



WONG'S KONG KING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0532)



INTERIM REPORT 2024

INTERIM REPORT

The Board of Directors of Wong's Kong King International (Holdings) Limited (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2024 together with comparative figures for the corresponding period in 2023 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June 2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
	Note		
Revenue	7	1,673,274	1,948,158
Other gains, net	8	4,655	6,639
Raw materials and consumables used		(849,844)	(769,440)
Purchases of finished goods		(317,011)	(635,956)
Changes in inventories of finished goods and work in progress		(142,009)	(127,428)
Employee benefit expenses		(302,990)	(304,578)
Depreciation and amortisation		(32,077)	(33,231)
Net write-back of impairment loss on financial assets		310	2,892
Other expenses	9	(98,470)	(107,521)
Operating loss	10	(64,162)	(20,465)
Finance income	11	3,604	5,152
Finance costs	11	(18,908)	(20,972)
Finance costs, net	11	(15,304)	(15,820)
Share of profit of joint ventures		8,605	5,278
Loss before income tax		(70,861)	(31,007)
Income tax expense	12	(10,774)	(9,214)
Loss for the period	6	(81,635)	(40,221)
Attributable to:			
Owners of the Company		(84,090)	(53,386)
Non-controlling interests		2,455	13,165
		(81,635)	(40,221)
Loss per share for loss attributable to the owners of the Company during the period (expressed in HK cents per share)			
– basic	13	(11.52)	(7.31)
– diluted	13	(11.52)	(7.31)

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period	(81,635)	(40,221)
Other comprehensive (loss)/income:		
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Fair value gains on equity investments at fair value through other comprehensive income, net of tax	22,524	352
<i>Item that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(19,359)	(17,670)
Total comprehensive loss for the period	(78,470)	(57,539)
Attributable to:		
Owners of the Company	(76,601)	(70,041)
Non-controlling interests	(1,869)	12,502
	(78,470)	(57,539)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2024

	Note	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	392,919	414,804
Right-of-use assets	15	55,784	66,216
Deposits		4,225	4,499
Intangible assets		899	1,068
Interests in joint ventures		31,509	29,181
Deferred tax assets		40,486	42,244
Financial assets at fair value through other comprehensive income	16	53,421	31,050
Financial assets at fair value through profit or loss		1,077	1,252
Club membership and debentures		14,814	14,814
Total non-current assets		595,134	605,128
Current assets			
Inventories		780,707	867,591
Trade and other receivables	18	1,075,278	1,060,219
Deposits and prepayments		52,669	56,643
Tax recoverable		1,823	1,207
Short-term bank deposits		88,900	74,526
Cash and cash equivalents		621,241	487,238
Total current assets		2,620,618	2,547,424
Total assets		3,215,752	3,152,552
LIABILITIES			
Non-current liabilities			
Lease liabilities	15	33,137	37,776
Provision for assets retirement obligations		1,710	1,710
Deferred tax liabilities		9,443	9,443
Retirement benefit obligations		5,777	6,357
Total non-current liabilities		50,067	55,286

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CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AT 30 JUNE 2024

	Note	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Current liabilities			
Trade and other payables	19	651,596	731,432
Contract liabilities	20	102,013	58,938
Current income tax liabilities		7,159	7,197
Bank borrowings	23	817,709	607,849
Lease liabilities	15	13,393	18,799
Derivative financial instruments		59	–
Total current liabilities		1,591,929	1,424,215
Total liabilities		1,641,996	1,479,501
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	21	72,990	72,990
Reserves		1,427,258	1,503,859
		1,500,248	1,576,849
Non-controlling interests		73,508	96,202
Total equity		1,573,756	1,673,051
Total equity and liabilities		3,215,752	3,152,552

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

The condensed consolidated interim financial information on page 1 to 37 was approved by the Board of Directors on 29 August 2024 and were signed on its behalf.

Tsui Ying Chun Edward
Director

Ho Shu Chan Byron
Director

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2024

	(Unaudited)											Non-controlling interests	Total equity
	Attributable to owners of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Special reserve HK\$'000	Financial assets at fair value through other comprehensive income	Translation reserve HK\$'000	Share option reserve HK\$'000	Capital reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
						revaluation reserve HK\$'000							
Balance at 31 December 2023 and 1 January 2024	72,990	71,341	1,610	26,624	13,438	(4,815)	(36,534)	6,380	(663)	1,426,478	1,576,849	96,202	1,673,051
Comprehensive loss													
Loss for the period	-	-	-	-	-	-	-	-	-	(84,090)	(84,090)	2,455	(81,635)
Other comprehensive (loss)/income													
Fair value gains on equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	22,353	-	-	-	-	22,353	171	22,524
Currency translation differences	-	-	-	-	-	-	(14,864)	-	-	-	(14,864)	(4,495)	(19,359)
Total comprehensive loss for the period ended 30 June 2024													
	-	-	-	-	-	22,353	(14,864)	-	-	(84,090)	(76,601)	(1,869)	(78,470)
Transactions with owners													
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(20,825)	(20,825)
Transfer from retained earnings to special reserve	-	-	-	-	(38)	-	-	-	-	38	-	-	-
Lapsed of share options	-	-	-	-	-	-	-	(41)	-	41	-	-	-
Balance at 30 June 2024	72,990	71,341	1,610	26,624	13,400	17,538	(51,398)	6,339	(663)	1,342,467	1,500,248	73,508	1,573,756

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

	(Unaudited)												
	Attributable to owners of the Company										Non-controlling interests	Total equity	
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Special reserve	Financial assets at fair value through other comprehensive income revaluation reserve	Translation reserve	Share option reserve	Capital reserve	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 31 December 2022 and 1 January 2023	72,990	71,341	1,610	26,624	14,265	(1,355)	(29,847)	6,529	(663)	1,583,951	1,745,445	107,702	1,853,147
Comprehensive (loss)/income													
(Loss)/profit for the period	-	-	-	-	-	-	-	-	-	(53,386)	(53,386)	13,165	(40,221)
Other comprehensive (loss)/income													
Fair value gains on equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	237	-	-	-	-	237	115	352
Currency translation differences	-	-	-	-	-	-	(16,892)	-	-	-	(16,892)	(778)	(17,670)
Total comprehensive (loss)/income for the period ended 30 June 2023	-	-	-	-	-	237	(16,892)	-	-	(53,386)	(70,041)	12,502	(57,539)
Transactions with owners													
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(36,523)	(36,523)
2022 final dividend	-	-	-	-	-	-	-	-	-	(25,546)	(25,546)	-	(25,546)
Transfer from retained earnings to special reserve	-	-	-	-	(827)	-	-	-	-	827	-	-	-
Lapsed of share options	-	-	-	-	-	-	-	(103)	-	103	-	-	-
Balance at 30 June 2023	72,990	71,341	1,610	26,624	13,438	(1,118)	(46,739)	6,426	(663)	1,505,949	1,649,858	83,681	1,733,539

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	Note	HK\$'000	HK\$'000
Cash flows from operating activities			
Cash (used in)/from operations		(7,956)	220,856
Income tax paid		(9,801)	(26,222)
Net cash (used in)/from operating activities		(17,757)	194,634
Cash flows from investing activities			
Interest received		3,604	5,152
Dividend income from a joint venture		6,276	10,230
Purchase of property, plant and equipment	14	(5,364)	(4,889)
Purchase of intangible assets		–	(1,204)
Proceeds from disposal of property, plant and equipment		937	459
Decrease/(increase) in long-term deposits		170	(2,395)
Increase in short-term bank deposits		(14,374)	(62,717)
Net cash used in investing activities		(8,751)	(55,364)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June 2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
	Note		
Cash flows from financing activities			
Interest paid		(17,800)	(19,805)
Proceeds from new bank borrowings	23	1,311,975	1,362,040
Repayment of bank borrowings	23	(1,102,115)	(1,556,799)
Principal element of lease rentals paid		(10,240)	(9,809)
Interest element of lease rentals paid		(1,108)	(1,167)
Net cash from/(used in) financing activities		180,712	(225,540)
Net increase/(decrease) in cash and cash equivalents		154,204	(86,270)
Cash and cash equivalents at beginning of the period		487,238	672,770
Effect of foreign exchange rate changes		(20,201)	(24,405)
Cash and cash equivalents at end of the period		621,241	562,095
Analysis of cash and cash equivalents:			
Bank balances and cash		621,241	562,095

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. GENERAL INFORMATION

Wong's Kong King International (Holdings) Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the trading and distribution of chemicals, materials and equipment used in the manufacture of printed circuit boards and electronic products and the manufacture of electrical and electronic products for original equipment manufacturer ("OEM") customers.

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11 Bermuda and its principal place of business is 17/F, Harbourside HQ, No.8 Lam Chak Street, Kowloon Bay, Hong Kong.

The unaudited condensed consolidated interim financial information is presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

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3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information has been prepared in consistent with those principal accounting policies followed in the Annual Report 2023 except the adoption of the following new/revised Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants which are effective for accounting periods commencing on or after 1 January 2024.

(a) Amended standards adopted by the Group

The following new amendments to standards were required to be adopted by the Group effective from 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current; Non-current liabilities with covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 16	Lease liabilities in sale and lease back

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

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) New and amended standards not yet adopted

Certain new and amended standards have been published that are not mandatory for financial period beginning 1 January 2024 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
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, but is not yet in a position to state whether they would have significant impacts on its results of operations and financial position.

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4. ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements as at 31 December 2023.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value and cash flow interest risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2023.

There have been no changes in the risk management policies since 31 December 2023.

(b) Fair value estimation

The carrying value of all financial assets less impairment provision are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value estimation (Continued)

The financial instruments measured at fair value are disclosed by the following measurement hierarchy:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- (ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

At the end of the reporting period, listed investment classified as financial assets at fair value through profit or loss, derivative financial instruments and unlisted investment classified as financial assets at fair value through other comprehensive income that are measured at fair value are classified under level 1, level 2 and level 3 respectively.

There were no transfers between levels 1, 2 and 3 during the period.

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5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value estimation (Continued)

(i) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(ii) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

All the resulting fair value estimates of the Group's forward foreign currency contracts are included in level 2.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value estimation (Continued)

(iii) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All the resulting fair value estimates of the Group's unlisted investment are included in level 3.

There were no other changes in valuation techniques during the period.

6. 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.

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6. SEGMENT INFORMATION (CONTINUED)

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 six months ended 30 June 2024 is as follows:

	Trading HK\$'000	Manufacturing HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue					
External sales	736,586	914,525	22,163	–	1,673,274
Inter-segment sales	109,844	1,359	15,857	(127,060)	–
Total	846,430	915,884	38,020	(127,060)	1,673,274
Timing of revenue recognition					
At a point in time	825,468	915,884	33,519	(123,192)	1,651,679
Over time	20,962	–	4,501	(3,868)	21,595
	846,430	915,884	38,020	(127,060)	1,673,274
Results					
Segment results	13,093	(67,967)	(9,688)	400	(64,162)
Finance income	2,843	490	271	–	3,604
Finance costs	(1,479)	(17,217)	(212)	–	(18,908)
Segment operating profit/(loss)	14,457	(84,694)	(9,629)	400	(79,466)
Share of profit of joint ventures					8,605
Loss before income tax					(70,861)
Income tax expense					(10,774)
Loss for the period					(81,635)

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6. SEGMENT INFORMATION (CONTINUED)

The segment information for the six months ended 30 June 2023 is as follows:

	Trading HK\$'000	Manufacturing HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue					
External sales	1,049,172	887,580	11,406	–	1,948,158
Inter-segment sales	177,457	1,398	16,949	(195,804)	–
Total	1,226,629	888,978	28,355	(195,804)	1,948,158
Timing of revenue recognition					
At a point in time	1,206,895	888,978	22,767	(191,085)	1,927,555
Over time	19,734	–	5,588	(4,719)	20,603
	1,226,629	888,978	28,355	(195,804)	1,948,158
Results					
Segment results	38,468	(50,272)	(8,795)	134	(20,465)
Finance income	4,338	682	132	–	5,152
Finance costs	(1,753)	(18,983)	(236)	–	(20,972)
Segment operating profit/(loss)	41,053	(68,573)	(8,899)	134	(36,285)
Share of profit of joint ventures					5,278
Loss before income tax					(31,007)
Income tax expense					(9,214)
Loss for the period					(40,221)

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6. SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities as at 30 June 2024 are as follows:

	Trading HK\$'000	Manufacturing HK\$'000	Others HK\$'000	Consolidated HK\$'000
Assets				
Segment assets	1,293,567	1,718,030	204,155	3,215,752
Liabilities				
Segment liabilities	429,099	1,185,196	27,701	1,641,996

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

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

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6. SEGMENT INFORMATION (CONTINUED)

An analysis of the Group's other segment information is as follows:

	Trading HK\$'000	Manufacturing HK\$'000	Others HK\$'000	Consolidated HK\$'000
For the period ended 30 June 2024				
Capital expenditure	1,414	1,594	2,356	5,364
Depreciation of property, plant and equipment	4,171	15,721	1,470	21,362
Depreciation of right-of-use assets	3,409	1,058	6,079	10,546
Amortisation of intangible assets	124	-	45	169
For the period ended 30 June 2023				
Capital expenditure	2,745	1,342	802	4,889
Additions to intangible assets	753	-	451	1,204
Depreciation of property, plant and equipment	4,739	15,977	1,245	21,961
Depreciation of right-of-use assets	4,012	1,061	6,052	11,125
Amortisation of intangible assets	109	-	36	145

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6. SEGMENT INFORMATION (CONTINUED)

Analysis of the Group's revenue by geographical market is as follows:

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Hong Kong, Mainland China and Taiwan	856,481	1,162,961
Europe	480,668	367,651
North America	209,609	273,023
Others	126,516	144,523
	1,673,274	1,948,158

The total non-current assets other than intangible assets and deferred tax assets located in Hong Kong, Mainland China and other countries are HK\$173,316,000 (31 December 2023: HK\$159,234,000), HK\$365,309,000 (31 December 2023: HK\$385,376,000) and HK\$15,124,000 (31 December 2023: HK\$17,206,000), respectively.

7. REVENUE

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Sales of goods	1,640,944	1,918,132
Commission income	9,723	8,601
Service fee income	21,595	20,603
Ticketing and touring income	366	285
Others	646	537
	1,673,274	1,948,158

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8. OTHER GAINS, NET

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Government subsidies (Note)	152	1,404
Fair value (losses)/gains on equity investments at financial assets at fair value through profit or loss	(104)	717
Tooling income	4,607	4,518
	4,655	6,639

Note: It represents subsidies mainly received from certain People's Republic of China (the "PRC") local government authorities (2023: same). There are no unfulfilled conditions or other contingencies attaching to these grants.

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9. OTHER EXPENSES

Other expenses are stated after charging/(crediting) the following:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Auditors' remuneration	2,152	1,799
Bank charges	2,084	2,282
Charitable donations	265	98
Consumables	9,940	9,541
Expenses relating to short-term leases	1,303	1,222
Expenses relating to leases of low-value assets that are not shown above as short-term leases	12	12
Electricity, water and other utility	13,416	13,599
Freight and insurance	12,363	11,701
(Gains)/losses on disposal of property, plant and equipment	(444)	1,304
Marketing expenses	1,529	593
Net foreign exchange (gains)/losses	(2,797)	8,368
Office and factories expenses	7,980	8,729
Postage, telephone and fax	2,459	2,859
Professional service fees	6,375	6,336
Repairs and maintenance	7,636	4,884
Storage	813	599
Transportation and travelling expenses	11,808	12,337
Tax and surcharges	6,735	6,968
Others (Note)	14,841	14,290
	98,470	107,521

Note: Others included research and development expenses, motor vehicle expenses, fuel costs, miscellaneous expenses etc.

INTERIM REPORT

10. OPERATING LOSS

Operating loss is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Reversal of provision for obsolescence of inventories	(435)	(2,534)
Net fair value losses on derivative financial instruments	263	251

11. FINANCE COSTS, NET

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interest income on:		
– bank deposits	3,599	5,132
– others	5	20
	3,604	5,152
Interest expense on:		
– bank borrowings	(17,800)	(19,805)
– lease liabilities	(1,108)	(1,167)
	(18,908)	(20,972)
Finance costs, net	(15,304)	(15,820)

INTERIM REPORT

12. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profit for the period (2023: same). The subsidiaries established in the PRC are subject to corporate income tax rate of 25% (2023: 25%). The subsidiaries in Taiwan are subject to corporate income tax rate of 20% (2023: 20%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	–	–
– PRC corporate income tax	3,429	(201)
– Taiwan corporate income tax	2,242	10,692
– Other jurisdictions	3,582	1,219
	9,253	11,710
Deferred income tax	–	(18,383)
Withholding tax on dividends declared by a subsidiary	1,521	15,887
	10,774	9,214

13. LOSS PER SHARE

(a) **Basic**

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

	Six months ended 30 June	
	2024	2023
Loss attributable to owners of the Company (Hong Kong thousands dollar)	(84,090)	(53,386)
Weighted average number of ordinary shares in issue (thousands)	729,898	729,898
Basic loss per share (Hong Kong cents per share)	(11.52)	(7.31)

(b) **Diluted**

Diluted loss per share was the same as the basic loss per share for the period ended 30 June 2024 and 2023, as the share options of the Company had an anti-dilutive effect on the basic loss per share and was ignored in the calculation of diluted loss per share.

INTERIM REPORT

14. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2024, the Group acquired property, plant and equipment of HK\$5,364,000 (Period ended 30 June 2023: HK\$4,889,000).

During the period ended 30 June 2024, the Group disposed property, plant and equipment with a carrying amount of HK\$493,000 (Period ended 30 June 2023: HK\$1,763,000).

15. LEASES

During the period ended 30 June 2024, the Group entered into new lease agreements for buildings for 2 to 4 years. The Group makes fixed payments during the contract period. On lease commencement, the Group recognised an addition of right-of-use assets amounting to HK\$662,000 (Period ended 30 June 2023: HK\$48,007,000).

INTERIM REPORT

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

- (a) Financial assets at fair value through other comprehensive income include the following:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Financial instruments level 3:		
Investments in unlisted equity securities	53,421	31,050

- (b) Movement of financial assets at fair value through other comprehensive income is analysed as follows:

	Six months ended 30 June 2024 HK\$'000	2023 HK\$'000
At beginning of period	31,050	34,029
Net fair value gains on financial assets at fair value through other comprehensive income	22,655	440
Exchange losses	(284)	(47)
At end of the period	53,421	34,422

INTERIM REPORT

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(c) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

	Fair value at 30 June 2024 HK\$'000	Note	Unobservable inputs*	Range of inputs	Relationship of unobservable inputs to fair value
Unlisted equity securities denominated in HK\$	48,000	1	Enterprise multiples	7.06	A change in the enterprise multiples by +10% would increase the fair value by HK\$9,400,000 A change in the enterprise multiples by -10% would decrease the fair value by HK\$9,700,000
			Discount for lack of marketability	15.7%	A change in the discount for lack of marketability by +1,000 basis points would decrease the fair value by HK\$4,800,000 A change in the discount for lack of marketability by -1,000 basis points would increase the fair value by HK\$4,500,000

INTERIM REPORT

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(c) Valuation inputs and relationships to fair value (Continued)

	Fair value at 30 June 2024 HK\$'000	Note	Unobservable inputs*	Range of inputs	Relationship of unobservable inputs to fair value
Unlisted equity securities denominated in New Taiwan dollars ("NTD")	5,421		Discount for lack of marketability	30% to 80%	A change in the discount for lack of marketability by +/- 1,000 basis points would decrease/increase the fair value by HK\$881,000
	<u>53,421</u>				

Note 1: Enterprise multiples = enterprise value/earnings before interest, tax, depreciation and amortisation

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

INTERIM REPORT

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(d) Valuation process used for fair value measurements categorised within level 3 of the fair value hierarchy

The Group engages external, independent and qualified valuers to determine the fair value of the Group's unlisted equity securities at least once every six months. As at 30 June 2024, the fair values of the unlisted equity securities have been determined by Ravia Global Appraisal Advisory Limited mainly.

17. DIVIDENDS

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: HK\$ nil).

18. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are accounts and bills receivables of HK\$1,008,245,000 (At 31 December 2023: HK\$1,009,485,000).

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Accounts and bills receivables-third parties	1,036,941	1,039,887
Less: loss allowance	(28,696)	(30,402)
	<u>1,008,245</u>	<u>1,009,485</u>
Other receivables	67,033	50,734
	<u>1,075,278</u>	<u>1,060,219</u>

INTERIM REPORT

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

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 invoices dates net of loss allowance at the end of reporting period is as follows:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
0 to 30 days	340,928	410,663
31 to 60 days	196,116	211,748
61 to 90 days	173,393	133,216
Over 90 days	297,808	253,858
	1,008,245	1,009,485

The closing loss allowances for trade receivables as at 30 June 2024 reconcile to the opening loss allowances as follows:

	Six months ended 30 June 2024 HK\$'000	2023 HK\$'000
At 1 January	30,402	32,434
Reversal of impairment losses	(427)	(2,892)
Receivables written off	(1,279)	(50)
At 30 June	28,696	29,492

INTERIM REPORT

19. TRADE AND OTHER PAYABLES

Included in trade and other payables are accounts and bills payables of HK\$487,543,000 (At 31 December 2023: HK\$531,255,000).

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

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
0 to 30 days	293,411	269,971
31 to 60 days	95,498	133,513
61 to 90 days	51,138	52,037
Over 90 days	47,496	75,734
	487,543	531,255

20. CONTRACT LIABILITIES

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Contract liabilities relating to sales of goods and provision of service	102,013	58,938

The revenue recognised in the current reporting period relates to carried-forward contract liabilities at the beginning of the period amounted to HK\$32,051,000 (Period ended 30 June 2023: HK\$78,138,000).

INTERIM REPORT

21. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Share capital HK\$'000
Issued and fully paid: At 31 December 2023, 1 January 2024 and 30 June 2024	729,897,964	72,990

22. SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a resolution passed on 22 June 2016 for the primary purpose of providing incentives to directors and eligible employees and will expire on 21 June 2026 (the "Scheme"). Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 30 June 2024, the number of shares in respect of which options granted and remained outstanding under the Scheme was 61,550,000 shares. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the total number of shares in issue as at the date of adoption of the Scheme, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in the 12-month period up to and including the date of such new grant is not permitted to exceed 1% of the shares of the Company in issue as at the date of such new grant, without prior approval from the Company's shareholders. Any grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive directors (excluding any independent non-executive director who is a grantee of the relevant options). Options granted to substantial shareholders or independent non-executive directors or any of their respective associates in excess of 0.1% of the Company's share capital and with a value in excess of HK\$5,000,000, in any 12-month period, must be approved by the Company's shareholders at a general meeting.

INTERIM REPORT

22. SHARE OPTION SCHEME (CONTINUED)

Options may be exercised after one year from the grant date but must be remained in employment with the Group, and options will vest (i) as to 25% (rounded down to the nearest whole underlying share) on the first anniversary of its date of grant, and (ii) as to the remainder on the second anniversary of its grant date. The exercise price is determined by the Board of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average of the closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Set out below are summaries of options granted under the Scheme:

	Exercise price HK\$	Number of share options
As at 1 January 2023	0.906	63,400,000
Lapse		(1,450,000)
As at 31 December 2023 and 1 January 2024		61,950,000
Lapse		(400,000)
As at 30 June 2024		61,550,000
Vested and exercisable	0.906	61,550,000

The share options can be exercisable up to a maximum of 25% of the grant during the period from 14 June 2020 to 13 June 2021 and the remainder of grant during the period from 14 June 2021 to 13 June 2029.

No options expired during the periods covered by the above table.

22. SHARE OPTION SCHEME (CONTINUED)

The closing price of the Company's shares on 14 June 2019, the date of grant, was HK\$0.88. The fair value of the options determined at the date of grant using the Black-Scholes option-pricing model was approximately HK\$7,379,000. No share-based payment expense was charged to the condensed consolidated income statement for the six months ended 30 June 2024 (2023: HK\$ nil).

The following assumptions were used to calculate the fair value of the share options granted:

Grant date fair value per share	HK\$0.10
Expected life	6 years
Expected volatility	31.93%
Dividend yield	7.39%
Risk-free interest rate	1.44%

Expected volatility is estimated taking into account historical average share price volatility. The Black-Scholes option-pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

23. BANK BORROWINGS

	HK\$'000
Six months ended 30 June 2023:	
Opening amount at 1 January 2023	896,897
Proceeds from new bank borrowings	1,362,040
Repayment of bank borrowings	(1,556,799)
Closing amount at 30 June 2023	702,138
Six months ended 30 June 2024:	
Opening amount at 1 January 2024	607,849
Proceeds from new bank borrowings	1,311,975
Repayment of bank borrowings	(1,102,115)
Closing amount at 30 June 2024	817,709

INTERIM REPORT

24. CAPITAL COMMITMENTS

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Capital expenditure contracted for but not yet incurred:		
Acquisition of property, plant and equipment	406	–

25. RELATED PARTY TRANSACTIONS

Related parties refer to entities in which the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or directors or officers of the Company and its subsidiaries.

The Group is ultimately controlled by Mr. Wong Senta, chairman of the board of directors.

- (a) During the period, the Group entered into the following transactions with its related parties:

	For the six months ended 30 June		Amount due from related parties	
	2024 HK\$'000	2023 HK\$'000	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Ticketing and Touring income (Notes i and iv)	181	1,046	–	–
Ticketing and Touring income (Notes ii and iv)	343	129	311	25
Ticketing and Touring income (Notes iii and iv)	–	12	–	–
Service fee income (Notes iii and iv)	147	88	–	–
Rental expense (Notes i and iv)	498	498	–	–

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) During the period, the Group entered into the following transactions with its related parties: (Continued)

Notes:

- (i) Related party was a company of which Mr. Wong Senta is a director having control or significant influence over this company (2023: same).
- (ii) Related parties were Mr. Ho Shu Chan Byron, Mr. Chang Jui Shum Victor, Mr. Wong Vinci and a company of which Mr. Wong Vinci is a director having control or significant influence over the company and a close family member of Mr. Wong Senta (2023: Mr. Ho Shu Chan Byron, Mr. Chang Jui Shum Victor, Mr. Wong Vinci and a company of which Mr. Wong Vinci is a director having control or significant influence over the company).
- (iii) Related party is Wesi Technology Limited, a joint venture of the Group (2023: same).
- (iv) All of the transactions were carried out in the normal course of the Group's business and the terms as agreed between the transacting parties (2023: same).

(b) Key management remuneration

The remuneration of key management during the period was as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Salaries, wages, commission and allowances	28,388	28,137
Post-employment benefits	1,097	1,125
	29,485	29,262

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: HK\$ nil).

BUSINESS REVIEW

The Group's turnover for the first half of 2024 was HK\$1.7 billion, reflecting a decline of approximately 14% compared to the same period last year. The Group recorded a net loss attributable to shareholders of HK\$84.1 million for the first half of 2024 as compared to a net loss attributable to shareholders of HK\$53.4 million for the corresponding period last year, mainly due to the global economic downturn and continued high interest rates.

The turnover of the Group's Industrial Products Trading and Distribution Division for the first half of 2024 was HK\$0.7 billion, representing a decrease of approximately 30% compared to the same period last year. This was mainly due to the customers of the Division's Taiwan subsidiary reducing orders to scale back their inventory and capital expenditure. In contrast, the Division's subsidiaries in the PRC performed better than expected over the Interim Period compared to the corresponding period last year as their customers increased orders. The under-performance in Taiwan outweighed the improved performance in the PRC but the Division achieved an operating profit of HK\$14.5 million, a decrease of approximately 65% compared to the corresponding period last year.

The turnover of the Group's OEM Manufacturing Division increased by approximately 3% to HK\$0.9 billion for the first half of 2024 compared to the same period last year. The Division's operating loss was HK\$84.7 million for the first half of 2024 as compared to an operating loss of HK\$68.6 million for the corresponding period last year. This was due, first, to a change in the product mix. Secondly, the Manufacturing Division incurred continuing costs for the development of its Mexican manufacturing project.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCE

The Group has committed bank and other financing facilities totaling HK\$2,587 million, of which HK\$941 million was drawn down at 30 June 2024. As at 30 June 2024, the Group's consolidated net borrowings amounted to HK\$154 million and its total equity amounted to HK\$1,574 million, resulting in a net gearing ratio of 9.8%.

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

HUMAN RESOURCES

As of 30 June 2024, the Group had a total of 3,788 employees, of whom 204 were based in Hong Kong, 2,794 in the PRC and 790 overseas. The remuneration of the Group's employees is mainly based on their performance and experience, taking into account current industry practices. Provident fund scheme, medical allowances, and in-house and external training programs are available to employees. Share options and discretionary bonuses may be provided to employees according to the performance of the individual and the Group. The remuneration policy and package of the Group's employees are regularly reviewed.

PROSPECTS

In view of rebounding supply chain pressures and the inflationary environment escalated by renewed trade and geopolitical tensions, it is expected that the demand for the industrial products distributed by the Trading and Distribution Division will remain largely constant in the second half of 2024, based on current business inquiries.

With the Group's continuous efforts to develop its Mexican manufacturing facility and the products that it can manufacture combined with favourable feedback from our current and new customers for the supply of products to the North American market, the Group anticipates that many more products will commence mass production at the Mexican manufacturing facility in the second half of 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

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

By Order of the Board
Wong's Kong King International (Holdings) Limited
Ho Shu Chan Byron
Director

Hong Kong, 29 August 2024

As at the date of this report, 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 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.

DISCLOSURE OF INTERESTS

INTERESTS OF DIRECTORS

As at 30 June 2024, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions in the shares of the Company

Name	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total Interests	Total Interests as % of share capital issued	Share Options	Total Interests (including underlying shares) as % of the share capital
						%		%
Wong Senta	9,120,000	-	122,012,723 (Note 1)	207,800,000 (Note 2)	338,932,723	46.44	5,000,000	47.12
Tsui Ying Chun Edward	7,577,920	-	-	-	7,577,920	1.04	3,000,000	1.45
Ho Shu Chan Byron	3,470,000	360,000	-	-	3,830,000	0.52	3,000,000	0.94
Kwong Man Hang	5,400,000	-	-	-	5,400,000	0.74	3,000,000	1.15
Wong Vinci	-	-	32,454,028 (Note 3)	207,800,000 (Note 4)	240,254,028	32.92	3,000,000	33.33
Chang Jui Shum Victor	-	154,000	32,454,028 (Note 5)	207,800,000 (Note 6)	240,408,028	32.94	3,000,000	33.35
Hamed Hassan El-Abd	3,000,000	-	-	-	3,000,000	0.41	3,000,000	0.82
Tse Wan Chung Philip	-	-	-	-	-	-	3,000,000	0.41
Leung Kam Fong	-	-	-	180,000 (Note 7)	180,000	0.02	3,000,000	0.44
Yip Wai Chun	-	-	-	-	-	-	3,000,000	0.41
Tse Hin Lin Arnold	-	-	-	-	-	-	3,000,000	0.41
Lam Yiu Wing Andrew	-	-	-	-	-	-	3,000,000	0.41

DISCLOSURE OF INTERESTS

Notes:

1. 122,012,723 shares were registered in the name of Wonder Luck International Limited, which was wholly owned by Senta Wong (BVI) Limited. The entire issued share capital of which was 50.25% owned by Mr. Wong Senta and 49.75% owned by his wife, Mrs. Wong Wu Lai Ming, Lily. Mrs. Wong Wu Lai Ming, Lily passed away on 22 January 2022. The references to 122,012,723 shares deemed to be interested by Mr. Wong Senta (as disclosed herein) and Senta Wong (BVI) Limited (as disclosed in the section headed “Interests of substantial shareholders”) relate to the same block of shares.
2. 207,800,000 shares were registered in the name of Rewarding Limited, which was wholly owned by Greatfamily Inc. (which was in turn wholly owned by Greatguy (PTC) Inc.) for a discretionary trust, of which Mr. Wong Senta was regarded as the founder (by virtue of the SFO). The references to 207,800,000 shares deemed to be interested by Mr. Wong Senta (as disclosed herein), Mr. Wong Vinci and Mr. Chang Jui Shum Victor (as disclosed in Notes 4 and 6 below respectively), Greatfamily Inc. and Greatguy (PTC) Inc. (as disclosed in the section headed “Interests of substantial shareholders”) relate to the same block of shares.
3. 32,454,028 shares were held by Max Return Group Limited, of which Mr. Wong Vinci owns 33.33% shares. The references to these 32,454,028 shares deemed to be interested by Mr. Wong Vinci (as disclosed herein) and Mr. Chang Jui Shum Victor (as disclosed in Note 5 below) relate to the same block of shares.
4. Mr. Wong Vinci was deemed (by virtue of the SFO) to be interested in 207,800,000 shares in the Company by virtue of him being a beneficiary of a discretionary trust.
5. Mr. Chang Jui Shum Victor was deemed (by virtue of the SFO) to be interested in 32,454,028 shares in the Company, which were held by Max Return Group Limited, of which his spouse owns 33.33% shares.
6. Mr. Chang Jui Shum Victor was deemed (by virtue of the SFO) to be interested in 207,800,000 shares in the Company by virtue of his spouse being a beneficiary of a discretionary trust.
7. These 180,000 shares were jointly held by Dr. Leung Kam Fong and his spouse.

Certain Directors held qualifying shares in certain subsidiaries of the Group on trust for the Company or other subsidiaries of the Group.

DISCLOSURE OF INTERESTS

Save as disclosed herein, as at 30 June 2024, none of the Directors of the Company or his associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

The Company has been notified that, as at 30 June 2024, the following persons (other than Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in the shares of the Company

Name of substantial shareholders	Capacity	Number of shares held	Percentage of total issued shares
Greatfamily Inc.	Interest of controlled corporation (Note 1)	207,800,000	28.47%
Greatguy (PTC) Inc.	Trustee (Note 1)	207,800,000	28.47%
Senta Wong (BVI) Limited	Interest of controlled corporation (Note 2)	122,012,723	16.72%
Cantrust (Far East) Limited	Trustee (Note 3)	51,003,881	6.99%
Wong Chung Yin	Beneficial owner, interest of child or spouse and interest of controlled corporations (Note 4)	42,715,701	5.85%

DISCLOSURE OF INTERESTS

Notes:

1. Please see Note 2 under the section headed “Interests of Directors”.
2. Please see Note 1 under the section headed “Interests of Directors”.
3. Cantrust (Far East) Limited (“Cantrust”) is the trustee of Coreview Trust and C Y Wong Trust. Cantrust through its direct and indirect ownerships in each of WLJ Holding Limited (“WLJ”), Kong King International Limited (“KKIL”), New Chung Yan Limited (“NCYL”), Aldalyn Limited (“AL”) and Blueford Limited (“BL”) holds a total of 51,003,881 shares in the Company. These shares were held in the following capacity:
 - (a) 24,813,332 shares were held by KKIL under a discretionary trust, of which Cantrust was the trustee. KKIL was wholly-owned by WLJ, which was in turn wholly-owned by Cantrust. Each of Cantrust, WLJ and KKIL was deemed to be interested in the same block of 24,813,332 shares of the Company.
 - (b) 13,095,274 shares and 13,095,275 shares were held by AL and BL respectively under a discretionary trust, of which Cantrust was the trustee. AL and BL were wholly-owned by NCYL, which was in turn wholly-owned by Cantrust. Each of Cantrust, NCYL, AL and BL was deemed to be interested in the same block of 26,190,549 shares in the Company.
4. Mr. Wong Chung Yin was deemed (by virtue of the SFO) to be interested in 42,715,701 shares in the Company. These shares were held in the following capacity:
 - (a) 25,613,332 shares were held by Mr. Wong Chung Yin personally.
 - (b) 450 shares were held under the name of Ms. Woo Sin Ming, the wife of Mr. Wong Chung Yin.
 - (c) 17,101,919 shares were jointly held by Mr. Wong Chung Yin and his wife, Ms. Woo Sin Ming.

Save as disclosed, the Directors are not aware of any other persons who, as at 30 June 2024, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

DISCLOSURE OF INTERESTS

SHARE OPTION SCHEME

A share option scheme (the “Scheme”) has been adopted by the shareholders of the Company on 22 June 2016. During the six months ended 30 June 2024, no share options were granted under the Scheme.

Particulars of the share options granted under the Scheme and their movements during the six months ended 30 June 2024 were as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options					
				Balance as at 01.01.2024	Transfer to other category during the period	Transfer from other category during the period	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period
Category 1:									
(I) Directors									
Wong Senta	14.06.2019	0.906	14.06.2020-13.06.2029	5,000,000	-	-	-	-	5,000,000
Tsui Ying Chun Edward	14.06.2019	0.906	14.06.2020-13.06.2029	3,000,000	-	-	-	-	3,000,000
Ho Shu Chan Byron	14.06.2019	0.906	14.06.2020-13.06.2029	3,000,000	-	-	-	-	3,000,000
Kwong Man Hang	14.06.2019	0.906	14.06.2020-13.06.2029	3,000,000	-	-	-	-	3,000,000
Wong Vinci	14.06.2019	0.906	14.06.2020-13.06.2029	3,000,000	-	-	-	-	3,000,000
Chang Jui Shum Victor	14.06.2019	0.906	14.06.2020-13.06.2029	3,000,000	-	-	-	-	3,000,000
Hamed Hassan El-Abd	14.06.2019	0.906	14.06.2020-13.06.2029	3,000,000	-	-	-	-	3,000,000
Tse Wan Chung Philip	14.06.2019	0.906	14.06.2020-13.06.2029	3,000,000	-	-	-	-	3,000,000
Leung Kam Fong	14.06.2019	0.906	14.06.2020-13.06.2029	3,000,000	-	-	-	-	3,000,000
Yip Wai Chun	14.06.2019	0.906	14.06.2020-13.06.2029	3,000,000	-	-	-	-	3,000,000
Tse Hin Lin Arnold	14.06.2019	0.906	14.06.2020-13.06.2029	3,000,000	-	-	-	-	3,000,000
Lam Yiu Wing Andrew	14.06.2019	0.906	14.06.2020-13.06.2029	3,000,000	-	-	-	-	3,000,000
Total for directors				38,000,000	-	-	-	-	38,000,000
Category 2:									
(II) Associates of Directors									
Wong Ava	14.06.2019	0.906	14.06.2020-13.06.2029	150,000	-	-	-	-	150,000
Wong Orangeo Wendy	14.06.2019	0.906	14.06.2020-13.06.2029	150,000	-	-	-	-	150,000
Category 3:									
(III) Other employees									
	14.06.2019	0.906	14.06.2020-13.06.2029	23,950,000	-	-	-	(400,000)	23,550,000
Total				61,950,000	-	-	-	(400,000)	61,550,000

DISCLOSURE OF INTERESTS

Notes:

1. The share options can be exercised at any time during the period from 14 June 2020 to 13 June 2029 (both dates inclusive), provided that up to a maximum of 25% of the share options can be exercised during the period commencing from 14 June 2020 to 13 June 2021 and the balance of the share options not then exercised shall be exercisable during the period commencing from 14 June 2021 to 13 June 2029.
2. The closing price of the shares of the Company immediately before the date on which the share options were granted was HK\$0.93.
3. 71,650,000 share options were granted on 14 June 2019 and subsequently, 70,450,000 share options were accepted by the Grantees.
4. The number of options available for grant under the scheme mandate as at 1 January 2024 and 30 June 2024 was 4,773,596.
5. The weighted average over the financial year of all shares that may be issued in respect of options granted under the New Scheme divided by the weighted average number of shares in issue for the Period was 0.0846.

Save as disclosed above, there were no outstanding share options under the New Scheme during the six months ended 30 June 2024.

The fair value of the options determined at the date of grant using the Black-Scholes option-pricing model was approximately HK\$7,379,000. No share-based payment expense was charged to the condensed consolidated income statement for the six months ended 30 June 2024.

The following assumptions were used to calculate the fair value of the share options granted:

Grant date fair value per share	HK\$0.10
Expected life	6 years
Expected volatility	31.93%
Dividend yield	7.39%
Risk-free interest rate	1.44%

Expected volatility is estimated taking into account historical average share price volatility. The Black-Scholes option-pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The Company has 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”) during the six months ended 30 June 2024, with deviations as stated below:

Code Provision B.2.2 of the CG Code

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 for the Executive Chairman or Managing or Joint Managing Director) of the Company are subject to retirement by rotations 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.

CORPORATE GOVERNANCE

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 six months ended 30 June 2024.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting, principles and practices adopted by the Group and discussed auditing risk management and internal control systems and financial reporting matters including a review of the unaudited condensed consolidated interim financial information for the six months ended 30 June 2024.