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巨騰國際控股有限公司

JU TENG INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3336)

**ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial Highlights

- Revenue for the year ended 31 December 2020 was approximately HK\$10,030 million, representing an increase of approximately 12.5%.
- Gross profit for the year ended 31 December 2020 was approximately HK\$1,435 million, representing an increase of approximately 25.3%.
- Gross profit margin for the year ended 31 December 2020 increased to approximately 14.3% from approximately 12.8% for the year ended 31 December 2019.
- Profit attributable to equity holders of the Company for the year ended 31 December 2020 was approximately HK\$131 million, representing a decrease of approximately 10.6%.
- Basic earnings per share attributable to equity holders of the Company for the year ended 31 December 2020 was approximately HK 15.1 cents, representing a decrease of approximately 5.0%.
- Net asset value per share attributable to equity holders of the Company as at 31 December 2020 was approximately HK\$5.4 as compared with approximately HK\$5.0 as at 31 December 2019.

The board (the “**Board**”) of directors (the “**Directors**”) of Ju Teng International Holdings Limited (the “**Company**” or “**Ju Teng**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	Notes	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
REVENUE	3	10,029,519	8,916,007
Cost of sales		(8,594,772)	(7,771,052)
Gross profit		1,434,747	1,144,955
Other income and gains	3	116,245	142,284
Selling and distribution expenses		(155,537)	(134,328)
Administrative expenses		(697,522)	(669,430)
Other expenses		(320,079)	(17,787)
Finance costs	4	(92,332)	(137,172)
PROFIT BEFORE TAX	5	285,522	328,522
Income tax expense	6	(128,503)	(116,608)
PROFIT FOR THE YEAR		157,019	211,914
Attributable to:			
Equity holders of the Company		130,506	145,913
Non-controlling interests		26,513	66,001
		157,019	211,914
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
- Basic (HK cents)		15.1	15.9
- Diluted (HK cents)		14.8	15.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*Year ended 31 December 2020*

	2020 HK\$'000	2019 <i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>157,019</u>	<u>211,914</u>
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	<u>823,270</u>	<u>(227,027)</u>
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	(2,515)	16,170
Income tax effect	<u>509</u>	<u>(1,755)</u>
	<u>(2,006)</u>	<u>14,415</u>
Release of exchange fluctuation reserve upon disposal of a subsidiary	<u>-</u>	<u>(962)</u>
Net other comprehensive income/(expenses) that will not be reclassified to profit or loss in subsequent periods	<u>(2,006)</u>	<u>13,453</u>
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR, NET OF TAX	<u>821,264</u>	<u>(213,574)</u>
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR	<u>978,283</u>	<u>(1,660)</u>
Attributable to:		
Equity holders of the Company	803,599	(27,112)
Non-controlling interests	<u>174,684</u>	<u>25,452</u>
	<u>978,283</u>	<u>(1,660)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		7,858,301	7,174,534
Right-of-use assets		664,566	546,196
Goodwill		52,488	52,488
Deferred tax assets		68,091	61,654
Prepayments for acquisition of property, plant and equipment		183,072	66,764
Equity investment designated at fair value through other comprehensive income		24,218	26,841
Total non-current assets		<u>8,850,736</u>	<u>7,928,477</u>
CURRENT ASSETS			
Inventories		2,292,404	1,657,535
Trade receivables	9	3,975,767	3,146,961
Prepayments, deposits and other receivables		370,295	205,047
Pledged and restricted bank balances		38,311	33,824
Cash and cash equivalents		928,674	1,142,072
Total current assets		<u>7,605,451</u>	<u>6,185,439</u>
CURRENT LIABILITIES			
Trade and bills payables	10	1,399,513	1,064,696
Other payables and accruals		2,106,296	1,566,366
Lease liabilities		2,155	1,764
Tax payable		128,023	156,929
Interest-bearing bank borrowings		3,061,696	2,869,848
Total current liabilities		<u>6,697,683</u>	<u>5,659,603</u>
NET CURRENT ASSETS		<u>907,768</u>	<u>525,836</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,758,504</u>	<u>8,454,313</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		1,430,951	904,999
Deferred income		46,894	35,646
Lease liabilities		1,180	2,960
Deferred tax liabilities		61,696	62,205
Total non-current liabilities		<u>1,540,721</u>	<u>1,005,810</u>
Net assets		<u><u>8,217,783</u></u>	<u><u>7,448,503</u></u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	11	120,001	116,634
Reserves		6,351,193	5,759,964
		6,471,194	5,876,598
Non-controlling interests		1,746,589	1,571,905
Total equity		<u><u>8,217,783</u></u>	<u><u>7,448,503</u></u>

NOTES

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

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

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") and the following revised HKFRSs for the first time for the current year's financial statements.

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

The nature and the impact of the Conceptual Framework and Amendments to HKAS 1 and HKAS 8 are described below:

- (a) The Conceptual Framework sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

The adoption of the above revised HKFRSs has had no significant financial effect on this 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

(i) Revenue from external customers:

	2020 HK\$'000	2019 HK\$'000
The People's Republic of China (the "PRC" or "Mainland China"), excluding Hong Kong	9,884,929	8,760,503
The Republic of China (the "ROC")	89,218	115,369
Others	55,372	40,135
	<u>10,029,519</u>	<u>8,916,007</u>

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

(ii) Non-current assets:

	2020 HK\$'000	2019 HK\$'000
The PRC, excluding Hong Kong	8,587,760	7,695,302
The ROC	167,752	140,082
Others	2,915	4,598
	<u>8,758,427</u>	<u>7,839,982</u>

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.

Information about major customers

Revenues of approximately HK\$3,004,469,000, HK\$1,919,813,000, HK\$1,503,889,000 and HK\$1,316,667,000 for the year ended 31 December 2020 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\$2,251,948,000, HK\$1,506,148,000, HK\$1,225,507,000, HK\$1,185,813,000 and HK\$975,973,000 for the year ended 31 December 2019 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.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020 HK\$'000	2019 HK\$'000
<i>Revenue from contracts with customers</i>		
Sale of casings for notebook computer and handheld devices	10,029,519	8,916,007

Revenue from contracts with customers

(i) Disaggregated revenue information

	2020 HK\$'000	2019 HK\$'000
<i>Geographical markets</i>		
The PRC, excluding Hong Kong	9,884,929	8,760,503
The ROC	89,218	115,369
Others	55,372	40,135
	10,029,519	8,916,007
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	10,029,519	8,916,007

(ii) Performance obligation

Sale of casings for notebook computer and handheld devices

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

An analysis of other income and gains is as follows:

	2020 HK\$'000	2019 HK\$'000
Other income and gains		
Interest income	9,440	13,506
Subsidy income [#]	71,102	48,217
Compensation income	7,627	8,761
Gross rental income	24,643	25,625
Write-back of trade receivables	425	803
Write-off of long outstanding trade payables, other payables and accruals	2,546	785
Foreign exchange gains, net	-	41,204
Others	462	3,383
	116,245	142,284

[#] 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.

4. FINANCE COSTS

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

	2020 HK\$'000	2019 HK\$'000
Interest on bank loans	100,696	146,713
Interest on lease liabilities	163	71
Total interest expense on financial liabilities		
not at fair value through profit or loss	100,859	146,784
Less: Interest capitalised	(8,527)	(9,612)
	<u>92,332</u>	<u>137,172</u>

5. PROFIT BEFORE TAX

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

	2020 HK\$'000	2019 HK\$'000
Cost of inventories sold	8,594,772	7,771,052
Depreciation of property, plant and equipment	931,341	1,008,032
Depreciation of right-of-use assets	16,114	13,575
Impairment of trade receivables	3,174	509
Loss on disposal of items of property, plant and equipment, net	6,095	12,576
Loss on disposal of a subsidiary	-	2,048
Provision/(reversal of provision) for inventories, net	156,445	(930)
Write-back of trade receivables	(425)	(803)
Foreign exchange losses/(gains), net	306,541	(41,204)

6. INCOME TAX

Hong Kong profits tax has not been provided as the Group did not have any assessable profits arising in Hong Kong during the year (2019: Nil). Taxes on assessable profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2020 HK\$'000	2019 HK\$'000
Provision for the year:		
Current – The PRC, excluding Hong Kong		
Charge for the year	153,032	116,414
Underprovision in prior years	11,211	9,385
Current – Overseas		
Charge for the year	9,472	11,844
Overprovision in prior years	(43,004)	(28,839)
Deferred tax	(2,208)	7,804
Total tax charge for the year	<u>128,503</u>	<u>116,608</u>

7. DIVIDENDS

	2020 HK\$'000	2019 HK\$'000
Proposed final – HK10 cents (2019: HK10 cents) per ordinary share (Note)	<u>120,001</u>	<u>116,634</u>

Note:

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

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to equity holders of the Company of HK\$130,506,000 (2019: HK\$145,913,000) and the weighted average number of 862,413,185 (2019: 920,097,876) ordinary shares in issue excluding shares held under the share award plan during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK\$130,506,000 (2019: HK\$145,913,000). The weighted average number of ordinary shares used in the calculation was 862,413,185 (2019: 920,097,876) ordinary shares in issue excluding shares held under the share award plan during the year, as used in the basic earnings per share calculation, and the weighted average number of 17,449,328 (2019: 5,808,914) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

9. TRADE RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Trade receivables	3,980,850	3,148,870
Impairment	<u>(5,083)</u>	<u>(1,909)</u>
	<u>3,975,767</u>	<u>3,146,961</u>

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

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

	2020 HK\$'000	2019 HK\$'000
Within 3 months	2,704,435	2,317,879
4 to 6 months	1,078,759	818,294
7 to 12 months	<u>192,573</u>	<u>10,788</u>
	<u>3,975,767</u>	<u>3,146,961</u>

10. 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, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 3 months	1,144,505	862,024
4 to 6 months	238,825	186,652
7 to 12 months	10,047	9,465
Over 1 year	6,136	6,555
	<u>1,399,513</u>	<u>1,064,696</u>

11. SHARE CAPITAL

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Authorised:		
2,000,000,000 shares of HK\$0.1 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
1,200,008,445 (2019: 1,166,342,445) shares of HK\$0.1 each	<u>120,001</u>	<u>116,634</u>

A summary of movements in the Company's share capital and share premium account is as follows:

	Number of shares in issue of HK\$0.1 each	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2019, 31 December 2019 and 1 January 2020	1,166,342,445	116,634	85,267	201,901
Issue of shares in connection with the exercise of share options (Note)	33,666,000	3,367	46,459	49,826
Transfer from employee share-based compensation reserve	-	-	56,193	56,193
At 31 December 2020	<u>1,200,008,445</u>	<u>120,001</u>	<u>187,919</u>	<u>307,920</u>

Note:

During the year ended 31 December 2020, the Company issued a total of 33,666,000 (2019: Nil) shares at an exercise price of HK\$1.48 (2019: Nil) per share pursuant to the exercise of options granted under the share option scheme of the Company, resulting in the issue of 33,666,000 (2019: Nil) shares of HK\$0.1 each for a total cash consideration, before expenses, of HK\$49,826,000 (2019: Nil). A total of HK\$56,193,000 (2019: Nil) was transferred from the employee share-based compensation reserve to the share premium account upon the exercise of the share options.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review & Prospects

In 2020, the global shipments of personal computers (“PC”) ushered in the strongest demand growth in a decade. During the outbreak of the new coronavirus pneumonia epidemic (the “Epidemic”), as the consumers' demand for home entertainment, remote learning and home office surged, the demand for PCs was strengthened. According to the latest survey results released by International Data Corporation (“IDC”), a market research organization, the global PC shipments (including desktop, notebook and super mobile computers) achieved an annual growth of 13.1% in 2020, with the global PC shipments in the fourth quarter alone increased by 26.1% from last year to 91.6 million units. According to a report released by Gartner, Inc., another market research organization, the demand for Chromebooks, which are mainly used for educational purposes, also increased significantly by approximately 80% in 2020, with shipments reaching approximately 30.0 million units. As one of the world's leading notebook computer casing manufacturers, the Group saw a promising improvement in its business as driven by the surge in shipments in the PC market. During the year ended 31 December 2020, Ju Teng recorded a revenue of approximately HK\$10,030 million (2019: approximately HK\$8,916 million).

Notebook computer, 2-in-1 computer, and tablet computer casings remained the Group's major source of revenue. At the same time, the Group continued to exert further effort on the technology and marketing relating to metal casings, which command higher unit prices than plastic casings, during the year. As the Epidemic continued to spread, it not only brought about extra demand for PCs and tablet computers, such as for online office and conferences, online learning, but also drove a surge in demand for Chromebooks, which are mainly used for educational purposes and also led to the increase in demand for plastic casings. PCs once again became a popular choice in the sector of consumer electronic products, which contributed to the Group's business performance during the year.

The primary reason for the surge in PC shipments lay in the fact that the Epidemic increased the frequency of online activities, while mobile phones became unable to meet people's requirements for electronic products, so they turned to highly productive PC products. It is also predicted by IDC that the demand for notebook computers will turn from "one PC per family" in the past to the model of "one PC per person". In addition, the average service life of PCs in the current market is long, and the hardware and software are far too outdated that need to be updated or upgraded, which is expected to lead to another wave of upgrades.

Despite the repeated occurrence of the Epidemic, the drastic changes in the international political and economic landscape, as well as the surge in PC shipments which has led to a shortage along the supply chain in the computer components market, Ju Teng has leveraged on its own advantages in the industry to maintain solid business and financial performance.

Looking ahead, Ju Teng remains prudently optimistic about its development prospects. While maintaining the sound development of its main business, Ju Teng will continue to closely monitor and evaluate the impact of the general environmental factors on the Group, formulate countermeasures in due course to address various crises, actively make overall arrangement in advance to seize opportunities to occupy market share, and strive to create better value for its shareholders.

Financial Review

During the year, due to the outbreak of Epidemic, countries around the world have imposed varying degrees of mobility restrictions on their citizens, resulting in increase in the shipments of commercial and educational versions of notebook computer to facilitate work from home and online learning. As a result, the Group's revenue for the year increased by approximately 12.5% to approximately HK\$10,030 million (2019: approximately HK\$8,916 million). The Group's gross profit margin during the year increased to approximately 14.3% (2019: approximately 12.8%) which was mainly attributable to the increase in sales.

During the year, other income and gains of the Group mainly consisted of subsidy income of approximately HK\$71 million (2019: approximately HK\$48 million), interest income of approximately HK\$9 million (2019: approximately HK\$14 million) and rental income of approximately HK\$25 million (2019: approximately HK\$26 million). Since there was no foreign exchange gains recorded during the year (2019: approximately HK\$41 million), the Group recorded a significant decrease of approximately 18.3% in other income and gains to approximately HK\$116 million (2019: approximately HK\$142 million) during the year, accounting for approximately 1.2% (2019: approximately 1.6%) of the Group's revenue.

During the year, the Group recorded an increase of approximately 6.1% in operating costs, which include administrative expenses, and selling and distribution expenses, to approximately HK\$853 million (2019: approximately HK\$804 million). The increase in the operating costs were mainly attributable to the increase in staff costs and the increase in the transportation expenses during the outbreak of the Epidemic. The percentage of operating costs of the Group reduced to approximately 8.5% (2019: approximately 9.0%) of the Group's revenue.

During the year, other expenses of the Group mainly consisted of foreign exchange losses (mainly resulting from the translation of trade receivables denominated in USD) of approximately HK\$307 million (2019: NIL) arising from the appreciation of the renminbi ("RMB") against United States Dollar ("USD") as at 31 December 2020 by approximately 6.5% as compared with 31 December 2019, impairment of trade receivables of approximately HK\$3 million (2019: approximately HK\$1 million) and loss on disposal of items of property, plant and equipment, net of approximately HK\$6 million (2019: approximately HK\$13 million). Since there was foreign exchange losses recorded during the year, the Group recorded a substantial increase in other expenses to approximately HK\$320 million (2019: approximately HK\$18 million), accounting for approximately 3.2% (2019: approximately 0.2%) of the Group's revenue.

Finance costs of the Group decreased by approximately 32.7% to approximately HK\$92 million (2019: approximately HK\$137 million) for the year as compared to that of 2019, which was mainly attributable to the decrease in loan interest rate. Interest capitalised during the year was approximately HK\$9 million (2019: approximately HK\$10 million).

Income tax expenses of the Group increased by approximately 10.2% to approximately HK\$129 million (2019: approximately HK\$117 million) for the year as compared to that of 2019. As deferred tax assets have not been recognized for certain tax losses incurred by certain subsidiaries, the Group's effective tax rate for the year remained at a higher level of approximately 45.0% (2019: approximately 35.5%).

The profit attributable to equity holders of the Company for the year amounted to approximately HK\$131 million (2019: approximately HK\$146 million), representing a decrease of approximately 10.6% when compared to that of 2019. The decrease in the profit attributable to equity holders of the Company was mainly attributable to the significant increase in other expenses resulting from the foreign exchange losses, which has offset the positive impact of the increase in the Group's revenue and gross profit.

Liquidity and Financial Resources

As at 31 December 2020, total bank borrowings of the Group amounted to approximately HK\$4,493 million (31 December 2019: approximately HK\$3,775 million), representing an increase of approximately 19.0% as compared to that as at 31 December 2019. The Group's bank borrowings were at floating interest rate and included short-term loans with 1-year maturity, 2-year term loans and 5-year syndicated loans. As at 31 December 2020, the Group's bank loans denominated in USD, New Taiwan Dollars and RMB were approximately HK\$4,043 million (31 December 2019: approximately HK\$3,663 million), approximately HK\$25 million (31 December 2019: approximately HK\$33 million) and approximately HK\$425 million (31 December 2019: approximately HK\$79 million) respectively.

During the year, the Group's net cash flows from operating activities decreased to approximately HK\$584 million from approximately HK\$1,149 million in 2019, which was mainly due to the increase in inventories, trade receivables and prepayments, deposits and other receivables. As a result of the construction of the new plant in Suzhou for the relocation of the old plant and the purchase of production equipment for the production of metal casings in the Group's PRC plants, the Group recorded a net cash outflow from investing activities of approximately HK\$1,348 million (2019: approximately HK\$619 million). During the year, due to the drawdown of new bank borrowings, the Group recorded a net cash inflow from financing activities of approximately HK\$519 million (2019: net cash outflow of approximately HK\$533 million). As at 31 December 2020, the Group had cash and bank balances of approximately HK\$929 million (31 December 2019: approximately HK\$1,142 million).

As at 31 December 2020, the Group's gearing ratio, calculated as total bank borrowings of approximately HK\$4,493 million (31 December 2019: approximately HK\$3,775 million) divided by total assets of approximately HK\$16,456 million (31 December 2019: approximately HK\$14,114 million) was approximately 27.3% (31 December 2019: approximately 26.7%). The increase in gearing ratio was mainly due to the increase in total bank borrowings as at 31 December 2020 as compared with 31 December 2019.

Financial Ratios

Due to the increase in inventory level to meet customers' demand in the first half of 2021, inventory turnover days of the Group during the year increased significantly to approximately 98 days (2019: approximately 78 days). During the year, a relatively large inventory provision of approximately HK\$156 million (2019: reversal of provision of approximately HK\$1 million) was provided for slow-moving and ageing inventory. As at 31 December 2020, there was an increase in the Group's inventories of approximately 38.3% to approximately HK\$2,292 million (31 December 2019: approximately HK\$1,658 million).

Trade receivables turnover days of the Group during the year increased significantly to approximately 145 days (2019: approximately 129 days) as most of the sales for the year was generated in the fourth quarter of 2020 and slower settlements from customers, resulting in a significant increase in the trade receivables. Trade receivables as at 31 December 2020 increased by approximately 26.3% to approximately HK\$3,976 million, compared to approximately HK\$3,147 million as at 31 December 2019.

Trade and bills payables turnover days of the Group during the year increased to approximately 60 days (2019: approximately 50 days) due to the increase in purchases of materials in the fourth quarter of 2020 in order to cope with the increase in sales.

Pledge of Assets

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

Foreign Exchange Exposure

Since most of the Group's revenue is denominated in USD and most of the Group's expenses are denominated in RMB, the appreciation of RMB will have adverse effect on the Group's profitability and vice versa. During the year, the Group recorded exchange losses of approximately HK\$307 million (2019: exchange gains of approximately HK\$41 million). The management of the Group will, nonetheless, continue to monitor the Group's foreign currency risk exposures and adopt prudent measures as appropriate to minimize the adverse effects arising from the foreign currency fluctuations.

Employees

As at 31 December 2020, the Group had approximately 39,000 employees (31 December 2019: approximately 37,000 employees). The Group recorded staff costs (excluding directors' remuneration) of approximately HK\$2,863 million (2019: approximately HK\$2,696 million) during the year.

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 2020, the capital commitments which the Group had contracted for but were not provided for in the financial information in respect of the acquisition of buildings, machinery and office equipment amounted to approximately HK\$578 million (31 December 2019: approximately HK\$293 million).

Contingent Liabilities

As at 31 December 2020, the Group did not have any significant contingent liabilities.

Impact of the Epidemic on the Group's business

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK10 cents per share in respect of the year ended 31 December 2020 (2019: HK10 cents per share), amounting to approximately HK\$120 million, to the shareholders of the Company whose names appear on the register of members of the Company on 24 May 2021 subject to the approval by the shareholders of the Company at the forthcoming annual general meeting ("**AGM**") to be held on 14 May 2021.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining members who are qualified for attending the AGM of the Company, the register of members of the Company will be closed from 11 May 2021 to 14 May 2021 (both days inclusive), during which no transfer of shares can be registered. To qualify for the attendance at the AGM of the Company, shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company (the "**Branch Share Registrar**"), Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 10 May 2021.

For the purpose of determining members who are qualified for the proposed final dividend for the year ended 31 December 2020, and conditional on the passing of the resolution approving the declaration of the final dividend by the shareholders in the AGM of the Company, the register of members of the Company will also be closed from 21 May 2021 to 24 May 2021 (both days inclusive), during which no transfer of shares can be registered. To qualify for the final dividend (which will be payable on or about 31 May 2021) to be approved at the AGM of the Company, shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Branch Share Registrar at the above address no later than 4:30 p.m. on 20 May 2021.

CORPORATE GOVERNANCE PRACTICES

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted and applied a code of conduct regarding the Directors’ securities transaction on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company is satisfied that all the Directors have fully complied with the required standards set out in the Model Code and the code of conduct of the Company for the year.

AUDIT COMMITTEE

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

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Company’s auditors, Ernst & Young, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website (<http://www.irasia.com/listco/hk/juteng>) and the Hong Kong Stock Exchange's website (<http://www.hkexnews.hk>). The 2020 annual report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Hong Kong Stock Exchange in due course in accordance with the Listing Rules.

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

Hong Kong, 17 March 2021

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