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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 2023 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 recognised in 2022) decreased by approximately HK\$8.2 million or 4.7%.
- Profit from EMS Division increased by HK\$34.2 million due to the 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 2023 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

		2023	2022
	Notes	HK\$'000	HK\$'000
Revenue	2	3,185,668	3,466,674
Other income	3	14,731	12,333
Changes in inventories of finished goods and work in progress		38,089	43,859
Raw materials and consumables used		(2,359,874)	(2,628,835)
Employee benefit expenses		(409,464)	(457,111)
Depreciation		(65,558)	(71,931)
Other operating expenses		(170,273)	(170,206)
Other (losses)/gains – net	4	(5,098)	136,764
Change in fair value of investment properties		(12,062)	(80,148)
Provision for write-down of stock of completed properties		(2,208)	(9,800)
Reversal of/(provision for) impairment losses on trade receivables		1,143	(368)
Operating profit		215,094	241,231
Finance income		25,686	19,317
Finance costs		(90,127)	(57,655)
Share of loss of an associate		–	(4,170)
Share of profits/(losses) of joint ventures	8	49,462	(44,073)
Profit before income tax		200,115	154,650
Income tax expense	5	(47,389)	(42,214)
Profit after income tax		152,726	112,436
Profit attributable to owners of the Company		152,726	112,436
Earnings per share attributable to owners of the Company during the year			
Basic	7	HK\$0.32	HK\$0.23
Diluted	7	HK\$0.32	HK\$0.23

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year	152,726	112,436
Other comprehensive income:		
<i>Items that may be reclassified to consolidated income statement:</i>		
Cash flow hedge – fair value (losses)/gains for the year	(5,017)	21,365
Cash flow hedge – deferred income tax recognised	828	(3,525)
Currency translation differences:		
– Group	(24,909)	(183,407)
– Associate	–	(389)
<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	(5,300)	(458)
Changes in fair value of financial assets at fair value through other comprehensive income	(21,267)	10,067
Other comprehensive loss for the year, net of tax	(55,665)	(156,347)
Total comprehensive income/(loss) for the year attributable to the owners of the Company	97,061	(43,911)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		211,689	251,882
Investment properties		1,946,822	1,959,215
Right-of-use assets		98,072	119,677
Interests in joint ventures	8	2,071,517	2,058,112
Financial assets at fair value through other comprehensive income		100,080	158,538
Deferred income tax assets		19,480	19,662
Deposits and other receivables		24,578	18,843
Derivative financial instruments		11,324	21,435
Restricted cash		–	1,055
		<hr/> 4,483,562	<hr/> 4,608,419
		<hr/> 4,483,562	<hr/> 4,608,419
Current assets			
Inventories		372,296	487,189
Stock of completed properties		201,402	203,610
Trade receivables	9	808,589	1,071,437
Prepayments, deposits and other receivables		94,613	90,169
Financial assets at fair value through other comprehensive income		58	78
Current income tax recoverable		1,688	1,356
Restricted cash		121,164	124,702
Short-term bank deposits		284,844	546,736
Cash and cash equivalents		942,040	544,537
		<hr/> 2,826,694	<hr/> 3,069,814
		<hr/> 2,826,694	<hr/> 3,069,814
Total assets		<hr/> 7,310,256	<hr/> 7,678,233
		<hr/> 7,310,256	<hr/> 7,678,233

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
EQUITY			
Equity attributable to owners of the Company			
Share capital		47,848	47,848
Other reserves		464,843	519,291
Retained earnings			
– Proposed dividend		14,355	21,533
– Others		3,947,221	3,824,421
		<u>4,474,267</u>	<u>4,413,093</u>
Total equity		<u>4,474,267</u>	<u>4,413,093</u>
LIABILITIES			
Non-current liabilities			
Derivative financial instruments		3,519	8,613
Accruals and other payables		6,153	–
Lease liabilities		1,492	19,419
Deferred income tax liabilities		83,250	81,070
Borrowings	<i>11</i>	935,840	1,070,294
		<u>1,030,254</u>	<u>1,179,396</u>
Current liabilities			
Trade payables	<i>10</i>	545,647	710,517
Accruals and other payables		219,379	229,258
Contract liabilities		136,502	131,574
Lease liabilities		14,676	18,914
Current income tax liabilities		34,693	42,807
Borrowings	<i>11</i>	854,838	952,674
		<u>1,805,735</u>	<u>2,085,744</u>
Total liabilities		<u>2,835,989</u>	<u>3,265,140</u>
Total equity and liabilities		<u>7,310,256</u>	<u>7,678,233</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	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

	Attributable to owners of the Company			
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2023	47,848	153,025	4,212,220	4,413,093
Comprehensive income				
Profit for the year	–	–	152,726	152,726
Other comprehensive income				
Loss on disposal of financial assets at fair value through other comprehensive income	–	–	(5,300)	(5,300)
Changes in fair value of financial assets at fair value through other comprehensive income	–	–	(21,267)	(21,267)
Currency translation differences	–	–	(24,909)	(24,909)
Cash flow hedge – fair value losses for the year	–	–	(5,017)	(5,017)
Cash flow hedge – deferred income tax recognised	–	–	828	828
Total other comprehensive loss	–	–	(55,665)	(55,665)
Total comprehensive income	–	–	97,061	97,061
Transactions with owners				
Dividend paid to owners of the Company	–	–	(35,887)	(35,887)
Total transactions with owners	–	–	(35,887)	(35,887)
As at 31 December 2023	47,848	153,025	4,273,394	4,474,267

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”), accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The preparation of 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, derivative financial instruments and investment properties, which are carried at fair value.

c) **New and amended standards effective in financial year beginning 1 January 2023**

Standards	Subject of amendment
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
Amendments to HKFRS 17	Amendments to HKFRS 17

The new and amended standards 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) **Amended standards and interpretation that have been issued but are not effective for the financial year beginning 1 January 2023 and have not been early adopted**

Standards	Subject of amendment	Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	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 HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
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 amended 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 amended 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 losses/gains – net, finance costs – net and share of loss 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 2023			
External revenue			
Revenue from contracts with customers			
Timing of revenue recognition			
– At a point of time	3,123,899	–	3,123,899
Revenue from other sources			
– Rental income	–	61,769	61,769
	<u>3,123,899</u>	<u>61,769</u>	<u>3,185,668</u>
Segment results	<u>191,400</u>	<u>79,940</u>	<u>271,340</u>
Depreciation	63,278	43	63,321
Share of profits of joint ventures	–	49,462	49,462
Change in fair value of investment properties	–	(12,062)	(12,062)
Provision for write-down of stock of completed properties	–	(2,208)	(2,208)
Capital expenditure	<u>20,816</u>	<u>–</u>	<u>20,816</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 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 HK\$'000	Property Holding division HK\$'000	Total HK\$'000
As at 31 December 2023			
Segment assets	2,837,849	2,167,230	5,005,079
Interests in joint ventures	–	2,071,517	2,071,517
	<u>2,837,849</u>	<u>4,238,747</u>	<u>7,076,596</u>
Total reportable segment assets			
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			

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 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:

	2023 HK\$'000	2022 HK\$'000
Reportable segment results	271,340	69,070
Other income	14,731	12,333
Other gains – net	2,612	136,764
Finance costs – net	(64,441)	(38,338)
Share of loss of an associate	–	(4,170)
Corporate and unallocated expenses	(24,127)	(21,009)
	<u>200,115</u>	<u>154,650</u>
Profit before income tax		

Reportable segment assets are reconciled to total assets as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Reportable segment assets	7,076,596	7,392,372
Financial assets at fair value through other comprehensive income	100,138	158,616
Derivative financial instruments	11,324	21,435
Deferred income tax assets	19,480	19,662
Current income tax recoverable	1,688	1,356
Corporate and unallocated assets	101,030	84,792
	<hr/>	<hr/>
Total assets per consolidated statement of financial position	7,310,256	7,678,233
	<hr/> <hr/>	<hr/> <hr/>

Reconciliations of other material items are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Depreciation		
– Reportable segment total	63,321	69,696
– Corporate headquarters	2,237	2,235
	<hr/>	<hr/>
	65,558	71,931
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure		
– Reportable segment total	20,816	92,756
	<hr/> <hr/>	<hr/> <hr/>

The Company is domiciled in Bermuda. Analysis of the Group's revenue by geographical market, which is determined by the destination of the invoices billed, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
North America	355,376	472,813
Asia (excluding Hong Kong)	1,831,943	1,991,567
Europe	771,400	655,048
Hong Kong	226,949	347,246
	<hr/>	<hr/>
	3,185,668	3,466,674
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 December 2023, revenues of approximately HK\$1,415,962,000 (2022: HK\$1,652,473,000) and HK\$326,047,000 (2022: HK\$416,578,000) 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
North America	–	1
Asia (excluding Hong Kong)	286,350	352,033
Europe	8	14
Hong Kong	4,177,724	4,236,709
	<u>4,464,082</u>	<u>4,588,757</u>

Non-current assets comprise property, plant and equipment, investment properties, right-of-use assets, 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contract liabilities – EMS division	<u>136,502</u>	<u>131,574</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
EMS division	<u>131,574</u>	<u>126,291</u>

3. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Government grants	12,095	11,447
Sales of scrap and spare parts	795	857
Dividend income from a financial asset at fair value through other comprehensive income	1,827	–
Others	14	29
	<u>14,731</u>	<u>12,333</u>

4. OTHER (LOSSES)/GAINS – NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Exchange (losses)/gains – net	(5,267)	15,396
Gains on deemed disposal of an associate	–	117,064
Gains on disposal of property, plant and equipment	1,961	804
Gains on lease modification	333	832
Write-off of property, plant and equipment	(8,055)	–
Write-back of other payables	5,930	2,668
	<u>(5,098)</u>	<u>136,764</u>

5. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	4,900	5,169
– Overseas taxation	35,501	29,908
– Over-provision in prior years	(2,333)	(5,799)
Dividend withholding tax paid on the distributed retained profits of a PRC incorporated subsidiary	6,998	6,543
Deferred income tax	2,323	6,393
	<u>47,389</u>	<u>42,214</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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% (2022: 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% (2022: 15%) under the New and High Technology Enterprises status till 31 December 2023.

6. DIVIDENDS

The dividends paid in 2023 and 2022 were approximately HK\$35,887,000 (HK\$0.075 per share) and HK\$21,533,000 (HK\$0.045 per share) respectively. A final dividend in respect of the year ended 31 December 2023 of HK\$0.03 per share, amounting to a total dividend of approximately HK\$14,355,000, will be proposed at the upcoming annual general meeting of the Company. These financial statements do not reflect this final dividend payable.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interim dividend paid – HK\$0.03 (2022: HK\$0.02) per share	14,354	9,570
Proposed final dividend – HK\$0.03 (2022: HK\$0.045) per share	14,355	21,533
	<u>28,709</u>	<u>31,103</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.

	2023	2022
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>152,726</u>	<u>112,436</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>0.32</u>	<u>0.23</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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Share of net assets	1,051,442	1,001,980
Loans to joint ventures	<u>1,020,075</u>	<u>1,056,132</u>
	<u>2,071,517</u>	<u>2,058,112</u>

As at 31 December 2023, 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 the repayment is subject to the agreement of the joint venture partners. 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At 1 January	1,001,980	1,046,053
Share of profits/(losses) of joint ventures	<u>49,462</u>	<u>(44,073)</u>
At 31 December	<u>1,051,442</u>	<u>1,001,980</u>

9. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	810,914	1,074,905
Less: allowance for impairment of trade receivables	<u>(2,325)</u>	<u>(3,468)</u>
	<u>808,589</u>	<u>1,071,437</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 - 60 days	531,396	657,007
61 - 90 days	154,137	204,214
Over 90 days	<u>125,381</u>	<u>213,684</u>
	<u>810,914</u>	<u>1,074,905</u>

10. TRADE PAYABLES

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 - 60 days	362,364	573,875
61 - 90 days	56,047	61,937
Over 90 days	<u>127,236</u>	<u>74,705</u>
	<u>545,647</u>	<u>710,517</u>

11. BORROWINGS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trust receipt bank loans, unsecured	338,790	443,564
Short-term bank loans, unsecured	275,000	224,000
Short-term bank loans, secured	103,000	115,000
Long-term bank loans which contains a repayment on demand clause, secured	38,138	58,405
Portion of long-term bank loans due for repayment within one year, secured	99,910	111,705
Portion of long-term bank loans due for repayment after one year, secured	935,840	1,070,294
	<hr/>	<hr/>
Total borrowings	1,790,678	2,022,968
	<hr/>	<hr/>
Non-current	935,840	1,070,294
Current	854,838	952,674
	<hr/>	<hr/>
Total borrowings	1,790,678	2,022,968
	<hr/>	<hr/>

DIVIDENDS

The Company paid an interim dividend of HK\$0.03 (2022: HK\$0.02) per share for 2023. The Directors now recommend the payment of a final dividend of HK\$0.03 (2022: HK\$0.045) per share on Friday, 28 June 2024 to the shareholders whose names appear on the Register of Members of the Company on Wednesday, 12 June 2024. 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 Wednesday, 5 June 2024.

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, 30 May 2024 to Wednesday, 5 June 2024, 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, 29 May 2024.

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 Wednesday, 12 June 2024 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 Tuesday, 11 June 2024.

REVIEW OF BUSINESS ACTIVITIES

Financial Results

The profit attributable to owners of the Company for the year ended 31 December 2023 amounted to HK\$152.7 million, as compared to HK\$112.4 million for the last financial year.

This was mainly attributable to the profit from EMS Division increased by HK\$34.2 million and profit from the Property Holding Division increased by HK\$168.0 million offsetting by the gains on deemed disposal of an associate of HK\$117.1 million recognised in 2022 and increase in net finance cost by HK\$26.1 million.

Earnings per share for the year was HK\$0.32 as compared to HK\$0.23 for the last financial year. The Group’s revenue for the year ended 31 December 2023 was HK\$3,185.7 million, as compared to HK\$3,466.7 million for the last financial year. Operating profit for the year ended 31 December 2023 was HK\$215.1 million, as compared to HK\$241.2 million for the last financial year.

Electronic Manufacturing Service (“EMS”) Division

Revenue for the EMS Division for the year ended 31 December 2023 was HK\$3,123.9 million, as compared to HK\$3,404.5 million for the last financial year. The segment profit attributable to the EMS Division was HK\$191.4 million, 21.8% increase as compared to HK\$157.2 million for the last financial year. The increase in the segment net profit was attributable to the improvement of operating efficiency.

Property Holding Division

Revenue for the Property Holding Division for the year ended 31 December 2023 was HK\$61.8 million, as compared to HK\$62.2 million for the last financial year. The segment profit was HK\$79.9 million, as compared to segment loss of HK\$88.1 million for last financial year. The turnaround was driven by the lower 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 2023, the Group had a total of HK\$3,071.3 million (2022: HK\$3,408.2 million) of banking facilities. Total bank borrowings were HK\$1,790.7 million (2022: HK\$2,023.0 million). Cash and cash equivalents, short-term bank deposits and restricted cash were HK\$1,348.0 million as at 31 December 2023 (2022: HK\$1,217.0 million).

As at 31 December 2023, the Group had a net bank borrowing of HK\$442.7 million, as compared to HK\$806.0 million as at 31 December 2022. 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 2023 was 0.10 (2022: 0.19). 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 2023, the Group employed 2,581 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

The global economic environment is complicated in Year 2024. On the one hand, high inflation and interest rates as well as geopolitical risks continue to impact global economic growth. On the other hand, declining inflation has created room for the lowering of interest rates although the timing and magnitude of the cuts remain uncertain. The above factors will impact demand from our customers and the profitability of the Group.

Shortages of semiconductors and components have further eased, and component lead times are much reduced. The Group will continue to implement stringent cost saving and efficiency improvement measures to ensure that our customers will be served in the most efficient manner. Based on current customer orders and forecasts, the Group expects that the revenue of the EMS business for the first half of Year 2024 will decrease slightly as some customers have reduced their order forecasts to us due to overstocking arising from shortage of critical materials in 2023. The Group expects that the ordering levels of those customers will resume to normal once they have consumed their excess inventory.

Many customers are interested in the Group for having factories in both Mainland China and Vietnam. The Group is taking this advantage to obtain more sales opportunities and expand the customer base of the EMS business. Customer visits to qualify our new production facility in Hai Duong Province, Vietnam, with a floor area of 30,000 square meters have increased. It will be an important source of future growth for the Group.

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 are expected to remain at high level in the first half of Year 2024. The Group has taken 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 twelfth 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 2023, 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 2023, the Company has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 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.

Code provision E.1.2(i)

Code provision E.1.2 sets out the minimum responsibilities that should be included in the terms of reference of the remuneration committee, in which E.1.2(i) refers to the responsibility to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The current Terms of Reference of the Remuneration Committee of the Company do not include the responsibility under code provision E.1.2(i) mentioned above. The existing share option scheme (the “Scheme”) of the Company is a traditional scheme for the benefit of the employees and other eligible participants. Implementation of such Scheme is governed by formal and transparent procedures under the scheme rules adopted by the shareholders of the Company, including the requirements for specific approval from the Board, Independent Non-executive Directors or shareholders where necessary. It is considered that the Board as a whole is more efficient and effective for discharging the responsibility to oversee matters relating to the Scheme. Any share options granted to a Director or senior management will form part of the individual remuneration package and therefore fall under the scope of the Remuneration Committee.

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 C3 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 2023.

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 2023.

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 2023 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 and the Stock Exchange at www.hkexnews.hk. The 2023 annual report 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, 22 March 2024

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