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WONG'S INTERNATIONAL HOLDINGS LIMITED

王氏國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 99)

ANNOUNCEMENT OF 2022 FINAL RESULTS

FINANCIAL HIGHLIGHT:

- Profit attributable to owners of the Company, excluding the value change of properties held by the Group and the Group's joint ventures, exchange difference and gains on deemed disposal of an associate, increased by approximately HK\$36.6 million or 29.9%.
- Profit from EMS Division increased by HK\$75.0 million due to the ease of material shortage situation and improvement of operating efficiency.

FINAL RESULTS

The board of directors (the "Board" or "Directors") of Wong's International Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2022 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	2	3,466,674	3,256,729
Other income	3	12,333	16,806
Changes in inventories of finished goods and work in progress		43,859	(65,249)
Raw materials and consumables used		(2,628,835)	(2,344,085)
Employee benefit expenses		(457,111)	(485,674)
Depreciation		(71,931)	(76,437)
Other operating expenses		(170,206)	(175,987)
Other gains – net	4	136,764	7,023
Change in fair value of investment properties		(80,148)	(11,700)
Provision for write-down of stock of completed properties		(9,800)	–
Provision for impairment losses on trade receivables		(368)	(1,126)
Operating profit		241,231	120,300
Finance income		19,317	17,607
Finance costs		(57,655)	(46,442)
Share of (loss)/profit of an associate		(4,170)	3,123
Share of (losses)/profits of joint ventures	8	(44,073)	32,074
Profit before income tax		154,650	126,662
Income tax expense	5	(42,214)	(37,188)
Profit after income tax		112,436	89,474
Profit attributable to owners of the Company		112,436	89,474
Earnings per share attributable to owners of the Company during the year			
Basic	7	HK\$0.23	HK\$0.19
Diluted	7	HK\$0.23	HK\$0.19

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year	112,436	89,474
Other comprehensive income:		
<i>Items that may be reclassified to consolidated income statement:</i>		
Cash flow hedge – fair value gains for the year	21,365	18,049
Cash flow hedge – deferred income tax recognised	(3,525)	(2,978)
Currency translation differences:		
– Group	(183,407)	54,097
– Associates	(389)	182
<i>Items that will not be reclassified subsequently to consolidated income statement:</i>		
Loss on disposal of financial assets at fair value through other comprehensive income	(458)	–
Changes in fair value of financial assets at fair value through other comprehensive income	10,067	2,686
Other comprehensive (loss)/income for the year, net of tax	(156,347)	72,036
Total comprehensive (loss)/income for the year attributable to the owners of the Company	(43,911)	161,510

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		251,882	219,598
Investment properties		1,959,215	2,041,508
Right-of-use assets		119,677	131,935
Investments in associates		–	26,583
Interests in joint ventures	8	2,058,112	2,141,455
Financial assets at fair value through other comprehensive income		158,538	15,470
Deferred income tax assets		19,662	21,807
Deposits and other receivables		18,843	20,035
Derivative financial instruments		21,435	–
Restricted cash		1,055	–
		<u>4,608,419</u>	<u>4,618,391</u>
Current assets			
Inventories		487,189	388,487
Stock of completed properties		203,610	213,410
Trade receivables	9	1,071,437	1,003,075
Prepayments, deposits and other receivables		90,169	107,082
Financial assets at fair value through other comprehensive income		78	53
Current income tax recoverable		1,356	1,883
Restricted cash		124,702	136,320
Short-term bank deposits		546,736	877,757
Cash and cash equivalents		544,537	400,818
		<u>3,069,814</u>	<u>3,128,885</u>
Total assets		<u><u>7,678,233</u></u>	<u><u>7,747,276</u></u>

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
EQUITY			
Equity attributable to owners of the Company			
Share capital		47,848	47,848
Other reserves		519,291	673,305
Retained earnings			
– Proposed dividend		21,533	11,963
– Others		3,824,421	3,745,421
		<hr/>	<hr/>
Total equity		4,413,093	4,478,537
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
LIABILITIES			
Non-current liabilities			
Derivative financial instruments		8,613	–
Accruals and other payables		–	5,788
Lease liabilities		19,419	26,312
Deferred income tax liabilities		81,070	71,809
Borrowings	<i>11</i>	1,070,294	1,301,554
		<hr/>	<hr/>
		1,179,396	1,405,463
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current liabilities			
Trade payables	<i>10</i>	710,517	658,995
Derivative financial instruments		–	8,543
Accruals and other payables		229,258	229,082
Contract liabilities		131,574	126,291
Lease liabilities		18,914	20,804
Current income tax liabilities		42,807	45,397
Borrowings	<i>11</i>	952,674	774,164
		<hr/>	<hr/>
		2,085,744	1,863,276
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total liabilities		3,265,140	3,268,739
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total equity and liabilities		7,678,233	7,747,276
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to owners of the Company			Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	
As at 1 January 2021	47,848	153,025	4,132,901	4,333,774
Comprehensive income				
Profit for the year	–	–	89,474	89,474
Other comprehensive income				
Changes in fair value of financial assets at fair value through other comprehensive income	–	–	2,686	2,686
Currency translation differences	–	–	54,279	54,279
Cash flow hedge – fair value gains for the year	–	–	18,049	18,049
Cash flow hedge – deferred income tax recognised	–	–	(2,978)	(2,978)
Total other comprehensive income	–	–	72,036	72,036
Total comprehensive income	–	–	161,510	161,510
Transactions with owners				
Dividend paid to owners of the Company	–	–	(16,747)	(16,747)
Total transactions with owners	–	–	(16,747)	(16,747)
As at 31 December 2021	47,848	153,025	4,277,664	4,478,537

	Attributable to owners of the Company			Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	
As at 1 January 2022	47,848	153,025	4,277,664	4,478,537
Comprehensive income				
Profit for the year	–	–	112,436	112,436
Other comprehensive income				
Loss on disposal of financial assets at fair value through other comprehensive income	–	–	(458)	(458)
Changes in fair value of financial assets at fair value through other comprehensive income	–	–	10,067	10,067
Currency translation differences	–	–	(183,796)	(183,796)
Cash flow hedge – fair value gains for the year	–	–	21,365	21,365
Cash flow hedge – deferred income tax recognised	–	–	(3,525)	(3,525)
Total other comprehensive loss	–	–	(156,347)	(156,347)
Total comprehensive loss	–	–	(43,911)	(43,911)
Transactions with owners				
Dividend paid to owners of the Company	–	–	(21,533)	(21,533)
Total transactions with owners	–	–	(21,533)	(21,533)
As at 31 December 2022	47,848	153,025	4,212,220	4,413,093

NOTES:

1. BASIS OF PREPARATION

a) **Compliance with Hong Kong Financial Reporting Standards and Hong Kong Companies Ordinance**

These consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

b) **Historical cost convention**

These consolidated financial statements have been prepared on historical cost basis, as modified by revaluation of financial assets at fair value through other comprehensive income and investment properties, which are carried at fair value.

c) **Amendments to standards effective in financial year beginning 1 January 2022**

Standards	Subject of amendment
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts: Cost of Fulfilling a Contract
Amendments to Annual Improvements Project	Annual Improvements 2018-2020 Cycle
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

d) **New standards, amendments to standards and interpretation that have been issued but are not effective for the financial year beginning 1 January 2022 and have not been early adopted**

Standards	Subject of amendment	Effective for annual periods beginning on or after
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information	1 January 2023
Amendments to HKFRS 17	Amendments to HKFRS 17	1 January 2023
Amendments to HKAS 1	Presentation of Financial Statements on Classification of Liabilities	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenant	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
Hong Kong Interpretation 5 (revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new standards, amendments to standards and interpretation when they become effective. The Directors of the Company have performed preliminary assessment and do not anticipate any significant impact on the Group's financial position and results of operations upon adopting these new standards, amendments to standards and interpretation.

2. SEGMENT INFORMATION

The Group's senior executive management is considered as the Chief Operating Decision Maker ("CODM"). The Group is currently organised into two operating divisions:

Electronic Manufacturing Service ("EMS") – manufacture and distribution of electronic products for EMS customers.

Property Holding – development, sale and lease of properties.

The CODM reviews the performance of the Group on a regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM assesses the performance of the operating segments based on a measure of segment results. This measurement basis includes profit or loss of the operating segments before other income, other gains – net, finance costs – net and share of (loss)/profit of an associate but excludes corporate and unallocated expenses. Other information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

	EMS division <i>HK\$'000</i>	Property Holding division <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2022			
External revenue			
Revenue from contracts with customers			
Timing of revenue recognition			
– At a point of time	3,404,482	–	3,404,482
Revenue from other sources			
– Rental income	–	62,192	62,192
	<u>3,404,482</u>	<u>62,192</u>	<u>3,466,674</u>
Segment results	<u>157,165</u>	<u>(88,095)</u>	<u>69,070</u>
Depreciation	69,653	43	69,696
Share of losses of joint ventures	–	(44,073)	(44,073)
Change in fair value of investment properties	–	(80,148)	(80,148)
Provision for write-down of stock of completed properties	–	(9,800)	(9,800)
Capital expenditure	<u>92,756</u>	<u>–</u>	<u>92,756</u>
	EMS division <i>HK\$'000</i>	Property Holding division <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2021			
External revenue			
Revenue from contracts with customers			
Timing of revenue recognition			
– At a point of time	3,192,699	–	3,192,699
Revenue from other sources			
– Rental income	–	64,030	64,030
	<u>3,192,699</u>	<u>64,030</u>	<u>3,256,729</u>
Segment results	<u>82,116</u>	<u>66,504</u>	<u>148,620</u>
Depreciation	74,155	42	74,197
Share of profits of joint ventures	–	32,074	32,074
Change in fair value of investment properties	–	(11,700)	(11,700)
Capital expenditure	<u>17,620</u>	<u>13</u>	<u>17,633</u>

	EMS division HK\$'000	Property Holding division HK\$'000	Total HK\$'000
As at 31 December 2022			
Segment assets	3,147,298	2,186,962	5,334,260
Interests in joint ventures	–	2,058,112	2,058,112
	<u>3,147,298</u>	<u>4,245,074</u>	<u>7,392,372</u>
Total reportable segment assets			
As at 31 December 2021			
Segment assets	3,184,951	2,269,129	5,454,080
Interests in joint ventures	–	2,141,455	2,141,455
	<u>3,184,951</u>	<u>4,410,584</u>	<u>7,595,535</u>
Total reportable segment assets			

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, interests in joint ventures, inventories, stock of completed properties, trade receivables, prepayments, deposits and other receivables, restricted cash, short-term bank deposits and cash and cash equivalents, but exclude investments in associates, financial assets at fair value through other comprehensive income, derivative financial instruments, deferred income tax assets, current income tax recoverable and corporate and unallocated assets.

A reconciliation of reportable segment results to profit before income tax is provided as follows:

	2022 HK\$'000	2021 HK\$'000
Reportable segment results	69,070	148,620
Other income	12,333	16,806
Other gains – net	136,764	7,023
Finance costs – net	(38,338)	(28,835)
Share of (loss)/profit of an associate	(4,170)	3,123
Corporate and unallocated expenses	(21,009)	(20,075)
	<u>154,650</u>	<u>126,662</u>
Profit before income tax		

Reportable segment assets are reconciled to total assets as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Reportable segment assets	7,392,372	7,595,535
Investments in associates	–	26,583
Financial assets at fair value through other comprehensive income	158,616	15,523
Derivative financial instruments	21,435	–
Deferred income tax assets	19,662	21,807
Current income tax recoverable	1,356	1,883
Corporate and unallocated assets	84,792	85,945
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Total assets per consolidated statement of financial position	7,678,233	7,747,276
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Reconciliations of other material items are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Depreciation		
– Reportable segment total	69,696	74,197
– Corporate headquarters	2,235	2,240
	<hr/>	<hr/>
	71,931	76,437
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure		
– Reportable segment total	92,756	17,633
– Corporate headquarters	–	–
	<hr/>	<hr/>
	92,756	17,633
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The Company is domiciled in Bermuda. Analysis of the Group's revenue by geographical market, which is determined by the location of customers, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
North America	472,813	345,221
Asia (excluding Hong Kong)	1,991,567	1,999,852
Europe	655,048	516,633
Hong Kong	347,246	395,023
	<hr/>	<hr/>
	3,466,674	3,256,729
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For the year ended 31 December 2022, revenues of approximately HK\$1,652,473,000 (2021: HK\$1,418,527,000) and HK\$416,578,000 (2021: HK\$421,282,000) were derived from the top two external customers respectively. These customers individually account for 10% or more of the Group's revenue. These revenues are attributable to the EMS division.

Analysis of the Group's non-current assets by geographical market is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
North America	1	7
Asia (excluding Hong Kong)	352,033	310,621
Europe	14	20
Hong Kong	4,236,709	4,285,936
	<u>4,588,757</u>	<u>4,596,584</u>

Non-current assets comprise property, plant and equipment, investment properties, right-of-use assets, investments in associates, interests in joint ventures, financial assets at fair value through other comprehensive income, derivative financial instruments, deposits and other receivables and restricted cash. They exclude deferred income tax assets.

The Group has recognised the following liabilities related to contracts with customers:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contract liabilities – EMS division	<u>131,574</u>	<u>126,291</u>

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities that were satisfied in a prior year:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
EMS division	<u>126,291</u>	<u>164,190</u>

3. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Government grant	11,447	13,861
Sales of scrap and spare parts	857	2,822
Others	29	123
	<u>12,333</u>	<u>16,806</u>

4. OTHER GAINS – NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Exchange gains/(losses) – net	15,396	(7,313)
Gains on deemed disposal of an associate	117,064	–
Gains on disposals of property, plant and equipment	804	1,857
Gains on lease modification	832	–
Recovery of amount due from an associate previously written off	–	7,310
Write-back of other payables	2,668	5,169
	<u>136,764</u>	<u>7,023</u>

5. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	5,169	5,949
– Overseas taxation	29,908	27,269
– Over-provision in prior years	(5,799)	(747)
Dividend withholding tax paid on the distributed retained profits of a PRC incorporated subsidiary	6,543	–
Deferred income tax	6,393	4,717
	<u>42,214</u>	<u>37,188</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

The Group's subsidiaries in Mainland China are subject to the China Corporate Income Tax ("CIT") at a rate of 25% (2021: 25%) on the estimated profits, except for Welco Technology (Suzhou) Limited ("WTSZ"), a wholly-owned subsidiary of the Company. WTSZ is entitled to the preferential CIT rate of 15% (2021: 15%) under the New and High Technology Enterprises status till 31 December 2023.

6. DIVIDENDS

The dividends paid in 2022 and 2021 were approximately HK\$21,533,000 (HK\$0.045 per share) and HK\$16,747,000 (HK\$0.035 per share) respectively. A final dividend in respect of the year ended 31 December 2022 of HK\$0.045 per share, amounting to a total dividend of approximately HK\$21,533,000 will be proposed at the upcoming annual general meeting of the Company. These financial statements do not reflect this final dividend payable.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend paid – HK\$0.02 (2021: HK\$0.015) per share	9,570	7,177
Proposed final dividend – HK\$0.045 (2021: HK\$0.025) per share	21,533	11,963
	<u>31,103</u>	<u>19,140</u>

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>112,436</u>	<u>89,474</u>
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	<u>478,484</u>	<u>478,484</u>
Basic earnings per share (<i>HK\$</i>)	<u>0.23</u>	<u>0.19</u>

(b) Diluted

No diluted earnings per share is presented for both years because there is no dilutive potential ordinary shares outstanding throughout both years.

8. INTERESTS IN JOINT VENTURES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Share of net assets	1,001,980	1,046,053
Loans to joint ventures	<u>1,056,132</u>	<u>1,095,402</u>
	<u>2,058,112</u>	<u>2,141,455</u>

As at 31 December 2022, the Group's principal joint ventures included Talent Chain Investments Limited, Crown Opal Investment Limited and Open Vantage Limited, all of which the Group has 35.7% equity interest. Crown Opal Investment Limited is engaged in property holding.

The loans to joint ventures are unsecured, interest-free and will not be repaid in the coming twelve months. They represent the Group's long-term interests that in substance form part of the Group's net investments in the joint ventures.

Movements in share of net assets is analysed as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At 1 January	1,046,053	1,013,979
Share of (losses)/profits of joint ventures	<u>(44,073)</u>	<u>32,074</u>
At 31 December	<u>1,001,980</u>	<u>1,046,053</u>

9. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	1,074,905	1,006,175
Less: allowance for impairment of trade receivables	(3,468)	(3,100)
	<u>1,071,437</u>	<u>1,003,075</u>

The credit period allowed by the Group to its trade customers mainly ranges from 30 days to 120 days and no interest is charged.

Ageing analysis of the Group's trade receivables by invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 - 60 days	657,007	700,265
61 - 90 days	204,214	175,039
Over 90 days	213,684	130,871
	<u>1,074,905</u>	<u>1,006,175</u>

10. TRADE PAYABLES

Ageing analysis of the Group's trade payables by invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 - 60 days	573,875	488,570
61 - 90 days	61,937	86,087
Over 90 days	74,705	84,338
	<u>710,517</u>	<u>658,995</u>

11. BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trust receipt bank loans, unsecured	443,564	325,806
Short-term bank loans, unsecured	224,000	226,000
Short-term bank loans, secured	115,000	115,000
Long-term bank loans which contains a repayment on demand clause, secured	58,405	–
Portion of long-term bank loans due for repayment within one year, secured	111,705	107,358
Portion of long-term bank loans due for repayment after one year, secured	<u>1,070,294</u>	<u>1,301,554</u>
Total borrowings	<u><u>2,022,968</u></u>	<u><u>2,075,718</u></u>
Non-current	1,070,294	1,301,554
Current	<u>952,674</u>	<u>774,164</u>
Total borrowings	<u><u>2,022,968</u></u>	<u><u>2,075,718</u></u>

DIVIDENDS

The Company paid an interim dividend of HK\$0.02 (2021: HK\$0.015) per share for 2022. The Directors now recommend the payment of a final dividend of HK\$0.045 (2021: HK\$0.025) per share on or before Friday, 30 June 2023 to the shareholders whose names appear on the Register of Members of the Company on Thursday, 15 June 2023. Payment of such proposed final dividend is subject to approval of the shareholders at the forthcoming annual general meeting (the “AGM”) of the Company to be held on Thursday, 1 June 2023.

CLOSURE OF REGISTER OF MEMBERS FOR THE AGM

For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Thursday, 25 May 2023 to Thursday, 1 June 2023, both days inclusive. During this period, no transfer of shares will be effected. To be eligible to attend and vote at the meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 24 May 2023.

CLOSURE OF REGISTER OF MEMBERS FOR PAYMENT OF DIVIDEND

For determining the entitlement to the proposed final dividend, the Register of Members of the Company will be closed on Thursday, 15 June 2023 and no transfer of shares will be effected on that date. To qualify for the proposed final dividend which is subject to approval of the shareholders at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 14 June 2023.

REVIEW OF BUSINESS ACTIVITIES

Financial Results

The profit attributable to owners of the Company for the year ended 31 December 2022 amounted to HK\$112.4 million, as compared to HK\$89.5 million for the last financial year.

This was mainly attributable to the profit from EMS Division increased by HK\$75.0 million, gains on deemed disposal of an associate of HK\$117.1 million from loss of significant influence over B.Duck Semk Holdings International Limited which is formerly known as Semk Holdings International Limited (further details were disclosed in the announcement issued by the Company on 13 September 2022) and exchange difference in the sum of HK\$22.7 million offsetting by the decrease in the value of the Group’s properties and the properties held by the Group’s joint ventures (the “Joint Ventures”) in the sum of HK\$153.4 million.

Earnings per share for the year was HK\$0.23 as compared to HK\$0.19 for the last financial year. The Group’s revenue for the year ended 31 December 2022 was HK\$3,466.7 million, as compared to HK\$3,256.7 million for the last financial year. Operating profit for the year ended 31 December 2022 was HK\$241.2 million, as compared to HK\$120.3 million for the last financial year.

Electronic Manufacturing Service (“EMS”) Division

Revenue for the EMS Division for the year ended 31 December 2022 was HK\$3,404.5 million, as compared to HK\$3,192.7 million for the last financial year. The segment profit attributable to the EMS Division was HK\$157.2 million, 91.4% increase as compared to HK\$82.1 million for the last financial year. The increase in the segment net profit was attributable to the ease of material shortage situation and improvement of operating efficiency.

Property Holding Division

Revenue for the Property Holding Division for the year ended 31 December 2022 was HK\$62.2 million, as compared to HK\$64.0 million for the last financial year. The segment loss was HK\$88.1 million, as compared to segment profit of HK\$66.5 million for last financial year. The decrease was driven by the higher reduction on the value of properties held by the Group and the Joint Ventures. The decrease in the value of the properties is unrealised and did not have any impact on the Group’s cash flow. The properties held by the Group and the Joint Ventures are mainly for leasing purposes and the rental income had no significant change during the year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group had a total of HK\$3,408.2 million (2021: HK\$3,621.5 million) of banking facilities. Total bank borrowings were HK\$2,023.0 million (2021: HK\$2,075.7 million). Cash and cash equivalents, short-term bank deposits and restricted cash were HK\$1,217.0 million as at 31 December 2022 (2021: HK\$1,414.9 million).

As at 31 December 2022, the Group had a net bank borrowing of HK\$806.0 million, as compared to HK\$660.8 million as at 31 December 2021. Sufficient banking facilities and bank balances are available to meet the cash needs of the Group for its manufacturing operations as well as Property Holding Division.

Net gearing ratio for the Group as at 31 December 2022 was 0.19 (2021: 0.16). The net gearing ratio was calculated as net debt divided by total equity. Net debt is calculated as total bank borrowings and lease liabilities less cash and cash equivalents, short-term bank deposits and restricted cash.

FOREIGN EXCHANGE AND RISK MANAGEMENT

Most of the Group’s sales are conducted in United States dollars and costs and expenses are mainly in United States dollars, Hong Kong dollars, Japanese Yen, Chinese Renminbi and Vietnam Dong. Consistent with its prudent policy on financial risk management, the Group does not use any foreign exchange hedging products. The Group recognises the currency risk in the fluctuation of Chinese Renminbi and will closely monitor and actively manage the risk involved.

CAPITAL STRUCTURE

The Group's capital structure consists of bank borrowings, cash and cash equivalents, short-term bank deposits, restricted cash and equity attributable to owners of the parent, comprising issued share capital and reserves.

EMPLOYEES

As at 31 December 2022, the Group employed approximately 3,100 employees. The Group adopts a remuneration policy which is commensurate with job nature, qualification and experience of employees. In addition to the provision of annual bonuses and employee related insurance benefits, discretionary bonuses are also rewarded to employees based on individual performance. The remuneration packages and policies are reviewed periodically. The Group also provides in-house and external training programs to its employees.

PROSPECTS

High levels of uncertainty remain about the global economic outlook. There are some encouraging signs as inflation and energy prices should have passed their peak levels. China's lifting of its zero-COVID policy and the recent reopening also provides some growth impulses. However, the rise in bank rates to fight for inflation and Russia's war in Ukraine continue to weigh on economic activity. Cost rising due to global inflation, and rising bank interest rates will continue to impact the profitability of the Group in Year 2023. As to supply chain conditions, there are remain a lot of uncertainty on shortages of semiconductors and certain components, but there are some positive signs as the disruption of the supply chain and various logistic issues will have further eased. The Group will closely monitor the situation to satisfy the planned delivery schedule of customers.

To deal with the materials shortages, the Group will liaise with its customers and provide them with prompt feedback and proposed remedial actions and will also work closely with customers to explore alternative sources of supply of materials, such as Asian semiconductors and passive components sources. We shall implement severe cost saving measures and continue our endeavour to improve operating efficiency. Based on current customer orders and forecast, the Group is confident that the EMS business will be stable in the first half of Year 2023 and will grow once material shortages and supply chain issues are further alleviated.

Customer visits to qualify the Group's factory in Vietnam have resumed and increased, and are bringing more sales opportunities to the Group. Construction of the new production facility in Hai Duong Province, Vietnam, with production area of 30,000 square meters was completed in January 2023. The Directors believe that the factory in Vietnam will enhance the customer base of the EMS business and is an important source of growth path for the Group.

Market conditions for commercial properties in Hong Kong have stabilized, and the commercial properties held by the Group, directly or indirectly, have been almost fully leased out, generating stable income to the Group. Loan Interest rates have increased in Year 2022 and are expected to remain at similar levels in Year 2023. The Group has been taking measures to hedge against risk of rising interest rates.

AWARD & RECOGNITION

The Company and its wholly-owned subsidiary, Wong's Electronics Company Limited, were awarded the Caring Company Logo by The Hong Kong Council of Social Service for the eleventh consecutive year. These serve as recognition of the Group's active participation in community activities and good corporate citizenship.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2022, the Company has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the following deviations:

Code provision C.2.1

Code provision C.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Wong Chung Mat, Ben is the Group's Chairman and Chief Executive Officer and has occupied these two positions since February 2003. In allowing the two positions to be occupied by the same person, the Company has considered the following:

- (a) Both positions require in-depth knowledge and considerable experience of the Group's business. Candidates with the suitable knowledge, experience and leadership are difficult to find both within and outside the Group. If either of the positions is occupied by an unqualified person, the Group's performance could be gravely compromised.
- (b) The Company believes that the supervision of the Board and its Independent Non-executive Directors can provide an effective check and balance mechanism and ensures that the interests of the shareholders are adequately represented.

Code provision D.2.6

Code provision D.2.6 stipulates that the issuer's whistleblowing policy should permit concerns to be raised in anonymity.

The existing Whistleblowing Policy of the Company does not accept anonymous reporting because the Company believes it will be difficult to follow up and obtain information for an effective investigation. Also, based on experience in the Company's factories, the Company would expect an abundance of anonymous reporting if anonymous reporting was to be accepted and this would unduly burden the Company's management resources.

Nevertheless, the Company will make every effort to treat all reporting in a strictly confidential manner. All communications between the investigator and the whistleblowers are strictly protected to ensure that no reprisal or blame would be directed against the whistleblowers. The identity of the whistleblower will not be disclosed without his/her consent, unless the Company is legally obliged to reveal the whistleblower's identity and other information to any government authorities.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted 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 to all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2022.

AUDIT COMMITTEE

The Audit Committee, which comprises of three Independent Non-executive Directors, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the financial statements for the year ended 31 December 2022.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this preliminary announcement.

PUBLICATION OF RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.wih.com.hk/investor07.asp and the Stock Exchange at www.hkexnews.hk. The 2022 annual report will be dispatched to shareholders of the Company and will be available on the above websites in due course.

By Order of the Board
WONG CHUNG MAT, BEN
Chairman and Chief Executive Officer

Hong Kong, 24 March 2023

As at the date of this announcement, the Executive Directors of the Company are Mr. Wong Chung Mat, Ben, Ms. Wong Yin Man, Ada, Dr. Chan Tsze Wah, Gabriel, Mr. Hung Wing Shun, Edmund and Mr. Chan Wai Ming, Hermes; and the Independent Non-executive Directors are Dr. Li Ka Cheung, Eric GBS, OBE, JP, Dr. Yu Sun Say GBM, JP, Mr. Alfred Donald Yap JP and Mr. Lo Wai Ho, Ashley.

Website: www.wih.com.hk