

2025
INTERIM REPORT



JU TENG INTERNATIONAL HOLDINGS LIMITED

巨騰國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 3336

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Cheng Li-Yu

(Chairman and Chief Executive Officer)

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

Mr. Huang Kuo-Kuang

Mr. Lin Feng-Chieh

(Retired on 28 May 2025)

Mr. Tsui Yung Kwok

(Chief Financial Officer)

Mr. Wang Ting Jin

(Appointed on 11 June 2025)

NON-EXECUTIVE DIRECTORS

Mr. Cheng Li-Yen

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cherng Chia-Jiun

(Retired on 28 May 2025)

Mr. Yip Wai Ming

Mr. Yuen Chi Ho

Dr. Chuang Shu-Hui

AUTHORISED REPRESENTATIVES

Mr. Cheng Li-Yu

Mr. Tsui Yung Kwok

COMPANY SECRETARY

Ms. Cheung Lai Yin

AUDIT COMMITTEE

Mr. Yuen Chi Ho *(Chairman)*

Mr. Cherng Chia-Jiun

(Retired on 28 May 2025)

Mr. Yip Wai Ming

Dr. Chuang Shu-Hui

REMUNERATION COMMITTEE

Mr. Yuen Chi Ho *(Chairman)*

Mr. Cherng Chia-Jiun

(Retired on 28 May 2025)

Mr. Cheng Li-Yu

Mr. Huang Kuo-Kuang

Mr. Yip Wai Ming

Dr. Chuang Shu-Hui

NOMINATION COMMITTEE

Mr. Cheng Li-Yu *(Chairman)*

Mr. Huang Kuo-Kuang

Mr. Cherng Chia-Jiun

(Retired on 28 May 2025)

Mr. Yip Wai Ming

Mr. Yuen Chi Ho

Dr. Chuang Shu-Hui

CORPORATE GOVERNANCE COMMITTEE

Mr. Yip Wai Ming *(Chairman)*

Mr. Cheng Li-Yu

Mr. Huang Kuo-Kuang

Mr. Cherng Chia-Jiun

(Retired on 28 May 2025)

Mr. Yuen Chi Ho

Dr. Chuang Shu-Hui

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

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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

No. 666 Yin Jia Road
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Wujiang District, Suzhou City
Jiangsu Province
The PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
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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
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16 Harcourt Road
Hong Kong

WEBSITE

www.irasia.com/listco/hk/juteng

STOCK CODE

3336.HK and 9136.TT

FINANCIAL HIGHLIGHTS

		For the six months ended 30 June		
	Notes	2025 (Unaudited)	2024 (Unaudited)	Changes
Operating Results:				
Revenue (HK\$ million)		2,715	2,999	-9.5%
Loss attributable to equity holders of the Company (HK\$ million)		(79)	(69)	+14.5%
Loss per share				
Basic (HK cents)		(9.4)	(8.1)	+16.0%
Diluted (HK cents)		(9.4)	(8.1)	+16.0%
Profitability Ratio:				
Gross profit margin		2.7%	6.6%	-3.9%
Operating loss margin	1	-8.2%	-4.9%	-3.3%
Net loss margin	2	-2.9%	-2.3%	-0.6%
EBITDA (HK\$ million)		279	356	-21.6%
Return on equity	3	-3.4%	-2.6%	-0.8%
Liquidity and Capital Ratio:				
Inventory turnover days	4	78	88	-11.4%
Trade receivables turnover days	5	145	134	+8.2%
Trade and bills payables turnover days	6	65	50	+30.0%
Interest coverage	7	-62.4%	2.7%	-65.1%
Net debt to equity	8	28.4%	26.1%	+2.3%
Net cash flows from operating activities (HK\$ million)		149	480	-69.0%

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, and is calculated on an annualized basis.
- (4) Inventory turnover days is equal to the closing balance of inventories divided by cost of sales and multiplied by the number of days in the period.
- (5) Trade receivables turnover days is equal to the closing balance of trade receivables divided by revenue and multiplied by the number of days in the period.
- (6) Trade and bills payables turnover days is equal to the closing balance of trade and bills payables divided by cost of sales and multiplied by the number of days in the period.
- (7) Interest coverage ratio equals 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 board (the “Board”) of directors (the “Directors”) of Ju Teng International Holdings Limited (the “Company” or “Ju Teng”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2025 (the “Period”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		For the six months ended 30 June	
	Notes	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
REVENUE	3	2,714,737	2,999,320
Cost of sales		(2,642,056)	(2,799,904)
Gross profit		72,681	199,416
Other income and gains	3	208,969	155,826
Selling and distribution expenses		(73,207)	(72,109)
Administrative expenses		(223,343)	(275,059)
Other expenses		(35,177)	(5,438)
Finance costs	4	(80,235)	(97,195)
LOSS BEFORE TAX	5	(130,312)	(94,559)
Income tax expense	6	(2,813)	(7,304)
LOSS FOR THE PERIOD		(133,125)	(101,863)
Attributable to:			
Equity holders of the Company		(79,072)	(68,699)
Non-controlling interests		(54,053)	(33,164)
		(133,125)	(101,863)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
– Basic (HK cents)		(9.4)	(8.1)
– Diluted (HK cents)		(9.4)	(8.1)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
LOSS FOR THE PERIOD	(133,125)	(101,863)
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive income/(expenses) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	226,971	(201,806)
Release of exchange fluctuation reserve upon deregistration of a subsidiary	8,298	—
	235,269	(201,806)
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	(5,623)	(5,257)
Income tax effect	—	1,051
	(5,623)	(4,206)
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD, NET OF TAX	229,646	(206,012)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD	96,521	(307,875)
Attributable to:		
Equity holders of the Company	148,261	(274,841)
Non-controlling interests	(51,740)	(33,034)
	96,521	(307,875)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	4,798,862	4,819,400
Right-of-use assets		698,078	721,844
Deferred tax assets		6,900	6,775
Prepayments for acquisition of property, plant and equipment		293,904	164,840
Equity investment designated at fair value through other comprehensive income		11,292	16,767
Total non-current assets		5,809,036	5,729,626
CURRENT ASSETS			
Inventories		1,140,951	1,048,338
Trade receivables	10	2,175,274	2,117,978
Prepayments, deposits and other receivables		223,702	210,128
Pledged and restricted bank balances		100,655	107,029
Cash and cash equivalents		1,160,074	1,028,404
Non-current assets classified as held for sale		4,800,656 72,198	4,511,877 100,956
Total current assets		4,872,854	4,612,833
CURRENT LIABILITIES			
Trade and bills payables	11	951,272	824,411
Other payables and accruals		1,004,975	1,048,459
Lease liabilities		330	1,064
Tax payables		5,121	4,615
Derivative financial instruments		–	2,442
Interest-bearing bank and other borrowings	12	2,777,592	2,632,900
Total current liabilities		4,739,290	4,513,891

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2025

	Notes	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
NET CURRENT ASSETS		133,564	98,942
TOTAL ASSETS LESS CURRENT LIABILITIES		5,942,600	5,828,568
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	12	32,843	7,488
Deferred income		40,704	39,028
Lease liabilities		7,460	7,572
Deferred tax liabilities		60,352	60,156
Total non-current liabilities		141,359	114,244
Net assets		5,801,241	5,714,324
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	13	120,001	120,001
Reserves		4,665,456	4,517,195
		4,785,457	4,637,196
Non-controlling interests		1,015,784	1,077,128
Total equity		5,801,241	5,714,324

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to equity holders of the Company										
	Issued capital	Share premium account*	Shares held under share award plan*	Employee share-based compensation reserve*	Statutory reserve fund*	Exchange fluctuation reserve*	Retained profits*	Fair value reserve*	Other reserves*	Total	Non-controlling interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Unaudited)											
At 1 January 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
Loss for the Period	-	-	-	-	-	-	(68,699)	-	-	(68,699)	(33,164)
Other comprehensive expenses for the Period:											
Change in fair value of an equity investment designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	(4,206)	-	(4,206)	-
Exchange differences on translation of foreign operations	-	-	-	-	-	(201,936)	-	-	-	(201,936)	130
Total comprehensive expenses for the Period	-	-	-	-	-	(201,936)	(68,699)	(4,206)	-	(274,841)	(33,034)
Transfer of employees share-based compensation reserve upon the forfeiture of share options	-	-	-	(1,682)	-	-	1,682	-	-	-	-
Transfer from retained profits	-	-	-	-	2,012	-	(2,012)	-	-	-	-
At 30 June 2024	120,001	187,919	(699,766)	52,456	595,928	(915,588)	5,520,703	4,987	323,963	5,190,603	1,258,314
(Unaudited)											
At 1 January 2025	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
Loss for the Period	-	-	-	-	-	-	(79,072)	-	-	(79,072)	(54,053)
Other comprehensive income/(expenses) for the Period:											
Change in fair value of an equity investment designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	(5,623)	-	(5,623)	-
Exchange differences on translation of foreign operations	-	-	-	-	-	224,658	-	-	-	224,658	2,313
Release of exchange fluctuation reserve upon deregistration of a subsidiary	-	-	-	-	-	8,298	-	-	-	8,298	-
Total comprehensive income/(expenses) for the Period	-	-	-	-	-	232,956	(79,072)	(5,623)	-	148,261	(51,740)
Transfer to/from retained profits	-	-	-	(5,325)	16,412	-	(11,087)	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(9,604)
At 30 June 2025	120,001	187,919	(699,766)	-	632,303	(772,126)	4,996,521	(3,358)	323,963	4,785,457	1,015,784

* These reserve accounts comprise the consolidated reserves of HK\$4,665,456,000 (31 December 2024: HK\$4,517,195,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	231,463	591,062
Income tax paid	(13,134)	(26,100)
Income tax refunded	1,033	–
Interest received	12,522	17,161
Interest paid	(83,278)	(102,025)
Net cash flows from operating activities	148,606	480,098
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(51,540)	(261,421)
Proceeds from disposal of items of property, plant and equipment and right-of-use assets	36,210	80,236
Proceeds from disposal of items of non-current assets classified as held for sale	155,990	–
Decrease/(increase) in pledged and restricted bank balances	6,374	(448)
Increase in prepayments for acquisition of property, plant and equipment	(293,904)	(17,319)
Net cash flows used in investing activities	(146,870)	(198,952)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans and other borrowings	762,959	870,625
Repayment of bank loans and other borrowings	(627,062)	(1,009,179)
Principal portion of lease payments	(891)	(63,128)
Dividends paid to non-controlling interests	(9,604)	–
Net cash flows from/(used in) financing activities	125,402	(201,682)
NET INCREASE IN CASH AND CASH EQUIVALENTS	127,138	79,464
Cash and cash equivalents at beginning of Period	1,028,404	1,221,852
Effect of foreign exchange rate changes, net	4,532	(12,868)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,160,074	1,288,448
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,160,074	1,288,448

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2025

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

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

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2024. The accounting policies and basis of preparation adopted in the preparation of the interim financial information are the same as those used in the annual financial statements for the year ended 31 December 2024, except for the adoption of amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current period's financial information. The adoption of the amended HKFRS Accounting Standard has had no significant financial effect on the Group's condensed consolidated interim financial information.

As at 30 June 2025, the Group has interest-bearing bank and other borrowings of HK\$2,810,435,000, which include a syndicated bank loan of HK\$1,125,740,000 classified as a 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\$1,677,317,000 of unutilised revolving loan facilities available to finance the Group's existing financial obligations and operations; and
- as at 30 June 2025, 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\$484,927,000 outstanding proceeds from such disposals. The Group will continue to pursue these outstanding amounts, of which approximately HK\$127,229,000 has been received after the end of the reporting period.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2025

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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 30 June 2025 and hence the Group adopted the going concern basis in preparing the condensed consolidated interim financial information.

2. OPERATING SEGMENT INFORMATION

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

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

Geographical information

Revenue from external customers:

	For the six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
The People's Republic of China (the "PRC" or "Mainland China"), excluding Hong Kong	2,401,545	2,705,649
Others	313,192	293,671
	<u>2,714,737</u>	<u>2,999,320</u>

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

During the six months ended 30 June 2025 and 30 June 2024, 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.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2025

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Revenue from contracts with customers		
Sale of casings for notebook computer and handheld devices	<u>2,714,737</u>	<u>2,999,320</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Geographical markets		
The PRC, excluding Hong Kong	2,401,545	2,705,649
Others	<u>313,192</u>	<u>293,671</u>
	<u>2,714,737</u>	<u>2,999,320</u>
Timing of revenue recognition		
Goods transferred at a point in time	<u>2,714,737</u>	<u>2,999,320</u>

(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.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2025

3. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Interest income	12,522	17,161
Subsidy income [#]	2,633	14,151
Compensation income	14,113	5,341
Gross rental income	10,179	11,086
Gain on disposal of items of property, plant and equipment and right-of-use assets, net	3,581	19,700
Gain on disposal of items of non-current assets classified as held for sale*	138,860	—
Write-back of trade receivables	—	47
Reversal of impairment of trade receivables	534	70
Write-off of long outstanding trade payables	—	84
Write-off of long outstanding other payables and accruals	22,618	957
Foreign exchange gains, net	—	86,139
Fair value gains on derivative financial instrument, net	741	—
Others	3,188	1,090
	208,969	155,826

[#] 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.

* Pursuant to the Group's relocation of certain production plants in Suzhou, the PRC under the urban planning of local government, the Group completed the disposal 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 Period.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2025

4. FINANCE COSTS

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

	For the six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Interest on bank and other borrowings	83,161	101,881
Interest on lease liabilities	117	144
Total interest expense on financial liabilities not at fair value through profit or loss	83,278	102,025
Less: Interest capitalised	(3,043)	(4,830)
	<u>80,235</u>	<u>97,195</u>

5. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Cost of inventories sold	2,642,056	2,799,904
Depreciation of property, plant and equipment	320,494	342,930
Depreciation of right-of-use assets	9,043	9,988
Provision for inventories, net	98,051	47,890
Write-off/(write-back) of trade receivables	8,987	(47)
Foreign exchange losses/(gains), net	23,562	(86,139)
Fair value losses/(gains) on derivative financial instruments, net	(741)	3,425

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2025

6. INCOME TAX

	For the six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Current:		
The PRC, excluding Hong Kong		
– Charge for the Period	2,633	23,437
– Underprovision/(overprovision) in prior years	(896)	107
Overseas		
– Charge for the Period	10,577	6,024
– Overprovision in prior years	(9,628)	(12,311)
Deferred tax	127	(9,953)
Total tax charge for the Period	2,813	7,304

7. INTERIM DIVIDEND

The Board did not propose to declare any interim dividend for the Period (six months ended 30 June 2024: Nil).

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2025

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

The calculation of the basic loss per share amount is based on the loss for the Period attributable to equity holders of the Company of HK\$79,072,000 (six months ended 30 June 2024: HK\$68,699,000) and the number of ordinary shares of 845,662,671 (six months ended 30 June 2024: 845,662,671) outstanding excluding shares held under the share award plan during the Period.

For the six months ended 30 June 2025, no adjustments have been made to the basic loss per share amount in respect of a dilution as the Group had no potentially dilutive ordinary shares outstanding.

For the six months ended 30 June 2024, no adjustment has been made to the basic loss per share amount presented in respect of a dilution as the impact of share options outstanding had no dilutive effect on the basic loss per share amount presented.

9. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment of approximately HK\$219,422,000 (six months ended 30 June 2024: approximately HK\$274,225,000) and disposed of property, plant and equipment with an aggregate net book value of approximately HK\$33,190,000 (six months ended 30 June 2024: approximately HK\$42,692,000).

The amount of borrowing costs capitalised during the Period was approximately HK\$3,043,000 (six months ended 30 June 2024: approximately HK\$4,830,000).

10. TRADE RECEIVABLES

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Trade receivables	2,177,323	2,120,561
Impairment	(2,049)	(2,583)
	<u>2,175,274</u>	<u>2,117,978</u>

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

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2025

10. TRADE RECEIVABLES (continued)

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

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Within 3 months	1,464,437	1,315,604
4 to 6 months	671,134	764,878
7 to 12 months	39,703	37,496
	<u>2,175,274</u>	<u>2,117,978</u>

11. TRADE AND BILLS PAYABLES

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

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

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Within 3 months	668,137	526,832
4 to 6 months	222,034	274,330
7 to 12 months	48,493	15,297
Over 1 year	12,608	7,952
	<u>951,272</u>	<u>824,411</u>

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2025

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 30 June 2025, the Group's interest-bearing bank and other borrowings of HK\$2,810,435,000 included a syndicated bank loan of HK\$1,125,740,000 (31 December 2024: HK\$1,020,026,000), which is subject to certain loan covenants. 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, the syndicated bank loan was reclassified as current interest-bearing bank and other borrowings as at 30 June 2025 and 31 December 2024. 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.

13. SHARE CAPITAL

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Authorised: 2,000,000,000 shares of HK\$0.1 each	200,000	200,000
Issued and fully paid: 1,200,008,445 shares of HK\$0.1 each	120,001	120,001

Share options

Details of the Company's share option scheme and the share options granted are included in note 14 to the interim financial information.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2025

14. SHARE-BASED COMPENSATION

(a) Share option scheme

A share option scheme (the “Old Scheme”) was adopted by the Company on 11 May 2015 and was expired on 10 May 2025 and a new share option scheme (the “New Scheme”) was adopted by the Company on 28 May 2025. Details of the terms of the Old Scheme were disclosed in the Group’s annual financial statements as at 31 December 2024.

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

	2025	2024	
	Number of options	Weighted average exercise price HK\$ per share	Number of options
At 1 January	–	1.48	28,338,000
Forfeited	–	1.48	(920,000)
At 30 June	–	1.48	27,418,000

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

(b) Share award plan

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

As at 30 June 2025 and 31 December 2024, a total of 354,345,774 shares were held by the Bank of Communications Trustee Limited, the trustee under the Share Award Plan.

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2025

15. CONTINGENT LIABILITIES

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

16. PLEDGE OF ASSETS

As at 30 June 2025, certain land and buildings of the Group with a net carrying amount of approximately HK\$20,597,000 (31 December 2024: approximately HK\$19,090,000) were pledged to secure banking facilities granted to the Group.

17. COMMITMENTS

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

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Buildings	157,522	151,033
Machinery and office equipment	109,676	111,759
Total contractual commitments	267,198	262,792

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2025

18. RELATED PARTY TRANSACTIONS

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

		For the six months ended 30 June	
	Notes	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Lease payments paid to:			
Ms. Cheng Shao-Wen	(i)	69	69
Mr. Cheng Yung-Kang	(ii)	28	29
禾涎股份有限公司("禾涎")	(iii)	145	147
Ms. Lin Mei-Li	(iv)	30	30

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.
- (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.
- (iii) Ms. Cheng Shao-Wen and Mr. Cheng Yung-Kang are the directors of 禾涎. 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 禾涎. The rentals were determined at rates mutually agreed between the relevant parties.
- (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.

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

	For the six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Short term employee benefits	6,127	5,842

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2025

19. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts of the Group's financial instruments as at 30 June 2025 and 31 December 2024 approximate to their fair values. The Group uses fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities for determining and disclosing the fair values of an equity investment designated at fair value through other comprehensive income and derivative financial instruments. As at 30 June 2025, the Group's financial instruments which comprise an equity investment designated at fair value through other comprehensive income and derivative financial instruments, which were measured at fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 under the fair value hierarchy) and based on significant observations inputs (Level 2 under the fair value hierarchy), respectively.

During the Period, 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 (six months ended 30 June 2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW & PROSPECTS

Looking back at the first half of 2025, the ongoing global geopolitical tensions and the rise of trade protectionism contributed to the further differentiation of the global supply chain. Although inflationary pressures have eased compared to previous years, central banks around the world generally faced a dilemma of fearing a rebound in inflation and excessive tightening that would drag down the economy, resulting in uncertainties in policy adjustments. However, benefiting from multiple factors such as short-term policy drivers, technological innovation catalysts, and personal computer ("PC") manufacturers accelerating shipments during the suspension of trade tariffs, the PC market has shown short-term growth. According to the survey report released by International Data Corporation, a market research organization, the global PC market made a good start in 2025, with shipments reaching 63.2 million units and 68.4 million units in the first two quarters, recording the year-on-year growth of 4.8% and 6.5%, respectively. In addition, the consumer subsidy policy in Mainland China has effectively boosted the economy and driven the recovery of demand in the PC market. According to the survey report released by Canalys, a market research organization, the PC market in Mainland China grew by 12% to 8.9 million units in the first quarter of 2025. However, as government subsidy expired in some regions, preferential policies for certain categories may be gradually phased out, leading to fluctuations in shipments in the first half of the year, which to some extent reduced the visibility of the business environment.

As one of the world's leading notebook computer casing manufacturers, the manufacturing of notebook computer casing and 2-in-1 computer casing remained as the Group's major source of revenue. During the Period, due to the fluctuation of tariff rates in major export markets, there was upward pressure on prices and a decline in consumer confidence. Coupled with the fact that the Group's factory in Vietnam was only officially put into production in the second quarter of 2025, and its production capacity had not been fully released to accept orders, the Group's sales performance in the first half of the year was under pressure, and the Group recorded revenue of approximately HK\$2,715 million (2024: approximately HK\$2,999 million) for the Period. During the Period, the Group actively optimized its existing resources and business strategies to cope with market changes. However, as the factory in Vietnam was still in the initial stage of operation, and production efficiency and economies of scale could not be fully released, coupled with the increase in provision for inventories, resulted in a decrease in gross profit during the Period as compared with the corresponding period of last year. Therefore, the Group recorded a loss attributable to equity holders of the Company of approximately HK\$79 million (2024: approximately HK\$69 million) for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW & PROSPECTS (continued)

During the Period, due to multiple factors e.g. rising tariff levels, increased policy uncertainties, and intensified geopolitical tensions, trade barriers further increased, which had an adverse impact on the demand for production capacity of notebook computer casings in the PRC. To effectively respond to the complex and ever-changing macroeconomic environment, the Group has adjusted its resource allocation strategy, achieved cost reduction and efficiency improvement through factory consolidation plans, and accelerated the relocation of some production capacity from the PRC to Vietnam to achieve more efficient production and delivery so as to enhance supply chain resilience. During the Period, Lian-Yi Precision (Zhongshan) Inc., an indirect, non-wholly-owned subsidiary of the Company, entered into an assets disposal agreement with an independent third party for the sale of certain land and buildings in Zhongshan, pursuant to which certain production capacities of the Group are expected to be relocated to Vietnam within the next three years. For further details, please refer to the announcement of the Company dated 16 April 2025. In addition, the Group's factory in Vietnam was officially put into production during the Period, and it is expected to gradually release its production capacities in an orderly manner, further optimized its production efficiency and delivery capabilities, and more accurately meet the needs of the downstream manufacturer's supply chain layout in Southeast Asia. The Group will continue to monitor market changes, actively optimize and integrate domestic and international resource allocation, and further improve the overall capacity utilization rate to build a more resilient and competitive production network.

Looking ahead to the second half of the year, the global PC market is expected to achieve structural growth driven by the dual factors of Windows system upgrades and artificial intelligence technological innovation. As Microsoft will discontinue support for the Windows 10 operating system in October 2025, and according to the forecast released by Canalys, this upgrade will lead to the elimination of 240 million computers. It is believed that users may accelerate their choice for product replacement to avoid security risks caused by outdated operating systems, which may bring growth momentum for the market. According to the data released by StatCounter, a website traffic analysis tool, the market share of the Windows 10 operating system was still as high as 48.76% as of June 2025, higher than the adoption rate of the Windows 11 operating system, which further confirmed that there was huge upgrade space in the market. At the same time, technological innovation has become an important engine driving the growth of the global PC market. In particular, major global computer manufacturers are accelerating the production and manufacturing of PCs equipped with artificial intelligence technology ("AI PC") to strengthen their competitive advantages in product differentiation, and continuously injecting new growth momentum into the market. According to the latest forecast released by Gartner, Inc., a market research organization, the global shipments of AI PC will surge by 165.5% year-on-year to 114 million units in 2025. It is believed that this round of technological iteration will not only stimulate the demand for PC replacement from the consumer end, but also create space for collaborative development in the upstream and downstream of the industrial chain. The Group will seize this period of strategic opportunity, and take measures such as optimizing global production capacity layout and increasing R&D investment, so as to accurately meet the incremental market demand, consolidate its technological leadership and market share in the field of notebook computer casings.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW & PROSPECTS (continued)

Despite macroeconomic fluctuations and tariff volatility, which have led to continuous fluctuations on the consumer end and increased uncertainties in the global business environment, the Group remains prudently optimistic about the PC market. The Group will strengthen the market risk warning mechanism, timely and dynamically adjust production capacity layout and supply chain configuration, and accelerate the two-way drivers of resource integration and technological innovation, so as to prepare itself for the cyclical changes in the PC market and consolidate its global competitiveness in the field of notebook computer casing manufacturing. At the same time, the Group will continue to closely monitor market changes, adhere to its strategies of cost reduction and efficiency improvement, balance costs and efficiency and timely allocate its internal resources to improve operation efficiency so as to enhance its operation efficiency in the unstable market conditions and providing sustainable investment returns for its shareholders in the long run.

FINANCIAL REVIEW

Revenue and Gross Profit Margin

During the Period, due to the uncertainty of tariff policies, the Group's customers were still evaluating their supply chain decisions to reduce import tariffs. Furthermore, the Group's factory in Vietnam only commenced production in the second quarter of 2025 and its production capacity was not fully released to accept orders, and added with the continued weak demand for the Group's casings products in the first half of the year, the Group's revenue for the Period declined by approximately 9.5% as compared with the corresponding period of last year to approximately HK\$2,715 million (2024: approximately HK\$2,999 million). Despite the Group's continued efforts to reduce production costs, the utilization rate of the Group's production capacity remained low, partly due to the weak demand and the new factory in Vietnam still being in the early stage of operation during the Period and also due to the increase in provision for inventories during the Period, the Group's gross profit margin during the Period decreased to approximately 2.7% (2024: approximately 6.6%). If excluding the provision for inventories, the Group's gross profit margin for the Period would have been approximately 6.3% (2024: approximately 8.2%).

Other income and gains

Due to the recognition of a gain on disposal of non-current assets classified as held for sales of approximately HK\$139 million and the increase in write-off of long outstanding other payables during the Period, which offset the impact of the absence of foreign exchange gains of approximately HK\$86 million recorded in the corresponding period of last year and decrease in gain on disposal of items of property, plant and equipment and right-of-use assets, the Group recorded an increase of approximately 34.1% in other income and gains as compared with the corresponding period of last year to approximately HK\$209 million (2024: approximately HK\$156 million), accounting for approximately 7.7% (2024: approximately 5.2%) of the Group's revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (continued)

Operating costs

During the Period, the Group recorded a decrease of approximately 14.6% in operating costs, including administrative expenses and selling and distribution expenses, as compared with the corresponding period of last year to approximately HK\$297 million (2024: approximately HK\$347 million). The decrease in the operating costs was mainly attributable to the decrease in staff costs, depreciation expenses, professional fees and transportation expenses as a result of cost control measures. The percentage of operating costs of the Group accounted for approximately 10.9% (2024: approximately 11.6%) of the Group's revenue.

Other expenses

During the Period, other expenses of the Group mainly consisted of net foreign exchange losses, mainly resulting from the translation of trade receivables denominated in United States Dollar ("USD"), of approximately HK\$23 million (2024: net foreign exchange gains of approximately HK\$86 million) arising from the appreciation of Renminbi ("RMB") against USD, and write-off of trade receivables of approximately HK\$9 million (2024: Nil). Mainly due to the change from foreign exchange gains recorded during the six months ended 30 June 2024 to foreign exchange losses during the Period, the Group recorded an increase of approximately 546.9% in other expenses during the Period, as compared with the corresponding period of last year to approximately HK\$35 million (2024: approximately HK\$5 million), accounting for approximately 1.3% (2024: approximately 0.2%) of the Group's revenue.

Finance costs

Finance costs of the Group decreased by approximately 17.5% as compared with the corresponding period of last year to approximately HK\$80 million (2024: approximately HK\$97 million) for the Period, which was mainly attributable to the decrease in bank borrowings as compared with corresponding period of last year. Interest capitalised during the Period was approximately HK\$3 million (2024: approximately HK\$5 million).

Income tax expenses

As deferred tax assets have not been recognised for certain tax losses incurred by certain subsidiaries in the Period and the assessable profits before tax of certain subsidiaries in the PRC decreased as compared with corresponding period of last year, the Group's income tax expenses decreased to approximately HK\$3 million (2024: approximately HK\$7 million) for the Period.

Loss attributable to equity holders of the Company

Despite the measures adopted by the Group to lower the production costs and improve the efficiency through factory consolidation plans, the Group still recorded a loss attributable to equity holders of the Company for the Period of approximately HK\$79 million (2024: approximately HK\$69 million), mainly attributable to the decrease in the revenue and gross profit, the impact of which was partially offset by the increase in other income and gains and decrease in operating costs.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, total bank and other borrowings of the Group amounted to approximately HK\$2,810 million (31 December 2024: approximately HK\$2,640 million), representing an increase of approximately 6.4% as compared with that as at 31 December 2024. 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, 3-year term loans and 5-year syndicated loans. As at 30 June 2025, the Group's bank and other loans denominated in USD, New Taiwan dollars and RMB were approximately HK\$2,606 million (31 December 2024: approximately HK\$2,526 million), approximately HK\$28 million (31 December 2024: approximately HK\$17 million) and approximately HK\$176 million (31 December 2024: approximately HK\$97 million), respectively.

During the Period, the Group's net cash flows from operating activities decreased to approximately HK\$149 million from approximately HK\$480 million in the corresponding period of last year, which was mainly due to the increase in loss before tax and increase in inventories. As a result of the purchase of manufacturing equipment for installation in the new production plant in Vietnam and the proceeds received from disposal of non-current assets classified as held for sales, the Group recorded a net cash outflow from investing activities of approximately HK\$147 million (2024: approximately HK\$199 million) during the Period. During the Period, due to the increase in bank borrowings, the Group recorded a net cash inflow from financing activities of approximately HK\$125 million (2024: cash outflow from financing activities of approximately HK\$202 million). As at 30 June 2025, the Group had cash and bank balances of approximately HK\$1,160 million (31 December 2024: approximately HK\$1,028 million).

As at 30 June 2025, the Group's gearing ratio, calculated as total bank and other borrowings of approximately HK\$2,810 million (31 December 2024: approximately HK\$2,640 million) divided by total assets of approximately HK\$10,682 million (31 December 2024: approximately HK\$10,342 million), increased slightly to approximately 26.3% (31 December 2024: approximately 25.5%), which was mainly due to the increase in total bank and other borrowings as at 30 June 2025 as compared with that as at 31 December 2024.

FINANCIAL RATIOS

Due to the decline in sales and the Group's tightened inventory control policies, the inventory turnover days of the Group during the Period decreased to approximately 78 days (2024: approximately 88 days). As at 30 June 2025, there was an increase in the Group's inventories of approximately 8.8% to approximately HK\$1,141 million (31 December 2024: approximately HK\$1,048 million).

Trade receivables turnover days of the Group during the Period increased to approximately 145 days (2024: approximately 134 days) which was due to the slower settlement from customers of the Group. Trade receivables as at 30 June 2025 increased by approximately 2.7% to approximately HK\$2,175 million, as compared with approximately HK\$2,118 million as at 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RATIOS (continued)

Trade and bills payables turnover days of the Group during the Period increased to approximately 65 days (2024: approximately 50 days) which was due to the increase in purchases of production materials in the second quarter of the Period. As at 30 June 2025, there was an increase in the Group's trade and bills payables of approximately 15.4% to approximately HK\$951 million (31 December 2024: approximately HK\$824 million).

PLEDGE OF ASSETS

As at 30 June 2025, certain land and buildings of the Group with a net carrying amount of approximately HK\$21 million (31 December 2024: approximately HK\$19 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, an appreciation of RMB against USD will have adverse effect on the Group's profitability and vice versa. Accordingly, the Group had 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 Period, the Group recorded foreign exchange losses, net of approximately HK\$23 million (2024: foreign exchange gains, net of approximately HK\$86 million) and fair value gain on derivative financial instruments, net of approximately HK\$1 million (2024: fair value losses, net of approximately HK\$3 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 Period, the Group had approximately 22,600 employees (2024: approximately 20,000 employees) and recorded staff costs of approximately HK\$1,014 million (2024: approximately HK\$952 million).

The Group's employees are remunerated in line with prevailing market terms and individual performance, with the remuneration package and policies being 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 Company has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants, including the employees of the Group, for (among others) their contribution to the growth and development of the Group, as well as a share award plan to recognize the contribution by eligible participants thereunder and to attract suitable personnel for further development of the Group. The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme for its employees in Hong Kong, and provides its PRC, the Republic of China (the "ROC") and Vietnam employees with welfare schemes as required by the applicable laws and regulations of the PRC, ROC and Vietnam.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENT

As at 30 June 2025, 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 and machinery amounted to approximately HK\$267 million (31 December 2024: approximately HK\$263 million).

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 1 to the interim financial information, there is no event that will have material impact on the Group after the end of the Period.

OTHER INFORMATION

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

As at 30 June 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") were as follows:

		Long positions Number of ordinary shares of the Company of HK\$0.1 each (the "Shares")				Approximate percentage of the Company's issued share capital (Note 2)
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. 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. Tsui Yung Kwok	Shares	6,156,000	–	–	6,156,000	0.51%
Mr. Yip Wai Ming	Shares	148,000	–	–	148,000	0.01%

Notes:

- The 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 30 June 2025.

OTHER INFORMATION

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

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Share Option Scheme" and "Share Award Scheme" and in note 14 to the interim financial information, at no time during or at the end of the period ended 30 June 2025 were there rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or minor child (natural or adopted), or were such rights exercised by them; nor was the Company or any of the Subsidiaries a party to any subsisted arrangement to enable the Directors to acquire such rights in the Company or any other body corporate.

SHARE OPTION SCHEME

(A) 2015 Share option scheme

The Company had adopted a share option scheme on 11 May 2015 (the "2015 Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations, and such share option scheme had expired on 10 May 2025.

During the six months ended 30 June 2025, no options to subscribe for Shares ("Options") had been granted, exercised, cancelled or lapsed under the 2015 Share Option Scheme. As at 1 January 2025 and 30 June 2025, there was no outstanding Option under the 2015 Share Option Scheme.

The number of Options available for grant under the scheme mandate of the 2015 Share Option Scheme as at 1 January 2025 was 116,634,244. As the 2015 Share Option Scheme had expired on 10 May 2025, no Options were available for grant under the 2015 Share Option Scheme as at 30 June 2025. Further, as the 2015 Share Option Scheme had expired on 10 May 2025 and there was no outstanding share option under the 2015 Share Option Scheme, no Shares were available for issue under the 2015 Share Option Scheme as at the date of this interim report.

(B) 2025 Share option scheme

The Company has adopted a new share option scheme (the "2025 Share Option Scheme") on 28 May 2025, which shall be valid and effective for a period of 10 years from the date of adoption, subject to early termination by the Company in a general meeting.

OTHER INFORMATION

SHARE OPTION SCHEME (continued)

(B) 2025 Share option scheme (continued)

The purposes of the 2025 Share Option Scheme are to (i) enable the Company to grant options to the Eligible Participants (as defined below) as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote the sustainable development of the Group; and (iii) to align the interest of the grantees with those of the shareholders of the Company to promote the long-term financial and business performance of the Group.

Under the 2025 Share Option Scheme, the Directors may, at their absolute discretion, invite any person belonging to any of the following classes (“Eligible Participants”), to take up Options: (a) any employees (whether full time or part time, including any executive director, but excluding any non-executive directors) of the Company or any of its subsidiaries (and including persons who are granted options or awards under the 2025 Share Option Scheme as an inducement to enter into employment contracts with these companies); (b) any non-executive directors (including independent non-executive directors) of the Company or any of its subsidiaries; and (c) any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company.

The maximum number of Shares which may be allotted and issued (including any treasury shares which may be transferred, as applicable) in respect of all Options and awards of Shares (“Awards”) to be granted under the 2025 Share Option Scheme and any other share schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time (“Share Scheme”) shall not exceed 10% of the number of Shares in issue (excluding treasury shares, if any) as at the date of approval of the 2025 Share Option Scheme, being 120,000,844 Shares. Unless expressly approved by the shareholders of the Company in general meeting and expressly allowed by the Stock Exchange, no Option or Award may be granted under the 2025 Share Option Scheme or any other Share Scheme if the grant of such Option or Award will result in the aforementioned limit being exceeded.

The subscription price in respect of any Option will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange’s daily quotations sheet on the date of the offer, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of the offer; and (iii) (where applicable) the nominal value of a Share.

The offer of a grant of Options may be accepted within 21 days from the date of offer. A nominal consideration of HK\$1 in total is payable by the grantee on acceptance of the grant of an Option. The exercise period of the Options granted is determinable by the Directors, which period may commence from the date of the offer, and ends on a date which is not later than 10 years from the date of offer.

OTHER INFORMATION

SHARE OPTION SCHEME (continued)

(B) 2025 Share option scheme (continued)

The exercise price of the Options is determinable by the Directors, but shall not be less than the highest of (a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day; (b) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option; and (c) (where applicable) the nominal value of a Share.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for share options. The Group accounts for the 2025 Share Option Scheme as an equity-settled plan. The Options do not confer rights on the grantees to dividends or to vote at shareholders' meetings.

As at 1 January 2025 and 30 June 2025, there were no Options outstanding under the 2025 Share Option Scheme. During the Period, no Options were granted, exercised, cancelled or lapsed by the Company under the 2025 Share Option Scheme. As the 2025 Share Option Scheme was only adopted on 28 May 2025, no Options had been available for grant under the scheme mandate of the 2025 Share Option Scheme as at the beginning of the Period, i.e. 1 January 2025. Since no Option had been granted under the 2025 Share Option Scheme since its adoption, as at the end of the Period, i.e. 30 June 2025, 120,000,844 Options were available for grant under the scheme mandate of the 2025 Share Option Scheme.

As at the date of this interim report, the total number of Shares available for issue under the 2025 Share Option Scheme was 120,000,844 Shares, representing approximately 10% of the issued share capital of the Company.

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 with 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.

OTHER INFORMATION

SHARE AWARD PLAN (continued)

The Plan is a discretionary scheme of the Company and shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Plan and the Trust Deed. The Plan 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.

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 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 Stock Exchange.

OTHER INFORMATION

SHARE AWARD PLAN (continued)

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.

There were no awards outstanding as at 1 January 2025 and 30 June 2025, and during the six months ended 30 June 2025, (i) there were no unvested awards under the Plan; (ii) no award was granted by the Board to any eligible participants; and (iii) no awards were vested, cancelled nor lapsed.

The Plan is not a share scheme involving the grant of new shares 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 six months ended 30 June 2025, no Share was purchased by the Trustee.

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

As at 30 June 2025, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions

Name of shareholders	Capacity and nature of interest	Number of Shares	Approximate percentage of the Company's issued share capital (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 Trustees Limited (Note 1)	Trustee	303,240,986	25.27%
Ms. Lin Mei-Li (Note 2)	Beneficial owner Interest of spouse	7,064,046	0.59%
		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%

OTHER INFORMATION

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

Notes:

1. The 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 30 June 2025.

Save as disclosed above, as at 30 June 2025, 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.

CHANGES IN DIRECTOR'S BIOGRAPHICAL DETAILS

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

- Mr. Lin Feng-Chieh ceased to be an executive Director with effect from the conclusion of the annual general meeting of the Company held on 28 May 2025 (the "AGM"). For further information regarding his retirement, please refer to the circular of the Company dated 16 April 2025 and the announcement of the Company dated 28 May 2025.
- Mr. Cherng Chia-Jiun ceased to be an independent non-executive Director, the chairman of each of the audit committee and remuneration committee, and a member of each of the nomination committee and corporate governance committee of the Board with effect from the conclusion of the AGM. For further information regarding his retirement, please refer to the circular of the Company dated 16 April 2025 and the announcement of the Company dated 28 May 2025.

OTHER INFORMATION

CHANGES IN DIRECTOR'S BIOGRAPHICAL DETAILS (continued)

- Dr. Chuang Shu-Hui was appointed as an independent director of Bai Sha Technology Co., Ltd (stock code: 8401), a company whose shares are listed on the Taipei Exchange, with effect from 29 May 2025.
- The terms of remuneration of each of Mr. Cheng Li-Yu, Mr. Chiu Hui-Chin, Mr. Huang Kuo-Kuang and Mr. Tsui Yung Kwok had been amended such that they shall be entitled to a management bonus in respect of each financial year of the Company in such sum as the Board may in its absolute discretion determine with effect from 11 June 2025.
- Mr. Wang Ting Jin was appointed as an executive Director on 11 June 2025. For further information regarding his appointment, please refer to the announcement of the Company dated 11 June 2025.

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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 to the Listing Rules. The Company and its corporate governance committee periodically review its corporate governance practices to ensure its continuous compliance with the CG Code. Save as disclosed below, the Company had complied with the code provisions of the CG Code throughout the Period.

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 when appropriate and inform the shareholders of the Company accordingly.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES (continued)

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 Period, Mr. Cherng Chia-Jiun, an independent non-executive Director and the chairman of the audit committee and remuneration committee of the Board who retired on 28 May 2025, was unable to attend the AGM due to prior business commitments, and members of the audit committee and remuneration committee of the Board were present at the AGM to answer questions.

Note: The amendments to the CG Code effective on 1 July 2025 will apply to corporate governance reports and annual reports of the Company for financial years commencing on or after 1 July 2025. For this interim report, the Company shall refer to the then effective CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The audit committee of the Board has reviewed the accounting policies, accounting standards and practices adopted by the Group, the unaudited condensed consolidated interim financial information and results of the Group for the Period and this interim report without disagreement.

By order of the Board
Ju Teng International Holdings Limited
Cheng Li-Yu
Chairman and Chief Executive Officer

Hong Kong, 15 August 2025