



**WONG'S INTERNATIONAL HOLDINGS LIMITED**

**王氏國際集團有限公司**

*(Incorporated in Bermuda with limited liability)*

Stock Code: 99

**INTERIM REPORT FOR 2023**





This interim report is printed on environmentally friendly paper

## UNAUDITED INTERIM RESULTS

The board of directors (the “Board” or “Directors”) of Wong’s International Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023 as follows:

### CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Unaudited	
		2023	2022
	Note	HK\$'000	HK\$'000
<b>Revenue</b>	6	<b>1,680,743</b>	1,559,192
Other income		<b>8,879</b>	4,909
Changes in inventories of finished goods and work in progress		<b>(21,737)</b>	5,708
Raw materials and consumables used		<b>(1,244,988)</b>	(1,157,410)
Employee benefit expenses		<b>(209,319)</b>	(235,444)
Depreciation	7	<b>(34,886)</b>	(35,651)
Other operating expenses	7	<b>(84,079)</b>	(81,544)
Change in fair value of investment properties	13	<b>1,562</b>	11,800
Other gains – net	8	<b>8,880</b>	31,989
Provision for impairment losses on trade receivables	15	<b>(926)</b>	(17)
Operating profit		<b>104,129</b>	103,532
Finance income	9	<b>11,466</b>	9,743
Finance costs	9	<b>(44,200)</b>	(21,461)
Share of loss of an associate		–	(2,892)
Share of profits of joint ventures	14	<b>29,836</b>	19,805
<b>Profit before income tax</b>		<b>101,231</b>	108,727
Income tax expense	10	<b>(11,820)</b>	(13,192)
<b>Profit after income tax</b>		<b>89,411</b>	95,535
<b>Profit attributable to owners of the Company</b>		<b>89,411</b>	95,535
Dividends	11	<b>14,354</b>	9,570
<b>Earnings per share attributable to owners of the Company during the period</b>			
Basic	12	<b>HK\$0.19</b>	HK\$0.20
Diluted	12	<b>HK\$0.19</b>	HK\$0.20

The notes on pages 7 to 30 are an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

*FOR THE SIX MONTHS ENDED 30 JUNE 2023*

	<b>Unaudited</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
<b>Profit for the period</b>	<b>89,411</b>	95,535
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to consolidated income statement:</i>		
Cash flow hedge – fair value gains for the period	14,646	13,639
Cash flow hedge – deferred income tax recognised	(2,417)	(2,250)
Currency translation differences:		
– Group	(67,391)	(94,044)
– Associates	–	(456)
 <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	(1,705)	–
Changes in fair value of financial assets at fair value through other comprehensive income	(36,738)	121
 <b>Other comprehensive loss for the period, net of tax</b>	<b>(93,605)</b>	(82,990)
 <b>Total comprehensive (loss)/income for the period attributable to the owners of the Company</b>	<b>(4,194)</b>	12,545

The notes on pages 7 to 30 are an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

		Unaudited As at 30 June 2023 <i>HK\$'000</i>	Audited As at 31 December 2022 <i>HK\$'000</i>
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>13</i>	<b>232,089</b>	251,882
Investment properties	<i>13</i>	<b>1,959,947</b>	1,959,215
Right-of-use assets		<b>108,420</b>	119,677
Interests in joint ventures	<i>14</i>	<b>2,057,603</b>	2,058,112
Financial assets at fair value through other comprehensive income		<b>114,803</b>	158,538
Derivative financial instruments		<b>27,468</b>	21,435
Deferred income tax assets		<b>20,535</b>	19,662
Deposits and other receivables		<b>19,335</b>	18,843
Restricted cash		<b>539</b>	1,055
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
		<b>4,540,739</b>	4,608,419
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Current assets</b>			
Inventories		<b>400,565</b>	487,189
Stock of completed properties		<b>203,610</b>	203,610
Trade receivables	<i>15</i>	<b>988,102</b>	1,071,437
Prepayments, deposits and other receivables		<b>82,003</b>	90,169
Financial assets at fair value through other comprehensive income		<b>65</b>	78
Current income tax recoverable		<b>1,773</b>	1,356
Restricted cash		<b>118,088</b>	124,702
Short-term bank deposits		<b>351,010</b>	546,736
Cash and cash equivalents		<b>773,365</b>	544,537
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
		<b>2,918,581</b>	3,069,814
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total assets</b>		<b>7,459,320</b>	7,678,233
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# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

(continued)

		Unaudited As at 30 June 2023 <i>HK\$'000</i>	Audited As at 31 December 2022 <i>HK\$'000</i>
	<i>Note</i>		
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	18	47,848	47,848
Other reserves		426,232	519,291
Retained earnings			
– Dividends		14,354	21,533
– Others		3,898,932	3,824,421
<b>Total equity</b>		<b>4,387,366</b>	<b>4,413,093</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Derivative financial instruments		–	8,613
Lease liabilities		12,781	19,419
Deferred income tax liabilities		77,232	81,070
Borrowings	17	1,013,417	1,070,294
		<b>1,103,430</b>	<b>1,179,396</b>
<b>Current liabilities</b>			
Trade payables	16	632,032	710,517
Accruals and other payables		237,800	229,258
Contract liabilities		140,097	131,574
Lease liabilities		17,784	18,914
Current income tax liabilities		40,647	42,807
Borrowings	17	900,164	952,674
		<b>1,968,524</b>	<b>2,085,744</b>
<b>Total liabilities</b>		<b>3,071,954</b>	<b>3,265,140</b>
<b>Total equity and liabilities</b>		<b>7,459,320</b>	<b>7,678,233</b>

The notes on pages 7 to 30 are an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Unaudited			
	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>
<b>As at 1 January 2023</b>	47,848	153,025	4,212,220	4,413,093
<b>Comprehensive income</b>				
Profit for the period	–	–	89,411	89,411
	-----	-----	-----	-----
<b>Other comprehensive income</b>				
Currency translation differences	–	–	(67,391)	(67,391)
Loss on disposal of financial assets at fair value through other comprehensive income	–	–	(1,705)	(1,705)
Changes in fair value of financial assets at fair value through other comprehensive income	–	–	(36,738)	(36,738)
Cash flow hedge – fair value gains for the period	–	–	14,646	14,646
Cash flow hedge – deferred income tax recognised	–	–	(2,417)	(2,417)
	-----	-----	-----	-----
Total other comprehensive loss	–	–	(93,605)	(93,605)
	-----	-----	-----	-----
Total comprehensive loss	–	–	(4,194)	(4,194)
	-----	-----	-----	-----
<b>Transactions with owners</b>				
Dividend paid to owners of the Company	–	–	(21,533)	(21,533)
	-----	-----	-----	-----
Total transactions with owners	–	–	(21,533)	(21,533)
	-----	-----	-----	-----
<b>As at 30 June 2023</b>	<b>47,848</b>	<b>153,025</b>	<b>4,186,493</b>	<b>4,387,366</b>
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As at 1 January 2022	47,848	153,025	4,277,664	4,478,537
	-----	-----	-----	-----
<b>Comprehensive income</b>				
Profit for the period	–	–	95,535	95,535
	-----	-----	-----	-----
<b>Other comprehensive income</b>				
Currency translation differences	–	–	(94,500)	(94,500)
Changes in fair value of financial assets at fair value through other comprehensive income	–	–	121	121
Cash flow hedge – fair value gains for the period	–	–	13,639	13,639
Cash flow hedge – deferred income tax recognised	–	–	(2,250)	(2,250)
	-----	-----	-----	-----
Total other comprehensive loss	–	–	(82,990)	(82,990)
	-----	-----	-----	-----
Total comprehensive income	–	–	12,545	12,545
	-----	-----	-----	-----
<b>Transactions with owners</b>				
Dividend paid to owners of the Company	–	–	(11,963)	(11,963)
	-----	-----	-----	-----
Total transactions with owners	–	–	(11,963)	(11,963)
	-----	-----	-----	-----
As at 30 June 2022	47,848	153,025	4,278,246	4,479,119
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The notes on pages 7 to 30 are an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Unaudited	
	For the six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>		
Net cash generated from operating activities	187,217	26,068
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,740)	(73,444)
Proceeds from disposal of property, plant and equipment	595	398
Dividend received from an associate	–	3,819
Dividend received from financial assets at fair value through other comprehensive income	1,489	–
Additional investment in financial assets at fair value through other comprehensive income	–	(830)
Proceeds from investment in financial assets at fair value through other comprehensive income	5,306	–
Decrease in short-term bank deposits	186,683	17,893
Decrease/(increase) in restricted cash	2,742	(1,107)
Repayment from joint ventures	30,345	19,635
Interest received	11,466	9,743
<b>Net cash generated from/(used in) investing activities</b>	232,886	(23,893)
<b>Cash flows from financing activities</b>		
Increase in trust receipt bank loans – net	18,676	46,320
New bank loans	416,000	347,000
Repayment of bank loans	(544,063)	(342,599)
Payment of lease payment	(8,097)	(10,719)
Dividends paid	(21,533)	(11,963)
<b>Net cash (used in)/generated from financing activities</b>	(139,017)	28,039
<b>Net increase in cash and cash equivalents</b>	281,086	30,214
<b>Cash and cash equivalents at beginning of the period</b>	544,537	400,818
Currency translation differences	(52,258)	(24,825)
<b>Cash and cash equivalents at end of the period</b>	773,365	406,207
<b>Analysis of cash and cash equivalents:</b>		
Cash on hand	311	292
Cash at bank	773,054	405,915
<b>Cash and cash equivalents at end of the period</b>	773,365	406,207

The notes on pages 7 to 30 are an integral part of this condensed consolidated interim financial information.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

Wong's International Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the development, manufacture, marketing and distribution of electronics products as well as property holding.

This condensed consolidated interim financial information has not been audited.

## 2 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information ("Interim Financial Information") for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial report" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

## 3 SIGNIFICANT ACCOUNTING POLICIES

This Interim Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss, financial assets at fair value through other comprehensive income and investment properties, which are carried at fair value.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements.

### **New standard and amended standards adopted by the Group**

The following new standard and amendments to standards are mandatory for first time for the financial year beginning 1 January 2023:

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

There are no new standard and amendments to standards that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### Standards issued but not yet applied by the Group

Certain amendments to standards and interpretations have been published but are not effective for the Group's accounting periods beginning on or after 1 January 2023 and have not been early adopted by the Group. These amendments to standards and interpretations are set out below:

		<b>Effective for annual periods beginning on or after</b>
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 HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Directors of the Company are in the process of assessing the financial impact of the adoption of the above amendments to standards and interpretation. The Directors of the Company will adopt the amendments to standards and interpretation when they become effective.

## 4 ESTIMATES

The preparation of interim financial statements 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 consolidated financial statements for the year ended 31 December 2022.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate 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 2022.

The Group has entered into interest rate swap contracts to partially hedge against the risk of interest increase from the Group's variable rate borrowings.

There have been no changes in the risk management department since year end.

### 5.2 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2023.

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Assets</b>				
Financial assets at fair value through other comprehensive income	94,564	–	20,304	114,868
Derivative financial instruments	–	27,468	–	27,468

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

### 5.2 Fair value estimation (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2022.

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Assets</b>				
Financial assets at fair value through other comprehensive income	138,507	–	20,109	158,616
Derivative financial instruments	–	21,435	–	21,435
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Liabilities</b>				
Derivative financial instruments	–	8,613	–	8,613
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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

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

### 5.3 Valuation techniques used to derive Level 2 fair values

Level 2 derivative financial instruments comprise interest rate swaps. The fair value of interest rate swaps 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.

### 5.4 Valuation techniques used to derive Level 3 fair values

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

### 5.4 Valuation techniques used to derive Level 3 fair values (continued)

The following table summarises the fair value and quantitative information about the significant unobservable inputs used in Level 3 fair value measurements of investments in unlisted private investment fund and entities as at 30 June 2023 and 31 December 2022:

Description	As at	As at	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30 June 2023	31 December 2022		
	HK\$'000	HK\$'000		
Unlisted private investment fund	13,978	13,815	Recent transaction prices of underlying assets	The higher the transaction prices, the higher the fair value
Equity investments in unlisted private entities	5,474	5,474	Discount rate, Sales growth rate	The higher/higher the discount rate/sales growth rate, the lower/higher the fair value
Equity investments in unlisted private entities	852	820	Recent transaction prices	The higher the transaction prices, the higher the fair value
	<b>20,304</b>	<b>20,109</b>		

The following table presents the changes in Level 3 instruments:

	2023	2022
	HK\$'000	HK\$'000
At 1 January	20,109	15,453
Addition	–	830
Changes in fair value of financial assets at fair value through other comprehensive income	195	63
At 30 June	<b>20,304</b>	<b>16,346</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

### 5.5 Group's valuation processes

The Group's finance team performs the valuations of financial assets required for financial reporting purposes. This team reports directly to the management. Discussions of valuation processes and results are held between the management and the team at least once bi-annually, in line with the Group's reporting dates.

The fair value of the following financial assets and liabilities approximate their carrying amounts:

- Trade and other receivables;
- Restricted cash;
- Short-term bank deposits;
- Cash and cash equivalents;
- Trade and other payables;
- Lease liabilities; and
- Borrowings.

## 6 SEGMENT INFORMATION

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

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

Property Holding – development, sale and lease of properties.

The CODM reviews the performance of the Group on a regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM assesses the performance of the operating segments based on a measure of segment results. This measurement basis includes profit or loss of the operating segments before other income, other gains – net, finance costs – net and share of loss 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 Interim Financial Information.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6 SEGMENT INFORMATION (continued)

	EMS division <i>HK\$'000</i>	Property Holding division <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the six months ended 30 June 2023</b>			
External revenue			
Revenue from contracts with customers			
Timing of revenue recognition			
– At a point of time	1,649,523	–	1,649,523
Revenue from other sources			
– Rental income	–	31,220	31,220
	<u>74,500</u>	<u>54,559</u>	<u>129,059</u>
Segment results	<u>74,500</u>	<u>54,559</u>	<u>129,059</u>
Depreciation	33,745	22	33,767
Share of profits of joint ventures	–	29,836	29,836
Change in fair value of investment properties	–	1,562	1,562
	<u>5,740</u>	<u>–</u>	<u>5,740</u>
Capital expenditure	<u>5,740</u>	<u>–</u>	<u>5,740</u>
	<u>5,740</u>	<u>–</u>	<u>5,740</u>
	EMS division <i>HK\$'000</i>	Property Holding division <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the six months ended 30 June 2022</b>			
External revenue			
Revenue from contracts with customers			
Timing of revenue recognition			
– At a point of time	1,528,011	–	1,528,011
Revenue from other sources			
– Rental income	–	31,181	31,181
	<u>41,200</u>	<u>54,753</u>	<u>95,953</u>
Segment results	<u>41,200</u>	<u>54,753</u>	<u>95,953</u>
Depreciation	34,512	22	34,534
Share of profits of joint ventures	–	19,805	19,805
Change in fair value of investment properties	–	11,800	11,800
	<u>73,444</u>	<u>–</u>	<u>73,444</u>
Capital expenditure	<u>73,444</u>	<u>–</u>	<u>73,444</u>
	<u>73,444</u>	<u>–</u>	<u>73,444</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6 SEGMENT INFORMATION (continued)

	EMS division <i>HK\$'000</i>	Property Holding division <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 30 June 2023</b>			
Segment assets	2,960,535	2,184,448	5,144,983
Interests in joint ventures	–	2,057,603	2,057,603
	<u>2,960,535</u>	<u>2,422,051</u>	<u>7,202,586</u>
<b>Total reportable segment assets</b>			
<b>As at 31 December 2022</b>			
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>
<b>Total reportable segment assets</b>			

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:

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Reportable segment results</b>	<b>129,059</b>	95,953
Other income	8,879	4,909
Other gains – net	8,880	31,989
Finance costs – net	(32,734)	(11,718)
Share of loss of an associate	–	(2,892)
Corporate and unallocated expenses	(12,853)	(9,514)
	<u>101,231</u>	<u>108,727</u>
<b>Profit before income tax</b>	<b>101,231</b>	108,727



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6 SEGMENT INFORMATION (continued)

Reportable segment assets are reconciled to total assets as follows:

	As at 30 June 2023 <i>HK\$'000</i>	As at 31 December 2022 <i>HK\$'000</i>
<b>Reportable segment assets</b>	<b>7,202,586</b>	7,392,372
Financial assets at fair value through other comprehensive income	<b>114,868</b>	158,616
Derivative financial instruments	<b>27,468</b>	21,435
Deferred income tax assets	<b>20,535</b>	19,662
Current income tax recoverable	<b>1,773</b>	1,356
Corporate and unallocated assets	<b>92,090</b>	84,792
	<hr/>	<hr/>
<b>Total assets per condensed consolidated statement of financial position</b>	<b>7,459,320</b>	7,678,233
	<hr/> <hr/>	<hr/> <hr/>

Reconciliations of other material items are as follows:

	For the six months ended 30 June	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Depreciation		
– Reportable segment total	<b>33,767</b>	34,534
– Corporate headquarters	<b>1,119</b>	1,117
	<hr/>	<hr/>
	<b>34,886</b>	35,651
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure		
– Reportable segment total	<b>5,740</b>	73,444
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6 SEGMENT INFORMATION (continued)

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:

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	<i>HK\$'000</i>
North America	<b>181,881</b>	213,769
Asia (excluding Hong Kong)	<b>949,991</b>	914,850
Europe	<b>429,390</b>	258,790
Hong Kong	<b>119,481</b>	171,783
	<b><u>1,680,743</u></b>	<u>1,559,192</u>

For the six months ended 30 June 2023, revenue of approximately HK\$745,646,000, HK\$192,105,000 and HK\$170,805,000 were derived from the top three external customers respectively. For the six months ended 30 June 2022, revenue of approximately HK\$710,383,000 and HK\$208,109,000 were derived from the top two external customers respectively. These customers individually account for 10 percent 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:

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>HK\$'000</b>	<i>HK\$'000</i>
North America	–	1
Asia (excluding Hong Kong)	<b>327,970</b>	352,033
Europe	<b>7</b>	14
Hong Kong	<b>4,192,227</b>	4,236,709
	<b><u>4,520,204</u></b>	<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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 7 PROFIT BEFORE INCOME TAX

Profit before income tax is analysed as follows:

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Depreciation of property, plant and equipment	23,726	23,867
Depreciation of right-of-use assets	11,160	11,784
	<hr/>	<hr/>
Depreciation	<b>34,886</b>	35,651
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Auditor's remuneration	1,243	1,169
Bank charges	2,114	1,957
Building management fees	8,454	6,786
Chemicals and consumables	17,147	15,864
Cleaning expenses	1,446	1,512
Entertainment expenses	490	242
Government rent and rates	1,455	1,437
Government surcharges	2,895	2,036
Insurance charges	920	1,292
Legal and professional fees	2,532	2,315
Motor vehicle expenses	2,340	2,170
Office and factories expenses	2,055	1,936
Operating lease rental in respect of short-term lease	1,849	268
Recruitment, training and other staff welfares expenses	936	894
Repairs and maintenances	7,171	6,780
Security expenses	1,302	1,330
Travelling expenses	1,485	640
Transportation	12,546	16,200
Utility expense	12,011	11,766
Others	3,688	4,950
	<hr/>	<hr/>
Other operating expenses	<b>84,079</b>	81,544
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total	<b>118,965</b>	117,195
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# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 8 OTHER GAINS – NET

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gains on disposal of property, plant and equipment	595	398
Gains on deemed disposal of an associate	–	14,956
Losses on lease modification	(12)	–
Exchange gains – net	8,297	16,635
	<u>8,880</u>	<u>31,989</u>

## 9 FINANCE COSTS – NET

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		
– Interest income	11,466	9,743
	-----	-----
Finance costs		
– Interest expenses on bank borrowings	(44,055)	(13,258)
– Interest income/(expenses) on interest rate swap	734	(7,034)
– Interest expenses on lease liabilities	(879)	(1,169)
	<u>(44,200)</u>	<u>(21,461)</u>
Total finance costs	-----	-----
Finance costs – net	<u>(32,734)</u>	<u>(11,718)</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 10 INCOME TAX EXPENSE

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 the rate of 25% (2022: 25%) on the estimated profits, except for Welco Technology (Suzhou) Limited ("WTSZ"), a wholly owned subsidiary of the Group. WTSZ is eligible for preferential CIT Rate of 15% (2022: 15%) under the New and High Technology Enterprises status till 31 December 2023.

The amount of income tax charged to the condensed consolidated interim income statement represents:

	For the six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	2,308	1,939
– Overseas taxation	11,299	14,988
– Over-provision in prior periods	(1,002)	(3,754)
Dividend withholding tax paid on the distributed retained profits of a PRC incorporated subsidiary	7,090	–
Deferred income tax	(7,875)	19
	<u>11,820</u>	<u>13,192</u>

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 11 DIVIDENDS

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interim dividend – HK\$0.03 (2022: HK\$0.02) per share	<u><b>14,354</b></u>	<u>9,570</u>

On 25 August 2023, the Board has resolved to pay an interim dividend of HK\$0.03 per share (2022: HK\$0.02 per share) which is payable on Friday, 29 September 2023 to the shareholders whose names appear on the Register of Members of the Company on Friday, 15 September 2023. This interim dividend, amounting to HK\$14,354,000 (2022: HK\$9,570,000) has not been recognised as a liability in this Interim Financial Information. It will be recognised in shareholders' equity in the year ending 31 December 2023.

## 12 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 period.

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
Profit attributable to owners of the Company <i>(HK\$'000)</i>	<u><b>89,411</b></u>	<u>95,535</u>
Weighted average number of ordinary shares in issue <i>(in thousands)</i>	<u><b>478,484</b></u>	<u>478,484</u>
Basic earnings per share <i>(HK\$)</i>	<u><b>0.19</b></u>	<u>0.20</u>

### (b) Diluted

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 13 CAPITAL EXPENDITURE

	Property, plant and equipment <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>
<b>For the six months ended 30 June 2023</b>		
Opening net book amount as at 1 January 2023	251,882	1,959,215
Additions	5,740	–
Fair value gains	–	1,562
Depreciation	(23,726)	–
Currency translation differences	(1,807)	(830)
	<hr/>	<hr/>
<b>Closing net book amount as at 30 June 2023</b>	<b>232,089</b>	<b>1,959,947</b>

	Property, plant and equipment <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>
<b>For the six months ended 30 June 2022</b>		
Opening net book amount as at 1 January 2022	219,598	2,041,508
Additions	73,444	–
Fair value gains	–	11,800
Depreciation	(23,867)	–
Currency translation differences	(6,196)	(1,077)
	<hr/>	<hr/>
<b>Closing net book amount as at 30 June 2022</b>	<b>262,979</b>	<b>2,052,231</b>

The valuations of the investment properties at 30 June 2023 were carried out by an independent firm of surveyors, Roma Appraisals Limited, who is a fellow member of the Hong Kong Institute of Surveyors. The fair value measurement information for these investment properties in accordance with HKFRS 13 is given below.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 13 CAPITAL EXPENDITURE (continued)

	Fair value measurements		
	Quoted prices in active markets for identical assets (Level 1) <i>HK\$'000</i>	Significant other observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>
<b>As at 30 June 2023</b>			
<b>Recurring fair value measurements</b>			
<b>Investment properties</b>	–	–	<b>1,959,947</b>
<b>As at 31 December 2022</b>			
<b>Recurring fair value measurements</b>			
<b>Investment properties</b>	–	–	<b>1,959,215</b>

There were no transfers among Level 1, Level 2 and Level 3 during the period.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 13 CAPITAL EXPENDITURE (continued)

### Fair value measurements using significant unobservable inputs (Level 3)

	Investment properties		
	Hong Kong <i>HK\$'000</i>	Outside Hong Kong <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2023	1,936,400	22,815	1,959,215
Fair value gains	1,000	562	1,562
Currency translation differences	–	(830)	(830)
At 30 June 2023	<u>1,937,400</u>	<u>22,547</u>	<u>1,959,947</u>
<b>Total unrealised gains for the period included in the condensed consolidated interim income statement for assets held at the end of the period, under ‘Change in fair value of investment properties’</b>	<u><b>1,000</b></u>	<u><b>562</b></u>	<u><b>1,562</b></u>
At 1 January 2022	2,016,200	25,308	2,041,508
Fair value gains	11,800	–	11,800
Currency translation differences	–	(1,077)	(1,077)
At 30 June 2022	<u>2,028,000</u>	<u>24,231</u>	<u>2,052,231</u>
<b>Total unrealised gains for the period included in the condensed consolidated interim income statement for assets held at the end of the period, under ‘Change in fair value of investment properties’</b>	<u><b>11,800</b></u>	<u><b>–</b></u>	<u><b>11,800</b></u>

Fair values of completed investment properties have been valued by the direct comparison approach assuming sale of the properties in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 13 CAPITAL EXPENDITURE (continued)

### Fair value measurements using significant unobservable inputs (Level 3) (continued)

The valuation have been made on the assumption that the owners sell the properties in the open market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to increase the values of such properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the properties to be sold in one lot or to a single purchaser.

There were no changes in valuation techniques during the period.

As at 30 June 2023, certain bank borrowings are secured by property, plant and equipment, right-of-use assets, investment properties and stock of completed properties with a carrying amount of approximately HK\$2,204,447,000 (31 December 2022: HK\$2,205,566,000) (Note 17).

## 14 INTERESTS IN JOINT VENTURES

	As at 30 June 2023 <i>HK\$'000</i>	As at 31 December 2022 <i>HK\$'000</i>
Share of net assets	1,031,816	1,001,980
Loans to joint ventures	1,025,787	1,056,132
	<u>2,057,603</u>	<u>2,058,112</u>

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 of joint ventures	29,836	19,805
	<u>1,031,816</u>	<u>1,065,858</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 14 INTERESTS IN JOINT VENTURES (continued)

Share of profits of joint ventures included the share of fair value gains, net of deferred income tax, of investment properties owned by the joint ventures of approximately HK\$8,333,000 (2022: share of fair value losses, net of deferred income tax, of HK\$2,742,000).

As at 30 June 2023, the Group had interests in the following principal joint ventures, which are unlisted:

Name of company	Place of incorporation	Proportion of ownership interest %	Principal activities	Nature of the relationship	Measurement method
Talent Chain Investments Limited	BVI	35.7	Investment holding	Note	Equity
Crown Opal Investment Limited	Hong Kong	35.7	Property holding	Note	Equity
Open Vantage Limited	BVI	35.7	Property investment	N/A	Equity

*Note:* Crown Opal Investment Limited is a subsidiary of Talent Chain Investments Limited.

The loans to joint ventures are unsecured, interest-free and will not be repaid in the coming twelve months. The Directors consider that the carrying amounts of the loans to the joint ventures approximate their fair values. The amounts are denominated in Hong Kong dollars.

Talent Chain Investments Limited, Crown Opal Investment Limited and Open Vantage Limited are private companies and there is no quoted market price available for their shares.

## 15 TRADE RECEIVABLES

	As at <b>30 June</b> <b>2023</b> <b>HK\$'000</b>	As at 31 December 2022 <b>HK\$'000</b>
Trade receivables	<b>992,496</b>	1,074,905
Less: allowance for impairment of trade receivables	<b>(4,394)</b>	(3,468)
	<b>988,102</b>	1,071,437

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 15 TRADE RECEIVABLES (continued)

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

	As at 30 June 2023 <i>HK\$'000</i>	As at 31 December 2022 <i>HK\$'000</i>
0 – 60 days	584,178	657,007
61 – 90 days	197,367	204,214
Over 90 days	210,951	213,684
	<u>992,496</u>	<u>1,074,905</u>

The movement of loss allowance for trade receivables is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At 1 January	3,468	3,100
Increase in loss allowance	926	17
	<u>4,394</u>	<u>3,117</u>

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The carrying amounts of the Group's trade receivables approximated their fair values as at 30 June 2023.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16 TRADE PAYABLES

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

	As at 30 June 2023 <i>HK\$'000</i>	As at 31 December 2022 <i>HK\$'000</i>
0 – 60 days	446,437	573,875
61 – 90 days	50,279	61,937
Over 90 days	135,316	74,705
	<u>632,032</u>	<u>710,517</u>

The carrying amounts of the Group's trade payables approximated their fair values as at 30 June 2023.

## 17 BORROWINGS

	As at 30 June 2023 <i>HK\$'000</i>	As at 31 December 2022 <i>HK\$'000</i>
Trust receipt bank loans, unsecured	462,240	443,564
Short-term bank loans, unsecured	162,000	224,000
Short-term bank loans, secured	115,000	115,000
Long-term bank loans which contains a repayment on demand clause, secured	48,272	58,405
Portion of long-term bank loans due for repayment within one year, secured	112,652	111,705
Portion of long-term bank loans due for repayment after one year, secured	1,013,417	1,070,294
Total borrowings	<u>1,913,581</u>	<u>2,022,968</u>
Non-current	1,013,417	1,070,294
Current	900,164	952,674
Total borrowings	<u>1,913,581</u>	<u>2,022,968</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17 BORROWINGS (continued)

As at 30 June 2023, the short-term and long-term bank loans of HK\$1,289,341,000 (31 December 2022: HK\$1,355,404,000) were secured by the following:

- Charges over property, plant and equipment with carrying amount of approximately HK\$19,439,000 (31 December 2022: HK\$19,734,000), right-of-use assets with carrying amount of approximately HK\$54,398,000 (31 December 2022: HK\$55,222,000), investment properties with carrying amount of approximately HK\$1,927,000,000 (31 December 2022: HK\$1,927,000,000) and stock of completed properties with carrying amount of approximately HK\$203,610,000 (31 December 2022: HK\$203,610,000);
- Restricted cash of HK\$117,589,000 (31 December 2022: HK\$121,906,000) from an indirect wholly-owned subsidiary of the Company;
- A share charge over the Group's 25.7% (31 December 2022: 25.7%) share of Talent Chain Investments Limited, a joint venture of the Group; and
- A guarantee limited to HK\$760,000,000 from an indirect wholly-owned subsidiary of the Company.

## 18 SHARE CAPITAL

	Number of shares	Nominal value <i>HK\$'000</i>
<b>Ordinary shares of HK\$0.10 each</b>		
Authorised:		
At 1 January 2022 and 30 June 2022	700,000,000	70,000
<b>At 1 January 2023 and 30 June 2023</b>	<b>700,000,000</b>	<b>70,000</b>
Issued and fully paid:		
At 1 January 2022 and 30 June 2022	478,483,794	47,848
<b>At 1 January 2023 and 30 June 2023</b>	<b>478,483,794</b>	<b>47,848</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 19 COMMITMENTS

- (a) Capital commitments in respect of property, plant and equipment are as follows:

	As at <b>30 June</b> <b>2023</b> <i>HK\$'000</i>	As at 31 December 2022 <i>HK\$'000</i>
Contracted but not provided for	<b>9,509</b>	9,938
Authorised but not contracted for	–	–
	<u><b>9,509</b></u>	<u>9,938</u>

- (b) The Group's future rental income receivables under various non-cancellable operating leases in respect of rented premises are analysed as follows:

	As at <b>30 June</b> <b>2023</b> <i>HK\$'000</i>	As at 31 December 2022 <i>HK\$'000</i>
Within one year	<b>42,675</b>	49,792
In the second to fifth year inclusive	<b>52,766</b>	70,860
	<u><b>95,441</b></u>	<u>120,652</u>

Operating lease receipts represents rentals receivable by the Group for leasing its investment properties. Leases and rentals are negotiated and fixed for an average of 3 years (2022: 3 years).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 20 RELATED PARTY TRANSACTIONS

As at 30 June 2023, the largest shareholder of the Company was Mr. Wong Chung Mat, Ben (personally and via Salop Hong Kong Limited, a company wholly-owned and controlled by him).

### (a) Balances with related parties

The loans to joint ventures are set out in Note 14 to the condensed consolidated interim financial information.

### (b) Key management compensation

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and allowances	8,478	8,125
Bonus	7,011	3,059
Pension costs		
– defined contribution schemes	35	36
	<u>15,524</u>	<u>11,220</u>



## **INTERIM DIVIDEND**

On 25 August 2023, the Board has resolved to pay an interim dividend of HK\$0.03 per share (2022: HK\$0.02 per share) which is payable on Friday, 29 September 2023 to the shareholders whose names appear on the Register of Members of the Company on Friday, 15 September 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Wednesday, 13 September 2023 to Friday, 15 September 2023, both days inclusive, during which period no transfer of shares shall be effected. To qualify for the above interim dividend, 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, 12 September 2023.

## **REVIEW OF BUSINESS ACTIVITIES**

### **Review of Results**

The profit attributable to owners of the Company for the six months ended 30 June 2023 amounted to HK\$89.4 million, as compared to HK\$95.5 million for the corresponding period last year. This was mainly attributable to increase in the finance costs of HK\$22.7 million and gains on deemed disposal of an associate of HK\$15.0 million recognised in 2022 offsetted the increase in the segment profit of EMS Division of HK\$33.3 million. The Group entered into interest rate swap contracts with notional principal amounts of HK\$1,500 million in order to hedge interest rate risk.

The Group's revenue for the six months ended 30 June 2023 was HK\$1,680.7 million, 7.8% increase as compared to HK\$1,559.2 million for the corresponding period last year. Operating profit for the six months ended 30 June 2023 was HK\$104.1 million, as compared to HK\$103.5 million for the corresponding period last year.

### **Electronic Manufacturing Service ("EMS") Division**

Revenue for the six months ended 30 June 2023 was HK\$1,649.5 million, as compared to HK\$1,528.0 million for the corresponding period last year. The segment profit attributable to the EMS Division was HK\$74.5 million, 80.8% increase as compared to HK\$41.2 million for the corresponding period last year. The increase in the segment net profit was attributable to the increase in sales to external customers, cost efficiency improvement and depreciation of Chinese Renminbi.

## **REVIEW OF BUSINESS ACTIVITIES (continued)**

### **Property Holding Division**

The Property Holding Division reported revenue of HK\$31.2 million, close to HK\$31.2 million for the corresponding period last year. The segment profit for the period was HK\$54.6 million as compared to HK\$54.8 million for the corresponding period last year.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2023, the Group had a total of HK\$3,296.8 million (2022 December: HK\$3,408.2 million) of banking facilities. Total bank borrowings were HK\$1,913.6 million (2022 December: HK\$2,023.0 million). Cash and cash equivalents, short-term bank deposits and restricted cash were HK\$1,243.0 million at 30 June 2023 (2022 December: HK\$1,217.0 million).

As at 30 June 2023, the Group had net bank borrowings of HK\$670.6 million, as compared to HK\$806.0 million at 31 December 2022. Sufficient banking facilities and bank balance 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 30 June 2023 is 0.16 (2022 December: 0.19). The net gearing ratio was calculated as net debt divided by total equity. Net debt is calculated as total 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, Vietnam Dong and Chinese Renminbi. Consistent with its prudent policy on financial risk management, the Group does not use any foreign exchange hedging products. The Group recognise the currency risk in the fluctuation of Chinese Renminbi and will closely monitor and actively manage the risk involved.

## **CAPITAL STRUCTURE**

There has been no material change in the Group's capital structure since 31 December 2022 which 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 30 June 2023, the Group employed approximately 3,000 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 economy and market conditions are still full of uncertainties. Even though COVID pandemic has largely subsided, and global economic activities are back to normal, US Federal Reserve's interest rate hikes are expected to persist for a while, and the prospect of a recession in the US in the near term together with the Russia-Ukraine war will continue to weigh on economic activities. Cost rising due to global inflation and rising bank interest rates will continue to impact the recovery of the global economy. The above factors, together with geopolitical tension, will impact the profitability of the Group in the second half year, though shortages of semiconductors and components, with the exception of certain key components, have further eased and component lead times much reduced.

In order to counter the difficulties ahead, the Group will continue to implement stringent cost saving and efficiency improvement measures while allowing us to serve our customers in the most efficient manner. Based on current customer orders and forecasts, the Group expects that the EMS business will be stable in the second half year.

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. Our new production facility in Hai Duong Province, Vietnam, with a floor area of 30,000 square meters 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 increased in the first half year and are expected to remain at high level in the second half year. The Group has taken measures to hedge against risk of rising interest rates.

## **AWARD AND RECOGNITION**

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

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 30 June 2023, the interests or short positions of the Directors and chief executives 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 Issuers (the “Model Code”), were as follows:

### Long positions in shares of the Company

Name of Directors	Capacity	Number of ordinary shares	Approximate percentage of the issued shares
Wong Chung Mat, Ben	Beneficial owner and interest of controlled corporation (Note)	136,828,569	28.60%
Wong Yin Man, Ada	Beneficial owner	1,000,000	0.21%
Chan Tsze Wah, Gabriel	Beneficial owner	1,837,500	0.38%
Yu Sun Say	Beneficial owner	500,000	0.10%

Note:

Mr. Wong Chung Mat, Ben was deemed (by virtue of the SFO) to be interested in 136,828,569 shares in the Company. These shares were held in the following capacity:

- (a) 1,000,000 shares were held by Mr. Wong Chung Mat, Ben personally.
- (b) 135,828,569 shares were held by Salop Hong Kong Limited, which was wholly-owned and controlled by Mr. Wong Chung Mat, Ben.

Save as disclosed herein, as at 30 June 2023, none of the Directors or chief executives of the Company or their respective 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.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors or chief executives of the Company, as at 30 June 2023, persons (other than the Directors or chief executives of the Company) who 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 shares of the Company

Name of substantial shareholders	Capacity	Number of ordinary shares	Approximate percentage of the issued shares
Salop Hong Kong Limited	Beneficial owner (Note 1)	135,828,569	28.39%
Cantrust (Far East) Limited	Trustee (Note 2)	126,298,413	26.40%
Wong Chung Ah, Johnny	Beneficial owner, interest of spouse and founder of a discretionary trust (Note 3)	90,308,532	18.87%
Luk Kit Ching	Beneficial owner and interest of spouse (Note 3)	90,308,532	18.87%
Kong King International Limited	Beneficial owner (Note 3(c))	88,073,532	18.41%
WLJ Holding Limited	Interest of controlled corporation (Note 3(c))	88,073,532	18.41%
Wong Chung Yin, Michael	Beneficial owner and joint interest (Note 4)	78,526,001	16.41%
Woo Sin Ming	Joint interest and interest of spouse (Note 4)	78,526,001	16.41%
Wong Chung Yan, Claudia	Founder of a discretionary trust (Note 5)	38,224,881	7.99%
New Chung Yan Limited	Interest of controlled corporation (Note 5)	38,224,881	7.99%
Everitt, Chung Chui	Founder of a discretionary trust (Note 6)	31,379,167	6.56%
Sycamore Assets Limited	Beneficial owner (Note 6)	31,379,167	6.56%
HSBC International Trustee Limited	Trustee (Note 6)	31,379,167	6.56%

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS (continued)

### Long positions in shares of the Company (continued)

Notes:

1. Salop Hong Kong Limited was a company wholly-owned and controlled by Mr. Wong Chung Mat, Ben. Please refer to the Note under the section headed “Interests of Directors and chief executives”.
2. Cantrust (Far East) Limited was deemed (by virtue of the SFO) to be interested in 126,298,413 shares in the Company. These shares were held in the following capacity:
  - (a) 88,073,532 shares were held by Kong King International Limited under a discretionary trust, of which Cantrust (Far East) Limited was the trustee. Please refer to Note 3(c) below.
  - (b) 19,112,441 shares and 19,112,440 shares were held by Aldalyn Limited and Blueford Limited respectively under a discretionary trust, of which Cantrust (Far East) Limited was the trustee. Please refer to Note 5 below.
3. Mr. Wong Chung Ah, Johnny and his wife, Ms. Luk Kit Ching, were deemed (by virtue of the SFO) to be interested in the same block of 90,308,532 shares in the Company. These shares were held in the following capacity:
  - (a) 1,000,000 shares were held by Mr. Wong Chung Ah, Johnny personally.
  - (b) 1,235,000 shares were held by Ms. Luk Kit Ching, wife of Mr. Wong Chung Ah, Johnny.
  - (c) 88,073,532 shares were held by Kong King International Limited under a discretionary trust, of which Mr. Wong Chung Ah, Johnny was regarded as the founder (by virtue of the SFO) and Cantrust (Far East) Limited was the trustee. Kong King International Limited was wholly-owned by WLJ Holding Limited, which was wholly-owned by Cantrust (Far East) Limited. Each of Mr. Wong Chung Ah, Johnny, Ms. Luk Kit Ching, Kong King International Limited, WLJ Holding Limited and Cantrust (Far East) Limited was deemed to be interested in the same block of 88,073,532 shares.
4. Mr. Wong Chung Yin, Michael and his wife, Ms. Woo Sin Ming, were deemed (by virtue of the SFO) to be interested in the same block of 78,526,001 shares in the Company. These shares were held in the following capacity:
  - (a) 50,458,041 shares were held by Mr. Wong Chung Yin, Michael personally.
  - (b) 28,067,960 shares were held by Mr. Wong Chung Yin, Michael and Ms. Woo Sin Ming jointly.

## **INTERESTS OF SUBSTANTIAL SHAREHOLDERS (continued)**

### **Long positions in shares of the Company (continued)**

Notes: (continued)

5. Ms. Wong Chung Yan, Claudia was deemed (by virtue of the SFO) to be interested in 19,112,441 shares and 19,112,440 shares in the Company which were held by Aldalyn Limited and Blueford Limited respectively (38,224,881 shares in total) under a discretionary trust, of which Ms. Wong Chung Yan, Claudia was regarded as the founder (by virtue of the SFO) and Cantrust (Far East) Limited was the trustee. Aldalyn Limited and Blueford Limited were wholly-owned by New Chung Yan Limited, which was wholly-owned by Cantrust (Far East) Limited. Each of Ms. Wong Chung Yan, Claudia, New Chung Yan Limited and Cantrust (Far East) Limited was deemed to be interested in the same block of 38,224,881 shares.
6. Mrs. Everitt, Chung Chui was deemed (by virtue of the SFO) to be interested in 31,379,167 shares in the Company which were held by Sycamore Assets Limited under a discretionary trust, of which Mrs. Everitt, Chung Chui was regarded as the founder (by virtue of the SFO) and HSBC International Trustee Limited was the trustee. Sycamore Assets Limited was wholly-owned by HSBC International Trustee Limited. Each of Mrs. Everitt, Chung Chui, Sycamore Assets Limited and HSBC International Trustee Limited was deemed to be interested in the same block of 31,379,167 shares.

Save as disclosed herein, the Directors are not aware of any other persons who, as at 30 June 2023, 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.

## **SHARE OPTIONS**

The Company has adopted a share option scheme (the “Scheme”) on 26 June 2020. No option has been granted under the Scheme since its adoption date and up to 30 June 2023. As at 1 January 2023 and 30 June 2023, the number of options available for grant under the scheme mandate was 47,848,379.

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

During the six months ended 30 June 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 six months ended 30 June 2023, the Company has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), 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.



## **CORPORATE GOVERNANCE CODE (continued)**

### **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 as set out in Appendix 10 to the Listing Rules. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2023.

## **UPDATE ON DIRECTOR’S INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES**

Mr. Alfred Donald Yap, Independent Non-executive Director of the Company, retired as independent non-executive director of Hung Hing Printing Group Limited upon expiry of his term of office on 25 May 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 unaudited interim financial information for the six months ended 30 June 2023.

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

Hong Kong, 25 August 2023

### BOARD OF DIRECTORS

*Executive Directors:*

Mr. Wong Chung Mat, Ben  
*(Chairman and Chief Executive Officer)*  
Ms. Wong Yin Man, Ada  
Dr. Chan Tsze Wah, Gabriel  
Mr. Hung Wing Shun, Edmund  
Mr. Chan Wai Ming, Hermes

*Independent Non-executive Directors:*

Dr. Li Ka Cheung, Eric GBS, OBE, JP  
Dr. Yu Sun Say GBM, JP  
Mr. Alfred Donald Yap JP  
Mr. Lo Wai Ho, Ashley