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WONG'S INTERNATIONAL HOLDINGS LIMITED

王氏國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 99)

ANNOUNCEMENT OF 2021 FINAL RESULTS

FINANCIAL HIGHLIGHT:

- The profit attributable to owners of the Company was HK\$89.5 million.
- Profit from EMS Division decreased by HK\$50.7 million due to shortage of raw materials and higher material price as a result of the impact of COVID-19 and increase in the wages and operating expenses in China.

FINAL RESULTS

The board of directors (the “Board” or “Directors”) of Wong’s International Holdings Limited (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	2	3,256,729	3,224,636
Other income	3	16,806	21,326
Changes in inventories of finished goods and work in progress		(65,249)	(35,593)
Raw materials and consumables used		(2,344,085)	(2,345,590)
Employee benefit expenses		(485,674)	(443,807)
Depreciation		(76,437)	(70,921)
Other operating expenses		(175,987)	(169,094)
Other gains/(losses) – net	4	7,023	(50,638)
Change in fair value of investment properties		(11,700)	(483,025)
Impairment losses of stock of completed properties (Provision)/reversal of impairment losses on trade receivables		(1,126)	590
Operating profit/(loss)		120,300	(375,056)
Finance income		17,607	18,358
Finance costs		(46,442)	(55,650)
Share of profit of an associate		3,123	949
Share of profits/(losses) of joint ventures	8	32,074	(324,231)
Profit/(loss) before income tax		126,662	(735,630)
Income tax expense	5	(37,188)	(26,048)
Profit/(loss) after income tax		89,474	(761,678)
Profit/(loss) attributable to owners of the Company		89,474	(761,674)
Non-controlling interests		–	(4)
		89,474	(761,678)
Earnings/(loss) per share attributable to owners of the Company during the year			
Basic	7	HK\$0.19	(HK\$1.59)
Diluted	7	HK\$0.19	(HK\$1.59)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) for the year	89,474	(761,678)
Other comprehensive income:		
<i>Items that may be reclassified to consolidated income statement:</i>		
Cash flow hedge – fair value gains/(losses) for the year	18,049	(22,450)
Cash flow hedge – deferred income tax recognised	(2,978)	3,704
Currency translation differences:		
– Group	54,097	131,184
– Associates	182	208
<i>Item that will not be reclassified subsequently to consolidated income statement:</i>		
Changes in fair value of financial assets at fair value through other comprehensive income	2,686	507
Other comprehensive income for the year, net of tax	72,036	113,153
Total comprehensive income/(loss) for the year	161,510	(648,525)
Attributable to:		
Owners of the Company	161,510	(648,521)
Non-controlling interests	–	(4)
Total comprehensive income/(loss) for the year	161,510	(648,525)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		219,598	249,956
Investment properties		2,041,508	2,052,585
Right-of-use assets		131,935	110,176
Investments in associates		26,583	25,719
Interests in joint ventures	8	2,141,455	2,148,651
Financial assets at fair value through other comprehensive income		15,470	7,454
Deferred income tax assets		21,807	27,301
Deposits and other receivables		20,035	12,107
Restricted cash		–	2,981
		4,618,391	4,636,930
Current assets			
Inventories		388,487	313,566
Stock of completed properties		213,410	213,410
Trade receivables	9	1,003,075	912,141
Prepayments, deposits and other receivables		107,082	89,366
Financial assets at fair value through other comprehensive income		53	28
Current income tax recoverable		1,883	1,372
Restricted cash		136,320	–
Short-term bank deposits		877,757	738,916
Cash and cash equivalents		400,818	680,202
		3,128,885	2,949,001
Total assets		7,747,276	7,585,931

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
EQUITY			
Equity attributable to owners of the Company			
Share capital		47,848	47,848
Other reserves		673,305	598,884
Retained earnings			
– Proposed dividend		11,963	9,570
– Others		3,745,421	3,677,472
		<u>4,478,537</u>	<u>4,333,774</u>
Total equity		<u>4,478,537</u>	<u>4,333,774</u>
LIABILITIES			
Non-current liabilities			
Derivative financial instruments		–	26,592
Accruals and other payables		5,788	11,290
Lease liabilities		26,312	27,946
Deferred income tax liabilities		71,809	70,136
Borrowings	<i>11</i>	1,301,554	1,184,662
		<u>1,405,463</u>	<u>1,320,626</u>
Current liabilities			
Trade payables	<i>10</i>	658,995	668,278
Derivative financial instruments		8,543	–
Accruals and other payables		229,082	192,077
Contract liabilities		126,291	164,190
Lease liabilities		20,804	5,147
Current income tax liabilities		45,397	47,831
Borrowings	<i>11</i>	774,164	854,008
		<u>1,863,276</u>	<u>1,931,531</u>
Total liabilities		<u>3,268,739</u>	<u>3,252,157</u>
Total equity and liabilities		<u>7,747,276</u>	<u>7,585,931</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company			Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000		
As at 1 January 2020	47,848	153,025	4,805,347	4	5,006,224
Comprehensive income					
Loss for the year	–	–	(761,674)	(4)	(761,678)
Other comprehensive income					
Changes in fair value of financial assets at fair value through other comprehensive income	–	–	507	–	507
Currency translation differences	–	–	131,392	–	131,392
Cash flow hedge – fair value losses for the year	–	–	(22,450)	–	(22,450)
Cash flow hedge – deferred income tax recognised	–	–	3,704	–	3,704
Total other comprehensive income	–	–	113,153	–	113,153
Total comprehensive loss	–	–	(648,521)	(4)	(648,525)
Transactions with owners					
Dividend paid to owners of the Company	–	–	(23,925)	–	(23,925)
Total transactions with owners	–	–	(23,925)	–	(23,925)
As at 31 December 2020	<u>47,848</u>	<u>153,025</u>	<u>4,132,901</u>	<u>–</u>	<u>4,333,774</u>

	<u>Attributable to owners of the Company</u>			Non-	Total
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	controlling interests <i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 January 2021	47,848	153,025	4,132,901	–	4,333,774
Comprehensive income					
Profit for the year	–	–	89,474	–	89,474
Other comprehensive income					
Changes in fair value of financial assets at fair value through other comprehensive income	–	–	2,686	–	2,686
Currency translation differences	–	–	54,279	–	54,279
Cash flow hedge – fair value gains for the year	–	–	18,049	–	18,049
Cash flow hedge – deferred income tax recognised	–	–	(2,978)	–	(2,978)
Total other comprehensive income	–	–	72,036	–	72,036
Total comprehensive income	–	–	161,510	–	161,510
Transactions with owners					
Dividend paid to owners of the Company	–	–	(16,747)	–	(16,747)
Total transactions with owners	–	–	(16,747)	–	(16,747)
As at 31 December 2021	47,848	153,025	4,277,664	–	4,478,537

NOTES:

1. BASIS OF PREPARATION

a) **Compliance with Hong Kong Financial Reporting Standards and Hong Kong Companies Ordinance**

These consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

b) **Historical cost convention**

These consolidated financial statements have been prepared on historical cost basis, as modified by revaluation of financial assets at fair value through other comprehensive income, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

c) **Amendments to standards effective in financial year beginning 1 January 2021**

Standards	Subject of amendment
Amendments to HKFRS 9, HKAS 39, HKFRS 4, HKFRS 7 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The amendments 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.

d) New standards, amendments to standards, annual improvements, guideline and interpretation that have been issued but are not effective for the financial year beginning 1 January 2021 and have not been early adopted

Standards	Subject of amendment	Effective for annual periods beginning on or after
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment	1 January 2022
Amendments to HKAS 37	Onerous Contracts	1 January 2022
Amendments to Annual Improvements Project	Annual Improvements 2018-2020 Cycle	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendments to HKAS 1	Presentation of Financial Statements on Classification of Liabilities	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKFRS 4	Extension of the Temporary Exemption from Applying HKFRS 9	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
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, annual improvements, guideline and interpretation. The Directors of the Company will adopt the new standards, amendments to standards, annual improvements, guideline and interpretation when they become effective.

2. 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/(losses) – net, finance costs – net and share of profit 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 consolidated financial statements.

	EMS division HK\$'000	Property Holding division HK\$'000	Total HK\$'000
For the year ended 31 December 2021			
External revenue			
Revenue from contracts with customers			
Timing of revenue recognition			
– At a point of time	3,192,699	–	3,192,699
Revenue from other sources			
– Rental income	–	64,030	64,030
	<u>3,192,699</u>	<u>64,030</u>	<u>3,256,729</u>
Segment results	<u>82,116</u>	<u>66,504</u>	<u>148,620</u>
Depreciation	74,155	42	74,197
Share of profits of joint ventures	–	32,074	32,074
Change in fair value of investment properties	–	(11,700)	(11,700)
Capital expenditure	<u>17,620</u>	<u>13</u>	<u>17,633</u>

	EMS division <i>HK\$'000</i>	Property Holding division <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2020			
External revenue			
Revenue from contracts with customers			
Timing of revenue recognition			
– At a point of time	3,157,160	–	3,157,160
Revenue from other sources			
– Rental income	–	67,476	67,476
	<u>3,157,160</u>	<u>67,476</u>	<u>3,224,636</u>
Segment results	<u>132,811</u>	<u>(780,147)</u>	<u>(647,336)</u>
Depreciation	68,511	41	68,552
Share of losses of joint ventures	–	(324,231)	(324,231)
Change in fair value of investment properties	–	(483,025)	(483,025)
Capital expenditure	<u>73,884</u>	<u>–</u>	<u>73,884</u>

	EMS division HK\$'000	Property Holding division HK\$'000	Total HK\$'000
As at 31 December 2021			
Segment assets	3,184,951	2,269,129	5,454,080
Interests in joint ventures	-	2,141,455	2,141,455
	<u>3,184,951</u>	<u>4,410,584</u>	<u>7,595,535</u>
Total reportable segment assets	<u>3,184,951</u>	<u>4,410,584</u>	<u>7,595,535</u>

As at 31 December 2020

Segment assets	3,005,529	2,280,684	5,286,213
Interests in joint ventures	-	2,148,651	2,148,651
	<u>3,005,529</u>	<u>4,429,335</u>	<u>7,434,864</u>
Total reportable segment assets	<u>3,005,529</u>	<u>4,429,335</u>	<u>7,434,864</u>

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, interests in joint ventures, restricted cash, inventories, stock of completed properties, trade receivables, prepayments, deposits and other receivables, short-term bank deposits and cash and cash equivalents, but exclude investments in associates, financial assets at fair value through other comprehensive income, deferred income tax assets, current income tax recoverable and corporate and unallocated assets.

A reconciliation of reportable segment results to profit/(loss) before income tax is provided as follows:

	2021 HK\$'000	2020 HK\$'000
Reportable segment results	148,620	(647,336)
Other income	16,806	21,326
Other gains/(losses) – net	7,023	(50,638)
Finance costs – net	(28,835)	(37,292)
Share of profit of an associate	3,123	949
Corporate and unallocated expenses	(20,075)	(22,639)
	<u>126,662</u>	<u>(735,630)</u>
Profit/(loss) before income tax	<u>126,662</u>	<u>(735,630)</u>

Reportable segment assets are reconciled to total assets as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Reportable segment assets	7,595,535	7,434,864
Investments in associates	26,583	25,719
Financial assets at fair value through other comprehensive income	15,523	7,482
Deferred income tax assets	21,807	27,301
Current income tax recoverable	1,883	1,372
Corporate and unallocated assets	85,945	89,193
	<hr/>	<hr/>
Total assets per consolidated statement of financial position	7,747,276	7,585,931
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Reconciliations of other material items are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Depreciation		
– Reportable segment total	74,197	68,552
– Corporate headquarters	2,240	2,369
	<hr/>	<hr/>
	76,437	70,921
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure		
– Reportable segment total	17,633	73,884
– Corporate headquarters	–	–
	<hr/>	<hr/>
	17,633	73,884
	<hr/> <hr/>	<hr/> <hr/>

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:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
North America	345,221	603,380
Asia (excluding Hong Kong)	1,999,852	1,707,703
Europe	516,633	451,696
Hong Kong	395,023	461,857
	<u>3,256,729</u>	<u>3,224,636</u>

For the year ended 31 December 2021, revenues of approximately HK\$1,418,527,000 (2020: HK\$1,278,805,000) and HK\$421,282,000 (2020: HK\$344,633,000) were derived from the top two external customers respectively. These customers individually account for 10% 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:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
North America	7	14
Asia (excluding Hong Kong)	310,621	311,930
Europe	20	20
Hong Kong	4,285,936	4,297,665
	<u>4,596,584</u>	<u>4,609,629</u>

Non-current assets comprise property, plant and equipment, investment properties, right-of-use assets, investments in associates, interests in joint ventures, financial assets at fair value through other comprehensive income, deposits and other receivables and restricted cash. They exclude deferred income tax assets.

The Group has recognised the following liabilities related to contracts with customers:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contract liabilities – EMS division	126,291	164,190

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities that were satisfied in a prior year:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
EMS division	164,190	147,465

3. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Government grant	13,861	19,226
Sales of scrap and spare parts	2,822	1,399
Others	123	701
	16,806	21,326

4. OTHER GAINS/(LOSSES) - NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Realised losses on financial instruments – net	–	(1)
Gains on disposals of property, plant and equipment	1,857	198
Exchange losses – net	(7,313)	(50,993)
Gains on lease modification	–	167
Write-off of other payables	5,169	–
Recovery of amount due from an associate previously written off	7,310	–
Others	–	(9)
	7,023	(50,638)

5. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	5,949	6,882
– Overseas taxation	27,269	25,406
– Over-provision in prior years	(747)	(9,638)
Deferred income tax	4,717	3,398
	<u>37,188</u>	<u>26,048</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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 a rate of 25% (2020: 25%) on the estimated profits, except for Welco Technology (Suzhou) Limited ("WTSZ"), a wholly-owned subsidiary of the Company. WTSZ is entitled to the preferential CIT Rate of 15% (2020: 15%) under the New and High Technology Enterprises status till 31 December 2023.

6. DIVIDENDS

The dividends paid in 2021 and 2020 were approximately HK\$16,747,000 (HK\$0.035 per share) and HK\$23,925,000 (HK\$0.05 per share) respectively. A final dividend in respect of the year ended 31 December 2021 of HK\$0.025 per share, amounting to a total dividend of approximately HK\$11,963,000, will be proposed at the upcoming annual general meeting of the Company. These financial statements do not reflect this final dividend payable.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interim dividend paid – HK\$0.015 (2020: HK\$0.02) per share	7,177	9,570
Proposed final dividend – HK\$0.025 (2020: HK\$0.02) per share	11,963	9,570
	<u>19,140</u>	<u>19,140</u>

7. EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	2021	2020
Profit/(loss) attributable to owners of the Company (HK\$'000)	<u>89,474</u>	<u>(761,674)</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>478,484</u>	<u>478,484</u>
Basic earnings/(loss) per share (HK\$)	<u>0.19</u>	<u>(1.59)</u>

(b) Diluted

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

8. INTERESTS IN JOINT VENTURES

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	<u>1,046,053</u>	1,013,979
Loans to joint ventures	<u>1,095,402</u>	<u>1,134,672</u>
	<u>2,141,455</u>	<u>2,148,651</u>

As at 31 December 2021, the Group's principal joint ventures included Talent Chain Investments Limited, Crown Opal Investment Limited and Open Vantage Limited, all of which the Group has 35.7% equity interest. Crown Opal Investment Limited is engaged in property holding.

The loans to joint ventures are unsecured, interest-free and will not be repaid in the coming twelve months. They represent the Group's long-term interests that in substance form part of the Group's net investments in the joint ventures.

Movements in share of net assets is analysed as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 January	1,013,979	1,338,210
Share of profits/(losses) of joint ventures	32,074	(324,231)
	<hr/>	<hr/>
At 31 December	1,046,053	1,013,979
	<hr/> <hr/>	<hr/> <hr/>

9. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	1,006,175	914,115
Less: allowance for impairment of trade receivables	(3,100)	(1,974)
	<hr/>	<hr/>
	1,003,075	912,141
	<hr/> <hr/>	<hr/> <hr/>

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 - 60 days	700,265	572,521
61 - 90 days	175,039	186,848
Over 90 days	130,871	154,746
	<hr/>	<hr/>
	1,006,175	914,115
	<hr/> <hr/>	<hr/> <hr/>

10. TRADE PAYABLES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 - 60 days	488,570	586,833
61 - 90 days	86,087	40,407
Over 90 days	84,338	41,038
	<hr/>	<hr/>
	658,995	668,278
	<hr/> <hr/>	<hr/> <hr/>

11. BORROWINGS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trust receipt bank loans, unsecured	325,806	324,943
Short-term bank loans, unsecured	341,000	410,000
Portion of long-term bank loans due for repayment within one year, secured	107,358	119,065
Portion of long-term bank loans due for repayment after one year, secured	<u>1,301,554</u>	<u>1,184,662</u>
Total borrowings	<u><u>2,075,718</u></u>	<u><u>2,038,670</u></u>
Non-current	1,301,554	1,184,662
Current	<u>774,164</u>	<u>854,008</u>
Total borrowings	<u><u>2,075,718</u></u>	<u><u>2,038,670</u></u>

12. EVENTS OCCURRING AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

Subsequent to the outbreak of Omicron, in early 2022, a series of tightened precautionary and control measures have been implemented in Hong Kong and China. Management will pay close attention to the outbreak of Omicron and evaluate the impacts to the financial performance of the Group. As at the date of this announcement, management is not aware of any material adverse effect to the financial statements as a result of this Omicron outbreak.

DIVIDENDS

The Company paid an interim dividend of HK\$0.015 (2020: HK\$0.02) per share for 2021. The Directors now recommend the payment of a final dividend of HK\$0.025 (2020: HK\$0.02) per share on or before 25 July 2022 to the shareholders of the Company. Payment of such proposed final dividend is subject to approval of the shareholders at the forthcoming annual general meeting of the Company.

REVIEW OF BUSINESS ACTIVITIES

Financial Results

The profit attributable to owners of the Company for the year ended 31 December 2021 amounted to HK\$89.5 million, as compared to the loss attributable to owners of the Company of HK\$761.7 million for the last financial year.

This was mainly attributable to the reduction on the decrease in the value of the Group's properties and the properties held by the Group's joint ventures (the "Joint Ventures"). The decrease in value of properties held by the Group and the Joint Ventures was HK\$25.5 million as compared to a decrease in value of HK\$866.0 million for the last financial year. The decrease in the value of the properties is unrealised and did not have any impact on the Group's cash flow. The properties held by the Group and the Joint Ventures are mainly for leasing purposes and the rental income had no significant change during the year.

Earnings per share for the year was HK\$0.19 as compared to loss per share of HK\$1.59 for the last financial year. The Group's revenue for the year ended 31 December 2021 was HK\$3,256.7 million, as compared to HK\$3,224.6 million for the last financial year. Operating profit for the year ended 31 December 2021 was HK\$120.3 million, as compared to operating loss of HK\$375.1 million for the last financial year. The improvement of operating results was driven by the reduction on the decrease in the value of properties held by the Group.

Electronic Manufacturing Service ("EMS") Division

Revenue for the EMS Division for the year ended 31 December 2021 was HK\$3,192.7 million, as compared to HK\$3,157.2 million for the last financial year. The segment profit attributable to the EMS Division was HK\$82.1 million, a 38.2% decrease as compared to HK\$132.8 million for the last financial year. The decrease in the segment net profit was attributable to shortage of raw materials and higher material price as a result of the impact of COVID-19 and increase in the wages and operating expenses in China.

Property Holding Division

Revenue for the Property Holding Division for the year ended 31 December 2021 was HK\$64.0 million, as compared to HK\$67.5 million for the last financial year. The segment profit was HK\$66.5 million, as compared to segment loss of HK\$780.1 million for last financial year. The improvement was driven by the reduction on the decrease in the value of properties held by the Group and the Joint Ventures.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group had a total of HK\$3,621.5 million (2020: HK\$3,221.7 million) of banking facilities. Total bank borrowings were HK\$2,075.7 million (2020: HK\$2,038.7 million). Cash and cash equivalents, short-term bank deposits and restricted cash were HK\$1,414.9 million as at 31 December 2021 (2020: HK\$1,422.1 million).

As at 31 December 2021, the Group had a net bank borrowing of HK\$660.8 million, as compared to HK\$616.6 million as at 31 December 2020. Sufficient banking facilities and bank balances 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 31 December 2021 was 0.16 (2020: 0.15). The net gearing ratio was calculated as net debt divided by total equity. Net debt is calculated as total bank 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

The Group's capital structure 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 31 December 2021, the Group employed approximately 3,500 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 COVID-19 pandemic is still ongoing, and the resulting operating woes, including lockdown, substantial disruption of the supply chain, acute shortages of certain key materials, notably integrated circuits, and various serious logistic issues, are set to persist throughout the 2022 year. Aggravating the situation are certain geopolitical risks, including the continuous trade tensions between US and China and the recent escalating Russia-Ukraine crisis. Lockdown has also hindered the development of the Group's new manufacturing facility in Hai Duong Province, Vietnam as potential customers are prevented from visiting and qualifying the new facility even though their reception of the facility has been favorable. On a brighter note, customer orders have remained buoyant and there are signs that the worldwide lockdown situation has begun to ease.

Presently, a main focus of the Group is to develop the manufacturing facility in Vietnam, which the Directors believe to be an important source of future growth, and a new facility with a floor area of 30,000 square meters is being built to replace the old one. Even though progress of construction has been delayed by the pandemic situation, it is now expected to be completed in 2022. Also, under the current difficult supply-chain conditions, the Group will closely liaise with its customers and provide them with prompt feedback and proposed remedial actions based on specific requirements. It will also work closely with customers to explore alternative sources of supply of materials, such as Chinese and Asian semiconductors and passive components sources. Overall, the Group will continue its efforts to expand customer base, improve operating efficiency, implement stringent cost control and provide value-added services to customers, and is confident that the EMS business will resume its growth path once the pandemic situation is alleviated.

Market conditions for commercial properties in Hong Kong have somewhat stabilized, and the commercial properties held by the Group, directly or indirectly, have been almost fully leased out, generating stable income to the Group.

Presently, the world, especially Hong Kong, is plagued by a very contagious variant of COVID-19, Omicron. The Group will do its best to cope with the situation, putting the health of our employees, the interests of our customers and partners and our corporate social responsibilities as our top priorities.

AWARD & 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 tenth consecutive year. These serve as recognition of the Group's active participation in community activities and good corporate citizenship.

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

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2021, the Company has complied with the code provisions under the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which is applicable for the financial year of 2021, except for the following deviations:

Code provision A.2.1

Code provision A.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 A.4.1

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

None of the existing Independent Non-executive Directors of the Company is appointed for a specific term. However, every Director of the Company is now subject to retirement by rotation and re-election under Bye-law 112 of the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

Code provisions A.5.1 to A.5.4

Code provisions A.5.1 to A.5.4 provide that a nomination committee should be established with specific terms of reference which should be made available on the websites of the Stock Exchange and the listed issuer, and that sufficient resources should be provided to such committee to perform its duties.

Recently, a new rule 3.27A of the amended Listing Rules mandating establishment of a Nomination Committee become effective on 1 January 2022.

Prior to the introduction of the new rule 3.27A, the Company did not establish a Nomination Committee in view that the Board itself shall discharge all duties expected to be dealt with by a Nomination Committee. In addition, the policy and procedure for nomination of directors have been set out in writing and adopted by the Board to serve as a guideline in order to ensure that there is a formal, considered and transparent procedure for the appointment of new directors with suitable experience and capabilities to maintain and improve the competitiveness of the Company.

Pursuant to the new rule 3.27A, the Company has established the Nomination Committee on 29 December 2021 and fully complied with the code provisions in this relation.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 year ended 31 December 2021.

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 financial statements for the year ended 31 December 2021.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated income statement, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2021 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held soon. A notice convening the AGM, which constitutes part of the circular to shareholders, will be sent to the shareholders of the Company in due course. The notice of the AGM and the proxy form will also be available on the websites of the Company and the Stock Exchange.

PUBLICATION OF RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.wih.com.hk/investor07.asp and the Stock Exchange at www.hkexnews.hk. The 2021 annual report will be dispatched to shareholders of the Company and will be available on the above websites in due course.

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

Hong Kong, 23 March 2022

As at the date of this announcement, the Executive Directors of the Company are Mr. Wong Chung Mat, Ben, Ms. Wong Yin Man, Ada, Dr. Chan Tsze Wah, Gabriel, Mr. Hung Wing Shun, Edmund and Mr. Chan Wai Ming, Hermes; and the Independent Non-executive Directors are Dr. Li Ka Cheung, Eric GBS, OBE, JP, Dr. Yu Sun Say GBM, JP, Mr. Alfred Donald Yap JP and Mr. Cheung Chi Chiu, David.

Website: www.wih.com.hk