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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)

CHANGE IN ACCOUNTING TREATMENT AS A RESULT OF LOSS OF SIGNIFICANT INFLUENCE OVER INVESTMENTS IN ASSOCIATES

POSITIVE PROFIT ALERT

As a result of loss of significant influence over SHIL due to the Resignation, the Company will re-classify its investment in SHIL from investments in associates to financial assets at fair value through other comprehensive income in accordance with the applicable Hong Kong Financial Reporting Standards.

Due to the change in accounting treatment on the Group's investment in SHIL as a result of loss of significant influence over SHIL, it is expected that such change will lead to an increase of approximately HK\$100.9 million in the net profit attributable to owners of the Company for the year ending 31 December 2022 which will be non-cash in nature.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Wong's International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "**SFO**").

The Resignation

As stated in the audited consolidated financial statements of the Company for the year ended 31 December 2021, Semk Holdings International Limited ("**SHIL**", a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited with stock code 2250) was regarded as an associate of the Group because the Company was regarded as having significant influence over SHIL due to Mr. Wong Yin Shun Vincent being a non-executive director of SHIL, representing the Group on the board of directors of SHIL. As at the date of this announcement, the Group holds approximately 7.96% of the issued shares of SHIL.

The board of directors of the Company (the “**Board**”) would like to announce that Mr. Wong Yin Shun Vincent tendered his resignation as a non-executive director of SHIL with effect from 13 September 2022 (the “**Resignation**”) due to his other business commitments. As a result of the Group’s loss of representation on the board of directors of SHIL and, thus, its ability to exercise significant influence over SHIL in accordance with Hong Kong Accounting Standard 28, SHIL ceased to be an associate of the Group. The Group has therefore discontinued the use of the equity method of accounting in respect of its investment in SHIL. Henceforth, the Group’s investment in SHIL will be accounted for as financial assets at fair value through other comprehensive income.

Impact on the Group’s consolidated financial statements due to the change in accounting treatment of the Group’s interest in SHIL as a result of loss of significant influence over SHIL

The change in accounting treatment of the Group’s investment in SHIL is expected to have an impact on the consolidated financial statements of the Company for the year ending 31 December 2022. Due to the change in accounting treatment, the Group is required to recognise the difference between the fair value and the carrying value of the Group’s interest in SHIL at the date of loss of significant influence over SHIL in its consolidated income statement.

Based on the closing price of SHIL shares as at 13 September 2022 and the Group’s carrying value of SHIL as at 30 June 2022 (being the latest date as at which the Company has financial information in respect of SHIL) of HK\$34.4 million, it is currently estimated that the change will lead to gains on deemed disposal of an associate of approximately HK\$100.9 million in the net profit attributable to owners of the Company for the year ending 31 December 2022 which will be non-cash in nature. It should however be noted that the ultimate effect on the consolidated income statement of the Group as a result of such change will be subject to the carrying value of the Group’s interest in SHIL at the date of loss of significant influence over SHIL and subject to audit by the auditor of the Company.

The information contained in this announcement only represents a preliminary assessment based on the information made available to the Board as at the date hereof and such information has not been reviewed or audited by the independent auditor of the Company or reviewed by the Audit Committee of the Company.

Shareholders of the Company and potential investors are advised to exercise extreme caution when dealing in the shares of the Company.

On behalf of the Board
WONG CHUNG MAT, BEN
Chairman and Chief Executive Officer

Hong Kong, 13 September 2022

As at the date of this announcement, the Executive Directors 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.

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