on a going concern basis. It is also responsible for presenting a balanced, clear and understandable assessment of the Group's annual and interim reports, announcements regarding the inside information and other financial disclosures as required under the Listing Rules. The management provides all relevant information and records to the Board which enable it to prepare the accounts and to make the above assessments.

The Company has established the Audit Committee on 17 June 2005 with written terms of reference adopted in compliance with the CG Code. The Audit Committee currently consists of four independent non-executive Directors, namely Mr. Cherng Chia-Jiun, Mr. Yip Wai Ming, Mr. Yuen Chi Ho and Dr. Chuang Shu-Hui. Mr. Cherng Chia-Jiun is the chairman of the Audit Committee.

The Audit Committee oversees the overall financial reporting process as well as the adequacy and effectiveness of the Company's risk management and internal control systems including the adequacy of resources, staff qualifications and experience training programmes and budget of the Company's accounting, financial reporting function and ESG performance and reporting.

This committee is responsible for, among others, (i) making recommendations to the Board for, the appointment, reappointment or removal of the external auditors, (ii) reviewing and monitoring the external auditors' independence and objectivity as well as the effectiveness of the audit process to make sure that it is in full compliance with the Listing Rules and other applicable standards and (iii) reviewing the financial information of the Group. During the year ended 31 December 2024, the Audit Committee met with the external auditors to review and approve the audit plans. It also reviewed the Group's annual results of 2023 and interim results of 2024 and the audit findings with the attendance of the external auditors and executive Directors.

The Audit Committee convened a total of five meetings during the year ended 31 December 2024. The individual attendance record of each member of the Audit Committee is tabulated as follows:

Name of Director	Number of meeting held	Number of meeting attended
Mr. Cherng Chia-Jiun ( <i>Chairman</i> )	5	5
Mr. Tsai Wen-Yu ( <i>Retired on 16 May 2024</i> )	2	1
Mr. Yip Wai Ming	5	5
Mr. Yuen Chi Ho	5	5
Dr. Chuang Shu-Hui ( <i>Appointed on 2 September 2024</i> )	2	2



# CORPORATE GOVERNANCE REPORT

## REMUNERATION COMMITTEE

The Company has established the Remuneration Committee on 17 June 2005 with written terms of reference adopted in compliance with the CG Code. The Remuneration Committee currently consists of six members, namely, Mr. Cherng Chia-Jiun, Mr. Yip Wai Ming, Mr. Yuen Chi Ho and Dr. Chuang Shu-Hui who are all independent non-executive Directors; and Mr. Cheng Li-Yu and Mr. Huang Kuo-Kuang who are both executive Directors. Mr. Cherng Chia-Jiun is the chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's remuneration policy and the remuneration, bonuses and welfare benefits for the executive Directors and senior management, reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. During the year ended 31 December 2024, the Remuneration Committee reviewed the remuneration policy and packages of the Directors and senior management, made recommendations to the Board on the remuneration packages of individual executive Directors and senior management, and made recommendations to the Board on the remuneration of Dr. Chuang Shu-Hui, the independent non-executive Director appointed on 2 September 2024.

The Remuneration Committee convened three meetings during the year ended 31 December 2024. The individual attendance record of each member of the Remuneration Committee is tabulated as follows:

Name of Director	Number of meetings held	Number of meetings attended
Mr. Cherng Chia-Jiun ( <i>Chairman</i> )	3	3
Mr. Tsai Wen-Yu ( <i>Retired on 16 May 2024</i> )	2	1
Mr. Yip Wai Ming	3	3
Mr. Cheng Li-Yu	3	3
Mr. Huang Kuo-Kuang	3	3
Mr. Yuen Chi Ho	3	3
Dr. Chuang Shu-Hui ( <i>Appointed on 2 September 2024</i> )	0	0

## AUDITORS' REMUNERATION

During the year, the audit and non-audit fees payable/paid to Ernst & Young, the auditors of the Group, was made up of an audit fee of HK\$4,350,000 and non-audit service fees of approximately HK\$1,464,000 respectively. The non-audit service fees mainly comprised tax compliance service of HK\$506,000, agreed-upon procedures on interim results of HK\$580,000, environmental, social and governance reporting service of HK\$258,000 and certain agreed-upon procedure work of approximately HK\$120,000.

## DIRECTORS' AND AUDITORS' ACKNOWLEDGEMENT

The Directors acknowledge their responsibility for preparing the accounts for the year ended 31 December 2024.

The external auditors of the Company acknowledge their reporting responsibilities in the independent auditor's report on the consolidated financial statements for the year ended 31 December 2024.

## COMPANY SECRETARY

All Directors are entitled to the company secretary services. The company secretary reports and notifies the Board the latest information on corporate governance and oversight on a regular basis, assists the Chairman in preparation of the agenda, prepares and dispatches meeting documents in a timely and comprehensive manner so as to ensure the efficiency and validity of the Board Meeting.

The company secretary is also in charge of preparing and keeping written resolutions and/or minutes of the meetings of the Board and the Board committees together with relevant documents. All matters under consideration including any enquiry and objection by Director will be minuted in details. Within a reasonable time frame upon closing a meeting, draft minutes will be despatched to all Directors for their comments and final written resolution and minutes will be sent to Directors for their records.

With effect from 31 January 2019, Ms. Cheung Lai Yin of Chiu & Partners, an external service provider, has been appointed by the Company as the company secretary. Her primary contact person at the Company is Mr. Tsui Yung Kwok (an executive Director of the Company). According to Rule 3.29 of the Listing Rules, the company secretary had taken no less than 15 hours of relevant professional training during the year.

## INTERNAL CONTROL

The Board is responsible for ensuring that sound and effective risk management and internal control systems are maintained within the Group. The Company has procedures and internal controls for the handling and dissemination of inside information. In practice, when employees of the Group become aware of any information which they consider as potential inside information, they would keep such matters confidential and report to the designated personnel of the Company, who would then consider whether it is necessary to pass such information to the Board for the purpose of considering and deciding whether such information constitutes inside information and whether disclosure by way of an announcement is required.

The Board acknowledges its overall responsibility for the risk management functions and internal control systems of the Group and reviewing their effectiveness. Management is responsible for the design, implementation and monitoring such systems, while the Board oversees management in performing its duties on an ongoing basis. During the year ended 31 December 2024, the Board has complied with the risk management and internal control code provisions of the CG Code by establishing and maintaining appropriate and effective risk management and internal control systems and reviewing the effectiveness of the Group's risk management and internal control system (including the Group's processes for financial reporting and Listing Rules compliance). The review covered all material controls, including financial, operational and compliance controls. An integrated bottom-up and top-down risk review process has been adopted to enable comprehensive identification and prioritization of all material risks across the Group, escalation of material risks at the appropriate managerial level, effective risk dialogue among the management, and proper oversight of risk mitigation efforts.



## CORPORATE GOVERNANCE REPORT

The risk management framework adopted by the Group is embedded in our strategy development, business planning and day-to-day operations. The Group adopts a control and risk self-assessment methodology and continuously assesses and manages its risk profile on a regular basis. Risks that are relevant to the Group's business are identified, assessed and ranked according to their likelihood and impact on the Group. In case any material internal control defects are identified, the Audit Committee would review the actions performed by the management in addressing the issues and defects regarding the internal control and risk management systems. The proposed remedial plans in response to such defects will then be submitted to the Board for consideration.

Due to the Group's size, nature and complexity of the business, it is more cost effective to appoint external independent professionals to perform internal audit function to meet the Group's needs. The Group had hired independent professionals to perform an annual review on the system of risk management and internal control of the Group to ensure that the financial and operational functions, compliance control, asset management and risk management functions are in place and functioning effectively for the year ended 31 December 2024. The independent professionals has assessed the risk and internal control systems by conducting interviews, walkthroughs and tests on the effectiveness of operations. In accordance with the review plan approved by the Board, risk management and internal control systems are reviewed annually and the results are subsequently reported to the Board through the Audit Committee.

With reference to the assessment of the independent professionals, the Directors and the Audit Committee conducted its annual review of the risk management and internal control system maintained by the Group including the financial, operational and compliance controls and risk management functions during the year ended 31 December 2024 and were satisfied that it is effective and adequate. The Board accepts that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and has determined that such systems are sufficient to provide reasonable, but not absolute, assurance that the Group's assets are safeguarded against material misstatement, loss from unauthorized use or disposition, transactions are properly authorized and proper accounting records are maintained. The Directors will continue to engage external independent professionals to review the adequacy and effectiveness of the Group's internal control systems and will continue to review the need for setting up an internal audit function.

### INVESTOR RELATIONS AND SHAREHOLDERS' COMMUNICATIONS POLICY

The Company enhances investor relations and communications through various channels. Information of the Company shall be communicated to the shareholders of the Company and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meetings of the Company and other meetings that may be convened, during which the Directors and designated senior management will attend the meeting and respond to requests for information and queries from the shareholders of the Company and the investment community. The Chairman of the Board and Directors will answer questions on the Company's business at the meeting. External auditors will also attend the annual general meetings of the Company and to answer any questions if necessary. Taking into account the enquiries from Shareholders received by the Company during the year ended 31 December 2024 and raised at the 2024 EGM held on 13 March 2024 and the AGM held on 16 May 2024, the Board has reviewed the implementation of the shareholders' communications policy and is satisfied that it has been effective for the Board to understand the views and opinion of the shareholders through the available channels.

# CORPORATE GOVERNANCE REPORT

Shareholders are encouraged to attend the annual and extraordinary general meetings of the Company. Notice of the general meetings and related papers shall be sent to shareholders in accordance with the requirements of the articles of association of the Company and the Listing Rules and such documents shall be also made available on the Company's website (<http://www.irasia.com/listco/hk/juteng>) and the Hong Kong Stock Exchange's website (<http://www.hkexnews.hk>).

Shareholders of the Company and the investor community may also provide their views on matters affecting the Company via email at the email address of the Company at [ir@juteng-intl.com](mailto:ir@juteng-intl.com).

## SHAREHOLDERS' RIGHTS

### Procedures for shareholders to convene an extraordinary general meeting

The following procedures for shareholders of the Company (the "Shareholders", each a "Shareholder") to convene an extraordinary general meeting (the "EGM") of the Company are prepared in accordance with Article 64 of the articles of association of the Company:

- (a) One or more Shareholders (the "Requisitionist(s)") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice (the "Requisition"), to require an EGM to be called by the Directors for the transaction of any business specified therein.
- (b) Such Requisition shall be made in writing to the Board or the company secretary of the Company via email at the email address of the Company at [ir@juteng-intl.com](mailto:ir@juteng-intl.com).
- (c) The EGM shall be held within two months after the deposit of such Requisition.
- (d) If the Directors fail to proceed to convene such meeting within twenty-one (21) days of the deposit of such Requisition, the Requisitionist(s) himself (or themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

### Procedures for raising enquiries

- (a) Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong branch share registrar, details of which are set out in the section headed "Corporate Information" of this annual report.
- (b) Shareholders may at any time raise any enquiry in respect of the Company via email at the email address of the Company at [ir@juteng-intl.com](mailto:ir@juteng-intl.com).
- (c) Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.



# CORPORATE GOVERNANCE REPORT

## Procedures and contact details for putting forward proposals at shareholders' meetings

- (a) To put forward resolutions to be considered at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposed resolution(s) (the "Proposal") with his/her/its detailed contact information via email at the email address of the Company at [ir@juteng-intl.com](mailto:ir@juteng-intl.com).
- (b) The identity of the Shareholder and his/her/its request will be verified with the Company's Hong Kong branch share registrar and upon confirmation by the Hong Kong branch share registrar that such Shareholder is entitled to make such request, the Board will determine in its sole discretion whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.
- (c) The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:
  - (i) Notice of not less than 21 days in writing if the Proposal requires approval by way of an ordinary resolution or a special resolution in an annual general meeting of the Company;
  - (ii) Notice of not less than 14 days in writing if the Proposal requires approval in meeting other than an annual general meeting.

# INDEPENDENT AUDITOR'S REPORT



## To the shareholders of Ju Teng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

### Opinion

We have audited the consolidated financial statements of Ju Teng International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 53 to 143, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



# INDEPENDENT AUDITOR'S REPORT (continued)

## To the shareholders of Ju Teng International Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

### Key audit matters (continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

#### Key audit matter

##### *Assessment of inventory provision*

As at 31 December 2024, the net carrying value of the Group's inventories amounted to HK\$1,048,338,000. The assessment of inventory provision is based on the estimated net realisable value of inventories, which requires significant management judgements and estimates. Management considers various factors, including the conditions and ageing of inventories, sales pattern and selling prices of inventories, market demand and the Group's future plan of usage and sale of inventories. Management's provision assessment involves a high level of judgements and estimates, and is subject to uncertainty due to rapid changes of the notebook and tablet computer market.

Related disclosures about inventories are included in notes 3 and 17 to the consolidated financial statements.

#### How our audit addressed the key audit matter

Our audit procedures included, among others, evaluating management's assessment methodology based on the Group's circumstances, and evaluating the inputs and assumptions applied by management in performing the provision assessment by reviewing the ageing, the historical usage and sales patterns, the post year-end usage, sales and selling prices, of selected samples of inventories.

# INDEPENDENT AUDITOR'S REPORT (continued)

To the shareholders of Ju Teng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

## Key audit matters (continued)

### Key audit matter

### How our audit addressed the key audit matter

#### *Impairment assessment of property, plant and equipment*

As at 31 December 2024, the net carrying amount of the Group's property, plant and equipment was HK\$4,819,400,000. These property, plant and equipment relate to the manufacture and sale of casings for notebook computer and handheld devices cash-generating unit. Management assesses whether there are any indicators of impairment for property, plant and equipment at the end of each reporting year, and performs impairment assessment when an impairment indicator is identified. The impairment assessment is based on the recoverable amount of the cash-generating unit. Management's assessment process involves a high level of judgements and estimates, including the estimation of expected future cash flows and the use of other assumptions, such as terminal growth rate and discount rate applied, which are sensitive to expected future market or economic conditions and the cash-generating unit's actual performance.

Our audit procedures included, among others, involving our valuation specialists to assist us in evaluating the methodologies and key assumptions used by management in the discounted cash flow forecasts, including discount rate and terminal growth rate. We also compared the forecasts prepared by management with the historical performance of the cash-generating unit and the business development plan.

Related disclosures about property, plant and equipment are included in notes 3 and 13 to the consolidated financial statements.



# INDEPENDENT AUDITOR'S REPORT (continued)

## To the shareholders of Ju Teng International Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

### Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT (continued)

### To the shareholders of Ju Teng International Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

### Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



## INDEPENDENT AUDITOR'S REPORT (continued)

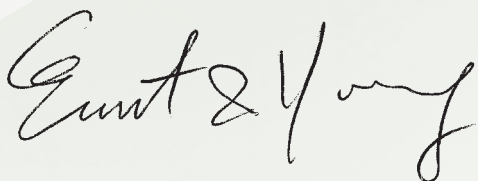
**To the shareholders of Ju Teng International Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

### **Auditor's responsibilities for the audit of the consolidated financial statements** *(continued)*

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kwong Ka Yan.



*Ernst & Young*

**Certified Public Accountants**

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

28 March 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>REVENUE</b>	5	<b>6,026,320</b>	6,936,056
Cost of sales		<b>(5,853,135)</b>	(6,428,556)
Gross profit		<b>173,185</b>	507,500
Other income and gains	5	<b>301,497</b>	279,626
Selling and distribution expenses		<b>(149,325)</b>	(145,996)
Administrative expenses		<b>(556,402)</b>	(518,044)
Other expenses		<b>(313,788)</b>	(75,122)
Finance costs	6	<b>(182,728)</b>	(214,562)
Share of loss of an associate		<b>–</b>	(47)
<b>LOSS BEFORE TAX</b>	7	<b>(727,561)</b>	(166,645)
Income tax expense	10	<b>(2,321)</b>	(162,176)
<b>LOSS FOR THE YEAR</b>		<b>(729,882)</b>	(328,821)
Attributable to:			
Equity holders of the Company		<b>(529,890)</b>	(230,815)
Non-controlling interests		<b>(199,992)</b>	(98,006)
		<b>(729,882)</b>	(328,821)
<b>LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	12		
– Basic (HK cents)		<b>(62.7)</b>	(27.3)
– Diluted (HK cents)		<b>(62.7)</b>	(27.3)



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>LOSS FOR THE YEAR</b>		<b>(729,882)</b>	(328,821)
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES)</b>			
Other comprehensive expenses that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>(305,658)</b>	(309,785)
Release of exchange fluctuation reserve upon disposal of a subsidiary		–	(15,993)
		<b>(305,658)</b>	(325,778)
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	20	<b>(8,360)</b>	11,824
Income tax effect	15	<b>1,432</b>	(1,437)
		<b>(6,928)</b>	10,387
<b>OTHER COMPREHENSIVE EXPENSES FOR THE YEAR, NET OF TAX</b>		<b>(312,586)</b>	(315,391)
<b>TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR</b>		<b>(1,042,468)</b>	(644,212)
Attributable to:			
Equity holders of the Company		<b>(828,248)</b>	(530,656)
Non-controlling interests		<b>(214,220)</b>	(113,556)
		<b>(1,042,468)</b>	(644,212)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

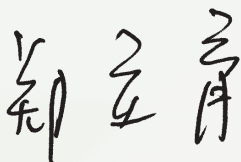
	Notes	2024 HK\$'000	2023 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	4,819,400	5,679,602
Right-of-use assets	14(a)	721,844	807,247
Deferred tax assets	15	6,775	7,102
Prepayments for acquisition of property, plant and equipment		164,840	7,974
Investment in an associate	16	–	–
Equity investment designated at fair value through other comprehensive income	20	16,767	25,236
Total non-current assets		5,729,626	6,527,161
<b>CURRENT ASSETS</b>			
Inventories	17	1,048,338	1,538,625
Trade receivables	18	2,117,978	2,486,447
Prepayments, deposits and other receivables	19	210,128	178,093
Pledged and restricted bank balances	21	107,029	111,876
Cash and cash equivalents	21	1,028,404	1,221,852
Non-current assets classified as held for sale	22	4,511,877 100,956	5,536,893 91,460
Total current assets		4,612,833	5,628,353
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	23	824,411	890,797
Other payables and accruals	24	1,048,459	1,077,187
Lease liabilities	14(b)	1,064	133,100
Tax payable		4,615	39,189
Derivative financial instruments	25	2,442	–
Interest-bearing bank and other borrowings	2.1, 26	2,632,900	2,539,139
Total current liabilities		4,513,891	4,679,412
<b>NET CURRENT ASSETS</b>		<b>98,942</b>	<b>948,941</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>5,828,568</b>	<b>7,476,102</b>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	2.1, 26	7,488	597,475
Deferred income	27	39,028	40,922
Lease liabilities	14(b)	7,572	9,265
Deferred tax liabilities	15	60,156	71,648
Total non-current liabilities		114,244	719,310
Net assets		5,714,324	6,756,792
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Issued capital	28	120,001	120,001
Reserves	30	4,517,195	5,345,443
		4,637,196	5,465,444
Non-controlling interests		1,077,128	1,291,348
Total equity		5,714,324	6,756,792



**Cheng Li-Yu**  
Director



**Huang Kuo-Kuang**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to equity holders of the Company											
	Note	Issued	Share	Shares	Employee	Statutory	Exchange	Retained	Fair value	Other	Non-	Total
		capital	premium	held under	share-based	reserve	fluctuation	profits	reserve	reserves	controlling	equity
		account	share	award	compensation	fund	reserve				interests	
		plan	reserve		reserve							
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 28)	Note (c)	Note (c)	Note (c)	Notes (a), (c)	Note (c)	Note (c)	Note (c)	Notes (b), (c)			
At 1 January 2023	120,001	187,919	(717,483)	60,247	549,742	(403,424)	5,918,612	(1,194)	323,963	6,038,383	1,404,904	7,443,287
Loss for the year	-	-	-	-	-	-	(230,815)	-	-	(230,815)	(98,006)	(328,821)
Other comprehensive income/(expenses) for the year:												
Change in fair value of an equity investment designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	10,387	-	10,387	-	10,387
Exchange differences on translation of foreign operations	-	-	-	-	-	(294,235)	-	-	-	(294,235)	(15,550)	(309,785)
Release of exchange fluctuation reserve upon disposal of a subsidiary	-	-	-	-	-	(15,993)	-	-	-	(15,993)	-	(15,993)
Total comprehensive income/(expenses) for the year	-	-	-	-	-	(310,228)	(230,815)	10,387	-	(530,656)	(113,556)	(644,212)
Dividend received under the share award plan	-	-	17,717	-	-	-	-	-	-	17,717	-	17,717
Transfer of employee share-based compensation reserve upon the forfeiture of share options	29	-	-	(6,109)	-	-	6,109	-	-	-	-	-
Transfer from retained profits	-	-	-	-	44,174	-	(44,174)	-	-	-	-	-
2022 final dividend	-	-	-	-	-	-	(60,000)	-	-	(60,000)	-	(60,000)
At 31 December 2023	120,001	187,919	(699,766)	54,138	593,916	(713,652)	5,589,732	9,193	323,963	5,465,444	1,291,348	6,756,792



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

Attributable to equity holders of the Company												
Note	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	Non-controlling interests Total HK\$'000	Total equity HK\$'000	
	Notes (a), (c)	Note (c)	Note (c)	Note (c)	Note (c)	Note (c)	Note (c)	Note (c)	Notes (b), (c)			
At 1 January 2024	120,001	187,919	(699,766)	54,138	593,916	(713,652)	5,589,732	9,193	323,963	5,465,444	1,291,348	6,756,792
Loss for the year	-	-	-	-	-	-	(529,890)	-	-	(529,890)	(199,992)	(729,882)
Other comprehensive expenses for the year:												
Change in fair value of an equity investment designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	(6,928)	-	(6,928)	-	(6,928)
Exchange differences on translation of foreign operations	-	-	-	-	-	(291,430)	-	-	-	(291,430)	(14,228)	(305,658)
Total comprehensive expenses for the year	-	-	-	-	-	(291,430)	(529,890)	(6,928)	-	(828,248)	(214,220)	(1,042,468)
Transfer of employee share-based compensation reserve upon the forfeiture/lapse of share options	29	-	-	(48,813)	-	-	48,813	-	-	-	-	-
Transfer from retained profits		-	-	-	21,975	-	(21,975)	-	-	-	-	-
At 31 December 2024	120,001	187,919	(699,766)	5,325	615,891	(1,005,082)	5,086,680	2,265	323,963	4,637,196	1,077,128	5,714,324

## Notes:

- In accordance with the relevant regulations in the People's Republic of China (the "PRC" or "Mainland China"), the Company's subsidiaries established in the PRC are required to transfer a certain percentage of their profit after tax to the statutory reserve fund. Subject to certain restrictions set out in the relevant PRC regulations and in the subsidiaries' articles of association, the statutory reserve fund may be used either to offset losses, or for capitalisation issue by way of paid-up capital.
- The other reserves comprise capital reserve which represents profits of the Company's subsidiaries capitalised during the prior years and other capital reserves.
- These reserve accounts comprise the consolidated reserves of HK\$4,517,195,000 (2023: HK\$5,345,443,000) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		<b>(727,561)</b>	(166,645)
Adjustments for:			
Finance costs	6	<b>182,728</b>	214,562
Share of loss of an associate	16	–	47
Interest income	5	<b>(33,794)</b>	(28,167)
Dividend income	5	–	(334)
Write-off of long outstanding trade payables	5	<b>(84)</b>	–
Write-off of long outstanding other payables and accruals	5	<b>(958)</b>	(2,110)
Depreciation of property, plant and equipment	7	<b>654,830</b>	812,325
Depreciation of right-of-use assets	7	<b>19,992</b>	21,825
Loss/(gain) on disposal of items of property, plant and equipment and right-of-use assets, net	7	<b>(15,951)</b>	2,344
Gain on modification of a lease	5	–	(7,375)
Loss/(gain) on disposal of non-current assets classified as held for sale	7	<b>(39,203)</b>	964
Gain on deregistration of an associate	7	–	(632)
Gain on disposal of a subsidiary	5	–	(42,507)
Gain on early termination of a lease		<b>(19)</b>	(516)
Impairment of property, plant and equipment	7	<b>303,596</b>	45,000
Reversal of impairment of trade receivables	18	<b>(1,009)</b>	(1,574)
Write-off of trade receivables	7	<b>957</b>	4,729
Provision/(reversal of provision) for inventories, net	7	<b>104,829</b>	(40,518)
Fair value loss on derivative financial instruments, net	7	<b>2,450</b>	15,855
		<b>450,803</b>	827,273
Decrease in inventories		<b>344,111</b>	638,479
Decrease/(increase) in trade receivables		<b>294,913</b>	(131,815)
Decrease/(increase) in prepayments, deposits and other receivables	32(a)	<b>(36,994)</b>	14,904
Movement in derivative financial instruments		<b>(8)</b>	(17,531)
Increase/(decrease) in trade and bills payables		<b>(42,162)</b>	87,960
Decrease in other payables and accruals		<b>(60,855)</b>	(451,192)
Cash generated from operations		<b>949,808</b>	968,078

continued



# CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations		949,808	968,078
PRC income tax paid		(34,622)	(66,389)
Overseas income tax refunded		–	2,047
Overseas income tax paid		(11,555)	(3,353)
Withholding tax paid		–	(106,446)
Interest received		33,794	28,167
Interest paid		(196,089)	(224,049)
Net cash flows from operating activities		741,336	598,055
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(371,111)	(170,841)
Proceeds from disposal of items of property, plant and equipment and right-of-use assets	32(a)	118,283	15,518
Proceeds from disposal of non-current assets classified as held for sale	32(a)	81,080	20,376
Disposal of a subsidiary		–	26,514
Decrease/(increase) in pledged and restricted bank balances		4,847	(9,217)
Increase in prepayments for acquisition of property, plant and equipment		(164,840)	(7,974)
Proceeds from deregistration of an associate		–	13,218
Dividends received		–	334
Net cash flows used in investing activities		(331,741)	(112,072)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank loans and other borrowings		1,890,472	2,647,346
Repayment of bank loans and other borrowings		(2,345,326)	(3,478,553)
Dividend paid		–	(60,000)
Dividend received under the share award plan		–	17,717
Principal portion of lease payments		(129,677)	(88,223)
Net cash flows used in financing activities		(584,531)	(961,713)

# CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(174,936)</b>	(475,730)
Cash and cash equivalents at beginning of year		<b>1,221,852</b>	1,706,797
Effect of foreign exchange rate changes, net		<b>(18,512)</b>	(9,215)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>1,028,404</b>	1,221,852
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	21	<b>1,208,404</b>	1,221,852
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		<b>1,208,404</b>	<b>1,221,852</b>



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 1. CORPORATE AND GROUP INFORMATION

Ju Teng International Holdings Limited is a limited liability company incorporated in the Cayman Islands. During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the manufacture and sale of casings for notebook computer and handheld devices. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

### Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and business	Issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
Best Alliance Holding Inc. ^	British Virgin Islands (“BVI”)/ The Republic of China (The “ROC”)	United States dollar (“US\$”) 52,600,000 Ordinary	100%	Investment holding
Giant Glory International Limited	Samoa/ROC	US\$49,777,419 Ordinary	100%	Investment holding
Everyday Computer Components (Suzhou) Co., Ltd. *	PRC/Mainland China	US\$52,500,000	100%	Manufacture and sale of casings
Suzhou Dazhi Communication Accessory Co., Ltd. *	PRC/Mainland China	US\$148,500,000	100%	Manufacture and sale of casings
Ju Teng (Neijiang) Communication Accessory Co., Ltd. *	PRC/Mainland China	US\$101,000,000	100%	Manufacture and sale of casings
Tri-Great International Limited	Samoa/ROC	US\$1,000,000 Ordinary	100%	Sale of casings and related materials
Gi Li Co., Ltd.	ROC	New Taiwan dollar (“NT\$”)105,000,000 Ordinary	100%	Sale of casings and related materials
Grand Develop Investments Limited	Hong Kong	HK\$1 Ordinary	100%	Provision of general administrative and support services
Mindforce Holdings Limited (“Mindforce”)	BVI/ROC	US\$75,101,000 Ordinary	71%	Investment holding
WIS Precision (Kunshan) Co., Ltd. *	PRC/Mainland China	US\$25,000,000	71%	Manufacture and sale of casings

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 1. CORPORATE AND GROUP INFORMATION *(continued)*

### Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: (continued)

Company name	Place of incorporation/ registration and business	Issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
WIS Precision (Taizhou) Co., Ltd. *	PRC/Mainland China	US\$69,800,000	71%	Manufacture and sale of casings
Dynamic Apex Limited	Macau	Macanese pataca ("MOP")100,000	100%	Sale of casings and related materials
Fullerton Ltd.	Samoa/ROC	US\$31,749,800 Ordinary	71%	Investment holding and sale of computer equipment and peripherals
Lian-Yi Precision (Zhongshan) Inc. *	PRC/Mainland China	US\$33,400,000	71%	Manufacture and sale of computer equipment and peripherals
Wah Yuen Technology Holding Limited ("Wah Yuen")	Mauritius/ROC	US\$261,758,240 Ordinary	59.28%	Investment holding
Hong Ya Technology Corp.	ROC	NT\$475,577,800 Ordinary	59.28%	Manufacture and sale of casings
Compal Precision Module China Holdings Ltd.	Mauritius/ROC	US\$236,267,926 Ordinary	59.28%	Investment holding and sale of casings and related materials
Compal Precision Module (Jiangsu) Company Limited *	PRC/Mainland China	US\$420,000,000	59.28%	Manufacture and sale of casings
Compal Electronic Technology (Chongqing) Co., Ltd. *	PRC/Mainland China	US\$60,000,000	59.28%	Manufacture and sale of casings



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 1. CORPORATE AND GROUP INFORMATION *(continued)*

### Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: (continued)

Company name	Place of incorporation/ registration and business	Issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
Wujiang Dading Precision Mould Co., Ltd. *	PRC/Mainland China	US\$80,000,000	100%	Manufacture and sale of casings
Tasun (Chongqing) Electronic Technology Co., Ltd. *	PRC/Mainland China	US\$90,000,000	100%	Manufacture and sale of casings
Dongxu Juteng Electronic Material (Jurong) Co., Ltd. *	PRC/Mainland China	US\$1,000,000	51%	Manufacture and sale of materials
He Li Cheng Electronic Material (Chong Qing) Co., Ltd. *	PRC/Mainland China	US\$700,000	51%	Manufacture and sale of materials
Juteng Electronic Technology (Taizhou) Co., Ltd. *	PRC/Mainland China	US\$180,000,000	100%	Manufacture and sale of casings
Ju Teng Electronic Technology (Vietnam) Limited	Vietnam	US\$40,000,000	71.5%	Manufacture and sale of casings

\* Registered as wholly-foreign-owned enterprises under the PRC law

^ Directly held by the Company

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 1. CORPORATE AND GROUP INFORMATION *(continued)*

### Information about subsidiaries *(continued)*

#### **Disposal of a subsidiary**

On 29 January 2023, the Group disposed of its entire interest in Ju Teng Electronics (Shanghai) Co., Limited ("Ju Teng Electronics (Shanghai)"), an indirectly held wholly-owned subsidiary, to an independent third party for a cash consideration of HK\$26,514,000.

	2023 HK\$'000
Exchange fluctuation reserve	(15,993)
Gain on disposal of a subsidiary	42,507
<b>Total consideration</b>	<b>26,514</b>
Satisfied by:	
Cash	26,514

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Ju Teng Electronics (Shanghai) is as follows:

	2023 HK\$'000
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	26,514

## 2. ACCOUNTING POLICIES

### 2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and an equity investment designated at fair value through other comprehensive income which have been measured at fair value. Non-current assets held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2. ACCOUNTING POLICIES *(continued)*

### 2.1 Basis of Preparation *(continued)*

As at 31 December 2024, the Group has interest-bearing bank and other borrowings of HK\$2,640,388,000, which includes a syndicated bank loan of HK\$1,020,026,000 classified as current liability due to the non-compliance with two of the loan covenants, namely the leverage ratio and the interest coverage ratio, at the end of the reporting period. Subsequent to the end of the reporting period, the Group obtained written consent from the relevant banks, offering the Group a one-off waiver on these loan covenants. According to the facility agreement of the syndicated bank loan, the Group is required to report to the syndicate of banks its compliance with loan covenants as at 30 June and 31 December during the loan period until 2029. In order to improve the Group's financial position and liquidity, the directors of the Company have formulated a number of measures, including but not limited to the following:

- the Group has a history of successful rollover of revolving loans. The Group will continue to negotiate with banks to refinance and extend existing bank and other borrowing facilities, and to obtain new sources of financing by pledging certain of the Group's land and properties, if needed;
- the Group has approximately HK\$1,743,267,000 of unutilised revolving loan facilities available to finance the Group's existing financial obligations and operations; and
- as at 31 December 2024, according to the sale and purchase agreements entered into by the Group and various purchasers in relation to the Group's disposal of certain land and buildings classified as non-current assets held for disposal, the Group has approximately HK\$501,151,000 outstanding proceeds from such disposals. The Group will continue to pursue these outstanding amounts, of which approximately HK\$84,933,000 has been received after the end of the reporting period.

Taken into account the above measures, the directors of the Company consider that the Group would have adequate resources to meet its liabilities, commitments and funding requirements as and when they fall due within twelve months from 31 December 2024 and hence the Group adopted the going concern basis in preparing the consolidated financial statements.

## 2. ACCOUNTING POLICIES *(continued)*

### 2.1 Basis of Preparation *(continued)*

#### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2. ACCOUNTING POLICIES *(continued)*

### 2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2. ACCOUNTING POLICIES *(continued)*

### 2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>3</sup>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>2</sup>
Amendments to HKAS 21	<i>Lack of Exchangeability</i> <sup>1</sup>
<i>Annual Improvements to HKFRS Accounting Standards - Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>4</sup> No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2. ACCOUNTING POLICIES *(continued)*

### 2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards *(continued)*

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

## 2. ACCOUNTING POLICIES *(continued)*

### 2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards *(continued)*

*Annual Improvements to HKFRS Accounting Standards – Volume 11* set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies

#### *Investment in an associate*

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of an associate is included as part of the Group's investment in an associate.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### ***Business combinations and goodwill***

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### ***Business combinations and goodwill (continued)***

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

#### ***Fair value measurement***

The Group measures its derivative financial instruments and equity investment at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### **Fair value measurement** *(continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### **Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### **Property, plant and equipment and depreciation**

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of the items of property, plant and equipment are as follows:

Freehold land	Not depreciated
Buildings	20 years
Leasehold improvements	Over the lease terms or 5 to 10 years
Machinery	5 to 10 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and are not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### **Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable.

Non-current assets classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment classified as held for sale are not depreciated.

#### **Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### **Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Properties	1 to 5 years
Motor vehicles	3 years



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### *Leases (continued)*

##### **Group as a lessee** *(continued)*

##### **(b) Lease liabilities**

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

##### **(c) Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of office properties and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

##### **Group as a lessor**

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature.

#### *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### *Provisions*

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### **Provisions** *(continued)*

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

#### **Dividends**

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

#### **Income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### **Income tax** *(continued)*

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### *Employee benefits*

##### **Pension schemes**

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the relevant government authorities. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees employed by the Group's subsidiary in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also operates a defined contribution retirement benefit scheme under the Labor Pension Act (the "Act") for its employees employed by the Group's subsidiary in the ROC. Based on the Act, the Group's monthly contribution to individual pension accounts of employees covered by the defined contribution plan is at 6% of monthly salaries and wages. The funds are deposited in individual labour pension accounts at the Bureau of Labor Insurance.

##### **Share-based payments**

The Company operates share option schemes and a share award plan. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 29 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### *Employee benefits (continued)*

##### *Share-based payments (continued)*

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

#### *Foreign currencies*

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### **Foreign currencies** *(continued)*

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### **Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### *Investments and other financial assets*

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

##### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

##### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### *Investments and other financial assets (continued)*

##### *Subsequent measurement (continued)*

The subsequent measurement of financial assets depends on their classification as follows: *(continued)*

##### *Financial assets designated at fair value through other comprehensive income (equity investments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments.

#### *Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### *Derecognition of financial assets (continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### *Impairment of financial assets*

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### **General approach**

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due. The Group has rebutted the 30 days past due presumption of significant increase in credit risk based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of contractual payments over 30 days past due. However, the Group may also consider a significant increase in credit risk when internal or external information indicates that the Group is less likely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### **Impairment of financial assets** *(continued)*

##### **General approach** *(continued)*

The Group considers a financial asset in default when contractual payments are 120 days past due. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

##### **Simplified approach**

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### ***Financial liabilities***

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, lease liabilities, derivative financial instrument and interest-bearing bank and other borrowings.

##### **Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification as follows:

##### ***Financial liabilities at amortised cost (trade and other payables, and borrowings)***

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

##### ***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### **Financial liabilities** *(continued)*

##### **Subsequent measurement** *(continued)*

The subsequent measurement of financial liabilities depends on their classification as follows: *(continued)*

##### **Financial liabilities at fair value through profit or loss** *(continued)*

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

##### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### **Derivative financial instruments**

###### **Initial recognition and subsequent measurement**

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

##### **Treasury shares**

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

#### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

#### **Revenue recognition**

##### **Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

##### **Other income**

Rental income is recognised on a time proportion basis over the lease terms.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 2. ACCOUNTING POLICIES *(continued)*

### 2.4 Material Accounting Policies *(continued)*

#### **Contract liabilities**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **Events after the reporting period**

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### **Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

### Estimation uncertainty *(continued)*

#### ***Impairment of property, plant and equipment***

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 13 to the financial statements.

#### ***Provision for expected credit losses on trade receivables***

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast market conditions (such as global shipments of personal computers and gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast market conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 18 to the financial statements.

#### ***Write-down of inventories***

Management reviews the condition of inventories of the Group and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each reporting period and makes provision against obsolete and slow-moving items. Management considers various factors, including the conditions and ageing of inventories, sales pattern and selling prices of inventories, market demand and the Group's future plan of usage and sale of inventories. Management reassesses the estimation at the end of each reporting period.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

### **Estimation uncertainty** *(continued)*

#### **Write-down of inventories** *(continued)*

The identification of obsolete and slow-moving inventory items requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact on the carrying values of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed. The carrying amount of inventories carried as assets in the consolidated statement of financial position as at 31 December 2024 was HK\$1,048,338,000 (2023: HK\$1,538,625,000), details of which are set out in note 17 to the financial statements.

### **Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

#### **Classification between investment properties and owner-occupied properties**

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

#### **Withholding taxes**

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

In estimating the withholding taxes on dividends to be distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008, the directors have made assessment based on factors which include the dividend policy and the level of capital and working capital required for the Group's operations in the foreseeable future.

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 4. OPERATING SEGMENT INFORMATION

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

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

### Geographical information

#### (i) Revenue from external customers:

	2024 HK\$'000	2023 HK\$'000
The PRC, excluding Hong Kong	5,417,093	6,495,182
Others	609,227	440,874
Total Revenue	6,026,320	6,936,056

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

During the years ended 31 December 2024 and 31 December 2023, except for the revenue from external customers in the PRC, the Group's revenue derived from each of other locations was less than 10% of the Group's revenue.

#### (ii) Non-current assets:

	2024 HK\$'000	2023 HK\$'000
The PRC, excluding Hong Kong	4,952,120	6,031,433
The Socialist Republic of Vietnam	610,284	307,987
The ROC	142,685	152,973
Others	995	2,430
Total non-current assets	5,706,084	6,494,823

The non-current asset information above, excluding an equity investment designated at fair value through other comprehensive income and deferred tax assets, is based on the locations of the assets.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 4. OPERATING SEGMENT INFORMATION *(continued)*

### Information about major customers

Revenues of approximately HK\$1,325,689,000, HK\$1,314,717,000, HK\$954,772,000 and HK\$668,830,000 for the year ended 31 December 2024 were derived from sales to four major groups of customers, the revenue from each of which accounted for 10% or more of the Group's revenue.

Revenues of approximately HK\$1,659,793,000, HK\$1,441,042,000, HK\$1,033,489,000, HK\$793,395,000 and HK\$745,026,000 for the year ended 31 December 2023 were derived from sales to five major groups of customers, the revenue from each of which accounted for 10% or more of the Group's revenue.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 HK\$'000	2023 HK\$'000
<b>Revenue from contracts with customers</b>		
Sale of casings for notebook computer and handheld devices	6,026,320	6,936,056

### Revenue from contracts with customers

#### (i) *Disaggregated revenue information*

	2024 HK\$'000	2023 HK\$'000
<b>Geographical markets</b>		
The PRC, excluding Hong Kong	5,417,093	6,495,182
Others	609,227	440,874
	6,026,320	6,936,056
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	6,026,320	6,936,056

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 5. REVENUE, OTHER INCOME AND GAINS (continued)

### Revenue from contracts with customers (continued)

#### (i) Disaggregated revenue information (continued)

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2024 HK\$'000	2023 HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period: Sale of casings for notebook computer and handheld devices	31,646	53,851

#### (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.

	2024 HK\$'000	2023 HK\$'000
<b>Other income and gains</b>		
Interest income	33,794	28,167
Subsidy income <sup>#</sup>	19,346	38,268
Compensation income	22,431	23,054
Dividend income	–	334
Gross rental income	21,185	22,803
Reversal of impairment of trade receivables	1,009	1,574
Write-off of long outstanding trade payables	84	–
Write-off of long outstanding other payables and accruals	958	2,110
Gain on disposal of items of property, plant and equipment and right-of-use assets, net	15,951	–
Gain on disposal of non-current assets classified as held for sale <sup>*</sup>	39,203	–
Gain on disposal of a subsidiary	–	42,507
Gain on modification of a lease	–	7,375
Foreign exchange gains, net	145,114	111,780
Others	2,422	1,654
<b>Total other income and gains</b>	<b>301,497</b>	<b>279,626</b>

<sup>#</sup> 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.

<sup>\*</sup> Pursuant to the Group's relocation of certain production plants in Suzhou, the PRC, due to the urban planning, the Group disposed of certain of its items of property, plant and equipment and right-of-use assets included in the non-current assets classified as held for sale, and recognised a gain on disposal during the year.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 6. FINANCE COSTS

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

	2024 HK\$'000	2023 HK\$'000
Interest on bank loans and other borrowings	<b>195,818</b>	223,616
Interest on lease liabilities	<b>271</b>	433
Total interest expense on financial liabilities not at fair value through profit or loss	<b>196,089</b>	224,049
Less: Interest capitalised	<b>(13,361)</b>	(9,487)
	<b>182,728</b>	214,562

## 7. LOSS BEFORE TAX

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

	Notes	2024 HK\$'000	2023 HK\$'000
Cost of inventories sold*		<b>5,853,135</b>	6,428,556
Auditor's remuneration		<b>4,350</b>	4,380
Gain on disposal of a subsidiary	1	–	(42,507)
Gain on deregistration of an associate	16	–	(632)
Depreciation of property, plant and equipment	13	<b>654,830</b>	812,325
Depreciation of right-of-use assets	14(a)	<b>19,992</b>	21,825
Lease payments not included in the measurement of lease liabilities	14(c)	<b>1,059</b>	2,020
Provision/(reversal of provision) for inventories, net**		<b>104,829</b>	(40,518)
Impairment of property, plant and equipment ***	13	<b>303,596</b>	45,000
Reversal of impairment of trade receivables****	18	<b>(1,009)</b>	(1,574)
Write-off of trade receivables*****		<b>957</b>	4,729
Employee benefit expense (excluding directors' remuneration – note 8):			
Wages and salaries, bonuses, allowances and welfare		<b>1,735,584</b>	1,724,693
Pension scheme contributions (defined contribution scheme)*****		<b>108,538</b>	131,052
		<b>1,844,122</b>	1,855,745

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 7. LOSS BEFORE TAX *(continued)*

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

	2024 HK\$'000	2023 HK\$'000
Gross rental income on owner-occupied properties and machinery	(21,185)	(22,803)
Less: Direct operating expenses arising from rental-earning owner-occupied properties and machinery	4,362	4,421
Net rental income	(16,823)	(18,382)
Loss/(gain) on disposal of items of property, plant and equipment and right-of-use assets, net <sup>#</sup>	(15,951)	2,344
Loss/(gain) on disposal of non-current assets classified as held for sale <sup>#</sup>	(39,203)	964
Fair value losses on derivative financial instruments, net <sup>***</sup>		
Realised losses	–	15,855
Unrealised losses	2,450	–
Foreign exchange gains, net <sup>##</sup>	(145,114)	(111,780)

\* Cost of inventories sold includes HK\$2,308,422,000 (2023: HK\$2,347,173,000) relating to depreciation, employee benefit expense, and provision/(reversal of provision) for inventories, net, which are also included in the total amounts disclosed above for each of these types of expenses.

\*\* Included in "Cost of sales" on the face of the consolidated statement of profit or loss.

\*\*\* Included in "Other expenses" on the face of the consolidated statement of profit or loss.

\*\*\*\* Write-off of trade receivables is included in "Other expenses" on the face of the consolidated statement of profit or loss. Reversal of impairment of trade receivables is included in "Other income and gains" on the face of the consolidated statement of profit or loss.

\*\*\*\*\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

<sup>#</sup> Gain on disposal of items of property, plant and equipment and right-of-use assets, net, and gain on disposal of non-current assets classified as held for sale, are included in "Other income and gains" on the face of the consolidated statement of profit or loss. Loss on disposal of items of property, plant and equipment and loss on disposal of non-current assets classified as held for sale are included in "Other expenses" on the face of the consolidated statement of profit or loss.

<sup>##</sup> Foreign exchange gains, net, included in "Other income and gains" on the face of the consolidated statement of profit or loss.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 HK\$'000	2023 HK\$'000
Fees	1,130	1,188
Other emoluments:		
Salaries, allowances and benefits in kind	5,513	5,511
Performance related bonuses	398	402
Pension scheme contributions	34	34
	5,945	5,947
	7,075	7,135

### (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

Name of director	2024 HK\$'000	2023 HK\$'000
Mr. Cherng Chia-Jiun	198	198
Mr. Tsai Wen-Yu <sup>#</sup>	75	198
Mr. Yip Wai Ming	198	198
Mr. Yuen Chi Ho	198	198
Dr. Chuang Shu-Hui <sup>*</sup>	65	–
	734	792

<sup>#</sup> On 16 May 2024, Mr. Tsai Wen-Yu retired as an independent non-executive director of the Company.

<sup>\*</sup> On 2 September 2024, Dr. Chuang Shu-Hui was appointed as an independent non-executive director of the Company.

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 8. DIRECTORS' REMUNERATION (continued)

### (b) Executive directors and a non-executive director

Name of director	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance related bonuses HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
<b>2024</b>					
Executive directors:					
Mr. Cheng Li-Yu	–	777	117	–	894
Mr. Huang Kuo-Kuang	–	1,048	–	16	1,064
Mr. Chiu Hui-Chin	198	–	–	–	198
Mr. Lin Feng-Chieh	–	1,873	281	–	2,154
Mr. Tsui Yung Kwok	–	1,815	–	18	1,833
Non-executive director:					
Mr. Cheng Li-Yen	198	–	–	–	198
	<b>396</b>	<b>5,513</b>	<b>398</b>	<b>34</b>	<b>6,341</b>

Name of director	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance related bonuses HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
<b>2023</b>					
Executive directors:					
Mr. Cheng Li-Yu	–	801	120	–	921
Mr. Huang Kuo-Kuang	–	1,016	–	16	1,032
Mr. Chiu Hui-Chin	198	–	–	–	198
Mr. Lin Feng-Chieh	–	1,879	282	–	2,161
Mr. Tsui Yung Kwok	–	1,815	–	18	1,833
Non-executive director:					
Mr. Cheng Li-Yen	198	–	–	–	198
	<b>396</b>	<b>5,511</b>	<b>402</b>	<b>34</b>	<b>6,343</b>

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three (2023: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2023: two) highest paid employees who are not directors of the Company are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	1,233	1,242
Performance related bonuses	1,443	1,482
Pension scheme contributions	38	37
	<b>2,714</b>	2,761

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	1	1
	<b>2</b>	2

## 10. INCOME TAX

Hong Kong profits tax has not been provided as the Group did not have any assessable profits arising in Hong Kong during the year (2023: 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.

	2024 HK\$'000	2023 HK\$'000
Provision for the year:		
Current – The PRC, excluding Hong Kong		
Charge for the year	26,480	162,464
Underprovision in prior years	786	4,916
Current – Overseas		
Charge for the year	16,980	18,754
Overprovision in prior years	(32,063)	(27,469)
Deferred tax (note 15)	(9,862)	3,511
Total tax charge for the year	<b>2,321</b>	162,176

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 10. INCOME TAX (continued)

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory tax rates, ranging from 12% to 25% (2023: 12% to 25%), for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense/(credit) at the effective tax rates is as follows:

### 2024

	Hong Kong HK\$'000	Macau HK\$'000	The PRC, excluding Hong Kong and Macau HK\$'000	Overseas HK\$'000	Total HK\$'000
Profit/(loss) before tax	(21,822)	44,007	(423,651)	(326,095)	(727,561)
Tax at the statutory tax rate	(3,601)	5,281	(105,913)	(61,400)	(165,633)
Preferential tax rates	–	–	(4,967)	–	(4,967)
Effect of withholding tax at 10% on the undistributed profit of PRC subsidiaries	–	–	(10,000)	–	(10,000)
Adjustments in respect of current tax of previous periods	–	607	786	(32,670)	(31,277)
Income not subject to tax	(120)	–	(20,895)	(10,971)	(31,986)
Expenses not deductible for tax	3,721	–	95,499	81,256	180,476
Tax losses not recognised	–	–	79,015	–	79,015
Tax losses utilised from prior periods	–	–	(10,383)	–	(10,383)
Others	–	(10)	(5,736)	2,822	(2,924)
Tax charge/(credit) at the Group's effective rate	–	5,878	17,406	(20,963)	2,321



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 10. INCOME TAX (continued)

2023

	Hong Kong HK\$'000	Macau HK\$'000	The PRC, excluding Hong Kong and Macau HK\$'000	Overseas HK\$'000	Total HK\$'000
Profit/(loss) before tax	(18,228)	25,614	(47,357)	(126,674)	(166,645)
Tax at the statutory tax rate	(3,008)	3,073	(11,886)	(25,320)	(37,141)
Preferential tax rates	–	–	(26,147)	–	(26,147)
Effect of withholding tax at 10% on the distributed profit of PRC subsidiaries	–	–	106,446	–	106,446
Adjustments in respect of current tax of previous periods	–	–	4,916	(27,469)	(22,553)
Income not subject to tax	(347)	–	(13,086)	(13,563)	(26,996)
Expenses not deductible for tax	3,355	–	23,943	54,563	81,861
Tax losses not recognised	–	–	88,809	–	88,809
Others	–	–	(2,103)	–	(2,103)
Tax charge/(credit) at the Group's effective rate	–	3,073	170,892	(11,789)	162,176

Pursuant to the PRC Corporate Income Tax Law being effective on 1 January 2008, the income tax is unified at 25% for all enterprises in Mainland China.

According to Announcement No. 23 [2020] of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission issued in April 2020, enterprises set up in the western region in the PRC with major businesses falling within the Catalogue of Encouraged Industries in the Western Region are entitled to a reduced corporate income tax ("CIT") rate of 15%.

Juteng (Neijiang) Communication Accessory Co., Ltd., which is a subsidiary of the Company in the Sichuan province, and Tasun (Chongqing) Electronic Technology Co., Ltd. and Compal Electronic Technology (Chongqing) Co., Ltd., which are subsidiaries of the Company in the Chongqing city, were entitled to enjoy the 15% CIT preferential rate as their major businesses fall within the Catalogue of Encouraged Industries in the Western Region.

Macau Complementary Tax is calculated at 12% of the estimated assessable profit for a subsidiary in Macau.

## 10. INCOME TAX *(continued)*

### Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2024 in certain jurisdictions in which the Group operates.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which it operates are above 15%. There is a jurisdiction where the Pillar Two effective tax rate is slightly below 15%. The Group does not expect a material exposure to Pillar Two income taxes. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

## 11. DIVIDEND

The Company's board of directors has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

## 12. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to equity holders of the Company of approximately HK\$529,890,000 (2023: approximately HK\$230,815,000) and the weighted average number of 845,662,671 (2023: 845,662,671) ordinary shares outstanding excluding shares held under the share award plan during the year.

For the years ended 31 December 2024 and 2023, no adjustments have been made to the basic loss per share amounts presented in respect of a dilution as the impact of share options outstanding during the years had no dilutive effect on the basic loss per share amounts presented.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2024							
At 1 January 2024:							
Cost	4,375,252	9,351	8,980,455	1,478,386	15,562	197,660	15,056,666
Accumulated depreciation and impairment	(1,841,527)	(5,040)	(6,059,837)	(1,462,226)	(8,434)	–	(9,377,064)
Net carrying amount	2,533,725	4,311	2,920,618	16,160	7,128	197,660	5,679,602
At 1 January 2024, net of accumulated depreciation and impairment	2,533,725	4,311	2,920,618	16,160	7,128	197,660	5,679,602
Additions	5,828	21	24,681	20,936	1,491	339,491	392,448
Transfers	79,176	–	58,759	13,103	–	(151,038)	–
Disposals/write-off	(19,554)	–	(54,231)	(2,688)	(64)	(7,873)	(84,410)
Impairment upon transfer to non-current assets held for sale (notes 7, 22)	(11,596)	–	–	–	–	–	(11,596)
Transfer to non-current assets held for sale (note 22)	(36,820)	–	–	–	–	–	(36,820)
Impairment (note 7)	–	–	(286,929)	(4,303)	(768)	–	(292,000)
Depreciation provided during the year (note 7)	(184,223)	(734)	(459,028)	(9,228)	(1,617)	–	(654,830)
Exchange realignment	(75,547)	(236)	(82,371)	(607)	(272)	(13,961)	(172,994)
At 31 December 2024, net of accumulated depreciation and impairment	2,290,989	3,362	2,121,499	33,373	5,898	364,279	4,819,400
At 31 December 2024:							
Cost	4,237,346	8,876	8,460,355	1,425,897	16,434	364,279	14,513,187
Accumulated depreciation and impairment	(1,946,357)	(5,514)	(6,338,856)	(1,392,524)	(10,536)	–	(9,693,787)
Net carrying amount	2,290,989	3,362	2,121,499	33,373	5,898	364,279	4,819,400

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2023							
At 1 January 2023:							
Cost	4,757,061	9,214	9,402,296	1,487,771	13,311	323,076	15,992,729
Accumulated depreciation and impairment	(1,905,588)	(4,201)	(6,019,949)	(1,465,915)	(9,273)	–	(9,404,926)
Net carrying amount	2,851,473	5,013	3,382,347	21,856	4,038	323,076	6,587,803
At 1 January 2023, net of accumulated depreciation and impairment	2,851,473	5,013	3,382,347	21,856	4,038	323,076	6,587,803
Additions	11,610	–	37,503	19,534	3,340	138,697	210,684
Transfers	20,600	–	161,464	64,575	1,644	(248,283)	–
Disposals/write-off	–	–	(2,991)	(5,699)	(350)	(8,822)	(17,862)
Transfer to non-current assets held for sales (note 22)	(76,015)	–	–	–	–	–	(76,015)
Impairment (note 7)	–	–	(44,644)	(250)	(106)	–	(45,000)
Depreciation provided during the year (note 7)	(206,084)	(770)	(529,791)	(74,371)	(1,309)	–	(812,325)
Exchange realignment	(67,859)	68	(83,270)	(9,485)	(129)	(7,008)	(167,683)
At 31 December 2023, net of accumulated depreciation and impairment	2,533,725	4,311	2,920,618	16,160	7,128	197,660	5,679,602
At 31 December 2023:							
Cost	4,375,252	9,351	8,980,455	1,478,386	15,562	197,660	15,056,666
Accumulated depreciation and impairment	(1,841,527)	(5,040)	(6,059,837)	(1,462,226)	(8,434)	–	(9,377,064)
Net carrying amount	2,533,725	4,311	2,920,618	16,160	7,128	197,660	5,679,602



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

As at 31 December 2024, certain of the Group's land and buildings with a net carrying amount of approximately HK\$19,090,000 (2023: HK\$20,413,000) situated in the ROC were pledged to secure general banking facilities granted to the Group (note 26).

As at 31 December 2024, the application of property ownership certificates for certain buildings with a net book value of HK\$63,520,000 (2023: HK\$37,948,000) was still in progress. In the opinion of the directors, the risk of the Group for not being able to obtain the legal titles for the relevant buildings is low and the Group will continue to pursue and discuss with the Ministry of Land and Resources of the PRC for the final settlement and complete the ownership registration of the buildings.

In view of the downturn in operating results of the manufacture and sale of casings for notebook computer and handheld devices cash-generating unit (the "CGU") for the years ended 31 December 2024 and 31 December 2023, management performed an impairment assessment on the recoverable amount of the CGU at 31 December. The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections based on the remaining lease term of leasehold land. The pre-tax discount rate applied to the cash flow projections is 13% (2023: 14%). Based on management's assessment, impairment losses of HK\$292,000,000 (2023: HK\$45,000,000) was recognised to write down the carrying amounts of the property, plant and equipment and right-of-use assets to their aggregate recoverable amounts of HK\$5,541,244,000 (2023: HK\$6,486,849,000) as at 31 December 2024.

On 23 September 2024, the Group entered into an agreement with an independent third party for disposal of certain land and buildings (the "2024 Agreement") of the Group in Taizhou, the PRC. The recoverable amounts of these leasehold land and buildings of the Group have been determined at the lower of their fair value less cost of disposal based on the amounts of considerations in the 2024 Agreement and their carrying values, and an impairment loss of HK\$11,596,000 was recognised as "Other expenses" in the consolidated statement of profit or loss for the year ended 31 December 2024. The net carrying values of right-of-use assets and property, plant and equipment of HK\$16,563,000 (note 14) and HK\$36,820,000 (note 13), respectively, were transferred to non-current assets held for sale during the year.

During the year ended 31 December 2023, on 22 November 2023, the Group entered into three agreements with Wujiang Economic and Technological Development Zone Management Committee (吳江經濟技術開發區管理委員會) and Huaying Shixun (Wujiang) Co., Ltd (華映視訊(吳江)有限公司) (the "2023 Agreements") for disposal of certain land and property in relation to land resumption demanded by the local government authority in Suzhou (the "Disposal for Land Resumption"). The recoverable amounts of these leasehold lands and buildings of the Group have been determined as the lower of their fair value less cost of disposal based on the aggregate amount of considerations in the 2023 Agreements and their carrying values. These leasehold lands and buildings of the Group in Suzhou with carrying values of HK\$15,445,000 (note 14) and HK\$76,015,000 (note 13), respectively, were transferred from right-of-use assets and property, plant and equipment to non-current assets held for sale. The Disposal for Land Resumption constitutes a major transaction of the Company. Further details of the Disposal for Land Resumption were disclosed in the circular of the Company dated 30 January 2024. The Disposal for Land Resumption was approved by shareholders of the Company at the extraordinary general meeting of the Company held on 13 March 2024.

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 14. LEASES

### The Group as a lessee

The Group has lease contracts for certain of its properties, machinery, motor vehicles and office equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years. Leases of properties generally have lease terms between 3 months and 60 months (2023: between 2 months and 60 months), while motor vehicles generally have lease terms of 3 years. Machinery and office equipment generally have lease terms of 12 months or less and/or are individually of low value, and therefore these lease payments are recognised as expenses on a straight-line basis over the lease term.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land HK\$'000	Properties HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
As at 1 January 2023	869,220	18,049	152	887,421
Additions	8,785	–	–	8,785
Transfer to non-current assets held for sale (note 22)	(15,445)	–	–	(15,445)
Early termination	–	(12,611)	–	(12,611)
Lease modification	(20,875)	–	–	(20,875)
Depreciation charge (note 7)	(19,622)	(2,107)	(96)	(21,825)
Exchange realignment	(17,924)	(280)	1	(18,203)
As at 31 December 2023 and 1 January 2024	<b>804,139</b>	<b>3,051</b>	<b>57</b>	<b>807,247</b>
Transfer to non-current assets held for sale (note 22)	<b>(16,563)</b>	–	–	<b>(16,563)</b>
Disposal	<b>(17,922)</b>	–	–	<b>(17,922)</b>
Early termination	–	<b>(195)</b>	–	<b>(195)</b>
Depreciation charge (note 7)	<b>(18,476)</b>	<b>(1,461)</b>	<b>(55)</b>	<b>(19,992)</b>
Exchange realignment	<b>(30,727)</b>	<b>(2)</b>	<b>(2)</b>	<b>(30,731)</b>
As at 31 December 2024	<b>720,451</b>	<b>1,393</b>	–	<b>721,844</b>



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 14. LEASES (continued)

### The Group as a lessee (continued)

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	142,365	266,277
New leases	–	8,008
Accretion of interest recognised during the year	271	433
Early termination	(214)	(13,127)
Lease modification	–	(28,250)
Payments	(129,948)	(88,656)
Exchange realignment	(3,838)	(2,320)
At 31 December	8,636	142,365
Analysed into:		
Current portion	1,064	133,100
Non-current portion	7,572	9,265

Analysed into:

	2024 HK\$'000	2023 HK\$'000
Lease liabilities repayable:		
Within one year	1,064	133,100
In the second year	84	1,206
In the third to fifth years, inclusive	267	277
Beyond five years	7,221	7,782
	8,636	142,365

The maturity analysis of lease liabilities is disclosed in note 38 to the financial statements.

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 14. LEASES (continued)

### The Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	271	433
Depreciation charge of right-of-use assets	19,992	21,825
Expense relating to short-term leases (included in administrative expenses)	1,013	1,970
Expense relating to leases of low-value assets (included in administrative expenses)	46	50
Gain on modification of a lease	–	(7,375)
Gain on early termination of a lease	19	(516)
<b>Total amount recognised in profit or loss</b>	<b>21,341</b>	<b>16,387</b>

(d) The total cash outflow for leases is disclosed in note 32(c) to the financial statements.

### The Group as a lessor

The Group leases part of its factory and machinery under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK\$21,185,000 (2023: HK\$22,803,000), details of which are included in note 5 to the financial statements.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	19,685	22,526
After one year but within two years	17,945	18,007
After two years but within three years	17,919	18,524
After three years but within four years	18,235	18,497
After four years but within five years	18,867	18,824
After five years	31,533	51,940
<b>Total</b>	<b>124,184</b>	<b>148,318</b>



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 15. DEFERRED TAX

### Deferred tax assets

	Government subsidies HK\$'000	Lease liabilities HK\$'000	Impairment of property, plant and equipment HK\$'000	Total HK\$'000
Gross deferred tax assets at 1 January 2023	7,409	3,307	3,494	14,210
Deferred tax charged to the statement of profit or loss during the year (note 10)	(141)	(3,240)	(3,423)	(6,804)
Exchange realignment	(166)	(67)	(71)	(304)
Gross deferred tax assets at 31 December 2023 and 1 January 2024	<b>7,102</b>	–	–	<b>7,102</b>
Deferred tax charged to the statement of profit or loss during the year (note 10)	<b>(138)</b>	–	–	<b>(138)</b>
Exchange realignment	<b>(189)</b>	–	–	<b>(189)</b>
Gross deferred tax assets at 31 December 2024	<b>6,775</b>	–	–	<b>6,775</b>

The Group had tax losses arising in Mainland China of approximately HK\$1,414,965,000 as at 31 December 2024 (2023: HK\$1,191,178,000) that will expire in one to five years for offsetting against future taxable profits of the subsidiaries in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 15. DEFERRED TAX (continued)

### Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Fair value adjustments arising from revaluation of an equity investment designated at fair value through other comprehensive income HK\$'000	Withholding tax HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
Gross deferred tax liabilities at 1 January 2023	450	–	69,790	3,332	73,572
Deferred tax credited to the statement of profit or loss during the year (note 10)	–	–	–	(3,293)	(3,293)
Deferred tax charged to equity during the year	–	1,437	–	–	1,437
Exchange realignment	(29)	–	–	(39)	(68)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	<b>421</b>	<b>1,437</b>	<b>69,790</b>	<b>–</b>	<b>71,648</b>
Deferred tax credited to the statement of profit or loss during the year (note 10)	–	–	(10,000)	–	(10,000)
Deferred tax credited to equity during the year	–	(1,432)	–	–	(1,432)
Exchange realignment	–	(60)	–	–	(60)
Gross deferred tax liabilities at 31 December 2024	<b>421</b>	<b>(55)</b>	<b>59,790</b>	<b>–</b>	<b>60,156</b>

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK\$1,839,430,000 (2023: HK\$2,073,966,000) as at 31 December 2024. In the opinion of the directors, the Company is able to control the timing of the reversal of the temporary difference and, accordingly, the Group has taken into consideration, among others, the probability the temporary difference being reversed in the foreseeable future, and recognised for withholding taxes that would be payable in the foreseeable future on distribution of unremitted earnings by the Company's subsidiaries established in Mainland China in respect of earnings generated.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 16. INVESTMENT IN AN ASSOCIATE

During the year ended 31 December 2023, the amount of capital injection to Leading Profit Holdings Limited ("Leading Profit"), the then 49%-held associate of the Group, was refunded to the Group upon the deregistration of Leading Profit, resulting in a gain of HK\$632,000 recognised in the consolidated statement of profit or loss in that year.

The following table illustrates the financial information of the Group's associate that is not individually material:

	2024 HK\$'000	2023 HK\$'000
Share of the associate's loss for the year	–	(47)

## 17. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Production materials	96,185	128,281
Work in progress	287,078	541,370
Finished goods	513,841	739,003
Moulds and consumable tools	151,234	129,971
	<b>1,048,338</b>	1,538,625

## 18. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	2,120,561	2,490,039
Impairment	(2,583)	(3,592)
	<b>2,117,978</b>	2,486,447

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 18. TRADE RECEIVABLES *(continued)*

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

	2024 HK\$'000	2023 HK\$'000
Within 3 months	<b>1,315,604</b>	1,440,992
4 to 6 months	<b>764,878</b>	1,019,371
7 to 12 months	<b>37,496</b>	26,084
	<b>2,117,978</b>	2,486,447

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
At beginning of year	<b>3,592</b>	5,166
Reversal of impairment (note 7)	<b>(1,009)</b>	(1,574)
At end of year	<b>2,583</b>	3,592

As at 31 December 2024, the decrease in loss allowance was due to the decrease in trade receivables which were past due for 7 to 12 months.

As at 31 December 2023, the decrease in loss allowance was due to the decrease in trade receivables which were past due for 4 to 6 months and 7 to 12 months.

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 18. TRADE RECEIVABLES *(continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

**As at 31 December 2024**

	Past due				
	Current	1 to 3 months	4 to 6 months	7 to 12 months	Total
Expected credit loss rate	0.06%	0.06%	4.66%	0.00%	0.12%
Gross carrying amount (HK\$'000)	1,756,865	333,248	28,510	1,938	2,120,561
ECLs (HK\$'000)	1,054	200	1,329	–	2,583

**As at 31 December 2023**

	Past due				
	Current	1 to 3 months	4 to 6 months	7 to 12 months	Total
Expected credit loss rate	0.04%	0.01%	5.33%	35.73%	0.14%
Gross carrying amount (HK\$'000)	2,169,308	304,038	10,760	5,933	2,490,039
ECLs (HK\$'000)	868	30	574	2,120	3,592

## 19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Prepayments	101,043	50,282
Deposits and other receivables	109,085	127,811
	210,128	178,093

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. The ECLs are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. As at 31 December 2024 and 31 December 2023, the ECLs were assessed to be minimal.

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 20. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 HK\$'000	2023 HK\$'000
<b>Equity investment designated at fair value through other comprehensive income</b>		
Overseas listed equity investment, at fair value		
Paragon Technologies Co., Ltd.	<b>16,767</b>	25,236

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

During the year ended 31 December 2024, the gross loss in respect of the Group's equity investment designated at fair value through other comprehensive income recognised in other comprehensive income amounted to HK\$8,360,000 (2023: Profit of HK\$11,824,000).

During the year ended 31 December 2023, the Group received a dividend in the amounts of HK\$334,000 from Paragon Technologies Co., Ltd.

In the opinion of the directors, the equity investment designated at fair value through other comprehensive income is not expected to be realised within 12 months after the end of the reporting period. Accordingly, the investment is classified as a non-current asset in the consolidated statement of financial position.

The market value of the Group's listed equity investment at the date of approval of these financial statements was approximately HK\$12,921,000.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 21. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED BANK BALANCES

	2024 HK\$'000	2023 HK\$'000
Cash and bank balances, including time deposits with original maturity less than 3 months	1,135,433	1,333,728
Less: Pledged and restricted bank balances	(107,029)	(111,876)
Cash and cash equivalents	1,028,404	1,221,852

Renminbi ("RMB") is not a freely convertible currency in Mainland China and the remittance of funds out of Mainland China is subject to the exchange restriction imposed by the PRC government. Companies incorporated in the ROC are subject to certain controls in the remittance of funds out of the ROC up to a certain limit for each calendar year. Vietnamese Dong is not a freely convertible currency in Vietnam under the Law on Foreign Investment in Vietnam. A company incorporated in Thailand is subject to certain controls in the remittance of funds out of Thailand, up to a certain limit for each calendar day. At the end of the reporting period, the aggregate cash and cash equivalents which were subject to exchange and/or remittance restrictions in Mainland China, Thailand, Vietnam and the ROC amounted to approximately HK\$383,739,000 (2023: HK\$495,596,000).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

## 22. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2024, certain leasehold land and buildings with aggregate carrying values of HK\$16,563,000 (note 14) and HK\$36,820,000 (note 13), respectively, were transferred from right-of-use assets and property, plant and equipment to non-current assets held for sale. As at 31 December 2024, the sale of the Group's non-current assets classified as held for sale was covered by sales and purchase agreements, and in the opinion of the directors, the sale is highly probable to be completed within 12 months from the end of the reporting period.

During the year ended 31 December 2023, pursuant to the Disposal for Land Resumption (note 13), certain leasehold lands and buildings with aggregate carrying values of HK\$15,445,000 (note 14) and HK\$76,015,000 (note 13), respectively, were transferred from right-of-use assets and property, plant and equipment to non-current assets held for sale. As at 31 December 2023, in the opinion of the directors, the Disposal for Land Resumption was expected to be completed within 12 months after the end of the reporting period. During the year ended 31 December 2024, leasehold land and buildings with aggregate carrying values of HK\$41,877,000 were disposed of and resulted in a gain on disposal of HK\$39,203,000 (note 7).

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 23. 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 reporting period, based on the invoice date and issuance date, respectively, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 3 months	526,832	567,760
4 to 6 months	274,330	292,661
7 to 12 months	15,297	18,814
Over 1 year	7,952	11,562
	<b>824,411</b>	<b>890,797</b>

## 24. OTHER PAYABLES AND ACCRUALS

	2024 HK\$'000	2023 HK\$'000
Deferred income (note 27)	785	807
Contract liabilities <sup>#</sup>	16,020	31,646
Other payables <sup>##</sup>	499,390	543,832
Compensation income received in advance	83,976	—
Accruals	448,288	500,902
	<b>1,048,459</b>	<b>1,077,187</b>

<sup>#</sup> Contract liabilities represent receipts in advance from customers for the sale of goods.

The contract liabilities as at 1 January 2023 amounted to HK\$53,851,000. The decrease in contract liabilities in 2024 and 2023 was mainly due to a decrease in advances received from customers in relation to the sale of goods at the end of the year.

<sup>##</sup> Other payables are non-interest-bearing.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 25. DERIVATIVE FINANCIAL INSTRUMENTS

	2024		2023	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Forward currency contracts	–	2,442	–	–

The Group has entered into various forward currency contracts to reduce its exposure to foreign currency exchange rate fluctuations. These forward currency contracts are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of non-hedging currency derivatives, net, amounting to HK\$2,450,000 (2023: HK\$15,855,000) were debited to the statement of profit or loss during the year ended 31 December 2024.

## 26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Note	2024			2023		
		Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
<b>Current</b>							
Syndicated bank loans	(c)	6.2	On demand	1,020,026	6.83	2024	412,421
Other bank loans and other borrowing		2.05-7.84	2025	1,612,874	1.93-8.42	2024	2,126,718
				2,632,900			2,539,139
<b>Non-current</b>							
Syndicated bank loan		–	–	–	6.83	2025	549,894
Other bank loans and other borrowing		2.05-5.25	2026-2027	7,488	1.93-2.8	2025-2027	47,581
				7,488			597,475
				2,640,388			3,136,614

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 26. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

	Note	2024 HK\$'000	2023 HK\$'000
Repayable:			
On demand	(c)	<b>1,020,026</b>	–
Within one year		<b>1,612,874</b>	2,539,139
In the second year		<b>6,834</b>	589,793
In the third to fifth years, inclusive		<b>654</b>	7,682
		<b>2,640,388</b>	3,136,614

Notes:

- (a) Certain of the Group's bank loans were secured by:
- (i) the pledge of certain of the Group's land and buildings situated in the ROC, which had a net carrying value at the end of the reporting period of HK\$19,090,000 (2023: HK\$20,413,000); and
  - (ii) corporate guarantees executed by the Company to the extent of HK\$2,085,050,000 (2023: HK\$2,301,927,000) as at the end of the reporting period.
- (b) The Group's bank loans with carrying amounts of HK\$2,526,165,000 (2023: HK\$2,734,917,000), HK\$17,017,000 (2023: HK\$19,590,000) and HK\$97,206,000 (2023: HK\$382,107,000) are denominated in US\$, NT\$ and RMB, respectively.
- (c) The syndicated loan agreement with banks of HK\$1,020,026,000 with maturity date of August 2029 is subject to loan covenants, including current ratio, tangible net worth, leverage ratio and interest coverage ratio. As at 31 December 2024, the Group was technically in breach of the leverage ratio and the interest coverage ratio (the "Financial Ratios") as required in the syndicated loan agreement. As a result of the breach of these two loan covenants, the syndicated loan of HK\$1,020,026,000 was reclassified from non-current to current portion of interest-bearing bank and other borrowings as at 31 December 2024.

Based on the original maturity terms of the syndicated loan, the amounts repayable are as follows: HK\$102,002,000 repayable in the second year; and HK\$918,024,000 repayable in the third to fifth years, inclusive. Subsequent to the end of reporting period, the Group has successfully obtained written consent from the relevant banks, offering the Group a one-off waiver on these Financial Ratios.

Based on the original maturity terms as set out in the loan agreements, the Group's interest-bearing bank and other borrowings as at 31 December 2024 are repayable as follows:

	2024 HK\$'000	2023 HK\$'000
Repayable:		
Within one year	<b>1,612,874</b>	2,539,139
In the second year	<b>108,836</b>	589,793
In the third to fifth years, inclusive	<b>918,678</b>	7,682
	<b>2,640,388</b>	3,136,614



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## 27. DEFERRED INCOME

	Note	2024 HK\$'000	2023 HK\$'000
Deferred income related to the government subsidies for acquisition of assets	(i)	<b>39,813</b>	41,729
Current portion (note 24)		<b>(785)</b>	(807)
Non-current portion		<b>39,028</b>	40,922

Note:

- (i) Deferred income represented government subsidies relating to acquisition of assets received by certain of the Group's subsidiaries in Mainland China.

## 28. SHARE CAPITAL

### Shares

	2024 HK\$'000	2023 HK\$'000
Authorised: 2,000,000,000 shares of HK\$0.1 each	<b>200,000</b>	200,000
Issued and fully paid: 1,200,008,445 (2023: 1,200,008,445) shares of HK\$0.1 each	<b>120,001</b>	120,001

## 29. EQUITY COMPENSATION PLANS

### (a) Share option scheme

The Company operates a share option scheme ("Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, persons that provide research, development or other technological support to the Group, the Group's shareholders and the advisers or consultants of the Group and participants who have contributed or may contribute to the development and growth of the Group.

## 29. EQUITY COMPENSATION PLANS *(continued)*

### (a) Share option scheme *(continued)*

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue (excluding treasury shares) at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue (excluding treasury shares) at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue (excluding treasury shares) at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which period may commence from the date of the offer of the share options, and ends on a date which is not later than 10 years from the date of offer of the share options.

The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the daily quotation sheet on the Hong Kong Stock Exchange on the date of the offer of the share options; and (ii) the average of the closing prices of the Company's shares as quoted on the Hong Kong Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the year, no share options were granted or cancelled by the Company under the Scheme.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 29. EQUITY COMPENSATION PLANS *(continued)*

### (a) Share option scheme *(continued)*

The following share options were outstanding under the Scheme during the year:

	2024		2023	
	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	28,338,000	1.48	31,976,000
Forfeited	1.48	(1,280,000)	1.48	(3,638,000)
Lapsed	1.48	(27,058,000)	–	–
At 31 December		–	1.48	28,338,000

The exercise prices and exercise periods of the share options outstanding as at 31 December 2023 are as follows:

2023

Number of options	Exercise price* HK\$ per share	Exercise period
164,400	1.48	7-11-2018 to 31-8-2024
514,400	1.48	7-11-2019 to 31-8-2024
515,600	1.48	7-11-2020 to 31-8-2024
13,572,800	1.48	7-11-2021 to 31-8-2024
13,570,800	1.48	7-11-2022 to 31-8-2024
28,338,000		

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

During the year ended 31 December 2024, share option expenses of HK\$48,813,000 (2023: HK\$6,109,000) previously recognised in employee share-based compensation reserve was transferred to retained profits upon the forfeiture/lapse of share options (2023: forfeiture of share options).

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 29. EQUITY COMPENSATION PLANS *(continued)*

### (b) Share award plan

The board of directors 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 of directors.

As at 31 December 2024, a total of 354,345,774 (2023: 354,345,774) shares were held by the Bank of Communications Trustee Limited, the trustee under the Share Award Plan.

## 30. RESERVES

The amounts of the Group's reserves and the movements therein for the prior and current years are presented in the consolidated statement of changes in equity on pages 57 and 58 of the financial statements.

## 31. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Company's subsidiaries that have material non-controlling interests are set out below:

	2024	2023
Percentage of equity interest held by non-controlling interests:		
Wah Yuen and its subsidiaries ("Wah Yuen Group")	<b>40.72%</b>	40.72%
Mindforce and its subsidiaries ("Mindforce Group")	<b>29%</b>	29%
	2024 HK\$'000	2023 HK\$'000
Loss for the year allocated to non-controlling interests:		
Wah Yuen Group	<b>(175,107)</b>	(80,379)
Mindforce Group	<b>(11,374)</b>	(20,675)
Accumulated balances of non-controlling interests at the reporting date:		
Wah Yuen Group	<b>962,574</b>	1,161,189
Mindforce Group	<b>23,014</b>	35,213



# NOTES TO FINANCIAL STATEMENTS

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## 31. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

(continued)

The following tables illustrate the summarised financial information of the above partly-owned subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Wah Yuen Group HK\$'000	Mindforce Group HK\$'000
2024		
Revenue	1,969,014	489,615
Total expenses	(2,399,040)	(528,836)
Loss for the year	(430,026)	(39,221)
Total comprehensive expenses for the year	(1,012,498)	(101,704)
Current assets	2,055,306	326,558
Non-current assets	2,187,450	441,896
Current liabilities	(1,860,257)	(534,131)
Non-current liabilities	(28,826)	(155,280)
Net cash flows from operating activities	617,320	74,637
Net cash flows from/(used in) investing activities	(405,679)	63,886
Net cash flows used in financing activities	(10,781)	(112,098)
Net increase in cash and cash equivalents	200,860	26,425
2023		
Revenue	2,352,848	567,448
Total expenses	(2,550,243)	(638,742)
Loss for the year	(197,395)	(71,294)
Total comprehensive expenses for the year	(684,234)	(125,559)
Current assets	2,392,350	353,713
Non-current assets	2,197,370	557,928
Current liabilities	(1,701,532)	(633,784)
Non-current liabilities	(46,756)	(156,355)
Net cash flows from operating activities	421,961	141,291
Net cash flows used in investing activities	(368,219)	(12,518)
Net cash flows used in financing activities	(34,135)	(156,747)
Net increase/(decrease) in cash and cash equivalents	19,607	(27,974)

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

- (i) During the year ended 31 December 2023, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$8,785,000 and HK\$8,008,000, respectively, in respect of lease arrangements for its leasehold land. For the non-cash additions to right-of-use assets of HK\$8,785,000, of which HK\$777,000 was transferred from prepayment during that year.
- (ii) During the year ended 31 December 2023, the proceeds from disposal of non-current assets classified as held for sale of HK\$4,309,000 were not yet received and included in prepayments, deposits and other receivables as at 31 December 2023.

### (b) Changes in liabilities arising from financing activities

#### 2024

	Lease liabilities HK\$'000	Interest-bearing bank and other borrowings HK\$'000
At 1 January 2024	142,365	3,136,614
Changes from financing cash flows	(129,677)	(454,854)
Early termination	(214)	–
Accretion of interest recognised during the year	271	–
Interest paid classified as operating cash flows	(271)	–
Foreign exchange movement	(3,838)	(41,372)
At 31 December 2024	8,636	2,640,388

#### 2023

	Lease liabilities HK\$'000	Interest-bearing bank and other borrowings HK\$'000
At 1 January 2023	266,277	4,043,128
Changes from financing cash flows	(88,223)	(831,207)
New leases	8,008	–
Early termination	(13,127)	–
Lease modification	(28,250)	–
Accretion of interest recognised during the year	433	–
Interest paid classified as operating cash flows	(433)	–
Foreign exchange movement	(2,320)	(75,307)
At 31 December 2023	142,365	3,136,614



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

### (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 HK\$'000	2023 HK\$'000
Within operating activities	1,330	2,453
Within financing activities	129,677	88,223
	131,007	90,676

## 33. CONTINGENT LIABILITIES

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

## 34. COMMITMENTS

The Group had the following contractual commitments as at the end of the reporting period:

	2024 HK\$'000	2023 HK\$'000
Buildings	151,033	44,625
Machinery and office equipment	111,759	208,554
Total contractual commitments	262,792	253,179

## 35. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	2024 HK\$'000	2023 HK\$'000
Lease payments paid to:			
Ms. Cheng Shao-Wen	(i)	138	142
Mr. Cheng Yung-Kang	(ii)	57	59
禾澁股份有限公司 (“禾澁”)	(iii)	292	301
Ms. Lin Mei Li	(iv)	60	62

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 35. RELATED PARTY TRANSACTIONS *(continued)*

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year: (continued)

Notes:

- (i) 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. During the year ended 31 December 2024, the Group only entered into a short-term lease agreement with Ms. Cheng Shao-Wen.
- (ii) 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. During the year ended 31 December 2024, the Group only entered into a short-term lease agreement with Ms. Cheng Yung Kang.
- (iii) Ms. Cheng Shao-Wen and Mr. Cheng Yung-Kang are the directors of 禾澁. Ms. Lin Mei-Li, the spouse of Mr. Cheng Li-Yu, a director of the Company, Ms. Cheng Shao-Wen and Mr. Cheng Yung-Kang are the shareholders of 禾澁. The rentals were determined at rates mutually agreed between the relevant parties. During the year ended 31 December 2024, the Group only entered into a short-term lease agreement with 禾澁.
- (iv) 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. During the year ended 31 December 2024, the Group only entered into a short-term lease agreement with Ms. Lin Mei-Li.

The above related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

- (b) Compensation of key management personnel of the Group (excluding directors' remuneration):

	2024 HK\$'000	2023 HK\$'000
Short term employee benefits	8,484	7,500

Further details of directors' emoluments are included in note 8 to the financial statements.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**2024**

### Financial assets

	Financial assets at amortised cost HK\$'000	Equity investment designated at fair value through other comprehensive income HK\$'000	Total HK\$'000
Equity investment designated at fair value through other comprehensive income	–	16,767	16,767
Trade receivables	2,117,978	–	2,117,978
Financial assets included in prepayments, deposits and other receivables	72,051	–	72,051
Pledged and restricted bank balances	107,029	–	107,029
Cash and cash equivalents	1,028,404	–	1,028,404
	<b>3,325,462</b>	<b>16,767</b>	<b>3,342,229</b>

### Financial liabilities

	Financial liability at fair value through profit or loss – held for trading HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Trade and bills payables	–	824,411	824,411
Financial liabilities included in other payables and accruals	–	537,894	537,894
Interest-bearing bank and other borrowings	–	2,640,388	2,640,388
Derivatives financial instruments	2,442	–	2,442
Lease liabilities	–	8,636	8,636
	<b>2,442</b>	<b>4,011,329</b>	<b>4,013,771</b>

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 36. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2023

### Financial assets

	Financial assets at amortised cost HK\$'000	Equity investment designated at fair value through other comprehensive income HK\$'000	Total HK\$'000
Equity investment designated at fair value through other comprehensive income	–	25,236	25,236
Trade receivables	2,486,447	–	2,486,447
Financial assets included in prepayments, deposits and other receivables	79,848	–	79,848
Pledged and restricted bank balances	111,876	–	111,876
Cash and cash equivalents	1,221,852	–	1,221,852
	3,900,023	25,236	3,925,259

### Financial liabilities

	Financial liability at fair value through profit or loss – held for trading HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Trade and bills payables	–	890,797	890,797
Financial liabilities included in other payables and accruals	–	573,940	573,940
Interest-bearing bank and other borrowings	–	3,136,614	3,136,614
Lease liabilities	–	142,365	142,365
	–	4,743,716	4,743,716



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
<b>Financial assets</b>				
Equity investment designated at fair value through other comprehensive income:				
Overseas listed equity investment, at fair value	16,767	25,236	16,767	25,236
<b>Financial liability</b>				
Derivative financial instruments	2,442	–	2,442	–

Management has assessed that the fair values of trade receivables, financial assets included in prepayments, deposits and other receivables, pledged and restricted bank balances, cash and cash equivalents, trade and bills payables, financial liabilities included in other payables and accruals and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2024 and 31 December 2023 were assessed to be insignificant.

The fair value of the listed equity investment was based on a quoted market price.

# NOTES TO FINANCIAL STATEMENTS

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## 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The Group enters into derivative financial instruments with various counterparties, principally with creditworthy banks with no recent history of default. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values. As at 31 December 2024, the mark-to-market value of the derivative position is net of a credit valuation adjustment attributable to derivative counterparty default risk.

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### *Assets measured at fair value*

**As at 31 December 2024**

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	HK\$'000	HK\$'000	HK\$'000	
Equity investment designated at fair value through other comprehensive income:				
Overseas listed equity investment	16,767	–	–	16,767

**As at 31 December 2023**

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	HK\$'000	HK\$'000	HK\$'000	
Equity investment designated at fair value through other comprehensive income:				
Overseas listed equity investment	25,236	–	–	25,236



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

### Fair value hierarchy *(continued)*

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (continued)

### Liability measured at fair value

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	HK\$'000	HK\$'000	HK\$'000	
Derivative financial instruments	–	2,442	–	2,442

The Group did not have any financial liabilities measured at fair value as at 31 December 2023.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank and other borrowings, pledged and restricted bank balances, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, other receivables, trade and bills payables and other payables and accruals, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk.

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations denominated in US\$ with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rate of the United States dollar, with all other variables held constant, of the Group's loss before tax.

	Increase/ (decrease) in basis points	Decrease/ (increase) in loss before tax HK\$'000
2024		
United States dollar	50	(12,655)
United States dollar	(50)	12,655
2023		
United States dollar	50	(13,675)
United States dollar	(50)	13,675

### Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The Group's exposure to market risk from changes in foreign currency exchange rates relates primarily to certain trade receivables, trade and bills payables, certain cash and cash equivalents, and interest-bearing bank and other borrowings denominated in currencies other than the functional currencies of the Group's operating subsidiaries. The Group uses derivative financial instruments to reduce its foreign currency risk, but the transactions do not qualify for hedge accounting.

Since most of the Group's revenue is denominated in US\$ and most of the Group's expenses are denominated in RMB, the appreciation of RMB has negative effects on the Group's profitability.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Renminbi exchange rate, with all other variables held constant, of the Group's loss before tax (arising from Renminbi-denominated financial instruments).



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Foreign currency risk *(continued)*

	Increase/ (decrease) in exchange rate %	Decrease/ (increase) in loss before tax HK\$'000
2024		
If US\$ strengthens against RMB	4.45	92,765
If US\$ weakens against RMB	(4.45)	(92,765)
2023		
If US\$ strengthens against RMB	7.85	192,378
If US\$ weakens against RMB	(7.85)	(192,378)

### Credit risk

The carrying amount of trade receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's trade receivables. The Group performs ongoing credit evaluations of its customers' financial conditions and requires no collateral from its customers.

The Group has a significant concentration of credit risk in relation to trade receivables as the trade receivables due from the largest customer and the five largest customers accounted for 19% (2023: 24%) and 78% (2023: 82%), respectively, of the Group's trade receivables at the end of the reporting period. The loss allowance for impairment of trade receivables was based upon a review of the expected collectability of all trade receivables.

### Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Credit risk *(continued)*

#### Maximum exposure and year-end staging *(continued)*

As at 31 December 2024

	12-month ECLs	Lifetime ECLs Simplified approach	Total
	Stage 1 HK\$'000	HK\$'000	HK\$'000
Trade receivables*	–	2,120,561	2,120,561
Financial assets included in prepayments, deposits and other receivables			
– Normal**	72,051	–	72,051
Pledged and restricted bank balances			
– Not yet past due	107,029	–	107,029
Cash and cash equivalents			
– Not yet past due	1,028,404	–	1,028,404
	1,207,484	2,120,561	3,328,045

As at 31 December 2023

	12-month ECLs	Lifetime ECLs Simplified approach	Total
	Stage 1 HK\$'000	HK\$'000	HK\$'000
Trade receivables*	–	2,490,039	2,490,039
Financial assets included in prepayments, deposits and other receivables			
– Normal**	79,848	–	79,848
Pledged and restricted bank balances			
– Not yet past due	111,876	–	111,876
Cash and cash equivalents			
– Not yet past due	1,221,852	–	1,221,852
	1,413,576	2,490,039	3,903,615

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the financial statements.

\*\* The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Credit risk *(continued)*

#### Maximum exposure and year-end staging *(continued)*

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 18 to the financial statements.

### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and lease liabilities. In addition, banking facilities have been put in place for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	2024			
	On demand or within 1 year HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Trade and bills payables	824,411	–	–	824,411
Lease liabilities	1,289	1,187	12,187	14,663
Financial liabilities included in other payables and accruals	537,894	–	–	537,894
Derivative financial instruments	2,442	–	–	2,442
Interest-bearing bank and other borrowings*	1,691,126	1,182,106	–	2,873,232
	3,057,162	1,183,293	12,187	4,252,642

\* Included in interest-bearing bank and other borrowings are undiscounted syndicated loans of HK\$1,024,828,000, which were not in compliance with certain loan covenants as at 31 December 2024 and a one-off waiver was obtained from the relevant banks subsequent to the end of the reporting period, and therefore, for the purpose of the above maturity profile, the amounts are presented in accordance with original maturity dates as set out in the loan agreements.

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows: (continued)

	2023			
	On demand or within 1 year HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Trade and bills payables	890,797	–	–	890,797
Lease liabilities	134,839	2,382	13,288	150,509
Financial liabilities included in other payables and accruals	573,940	–	–	573,940
Interest-bearing bank and other borrowings	2,620,898	625,261	–	3,246,159
	4,220,474	627,643	13,288	4,861,405

### Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from an individual equity investment classified as an equity investment designated at fair value through other comprehensive income (note 20) as at 31 December 2024. The Group's listed investment is listed on the Taiwan Stock Exchange (the "TSEC") and valued at the quoted market price at the end of the reporting period.

The market equity index for the following stock exchange, at the close of business of the nearest trading day in the year to the end of the reporting periods, and its respective highest and lowest points during the year were as follows:

	31 December 2024	High/low 2024	31 December 2023	High/low 2023
ROC – TSEC Weighted Index	23,190	24,417/17,152	17,931	17,946/14,002



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Equity price risk *(continued)*

The following table demonstrates the sensitivity to a reasonably possible change in the fair value of the equity investment, with all other variables held constant and before any impact on deferred tax, based on its carrying amount at the end of the reporting period. For the purpose of this analysis, for the equity investment designated at fair value through other comprehensive income, the impact is deemed to be on the fair value reserve.

	Carrying amount of equity investment HK\$'000	Increase/ (decrease) in equity price %	Increase/ (decrease) in equity* HK\$'000
2024			
Investment listed in:			
ROC – Equity investment at fair value through other comprehensive income	<b>16,767</b> <b>16,767</b>	<b>36.50</b> <b>(36.50)</b>	<b>6,120</b> <b>(6,120)</b>
2023			
Investment listed in:			
ROC – Equity investment at fair value through other comprehensive income	25,236 25,236	48.85 (48.85)	12,328 (12,328)

\* Excluding retained profits

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

The Group monitors capital using a gearing ratio, which is calculated as the total bank and other borrowings divided by the total assets. The gearing ratios as at the end of the reporting periods were as follows:

	31 December 2024 HK\$'000	31 December 2023 HK\$'000
Total bank and other borrowings	<b>2,640,388</b>	3,136,614
Total non-current assets	<b>5,729,626</b>	6,527,161
Total current assets	<b>4,612,833</b>	5,628,353
Total assets	<b>10,342,459</b>	12,155,514
Gearing ratio	<b>26%</b>	26%



# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	1,032,130	1,080,944
CURRENT ASSETS		
Due from subsidiaries	5,016,271	5,017,005
Prepayments, deposits and other receivables	481	252
Restricted bank balances	87,645	87,093
Cash and cash equivalents	3,393	5,763
Total current assets	5,107,790	5,110,113
CURRENT LIABILITIES		
Due to a subsidiary	1,993,336	1,986,635
Other payables and accruals	5,747	5,669
Total current liabilities	1,999,083	1,992,304
NET CURRENT ASSETS	3,108,707	3,117,809
Net assets	4,140,837	4,198,753
EQUITY		
Issued capital	120,001	120,001
Reserves (note)	4,020,836	4,078,752
Total equity	4,140,837	4,198,753

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK\$'000	Shares held under share award plan HK\$'000	Employee share-based compensation reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2023	187,919	(717,483)	60,247	316,058	4,283,308	4,130,049
Total comprehensive expenses for the year	–	–	–	–	(9,014)	(9,014)
Dividend received under the share award plan	–	17,717	–	–	–	17,717
Transfer of employee share-based compensation reserve upon the forfeiture of share options	–	–	(6,109)	–	6,109	–
2022 final dividend	–	–	–	–	(60,000)	(60,000)
At 31 December 2023 and 1 January 2024	<b>187,919</b>	<b>(699,766)</b>	<b>54,138</b>	<b>316,058</b>	<b>4,220,403</b>	<b>4,078,752</b>
Total comprehensive expenses for the year	–	–	–	–	(9,103)	(9,103)
Transfer of employee share-based compensation reserve upon the forfeiture/lapse of share options	–	–	(48,813)	–	–	(48,813)
As 31 December 2024	<b>187,919</b>	<b>(699,766)</b>	<b>5,325</b>	<b>316,058</b>	<b>4,211,300</b>	<b>4,020,836</b>

The employee share-based compensation reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy of share-based payments in note 2.4 to the financial statements. The amount will be (i) transferred to the share premium account when the related options are exercised; (ii) transferred to retained profits should the related options expire; or (iii) transferred to retained profits should the related options be forfeited.

## 40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2025.



## FIVE YEAR FINANCIAL SUMMARY

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below:

### RESULTS

	Year ended 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>REVENUE</b>	<b>6,026,320</b>	6,936,056	8,255,947	11,282,979	10,029,519
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>(727,561)</b>	(166,645)	238,507	200,195	285,522
Income tax expense	<b>(2,321)</b>	(162,176)	(180,404)	(142,646)	(128,503)
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>(729,882)</b>	(328,821)	58,103	57,549	157,019
Attributable to:					
Equity holders of the Company	<b>(529,890)</b>	(230,815)	172,149	162,396	130,506
Non-controlling interests	<b>(199,992)</b>	(98,006)	(114,046)	(104,847)	26,513
	<b>(729,882)</b>	(328,821)	58,103	57,549	157,019

### ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>TOTAL ASSETS</b>	<b>10,342,459</b>	12,155,514	14,189,930	17,248,679	16,456,187
<b>TOTAL LIABILITIES</b>	<b>(4,628,135)</b>	(5,398,722)	(6,746,643)	(8,700,978)	(8,238,404)
<b>NON-CONTROLLING INTERESTS</b>	<b>(1,077,128)</b>	(1,291,348)	(1,404,904)	(1,705,568)	(1,746,589)
	<b>4,637,196</b>	5,465,444	6,038,383	6,842,133	6,471,194