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## JUDA INTERNATIONAL HOLDINGS LIMITED

### 鉅大國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1329)

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

The board of directors (the “**Board**” or the “**Directors**”) of Juda International Holdings Limited (the “**Company**”) is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2014 together with the comparative figures for the corresponding period in the previous year as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2014</b>	<b>2013</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Turnover</b>	2	<b>85,826</b>	153,422
Cost of sales		<u><b>(85,487)</b></u>	<u>(140,395)</u>
<b>Gross profit</b>		<b>339</b>	13,027
Other revenue	3	<b>442</b>	292
Selling expenses		<b>(1,548)</b>	(481)
Administrative expenses		<u><b>(11,094)</b></u>	<u>(8,277)</u>
(Loss)/profit from operations	4	<b>(11,861)</b>	4,561
Finance costs	5	<u><b>(1,763)</b></u>	<u>(1,914)</u>
<b>(Loss)/profit before taxation</b>		<b>(13,624)</b>	2,647
Taxation	6	<u><b>—</b></u>	<u>(1,877)</u>
<b>(Loss)/profit for the period</b>		<b>(13,624)</b>	770

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (Continued)**

*For the six months ended 30 September 2014*

	<b>Six months ended</b>	
	<b>30 September</b>	
<i>Notes</i>	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Other comprehensive income for the period, net of income tax</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translating of foreign operations	<u>517</u>	<u>3,331</u>
<b>Other comprehensive income for the period, net of income tax</b>	<u>517</u>	<u>—</u>
<b>Total comprehensive (loss)/income for the period</b>	<u>(13,107)</u>	<u>4,101</u>
<b>(Loss)/profit for the period attributable to owners of the Company</b>	<u>(13,624)</u>	<u>770</u>
<b>Total comprehensive (loss)/income for the period attributable to owners of the Company</b>	<u>(13,107)</u>	<u>4,101</u>
<b>(Loss)/earnings per share attributable to owners of the Company:</b>		
— Basic (HK cents per share)	<u>(6.81)</u>	<u>0.39</u>
— Diluted (HK cents per share)	<u>(6.81)</u>	<u>0.39</u>

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	<i>Notes</i>	<b>30 September 2014 HK\$'000 (Unaudited)</b>	31 March 2014 HK\$'000 (Audited)
<b>Non-current assets</b>			
Prepaid lease payments		1,801	1,824
Prepayments on acquisition of property, plant and equipment		23,330	23,266
Property, plant and equipment		<u>71,948</u>	<u>73,790</u>
		<u>97,079</u>	<u>98,880</u>
<b>Current assets</b>			
Inventories		56,436	66,720
Trade and bills receivables	9	3,700	9,263
Prepayments, deposits and other receivables		8,635	28,505
Pledged bank deposits		31,111	31,026
Cash and cash equivalents		<u>57,407</u>	<u>23,887</u>
		<u>157,289</u>	<u>159,401</u>
<b>Current liabilities</b>			
Trade payables	10	224	239
Receipt in advance		—	581
Accruals and other payables		2,849	7,503
Income tax payable		3,930	4,924
Bank borrowings		<u>65,744</u>	<u>50,306</u>
		<u>72,747</u>	<u>63,553</u>
<b>Net current assets</b>		<u>84,542</u>	<u>95,848</u>
<b>Total assets less current liabilities</b>		<u>181,621</u>	<u>194,728</u>
<b>Capital and reserves</b>			
Share capital	11	2,000	2,000
Reserves		<u>179,621</u>	<u>192,728</u>
<b>Total equity</b>		<u>181,621</u>	<u>194,728</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2014 have been prepared in accordance with the Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting”, other relevant Hong Kong Accounting Standards (“HKASs”), Interpretations and the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). These unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and method of computation used in the preparation of the unaudited condensed interim financial statements for the six months ended 30 September 2014 are consistent with those used in the annual report for the year ended 31 March 2014. The Group has adopted new or revised standards, amendments to standards and interpretation of Hong Kong Financial Reporting Standards which are effective for accounting periods commencing on or after 1 April 2014. The adoption of such new or revised standards, amendments to standards and interpretation does not have material impacts on the unaudited condensed interim financial statements for the six months ended 30 September 2014 and does not result in substantial changes to the Group’s accounting policies.

The measurement basis used in the preparation of the unaudited condensed consolidated interim financial statements is historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

### 2. OPERATING SEGMENT AND TURNOVER

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers for the purposes of allocating resources to segments and assessing their performance.

The Group currently operates in one business segment in the manufacture and sale of chemicals in the People’s Republic of China (the “PRC”). A single management team reports to the chief operating decision makers who comprehensively manages the entire business. Accordingly, the Group does not have separately reportable segments.

#### Turnover from major products

The Group’s turnover from its major products is as follows:

	Six months ended	
	30 September	
	2014	2013
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Turnover:		
Sale of phthalic anhydride	70,247	140,398
Sale of fumaric acid and other by-products of phthalic anhydride	5,857	13,024
Sale of raw materials	9,722	—
	<u>85,826</u>	<u>153,422</u>

### Information about geographical areas

As all of the Group's turnover is derived from customers based in the PRC and all the Group's identifiable assets and liabilities are located in the PRC, no geographical segment information is presented in accordance with HKFRS 8 Operating Segments.

#### 3. OTHER REVENUE

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other revenue:		
Bank interest income	163	165
Sundry income	<u>279</u>	<u>127</u>
	<u>442</u>	<u>292</u>

#### 4. (LOSS)/PROFIT FROM OPERATIONS

The Group's (loss)/profit from operations is arrived at after charging:

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of owned property, plant and equipment	2,166	2,892
Loss on disposal of owned property, plant and equipment	4	—
Amortisation of prepaid lease payments for land use right	28	28
Cost of inventories sold	<u>85,105</u>	<u>140,239</u>

#### 5. FINANCE COSTS

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings wholly repayable within one year	<u>1,763</u>	<u>1,914</u>

## 6. TAXATION

Six months ended 30 September	
2014	2013
<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)

Current tax for the year — PRC enterprise income tax	—	1,877
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## 7. DIVIDEND

The Directors do not recommend the payments of any dividend for the six months ended 30 September 2014. (2013: Nil)

## 8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Six months ended 30 September	
2014	2013
<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)

### (Loss)/earnings

(Loss)/profit for the period attributable to owners of the Company for the purpose of basic (loss)/earnings per share calculation	(13,624)	770
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### Number of shares

Weighted average number of shares for the purpose of basic (loss)/earnings per share calculation	200,000,000	200,000,000
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Diluted (loss)/earnings per share were same as the basic (loss)/earnings per share as there were no potential dilutive ordinary shares in existence during each of the six months ended 30 September 2014 and 2013.

## 9. TRADE AND BILLS RECEIVABLES

30 September	31 March
2014	2014
<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Audited)

Trade receivables	3,588	3,972
Bills receivables	112	5,291
	3,700	9,263

The carrying amounts of trade receivables are denominated in RMB. The credit policies of the Group highly depend on the industry and market environment. The Group generally receives payment on or before the delivery and may allow settlement of balance within 30 days to those long standing customers with good payment history. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An ageing analysis of trade receivables of the Group at the end of the reporting period, net of provision for impairment is as follows:

	<b>30 September 2014</b>	31 March 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within 30 days	<b>2,018</b>	3,972
31–90 days	—	—
Over 90 days	<b>1,570</b>	—
	<u><b>3,588</b></u>	<u>3,972</u>

#### 10. TRADE PAYABLES

	<b>30 September 2014</b>	31 March 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade payables	<b>224</b>	239

An ageing analysis of trade payables of the Group as at the end of the reporting period as follows:

	<b>30 September 2014</b>	31 March 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within 30 days	—	18
31–90 days	—	2
Over 90 days	<b>224</b>	219
	<u><b>224</b></u>	<u>239</u>

The trade payables are non-interest-bearing and are normally settled on or before the delivery and may allow to settle within 30 days.

## 11. SHARE CAPITAL

### Ordinary shares

	Number of shares	Share capital <i>HK\$'000</i>
<b>Authorised:</b>		
As at 31 March 2014 and 30 September 2014	<u>1,000,000,000</u>	<u>10,000</u>
<b>Issued and fully paid:</b>		
As at 31 March 2014 and 30 September 2014	<u>200,000,000</u>	<u>2,000</u>



## MANAGEMENT DISCUSSION AND ANALYSIS

### Business and Financial Review

The Group is principally engaged in the production of two chemical products, namely phthalic anhydride (“PA”) and fumaric acid, which are intermediate chemicals mainly used in the industrial production of plasticisers and polyester resins. All of the Group’s turnover is derived from customers based in the People’s Republic of China (the “PRC”). The Group’s production facilities are located in Xiamen, Fujian Province, the PRC. The Group continues to operate under a simple business model with one major raw material, namely ortho-xylene (“OX”) sourcing from independent suppliers in the PRC for its production process. OX is used in the production facilities of PA to produce PA and certain by-products including maleic anhydride, which can be used to produce fumaric acid.

Revenue of the Group decreased from approximately HK\$153,422,000 for the six months ended 30 September 2013 to approximately HK\$85,826,000 for the six months ended 30 September 2014 primarily attributable to the decrease in both average selling price and sales quantity of its finished products. The unfavourable market environment as a result of the weak demand of the downstream industry during the six months ended 30 September 2014 drove down the selling price of the Group’s finished products. Despite the suppressed market price of the finished products, there was no downward adjustment to the cost of raw materials which were mostly supplied by a few state-owned enterprises in the PRC. In fact, the average purchase price of raw materials of the Group for the six months ended 30 September 2014 increased marginally as compared to that for the six months ended 30 September 2013. With lower product selling price and higher purchase cost, gross profit of the Group had been severely eroded and gross loss was even experienced in fulfilling certain sales contracts during the six months ended 30 September 2014. To avoid further deterioration of operating results, the Group reduced the production scale and sold some of its raw materials since June 2014. Such slowdown in production reduced both sales quantity and revenue as compared to the corresponding period of the preceding year.

Gross profit for the six months ended 30 September 2014 was adversely affected by the decrease in average selling price of finished products and the stably high purchase price of raw materials. Gross profit margin therefore declined from 8.5% for the six months ended 30 September 2013 to 0.4% for the six months ended 30 September 2014.

The Group experienced a loss of approximately HK\$13,624,000 for the six months ended 30 September 2014 as compared to net profit of approximately HK\$770,000 for the six months ended 30 September 2013 mainly due to the squeeze in gross profit for the reasons stated above and the higher administrative expenses incurred for capturing other business and investment opportunities, including assets and/or business acquisitions by the Company in real estate in order to enhance its growth.

## Liquidity and Financial Resources

The Group continued to rely upon internally generated cash flows and bank borrowings to finance its operations during the six months ended 30 September 2014. As at 30 September 2014, the Group's cash and cash equivalents amounted to approximately HK\$57,407,000, including approximately HK\$49,796,000 (31 March 2014: approximately HK\$27,651,000) and approximately HK\$7,611,000 (31 March 2014: approximately HK\$7,081,000) denominated in Renminbi ("RMB") and HK\$ respectively and representing an increase of approximately HK\$25,909,000 as compared to approximately HK\$23,887,000 at 31 March 2014. The net increase in cash and cash equivalents was primarily due to the decrease in deposits paid to suppliers for purchases of raw materials and level of inventories as a result of the slowdown in production as well as the drawdown of additional bank borrowings. The majority of the Group's cash and cash equivalents are deposited with creditworthy banks with no recent history of default. Cash at banks generally earns interest at floating rates based on daily bank deposit rates.

As at 30 September 2014, the Group's interest-bearing bank borrowings were approximately HK\$65,744,000 (31 March 2014: approximately HK\$50,306,000) and due within one year, out of which approximately HK\$50,444,000 (31 March 2014: approximately HK\$50,306,000) and approximately HK\$15,300,000 (31 March 2014: Nil) were denominated in RMB and HK\$ respectively. The bank borrowings denominated in RMB were secured by prepaid lease payments for land use rights and certain of property, plant and equipment of the Group as at 30 September 2014. The range of effective interest rate on bank borrowings for the six months ended 30 September 2014 was 0.3%–6.90% per annum (2013: 6.60%–7.80% per annum).

The main operations of the Group for the six months ended 30 September 2014 were in the PRC and most of the transactions were denominated in RMB. Foreign exchange risk arises from the foreign currency denominated of commercial transactions, assets and liabilities. Except for the cash and cash equivalents and bank borrowings denominated in HK\$ and totaling HK\$7,611,000 and HK\$15,300,000 respectively, the Group has no significant direct exposure to foreign currencies as most of the commercial transactions, assets and liabilities are denominated in a currency same as the functional currency of each entity of the Group. During the six months ended 30 September 2014, the Group had not used any financial instruments for hedging purposes. However, the Group will review and monitor the relevant foreign exchange exposure from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when appropriate.

As at 30 September 2014, the Group's gearing ratio increased to 25.8% (31 March 2014: 19.5%), based on the division of the total debts (including only bank borrowings) by total assets, primarily due to the drawdown of additional bank borrowings. The Directors, having taken into account of the nature and scale of operations and capital structure of the Group, considered that the gearing ratio as at 30 September 2014 was reasonable.

## **Contingent Liabilities**

The Group did not have any significant contingent liabilities as at 30 September 2014 (31 March 2014: Nil).

## **Capital Commitments**

As at 30 September 2014, the Group had expenditure contracted for but not provided for in its financial statements in respect of acquisition of certain property, plant and equipment in the amount of approximately HK\$17,504,000 (31 March 2014: HK\$17,456,000).

## **INTERIM DIVIDEND**

The directors of the Company (the “**Directors**”) have resolved not to declare interim dividend for the six months ended 30 September 2014 (2013: Nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The board of Directors (the “**Board**”) recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders and has applied the principles of the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 (the “**CG Code**”) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

For the period ended 30 September 2014, the Company has complied with the code provisions of the CG Code with deviations from the code provision E.1.2 of the CG Code as summarised below:

- i. The code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting (“**AGM**”) of the Company.

The chairman of the Board did not attend the 2014 AGM due to an urgent business engagement. An executive Director had chaired the 2014 AGM and answered questions from shareholders. The chairman of the Audit Committee was also available to answer questions at the 2014 AGM.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code contained in Appendix 10 of the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all the directors of the Company, all the directors confirmed that they have complied with the required standard of dealings set out in the Model Code throughout the six months ended 30 September 2014.

## **HUMAN RESOURCES**

As of 30 September 2014, the Group had about 88 employees (2013: 91) total staff costs for the six months ended 30 September 2014 were approximately HK\$4.7 million (2013: HK\$5.2 million). The remuneration policy and package of the Group's employees are structured in accordance to market terms and statutory requirements where appropriate. In addition, the Group also provides other staff benefits such as medical insurance, mandatory provident fund and share options to motivate and reward employees at all levels to achieve the Group's business performance targets.

## **AUDIT COMMITTEE**

The audit committee of the Company, comprising Dr. Ngai Wai Fung as chairman as well as Ms. Zhao Yuhong and Mr. He Xiaofeng as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2014.

## **PUBLICATION OF UNAUDITED INTERIM RESULTS AND INTERIM REPORT**

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company. The interim report of the Company for the six months ended 30 September 2014 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

By Order of the Board  
**Juda International Holdings Limited**  
**Tang Jun**  
*Chairman*

Hong Kong, 14 November 2014

*At the date of this announcement, the Board comprises Mr. Tang Jun (Chairman) and Mr. Zhong Beichen (Chief Executive Officer) as executive directors; Mr. Liu Xiaoguang and Mr. Wang Hao as non-executive directors; and Dr. Ngai Wai Fung, Ms. Zhao Yuhong and Mr. He Xiaofeng as independent non-executive directors.*