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## WONG'S KONG KING INTERNATIONAL (HOLDINGS) LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 532)**

### 2024 INTERIM RESULTS

The Board of Directors of Wong's Kong King International (Holdings) Limited (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2024 together with comparative figures for the corresponding period in 2023 are as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

*FOR THE SIX MONTHS ENDED 30 JUNE 2024*

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
	Note	HK\$'000	HK\$'000
Revenue	3	1,673,274	1,948,158
Other gains, net		4,655	6,639
Raw materials and consumables used		(849,844)	(769,440)
Purchases of finished goods		(317,011)	(635,956)
Changes in inventories of finished goods and work in progress		(142,009)	(127,428)
Employee benefit expenses		(302,990)	(304,578)
Depreciation and amortisation		(32,077)	(33,231)
Net write-back of impairment loss on financial assets		310	2,892
Other expenses		(98,470)	(107,521)
Operating loss		(64,162)	(20,465)
Finance income	4	3,604	5,152
Finance costs	4	(18,908)	(20,972)
Finance costs, net	4	(15,304)	(15,820)

**CONDENSED CONSOLIDATED INCOME STATEMENT (Continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Share of profit of joint ventures		<u><b>8,605</b></u>	<u>5,278</u>
<b>Loss before income tax</b>	<b>3</b>	<b>(70,861)</b>	<b>(31,007)</b>
Income tax expense	<b>5</b>	<u><b>(10,774)</b></u>	<u>(9,214)</u>
<b>Loss for the period</b>	<b>3</b>	<u><b>(81,635)</b></u>	<u><b>(40,221)</b></u>
<b>Attributable to:</b>			
Owners of the Company		<b>(84,090)</b>	<b>(53,386)</b>
Non-controlling interests		<u><b>2,455</b></u>	<u>13,165</u>
		<u><b>(81,635)</b></u>	<u><b>(40,221)</b></u>
<b>Loss per share for loss attributable to the owners of the Company during the period</b> <i>(expressed in HK cents per share)</i>			
– basic	<b>6</b>	<u><b>(11.52)</b></u>	<u>(7.31)</u>
– diluted	<b>6</b>	<u><b>(11.52)</b></u>	<u>(7.31)</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss for the period</b>	<b>(81,635)</b>	<b>(40,221)</b>
<b>Other comprehensive (loss)/income:</b>		
<i>Item 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	<b>22,524</b>	<b>352</b>
<i>Item that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	<b>(19,359)</b>	<b>(17,670)</b>
<b>Total comprehensive loss for the period</b>	<b>(78,470)</b>	<b>(57,539)</b>
<b>Attributable to:</b>		
Owners of the Company	<b>(76,601)</b>	<b>(70,041)</b>
Non-controlling interests	<b>(1,869)</b>	<b>12,502</b>
	<b>(78,470)</b>	<b>(57,539)</b>

# CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2024

		30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		392,919	414,804
Right-of-use assets		55,784	66,216
Deposits		4,225	4,499
Intangible assets		899	1,068
Interests in joint ventures		31,509	29,181
Deferred tax assets		40,486	42,244
Financial assets at fair value through other comprehensive income		53,421	31,050
Financial assets at fair value through profit or loss		1,077	1,252
Club membership and debentures		14,814	14,814
<b>Total non-current assets</b>		<b>595,134</b>	<b>605,128</b>
<b>Current assets</b>			
Inventories		780,707	867,591
Trade and other receivables	8	1,075,278	1,060,219
Deposits and prepayments		52,669	56,643
Tax recoverable		1,823	1,207
Short-term bank deposits		88,900	74,526
Cash and cash equivalents		621,241	487,238
<b>Total current assets</b>		<b>2,620,618</b>	<b>2,547,424</b>
<b>Total assets</b>		<b>3,215,752</b>	<b>3,152,552</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		33,137	37,776
Provision for assets retirement obligations		1,710	1,710
Deferred tax liabilities		9,443	9,443
Retirement benefit obligations		5,777	6,357
<b>Total non-current liabilities</b>		<b>50,067</b>	<b>55,286</b>

**CONDENSED CONSOLIDATED BALANCE SHEET (Continued)***AT 30 JUNE 2024*

		<b>30 June 2024 (Unaudited) HK\$'000</b>	<b>31 December 2023 (Audited) HK\$'000</b>
	<i>Note</i>		
<b>Current liabilities</b>			
Trade and other payables	9	<b>651,596</b>	731,432
Contract liabilities		<b>102,013</b>	58,938
Current income tax liabilities		<b>7,159</b>	7,197
Bank borrowings		<b>817,709</b>	607,849
Lease liabilities		<b>13,393</b>	18,799
Derivative financial instruments		<b>59</b>	—
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>1,591,929</b>	1,424,215
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>1,641,996</b>	1,479,501
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	10	<b>72,990</b>	72,990
Reserves		<b>1,427,258</b>	1,503,859
		<hr/>	<hr/>
		<b>1,500,248</b>	1,576,849
		<hr/>	<hr/>
Non-controlling interests		<b>73,508</b>	96,202
		<hr/>	<hr/>
<b>Total equity</b>		<b>1,573,756</b>	1,673,051
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>3,215,752</b>	3,152,552
		<hr/>	<hr/>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and with Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants. The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

## 2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information has been prepared in consistent with those principal accounting policies followed in the Annual Report 2023 except the adoption of the following new/ revised Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants which are effective for accounting periods commencing on or after 1 January 2024.

### (a) Amended standards adopted by the Group

The following new amendments to standards were required to be adopted by the Group effective from 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current; Non-current liabilities with covenants
Amendments to HKAS 7 and HKFRS 7 Hong Kong Interpretation 5 (2020)	Supplier Finance Arrangements Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 16	Lease liabilities in sale and lease back

The amended standards listed above did not have any impact on the amounts recognised in prior periods and current period.

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

Certain new and amended standards have been published that are not mandatory for financial period beginning 1 January 2024 and have not been early adopted by the Group.

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
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, but is not yet in a position to state whether they would have significant impacts on its results of operations and financial position.

### 3. 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 six months ended 30 June 2024 is as follows:

	Trading HK\$'000	Manufacturing HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>Revenue</b>					
External sales	736,586	914,525	22,163	-	1,673,274
Inter-segment sales	109,844	1,359	15,857	(127,060)	-
<b>Total</b>	<b>846,430</b>	<b>915,884</b>	<b>38,020</b>	<b>(127,060)</b>	<b>1,673,274</b>
<b>Timing of revenue recognition</b>					
At a point in time	825,468	915,884	33,519	(123,192)	1,651,679
Over time	20,962	-	4,501	(3,868)	21,595
	<b>846,430</b>	<b>915,884</b>	<b>38,020</b>	<b>(127,060)</b>	<b>1,673,274</b>
<b>Results</b>					
Segment results	13,093	(67,967)	(9,688)	400	(64,162)
Finance income	2,843	490	271	-	3,604
Finance costs	(1,479)	(17,217)	(212)	-	(18,908)
Segment operating profit/(loss)	14,457	(84,694)	(9,629)	400	(79,466)
Share of profit of joint ventures					8,605
Loss before income tax					(70,861)
Income tax expense					(10,774)
Loss for the period					(81,635)

The segment information for the six months ended 30 June 2023 is as follows:

	Trading HK\$'000	Manufacturing HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>Revenue</b>					
External sales	1,049,172	887,580	11,406	–	1,948,158
Inter-segment sales	177,457	1,398	16,949	(195,804)	–
<b>Total</b>	<b>1,226,629</b>	<b>888,978</b>	<b>28,355</b>	<b>(195,804)</b>	<b>1,948,158</b>
Timing of revenue recognition					
At a point in time	1,206,895	888,978	22,767	(191,085)	1,927,555
Over time	19,734	–	5,588	(4,719)	20,603
	<b>1,226,629</b>	<b>888,978</b>	<b>28,355</b>	<b>(195,804)</b>	<b>1,948,158</b>
<b>Results</b>					
Segment results	38,468	(50,272)	(8,795)	134	(20,465)
Finance income	4,338	682	132	–	5,152
Finance costs	(1,753)	(18,983)	(236)	–	(20,972)
Segment operating profit/(loss)	41,053	(68,573)	(8,899)	134	(36,285)
Share of profit of joint ventures					5,278
Loss before income tax					(31,007)
Income tax expense					(9,214)
Loss for the period					(40,221)



The segment assets and liabilities as at 30 June 2024 are as follows:

	Trading HK\$'000	Manufacturing HK\$'000	Others HK\$'000	Consolidated HK\$'000
<b>Assets</b>				
Segment assets	<u>1,293,567</u>	<u>1,718,030</u>	<u>204,155</u>	<u>3,215,752</u>
<b>Liabilities</b>				
Segment liabilities	<u>429,099</u>	<u>1,185,196</u>	<u>27,701</u>	<u>1,641,996</u>

The segment assets and liabilities as at 31 December 2023 are as follows:

	Trading HK\$'000	Manufacturing HK\$'000	Others HK\$'000	Consolidated HK\$'000
<b>Assets</b>				
Segment assets	<u>1,383,105</u>	<u>1,581,645</u>	<u>187,802</u>	<u>3,152,552</u>
<b>Liabilities</b>				
Segment liabilities	<u>472,676</u>	<u>967,993</u>	<u>38,832</u>	<u>1,479,501</u>

#### 4. FINANCE COSTS, NET

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interest income on:		
– bank deposits	3,599	5,132
– others	<u>5</u>	<u>20</u>
	<u>3,604</u>	<u>5,152</u>
Interest expense on:		
– bank borrowings	(17,800)	(19,805)
– lease liabilities	<u>(1,108)</u>	<u>(1,167)</u>
	<u>(18,908)</u>	<u>(20,972)</u>
Finance costs, net	<u>(15,304)</u>	<u>(15,820)</u>

## 5. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided for as the Group has no estimated assessable profit for the period (2023: same). The subsidiaries established in the People's Republic of China (the "PRC") are subject to corporate income tax rate of 25% (2023: 25%). The subsidiaries in Taiwan are subject to corporate income tax rate of 20% (2023: 20%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	–	–
– PRC corporate income tax	3,429	(201)
– Taiwan corporate income tax	2,242	10,692
– Other jurisdictions	3,582	1,219
	<u>9,253</u>	<u>11,710</u>
Deferred income tax	–	(18,383)
Withholding tax on dividends declared by a subsidiary	1,521	15,887
	<u>10,774</u>	<u>9,214</u>

## 6. LOSS PER SHARE

### (a) Basic

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

	Six months ended 30 June	
	2024	2023
Loss attributable to owners of the Company (Hong Kong thousands dollar)	<u>(84,090)</u>	<u>(53,386)</u>
Weighted average number of ordinary shares in issue (thousands)	<u>729,898</u>	<u>729,898</u>
Basic loss per share (Hong Kong cents per share)	<u>(11.52)</u>	<u>(7.31)</u>

### (b) Diluted

Diluted loss per share was the same as the basic loss per share for the period ended 30 June 2024 and 2023, as the share options of the Company had an anti-dilutive effect on the basic loss per share and was ignored in the calculation of diluted loss per share.

## 7. DIVIDENDS

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: HK\$ nil).

## 8. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are accounts and bills receivables of HK\$1,008,245,000 (At 31 December 2023: HK\$1,009,485,000).

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 invoices dates net of loss allowance at the end of reporting period is as follows:

	<b>30 June 2024 HK\$'000</b>	<b>31 December 2023 HK\$'000</b>
0 to 30 days	<b>340,928</b>	410,663
31 to 60 days	<b>196,116</b>	211,748
61 to 90 days	<b>173,393</b>	133,216
Over 90 days	<b>297,808</b>	253,858
	<b><u>1,008,245</u></b>	<b><u>1,009,485</u></b>

## 9. TRADE AND OTHER PAYABLES

Included in trade and other payables are accounts and bills payables of HK\$487,543,000 (At 31 December 2023: HK\$531,255,000).

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

	<b>30 June 2024 HK\$'000</b>	<b>31 December 2023 HK\$'000</b>
0 to 30 days	<b>293,411</b>	269,971
31 to 60 days	<b>95,498</b>	133,513
61 to 90 days	<b>51,138</b>	52,037
Over 90 days	<b>47,496</b>	75,734
	<b>487,543</b>	531,255

## 10. SHARE CAPITAL

	<b>Number of ordinary shares of HK\$0.10 each</b>	<b>Share capital HK\$'000</b>
Issued and fully paid:		
At 31 December 2023, 1 January 2024 and 30 June 2024	729,897,964	72,990

## **INTERIM DIVIDEND**

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: HK\$ nil).

## **BUSINESS REVIEW**

The Group's turnover for the first half of 2024 was HK\$1.7 billion, reflecting a decline of approximately 14% compared to the same period last year. The Group recorded a net loss attributable to shareholders of HK\$84.1 million for the first half of 2024 as compared to a net loss attributable to shareholders of HK\$53.4 million for the corresponding period last year, mainly due to the global economic downturn and continued high interest rates.

The turnover of the Group's Industrial Products Trading and Distribution Division for the first half of 2024 was HK\$0.7 billion, representing a decrease of approximately 30% compared to the same period last year. This was mainly due to the customers of the Division's Taiwan subsidiary reducing orders to scale back their inventory and capital expenditure. In contrast, the Division's subsidiaries in the PRC performed better than expected over the Interim Period compared to the corresponding period last year as their customers increased orders. The under-performance in Taiwan outweighed the improved performance in the PRC but the Division achieved an operating profit of HK\$14.5 million, a decrease of approximately 65% compared to the corresponding period last year.

The turnover of the Group's OEM Manufacturing Division increased by approximately 3% to HK\$0.9 billion for the first half of 2024 compared to the same period last year. The Division's operating loss was HK\$84.7 million for the first half of 2024 as compared to an operating loss of HK\$68.6 million for the corresponding period last year. This was due, first, to a change in the product mix. Secondly, the Manufacturing Division incurred continuing costs for the development of its Mexican manufacturing project.

## **FINANCE**

The Group has committed bank and other financing facilities totaling HK\$2,587 million, of which HK\$941 million was drawn down at 30 June 2024. As at 30 June 2024, the Group's consolidated net borrowings amounted to HK\$154 million and its total equity amounted to HK\$1,574 million, resulting in a net gearing ratio of 9.8%.

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 of 30 June 2024, the Group had a total of 3,788 employees, of whom 204 were based in Hong Kong, 2,794 in the PRC and 790 overseas. The remuneration of the Group's employees is mainly based on their performance and experience, taking into account current industry practices. Provident fund scheme, medical allowances, and in-house and external training programs are available to employees. Share options and discretionary bonuses may be provided to employees according to the performance of the individual and the Group. The remuneration policy and package of the Group's employees are regularly reviewed.

## **PROSPECTS**

In view of rebounding supply chain pressures and the inflationary environment escalated by renewed trade and geopolitical tensions, it is expected that the demand for the industrial products distributed by the Trading and Distribution Division will remain largely constant in the second half of 2024, based on current business inquiries.

With the Group's continuing efforts to develop its Mexican manufacturing facility and the products that it can manufacture combined with favourable feedback from our current and new customers for the supply of products to the North American market, the Group anticipates that many more products will commence mass production at the Mexican manufacturing facility in the second half of 2024.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE**

The Company has 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") during the six months ended 30 June 2024, 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 for the 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.

## 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 six months ended 30 June 2024.

## AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal control systems and financial reporting matters including a review of the unaudited condensed consolidated interim financial information for the six months ended 30 June 2024.

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

By Order of the Board  
**Wong’s Kong King International (Holdings) Limited**  
**Ho Shu Chan Byron**  
*Director*

Hong Kong, 29 August 2024

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