



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 2024



UNAUDITED INTERIM RESULTS

The board of directors (the “Board” or “Directors”) of Wong’s International Holdings Limited (the “Company”) hereby presents the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 as follows:

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

		Unaudited	
		2024	2023
	Note	HK\$'000	HK\$'000
Revenue	6	1,224,403	1,680,743
Other income		1,564	8,879
Changes in inventories of finished goods and work in progress		(51,128)	(21,737)
Raw materials and consumables used		(826,599)	(1,244,988)
Employee benefit expenses		(176,968)	(209,319)
Depreciation	7	(26,229)	(34,886)
Other operating expenses	7	(67,718)	(84,079)
Change in fair value of investment properties	13	(210,927)	1,562
Other gains – net	8	10,977	8,880
Provision for write-down of stock of completed properties		(21,560)	–
Provision for impairment losses on trade receivables	15	(20)	(926)
Operating (loss)/profit		(144,205)	104,129
Finance income	9	10,696	11,466
Finance costs	9	(37,385)	(44,200)
Share of (losses)/profits of joint ventures	14	(200,847)	29,836
(Loss)/profit before income tax		(371,741)	101,231
Income tax expense	10	(17,175)	(11,820)
(Loss)/profit after income tax		(388,916)	89,411
(Loss)/profit attributable to owners of the Company		(388,916)	89,411
Dividends	11	13,158	14,354
(Losses)/earnings per share attributable to owners of the Company during the period			
Basic	12	(HK\$0.81)	HK\$0.19
Diluted	12	(HK\$0.81)	HK\$0.19

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 2024

	Unaudited	
	2024	2023
	HK\$'000	HK\$'000
(Loss)/profit for the period	(388,916)	89,411
Other comprehensive income:		
<i>Items that may be reclassified to consolidated income statement:</i>		
Cash flow hedge – fair value gains for the period	14,851	14,646
Cash flow hedge – deferred income tax recognised	(2,450)	(2,417)
Currency translation differences:		
– Group	(59,230)	(67,391)
<i>Items that will not be reclassified subsequently to consolidated income statement:</i>		
Gain/(loss) on disposal of financial assets at fair value through other comprehensive income	312	(1,705)
Changes in fair value of financial assets at fair value through other comprehensive income	(12,875)	(36,738)
Other comprehensive loss for the period, net of tax	(59,392)	(93,605)
Total comprehensive loss for the period attributable to the owners of the Company	(448,308)	(4,194)

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 2024

		Unaudited As at 30 June 2024 <i>HK\$'000</i>	Audited As at 31 December 2023 <i>HK\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	13	196,159	211,689
Investment properties	13	1,735,269	1,946,822
Right-of-use assets		88,135	98,072
Interests in joint ventures	14	1,852,463	2,071,517
Financial assets at fair value through other comprehensive income		79,942	100,080
Deferred income tax assets		16,221	19,480
Deposits and other receivables		18,849	24,578
Derivative financial instruments		22,656	11,324
Restricted cash		535	—
		<u>4,010,229</u>	<u>4,483,562</u>
Current assets			
Inventories		287,951	372,296
Stock of completed properties		179,842	201,402
Trade receivables	15	692,273	808,589
Prepayments, deposits and other receivables		80,192	94,613
Financial assets at fair value through other comprehensive income		38	58
Current income tax recoverable		1,041	1,688
Restricted cash		116,597	121,164
Short-term bank deposits		695,827	284,844
Cash and cash equivalents		423,116	942,040
		<u>2,476,877</u>	<u>2,826,694</u>
Total assets		<u><u>6,487,106</u></u>	<u><u>7,310,256</u></u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

(continued)

		Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
	Note		
EQUITY			
Equity attributable to owners of the Company			
Share capital	18	47,848	47,848
Other reserves		405,451	464,843
Retained earnings			
– Dividends		14,355	14,355
– Others		3,543,950	3,947,221
Total equity		4,011,604	4,474,267
LIABILITIES			
Non-current liabilities			
Derivative financial instruments		–	3,519
Accruals and other payables		6,007	6,153
Lease liabilities		673	1,492
Deferred income tax liabilities		74,187	83,250
Borrowings	17	885,885	935,840
		966,752	1,030,254
Current liabilities			
Trade payables	16	462,699	545,647
Accruals and other payables		203,880	219,379
Contract liabilities		147,643	136,502
Lease liabilities		9,045	14,676
Current income tax liabilities		30,450	34,693
Borrowings	17	655,033	854,838
		1,508,750	1,805,735
Total liabilities		2,475,502	2,835,989
Total equity and liabilities		6,487,106	7,310,256

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 2024

	Unaudited			
	Attributable to owners of the Company			
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Total HK\$'000
As at 1 January 2024	47,848	153,025	4,273,394	4,474,267
Comprehensive income				
Loss for the period	–	–	(388,916)	(388,916)
Other comprehensive income				
Currency translation differences	–	–	(59,230)	(59,230)
Gain on disposal of financial assets at fair value through other comprehensive income	–	–	312	312
Changes in fair value of financial assets at fair value through other comprehensive income	–	–	(12,875)	(12,875)
Cash flow hedge – fair value gains for the period	–	–	14,851	14,851
Cash flow hedge – deferred income tax recognised	–	–	(2,450)	(2,450)
Total other comprehensive loss	–	–	(59,392)	(59,392)
Total comprehensive loss	–	–	(448,308)	(448,308)
Transactions with owners				
Dividend paid to owners of the Company	–	–	(14,355)	(14,355)
Total transactions with owners	–	–	(14,355)	(14,355)
As at 30 June 2024	47,848	153,025	3,810,731	4,011,604
As at 1 January 2023	47,848	153,025	4,212,220	4,413,093
Comprehensive income				
Profit for the period	–	–	89,411	89,411
Other comprehensive income				
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)
Transactions with owners				
Dividend paid to owners of the Company	–	–	(21,533)	(21,533)
Total transactions with owners	–	–	(21,533)	(21,533)
As at 30 June 2023	47,848	153,025	4,186,493	4,387,366

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 2024

	Unaudited	
	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Cash flows from operating activities		
Net cash generated from operating activities	153,378	187,217
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,347)	(5,740)
Proceeds from disposal of property, plant and equipment	1,665	595
Dividend received from financial assets at fair value through other comprehensive income	252	1,489
Proceeds from investment in financial assets at fair value through other comprehensive income	7,270	5,306
(Increase)/decrease in short-term bank deposits	(424,116)	186,683
Decrease in restricted cash	662	2,742
Repayment from joint ventures	18,207	30,345
Interest received	10,696	11,466
Net cash (used in)/generated from investing activities	(395,711)	232,886
Cash flows from financing activities		
(Decrease)/increase in trust receipt bank loans – net	(160,672)	18,676
New bank loans	114,180	416,000
Repayment of bank loans	(203,268)	(544,063)
Payment of lease payment	(6,853)	(8,097)
Dividends paid	(14,355)	(21,533)
Net cash used in financing activities	(270,968)	(139,017)
Net (decrease)/increase in cash and cash equivalents	(513,301)	281,086
Cash and cash equivalents at beginning of the period	942,040	544,537
Currency translation differences	(5,623)	(52,258)
Cash and cash equivalents at end of the period	423,116	773,365
Analysis of cash and cash equivalents:		
Cash on hand	366	311
Cash at bank	422,750	773,054
Cash and cash equivalents at end of the period	423,116	773,365

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 2024 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 2023, 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 derivative financial instruments, 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 2023, as described in those annual financial statements.

Amendments to standards and interpretation adopted by the Group

The following amendments to standards and interpretations are mandatory for first time for the financial year beginning 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

There are no amendments to standards and interpretation 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)

New standards, amendments to standards and interpretation issued but not yet applied by the Group

Certain new standards, amendments to standards and interpretation have been published but are not effective for the Group's accounting periods beginning on or after 1 January 2024 and have not been early adopted by the Group. These new standards, amendments to standards and interpretation are set out below:

		Effective for annual periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKAS 9 and HKFRS 7	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
Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause (amendments)	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 Directors of the Company are in the process of assessing the financial impact of the adoption of the above new standards, amendments to standards and interpretation. The Directors of the Company will adopt the new standards, 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 2023.

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 2023.

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 2024.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Financial assets at fair value through other comprehensive income	53,881	–	26,099	79,980
Derivative financial instruments	–	22,656	–	22,656
	<u>53,881</u>	<u>22,656</u>	<u>–</u>	<u>76,537</u>

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 2023.

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
Financial assets at fair value through other comprehensive income	73,260	–	26,878	100,138
Derivative financial instruments	<u>–</u>	<u>11,324</u>	<u>–</u>	<u>11,324</u>
Liabilities				
Derivative financial instruments	<u>–</u>	<u>3,519</u>	<u>–</u>	<u>3,519</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 2024 and 31 December 2023:

Description	As at 30 June 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted private investment fund	13,078	13,872	Recent transaction prices of underlying assets	The higher the transaction prices, the higher the fair value
Equity investments in unlisted private entities	13,021	13,006	Recent transaction prices	The higher the transaction prices, the higher the fair value
	<u>26,099</u>	<u>26,878</u>		

The following table presents the changes in Level 3 instruments:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 January	26,878	20,109
Changes in fair value of financial assets at fair value through other comprehensive income	<u>(779)</u>	<u>195</u>
At 30 June	<u>26,099</u>	<u>20,304</u>

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 and finance costs – net 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 HK\$'000	Property Holding Division HK\$'000	Total HK\$'000
For the six months ended 30 June 2024			
External revenue			
Revenue from contracts with customers			
Timing of revenue recognition			
– At a point of time	1,193,142	–	1,193,142
Revenue from other sources			
– Rental income	–	31,261	31,261
	<u>64,347</u>	<u>(409,914)</u>	<u>(345,567)</u>
Segment results			
Depreciation	25,088	22	25,110
Share of losses of joint ventures	–	(200,847)	(200,847)
Change in fair value of investment properties	–	(210,927)	(210,927)
Provision for write-down of stock of completed properties	–	(21,560)	(21,560)
	<u>10,347</u>	<u>–</u>	<u>10,347</u>
Capital expenditure			
	<u>10,347</u>	<u>–</u>	<u>10,347</u>
	EMS Division HK\$'000	Property Holding Division HK\$'000	Total HK\$'000
For the six months ended 30 June 2023			
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			
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>

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>
As at 30 June 2024			
Segment assets	2,486,592	1,934,405	4,420,997
Interests in joint ventures	–	1,852,463	1,852,463
Total reportable segment assets	2,486,592	3,786,868	6,273,460
As at 31 December 2023			
Segment assets	2,837,849	2,167,230	5,005,079
Interests in joint ventures	–	2,071,517	2,071,517
Total reportable segment assets	2,837,849	4,238,747	7,076,596

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 (loss)/profit before income tax is provided as follows:

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment results	(345,567)	129,059
Other income	1,564	8,879
Other gains – net	10,977	8,880
Finance costs – net	(26,689)	(32,734)
Corporate and unallocated expenses	(12,026)	(12,853)
(Loss)/profit before income tax	(371,741)	101,231

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 2024 HK\$'000	As at 31 December 2023 HK\$'000
Reportable segment assets	6,273,460	7,076,596
Financial assets at fair value through other comprehensive income	79,980	100,138
Derivative financial instruments	22,656	11,324
Deferred income tax assets	16,221	19,480
Current income tax recoverable	1,041	1,688
Corporate and unallocated assets	93,748	101,030
Total assets per condensed consolidated statement of financial position	6,487,106	7,310,256

Reconciliations of other material items are as follows:

	For the six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Depreciation		
– Reportable segment total	25,110	33,767
– Corporate headquarters	1,119	1,119
	26,229	34,886
Capital expenditure		
– Reportable segment total	10,347	5,740

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:

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
North America	157,169	181,881
Asia (excluding Hong Kong)	775,133	949,991
Europe	198,497	429,390
Hong Kong	93,604	119,481
	1,224,403	1,680,743

For the six months ended 30 June 2024, revenue of approximately HK\$504,490,000, HK\$133,179,000 and HK\$129,337,000 were derived from the top three external customers respectively. 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. 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:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Asia (excluding Hong Kong)	266,035	286,350
Europe	9	8
Hong Kong	3,727,964	4,177,724
	3,994,008	4,464,082

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 (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is analysed as follows:

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	17,778	23,726
Depreciation of right-of-use assets	8,451	11,160
Depreciation	26,229	34,886
Auditor's remuneration	1,359	1,243
Bank charges	1,347	2,114
Building management fees	9,043	8,454
Chemicals and consumables	13,210	17,147
Cleaning expenses	1,015	1,446
Entertainment expenses	434	490
Government rent and rates	1,555	1,455
Government surcharges	2,692	2,895
Insurance charges	1,207	920
Legal and professional fees	2,604	2,532
Motor vehicle expenses	1,969	2,340
Office and factories expenses	2,304	2,055
Operating lease rental in respect of short-term lease	3,253	1,849
Recruitment, training and other staff welfares		
expenses	1,625	936
Repairs and maintenances	3,513	7,171
Security expenses	919	1,302
Travelling expenses	1,245	1,485
Transportation	8,088	12,546
Utility expense	8,685	12,011
Others	1,651	3,688
Other operating expenses	67,718	84,079
Total	93,947	118,965

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 OTHER GAINS – NET

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gains on disposal of property, plant and equipment	1,288	595
Losses on lease modification	–	(12)
Exchange gains – net	9,689	8,297
	<u>10,977</u>	<u>8,880</u>

9 FINANCE COSTS – NET

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		
– Interest income	10,696	11,466
	<u>10,696</u>	<u>11,466</u>
Finance costs		
– Interest expenses on bank borrowings	(36,936)	(43,321)
– Interest expenses on lease liabilities	(449)	(879)
	<u>(37,385)</u>	<u>(44,200)</u>
Total finance costs	(37,385)	(44,200)
	<u>(37,385)</u>	<u>(44,200)</u>
Finance costs – net	<u>(26,689)</u>	<u>(32,734)</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% (2023: 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 at the rate of 25% (2023: 25%) on the estimated profits, except for Welco Technology (Suzhou) Limited, a wholly-owned subsidiary of the Group, which is subject to a rate of 15% (2023: 15%) on the estimated profits.

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

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	3,498	2,308
– Overseas taxation	13,010	11,299
– Over-provision in prior periods	–	(1,002)
Dividend withholding tax paid on the distributed retained profits of a PRC incorporated subsidiary	8,611	7,090
Deferred income tax	(7,944)	(7,875)
	17,175	11,820

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

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interim dividend – HK\$0.0275 (2023: HK\$0.0300)		
per share	<u>13,158</u>	<u>14,354</u>

On 22 August 2024, the Board has resolved to pay an interim dividend of HK\$0.0275 per share (2023: HK\$0.0300 per share) which is payable on Friday, 20 September 2024 to the shareholders whose names appear on the Register of Members of the Company on Tuesday, 10 September 2024. This interim dividend, amounting to HK\$13,158,000 (2023: HK\$14,354,000) 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 2024.

12 (LOSSES)/EARNINGS PER SHARE

(a) Basic

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

	For the six months ended 30 June	
	2024	2023
(Loss)/profit attributable to owners of the Company (HK\$'000)	<u>(388,916)</u>	<u>89,411</u>
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	<u>478,484</u>	<u>478,484</u>
Basic (losses)/earnings per share (HK\$)	<u>(0.81)</u>	<u>0.19</u>

(b) Diluted

No diluted (losses)/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>
For the six months ended 30 June 2024		
Opening net book amount as at 1 January 2024	211,689	1,946,822
Additions	10,347	–
Disposals	(377)	–
Fair value losses	–	(210,927)
Depreciation	(17,778)	–
Currency translation differences	(7,722)	(626)
Closing net book amount as at 30 June 2024	196,159	1,735,269
	Property, plant and equipment <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>
For the six months ended 30 June 2023		
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)
Closing net book amount as at 30 June 2023	232,089	1,959,947

The valuations of the investment properties at 30 June 2024 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>
As at 30 June 2024			
Recurring fair value measurements			
Investment properties	–	–	1,735,269
	<u>–</u>	<u>–</u>	<u>1,735,269</u>
As at 31 December 2023			
Recurring fair value measurements			
Investment properties	–	–	1,946,822
	<u>–</u>	<u>–</u>	<u>1,946,822</u>

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	Outside	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2024	1,925,000	21,822	1,946,822
Fair value losses	(209,200)	(1,727)	(210,927)
Currency translation differences	–	(626)	(626)
At 30 June 2024	<u>1,715,800</u>	<u>19,469</u>	<u>1,735,269</u>
Total unrealised losses for the period included in the condensed consolidated income statement for assets held at the end of the period, under 'Change in fair value of investment properties'	<u>(209,200)</u>	<u>(1,727)</u>	<u>(210,927)</u>
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>
Total unrealised gains for the period included in the condensed consolidated income statement for assets held at the end of the period, under 'Change in fair value of investment properties'	<u>1,000</u>	<u>562</u>	<u>1,562</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 2024, 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\$1,957,442,000 (31 December 2023: HK\$2,189,121,000) (Note 17).

14 INTERESTS IN JOINT VENTURES

	As at 30 June 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
Share of net assets	850,595	1,051,442
Loans to joint ventures	1,001,868	1,020,075
	<u>1,852,463</u>	<u>2,071,517</u>

Movements in share of net assets is analysed as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 January	1,051,442	1,001,980
Share of (losses)/profits of joint ventures	(200,847)	29,836
At 30 June	<u>850,595</u>	<u>1,031,816</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 INTERESTS IN JOINT VENTURES (continued)

Share of losses of joint ventures included the share of fair value losses, net of deferred income tax, of investment properties owned by the joint ventures of approximately HK\$214,327,000 (2023: share of fair value gains, net of deferred income tax, of approximately HK\$8,333,000).

As at 30 June 2024, 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 the repayment is subject to the agreement of the joint venture partners. 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 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Trade receivables	694,618	810,914
Less: allowance for impairment of trade receivables	(2,345)	(2,325)
	<u>692,273</u>	<u>808,589</u>

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

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 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
0 – 60 days	524,590	531,396
61 – 90 days	84,449	154,137
Over 90 days	85,579	125,381
	<u>694,618</u>	<u>810,914</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 January	2,325	3,468
Increase in loss allowance	<u>20</u>	<u>926</u>
At 30 June	<u>2,345</u>	<u>4,394</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 2024.

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 2024 HK\$'000	As at 31 December 2023 HK\$'000
0 – 60 days	272,696	362,364
61 – 90 days	48,289	56,047
Over 90 days	141,714	127,236
	<u>462,699</u>	<u>545,647</u>

The carrying amounts of the Group's trade payables approximated their fair values as at 30 June 2024.

17 BORROWINGS

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Trust receipt bank loans, unsecured	178,118	338,790
Short-term bank loans, unsecured	237,000	275,000
Short-term bank loans, secured	112,000	103,000
Long-term bank loans which contains a repayment on demand clause, secured	28,005	38,138
Portion of long-term bank loans due for repayment within one year, secured	99,910	99,910
Portion of long-term bank loans due for repayment after one year, secured	885,885	935,840
	<u>1,540,918</u>	<u>1,790,678</u>
Total borrowings	<u>1,540,918</u>	<u>1,790,678</u>
Non-current	885,885	935,840
Current	655,033	854,838
	<u>1,540,918</u>	<u>1,790,678</u>
Total borrowings	<u>1,540,918</u>	<u>1,790,678</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 BORROWINGS (continued)

As at 30 June 2024, the short-term and long-term bank loans of HK\$1,125,800,000 (31 December 2023: HK\$1,176,888,000) were secured by the following:

- Charges over property, plant and equipment with carrying amount of approximately HK\$18,850,000 (31 December 2023: HK\$19,145,000), right-of-use assets with carrying amount of approximately HK\$52,750,000 (31 December 2023: HK\$53,574,000), investment properties with carrying amount of approximately HK\$1,706,000,000 (31 December 2023: HK\$1,915,000,000) and stock of completed properties with carrying amount of approximately HK\$179,842,000 (31 December 2023: HK\$201,402,000);
- Restricted cash of HK\$116,597,000 (31 December 2023: HK\$120,129,000) from an indirect wholly-owned subsidiary of the Company;
- A share charge over the Group's 25.7% (31 December 2023: 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>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2023 and 30 June 2023	700,000,000	70,000
At 1 January 2024 and 30 June 2024	700,000,000	70,000
Issued and fully paid:		
At 1 January 2023 and 30 June 2023	478,483,794	47,848
At 1 January 2024 and 30 June 2024	478,483,794	47,848

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 30 June 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
Contracted but not provided for	7,212	8,547
Authorised but not contracted for	—	—
	<u>7,212</u>	<u>8,547</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 30 June 2024 <i>HK\$'000</i>	As at 31 December 2023 <i>HK\$'000</i>
Within one year	92,344	27,980
In the second to fifth year inclusive	85,427	48,678
	<u>177,771</u>	<u>76,658</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 (2023: 3 years).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 RELATED PARTY TRANSACTIONS

As at 30 June 2024, 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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and allowances	8,252	8,478
Bonus	4,902	7,011
Pension costs		
– defined contribution schemes	36	35
	<u>13,190</u>	<u>15,524</u>

INTERIM DIVIDEND

On 22 August 2024, the Board has resolved to pay an interim dividend of HK\$0.0275 per share (2023: HK\$0.0300 per share) which is payable on Friday, 20 September 2024 to the shareholders whose names appear on the Register of Members of the Company on Tuesday, 10 September 2024.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 6 September 2024 to Tuesday, 10 September 2024, 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 Thursday, 5 September 2024.

REVIEW OF BUSINESS ACTIVITIES

Review of Results

The loss attributable to owners of the Company for the six months ended 30 June 2024 amounted to HK\$388.9 million, as compared to profit attributable to owners of the Company of HK\$89.4 million for the corresponding period last year. This was mainly attributable to decrease in segment profit of EMS Division of HK\$10.2 million, loss arising from change in fair value of investment properties of HK\$210.9 million, increase in provision for write-down of stock of completed properties of HK\$21.6 million and share of losses of joint ventures of HK\$200.8 million, net off by decrease in the finance costs, net of HK\$6.0 million. The Group entered into interest rate swap contracts with notional principal amounts of HK\$1,500 million in order to hedge interest rate hiking.

The Group's revenue for the six months ended 30 June 2024 was HK\$1,224.4 million, 27.2% decrease as compared to HK\$1,680.7 million for the corresponding period last year. Operating loss for the six months ended 30 June 2024 was HK\$144.2 million, as compared to operating profit of HK\$104.1 million for the corresponding period last year.

Electronic Manufacturing Service ("EMS") Division

Revenue for the six months ended 30 June 2024 was HK\$1,193.1 million, as compared to HK\$1,649.5 million for the corresponding period last year. The segment profit attributable to the EMS Division was HK\$64.3 million, 13.6% decrease as compared to HK\$74.5 million for the corresponding period last year. The decrease in the segment net profit was attributable to decrease in sales to external customers, impact from decrease in sales was partly offset by the cost efficiency improvement and depreciation of Chinese Renminbi.

REVIEW OF BUSINESS ACTIVITIES (continued)

Property Holding Division

The Property Holding Division reported revenue of HK\$31.3 million, close to HK\$31.2 million for the corresponding period last year. The segment loss for the period was HK\$409.9 million as compared to segment profit of HK\$54.6 million for the corresponding period last year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group had a total of HK\$2,975.4 million (2023 December: HK\$3,071.3 million) of banking facilities. Total bank borrowings were HK\$1,540.9 million (2023 December: HK\$1,790.7 million). Cash and cash equivalents, short-term bank deposits and restricted cash were HK\$1,236.1 million at 30 June 2024 (2023 December: HK\$1,348.0 million).

As at 30 June 2024, the Group had net bank borrowings of HK\$304.8 million, as compared to HK\$442.7 million at 31 December 2023. 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 2024 is 0.08 (2023 December: 0.10). 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, Chinese Renminbi and Vietnam Dong. Consistent with its prudent policy on financial risk management, the Group does not use any foreign exchange hedging products. The Group recognises the currency risk in the fluctuation of Chinese Renminbi and will closely monitor and actively manage the risk involved.

CAPITAL STRUCTURE

There has been no material change in the Group's capital structure since 31 December 2023 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 2024, the Group employed approximately 2,600 employees. The Group adopts a remuneration policy which is commensurate with job nature, qualification and experience of employees. In addition to the provision of annual bonuses and employee related insurance benefits, discretionary bonuses are also rewarded to employees based on individual performance. The remuneration packages and policies are reviewed periodically. The Group also provides in-house and external training programs to its employees.

PROSPECTS

The global economic environment and market conditions will remain complicated in the second half of Year 2024. The pace of disinflation is slower than expected which has postponed the prospect of interest rates cut. Sino-US trade tension and the geopolitical risks continue to impact global economic growth. The above factors will impact demand from our customers and the profitability of the Group.

Based on current customer orders and forecasts, the Group expects that the revenue of the EMS business in the second half of Year 2024 will recover slightly as compared with the sales orders situation in the first half of Year 2024. Some customers have gradually consumed the overstocking arising from shortage of critical materials in 2023 and ordering from them is expected to resume back to normal. Supplies of semiconductors and components and the lead times are back to normal. The Group will continue to implement stringent cost saving and efficiency improvement measures to ensure that our customers will be served in the most efficient manner.

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. Vietnam factory will be an important source of future growth for the Group. The Group is taking measures to streamline the production operations, strengthen the talents training and enhance the technical capability of the Vietnam factory for future expansion.

The commercial properties held by the Group, directly or indirectly, have been almost fully leased out. Although rental income has been reduced due to weak commercial property market conditions, they will continue to generate stable income to the Group. Loan Interest rates are expected to remain at high level in the second half of Year 2024. 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 twelfth 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 2024, 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 2024, 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 2024, 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 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.

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 2024. As at 1 January 2024 and 30 June 2024, 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 2024, 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 2024, the Company has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities 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.

CORPORATE GOVERNANCE CODE (continued)

Code provision D.2.6

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

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

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

Code provision E.1.2(i)

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

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

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

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2024.

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 2024.

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

Hong Kong, 22 August 2024

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