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WONG'S KONG KING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 532)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Board of Directors of Wong's Kong King International (Holdings) Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2020, together with comparative figures for the corresponding period in 2019 are as follows:

CONSOLIDATED INCOME STATEMENT *FOR THE YEAR ENDED 31 DECEMBER 2020*

	<i>Note</i>	2020 HK\$'000	2019 HK\$'000
Revenue	3	4,716,172	5,258,296
Other gains, net		25,256	16,476
Raw materials and consumables used		(2,088,013)	(3,084,286)
Purchases of finished goods		(1,476,491)	(1,089,666)
Changes in inventories of finished goods and work in progress		(152,172)	34,767
Employee benefit expenses		(626,451)	(697,545)
Depreciation and amortisation		(71,448)	(68,407)
Net write-back of/(provision for) loss allowance for trade and bills receivables		4,493	(3,116)
Other expenses		(188,876)	(244,401)
Operating profit		142,470	122,118
Finance income		2,422	2,901
Finance costs		(9,604)	(26,760)
Finance costs, net		(7,182)	(23,859)

		2020	2019
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of profit of a joint venture		<u>5,667</u>	<u>3,626</u>
Profit before income tax		140,955	101,885
Income tax expense	4	<u>(24,470)</u>	<u>(32,811)</u>
Profit for the year	3	<u>116,485</u>	<u>69,074</u>
Attributable to:			
Owners of the Company		101,185	64,383
Non-controlling interests		<u>15,300</u>	<u>4,691</u>
		<u>116,485</u>	<u>69,074</u>
Earnings per share for profit attributable to the owners of the Company during the year <i>(expressed in HK cents per share)</i>			
– basic	5	<u>13.87</u>	<u>8.83</u>
– diluted	5	<u>13.87</u>	<u>8.83</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 HK\$'000	2019 HK\$'000
Profit for the year	116,485	69,074
Other comprehensive income/(loss):		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Fair value losses on equity investments at fair value through other comprehensive income, net of tax	(18,925)	(26,610)
Remeasurements of post-employment benefit obligations, net of tax	(152)	(493)
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<u>35,860</u>	<u>(4,387)</u>
Total comprehensive income for the year	<u>133,268</u>	<u>37,584</u>
Attributable to:		
Owners of the Company	113,887	33,216
Non-controlling interests	<u>19,381</u>	<u>4,368</u>
	<u>133,268</u>	<u>37,584</u>

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2020

	<i>Note</i>	2020 HK\$'000	2019 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		475,084	474,527
Right-of-use assets		42,964	46,912
Deposits and prepayments		4,320	4,265
Intangible assets		372	469
Interests in joint ventures		6,650	4,868
Deferred tax assets		14,602	11,160
Financial assets at fair value through other comprehensive income		13,034	31,855
Financial assets at fair value through profit or loss		4,362	5,895
Club membership and debentures		14,923	14,942
Total non-current assets		576,311	594,893
Current assets			
Inventories		645,084	818,780
Trade, bills and other receivables	6	1,303,528	1,362,782
Contract assets		49,766	44,072
Deposits and prepayments		65,730	62,948
Tax recoverable		6,732	564
Derivative financial instruments		227	2
Short-term time deposits		39,758	43,026
Cash and cash equivalents		597,995	447,215
Total current assets		2,708,820	2,779,389
Total assets		3,285,131	3,374,282
LIABILITIES			
Non-current liabilities			
Lease liabilities		14,611	16,348
Provision for assets retirement obligations		1,710	1,710
Retirement benefit obligations		8,900	8,344
Total non-current liabilities		25,221	26,402

	<i>Note</i>	2020 HK\$'000	2019 HK\$'000
Current liabilities			
Trade, bills and other payables	7	936,438	923,742
Contract liabilities		116,707	60,720
Current income tax liabilities		18,843	21,709
Bank borrowings - due within one year		377,008	657,612
Lease liabilities		14,584	19,319
Derivative financial instruments		12	141
		<hr/>	<hr/>
Total current liabilities		1,463,592	1,683,243
		<hr/>	<hr/>
Total liabilities		1,488,813	1,709,645
		<hr/>	<hr/>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	8	72,945	72,945
Reserves		1,638,553	1,521,266
		<hr/>	<hr/>
		1,711,498	1,594,211
Non-controlling interests		84,820	70,426
		<hr/>	<hr/>
Total equity		1,796,318	1,664,637
		<hr/>	<hr/>
Total equity and liabilities		3,285,131	3,374,282
		<hr/>	<hr/>

NOTES:

1. BASIS OF PREPARATION

The consolidated financial information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”). In addition, the consolidated financial information includes the applicable disclosures required by the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) and by the Hong Kong Companies Ordinance.

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

(a) Amended standards and revised conceptual framework adopted by the Group

The following amended standards and revised conceptual framework and a new interpretation were required to be adopted by the Group effective from 1 January 2020:

- Definition of Material - HKAS 1 and HKAS 8 (Amendment)
- Definition of a Business - HKFRS 3 (Amendment)
- Interest Rate Benchmark Reform - HKFRS 9, HKAS 39 and HKFRS 7 (Amendment)
- Revised Conceptual Framework for Financial Reporting - Conceptual Framework for Financial Reporting 2018

The Group also elected to adopt the following amendment early.

- Covid-19-Related Rent Concessions - Amendment to HKFRS 16

The amended standards and revised conceptual framework listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods, except for the Amendment to HKFRS 16 set out in Note 2.

(b) New and amended standards not yet adopted

Certain new accounting standards and amendments have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual improvements project	Annual Improvements to HKFRS Standards 2018–2020	1 January 2022
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has commenced an assessment of the impact of these new standards and amendments, but is not yet in a position to state whether they would have significant impacts on its results of operations and financial position.

2. CHANGES IN ACCOUNTING POLICIES

The Group has early adopted Amendment to HKFRS 16 – COVID-19-Related Rent Concessions retrospectively from 1 January 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b. any reduction in lease payments affects only payments due on or before 30 June 2021; and c. there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions totalling HK\$305,000 have been accounted for as negative variable lease payments and recognised in other expenses in the consolidated profit or loss, with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 January 2020.

3. SEGMENTAL INFORMATION

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

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

The segment information for the year ended 31 December 2020 is as follows:

	Trading HK\$'000	Manufacturing HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue					
External sales	2,199,885	2,459,292	56,995	–	4,716,172
Inter-segment sales	306,716	3,186	28,562	(338,464)	–
	<u>2,506,601</u>	<u>2,462,478</u>	<u>85,557</u>	<u>(338,464)</u>	<u>4,716,172</u>
Total	<u>2,506,601</u>	<u>2,462,478</u>	<u>85,557</u>	<u>(338,464)</u>	<u>4,716,172</u>
Timing of revenue recognition					
At a point in time	2,456,943	2,462,478	76,294	(328,564)	4,667,151
Over time	49,658	–	9,263	(9,900)	49,021
	<u>2,506,601</u>	<u>2,462,478</u>	<u>85,557</u>	<u>(338,464)</u>	<u>4,716,172</u>
Results					
Segment results	128,677	26,010	(10,036)	(2,181)	142,470
Finance income	2,249	167	6	–	2,422
Finance costs	(3,247)	(5,961)	(396)	–	(9,604)
	<u>127,679</u>	<u>20,216</u>	<u>(10,426)</u>	<u>(2,181)</u>	<u>135,288</u>
Share of profit of a joint venture					<u>5,667</u>
Profit before income tax					140,955
Income tax expense					<u>(24,470)</u>
Profit for the year					<u>116,485</u>

The segment information for the year ended 31 December 2019 is as follows:

	Trading HK\$'000	Manufacturing HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue					
External sales	1,925,779	3,299,902	32,615	–	5,258,296
Inter-segment sales	287,823	3,072	41,755	(332,650)	–
	<u>2,213,602</u>	<u>3,302,974</u>	<u>74,370</u>	<u>(332,650)</u>	<u>5,258,296</u>
Total	2,213,602	3,302,974	74,370	(332,650)	5,258,296
Timing of revenue recognition					
At a point in time	2,160,425	3,302,974	70,592	(320,986)	5,213,005
Over time	53,177	–	3,778	(11,664)	45,291
	<u>2,213,602</u>	<u>3,302,974</u>	<u>74,370</u>	<u>(332,650)</u>	<u>5,258,296</u>
Results					
Segment results	35,282	100,375	(13,822)	283	122,118
Finance income	2,470	416	15	–	2,901
Finance costs	(5,349)	(20,711)	(700)	–	(26,760)
	<u>32,403</u>	<u>80,080</u>	<u>(14,507)</u>	<u>283</u>	<u>98,259</u>
Share of profit of a joint venture					<u>3,626</u>
Profit before income tax					101,885
Income tax expense					<u>(32,811)</u>
Profit for the year					<u><u>69,074</u></u>

The segment assets and liabilities as at 31 December 2020 are as follows:

	Trading HK\$'000	Manufacturing HK\$'000	Others HK\$'000	Consolidated HK\$'000
Assets				
Segment assets	<u>1,439,534</u>	<u>1,691,622</u>	<u>153,975</u>	<u>3,285,131</u>
Liabilities				
Segment liabilities	<u>607,936</u>	<u>840,866</u>	<u>40,011</u>	<u>1,488,813</u>

The segment assets and liabilities as at 31 December 2019 are as follows:

	Trading HK\$'000	Manufacturing HK\$'000	Others HK\$'000	Consolidated HK\$'000
Assets				
Segment assets	<u>1,216,513</u>	<u>2,030,107</u>	<u>127,662</u>	<u>3,374,282</u>
Liabilities				
Segment liabilities	<u>517,439</u>	<u>1,139,128</u>	<u>53,078</u>	<u>1,709,645</u>

4. INCOME TAX EXPENSE

	2020 HK\$'000	2019 HK\$'000
Current income tax		
– Hong Kong profits tax	–	10,785
– Other jurisdictions including PRC corporate income tax	<u>24,261</u>	<u>22,340</u>
	<u>24,261</u>	<u>33,125</u>
(Over)/under provision in prior years		
– Hong Kong	–	391
– Other jurisdictions including the PRC	<u>(434)</u>	<u>(518)</u>
	<u>(434)</u>	<u>(127)</u>
Deferred income tax	(2,850)	(2,927)
Withholding tax on dividends paid by subsidiaries	2,169	1,666
Withholding tax on management/service fee paid by subsidiaries	<u>1,324</u>	<u>1,074</u>
	<u>24,470</u>	<u>32,811</u>

Hong Kong profits tax has not been provided as the Group has no estimated assessable profit for the year (2019: Hong Kong profits tax had been provided for at 16.5% on the estimated assessable profit for the year). The subsidiaries established in the PRC are subject to corporate income tax rate of 25% (2019: 25%). The subsidiaries in Taiwan are subject to corporate income tax rate of 20% (2019: 20%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

5. EARNINGS PER SHARE

(a) Basic

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

	2020	2019
Profit attributable to owners of the Company (Hong Kong thousand dollars)	<u>101,185</u>	<u>64,383</u>
Weighted average number of ordinary shares in issue (thousands)	<u>729,448</u>	<u>729,448</u>
Basic earnings per share (Hong Kong cents per share)	<u>13.87</u>	<u>8.83</u>

(b) Diluted

Diluted earnings per share were the same as the basic earnings per share for the year ended 31 December 2020 and 2019 as the share options of the Company have an anti-dilutive effect on the basic earnings per share and are ignored in the calculation of diluted earnings per share (2019: same).

6. TRADE, BILLS AND OTHER RECEIVABLES

Included in trade, bills and other receivables are trade and bills receivables of HK\$1,270,974,000 (2019: HK\$1,329,897,000).

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

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

	2020 HK\$'000	2019 HK\$'000
0 to 30 days	446,660	435,988
31 to 60 days	332,331	382,605
61 to 90 days	156,634	158,682
Over 90 days	<u>335,349</u>	<u>352,622</u>
	<u>1,270,974</u>	<u>1,329,897</u>

7. TRADE, BILLS AND OTHER PAYABLES

Included in trade, bills and other payables are trade and bills payables of HK\$674,060,000 (2019: HK\$699,016,000).

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 to 30 days	458,837	443,394
31 to 60 days	127,550	192,149
61 to 90 days	53,371	20,515
Over 90 days	34,302	42,958
	<u>674,060</u>	<u>699,016</u>

8. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Share capital <i>HK\$'000</i>
Issued and fully paid: At 31 December 2019, 1 January 2020 and 31 December 2020	<u>729,447,964</u>	<u>72,945</u>

9. DIVIDENDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interim dividend, paid, of HK\$ nil (2019: HK\$0.01) per share	–	7,294
Final dividend, proposed, of HK\$0.06 (2019: HK\$ nil) per share	<u>43,767</u>	<u>–</u>
	<u>43,767</u>	<u>7,294</u>

DIVIDENDS

The Board of Directors recommends a final dividend of HK\$0.06 per share (2019: Nil) be paid in respect of the year ended 31 December 2020. The proposed final dividend will be payable on or about Tuesday, 27 July 2021, subject to approval at the Annual General Meeting, to shareholders whose names appear on the Register of Members of the Company on Friday, 9 July 2021.

CLOSURE OF REGISTER OF MEMBERS

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

The Register of Members of the Company will be closed from Thursday, 24 June 2021 to Tuesday, 29 June 2021, both days inclusive, during which period no transfer of shares will be registered, for the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 23 June 2021.

2. Book Close for determining the qualification for the proposed final dividend

The Register of Members of the Company will be closed from Wednesday, 7 July 2021 to Friday, 9 July 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 6 July 2021.

BUSINESS REVIEW

The Group's turnover for the year 2020 was HK\$4.7 billion, reflecting a decrease of approximately 10% compared to 2019. However, the Group's profit attributable to shareholders was HK\$101.2 million for 2020 as compared to HK\$64.4 million for 2019. This was mainly due to the following factors:

- (i) a significant increase in sales revenue in the Group's Industrial Products Trading and Distribution Division for the second half of 2020. This was due to China and Taiwan, where the Division mainly operates, bringing the pandemic under control and sustaining control through to the end of the year. This brought about a recovery in economic activity which resulted in many of the Group's customers increasing their capacity and orders, in turn resulting in unexpectedly high demand for the Division's products especially throughout the fourth quarter;

- (ii) despite COVID-19 challenges, the Group's OEM Manufacturing Division also recovered in the second half and managed to achieve a profit for the year as a whole; and
- (iii) receipt of cash subsidies under the Employment Support Scheme under the Anti-epidemic Fund launched by the Hong Kong Special Administrative Region Government in the second half of the year.

Trading and Distribution Division (WKK Distribution)

The turnover of the Group's Industrial Products Trading and Distribution Division for the year 2020 was HK\$2.2 billion, representing an increase of approximately 14% compared to last year. This was mainly due to better than expected demand for the industrial products distributed by the Group as the Division's customers increased their capacity and orders especially throughout the fourth quarter. The Division's operating profit was HK\$127.7 million as compared to HK\$32.4 million last year. The operations in the PRC and a subsidiary in Taiwan contributed the majority of the Division's operating profit whilst the Singapore operations also recorded an increase in operating profit compared to last year.

OEM Manufacturing Division (WKK Technology)

The turnover of the Group's OEM Manufacturing Division decreased by approximately 25% to HK\$2.5 billion for 2020 compared to last year, mainly attributable to the widespread closure of borders to control the spread of the coronavirus resulting in all of the Division's customers outside the PRC being unable to visit the Group's facilities to develop orders for new projects. However, despite incurring an operating loss of HK\$20.8 million in the first half of this year, the division unexpectedly performed better in the second half of this year and recorded an operating profit of HK\$20.2 million for the whole year.

FINANCE

As at 31 December 2020, the Group had committed bank and other financing facilities totaling HK\$2,664 million, of which HK\$579 million was drawn down. As at 31 December 2020, the Group's consolidated net cash amounted to HK\$232 million and total equity amounted to HK\$1,796 million, resulting in a nil gearing ratio.

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

HUMAN RESOURCES

As at 31 December 2020, the Group had a total of 4,607 employees, of whom 234 were based in Hong Kong, 4,053 in the PRC and 320 overseas. The remuneration packages of the Group's employees are mainly based on their performance and experience, taking into accounts current industry practices. Provident fund scheme, medical allowance and in-house and external training programs are available to employees. Share options and discretionary bonus may be provided to employees according to the performance of the individual and the Group. The remuneration policy and packages of the Group's employees are regularly reviewed.

ENVIRONMENTAL MANAGEMENT

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

The Group has set up various systems, including a sewage treatment plant, solar panels for warming water supplies for workers, LED and solar energy lighting systems, computerized filing systems to limit paper usage, selective flux and soldering systems, an ISO14001 certified environmental management system since 2002, an IECQ QC080000 hazardous substance process management system, as well as an ISO50001 energy management system for the monitoring and improvement of greenhouse gas emissions and energy consumption.

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

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

SOCIAL RESPONSIBILITY

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

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

The Group used to engage actively in social activities, helping and nurturing those in need. The Group's staff have formed a volunteer team who contributed their free time in the service of society by visiting and organizing activities at centers for elderly people. However, due to the Covid-19 pandemic along with social distancing requirements, all social activities were cancelled and as a result, no visiting groups could be arranged in 2020. Also it was not possible for students of secondary schools and universities to tour our PRC factory for the purpose of enhancing their knowledge of green production facilities.

LEGAL AND REGULATORY COMPLIANCE

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

PROSPECTS

After the unexpectedly high demand for the industrial products distributed by the Group in the second half of 2020 as a result of the Group's customers increasing their capacity and orders, it is expected that the demand for the Group's industrial products will slow down during the current year.

Although vaccination programmes are being implemented globally, it is uncertain when borders will open to allow foreign customers of the OEM Manufacturing Division to visit the Group's facilities to develop orders for new projects. Nevertheless, given the current level of orders on hand, it is hoped that, in the absence of unforeseeable circumstances, the Group's OEM Manufacturing Division will perform better than last year.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2020.

CORPORATE GOVERNANCE

The Company had complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2020, with deviations as stated below:

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing Non-Executive Directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the CG Code. In accordance with the provisions of the Bye-laws of the Company, any Director appointed by the Board during the year shall retire and submit themselves for re-election at the next annual general meeting immediately following his/her appointment. Further, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office. The directors to retire by rotation shall be those who have been longest in office since their last re-election or appointment. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those in the CG Code.

Code Provision A.4.2

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

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

Code Provision A.6.7

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders.

Due to the travel restrictions arising from the COVID-19 pandemic, the two Non-Executive Directors could not attend the annual general meeting of the Company held on 23 June 2020. However, at the aforesaid annual general meeting, there were Executive Directors and Independent Non-Executive Directors present to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on no less exacting than the terms and required standard contained in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “Model Code”). Having made specific enquiry of all the Directors, the Company had obtained confirmation from all the Directors that they have complied with the required standard set out in the Model Code and the code of conduct for securities transactions by Directors adopted by the Company during the year ended 31 December 2020.

SCOPE OF WORK OF THE AUDITOR

The consolidated financial information of the Group for the year ended 31 December 2020 is based on the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2020. The figures in this preliminary announcement of the results of the Group have been agreed to the amounts set out in the Group’s audited consolidated financial statements for the year by the auditor of the Group, PricewaterhouseCoopers. The work of PricewaterhouseCoopers in this respect, did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers in the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the audited consolidated financial information of the Group for the year ended 31 December 2020.

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

By Order of the Board
Senta Wong
Chairman

Hong Kong, 25 March 2021

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