

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

WKK

WONG'S KONG KING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 532)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022, together with comparative figures for the corresponding period in 2021 are as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Note</i>	2022 HK\$'000	2021 HK\$'000
Revenue	2	4,609,007	5,411,914
Other gains, net		27,095	43,691
Raw materials and consumables used		(2,071,050)	(2,262,413)
Purchases of finished goods		(1,583,667)	(2,065,457)
Changes in inventories of finished goods and work in progress		118,479	4,441
Employee benefit expenses		(685,569)	(697,486)
Depreciation and amortisation		(67,152)	(69,375)
Net provision for impairment loss on financial assets		(483)	(17,639)
Other expenses		(201,884)	(220,034)
Operating profit		144,776	127,642
Finance income		5,433	3,462
Finance costs		(16,476)	(4,674)
Finance costs, net		(11,043)	(1,212)
Share of profit of joint ventures		20,302	15,930

CONSOLIDATED INCOME STATEMENT (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Note</i>	2022 HK\$'000	2021 HK\$'000
Profit before income tax		154,035	142,360
Income tax expense	3	<u>(41,313)</u>	<u>(45,585)</u>
Profit for the year	2	<u>112,722</u>	<u>96,775</u>
Attributable to:			
Owners of the Company		71,763	72,013
Non-controlling interests		<u>40,959</u>	<u>24,762</u>
		<u>112,722</u>	<u>96,775</u>
Earnings per share for profit attributable to the owners of the Company during the year (expressed in HK cents per share)			
– basic	4	<u>9.83</u>	<u>9.87</u>
– diluted	4	<u>9.83</u>	<u>9.87</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year	112,722	96,775
Other comprehensive income/(loss):		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Fair value gains on equity investments at fair value through other comprehensive income, net of tax	3,275	19,206
Remeasurements of post-employment benefit obligations, net of tax	1,511	(955)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	<u>(67,124)</u>	<u>16,331</u>
Total comprehensive income for the year	<u>50,384</u>	<u>131,357</u>
Attributable to:		
Owners of the Company	18,284	105,724
Non-controlling interests	<u>32,100</u>	<u>25,633</u>
	<u>50,384</u>	<u>131,357</u>

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2022

	<i>Note</i>	2022 HK\$'000	2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		434,287	470,023
Right-of-use assets		38,271	60,200
Deposits		5,276	5,269
Intangible assets		178	275
Interests in joint ventures		28,760	18,688
Deferred tax assets		38,023	22,634
Financial assets at fair value through other comprehensive income		34,029	32,439
Financial assets at fair value through profit or loss		1,286	2,786
Club membership and debentures		15,087	15,087
		<hr/>	<hr/>
Total non-current assets		595,197	627,401
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		1,035,848	891,213
Trade and other receivables	5	1,253,685	1,412,088
Contract assets		17,905	31,153
Deposits and prepayments		62,189	68,942
Tax recoverable		2,500	1,029
Short-term bank deposits		75,355	31,619
Cash and cash equivalents		672,770	682,315
		<hr/>	<hr/>
Total current assets		3,120,252	3,118,359
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets		3,715,449	3,745,760
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
LIABILITIES			
Non-current liabilities			
Lease liabilities		12,589	25,097
Provision for assets retirement obligations		1,710	1,710
Retirement benefit obligations		5,515	10,122
		<hr/>	<hr/>
Total non-current liabilities		19,814	36,929
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

CONSOLIDATED BALANCE SHEET (Continued)
AT 31 DECEMBER 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current liabilities			
Trade and other payables	6	797,803	1,116,084
Contract liabilities		104,059	128,791
Current income tax liabilities		29,826	19,162
Bank borrowings		896,897	565,303
Lease liabilities		13,903	23,046
Derivative financial instruments		–	585
		<hr/>	<hr/>
Total current liabilities		1,842,488	1,852,971
		<hr/>	<hr/>
Total liabilities		1,862,302	1,889,900
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	7	72,990	72,975
Reserves		1,672,455	1,686,895
		<hr/>	<hr/>
		1,745,445	1,759,870
Non-controlling interests		107,702	95,990
		<hr/>	<hr/>
Total equity		1,853,147	1,855,860
		<hr/>	<hr/>
Total equity and liabilities		3,715,449	3,745,760
		<hr/> <hr/>	<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 accounting guideline adopted by the Group

The following new amendments to standards and accounting guideline were required to be adopted by the Group effective from 1 January 2022:

Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to HKAS 37	Onerous Contracts-Cost of Fulfilling a Contract
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 2021

The amended standards and accounting guideline listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current period.

(b) New and amended standards and interpretation not yet adopted

Certain new and amended standards and interpretation have been published that are not mandatory for financial period beginning 1 January 2022 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimate	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	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 Group has commenced an assessment of the impact of these new and amended standards and interpretation, but is not yet in a position to state whether they would have significant impacts on its results of operations and financial position.

2. SEGMENT 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 2022 is as follows:

	Trading <i>HK\$’000</i>	Manufacturing <i>HK\$’000</i>	Others <i>HK\$’000</i>	Eliminations <i>HK\$’000</i>	Consolidated <i>HK\$’000</i>
Revenue					
External sales	2,449,558	2,120,624	38,825	–	4,609,007
Inter-segment sales	527,609	2,892	38,378	(568,879)	–
Total	<u>2,977,167</u>	<u>2,123,516</u>	<u>77,203</u>	<u>(568,879)</u>	<u>4,609,007</u>
Timing of revenue recognition					
At a point in time	2,934,363	2,123,516	68,602	(559,036)	4,567,445
Over time	42,804	–	8,601	(9,843)	41,562
	<u>2,977,167</u>	<u>2,123,516</u>	<u>77,203</u>	<u>(568,879)</u>	<u>4,609,007</u>
Results					
Segment results	203,806	(46,450)	(13,653)	1,073	144,776
Finance income	4,711	473	249	–	5,433
Finance costs	(1,204)	(15,091)	(181)	–	(16,476)
Segment operating profit/(loss)	<u>207,313</u>	<u>(61,068)</u>	<u>(13,585)</u>	<u>1,073</u>	133,733
Share of profit of joint ventures					<u>20,302</u>
Profit before income tax					154,035
Income tax expense					<u>(41,313)</u>
Profit for the year					<u>112,722</u>

The segment information for the year ended 31 December 2021 is as follows:

	Trading <i>HK\$'000</i>	Manufacturing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue					
External sales	3,084,022	2,265,126	62,766	–	5,411,914
Inter-segment sales	<u>478,994</u>	<u>3,235</u>	<u>34,266</u>	<u>(516,495)</u>	<u>–</u>
Total	<u><u>3,563,016</u></u>	<u><u>2,268,361</u></u>	<u><u>97,032</u></u>	<u><u>(516,495)</u></u>	<u><u>5,411,914</u></u>
Timing of revenue recognition					
At a point in time	3,503,473	2,268,361	88,298	(502,868)	5,357,264
Over time	<u>59,543</u>	<u>–</u>	<u>8,734</u>	<u>(13,627)</u>	<u>54,650</u>
	<u><u>3,563,016</u></u>	<u><u>2,268,361</u></u>	<u><u>97,032</u></u>	<u><u>(516,495)</u></u>	<u><u>5,411,914</u></u>
Results					
Segment results	189,633	(51,624)	(10,644)	277	127,642
Finance income	3,039	236	187	–	3,462
Finance costs	<u>(1,576)</u>	<u>(2,914)</u>	<u>(184)</u>	<u>–</u>	<u>(4,674)</u>
Segment operating profit/(loss)	<u>191,096</u>	<u>(54,302)</u>	<u>(10,641)</u>	<u>277</u>	<u>126,430</u>
Share of profit of joint ventures					<u>15,930</u>
Profit before income tax					142,360
Income tax expense					<u>(45,585)</u>
Profit for the year					<u><u>96,775</u></u>

The segment assets and liabilities as at 31 December 2022 are as follows:

	Trading <i>HK\$'000</i>	Manufacturing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets				
Segment assets	<u><u>1,622,284</u></u>	<u><u>1,928,718</u></u>	<u><u>164,447</u></u>	<u><u>3,715,449</u></u>
Liabilities				
Segment liabilities	<u><u>604,950</u></u>	<u><u>1,211,891</u></u>	<u><u>45,461</u></u>	<u><u>1,862,302</u></u>

The segment assets and liabilities as at 31 December 2021 are as follows:

	Trading <i>HK\$'000</i>	Manufacturing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets				
Segment assets	<u>1,787,722</u>	<u>1,788,481</u>	<u>169,557</u>	<u>3,745,760</u>
Liabilities				
Segment liabilities	<u>773,148</u>	<u>1,015,228</u>	<u>101,524</u>	<u>1,889,900</u>

3. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	–	–
– PRC corporate income tax	14,425	28,818
– Taiwan corporate income tax	31,308	15,075
– Other jurisdictions	<u>2,220</u>	<u>2,549</u>
	----- 47,953	----- 46,442
Under/(over) provision in prior years		
– Hong Kong	5	-
– Other jurisdictions including the PRC and Taiwan	<u>(958)</u>	<u>(203)</u>
	----- (953)	----- (203)
Deferred income tax	(16,072)	(7,687)
Withholding tax on dividends paid by subsidiaries	8,869	6,007
Withholding tax on management/service fee paid by subsidiaries	<u>1,516</u>	<u>1,026</u>
	----- 41,313	----- 45,585

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profit for the year (2021: Hong Kong profits tax had not been provided for the year as the Group has sufficient tax losses carried forward to set off against the estimated assessable profit). The subsidiaries established in the People's Republic of China (the "PRC") are subject to corporate income tax rate of 25% (2021: 25%). The subsidiaries in Taiwan are subject to corporate income tax rate of 20% (2021: 20%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

4. 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.

	2022	2021
Profit attributable to owners of the Company (Hong Kong thousand dollars)	<u>71,763</u>	<u>72,013</u>
Weighted average number of ordinary shares in issue (thousands)	<u>729,881</u>	<u>729,748</u>
Basic earnings per share (Hong Kong cents per share)	<u>9.83</u>	<u>9.87</u>

(b) Diluted

Diluted earnings per share were the same as the basic earnings per share for the year ended 31 December 2022 and 2021 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 (2021: same).

5. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are accounts and bills receivables of HK\$1,202,601,000 (2021: HK\$1,370,957,000).

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	404,025	531,300
31 to 60 days	250,368	324,216
61 to 90 days	209,462	199,018
Over 90 days	<u>338,746</u>	<u>316,423</u>
	<u>1,202,601</u>	<u>1,370,957</u>

6. TRADE AND OTHER PAYABLES

Included in trade and other payables are accounts and bills payables of HK\$510,533,000 (2021: HK\$807,176,000).

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	310,864	413,313
31 to 60 days	99,449	247,372
61 to 90 days	34,443	68,714
Over 90 days	65,777	77,777
	<u>510,533</u>	<u>807,176</u>

7. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Share capital <i>HK\$'000</i>
Issued and fully paid:		
At 1 January 2020 and 31 December 2020	729,447,964	72,945
Share option scheme:		
Proceeds from share issued	<u>300,000</u>	<u>30</u>
At 31 December 2021	<u>729,747,964</u>	<u>72,975</u>
Share option scheme:		
Proceeds from share issued	<u>150,000</u>	<u>15</u>
At 31 December 2022	<u>729,897,964</u>	<u>72,990</u>

8. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend, paid, of HK\$0.015 (2021: HK\$0.02) per share	10,948	14,589
Final dividend, proposed, of HK\$0.035 (2021: HK\$0.03) per share	25,546	21,892
	<u>36,494</u>	<u>36,481</u>

DIVIDENDS

The Board of Directors recommends a final dividend of HK\$0.035 per share (2021: HK\$0.03) be paid in respect of the year ended 31 December 2022. The proposed final dividend will be payable on or about Monday, 17 July 2023, subject to approval at the Annual General Meeting, to shareholders whose names appear on the Register of Members of the Company on Friday, 30 June 2023.

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, 15 June 2023 to Tuesday, 20 June 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 14 June 2023.

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

The Register of Members of the Company will be closed from Wednesday, 28 June 2023 to Friday, 30 June 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 27 June 2023.

BUSINESS REVIEW

The Group's turnover for the year 2022 was HK\$4.6 billion, reflecting a decrease of approximately 15% compared to 2021. The Group's profit attributable to shareholders for the year was HK\$71.8 million as compared to the profit attributable to shareholders of HK\$72 million for last year.

Trading and Distribution Division (WKK Distribution)

After the record sales in 2021, the turnover of the Group's Industrial Products Trading and Distribution Division for 2022 was HK\$2.4 billion, representing a decrease of approximately 21% compared to 2021. This was generally attributable to the prevailing shortage and higher price of components and logistical bottlenecks which adversely affected the ability of the Division's customers to manufacture their products, as well as a reduction in demand for many of the industrial products distributed by the Group. At the same time, these difficulties caused the Division's suppliers to delay their deliveries to the Group. However, the Division's operating profit was HK\$207.3 million, reflecting an increase of approximately 8% compared to last year as a result of the excellent performance of a subsidiary in Taiwan which increased its operating profit to an extent which more than offset the shortfall in operating profits incurred by other operations. This was because the Taiwanese subsidiary is a distributor of particular products which enjoyed strong demand in Taiwan.

OEM Manufacturing Division (WKK Technology)

The turnover of the Group's OEM Manufacturing Division decreased by approximately 6% to HK\$2.1 billion compared to last year. This was mainly due to disruption of the global supply chain, logistical bottlenecks, extended border closures and heightened geopolitical tensions. The division's operating loss was HK\$61.1 million as compared to an operating loss of HK\$54.3 million for 2021.

FINANCE

As at 31 December 2022, the Group had committed bank and other facilities totaling HK\$2,669.5 million, of which HK\$967.3 million was drawn down. As at 31 December 2022, the Group's consolidated net borrowings amounted to HK\$175.3 million and total equity amounted to HK\$1,853.1 million, resulting in a net gearing ratio of 9.5%.

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

HUMAN RESOURCES

As at 31 December 2022, the Group had a total of 3,779 employees, of whom 218 were based in Hong Kong, 3,031 in the PRC and 530 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 QC80000 hazardous substance process management system, as well as an ISO500001 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 engages actively in social activities, helping and nurturing those in need although some of these activities were curtailed during the pandemic. 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, 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 Group.

PROSPECTS

Although the global restriction measures from Covid-19 have now been lifted globally and borders have been reopened, the downward pressure on the global economy is compounded by the effects of heightened geopolitical tensions, protectionism and worldwide inflationary pressure. The Directors do not expect an increase in the demand for the industrial products distributed by the Trading and Distribution in the early part of this year. The Group continues its cost control measures in the light of the expected difficult business environment.

The Group is now in a position to fully develop its manufacturing facilities in Mexico, Queretaro, which were delayed by the pandemic. These facilities will enable the Group to better serve its global customers, especially those in North and South America, and cope with future demands. However, as any economic recovery is at an early and delicate stage, it is anticipated that any growth in the OEM manufacturing business can only begin in the second half of this 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 2022.

CORPORATE GOVERNANCE

The Company had complied with the code provisions of 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 2022, with deviations as stated below:

Code Provision B.2.2

Code Provision B.2.2 stipulates that 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 rotation 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 C.1.6

Code Provision C.1.6 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, a Non-Executive Director could not attend the annual general meeting of the Company held on 22 June 2022. 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 had 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 throughout the year ended 31 December 2022.

SCOPE OF WORK OF THE AUDITOR

The consolidated financial information of the Group for the year ended 31 December 2022 is based on the Group's audited consolidated financial statements set forth in this preliminary announcement for the year ended 31 December 2022. 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 2022.

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
Wong's Kong King International (Holdings) Limited
Senta Wong
Chairman

Hong Kong, 28 March 2023

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. Man Hang Kwong, Mr. Vinci Wong and Mr. Victor Jui Shum Chang; the non-executive director is Mr. Hamed Hassan El-Abd; 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.