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WKK

WONG'S KONG KING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 532)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Board of Directors of Wong's Kong King International (Holdings) Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2023, together with comparative figures for the corresponding period in 2022 are as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	3,652,218	4,609,007
Other gains, net		12,860	27,095
Raw materials and consumables used		(1,703,612)	(2,071,050)
Purchases of finished goods		(1,099,780)	(1,583,667)
Changes in inventories of finished goods and work in progress		(33,048)	118,479
Employee benefit expenses		(608,619)	(685,569)
Depreciation and amortisation		(65,204)	(67,152)
Net write-back of/(provision for) impairment loss on financial assets		1,144	(483)
Other expenses		(197,178)	(201,884)
Operating (loss)/profit		(41,219)	144,776
Finance income		9,424	5,433
Finance costs		(39,449)	(16,476)
Finance costs, net		(30,025)	(11,043)
Share of profit of joint ventures		10,651	20,302

CONSOLIDATED INCOME STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
(Loss)/profit before income tax		(60,593)	154,035
Income tax expense	4	<u>(48,163)</u>	<u>(41,313)</u>
(Loss)/profit for the year	3	<u>(108,756)</u>	<u>112,722</u>
Attributable to:			
Owners of the Company		(132,784)	71,763
Non-controlling interests		<u>24,028</u>	<u>40,959</u>
		<u>(108,756)</u>	<u>112,722</u>
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company during the year (expressed in HK cents per share)			
– basic	5	<u>(18.19)</u>	<u>9.83</u>
– diluted	5	<u>(18.19)</u>	<u>9.83</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss)/profit for the year	(108,756)	112,722
Other comprehensive (loss)/income:		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Fair value (losses)/gains on equity investments at fair value through other comprehensive income, net of tax	(3,199)	3,275
Remeasurements of post-employment benefit obligations, net of tax	191	1,511
Remeasurements of long service payment liabilities	(248)	–
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(6,015)	(67,124)
Total comprehensive (loss)/income for the year	(118,027)	50,384
Attributable to:		
Owners of the Company	(143,050)	18,284
Non-controlling interests	25,023	32,100
	(118,027)	50,384

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2023

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		414,804	434,287
Right-of-use assets		66,216	38,271
Deposits		4,499	5,276
Intangible assets		1,068	178
Interests in joint ventures		29,181	28,760
Deferred tax assets		42,244	38,023
Financial assets at fair value through other comprehensive income		31,050	34,029
Financial assets at fair value through profit or loss		1,252	1,286
Club membership and debentures		14,814	15,087
		<hr/>	<hr/>
Total non-current assets		605,128	595,197
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		867,591	1,035,848
Trade and other receivables	6	1,060,219	1,253,685
Contract assets		–	17,905
Deposits and prepayments		56,643	62,189
Tax recoverable		1,207	2,500
Short-term bank deposits		74,526	75,355
Cash and cash equivalents		487,238	672,770
		<hr/>	<hr/>
Total current assets		2,547,424	3,120,252
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Total assets		3,152,552	3,715,449
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
LIABILITIES			
Non-current liabilities			
Lease liabilities		37,776	12,589
Provision for assets retirement obligations		1,710	1,710
Deferred tax liabilities		9,443	–
Employee benefit obligations		6,357	5,515
		<hr/>	<hr/>
Total non-current liabilities		55,286	19,814
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

CONSOLIDATED BALANCE SHEET (Continued)
AT 31 DECEMBER 2023

	<i>Note</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Current liabilities			
Trade and other payables	7	731,432	797,803
Contract liabilities		58,938	104,059
Current income tax liabilities		7,197	29,826
Bank borrowings		607,849	896,897
Lease liabilities		18,799	13,903
		<hr/>	<hr/>
Total current liabilities		1,424,215	1,842,488
		<hr/>	<hr/>
Total liabilities		1,479,501	1,862,302
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	8	72,990	72,990
Reserves		1,503,859	1,672,455
		<hr/>	<hr/>
		1,576,849	1,745,445
Non-controlling interests		96,202	107,702
		<hr/>	<hr/>
Total equity		1,673,051	1,853,147
		<hr/>	<hr/>
Total equity and liabilities		3,152,552	3,715,449
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. BASIS OF PREPARATION

The consolidated financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial information has been prepared under the historical cost convention, except for certain financial assets and financial liabilities (including derivative financial instruments), which are measured at fair value.

(a) New and amended standards and accounting guideline adopted by the Group

The following new and amended standards were required to be adopted by the Group effective from 1 January 2023:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimate
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

The new and amended standards and accounting guideline listed above did not have any impact on the amounts recognised in prior periods and current period.

(b) New and amended standards and interpretation not yet adopted

Certain new and amended standards and interpretation have been published that are not mandatory for financial period beginning on 1 January 2023 and have not been early adopted by the Group.

		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 HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale 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 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 has commenced an assessment of the impact of these new and amended standards and interpretation, but is not yet in a position to state whether they would have significant impacts on its results of operations and financial position.

2. CHANGE IN ACCOUNTING POLICY

Change in accounting policy on offsetting arrangement in long service payment scheme in Hong Kong

In June 2022, the Hong Kong Government enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which will be effective from 1 May 2025 (the “Transition Date”). Under the Amendment Ordinance, any accrued benefits attributable to the employer’s mandatory contributions under mandatory provident fund scheme (“MPF Benefits”) of an entity would no longer be eligible to offset against its obligations on long service payment (“LSP”) for the portion of the LSP accrued on or after the Transition Date. There is also a change in the calculation basis of last monthly wages for the portion of the LSP accrued before the Transition Date.

Prior to 1 January 2023, the Group applied practical expedient in HKAS 19 paragraph 93(b) (the “practical expedient”) to account for the offsettable MPF Benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” (the “Guidance”) which provides clarified and detailed guidance on the accounting considerations relating to the abolition of the offsetting mechanism. The Guidance clarified that following the enactment of the Amendment Ordinance, LSP is no longer a ‘simple type of contributory plans’ to which the practical expedient had been intended to apply.

By following the Guidance, the Group has therefore changed its accounting policy and ceased to apply the practical expedient and reattribute the deemed employee contributions on a straight-line basis from the date when services by employees first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19 paragraph 93(a). This change in accounting policy upon the cessation in applying the practical expedient has resulted in a catch-up adjustment for past service costs and a corresponding increase in the Group’s LSP obligations in the year of enactment of the Amendment Ordinance (i.e. year ended 31 December 2022). The adjustment is recognised as past service costs in profit or loss for the year ended 31 December 2022 as the Amendment Ordinance is not contemplated in the original LSP legislation.

The abovementioned change in accounting policy does not have any impact to the consolidated balance sheet as at 1 January 2022. For the year ended 31 December 2022, since the amount of the catch-up profit or loss adjustment was immaterial with reference to the assessment by an external specialist engaged by the Group, the Group did not restate the comparative figure for the consolidated financial statements.

3. SEGMENT INFORMATION

The Chief Operation Decision-Maker (“CODM”) has been identified as directors of the Company. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. It determined the operating segments based on these reports. The Group is currently organised into two operating segments – trading and manufacturing. These segments are the basis on which the Group reports its principal activities information.

- Trading – trading and distribution of chemicals, materials and equipment used in the manufacturing of printed circuit boards and electronic products

- Manufacturing – manufacturing of electrical and electronic products

The segment information for the year ended 31 December 2023 is as follows:

	Trading <i>HK\$'000</i>	Manufacturing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue					
External sales	1,821,051	1,802,040	29,127	–	3,652,218
Inter-segment sales	<u>325,602</u>	<u>2,745</u>	<u>33,268</u>	<u>(361,615)</u>	<u>–</u>
Total	<u><u>2,146,653</u></u>	<u><u>1,804,785</u></u>	<u><u>62,395</u></u>	<u><u>(361,615)</u></u>	<u><u>3,652,218</u></u>
Timing of revenue recognition					
At a point in time	2,102,736	1,804,785	52,783	(352,877)	3,607,427
Over time	<u>43,917</u>	<u>–</u>	<u>9,612</u>	<u>(8,738)</u>	<u>44,791</u>
	<u><u>2,146,653</u></u>	<u><u>1,804,785</u></u>	<u><u>62,395</u></u>	<u><u>(361,615)</u></u>	<u><u>3,652,218</u></u>
Results					
Segment results	65,323	(87,990)	(18,785)	233	(41,219)
Finance income	7,103	1,158	1,163	–	9,424
Finance costs	<u>(3,075)</u>	<u>(35,865)</u>	<u>(509)</u>	<u>–</u>	<u>(39,449)</u>
Segment operating profit/(loss)	<u><u>69,351</u></u>	<u><u>(122,697)</u></u>	<u><u>(18,131)</u></u>	<u><u>233</u></u>	<u><u>(71,244)</u></u>
Share of profit of joint ventures					<u>10,651</u>
Loss before income tax					(60,593)
Income tax expense					<u>(48,163)</u>
Loss for the year					<u><u>(108,756)</u></u>

The segment information for the year ended 31 December 2022 is as follows:

	Trading <i>HK\$'000</i>	Manufacturing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue					
External sales	2,449,558	2,120,624	38,825	–	4,609,007
Inter-segment sales	<u>527,609</u>	<u>2,892</u>	<u>38,378</u>	<u>(568,879)</u>	<u>–</u>
Total	<u><u>2,977,167</u></u>	<u><u>2,123,516</u></u>	<u><u>77,203</u></u>	<u><u>(568,879)</u></u>	<u><u>4,609,007</u></u>
Timing of revenue recognition					
At a point in time	2,934,363	2,123,516	68,602	(559,036)	4,567,445
Over time	<u>42,804</u>	<u>–</u>	<u>8,601</u>	<u>(9,843)</u>	<u>41,562</u>
	<u><u>2,977,167</u></u>	<u><u>2,123,516</u></u>	<u><u>77,203</u></u>	<u><u>(568,879)</u></u>	<u><u>4,609,007</u></u>
Results					
Segment results	203,806	(46,450)	(13,653)	1,073	144,776
Finance income	4,711	473	249	–	5,433
Finance costs	<u>(1,204)</u>	<u>(15,091)</u>	<u>(181)</u>	<u>–</u>	<u>(16,476)</u>
Segment operating profit/(loss)	<u>207,313</u>	<u>(61,068)</u>	<u>(13,585)</u>	<u>1,073</u>	<u>133,733</u>
Share of profit of joint ventures					<u>20,302</u>
Profit before income tax					154,035
Income tax expense					<u>(41,313)</u>
Profit for the year					<u><u>112,722</u></u>

The segment assets and liabilities as at 31 December 2023 are as follows:

	Trading <i>HK\$'000</i>	Manufacturing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets				
Segment assets	<u><u>1,383,105</u></u>	<u><u>1,581,645</u></u>	<u><u>187,802</u></u>	<u><u>3,152,552</u></u>
Liabilities				
Segment liabilities	<u><u>472,676</u></u>	<u><u>967,993</u></u>	<u><u>38,832</u></u>	<u><u>1,479,501</u></u>

The segment assets and liabilities as at 31 December 2022 are as follows:

	Trading <i>HK\$'000</i>	Manufacturing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets				
Segment assets	1,622,284	1,928,718	164,447	3,715,449
Liabilities				
Segment liabilities	604,950	1,211,891	45,461	1,862,302

4. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	12	–
– PRC corporate income tax	3,150	14,425
– Taiwan corporate income tax	19,279	31,308
– Other jurisdictions	1,582	2,220
	<u>24,023</u>	<u>47,953</u>
(Over)/under provision in prior years		
– Hong Kong	–	5
– Other jurisdictions including the PRC and Taiwan	(3,083)	(958)
	<u>(3,083)</u>	<u>(953)</u>
Deferred income tax	4,997	(16,072)
Withholding tax on dividends paid by subsidiaries	20,681	8,869
Withholding tax on management/service fee paid by subsidiaries	1,545	1,516
	<u>48,163</u>	<u>41,313</u>

Hong Kong profits tax has been provided for at 8.25% for the first HK\$2,000,000 of assessable profit of a subsidiary of the Group which is a qualifying entity under the two-tiered regime, the remaining assessable profits are tax at 16.5% for the year (2022: Hong Kong profits tax had not been provided for as the Group had no estimated assessable profit for the year). The subsidiaries established in the People's Republic of China (the "PRC") are subject to corporate income tax rate of 25% (2022: 25%). The subsidiaries in Taiwan are subject to corporate income tax rate of 20% (2022: 20%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

5. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	2023	2022
(Loss)/profit attributable to owners of the Company (Hong Kong thousand dollars)	<u>(132,784)</u>	<u>71,763</u>
Weighted average number of ordinary shares in issue (thousands)	<u>729,898</u>	<u>729,881</u>
Basic (loss)/earnings per share (Hong Kong cents per share)	<u>(18.19)</u>	<u>9.83</u>

(b) Diluted

Diluted (loss)/earnings per share were the same as the basic (loss)/earnings per share for the year ended 31 December 2023 and 2022 as the share options of the Company have an anti-dilutive effect on the basic (loss)/earnings per share and are ignored in the calculation of diluted (loss)/earnings per share (2022: same).

6. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are accounts and bills receivables of HK\$1,009,485,000 (2022: HK\$1,202,601,000).

The Group allows a credit period ranging from 30 days to 180 days to its trade customers. In addition, for certain customers with long-established relationship, a longer credit period may be granted.

The ageing analysis of accounts and bills receivables based on invoice dates net of loss allowance at the end of reporting period is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	410,663	404,025
31 to 60 days	211,748	250,368
61 to 90 days	133,216	209,462
Over 90 days	<u>253,858</u>	<u>338,746</u>
	<u>1,009,485</u>	<u>1,202,601</u>

7. TRADE AND OTHER PAYABLES

Included in trade and other payables are accounts and bills payables of HK\$531,255,000 (2022: HK\$510,533,000).

The following is an ageing analysis of accounts and bills payables based on goods receipt dates at the end of reporting period:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	269,971	310,864
31 to 60 days	133,513	99,449
61 to 90 days	52,037	34,443
Over 90 days	75,734	65,777
	<u>531,255</u>	<u>510,533</u>

8. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Share capital <i>HK\$'000</i>
Issued and fully paid:		
At 1 January 2022	729,747,964	72,975
Share option scheme:		
Proceeds from share issued	<u>150,000</u>	<u>15</u>
At 31 December 2022, 1 January 2023 and 31 December 2023	<u>729,897,964</u>	<u>72,990</u>

9. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interim dividend, paid, of HK\$ nil (2022: HK\$0.015) per share	–	10,948
Final dividend, proposed, of HK\$ nil (2022: HK\$0.035) per share	<u>–</u>	<u>25,546</u>
	<u>–</u>	<u>36,494</u>

DIVIDENDS

The Board of Directors do not recommend the payment of final dividend for the year ended 31 December 2023 (2022: HK\$0.035).

Book Close for determining the entitlement to attend and vote at the annual general meeting

The Register of Members of the Company will be closed from Thursday, 20 June 2024 to Tuesday, 25 June 2024, both days inclusive, during which period no transfer of shares will be registered, for the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Standard Limited, at 17/F, Far East Financial Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 19 June 2024.

BUSINESS REVIEW

The Group's turnover for the year 2023 was HK\$3.7 billion, reflecting a decrease of approximately 21% compared to 2022. The Group's loss attributable to shareholders for the year was HK\$132.8 million as compared to the profit attributable to shareholders of HK\$71.8 million for last year.

Trading and Distribution Division (WKK Distribution)

The turnover of the Group's Industrial Products Trading and Distribution Division for 2023 was HK\$1.8 billion, representing a decrease of approximately 26% compared to 2022. This was due to the Division experiencing a significant reduction in orders over the year as a result of the global economic decline. The Division's operating profit was HK\$69.4 million, reflecting a decrease of approximately 67% compared to last year. Whilst the Division's operations in the PRC incurred an operating loss, each of its other major operations recorded an operating profit albeit at a much reduced level compared to last year. The Group's subsidiary in Taiwan continued to be the major contributor to the Division's operating profit though on a smaller scale than last year.

OEM Manufacturing Division (WKK Technology)

The turnover of the Group's OEM Manufacturing Division decreased by approximately 15% to HK\$1.8 billion for 2023 compared to last year. This was mainly due to the general global decline in economic activity, especially among the Group's customers based in Europe and the United States of America who together account for a major part of the Group's sales of manufactured products. These customers reduced their orders from the Group during the year. The Division's operating loss was HK\$122.7 million for this year as compared to an operating loss of HK\$61.1 million last year.

FINANCE

As at 31 December 2023, the Group had committed bank and other financing facilities totaling HK\$2,663.8 million, of which HK\$702.5 million was drawn down. As at 31 December 2023, the Group's consolidated net borrowings amounted to HK\$102.7 million and total equity amounted to HK\$1,673.1 million, resulting in a net gearing ratio of 6.1%.

Most of the Group's sales were conducted in the same currencies as the corresponding purchase transactions. Foreign exchange contracts were used to hedge exposure where necessary.

HUMAN RESOURCES

As at 31 December 2023. The Group had a total of 3,793 employees, of whom 210 were based in Hong Kong, 2,963 in the PRC and 620 overseas. The remuneration packages of the Group's employees are mainly based on their performance and experience, taking into accounts current industry practices. Provident fund scheme, medical allowance and in-house and external training programs are available to employees. Share options and discretionary bonus may be provided to employees according to the performance of the individual and the Group. The remuneration policy and packages of the Group's employees are regularly reviewed.

ENVIRONMENTAL MANAGEMENT

The Group is committed to making contributions in various areas of sustainable development, including environment protection. The Group has established a green council to lead and organize various environmental protection activities and programs.

The Group has set up various systems, including a sewage treatment plant, solar panels for warming water supplies for workers, LED and solar energy lighting systems, computerized filing systems to limit paper usage, selective flux and soldering systems, an ISO14001 certified environmental management system since 2002, an IECQ QC80000 hazardous substance process management system, as well as an ISO500001 energy management system for the monitoring and improvement of greenhouse gas emissions and energy consumption.

The Group applies environmentally friendly designs and packaging and complies with green procurement policies. Moreover, the supply chain and the entire product life-cycle are in keeping with a clean and green manufacturing policy, thus producing consistently high-quality green products from start to finish. The Group constantly instils an awareness of environmental protection in its employees, the main internal stakeholders, thereby setting a good example to external stakeholders.

The Group's success in the field of environmental protection has earned recognition from the Government, industry, customers and suppliers.

SOCIAL RESPONSIBILITY

Corporate social responsibility is one of the core management philosophies in the Group. The Group has made donations to various charities, and also provided scholarships to eligible students who otherwise cannot afford to further their studies at university.

The Group has been awarded the “15 Years Plus Caring Company” logo by the Hong Kong Council of Social Service.

The Group’s staff have formed a volunteer team who contributed their free time in the service of society by visiting and organizing activities at centers for elderly people. However, due to the Covid-19 pandemic along with social distancing requirements, it was not possible for students of secondary schools and universities to tour our PRC factory for the purpose of enhancing their knowledge of green production facilities.

LEGAL AND REGULATORY COMPLIANCE

The Group complies with all relevant laws and regulations that have a significant impact on the operations of the Group.

PROSPECTS

In spite of the prolonged downward pressure on the global economy compounded by heightened geopolitical tensions, protectionism and inflationary pressure in many parts of the world, it is expected that the demand for the industrial products distributed by the Trading and Distribution Division will improve this year compared to last year, based on current improving business inquiries.

With the Group’s continuing investments in manufacturing facilities and capabilities in Queretaro, Mexico and favourable feedback from our current and new customers for the Group’s supply of products to the North American market, it is anticipated that the Group’s OEM manufacturing business will grow steadily throughout 2024.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities during the year ended 31 December 2023.

CORPORATE GOVERNANCE

The Company had complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31 December 2023, with deviations as stated below:

Code Provision B.2.2

Code Provision B.2.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Bye-laws of the Company, all Directors (except Executive Chairman or Managing or Joint Managing Director) of the Company are subject to retirement by rotation and re-elections at the annual general meeting of the Company. This constitutes a deviation from the CG Code. As continuation is a key factor to the successful implementation of any long-term business plans, the Board believes that the present arrangement is most beneficial to the Company and the shareholders as a whole.

Code Provision C.1.6

Code Provision C.1.6 stipulates that independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders.

An Independent Non-Executive Director, Mr. Tse Wan Chung Philip did not attend the annual general meeting of the Company held on 20 June 2023. However, at the aforesaid annual general meeting, there were Executive Directors and Independent Non-Executive Directors present to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by Directors on no less exacting than the terms and required standard contained in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “Model Code”). Having made specific enquiry of all the Directors, the Company had obtained confirmation from all the Directors that they have complied with the required standard set out in the Model Code and the code of conduct for securities transactions by Directors adopted by the Company throughout the year ended 31 December 2023.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement of result have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this preliminary announcement of result.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the audited consolidated financial information of the Group for the year ended 31 December 2023.

On behalf of the Board, I wish to thank all employees for their loyalty, support and hard work throughout the year.

By Order of the Board
Wong's Kong King International (Holdings) Limited
Wong Senta
Chairman

Hong Kong, 26 March 2024

As at the date of this announcement, the executive directors of the Company are Mr. Wong Senta, Mr. Tsui Ying Chun Edward, Mr. Ho Shu Chan Byron, Mr. Kwong Man Hang, Mr. Wong Vinci and Mr. Chang Jui Shum Victor; the non-executive director is Mr. Hamed Hassan El-Abd; and the independent non-executive directors are Mr. Tse Wan Chung Philip, Dr. Leung Kam Fong, Dr. Yip Wai Chun, Mr. Tse Hin Lin Arnold and Mr. Lam Yiu Wing Andrew.