



**WINOX**

**WINOX HOLDINGS LIMITED**

(incorporated in the Cayman Islands with limited liability)

Stock Code : 6838

**2023**  
**ANNUAL REPORT**

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# Corporate Information and Key Dates

## BOARD OF DIRECTORS

Yiu Hon Ming (Chairman)  
Yiu Tat Sing (Deputy Chairman)  
Li Chin Keung (Managing Director)  
Law Wai Ping  
Chau Kam Wing Donald (Finance Director)  
Yiu Ho Ting  
Au Wai Ming\*  
Carson Wen\*  
Wong Lung Tak Patrick\*  
Wu Ming Lam\*

\* Independent Non-Executive Director

## AUDIT COMMITTEE

Wong Lung Tak Patrick (Chairman)  
Au Wai Ming  
Carson Wen  
Wu Ming Lam

## REMUNERATION COMMITTEE

Wong Lung Tak Patrick (Chairman)  
Yiu Hon Ming  
Au Wai Ming  
Carson Wen  
Wu Ming Lam

## NOMINATION COMMITTEE

Yiu Hon Ming (Chairman)  
Au Wai Ming  
Carson Wen  
Wong Lung Tak Patrick  
Wu Ming Lam

## COMPANY SECRETARY

Huen Lai Chun

## AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
35th Floor, One Pacific Place  
88 Queensway  
Hong Kong

## PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

## REGISTERED OFFICE

Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman KY1-1111  
Cayman Islands

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2 & 3, 1/F., Sunray Industrial Centre  
610 Cha Kwo Ling Road, Yau Tong  
Kowloon, Hong Kong

Telephone: (852) 23493776  
Facsimile: (852) 23493780  
Website: <http://www.winox.com>

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman KY1-1111  
Cayman Islands

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## INFORMATION OF SHARES

Place of Listing	: Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange")
Stock Code	: 6838
Board Lot	: 2,000 shares
Financial Year End	: 31 December
Proposed final dividend	: HK2 cents per ordinary share

# Financial Highlights

	Year ended 31 December 2023 HK\$'000	Year ended 31 December 2022 HK\$'000	Change
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## RESULTS HIGHLIGHTS

Revenue	774,727	1,149,762	-32.6%
Gross profit	224,288	305,581	-26.6%
Profit for the year	63,726	112,396	-43.3%
Return on equity <sup>1</sup> (%)	6.3%	11.1%	-4.8pts
Basic and diluted earnings per share (HK cents)	10.6	18.7	-43.3%
Total dividend per share (HK cents)	3.5	6.0	
– Interim dividend (HK cents)	1.5	1.0	
– Final dividend (HK cents)	2.0	5.0	

	At 31 December 2023 HK\$'000	At 31 December 2022 HK\$'000	Change
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## BALANCE SHEET HIGHLIGHTS

Total assets	1,192,807	1,316,034	-9.4%
Total borrowings	50,033	118,287	-57.7%
Net assets	1,008,710	1,011,924	-0.3%
Net assets per share (HK\$)	1.68	1.69	0.6%
Current ratio	3.11	2.21	
Gearing ratio <sup>2</sup>	0.04	0.09	

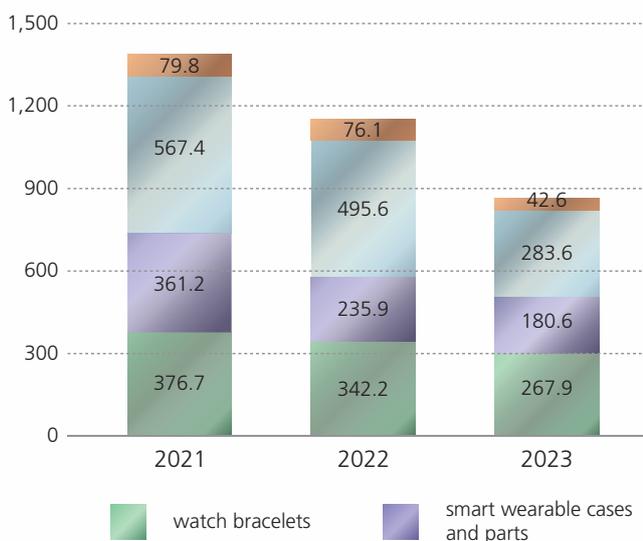
<sup>1</sup> Based on equity attributable to shareholders at year end

<sup>2</sup> Gearing ratio = Total borrowings/Total assets

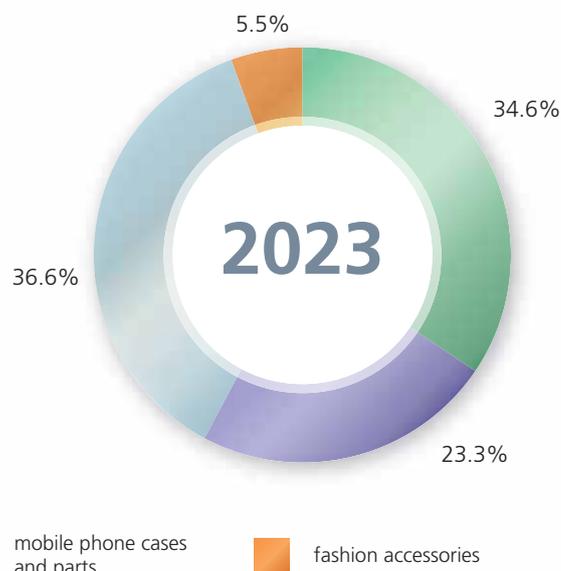
## REVENUE BY PRODUCTS

For the year ended 31 December

HK\$ million



## REVENUE DISTRIBUTION BY PRODUCTS



# Chairman's Statement

## Mission

We strive to satisfy the needs of clients and provide quality service to the best we could by producing products of the highest quality in timely and competitive manner.



**Yiu Hon Ming**  
*Chairman*

**Dear Shareholders,**

On behalf of the board ("Board") of directors ("Director(s)") of Winox Holdings Limited ("Company", together with its subsidiaries, "Group"), I am pleased to present the Group's annual results for the financial year ended 31 December 2023.

**FINANCIAL PERFORMANCE**

The year 2023 was full of challenges. The revenue of the Group for the year ended 31 December 2023 was reduced by 32.6% to HK\$774,727,000 (2022: HK\$1,149,762,000) as compared to last year. Profit for the year decreased by 43.3% to HK\$63,726,000 (2022: HK\$112,396,000) and basic earnings per share for the year decreased by 43.3% to HK10.6 cents (2022: HK18.7 cents) as compared to last year respectively.

**DIVIDENDS**

The Board recommends the payment of a final dividend of HK2 cents per ordinary share (2022: HK5 cents), which is subject to the approval of shareholders of the Company ("Shareholders") at the forthcoming annual general meeting. Together with the interim dividend of HK1.5 cents (2022: HK1.0 cent) per ordinary share paid in October 2023, the total dividends for the year ended 31 December 2023 is HK3.5 cents per ordinary share (2022: HK6 cents per ordinary share).

**BUSINESS**

The prolonged war between Russia and Ukraine, the high inflation rates persisted in most of the Western countries and the slow recovery of the China's economy have affected the demand for luxury consumer goods, hence the revenue of our watch bracelets and fashion accessories for the year ended 31 December 2023 decreased by 21.7% and 44.0% respectively.

Amid the escalated geopolitical tension between US and China has caused our major mobile phone cases and parts client to place orders to other manufacturers located in India and East Asia, the revenue of our mobile phone cases and parts for the year ended 31 December 2023 decreased by 42.8% as compared to last year.

The intensified price competition amongst the Mainland manufacturers in the smart wearable cases and parts sector has caused the revenue of our smart wearable cases and parts decreased by 23.4% as compared to last year.

To tackle such challenging business environment, we have taking steps to broadening our customer base and to widening our products line in order to boost up the revenue, and on the other hand we have implemented more robust cost saving measures to enhance our competitiveness.

**CORPORATE SUSTAINABILITY**

The Group offers a diversified portfolio of top-notch stainless steel products to its customers. We work closely with our customers and suppliers to deliver quality and cost-effective products efficiently, which enables us to maintain long and fruitful business relationships with our customers. We are committed to achieving long-term business sustainability by building on our already excellent operational efficiency.

**APPRECIATION**

I would like to express my sincerely appreciation to my fellow Directors, customers, staff, suppliers and other stakeholders for their contributions and support to the Group for an unusual year of 2023.

**Yiu Hon Ming**  
*Chairman*

Hong Kong, 26 March 2024

# Management Discussion and Analysis



The Dongguan Dalang factory

## BUSINESS REVIEW

The principal focus of Winox Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) remains on the development and manufacture of premium stainless steel products, and our major business segments are, namely, watch bracelets, mobile phone cases and parts, smart wearable cases and parts, and fashion accessories.

For the year ended 31 December 2023, the world’s major economies have been facing different challenges, the US economy has been facing the impact arising from the high interest rate, the Euro zone has been adversely affected by the prolonged war between Russia and Ukraine, and the recovery of the China’s economy activities from COVID-19 was not as strong as expected. Under this backdrop, the world’s demand for luxury consumer goods has become sluggish and the sales of the Group’s products were inevitably affected.

The revenue of our watch bracelets and fashion accessories for the year ended 31 December 2023 decreased by 21.7% and 44.0% respectively as compared to last year.

The revenue of our mobile phone cases and parts for the year ended 31 December 2023 decreased by 42.8% as compared to last year. The revenue of our smart wearable cases and parts decreased by 23.4% as compared to last year.

With the slowing down of the world’s economy and the escalating geopolitical tensions, we have decided to slow down the pace of our expansion plan by rescheduling the completion of the first phase of our new factory to 2025 in order to retain more financial resources to tackle any challenges lies ahead.

## FINANCIAL REVIEW

### Revenue

For the year ended 31 December 2023, the Group's revenue decreased by 32.6% to HK\$774,727,000 (2022: HK\$1,149,762,000) as compared to last year. Revenue attributable to watch bracelets, mobile phone cases and parts, smart wearable cases and parts, and fashion accessories were 34.6%, 36.6%, 23.3% and 5.5% respectively (2022: 29.8%, 43.1%, 20.5% and 6.6%).

During the year, the Group's revenue of watch bracelets reported a decrease of 21.7% to HK\$267,940,000 (2022: HK\$342,189,000) as compared to last year.

During the year, revenue of mobile phone cases and parts was HK\$283,570,000 (2022: HK\$495,553,000), representing a decrease of 42.8% as compared to last year.

Revenue of smart wearable cases and parts for the year recorded a decrease of 23.4% to HK\$180,613,000 (2022: HK\$235,915,000).

Revenue of fashion accessories for the year recorded a decrease of 44.0% to HK\$42,604,000 (2022: HK\$76,105,000).

### Gross Profit

Gross profit for the year decreased by 26.6% to HK\$224,288,000 (2022: HK\$305,581,000) as compared to last year. Gross profit margin for the year increased by 2.4 percentage points to 29.0% (2022: 26.6%) which was mainly due to the depreciation of Renminbi and the implementation of cost saving measures.

### Profit for the Year

Profit for the year decreased by 43.3% to HK\$63,726,000 (2022: HK\$112,396,000) and basic earnings per share for the year decreased by 43.3% to HK10.6 cents (2022: HK18.7 cents).

### Cost of Sales

Cost of sales included costs of production materials and labour, and manufacturing overhead and other costs. The following table sets forth the breakdown of the cost of sales for the year ended 31 December 2023:

	2023 HK\$'000	2022 HK\$'000
Direct materials costs	<b>247,737</b>	433,756
Direct labour costs	<b>209,092</b>	299,507
Manufacturing overhead and other costs	<b>93,610</b>	110,918
	<b>550,439</b>	844,181

For the year ended 31 December 2023, direct materials costs accounted for about 45.0% (2022: 51.4%) of the total cost of sales.

Direct labour costs, and manufacturing overhead and other costs accounted for about 38.0% and 17.0% (2022: 35.5% and 13.1%) of the total cost of sales respectively.

### Other Income

Other income for the year amounted to HK\$9,916,000 (2022: HK\$18,517,000), representing a decrease of 46.4% as compared to last year which were mainly due to the decrease in government grants.

### Other Gains and Losses

Other losses for the year amounted to HK\$201,000 (2022: gains of HK\$2,422,000, including a gain from the surrender of a keyman life insurance policy amounting to HK\$3,169,000).

## Expenses

Selling and distribution costs decreased by 20.1% to HK\$17,041,000 for the year as compared to HK\$21,318,000 for last year, which was in line with the decrease in revenue of watch bracelets.

Administrative and other expenses decreased by 11.3% to HK\$112,291,000 (2022: HK\$126,540,000) for the year as compared to last year. The decrease was mainly due to the decrease in salaries and repairs and maintenance expenses.

Research and development expenses decreased by 36.8% to HK\$29,670,000 (2022: HK\$46,926,000) as compared to last year, which was mainly due to the decrease in salaries expenses.

During the year, finance costs amounted to HK\$4,271,000 (2022: HK\$5,779,000), representing a decrease of 26.1% as compared to last year which was mainly due to the decrease in average balance of bank borrowings.

## Taxation

### Hong Kong Profits Tax

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of a qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

### PRC Enterprise Income Tax (the "EIT")

Under the Law of the PRC on EIT ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of group entities in the PRC is 25%. Certain PRC subsidiaries of the Group were awarded the High and New Technology Enterprise ("HNTE") certificate in current year to be eligible to a tax rate of 15% for 3 years until 31 December 2025. The recognition as a HNTE is subject to review every three years by the relevant government bodies.

According to relevant laws and regulations promulgated by the State Administration of Tax of the PRC, enterprises engaging in research and development activities are entitled to claim 200% (2022: 200%) of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year ("Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed for the subsidiaries in ascertaining their assessable profits for the year.

## Inventories

	2023 HK\$'000	2022 HK\$'000
Raw materials	9,227	17,108
Work in progress	39,601	50,775
Finished goods	11,530	24,428
	<b>60,358</b>	92,311

As at 31 December 2023, the Group recorded an inventory balance of HK\$60,358,000 (31 December 2022: HK\$92,311,000), representing a decrease of 34.6%. The inventory turnover of the Group for year ended 31 December 2023 was 50.6 days as compared to 49.1 days for the year ended 31 December 2022.

## Trade Receivables

As at 31 December 2023, the trade receivables of the Group amounted to HK\$141,884,000 (31 December 2022: HK\$186,982,000). The credit periods granted to our customers were considered on individual basis ranging from 30 days to 90 days. Generally, no credit would be granted to customers which are new, short-term and placing orders in immaterial scale. As most of our customers were internationally renowned brand owners, we considered we were exposed to relatively minimal default risk. As at 20 March 2024, approximately HK\$130,743,000 of the gross carrying amount of trade receivables as at 31 December 2023 has been received. The trade receivables turnover of the Group for the year ended 31 December 2023 was 77.5 days (for the year ended 31 December 2022: 86.6 days).

### Trade Payables

As at 31 December 2023, the trade payables of the Group amounted to HK\$85,776,000 (31 December 2022: HK\$110,616,000). The trade payables were primarily related to the purchase of raw materials from suppliers with credit periods ranging from 30 days to 90 days. The trade payables turnover of the Group for the year ended 31 December 2023 was 65.1 days (for the year ended 31 December 2022: 78.3 days).

### Liquidity, Indebtedness and Charges on Assets

During the year, the Group maintained a satisfactory liquidity level. As at 31 December 2023, net current assets of the Group was HK\$381,265,000 (31 December 2022: HK\$364,795,000). Besides, the Group had cash and bank balances of HK\$317,161,000 (31 December 2022: HK\$270,794,000), of which 24.7% was in Hong Kong dollars, 22.9% was in Renminbi, 52.4% was in United States dollars.

As at 31 December 2023, the Group's outstanding bank borrowings totalled HK\$50,033,000 (31 December 2022: HK\$118,287,000), of which 85.5% was in Hong Kong dollars and 14.5% was in Renminbi. According to Hong Kong Accounting Standards, the Group classified the bank borrowings contained repayment on demand clause as current liabilities in the consolidated statement of financial position as at 31 December 2023. All bank borrowings as at 31 December 2023 were classified under current liabilities. According to the repayment schedule, HK\$26,650,000 was repayable within one year and the balance of HK\$23,383,000 was repayable after one year.

Part of the bank borrowings was secured by certain of the Group's assets with an aggregate carrying value of HK\$40,074,000 as at 31 December 2023. The charged assets included a piece of land in Dongguan where our factory situated and certain properties constructed thereon, and the deposits for one keyman life insurance policy. The banking facilities to the Company's wholly-owned subsidiaries were also secured by corporate guarantees in favour of the bank from the Company.

As at 31 December 2023, the total unutilised banking facilities available to the Group amounted to HK\$201,452,000 (2022: HK\$195,569,000).

As at 31 December 2023, the Group's gearing ratio was 0.04 (31 December 2022: 0.09), which was calculated on the basis of total borrowings over total assets of the Group.

### Treasury

The Group adopted conservative treasury policies in cash and financial management for the year. Cash was generally placed in short-term deposits. The Group's liquidity and financing requirements were reviewed regularly.

For the year ended 31 December 2023, the Group's revenue was denominated in Hong Kong dollars, Renminbi and United States dollars, contributing to 31.3%, 27.1% and 41.6% of the total revenue respectively (2022: 14.3%, 37.6% and 48.1%).

The expenses of the Group for the year were mainly denominated in Renminbi, as the Group's production plants were located in the PRC and the labour costs and manufacturing overhead were mainly denominated in Renminbi. The appreciation and depreciation of Renminbi might affect the overall production costs of the Group.

Hong Kong dollars was pegged with United States dollars, the Directors considered the Group was exposed to limited risk in this aspect.

The Group did not use any financial instruments for hedging purposes during the year and the Group did not have any hedging instruments as at 31 December 2023. We would continue to monitor closely the exchange rate risk arising from the Group's existing operations and new investments in future. We would implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

### Capital Commitments

Capital expenditure contracted for but not yet provided by the Group as at 31 December 2023 was HK\$23,731,000 (31 December 2022: HK\$29,350,000), which was mainly related to the construction in progress, acquisition of property, plant and equipment, and land use rights.

### **Contingent Liabilities**

As at 31 December 2023, save for the granting of corporate guarantees by the Company to its wholly-owned subsidiaries as described above, the Group did not have any other significant contingent liabilities.

### **Employment and Remuneration Policy**

As at 31 December 2023, the total number of employees of the Group was 2,495 (2022: 3,301). During the year, staff costs (including Directors' emoluments) amounted to HK\$295,377,000 (2022: HK\$402,862,000). Remuneration of the employees which included salary and discretionary bonus was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to all levels of personnel. The Remuneration Committee of the Company is responsible for making recommendations to the Board on the remuneration packages of Directors and senior management, with reference to their duties, responsibilities and performance, and the results of the Group. No Director will be involved in deciding his/her own remuneration.

### **OUTLOOK**

Entering into 2024, the world's economy is still full of challenges due to the escalating trade sanctions by US on China; the prolonged Russia and Ukraine war and geopolitical tensions in other areas of the world; and the slowing down of the China's economy. We will keep taking relevant measures to prepare for any challenges. On top of the Group's focus on growing revenue, ensuring consistent and sustainable long-term profitability remains a top priority. We are committed to improving our operation efficiency and will make the best use of our resources to enhance our profitability for the purpose of achieving the sustainable growth of the Group.

# Directors, Senior Management and Company Secretary

## EXECUTIVE DIRECTORS

### **YIU HON MING**, *Chairman*

Mr. Yiu Hon Ming, aged 65, is the Chairman of the Board. He was appointed as a Director of the Company on 28 January 2010. He resigned as the Managing Director of the Company on 15 June 2020. Mr. Yiu is also a director of each of the wholly-owned subsidiaries of the Company. He is the founder of the Group and has over 30 years of experience in metallic products manufacturing industry. Mr. Yiu provides leadership to the Board, organises Board meetings and facilitates effective coordination among Directors. Mr. Yiu also founded other businesses which include real estate investment and development and jewellery retailing. Mr. Yiu completed a business management course organised by School of Continuing Education, Tsinghua University (清華大學繼續教育學院) in April 2007. Mr. Yiu is the husband of Ms. Law Wai Ping and the father of Ms. Yiu Ho Ting, both are Executive Directors of the Company. He is also the father of Mr. Yiu Tat Sing, the Deputy Chairman and an Executive Director of the Company. He is also a controlling shareholder of the Company, and a director of each of Ming Fung Investment Limited, the immediate holding company of the Company, and Ming Fung Holdings (Hong Kong) Limited, the ultimate holding company of the Company.

### **YIU TAT SING**, *Deputy Chairman*

Mr. Yiu Tat Sing (former name is Yiu Tat Kui), aged 35, was appointed as an Executive Director of the Company on 26 March 2019 and appointed as the Deputy Chairman of the Board on 15 June 2020. He graduated from the University of Bristol, the United Kingdom, and obtained a Bachelor's degree in Economics and Management in 2011. Mr. Yiu joined the Group in 2011. He was a Deputy Manager of administration department at Winox Enterprise Company Limited ("Winox Enterprise"), a wholly-owned subsidiary of the Company, from August 2011 to December 2018. He has been the Business Development Manager of Winox Management Limited, a wholly-owned subsidiary of the Company, since January 2019. He is also a director of Max Surplus Corporation Limited, Winox Watch Manufactory (Dongguan) Limited ("Winox Watch") and Huizhou Fengcai Precious Metal Manufacturing Limited, Yingtai Precision Manufacturing Technology (Dongguan) Company Limited, Winox Precision Manufacturing Technology (Huizhou) Company Limited and Yingdafeng Precision Manufacturing Technology (Dongguan) Company Limited, all being wholly-owned subsidiaries of the Company. He is also a director of Ming Fung Investment Limited, the immediate holding company of the Company. Mr. Yiu is the son of Mr. Yiu Hon Ming, the Chairman and an Executive Director of the Company, and Ms. Law Wai Ping, an Executive Director of the Company. Mr. Yiu is also the brother of Ms. Yiu Ho Ting, an Executive Director of the Company.

### **LI CHIN KEUNG**, *Managing Director*

Mr. Li Chin Keung, aged 55, was appointed as an Executive Director of the Company on 24 March 2015 and was also appointed as the Managing Director of the Company on 15 June 2020. He has been the general manager of Winox Enterprise and Winox Watch, both being wholly-owned subsidiaries of the Company, since July 2010, in charge of overall management of the Group. Mr. Li is also the general manager of Winox Management Limited, Bo Luo Ming Fung Kitchen Appliance Manufacturing Limited, Huizhou Fengcai Precious Metal Manufacturing Limited and Shengfeng Precision Manufacturing (Huizhou) Company Limited, all being wholly-owned subsidiaries of the Company. He is also a director and the general manager of Fengda Precision Technology (Dongguan) Company Limited, Yingtai Precision Manufacturing Technology (Dongguan) Company Limited, Winox Precision Manufacturing Technology (Huizhou) Company Limited and Yingdafeng Precision Manufacturing Technology (Dongguan) Company Limited, all being wholly-owned subsidiaries of the Company.

Mr. Li joined Stelux Industries Limited in 1991 and held various positions during his tenure there including computer programmer, production material control manager, manager of sales department, assistant general manager and assistant manager of logistics department. Mr. Li joined the Group in 1999 and was responsible for the production and administrative work of the Group. He was the deputy general manager of Winox Manufacturing Company Limited for the period from October 1999 to March 2005. Mr. Li took the position of sales manager from April 2005 to December 2007, and was responsible for the European jewellery and related accessories markets and successfully opened up the European leading brand market for the Company. Mr. Li was then transferred to Winox Enterprise as a sales manager from January 2008 to August 2008. During the period from August 2008 and June 2010, Mr. Li was appointed as an assistant general manager of Winox Enterprise. In July 2010, he was promoted to the general manager of Winox Enterprise and Winox Watch. Mr. Li graduated from The Hong Kong Polytechnic University with a Diploma in Industrial and Operations Management in November 1998 and is the holder of a Diploma in Computing Studies (Technical Applications) awarded by the Chai Wan Technical Institute of the Vocational Training Council in September 1991.

### **LAW WAI PING**

Ms. Law Wai Ping, aged 59, is an Executive Director of the Company. She was appointed as a Director of the Company on 11 March 2011. Ms. Law is also a director of Winox Management Limited, Winox Enterprise, Super Powerful Limited, Max Surplus Corporation Limited, Winox Ventures Limited, Winox Development Limited, Glorify Land Management Limited, Winox Holdings Limited, which was incorporated in the British Virgin Islands, Feng Cai Limited, Prime Yield Developments Limited, Frayda Group Limited, Winox Watch and Huizhou Fengcai Precious Metal Manufacturing Limited, all being wholly-owned subsidiaries of the Company. Ms. Law has over 30 years of experience in the management of metallic product business and is primarily responsible for the Group's corporate resources management. She also partakes in formulating the development strategies of the Group. Ms. Law is the wife of Mr. Yiu Hon Ming, the Chairman and an Executive Director of the Company, the mother of Ms. Yiu Ho Ting, an Executive Director of the Company, and the mother of Mr. Yiu Tat Sing, the Deputy Chairman and an Executive Director of the Company. She is also a controlling shareholder of the Company, and a director of Ming Fung Holdings (Hong Kong) Limited, the ultimate holding company of the Company.

### **CHAU KAM WING DONALD, *Finance Director***

Mr. Chau Kam Wing, Donald, aged 61, is the Finance Director of the Company. He was appointed as a Director of the Company on 11 March 2011 and is responsible for overseeing the financial management of the Group. Mr. Chau has over 30 years of experience in auditing, taxation and financial management and had been appointed as financial controller of certain listed companies in Hong Kong. Mr. Chau obtained a master's degree in business administration from the University of San Francisco, United States in December 2000. He is also a Fellow Member of The Association of Chartered Certified Accountants and a practising member of the Hong Kong Institute of Certified Public Accountants. Mr. Chau is currently an independent non-executive director of China Water Affairs Group Limited, Carpenter Tan Holdings Limited, Ching Lee Holdings Limited and Kangda International Environmental Company Limited, which are listed on the Main Board of the Stock Exchange. Mr. Chau is also an independent non-executive director of Eco-Tek Holdings Limited, which is listed on the Growth Enterprise Market of the Stock Exchange.

### **YIU HO TING**

Ms. Yiu Ho Ting, aged 38, was appointed as an Executive Director of the Company on 24 March 2015. She graduated from the Imperial College London, the United Kingdom and obtained a Master's degree in Mechanical Engineering. Ms. Yiu joined the Group in 2011. Currently, she serves as a manager of human resources and administration department and is mainly responsible for the human resources and internal operations management of the Group. Before joining the Group, she worked in a real estate company for 2 years, in charge of the internal operations management. Ms. Yiu is the daughter of Mr. Yiu Hon Ming, the Chairman and an Executive Director of the Company, and Ms. Law Wai Ping, an Executive Director of the Company. Ms. Yiu is also the sister of Mr. Yiu Tat Sing, the Deputy Chairman and an Executive Director of the Company.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### AU WAI MING

Mr. Au Wai Ming, aged 77, is an Independent Non-Executive Director of the Company. He was appointed as a Director of the Company on 11 March 2011 and was re-designated from a Non-Executive Director to an Independent Non-Executive Director on 26 March 2019. He resigned as the Deputy Chairman of the Board on 15 June 2020. Mr. Au pursued his studies at Harbin Institute of Engineering (哈爾濱工程學院) and was graduated in August 1970. Mr. Au has about 40 years of experience in corporate development and management. He has worked for Guangdong Yuehai Property Group (廣東粵海地產集團) as well as Hutchison Whampoa Properties Limited. He had been an executive director of Guangdong Investment Limited for 10 years and was the former chairman and managing director of Kingway Brewery Holdings Limited, both companies are listed on the Main Board of the Stock Exchange. Mr. Au has extensive experience in property development and management and he has participated in the planning and development of certain well-known property projects such as Guangzhou Riverside Garden, Teem Plaza, Cape Coral and The Riverside. Mr. Au was an independent director of Rainbow Department Store Company Limited, the shares of which are listed on the Shenzhen Stock Exchange, from September 2013 to September 2019.

### CARSON WEN

Mr. Carson Wen, BBS, JP, aged 70, was appointed as an Independent Non-Executive Director of the Company on 24 June 2011. Mr. Wen is a solicitor and was Partner and then Of Counsel at the global law firm, Jones Day. Mr. Wen is now Senior Consultant of Siao, Wen and Leung Solicitors & Notaries. Mr. Wen is also the Founder and Chairman of BOA International Financial Group. He was qualified as a solicitor in Hong Kong in May 1980 and has more than 30 years of experience in business, corporate and securities law.

Mr. Wen was a three-term Deputy to the National People's Congress representing Hong Kong. He is also a Justice of the Peace of Hong Kong and holds various public service appointments in Mainland China and Hong Kong. He was awarded a Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region for his public contributions, in particular in the furthering of economic ties between Hong Kong, Mainland China and the rest of the world. He was a founding and executive committee member of the China Mergers and Acquisitions Association and sits on the board of numerous organisations, including the China Africa Business Council (Hong Kong) and the Pacific Basin Economic Council. He is a member of the Business Advisory Council and the former Chairman of the Task Force on Green Business of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP).

Mr. Wen obtained his bachelor of arts degree from Columbia University in May 1975, where he majored in economics, and a bachelor of arts and master of arts degree from Oxford University in July 1977 and August 1981 respectively, where he studied law. He was Younger Prizeman in law at Balliol College, Oxford in 1977. In 2012, Mr. Wen was appointed as an independent non-executive director of Phoenix New Media Limited (Stock Code: FENG), which is listed on the New York Stock Exchange; and in November 2023, Mr. Wen was appointed as a supervisor of PICC Property and Casualty Company Limited (Stock Code: 02328), which is listed on the Stock Exchange.

### WONG LUNG TAK PATRICK

Professor Patrick Wong Lung Tak, BBS, JP, aged 76, was appointed as an Independent Non-Executive Director of the Company on 24 June 2011. Professor Wong is a Certified Public Accountant (Practising) in Hong Kong, a Chartered Secretary and a Certified Tax Advisor (Hong Kong) and the Managing Practising Director of Patrick Wong CPA Limited. He has over 50 years experience in the accountancy profession. Professor Wong holds a Doctor of Philosophy degree in Business. He was awarded a Badge of Honour by the Queen of England in 1993. He has been appointed a Justice of the Peace in 1998 and was awarded a Bronze Bauhinia Star in 2010 by the Government of the Hong Kong Special Administrative Region. He was appointed Adjunct Professor, School of Accounting and Finance of The Hong Kong Polytechnic University from 2002 to 2013. Professor Wong is currently an independent non-executive director of Galaxy Entertainment Group Limited, Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited, The Cross-Harbour (Holdings) Limited, and Water Oasis Group Limited, all of which are companies listed on the Main Board of the Stock Exchange. Professor Wong was an independent non-executive director of C C Land Holdings Limited, which is listed on the Main Board of the Stock Exchange, from October 2007 to May 2023. He was also an independent non-executive director of Li Bao Ge Group Limited, which is listed on the Main Board of the Stock Exchange, from June 2016 to January 2022. In addition, he was an independent non-executive director of BAIC Motor Corporation Limited, which is listed on the Main Board of the Stock Exchange, from December 2014 to March 2021. He was also an independent non-executive director of Sino Oil and Gas Holdings Limited which is listed on the Main Board of the Stock Exchange, from August 2010 to November 2022.

**WU MING LAM**

Mr. Wu Ming Lam, aged 76, was appointed as an Independent Non-Executive Director of the Company on 24 March 2015. Mr. Wu has more than 30 years of experience in the industry of industrial products manufacturing. Mr. Wu has founded a number of corporations engaging in industrial production and investment business in Hong Kong since 1976. Currently, he serves as a director in Full Tat Company Limited, Cadillac Enterprises Limited, Roysun Development Company Limited, Cearns Co., Limited, Kowloon Spring Factory Limited, and Eastern Rainbow Precision Limited, and is in charge of resources management for those corporations, and participates in the development of company's strategies.

**SENIOR MANAGEMENT AND COMPANY SECRETARY**

**CHAN KAI MING**, *Head of Factory (Division B)*

Mr. Chan Kai Ming, aged 69, is the Head of Factory (Division B) of Winox Enterprise and Winox Watch and also partakes in the marketing issues of Winox Enterprise. Mr. Chan joined the Stelux Group in 1987 and joined our Group in 1999. Mr. Chan is mainly responsible for the management of our factories in China and the development and production of Swiss brand watch products as well as leading the Company for self innovation. Mr. Chan has over 30 years of experience in metallic products manufacturing industry and is the holder of a bachelor of science degree awarded by The Hong Kong Polytechnic University in November 2009.

**HUEN LAI CHUN**, *Company Secretary*

Ms. Huen Lai Chun, aged 58, is the company secretary of the Company. She was appointed as the company secretary and authorised representative of the Company on 13 June 2014. Ms. Huen is a fellow of The Association of Chartered Certified Accountants, and an associate of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. Huen has over 10 years of experience in handling the secretarial and compliance related matters of listed corporations.

# Report of Directors

The Directors are pleased to present the annual report together with the audited consolidated financial statements of Winox Holdings Limited and its subsidiaries for the year ended 31 December 2023 (“Annual Report”).

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company which provides corporate management services to its subsidiaries.

The Group is principally engaged in the development and manufacturing of stainless steel products such as watch bracelets, mobile phone cases and parts, smart wearable cases and parts, and fashion accessories. The activities and particulars of its principal subsidiaries are set out in note 33 to the consolidated financial statements.

There was no significant change in the nature of the Group’s principal activities during the year.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including an indication of likely future developments in the Group’s business, can be found in the Financial Highlights, Chairman’s Statement and Management Discussion and Analysis set out on page 3, pages 4 to 5 and pages 6 to 10 of this Annual Report respectively. These discussions form part of this Report of Directors.

## KEY RISKS AND UNCERTAINTIES

Our Group’s financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group’s businesses. The followings are the key risks and uncertainties identified by our Group. There may be other risks and uncertainties in addition to those shown below which are not known to our Group or which may not be material now but could turn out to be material in the future.

### Risks relating to the industry

Business of the Group depends substantially on the global economic and market conditions. During periods of slowing economic growth or recession, consumer spending may drop as customers are less willing to spend money. As our products are ultimately sold by our ultimate brand owners as part of their products to consumers in the high-end retail market, a drop in consumer spending power in luxury products could lead to a drop in demand for the brand owners’ products, and in turn lower the demand of our products and thereby adversely affecting our results of operations and financial condition. To manage and reduce the risk, the Board intends to focus on stainless steel products, target high-end customers, and diversify our product portfolio by extending our product category to accessories for mobile phone and wearable devices, and makes prudent decision on expansion plans.

### Risks relating to concentration of customers

The largest and top five customers of the Group accounted for approximately 31.9% and 69.2% of our total revenue for the year ended 31 December 2023 respectively (2022: 26.4% and 71.0%). There is no assurance that our business relationship with our major customers will continue in the future. To reduce the risk, the Group has expanded its customer base for high end customers in which it has achieved an improvement.

### Risks relating to conducting business in the PRC

Our results, financial condition and prospect are to a significant degree subject to the economic, political and legal developments in the PRC, as a substantial part of our assets and business operations are located in the PRC. The economic, political and social conditions, as well as government policies, including taxation policies, of the PRC, could affect our business. To manage the risk, the Board has appointed certain senior management to closely monitor the economic, political, legal, institutional and social developments in the PRC, and maintained conservative treasury policy in cash management, such as holding cash in Hong Kong.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group attaches great importance to environmental protection and carefully takes various environmental factors into account in the operation and decision-making processes to optimise the use of resources, strictly comply with the applicable environmental regulations and other statutory requirements and reduce waste and pollution, as well as actively encourages its stakeholders to protect the environment and contribute to environmental protection.

We have adopted the following principles to minimise the impact on the environment from our operations:

- Comply with all relevant environmental regulations and other statutory requirements;
- Monitor, identify and review the impact from the Group's operations on the environment on a regular basis; and
- Require all staff to address environmental responsibilities, such as implementing green office measures, to enhance their environmental awareness.

The Group has constructed environmental facilities in its factories in the PRC. We have also established a system to monitor waste and sewage generated from production processes, and installed chemical sewage treatment facility to monitor proper disposal of contaminants, and make them fit for recycling to ensure the compliance with relevant environmental regulations and standards in the PRC.

The Group deals with hazardous waste cautiously. In addition to the compliance with statutory environmental requirements on storage of hazardous waste, additional waste disposal measures have been implemented. Such waste has been regularly disposed by qualified hazardous waste management companies recognised by local environmental protection bureau in accordance with environmental requirements in order to reduce adverse environmental impact.

In the meantime, the Group has introduced energy-saving facilities at its PRC's factories, in which energy-efficient lighting is adopted to reduce power consumption. In addition, an incentive system has been employed for use of raw materials to promote waste reduction and conservation of resources.

The Company believes that the environmental systems and facilities of our factories in the PRC have complied with the relevant national and local regulations on environmental protection in the PRC.

To keep stakeholders abreast of the Group's sustainable development performance in respect of its important relevant areas, a separate environmental, social and governance (ESG) report is published on an annual basis. The Company has followed the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules when preparing its ESG report. The Company's ESG report covering the period from 1 January 2023 to 31 December 2023 is available on the websites of both the Company ([www.winox.com](http://www.winox.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The principal activities of the Group during the year were development and manufacturing of stainless steel products such as watch bracelets, mobile phone cases and parts, smart wearable cases and parts, and fashion accessories. During the year, as far as the Company is aware, there was no material breach or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

## KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

The Company is of the view that it has been maintaining a good relationship with the following key stakeholders of the Group:

- employees and workers
- major customers
- major suppliers, such as, suppliers for production materials and component parts
- bankers

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2023 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 39 of this Annual Report and in the accompanying notes to the consolidated financial statements.

The Board recommends the payment of a final dividend of HK2 cents (2022: HK5 cents) per ordinary share for the year ended 31 December 2023, amounting to approximately HK\$12,000,000 in aggregate, by the Company to the Shareholders. The proposed final dividend is expected to be paid to Shareholders on 28 June 2024, subject to approval of Shareholders at the forthcoming annual general meeting.

## RESERVES

As at 31 December 2023, reserves of the Company available for distribution to the Shareholders were approximately HK\$334,897,000 (2022: HK\$335,648,000). Details of movements in the reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity and note 32 to the consolidated financial statements on page 41 and pages 76 to 77 of this Annual Report respectively. Under the Companies Act (2021 Revised) of the Cayman Islands, as at 31 December 2023, the share premium account of the Company amounting to approximately HK\$203,244,000 (2022: HK\$203,244,000) is distributable to the Shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business. The share premium account of the Company may also be distributed in the form of fully paid bonus shares to be issued to Shareholders.

## DIVIDEND POLICY

The Company has adopted a dividend policy of distributing to its Shareholders all funds surplus to the operating needs of the Group as determined by the Board with a target dividend payout ratio in respect of each financial year of not less than 30% of profit attributable to its Shareholders.

The distribution of dividend depends on, among others, the Group's current and future operations, operating results, liquidity position, capital requirements, the interests of the Shareholders, the dividends received from the Company's subsidiaries and associate companies, and other factors that the Board considered relevant.

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, and assets and liabilities of the Group for the last five financial years is set out on page 80 of this Annual Report.

## DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$121,000 (2022: HK\$289,000).

## FIXED ASSETS

Details of movements in property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

## SHARE CAPITAL

Details of share capital of the Company are set out in note 25 to the consolidated financial statements.

## BORROWINGS

Details of the Group's borrowings as at 31 December 2023 are set out in note 22 to the consolidated financial statements.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

## DIRECTORS

The Directors during the year and up to the date of this Annual Report were:

### Executive Directors

Mr. Yiu Hon Ming (*Chairman*)  
Mr. Yiu Tat Sing (*Deputy Chairman*)  
Mr. Li Chin Keung (*Managing Director*)  
Ms. Law Wai Ping  
Mr. Chau Kam Wing Donald (*Finance Director*)  
Ms. Yiu Ho Ting

### Independent Non-executive Directors

Mr. Au Wai Ming  
Mr. Carson Wen  
Professor Wong Lung Tak Patrick  
Mr. Wu Ming Lam

In accordance with article 84 of the Articles of Association of the Company, Mr. Yiu Tat Sing, Mr. Li Chin Keung and Mr. Carson Wen shall retire by rotation and, being eligible, have offered themselves for re-election at the forthcoming annual general meeting; and Mr. Au Wai Ming will retire by rotation and has decided not to offer himself for re-election at the forthcoming annual general meeting.

Biographical details of Directors, senior management and Company Secretary of the Company as at the date of this Annual Report are set out on pages 11 to 14 of this Annual Report.

## DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2023, the Company has four Independent Non-executive Directors, namely, Mr. Au Wai Ming, Mr. Carson Wen, Professor Wong Lung Tak Patrick and Mr. Wu Ming Lam, representing one-third of the Board.

The Company has received from each of them an annual confirmation of independence based on the independence guidelines as set out in Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). The Company considers all of them to be independent.

## EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group during the year are set out in note 10 to the consolidated financial statements.

## DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year and up to the date of this Annual Report, to the best knowledge of the Directors, none of the Directors and their respective associates was considered to have any interests in the businesses which compete or were likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

## NON-COMPETITION UNDERTAKING

On 25 June 2011, the controlling shareholders of the Company, Mr. Yiu Hon Ming (“Mr. Yiu”) and Ms. Law Wai Ping (“Ms. Law”), who are also Directors, entered into a deed of non-competition undertaking (“NCU Deed”) with the Company under which each of Mr. Yiu and Ms. Law has undertaken that he/she will not, and will procure that his/her associates (other than members of the Group) will not:

- (a) directly or indirectly whether as principal or agent or through any person, firm, company or organisation carry on, participate or be interested or engaged in any business in any form or manner that is, directly or indirectly, in competition with the business of any member of our Group in the PRC, Hong Kong or any part of the world in which any member of our Group may from time to time operate;
- (b) directly or indirectly, solicit, interfere with or entice away from any member of our Group any person, firm, company or organisation who to, Mr. Yiu’s and/or Ms. Law’s knowledge, as at the date of the NCU Deed, was or had been or would after the date of the NCU Deed be, a customer, supplier, distributor or management, technical staff or employees (of managerial grade or above) of any member of our Group; and
- (c) exploit his/her knowledge or information obtained from our Group to compete, directly or indirectly, with the business carried on by our Group from time to time.

During the year, both Mr. Yiu and Ms. Law have complied with the terms of the NCU Deed. Each of them have provided to the Company a written confirmation in respect of their compliance with the terms of NCU Deed on a half-yearly basis for the year.

The Independent Non-executive Directors have reviewed the status of compliance with the undertakings in the NCU Deed by Mr. Yiu and Ms. Law for the year ended 31 December 2023 and have confirmed that, as far as they can ascertain, Mr. Yiu and Ms. Law have complied with the terms of the NCU Deed for the year ended 31 December 2023.

## DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance in relation to the Group’s business to which the Company, or the Company’s subsidiaries or holding companies or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, each Director and other officers of the Company shall be indemnified out of the assets and profits of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

## MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, or the Company’s subsidiaries or holding companies or fellow subsidiaries, a party to any arrangements to enable Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## SHARE SCHEMES

During the year ended 31 December 2023, the Company did not have any share schemes.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE COMPANY'S SECURITIES

As at 31 December 2023, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company have taken or deemed to have under such provisions of the SFO); (ii) recorded in the register required to be kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules ("Model Code"), were as follows:

### (a) The Company

Director	Notes	Capacity	Total number of ordinary shares interested or deemed to be interested (Long positions)	Approximate percentage of total issued share capital of the Company
Yiu Hon Ming	1	Interest in controlled corporation and interest of spouse	398,040,000	66.34%
Law Wai Ping	2	Beneficial owner, interest in controlled corporation and interest of spouse	398,040,000	66.34%
Yiu Ho Ting	3	Beneficial owner and interest of spouse	6,909,600	1.15%
Au Wai Ming		Beneficial owner	4,531,200	0.76%
Yiu Tat Sing	4	Beneficial owner	1,980,000	0.33%
Li Chin Keung	5	Interest of spouse	964,800	0.16%

#### Notes:

- Mr. Yiu Hon Ming ("Mr. Yiu") is legally and beneficially interested in 60% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is directly interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 396,000,000 shares of the Company, representing 66% of the entire issued share capital of the Company. Mr. Yiu is the husband of Ms. Law Wai Ping ("Ms. Law"). By virtue of the SFO, Mr. Yiu is deemed to be interested in the same block of ordinary shares in which Ms. Law is interested.
- Ms. Law is legally and beneficially interested in 40% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is directly interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 396,000,000 shares of the Company, representing 66% of the entire issued share capital of the Company. In addition, Ms. Law is directly and beneficially interested in 2,040,000 shares of the Company. Ms. Law is the wife of Mr. Yiu. By virtue of the SFO, Ms. Law is deemed to be interested in the same block of ordinary shares in which Mr. Yiu is interested.
- Ms. Yiu Ho Ting ("Ms. Yiu") is directly and beneficially interested in 5,688,000 shares of the Company. In addition, her husband, Mr. Cheung Justin Chi Yen ("Mr. Cheung"), is directly interested in 1,221,600 shares of the Company. By virtue of the SFO, Ms. Yiu is deemed to be interested in the same block of ordinary shares in which Mr. Cheung is interested.
- Mr. Yiu Tat Sing is directly and beneficially interested in 1,980,000 shares of the Company. In addition, he has an interest of approximately 11.77% of the entire issued share capital of Winholme Holdings Limited which holds 51,000,000 shares of the Company, representing 8.50% of the entire issued share capital of the Company.
- Ms. Cheung Wing Yan ("Ms. Cheung"), wife of Mr. Li Chin Keung ("Mr. Li"), is directly interested in 964,800 shares of the Company. By virtue of the SFO, Mr. Li is deemed to be interested in the same block of ordinary shares in which Ms. Cheung is interested. In addition, Mr. Li has an interest of approximately 8.82% of the entire issued share capital of Winholme Holdings Limited which holds 51,000,000 shares of the Company, representing 8.50% of the entire issued share capital of the Company.

**(b) Associated Corporations**

Director	Notes	Associated corporation	Capacity	Total number of securities interested in associated corporation (Long positions)	Approximate percentage of total issued share capital of associated corporations
Yiu Hon Ming	1	Ming Fung Holdings (Hong Kong) Limited	Beneficial owner	60 ordinary shares	60%
		Ming Fung Investment Limited	Interest in controlled corporation	840 ordinary shares	95.45%
Law Wai Ping	2	Ming Fung Holdings (Hong Kong) Limited	Beneficial owner	40 ordinary shares	40%
		Ming Fung Investment Limited	Interest in controlled corporation	840 ordinary shares	95.45%

## Notes:

1. Mr. Yiu is legally and beneficially interested in 60% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is directly interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 396,000,000 shares of the Company, representing 66% of the entire issued share capital of the Company.
2. Ms. Law is legally and beneficially interested in 40% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is directly interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 396,000,000 shares of the Company, representing 66% of the entire issued share capital of the Company.

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company have taken or deemed to have under such provisions of the SFO); (ii) entered in the register required to be kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY'S SECURITIES

As at 31 December 2023, each of the following persons and entities, other than a Director or chief executive of the Company, had or were deemed to have interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Notes	Capacity	Total number of ordinary shares interested or deemed to be interested (Long positions)	Approximate percentage of total issued share capital of the Company
Ming Fung Investment Limited	1	Beneficial owner	396,000,000	66%
Ming Fung Holdings (Hong Kong) Limited	1	Interest in controlled corporation	396,000,000	66%
Winholme Holdings Limited	2	Beneficial owner	51,000,000	8.5%
Tang Wai Fong	3	Interest in controlled corporation	51,000,000	8.5%
Chan Kai Ming	4	Interest in controlled corporation	51,000,000	8.5%
Leung Wai Yin Edith	5	Interest of spouse	51,000,000	8.5%
David Michael Webb	6	Beneficial owner and interest in controlled corporation	42,630,000	7.1%

Notes:

- Ming Fung Holdings (Hong Kong) Limited is interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited.
- Mr. Li Chin Keung, the Managing Director of the Company and an Executive Director, is the legal and beneficial owner of approximately 8.82% of the entire issued share capital of Winholme Holdings Limited. Mr. Yiu Tat Sing, the Deputy Chairman of the Board and an Executive Director, is the legal and beneficial owner of approximately 11.77% of the entire issued share capital of Winholme Holdings Limited.
- Ms. Tang Wai Fong is the legal and beneficial owner of approximately 44.12% of the entire issued share capital of Winholme Holdings Limited.
- Mr. Chan Kai Ming is the legal and beneficial owner of approximately 35.29% of the entire issued share capital of Winholme Holdings Limited.
- Ms. Leung Wai Yin Edith is the wife of Mr. Chan Kai Ming. By virtue of the SFO, she is deemed to be interested in the same block of shares in which Mr. Chan Kai Ming is interested.
- Mr. David Michael Webb is interested in 42,630,000 shares of the Company, of which 17,552,000 shares of the Company are held directly by him, while 25,078,000 shares of the Company are held through his wholly owned company, Preferable Situation Assets Limited.

Save as disclosed above, as at 31 December 2023, the Company has not been notified by any person or entity who had or were deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

## CORPORATE GOVERNANCE

The Company is committed to maintaining high standard of corporate governance. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 25 to 34 of this Annual Report.

## RELATED PARTIES TRANSACTIONS

On 31 March 2023, Fengtai (Dongguan) Technology Development Service Company Limited (“Fengtai Co”) as the lessor and Yingtai Precision Manufacturing Technology (Dongguan) Company Limited (“Yingtai”), an indirect wholly-owned subsidiary of the Company in the PRC, as the lessee entered into a lease agreement (“Lease Agreement”) for the lease of an aggregate gross floor area of 10,350 square meters located at Block V of the factory building situated at 60 Lianying Road, Xin Malian Village, Dalang Town, Dongguan City, Guangdong Province, the PRC (“Premises”) for a term of two years commencing on 1 April 2023 and ending on 31 March 2025 for a total rent of approximately RMB4.97 million (equivalent to approximately HK\$5.68 million).

Fengtai Co (a limited liability company established in the PRC) is indirectly wholly-owned by Field Gain Investments Limited (a limited liability company incorporated in the British Virgin Islands) which is in turn held as to (i) 50% by Mr. Yiu Hon Ming, the Chairman of the Board and an Executive Director, and (ii) 50% by Mr. Yiu Tat Sing, the Deputy Chairman of the Board and an Executive Director. Therefore, Fengtai Co is an associate of Mr. Yiu Hon Ming and Mr. Yiu Tat Sing, and constitutes a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

Pursuant to HKFRS 16, the Premises leased under the Lease Agreement was recognised by the Group as right-of-use assets with the estimated value of approximately RMB5.147 million (equivalent to approximately HK\$5.879 million), and the transaction contemplated under the Lease Agreement is recognised as the acquisition of right-of-use assets which constitutes an one-off connected transaction of the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio stipulated under Rule 14.07 of the Listing Rules in respect of the Lease Agreement on the basis of the estimated value of right-of-use assets in the amount of approximately RMB5.147 million (equivalent to approximately HK\$5.879 million) exceeds 0.1% but does not exceed 5%, the transaction contemplated under the Lease Agreement is subject to the reporting and announcement requirements, but exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

The Premises which is in the proximity of the Group’s existing production facilities is used by the Group to carry out its production of smart wearable cases and parts.

The details of the connected transaction above are set out in the announcement of the Company dated 31 March 2023.

Save for the connected transaction above, the related party transactions in respect of the fee received for management and administrative service and the lease agreement entered with Mr. Yiu Hon Ming as set out in note 28 to the consolidated financial statements constituted exempt connected transactions under Rules 14A.76(1) and 14A.98 of the Listing Rules respectively. The Company confirmed that it had complied with the disclosure requirements under Chapter 14A of the Listing Rules.

## MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2023, the largest and top five customers of the Group accounted for approximately 31.9% and 69.2% of the total revenue of the Group respectively (2022: 26.4% and 71.0%).

The aggregate purchases during the year attributable to the Group’s largest and top five suppliers were approximately 13.0% and 37.0% of the Group’s total purchases respectively (2022: 15.5% and 33.9%).

To the best knowledge of the Directors, none of the Directors, their close associates (within the meaning of Part XV of the SFO) or any Shareholder (holding more than 5% of the Company’s share capital) had any interest in the five largest customers and/or suppliers of the Group during the year.

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

For the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

## PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of not less than 25% of the Company's total issued share capital held by the public during the year and up to the date of this Annual Report.

## SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

On 14 February 2020, Max Surplus Corporation Limited ("Max Surplus") and Winox Enterprise Company Limited ("Winox Enterprise"), both are wholly-owned subsidiaries of the Company, as borrowers, entered into a letter of banking facility with a financial institution respectively, for a term loan facility in an aggregate principal amount of up to HK\$65,000,000. The loan facilities (a) are interest bearing, and are secured for Max Surplus and not secured for Winox Enterprise; (b) are repayable by 36 equal monthly instalments, commencing one month after drawdown if the loans under the facilities are used to finance the general working capital requirements of the Group, or are repayable by 60 equal monthly instalments, commencing one month after drawdown if the loans under the facilities are used to finance the capital expenditure requirements of the Group; and (c) contain repayment on demand clause at the discretion of the financial institution. In 2020, HK\$20,000,000 was drawn on 16 April 2020 and HK\$15,000,000 was drawn on 27 May 2020. In 2021, HK\$20,000,000 was drawn on 22 March 2021 and HK\$10,000,000 was drawn on 7 April 2021. All are repayable by 60 equal monthly instalments, commencing one month after drawdown.

On 22 October 2021, Max Surplus, as borrower, entered into a letter of banking facility with the same financial institution for a revolving loan facility in a principal amount of USD1,000,000 and a term loan facility in a principal amount of HK\$150,000,000. The revolving loan under these facilities was used for premium financing of a life insurance policy. The term loan under these facilities will be used to finance the capital expenditure requirements of the Group and is repayable by 60 equal monthly instalments, commencing one month after drawdown. The undrawn amount under the term loan facility will be cancelled after 29 February 2024. The USD1,000,000 loan, which was drawn on 4 January 2022 from the revolving loan facility, was fully repaid on 17 May 2023 and HK\$20,000,000 was drawn on 16 January 2023 from the term loan facility.

The rights, interest and benefits in and under the above policy have been assigned to the lender as a security for the above facilities granted to Max Surplus.

Pursuant to these facilities letters, the controlling shareholder of the Company, Mr. Yiu Hon Ming and his family are required, at all times, to hold not less than 50% of the issued shares of the Company ("Specific Performance Obligations"). The breach of the Specific Performance Obligations will cause a default in respect of these loan facilities and the financial institution shall have the right to terminate the commitments and declare all outstanding amounts together with interests accrued thereon and all other sums payable under these loan facilities be immediately due and payable.

As at 31 December 2023, the amount of loan outstanding under these loan facilities was approximately HK\$39,583,000 and the unutilised facilities available for drawdown amounted to HK\$132,000,000.

## TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

## INDEPENDENT AUDITOR

During the year, Messrs. Deloitte Touche Tohmatsu was appointed as the independent auditor of the Company. A resolution will be proposed at the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as the independent auditor of the Company.

On behalf of the Board

**Yiu Hon Ming**  
*Chairman*

Hong Kong, 26 March 2024

# Corporate Governance Report

The Company is committed to establishing and maintaining high standard of corporate governance and believes that good corporate governance system provides a sustainable and solid foundation for the Company to manage business risks, enhance transparency, advance accountability and maximise Shareholders' interests.

Throughout the year ended 31 December 2023, the Company has applied the principles of the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Listing Rules and complied with all the applicable code provisions of the CG Code.

The Company has formulated and adopted its Corporate Governance Policy and it is the responsibility of the Board to perform the corporate governance duties. The Corporate Governance Policy outlines certain essential corporate governance principles under the CG Code and intends to provide appropriate guidance on the effective application and promotion of corporate governance principles in the Company. The Corporate Governance Policy is available on the website of the Company.

## CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE

### Our Culture and Values

Our mission is to strive to satisfy the needs of our customers and provide quality service to the best we could by producing products of the highest quality in timely and competitive manner. This mission guides the Group to integrate economic growth, environmental protection and social responsibility in its business strategies to design, manufacture and supply high quality products to our customers aiming to drive sustainable value for its stakeholders and the communities. A healthy corporate culture across the Group is vital for achieving its mission towards sustainable growth. The followings are the core culture principles to guide the behaviours of our employees, and ensure that our mission, values and business strategies are aligned to it.

#### Culture of Quality First

We put "Quality First" as our most important culture amongst others within our Group. Without quality products we are not able to build long-term relationship with our renowned customers and to create sustainable values for our stakeholders. We continue to optimise our quality control system and perform stringent quality control measures in all aspects of our production flow to ensure that our products will continue to meet our customers' requirements.

#### Culture of Integrity

Integrity underpins the behaviours of our employees in working with each other and conducting business with our customers and suppliers. We have human resources management policies in place to promote a caring environment with mutual respect and inclusive atmosphere in the workplace. We have Code of Conduct and Anti-Corruption Policy to guide our employees and all of these policies are supported by mandatory and regular training courses.

#### Culture of Environmental Protection

We recognise the importance of environmental protection and have adopted stringent measures for environmental protection not only to ensure the compliance by us with the prevailing environmental protection laws and regulations but also to try to do more to preserve the environment and resources of the globe.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions of Directors. The Model Code applies to Directors, and relevant employees and officers who are likely to be in possession of unpublished price-sensitive information of the Company. Having made specific enquiry of all Directors, each of them confirmed that he/she has complied with the required standards set out in the Model Code during the year ended 31 December 2023 and up to the date of this Annual Report.

## THE BOARD

The Board guides and monitors the business and affairs of the Company to enhance long-term Shareholders' value. It is also the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

### Board Composition

During the year, the Board consisted of ten Directors (including the Chairman), amongst which six are Executive Directors and four are Independent Non-executive Directors.

#### *Executive Directors*

Mr. Yiu Hon Ming (*Chairman*)

Mr. Yiu Tat Sing (*Deputy Chairman*)

Mr. Li Chin Keung (*Managing Director*)

Ms. Law Wai Ping

Mr. Chau Kam Wing Donald (*Finance Director*)

Ms. Yiu Ho Ting

#### *Independent Non-executive Directors*

Mr. Au Wai Ming

Mr. Carson Wen

Professor Wong Lung Tak Patrick

Mr. Wu Ming Lam

The Board focuses on formulating the Group's overall strategic strategies, monitoring performance, and providing leadership and control for effective management. The Board has delegated the authority and responsibility for business strategies implementation and day-to-day administration and operations of the Group's business to the Managing Director and senior management.

Major corporate matters that are specifically reserved to the Board include but not limited to:

- formulating the Group's business strategies;
- establishing corporate governance and internal control system; and
- monitoring performance of the management and providing guidance to the management.

Major duties and responsibilities of senior management include but not limited to:

- setting up offices for companies of the Group;
- executing business strategies and initiatives adopted by the Board;
- implementing proper and sufficient internal control systems and risk management procedures; and
- ensuring compliance with relevant statutory requirements and rules and regulations.

There was in place a directors' and officers' liabilities insurance coverage in respect of legal actions against the Directors and officers of the Company arising from corporate activities during the year.

Biographical details of Directors, which demonstrate a diversity of skills, expertise, experience and qualifications in the Board, are set out in the section entitled "Directors, Senior Management and Company Secretary" of this Annual Report. Save as disclosed herein, there is no financial, business, family or other material/relevant relationship between Board members.

### Independent Non-Executive Directors

The Board has four Independent Non-Executive Directors, namely, Mr. Au Wai Ming, Mr. Carson Wen, Professor Wong Lung Tak Patrick and Mr. Wu Ming Lam, representing at least one-third of the Board. Professor Wong Lung Tak Patrick, an Independent Non-executive Director, is a practising certified public accountant in Hong Kong who possesses over 50 years of experience in the accountancy profession. He has appropriate accounting and related financial management expertise.

All Independent Non-executive Directors were appointed with specific term of 3 years and are subject to retirement by rotation and re-election at annual general meetings in accordance with the Articles of Association of the Company. The terms of them are as follows:

Mr. Au Wai Ming	Three years from the date of his re-election on 27 June 2022
Mr. Carson Wen	Three years from the date of his re-election on 31 May 2021
Professor Wong Lung Tak Patrick	Three years from the date of his re-election on 27 June 2022
Mr. Wu Ming Lam	Three years from the date of his re-election on 29 May 2023

Each of the Independent Non-Executive Directors meets the independence guidelines set out in Rule 3.13 of the Listing Rules and has provided to the Company the annual confirmation as to his independence for the year.

In addition, none of the Independent Non-executive Directors have any involvement in the daily management of the Company, or any financial or other interests or relationships in the business of the Company or there exist any circumstances which would materially interfere with their exercise of independent judgment, therefore the Company considers all Independent Non-Executive Directors to be independent.

The Independent Non-executive Directors have historically and consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities to the Board.

### Board Independence

The Company recognizes that Board independence is key to good corporate governance. To ensure that independent views and input are available to the Board, the majority of members of all Board committees are Independent Non-executive Directors; in assessing the suitability of a candidate, the Nomination Committee will review the candidate's biographies (including his/her qualifications and time commitment) and take into account the composition of the Board, the professional experience and skills of the Directors, and the Company's Nomination Policy and Board Diversity Policy; the Nomination Committee examines annually whether each of the Independent Non-executive Directors meets the guidelines for the assessment of independence set out in Rule 3.13 of the Listing Rules, has not been involved in the daily management of the Company or has any financial or other interest or relationship in the Company's business or any circumstance that could materially interfere with the exercise of his/her independent judgment, and ensures an annual confirmation of independence letter from each Independent Non-executive Director; in assisting the Directors to properly perform their duties, all Directors may seek advice from the Company Secretary of the Company or independent professional advisers at the Company's expenses; and Independent Non-executive Directors receive only fixed fee.

### Directors' Commitments and Continuous Professional Development

The Company has received confirmation from each Director that he/she has given sufficient time and attention to the affairs of the Company for the year ended 31 December 2023. Directors have disclosed to the Company the number and nature of offices held in Hong Kong and overseas listed public companies or organisations.

Each newly appointed Director receives an induction on his/her appointment to ensure that he/she has proper understanding of the operations and business of the Group and is fully aware of his/her responsibilities and obligations under the Listing Rules, applicable laws and other relevant statutory requirements. Directors are continually provided with updates on statutory and regulatory developments, and evolution of the business environment so as to facilitate them to discharge their duties.

According to the records maintained by the Company, Directors received continuous professional development with an emphasis on the roles, functions and duties of being a director of a listed company in compliance with code provision C.1.4 of the CG Code during year ended 31 December 2023:

	Corporate governance/ updates on laws, rules & regulations	Accounting/ financial/ management or other professional skills
<b>Executive Directors</b>		
Yiu Hon Ming	✓	✓
Yiu Tat Sing	✓	✓
Li Chin Keung	✓	✓
Law Wai Ping	✓	✓
Chau Kam Wing Donald	✓	✓
Yiu Ho Ting	✓	✓
<b>Independent Non-executive Directors</b>		
Au Wai Ming	✓	✓
Carson Wen	✓	✓
Wong Lung Tak Patrick	✓	✓
Wu Ming Lam	✓	✓

## AUDIT COMMITTEE

The Audit Committee of the Company was established on 25 June 2011 with written terms of reference specifying its authority and duties which is available on the Company's website. The Audit Committee comprises wholly Independent Non-executive Directors.

### Members of the Audit Committee

Professor Wong Lung Tak Patrick (*Chairman*)  
Mr. Au Wai Ming  
Mr. Carson Wen  
Mr. Wu Ming Lam

Main functions of the Audit Committee are:

- reviewing the accounting policies and practices, and supervising the Company's financial reporting process;
- monitoring the performance of both the internal and external auditors;
- reviewing and examining the effectiveness of risk management and internal control systems;
- considering major investigation findings on risk management and internal control matters; and
- ensuring compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements.

The Audit Committee is provided with sufficient resources to discharge its responsibilities. For the year ended 31 December 2023, the Audit Committee held four meetings, among others, to review with external auditor and senior management the interim and annual results of the Group as well as the accounting principles and practices being adopted, internal control and financial reporting matters. Our Finance Director, senior management, internal auditor and external auditor, as appropriate, attended the meetings to respond to any queries raised by the Audit Committee. The Audit Committee also reviewed the external auditor's independence and made recommendations to the Board on the re-appointment of external auditor.

## REMUNERATION COMMITTEE

The Remuneration Committee of the Company was established on 25 June 2011 with written terms of reference specifying its authority and duties which is available on the Company's website. The Remuneration Committee comprises five members, amongst which four are Independent Non-executive Directors and one is Executive Director.

### Members of the Remuneration Committee

Professor Wong Lung Tak Patrick (*Chairman*)

Mr. Yiu Hon Ming

Mr. Au Wai Ming

Mr. Carson Wen

Mr. Wu Ming Lam

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration packages of Directors and senior management, with reference to their duties, responsibilities and performance, and the results of the Group. No Director will be involved in deciding his/her own remuneration.

For the year ended 31 December 2023, the Remuneration Committee held two meetings to review and approve the 2022 performance bonus proposal of the Company, and discuss the remuneration packages of Directors and senior management of the Company.

### Remuneration of Directors and Senior Management

Particulars in relation to the remuneration of the Directors and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in note 10 to the consolidated financial statements.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of senior management by band for the year ended 31 December 2023 is set out below:

	Number of Individuals
HK\$1,000,001 – HK\$2,000,000	1

## NOMINATION COMMITTEE

The Nomination Committee of the Company was established on 25 June 2011 with written terms of reference specifying its authority and duties which is available on the Company's website. The Nomination Committee comprises five members, amongst which four are Independent Non-executive Directors and one is Executive Director.

### Members of the Nomination Committee

Mr. Yiu Hon Ming (*Chairman*)

Mr. Au Wai Ming

Mr. Carson Wen

Professor Wong Lung Tak Patrick

Mr. Wu Ming Lam

The Nomination Committee, with an aim to build up a strong and diverse Board, is responsible for identifying suitable and qualified individuals, in particular those who can add value to the management through their expertise in relevant strategic business areas, to be Board members, and recommending to the Board on relevant matters relating to the appointment and re-appointment of Directors, if necessary. Details of the procedure for Shareholders to propose a person for election as a Director are outlined in the "Nomination Policy" which is available on the Company's website.

For the year ended 31 December 2023, the Nomination Committee held one meeting to review the structure, size and composition (including the skills, knowledge and experience) of the Board, assess the independence of Independent Non-executive Directors and make recommendations to the Board on the re-appointment of Directors taking into account their experience and qualifications.

### Board Diversity Policy

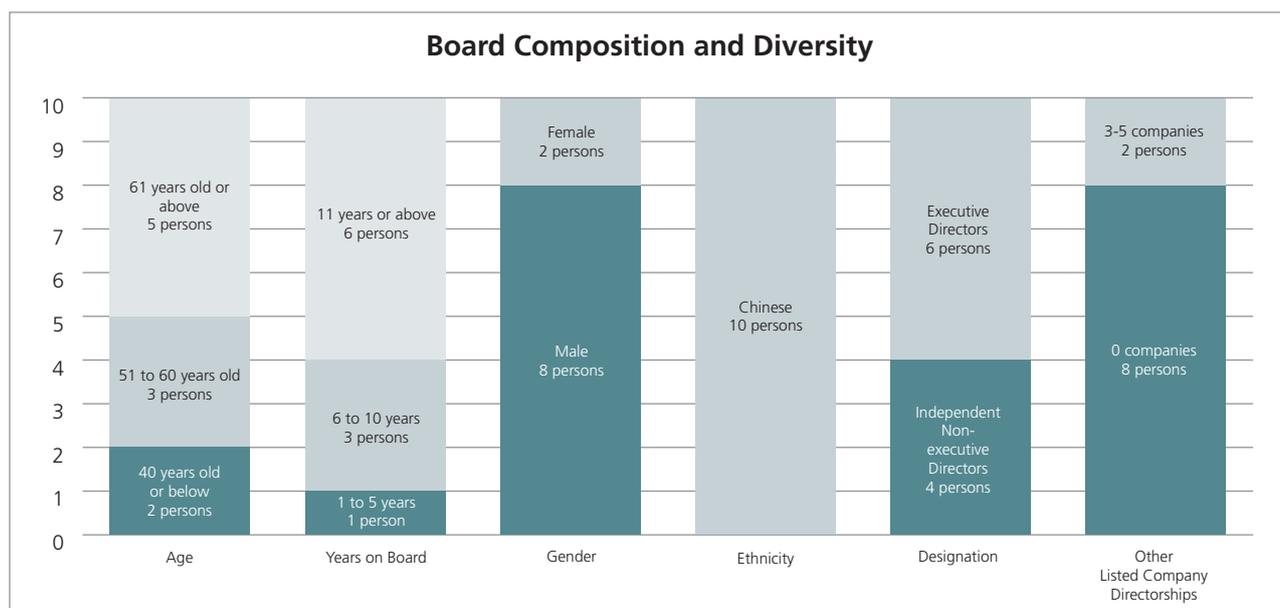
The Nomination Committee has adopted a board diversity policy of the Company which sets out the approach to achieve diversity on the Board.

The Board recognises the benefits of board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of the Group’s business strategies. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the candidates’ merits and contributions to the Board.

The Nomination Committee shall review the implementation and effectiveness of the Board Diversity Policy on an annual basis to ensure its continuous effectiveness. The Nomination Committee will assess the merits and contribution brought by the Directors to the Board against the objective criteria, with due regard for the benefits of diversity on the Board that would complement the Company’s corporate strategies.

The Board overall is satisfied with the implementation and effectiveness of the Board Diversity Policy for 2023. The Company also considers that the current Board composition is characterised by diversity, whether considered in terms of gender, professional background and skills.

The following chart shows the diversity profile of the Board as at 31 December 2023:



The Company did not set up any plans or measurable goals in respect of gender ratio of all employees (including senior management). For the details of employee’s gender ratio of the Group during the year, please refer to the ESG report for the year of the Company.

## BOARD AND COMMITTEE MEETINGS

During the year ended 31 December 2023, the Board held five meetings. At these meetings, the Board, among others, reviewed and discussed the Group's business updates and strategies. The individual attendance record of each Director at the Board meetings, Board committee meetings and general meetings during the year is set out below:

Directors	Number of meetings attended/held						
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Environmental, Social and Governance Committee	Internal Control Committee	General meeting
<b>Executive Directors</b>							
Yiu Hon Ming	5/5	N/A	2/2	1/1	N/A	1/1	1/1
Yiu Tat Sing	5/5	N/A	N/A	N/A	1/1	N/A	1/1
Li Chin Keung	5/5	N/A	N/A	N/A	1/1	1/1	1/1
Law Wai Ping	5/5	N/A	N/A	N/A	N/A	N/A	1/1
Chau Kam Wing Donald	5/5	N/A	N/A	N/A	1/1	N/A	1/1
Yiu Ho Ting	5/5	N/A	N/A	N/A	N/A	N/A	1/1
<b>Independent Non-executive Directors</b>							
Au Wai Ming	4/5	4/4	2/2	1/1	N/A	N/A	1/1
Carson Wen	4/5	4/4	1/2	0/1	N/A	N/A	1/1
Wong Lung Tak Patrick	5/5	4/4	2/2	1/1	N/A	N/A	1/1
Wu Ming Lam	5/5	3/4	2/2	1/1	N/A	N/A	1/1

Minutes of the Board and Board committee meetings are recorded in sufficient details including any matters considered, decisions reached, concerns or queries raised or dissenting views expressed by the Directors in meetings. Draft and final versions of minutes of the Board and Board committees are sent to all Directors or Board committee members for comments and records respectively within a reasonable time after meetings.

## COMPANY SECRETARY

The Company has engaged an external service provider as its Company Secretary since 12 June 2014. The Finance Director of the Company is the contact person of the external service provider. The biographical detail of the Company Secretary is disclosed in the section entitled "Directors, Senior Management and Company Secretary" of this Annual Report. During the year, the Company Secretary undertook over 15 hours of relevant professional training to update her skills and knowledge.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. Such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's risk management framework and the responsibilities of each delegated group within it are as follows:

### Board

- Determines the business strategies and objectives of the Group, and evaluates and determines the nature and extent of risks it is willing to take in achieving the Group's strategic objectives;
- Ensures that the Group establishes and maintains appropriate and effective risk management and internal control systems; and
- Oversees management in the design, implementation and monitoring of the risk management and internal control systems.

### Audit Committee

- Assists the Board to perform its responsibilities of risk management and internal control systems;
- Oversees the Group's risk management and internal control systems on an ongoing basis;
- Reviews the effectiveness of the Group's risk management and internal control systems at least annually, and such review should cover all material controls including financial, operational and compliance control;
- Ensures the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit and financial reporting functions; and
- Considers major investigation findings on risk management and internal control matters, and reports and makes recommendations to the Board.

### Management

- Designs, implements and maintains appropriate and effective risk management and internal control systems;
- Identifies, evaluates and manages the risks that may potentially impact the major processes of the operations;
- Monitors risks and takes measures to mitigate risks in day-to-day operations;
- Follows up the findings on risk management and internal control matters raised by the internal audit team and take prompt remedial action to improve the systems; and
- Provides confirmation to the Board and Audit Committee on the effectiveness of the risk management and internal control systems.

### Internal Audit Team

- Reviews the adequacy and effectiveness of the Group's risk management and internal control systems; and
- Reports review findings to the Audit Committee and makes recommendations to the Board and management to improve the material system deficiencies or control weaknesses identified.

The Group's internal audit function is performed by an internal audit team. The internal audit team plays an important part in the assessment of the effectiveness of the risk management and internal control systems of the Group and reports directly to the Audit Committee. It conducts internal audit reviews on material internal control systems covering major financial, operational and compliance controls, as well as risk management functions. It reports to the Audit Committee on a quarterly basis and recommends remedial plans to management for any internal control deficiencies identified. It monitors the implementation of its recommendations by the management and reports the outcome to the Audit Committee.

The Board has reviewed the effectiveness of the Group's risk management and internal control systems and considered them to be effective and adequate during the year.

## HANDLING INSIDE INFORMATION

An information disclosure policy is in place to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure are made in accordance with the Listing Rules. The policy regulates the handling and dissemination of inside information, which includes:

- Designated reporting channels from different operations informing any potential inside information to designated departments;
- Designated persons and departments to determine further escalation and disclosure as required; and
- Designated persons authorised to act as spokespersons and respond to external enquiries.

## SHAREHOLDERS' RIGHTS

### Shareholders convening an extraordinary general meeting

Pursuant to article 58 of the Articles of Association of the Company, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to request an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, Shareholders may hold the extraordinary general meeting, and all reasonable expenses incurred by the Shareholders as a result of the failure of the Board shall be reimbursed to the Shareholders by the Company.

### Shareholders' enquiries and proposals

To foster regular and contribute two-way communications amongst the Company, its Shareholders and potential investors, the Company Secretary is designated to respond to enquiries and proposals from Shareholders as well as the public. Shareholders' enquiries and proposals can be made via email at [info@winox.com](mailto:info@winox.com) or by phone at (852) 23493776. In addition, the Company is committed to maximising the use of its website ([www.winox.com](http://www.winox.com)) as a channel to provide updated information in a timely manner and to strengthen the communications with Shareholders and the public. The Company's Shareholders Communication Policy enables its Shareholders to exercise their rights in an informed manner. The Shareholders Communication Policy is available on the Company's website.

### Publications of the Company's documents

The following documents of the Company are available on the Company's website for Shareholders' reference:

- List of Directors and their Role and Functions
- Memorandum and Articles of Association
- Terms of Reference of Audit Committee
- Terms of Reference of Nomination Committee
- Terms of Reference of Remuneration Committee
- Anti-corruption Policy
- Board Diversity Policy
- Corporate Governance Policy
- Nomination Policy
- Shareholders Communication Policy
- Whistle-blowing Policy
- Provision of Email Address and/or Request for Printed Copy of Corporate Communications and Actionable Corporate Communications
- Request Form for Printed Copy of Corporate Communications for Non-registered Shareholders

## INVESTOR RELATIONS

The Company recognises the importance to maintain effective communication with the financial community and other stakeholders in order to achieve a fair valuation on the Company's securities as well as to enhance Shareholders' value. Effective communication process involves the provision of accurate, complete and transparent information of the Company on timely and equal bases. During the year, the Company arranged meetings and interviews with various institutional investors.

The Shareholders Communication Policy was introduced in 2012 and will be reviewed on an annual basis with updates last made in December 2023. It sets out the procedures for the Company to provide Shareholders and the investment community with equal and timely access to the information about the Group, and emphasizes its commitment to an effective communication with Shareholders through various platforms and channels specified in the policy.

The Board reviewed the Group's shareholder and investor engagement and communication activities conducted in 2023 and was satisfied with the implementation and effectiveness of the Shareholders Communication Policy.

## AUDITOR'S REMUNERATION

An analysis of the remuneration payable to the Group's independent auditor, Messrs. Deloitte Touche Tohmatsu, to perform audit and non-audit services for the year ended 31 December 2023 is as follows:

Services rendered	2023 HK\$'000	2022 HK\$'000
Audit service	1,618	1,600
Non-audit service	340	330

The non-audit services include professional services in relation to the Company's interim results and preliminary results announcements.

## OTHER SPECIFIC DISCLOSURES

In order to, among others, (i) bring the Memorandum of Association and the Articles of Association of the Company ("Memorandum and Articles of Association") in alignment with amendments made to the Listing Rules and the applicable laws of Cayman Islands; (ii) allow general meetings to be held by electronic means or in the form of a hybrid meeting; and (iii) incorporate certain housekeeping amendments, the Board proposes to make certain amendments to the Memorandum and Articles of Association (the "Proposed Amendments") and to adopt the revised Memorandum and Articles of Association. The Proposed Amendments and the adoption of the revised Memorandum and Articles of Association were approved at the annual general meeting of the Company held on 29 May 2023. The Revised Memorandum and Articles of Association has been published on the websites of the Company and the Stock Exchange. Save as disclosed herein, there was no other change to the Memorandum and Articles of Association during the year.

There was no change in the Company's auditor in the past three years.

Directors have acknowledged their responsibility for preparing all information and representations contained in the consolidated financial statements of the Company for the year ended 31 December 2023.

Directors consider that the consolidated financial statements of the Company for the year ended 31 December 2023 have been prepared in conformity with the generally accepted accounting standards in Hong Kong, and reflect amounts that are based on the best estimates, and reasonable, informed and prudent judgments of the Board and management of the Company with an appropriate consideration to materiality.

Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Company for the year ended 31 December 2023 on a going concern basis.

# Independent Auditor's Report

**Deloitte.**

德勤

## **TO THE SHAREHOLDERS OF WINOX HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

### **OPINION**

We have audited the consolidated financial statements of Winox Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 79, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **BASIS FOR OPINION**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
<i>Revenue recognition</i>	
<p>We identified revenue recognition as a key audit matter due to the significance of revenue to the Group's consolidated statement of profit or loss and other comprehensive income. In addition, revenue is one of the key financial performance measures which could create an incentive for revenue to be recognised without occurrence.</p> <p>As set out in note 4 to the consolidated financial statements, the Group recognised revenue of HK\$774,727,000 (2022: HK\$1,149,762,000) for the year ended 31 December 2023.</p> <p>Details of the accounting policies for revenue recognition and an analysis of revenue are disclosed in notes 4, to the consolidated financial statements.</p>	<p>Our procedures in relation to revenue recognition included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;</li> <li>• Assessing the Group's revenue recognition policies with reference to the requirements of Hong Kong Financial Reporting Standards; and</li> <li>• Performing test of details of revenue records, on a sample basis, by inspecting invoices and goods delivery notes.</li> </ul>

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Leung Chui Shan.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

26 March 2024

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	NOTES	2023 HK\$'000	2022 HK\$'000
Revenue	4	<b>774,727</b>	1,149,762
Cost of sales		<b>(550,439)</b>	(844,181)
Gross profit		<b>224,288</b>	305,581
Other income	5	<b>9,916</b>	18,517
Other gains and losses	6	<b>(201)</b>	2,422
Net reversal of impairment losses on financial assets under expected credit loss model	7	<b>201</b>	908
Selling and distribution costs		<b>(17,041)</b>	(21,318)
Administrative and other expenses		<b>(112,291)</b>	(126,540)
Research and development expenses		<b>(29,670)</b>	(46,926)
Finance costs	8	<b>(4,271)</b>	(5,779)
Profit before taxation	9	<b>70,931</b>	126,865
Taxation	11	<b>(7,205)</b>	(14,469)
Profit for the year		<b>63,726</b>	112,396
Other comprehensive expense for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>(27,940)</b>	(77,571)
Total comprehensive income for the year		<b>35,786</b>	34,825
Earnings per share – Basic	12	<b>HK10.6 cents</b>	HK18.7 cents

# Consolidated Statement of Financial Position

At 31 December 2023

	NOTES	2023 HK\$'000	2022 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	14	509,392	527,015
Right-of-use assets	15	61,429	63,133
Deposits paid for non-current assets	16	50,457	49,729
Deposit and prepayment for a life insurance policy	17	9,404	9,966
		<b>630,682</b>	649,843
<b>Current assets</b>			
Inventories	18	60,358	92,311
Trade and other receivables	19	181,219	302,431
Taxation recoverable		3,387	655
Short-term bank deposits	20	85,896	–
Bank balances and cash	20	231,265	270,794
		<b>562,125</b>	666,191
<b>Current liabilities</b>			
Trade and other payables	21	126,942	176,249
Taxation payable		1,794	5,446
Bank borrowings	22	50,033	118,287
Lease liabilities	23	2,091	1,414
		<b>180,860</b>	301,396
Net current assets		<b>381,265</b>	364,795
Total assets less current liabilities		<b>1,011,947</b>	1,014,638
<b>Non-current liability</b>			
Lease liabilities	23	3,237	2,714
Net assets		<b>1,008,710</b>	1,011,924
<b>Capital and reserves</b>			
Share capital	25	60,000	60,000
Reserves		948,710	951,924
Total equity		<b>1,008,710</b>	1,011,924

The consolidated financial statements on pages 39 to 79 were approved and authorised for issue by the Board of Directors on 26 March 2024 and are signed on its behalf by:

**YIU HON MING**  
DIRECTOR

**CHAU KAM WING DONALD**  
DIRECTOR

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2022	60,000	203,244	33,740	704,115	1,001,099
Profit for the year	–	–	–	112,396	112,396
Exchange differences arising on translation of financial statements of foreign operations and other comprehensive expense for the year	–	–	(77,571)	–	(77,571)
Total comprehensive (expense) income for the year	–	–	(77,571)	112,396	34,825
Dividends paid (note 13)	–	–	–	(24,000)	(24,000)
At 31 December 2022	60,000	203,244	(43,831)	792,511	1,011,924
Profit for the year	–	–	–	<b>63,726</b>	<b>63,726</b>
Exchange differences arising on translation of financial statements of foreign operations and other comprehensive expense for the year	–	–	<b>(27,940)</b>	–	<b>(27,940)</b>
Total comprehensive (expense) income for the year	–	–	<b>(27,940)</b>	<b>63,726</b>	<b>35,786</b>
Dividends paid (note 13)	–	–	–	<b>(39,000)</b>	<b>(39,000)</b>
At 31 December 2023	<b>60,000</b>	<b>203,244</b>	<b>(71,771)</b>	<b>817,237</b>	<b>1,008,710</b>

# Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
Operating activities		
Profit before taxation	70,931	126,865
Adjustments for:		
Interest income	(4,405)	(502)
Interest expenses on lease liabilities	274	303
Interest expenses on bank borrowings	3,997	5,476
Depreciation of property, plant and equipment	55,336	65,093
Depreciation of right-of-use assets	4,443	6,374
Net reversal of impairment losses on financial assets under expected credit loss model	(201)	(908)
Loss on disposal of property, plant and equipment	847	1,190
Imputed interest income from deposits and prepayments for life insurance policies	(198)	(227)
Premium charges on life insurance policies	760	867
Loss on lease modification	190	–
Gain on surrender of a life insurance policy	–	(3,169)
Operating cash flows before movements in working capital	131,974	201,362
Decrease in inventories	28,796	29,757
Decrease in trade and other receivables	108,287	223,232
Decrease in trade and other payables	(40,810)	(127,663)
Cash generated from operations	228,247	326,688
Hong Kong Profits Tax paid	(8,424)	(13,780)
The People's Republic of China ("PRC") Enterprise Income Tax ("EIT") paid	(5,529)	(2,921)
Hong Kong Profits Tax refunded	467	6,428
Net cash from operating activities	214,761	316,415
Investing activities		
Placement of short-term bank deposits	(226,454)	–
Withdrawal of short-term bank deposits	140,558	–
Deposits paid for non-current assets	(51,221)	(54,193)
Purchase of property, plant and equipment	(7,139)	(18,654)
Interest received	4,405	502
Proceeds from disposal of property, plant and equipment	195	292
Payment for a life insurance policy	–	(10,535)
Proceeds from surrender of a life insurance policy	–	6,804
Net cash used in investing activities	(139,656)	(75,784)
Financing activities		
Repayment of bank borrowings	(191,290)	(444,065)
Dividends paid	(39,000)	(24,000)
Interest paid on bank borrowings	(4,353)	(5,577)
Repayment of lease liabilities	(2,954)	(4,964)
Interest paid on lease liabilities	(274)	(303)
Bank borrowings raised	124,588	316,500
Net cash used in financing activities	(113,283)	(162,409)
Net (decrease) increase in cash and cash equivalents	(38,178)	78,222
Cash and cash equivalents at beginning of the year	270,794	207,002
Effect of foreign exchange rate changes	(1,351)	(14,430)
Cash and cash equivalents at end of the year, representing bank balances and cash	231,265	270,794

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

## 1. GENERAL INFORMATION

Winox Holdings Limited (the “Company”) is a limited company incorporated in the Cayman Islands and its shares are listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate holding company and ultimate holding company are Ming Fung Investment Limited and Ming Fung Holdings (Hong Kong) Limited, companies with limited liabilities incorporated in the British Virgin Islands. Its ultimate controlling shareholder is Mr. Yiu Hon Ming (“Mr. Yiu”), who is also the chairman and executive director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information and Key Dates” in the annual report. The Company is an investment holding company and the principal activities of its principal subsidiaries are set out in note 33.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (collectively referred to as the “Group”) have applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as described above, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has applied the amendments for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in note 3 to the consolidated financial statements.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

### Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of the amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### 3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

### 3.2 Material accounting policy information

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### Revenue from contracts with customers

Information about the Group's policies relating to contracts with customers is provided in note 4.

##### Leases

##### **Definition of a lease**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 "Leases", the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### **The Group as a lessee**

##### *(i) Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

##### *(ii) Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable.

The lease payments includes fixed payments (including in-substance fixed payments).

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### **Leases** *(Continued)*

##### **The Group as a lessee** *(Continued)*

##### *(iii) Lease modification*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

##### **Property, plant and equipment**

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position.

Depreciation is recognised so as to write off the cost of assets, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

##### **Deposit and prepayment for a life insurance policy**

Deposit and prepayment for a life insurance policy is stated in the consolidated statement of financial position at cost adjusted for interest income and service charges, less impairment losses, if any. On derecognition of deposit and prepayment for a life insurance policy, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

##### **Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities of the Group, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial assets or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

##### **Financial assets**

###### *Classification and subsequent measurement of financial assets*

All of the Group's financial assets meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### *Amortised cost and interest income*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### **Financial instruments** *(Continued)*

##### **Financial assets** *(Continued)*

##### *Impairment of financial assets*

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, short-term bank deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. ECL is assessed separately for receivables fully backed by bank bills and not backed by bank bills. To measure the ECL, trade receivables not backed by bank bills with significant balances or credit-impaired balances are assessed individually. Debtors with trade receivables backed by bank bills are assessed individually taking into consideration of the credit rating and reputation of the banks issuing the bills.

For all other instruments, the Group measures the ECL allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

- (i) Significant increase in credit risk  
In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group has rebutted the presumption that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due as the Group has reasonable and supportable information that demonstrates.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### **Financial instruments** *(Continued)*

##### **Financial assets** *(Continued)*

##### *Impairment of financial assets (Continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

The Group has rebutted the presumption that default has occurred when a financial asset is more than 90 days past due as the Group regularly monitors the effectiveness of the criteria used to identify whether there is any default for the past due and may grant longer credit period to large or long-established customers with good payment history.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

##### **Financial liabilities and equity**

##### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

##### *Financial liabilities at amortised cost*

Financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### Financial instruments *(Continued)*

##### **Derecognition**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

##### **Impairment of property, plant and equipment and right-of-use assets**

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of the non-current asset is estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### **Taxation**

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other year and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Current and deferred tax are recognised in profit or loss.

##### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

##### **Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

##### **Borrowing costs**

All borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### **Employee benefits**

##### **Retirement benefits costs**

Payments to retirement benefits plans and government-managed retirement benefits schemes are charged as expenses when employees have rendered service, entitling them to the contributions.

##### **Short-term employee benefits**

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, and annual leave) after deducting any amount already paid.

##### **Research and development expenditure**

Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

### 4. REVENUE AND SEGMENT INFORMATION

The Group is engaged in manufacture and trading of stainless steel products. Information reported to the members of executive directors of the Company, being the chief operating decision makers (the "CODM"), for the purposes of resources allocation and assessment of performance focuses on revenue analysis by products, including mobile phone cases and parts, watch bracelets, smart wearable cases and parts, and fashion accessories, and by geographic locations of customers, including PRC, Switzerland, Hong Kong, Liechtenstein and other European countries, Taiwan, Vietnam and other countries. However, other than revenue analysis, no operating results and other discrete financial information is regularly reviewed by the CODM. In addition, the CODM reviews the results of the Group as a whole to make decisions. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

The revenue of the Group from manufacture and trading of stainless steel products is recognised at a point in time when the control of the goods is transferred to the customers, being the time at which the goods are delivered to the locations specified by the customers.

The Group applies the practical expedient in HKFRS 15 and does not disclose information about transaction price allocated to remaining performance obligation as the performance obligation is part of a contract that has an original expected duration of one year or less. The Group also applies the practical expedient in HKFRS 15 of expensing all incremental costs to obtain a contract (sales commissions) if these costs would otherwise have been fully amortised to profit or loss within one year.

#### 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

##### Revenue from major products

Revenue by products are as follows:

	2023 HK\$'000	2022 HK\$'000
Mobile phone cases and parts	283,570	495,553
Watch bracelets	267,940	342,189
Smart wearable cases and parts	180,613	235,915
Fashion accessories	42,604	76,105
	<b>774,727</b>	1,149,762

##### Geographical information

Revenue from external customers based on locations of customers attributed to the Group by geographical areas is as follows:

	2023 HK\$'000	2022 HK\$'000
PRC	335,253	571,095
Switzerland	253,505	312,708
Hong Kong	102,815	115,221
Liechtenstein and other European countries	41,960	72,422
Taiwan	23,072	42,125
Vietnam	7,764	34,057
Other countries	10,358	2,134
	<b>774,727</b>	1,149,762

Information about the Group's non-current assets (excluding deposit and prepayment for a life insurance policy) is presented based on the location of the assets.

	2023 HK\$'000	2022 HK\$'000
Hong Kong	1,235	603
PRC	620,043	639,274
	<b>621,278</b>	639,877

**4. REVENUE AND SEGMENT INFORMATION** *(Continued)***Information about major customers**

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group is as follows:

	2023 HK\$'000	2022 HK\$'000
Customer A <sup>1</sup>	246,814	303,479
Customer B <sup>2</sup>	90,184	199,801
Customer C <sup>2, 3</sup>	N/A	136,509

Notes:

- <sup>1</sup> Revenue from sales of watch bracelets.
- <sup>2</sup> Revenue from sales of mobile phone cases and parts.
- <sup>3</sup> Revenue from sales of smart wearable cases and parts.

**5. OTHER INCOME**

	2023 HK\$'000	2022 HK\$'000
Government grants (Note)	1,890	10,395
Income from sales of scrap materials, other parts and samples	3,009	6,628
Bank interest income	4,405	502
Management and administrative service fee received (note 28(i))	252	252
Imputed interest income from deposits and prepayments for life insurance policies	198	227
Others	162	513
	<b>9,916</b>	<b>18,517</b>

Note: The unconditional government grants recognised during the current year are mainly related to employment stabilisation subsidies and VAT refunds from PRC Government (2022: research and development subsidies, one-time training subsidies, employment stabilisation subsidies and VAT refunds from PRC Government).

**6. OTHER GAINS AND LOSSES**

	2023 HK\$'000	2022 HK\$'000
Gain on surrender of a life insurance policy (note 17)	–	3,169
Net foreign exchange gain	<b>836</b>	443
Loss on disposal of property, plant and equipment	<b>(847)</b>	(1,190)
Loss on lease modification	<b>(190)</b>	–
	<b>(201)</b>	2,422

**7. NET REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS UNDER EXPECTED CREDIT LOSS MODEL**

	2023 HK\$'000	2022 HK\$'000
Net reversal of impairment losses on:		
– trade receivables	<b>119</b>	657
– bills receivables	<b>82</b>	251
	<b>201</b>	908

**8. FINANCE COSTS**

	2023 HK\$'000	2022 HK\$'000
Interests on:		
– bank borrowings	<b>3,769</b>	3,905
– loans related to bills discounted with recourse	<b>228</b>	1,571
– lease liabilities	<b>274</b>	303
	<b>4,271</b>	5,779

## 9. PROFIT BEFORE TAXATION

	2023 HK\$'000	2022 HK\$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration (note 10)	6,015	5,828
Other staff costs	260,256	362,860
Other staff's retirement benefits schemes contributions	29,106	34,174
Total staff costs (Note)	295,377	402,862
Less: Capitalised in inventories	(209,092)	(299,507)
	86,285	103,355
Auditor's remuneration		
– audit services	1,618	1,600
– non-audit services	340	330
	1,958	1,930
Cost of inventories recognised as expenses (including staff costs and depreciation capitalised in inventories)	541,246	832,634
Depreciation of right-of-use assets	4,443	6,374
Depreciation of property, plant and equipment	55,336	65,093
Less: Capitalised in inventories	(40,399)	(43,865)
	19,380	27,602
Premium charges on life insurance policies	760	867

Note: Staff costs of HK\$16,989,000 (2022: HK\$24,638,000) were included in research and development expenses.

## 10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

The emoluments of directors and chief executive during the year are as follow:

	2023					2022				
	Fees HK\$'000	Salaries and other benefits HK\$'000	Discretionary bonus HK\$'000	Retirement benefits schemes contributions HK\$'000	Total HK\$'000	Fees HK\$'000	Salaries and other benefits HK\$'000	Discretionary bonus HK\$'000	Retirement benefits schemes contributions HK\$'000	Total HK\$'000
<b>Executive directors</b>										
Mr. Yiu	180	418	255	25	878	180	423	210	25	838
Ms. Law Wai Ping	180	418	96	25	719	180	423	80	25	708
Mr. Chau Kam Wing Donald	180	660	20	27	887	180	660	17	27	884
Mr. Li Chin Keung	180	816	510	27	1,533	180	815	420	27	1,442
Ms. Yiu Ho Ting	180	291	16	29	516	180	296	13	29	518
Mr. Yiu Tat Sing	180	298	255	29	762	180	299	210	29	718
<b>Independent non-executive directors</b>										
Mr. Au Wai Ming	180	-	-	-	180	180	-	-	-	180
Mr. Carson Wen	180	-	-	-	180	180	-	-	-	180
Professor Wong Lung Tak Patrick	180	-	-	-	180	180	-	-	-	180
Mr. Wu Ming Lam	180	-	-	-	180	180	-	-	-	180
Total emoluments	1,800	2,901	1,152	162	6,015	1,800	2,916	950	162	5,828

Mr. Li Chin Keung is also the Managing Director of the Company who is considered to be the chief executive and his emoluments disclosed above include those for services rendered by him as the chief executive.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The emoluments of the independent non-executive directors shown above were for their services as the directors of the Company.

The discretionary bonus is determined by reference to the individual performance of the directors and approved by the remuneration committee of the Company.

**10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS** *(Continued)*

The five highest paid individuals included 3 (2022: 3) directors of the Company for the year ended 31 December 2023. Details of whose emoluments are included in above. The emoluments of the remaining highest paid individuals during the year are as follows:

	2023 HK\$'000	2022 HK\$'000
Employees		
– salaries and other benefits	1,315	1,380
– discretionary bonus	778	850
– retirement benefits schemes contributions	47	47
	<b>2,140</b>	<b>2,277</b>

The emoluments of the employees were within the following bands:

	Number of employee	
	2023	2022
HK\$500,000 to HK\$1,000,000	1	1
HK\$1,000,001 to HK\$1,500,000	1	1

During the year, no emoluments were paid by the Group to the directors, the chief executive or the five highest paid individuals (including directors, the chief executive and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and the chief executive have waived any emoluments during the year.

**11. TAXATION**

	2023 HK\$'000	2022 HK\$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current year	4,997	11,114
Overprovision in prior years	(18)	(30)
	<b>4,979</b>	<b>11,084</b>
PRC EIT		
Current year	1,979	3,042
Under provision in prior years	247	343
	<b>2,226</b>	<b>3,385</b>
	<b>7,205</b>	<b>14,469</b>

**11. TAXATION** *(Continued)***Hong Kong Profits Tax**

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of a qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

**PRC EIT**

Under the Law of the PRC on EIT ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of group entities in the PRC is 25%. Certain PRC subsidiaries of the Group were awarded the High and New Technology Enterprise ("HNTE") certificate in current year to be eligible to a tax rate of 15% for 3 years until 31 December 2025. The recognition as a HNTE is subject to review every three years by the relevant government bodies.

According to relevant laws and regulations promulgated by the State Administration of Tax of the PRC, enterprises engaging in research and development activities are entitled to claim 200% (2022: 200%) of their qualified research and development expenses so incurred as tax deductible expenses when determining their assessable profits for the year ("Super Deduction"). The Group has made its best estimate for the Super Deduction to be claimed for the subsidiaries in ascertaining their assessable profits for the year.

Taxation for the year is reconciled to profit before taxation as follows:

	2023 HK\$'000	2022 HK\$'000
Profit before taxation	70,931	126,865
Tax charge at Hong Kong Profits Tax rate at 16.5% (2022: 16.5%)	11,704	20,933
Tax effect of income not taxable for tax purposes	(236)	(1,348)
Tax effect of expenses not deductible for tax purposes	299	599
Super Deduction of certain research and development expenses	(5,462)	(6,162)
Tax effect of tax losses not recognised	476	739
Utilisation of tax losses previously not recognised	(277)	–
Tax effect of tax concession	(3,126)	(5,534)
Tax effect of different tax rates applied to subsidiaries in the PRC	3,598	4,929
Underprovision in prior years	229	313
Taxation for the year	7,205	14,469

## 12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2023 HK\$'000	2022 HK\$'000
Earnings for the purposes of calculating basic earnings per share (profit for the year attributable to owners of the Company)	63,726	112,396
	<b>Number of shares</b>	
	'000	'000
Weighted average number of shares for the purpose of calculating basic earnings per share	600,000	600,000

No diluted earnings per share for both years were presented as there were no potential ordinary shares in issue for both years.

## 13. DIVIDENDS

	2023 HK\$'000	2022 HK\$'000
Dividends recognised as distribution during the year:		
2023 interim dividend – HK1.5 cents per ordinary share	9,000	–
2022 final dividend – HK5.0 cents per ordinary share	30,000	–
2022 interim dividend – HK1.0 cent per ordinary share	–	6,000
2021 final dividend – HK3.0 cents per ordinary share	–	18,000
	<b>39,000</b>	<b>24,000</b>

On 26 March 2024, a final dividend of HK2.0 cents (2022: a final dividend of HK5.0 cents) per ordinary share in respect of the year ended 31 December 2023, totalling HK\$12,000,000 (2022: HK\$30,000,000), has been proposed by the board of directors of the Company. The final dividend is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

## 14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>COST</b>							
At 1 January 2022	163,289	604,296	90,954	128,261	6,287	16,853	1,009,940
Currency realignment	(12,725)	(42,228)	(5,652)	(10,134)	(413)	(1,956)	(73,108)
Additions	–	18,359	3,907	–	963	39,821	63,050
Reclassification	–	–	–	15,551	–	(15,551)	–
Disposals	–	(5,493)	(3,347)	–	–	(577)	(9,417)
<b>At 31 December 2022</b>	<b>150,564</b>	<b>574,934</b>	<b>85,862</b>	<b>133,678</b>	<b>6,837</b>	<b>38,590</b>	<b>990,465</b>
Currency realignment	(4,306)	(14,575)	(1,924)	(3,773)	(158)	(1,333)	(26,069)
Additions	–	11,174	825	–	–	42,068	54,067
Reclassification	–	–	–	8,011	–	(8,011)	–
Disposals	–	(4,597)	(333)	(104)	–	(63)	(5,097)
<b>At 31 December 2023</b>	<b>146,258</b>	<b>566,936</b>	<b>84,430</b>	<b>137,812</b>	<b>6,679</b>	<b>71,251</b>	<b>1,013,366</b>
<b>DEPRECIATION</b>							
At 1 January 2022	52,072	298,784	65,249	13,946	4,669	–	434,720
Currency realignment	(4,203)	(19,094)	(3,775)	(1,075)	(281)	–	(28,428)
Provided for the year	4,773	44,260	6,211	9,418	431	–	65,093
Eliminated on disposals	–	(4,813)	(3,122)	–	–	–	(7,935)
<b>At 31 December 2022</b>	<b>52,642</b>	<b>319,137</b>	<b>64,563</b>	<b>22,289</b>	<b>4,819</b>	<b>–</b>	<b>463,450</b>
Currency realignment	(1,542)	(7,432)	(1,093)	(588)	(102)	–	(10,757)
Provided for the year	4,542	38,428	4,898	7,231	237	–	55,336
Eliminated on disposals	–	(3,737)	(310)	(8)	–	–	(4,055)
<b>At 31 December 2023</b>	<b>55,642</b>	<b>346,396</b>	<b>68,058</b>	<b>28,924</b>	<b>4,954</b>	<b>–</b>	<b>503,974</b>
<b>CARRYING VALUES</b>							
At 31 December 2023	90,616	220,540	16,372	108,888	1,725	71,251	509,392
At 31 December 2022	97,922	255,797	21,299	111,389	2,018	38,590	527,015

The buildings are situated in the PRC.

At 31 December 2023, the Group has pledged certain of its buildings of HK\$26,051,000 (2022: HK\$28,680,000) to a bank to secure the credit facilities granted to the Group.

Depreciation is provided to write off the cost of property, plant and equipment, other than construction in progress, over their estimated useful lives, using the straight-line method, at the following rates per annum:

Buildings	Over the shorter of the lease terms, or 3% – 5%
Plant and machinery	10% – 25%
Furniture, fixtures and equipment	10% – 20%
Leasehold improvements	Over the shorter of the lease terms, or 3.3% – 20%
Motor vehicles	10% – 20%

As at 31 December 2023, the gross carrying amount of fully depreciated property, plant and equipment that is still in use amounted to HK\$185,105,000.

## 15. RIGHT-OF-USE ASSETS

	Leasehold land HK\$'000	Leased properties HK\$'000	Office equipment HK\$'000	Total HK\$'000
<b>As at 31 December 2023</b>				
Carrying amount	56,308	5,079	42	61,429
<b>As at 31 December 2022</b>				
Carrying amount	59,309	3,763	61	63,133
<b>For the year ended 31 December 2023</b>				
Depreciation	1,332	3,092	19	4,443
<b>For the year ended 31 December 2022</b>				
Depreciation	1,399	4,956	19	6,374
			2023 HK\$'000	2022 HK\$'000
Expense relating to short-term leases			1,069	1,069
Total cash outflow for leases			4,297	6,336
Additions to right-of-use assets			7,110	–
Reduction due to lease modification			(2,598)	–

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

For both years, the Group leases land, buildings and office equipment for its operations. Lease contracts are entered into for fixed term of 2 years to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings, where its manufacturing facilities are primarily located, and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold land. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately because the payments made can be allocated reliably.

The Group regularly entered into short-term leases for certain equipment. As at 31 December 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

### Restrictions or covenants on leases

Lease liabilities of HK\$5,328,000 are recognised with related right-of-use assets of HK\$5,121,000 as at 31 December 2023 (2022: lease liabilities of HK\$4,128,000 are recognised with related right-of-use assets of HK\$3,824,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in notes 23 and 30.

At 31 December 2023, the Group had pledged certain of its leasehold land of HK\$4,618,000 (2022: HK\$4,918,000) to a bank to secure the credit facilities granted to the Group.

## 16. DEPOSITS PAID FOR NON-CURRENT ASSETS

Included in the deposits paid for non-current assets was a deposit of RMB18,158,000 (equivalent to HK\$19,897,000) (2022: RMB18,158,000 (equivalent to HK\$20,481,000)) being paid for land use right in prior years as the Group intended to construct a new production plant at Boluo County, Huizhou, PRC (“Huzhen Site”). The requisite construction land quota in respect of the Huzhen Site has not been granted and the development of production premises at Huzhen Site is postponed. At 31 December 2023, the transaction has not been completed. The directors of the Company considered it is in the interest of the Group to acquire more land for production use in order to cater for the long-term development plan of the Group. Accordingly, the Group continues to negotiate with the local government authorities for the grant of the construction land quota and approval.

## 17. DEPOSITS AND PREPAYMENTS FOR LIFE INSURANCE POLICIES

In September 2010, a subsidiary of the Company (the “Subsidiary A”) entered into a life insurance policy (the “Policy A”) to insure Mr. Yiu. Under the Policy A, the beneficiary and policy holder is the Subsidiary A and the total insured sum is US\$4,000,000 (equivalent to HK\$31,000,000).

During the year ended 31 December 2022, the Subsidiary A surrendered Policy A. Upon surrender of the Policy A, Subsidiary A received surrender value of US\$867,000 (equivalent to HK\$6,804,000) with carrying amount of US\$469,000 (equivalent to HK\$3,635,000), resulting in a gain on surrender (included in other gains and losses) of US\$398,000 (equivalent to HK\$3,169,000).

In January 2022, a subsidiary of the Company (the “Subsidiary B”) entered into a life insurance policy (the “Policy B”) to insure Mr. Yiu Tat Sing, executive director of the Company. Under the Policy B, the beneficiary and policy holder is the Subsidiary B and the total insured sum is US\$7,300,000 (equivalent to HK\$57,009,000).

At the inception of the Policy B, the Subsidiary B paid an upfront payment of US\$1,351,000 (equivalent to HK\$10,535,000). The Subsidiary B will receive cash refund based on the net nominal account value of the Policy B at the date of withdrawal. The Subsidiary B will also receive an interest at interest rates guaranteed by the insurer. At the date of initial recognition, the directors of the Subsidiary B expected that the Policy B would be terminated at 7th anniversary from date of inception, which is 2029, due to the intention of renewing the existing banking facilities, and there would be a specified surrender charge of US\$142,000 (equivalent to HK\$1,107,000) in accordance with the Policy B. The directors of the Company considered that the financial impact of the option to terminate the policy was not significant.

At 31 December 2023 and 2022, the Policy B exposes the insurer to significant insurance risk. The gross premium paid at inception of the Policy B consists of a deposit placed element and a prepayment for life insurance element. These two elements are recognised on the consolidated statement of financial position at the aggregate of the amount of gross premium paid plus interest earned, and after deducting the annual cost of insurance, other applicable charges as well as the amortisation of the expected surrender charge at the end of the life of the Policy B.

At 31 December 2023 and 2022, the Policy B was pledged to a bank to secure general banking facilities granted to the Group.

## 18. INVENTORIES

	2023 HK\$'000	2022 HK\$'000
Raw materials	9,227	17,108
Work in progress	39,601	50,775
Finished goods	11,530	24,428
	<b>60,358</b>	92,311

## 19. TRADE AND OTHER RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Trade receivables	142,768	187,985
Less: Allowance for ECL	(884)	(1,003)
	<b>141,884</b>	186,982
Bills receivables	15,513	87,708
Less: Allowance for ECL	(31)	(113)
	<b>15,482</b>	87,595
Prepayments and deposits	4,577	5,592
Value added tax recoverable	17,061	19,421
Refundable rental deposit	340	1,051
Others	1,875	1,790
Total trade and other receivables	<b>181,219</b>	302,431

The trade receivables and bills receivables are from contracts with customers. As at 1 January 2022, trade receivables and bills receivables arising from contracts with customers amounted to HK\$490,460,000.

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 to 90 days by the customers from date of issuance. A longer credit period may be granted to large or long-established customers with good payment history.

The following is an aging analysis of trade receivables at the end of each reporting period based on the date of delivery, which approximated the respective revenue recognition dates.

	2023 HK\$'000	2022 HK\$'000
0 to 30 days	62,943	68,518
31 to 60 days	57,075	74,685
61 to 90 days	15,913	26,759
Over 90 days	5,953	17,020
	<b>141,884</b>	186,982

As at 31 December 2023, total bills received amounting to HK\$15,482,000 (2022: HK\$87,595,000) are held by the Group for future settlement of trade receivables, of which certain bills amounting to nil (2022: HK\$33,140,000) were discounted by the Group. The Group continues to recognise their full carrying amounts at the end of the reporting period. All bills received by the Group are with a maturity period of 4 months or less.

**19. TRADE AND OTHER RECEIVABLES** *(Continued)*

At 31 December 2023, included in the Group's trade receivable balances are trade receivables of HK\$54,037,000 (2022: HK\$95,338,000) which are past due at the end of the reporting period. Out of the past due balances, HK\$28,000 (2022: HK\$139,000) has been past due 90 days or more and is not considered as in default since the directors of the Company are of the opinion that the balances are still considered recoverable due to the management's historical experience on the settlement pattern or record from these debtors.

Other than bills receivables amounting to nil (2022: HK\$33,140,000), the Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in note 30.

Included in trade and other receivables are the following amounts denominated in a currency other than functional currencies of the relevant group entities:

	2023 HK\$'000	2022 HK\$'000
Renminbi ("RMB")	23	26,698
United States dollars ("US\$")	1,502	4,312
Swiss Franc ("CHF")	43	11

**20. SHORT-TERM BANK DEPOSITS AND BANK BALANCES AND CASH**

Bank balances and cash include demand deposits and bank deposits with original maturity within three months for the purpose of meeting the Group's short term cash commitments, which carry interests at the prevailing market rates of about 0.001% to 5.24% (2022: 0.001% to 4.5%) per annum at 31 December 2023. Short-term bank deposits with original maturity more than three months but less than one year carry interests at the fixed rates which range from 5.10% to 5.26% (2022: nil) per annum at 31 December 2023.

Included in short-term bank deposits and bank balances and cash are the following amounts denominated in currencies other than the functional currencies of the relevant group entities:

	2023 HK\$'000	2022 HK\$'000
RMB	4,579	60,328
US\$	49,468	15,189
CHF	103	1,150

Details of impairment assessment of short-term deposits and bank balances are set out in note 30.

## 21. TRADE AND OTHER PAYABLES

	2023 HK\$'000	2022 HK\$'000
Trade payables	85,776	110,616
Payroll and welfare payables	21,034	32,403
Value added tax payable	822	14,015
Payables for acquisition of property, plant and equipment	5,228	7,361
Commissions and other payables to intermediary agents	7,194	4,879
Other tax payables	864	2,644
Accrued expense	4,341	1,270
Interest payable	80	447
Others	1,603	2,614
	<b>126,942</b>	176,249

The Group normally receives credit terms of 30 to 90 days from its suppliers. The following is an aging analysis of trade payables at the end of each reporting period based on invoice date:

	2023 HK\$'000	2022 HK\$'000
0 to 30 days	24,571	22,911
31 to 60 days	29,798	33,675
61 to 90 days	17,753	24,488
Over 90 days	13,654	29,542
	<b>85,776</b>	110,616

Included in trade and other payables are the following amounts denominated in currencies other than functional currencies of the relevant group entities:

	2023 HK\$'000	2022 HK\$'000
RMB	77	3,968
US\$	1,127	1,501
CHF	5,655	926

## 22. BANK BORROWINGS

	2023 HK\$'000	2022 HK\$'000
Bank loans	50,033	85,034
Loans related to bills discounted with recourse	–	33,253
	<b>50,033</b>	118,287
Secured	44,700	108,954
Unsecured	5,333	9,333
	<b>50,033</b>	118,287
The carrying amounts of the above bank borrowings are repayable (based on scheduled repayment dates set out in the loan agreements):		
– within one year	–	33,253
The carrying amounts of bank borrowings that contain a repayment on demand (shown under current liabilities) but repayable:		
– within one year	26,650	58,584
– within a period of more than one year but not exceed two years	13,383	15,400
– within a period of more than two years but not exceed five years	10,000	11,050
	<b>50,033</b>	85,034
	<b>50,033</b>	118,287

The bank loans at 31 December 2023 carried variable interest rates range from 1.90% to 2.10% over 1-month Hong Kong Interbank Offered Rate (“HIBOR”) and 0.64% over 1-year loan prime rate published by the National Interbank Funding Center (2022: 1.90% to 2.10% over 1-month HIBOR and 0.9% over 1-month London Interbank Offered Rate (“LIBOR”) and 0.64% over 1-year loan prime rate published by the National Interbank Funding Center).

The loans related to bills discounted with recourse at 31 December 2022 carried fixed interest rates at 1.6% to 2.0% per annum.

At 31 December 2023, the range of effective interest rates on the bank borrowings are 3.75% to 7.63% (2022: 3.95% to 6.23%) per annum.

At 31 December 2023, the Group has pledged its buildings, leasehold land and deposit and prepayment for a life insurance policy with an aggregated carrying value of HK\$40,074,000 (2022: buildings, leasehold land, deposit and prepayment for a life insurance policy and bill receivables with an aggregated carrying value of HK\$76,704,000) to secure general banking facilities granted to the Group. Details of these pledged assets are disclosed in the respective notes.

## 23. LEASE LIABILITIES

	2023 HK\$'000	2022 HK\$'000
Lease liabilities payable:		
– within one year	2,091	1,414
– within a period of more than one year but not more than two years	708	54
– within a period of more than two years but not more than five years	123	140
– within a period of more than five years	2,406	2,520
	<b>5,328</b>	4,128
Less: Amount due for settlement within 12 months shown under current liabilities	<b>(2,091)</b>	(1,414)
Amount due for settlement after 12 months shown under non-current liabilities	<b>3,237</b>	2,714

The incremental borrowing rates applied to lease liabilities range from 3.32% to 6.60% (2022: from 3.32% to 4.98%) per annum.

## 24. DEFERRED TAXATION

At 31 December 2023, the Group had unused tax losses of HK\$61,534,000 (2022: HK\$61,277,000) available to offset against future profits. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future profit streams. Included in the tax losses was HK\$27,652,000 (2022: HK\$30,148,000) which will expire after five years. Other losses may be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in respect of temporary differences attributable to retained profits of subsidiaries in the PRC amounting to HK\$567,325,000 (2022: HK\$527,451,000) at 31 December 2023, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

## 25. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2022, 31 December 2022 and 31 December 2023	4,000,000	400,000
Issued and fully paid:		
At 1 January 2022, 31 December 2022 and 31 December 2023	600,000	60,000

## 26. CAPITAL COMMITMENTS

	2023 HK\$'000	2022 HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property and plant and equipment	23,731	29,350

## 27. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group and each employee make monthly mandatory contributions of 5% of relevant payroll costs with monthly cap of HK\$1,500 to the scheme.

The employees of the Group's subsidiaries in PRC are members of a state-managed retirement benefits plan operated by the PRC government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The total expense recognised in profit or loss of HK\$27,043,000 (2022: HK\$34,336,000) represents contribution payable to these plans by the Group at rates specified in the rules of the plans. No forfeited contributions are available to reduce the contribution payable in future years.

## 28. RELATED PARTY TRANSACTIONS

- (i) In addition to transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had entered into the following related party transactions during the year:

Name of related party	Nature of transaction	2023 HK\$'000	2022 HK\$'000
Ming Fung (Holdings) Limited (controlled by Mr. Yiu)	Fee received for management and administrative service	252	252
Fengtai (Dongguan) Technology Development Service Company Limited ("Fengtai") (controlled by Mr. Yiu and Mr. Yiu Tat Sing)	Interest expenses on lease liabilities	95	141
Mr. Yiu	Interest expenses on lease liabilities	48	22

At 31 December 2023, the lease liabilities due to Fengtai and Mr. Yiu were HK\$1,657,000 and HK\$1,033,000 (2022: HK\$1,047,000 and HK\$316,000), respectively.

During the year ended 31 December 2023, the Group entered into several new lease agreements for the use of buildings with Fengtai and Mr. Yiu respectively for fixed term of 2 years.

Mr. Yiu is the ultimate controlling shareholder and a director of the Company. Mr. Yiu Tat Sing is also a director of the Company.

- (ii) Remuneration paid for key management personnel, who are the directors and the chief executive of the Company, is disclosed in note 10.

The remuneration of key management personnel is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

## 29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings and lease liabilities disclosed in notes 22 and 23 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits as disclosed in the consolidated financial statements.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with the capital, and will balance its overall capital structure through the payment of dividends, new share issues of the Company as well as the raising of bank borrowings.

## 30. FINANCIAL INSTRUMENTS

### Categories of financial instruments

	2023 HK\$'000	2022 HK\$'000
Financial assets at amortised cost	476,742	548,212
Financial liabilities at amortised cost	170,948	276,607

### Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, short-term bank deposits, bank balances and cash, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

### 30. FINANCIAL INSTRUMENTS *(Continued)*

#### Financial risk management objectives and policies *(Continued)*

##### Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade and other receivables, short-term bank deposits and bank balances. The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position at the end of each reporting period.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade and bills receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

##### **Trade receivables and bills receivables arising from contracts with customers**

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under lifetime ECL on trade receivables and bills receivables individually.

The Group only accepts bills issued or guaranteed by reputable PRC banks if trade receivables are settled by bills.

As at 31 December 2023, the Group has concentration of credit risk on trade receivables as 28.3% (2022: 17.9%) and 56.6% (2022: 74.3%) of the trade receivables were due from the Group's largest customer and the five largest customers, respectively.

**30. FINANCIAL INSTRUMENTS** (Continued)**Financial risk management objectives and policies** (Continued)**Credit risk and impairment assessment** (Continued)**Trade receivables and bills receivables arising from contracts with customers** (Continued)

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables and bills receivables which are assessed individually as at 31 December 2023 and 2022 within lifetime ECL (not credit-impaired).

	External credit rating	Internal credit rating	Lifetime ECL	Gross carrying amount	
				2023 HK\$'000	2022 HK\$'000
Trade receivables	N/A	Low risk	Not credit-impaired	43,833	31,869
		Watch list	Not credit-impaired	91,346	153,226
		Doubtful	Not credit-impaired	7,589	2,890
				<b>142,768</b>	187,985
Bills receivables	N/A	Low risk	Not credit-impaired	11,728	50,524
		Watch list	Not credit-impaired	3,785	37,184
				<b>15,513</b>	87,708

During the years ended 31 December 2023 and 2022, trade receivables and bills receivables were assessed individually based on internal credit ratings. During the year ended 31 December 2023, the Group recognised a reversal of impairment allowance of HK\$119,000 (2022: HK\$657,000) for trade receivables and a reversal of impairment allowance of HK\$82,000 (2022: a reversal of impairment allowance of HK\$251,000) for bills receivables under lifetime ECL (not credit-impaired).

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and bills receivables under the simplified approach. During the year ended 31 December 2023 and 2022, the changes in loss allowance are mainly due to net decrease in gross amounts of trade receivables and bills receivables.

	Lifetime ECL (not-credit-impaired) HK\$'000
As at 1 January 2022	(2,024)
Net reversal of impairment loss recognised	908
As at 31 December 2022	<b>(1,116)</b>
Net reversal of impairment loss recognised	<b>201</b>
As at 31 December 2023	<b>(915)</b>

**30. FINANCIAL INSTRUMENTS** (Continued)**Financial risk management objectives and policies** (Continued)**Credit risk and impairment assessment** (Continued)**Other receivables (including refundable rental deposit)**

Other receivables (including refundable rental deposit) with gross carrying amount of HK\$2,215,000 (2022: HK\$2,841,000) were assessed individually. The management believes that there is no significant increase in credit risk of these amounts since initial recognition. The management of the Group considers the internal credit rating as “low risk” and the impairment allowance during the years ended 31 December 2023 and 2022 is considered insignificant.

**Short-term bank deposits and bank balances**

For short-term bank deposits and bank balances with gross carrying amount of HK\$317,161,000 (2022: HK\$270,094,000), no impairment allowance was recognised since the directors of the Company consider the probability of default is negligible as such amounts are receivable from or placed in banks having good reputation. Majority of short-term bank deposits and bank balances are placed with banks with external credit rating of A1. Therefore, loss allowance is considered insignificant.

**Market risk****(i) Currency risk**

Several subsidiaries of the Company have foreign currency sales and purchases and bank balances, which expose the Group to foreign currency risk. In addition, the Group has intra-group balances with several subsidiaries denominated in foreign currencies which also expose the Group to foreign currency risk.

The carrying amounts of the foreign currency denominated monetary assets and liabilities (including trade and other receivables, bank balances and cash and trade and other payables) at the end of the reporting period are as follows:

	Assets		Liabilities	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
RMB	4,601	87,026	77	3,968
US\$	50,970	19,501	1,127	1,501
CHF	146	1,161	5,655	926
Intra-group balances				
RMB	184	189	278,493	266,029

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

**Sensitivity analysis**

The Group mainly exposes to RMB, CHF and US\$, which are arising from relevant group entities' foreign currency denominated monetary assets and liabilities for the Group's operating activities in Hong Kong and PRC. The following table details the Group's sensitivity to a 5% (2022: 5%) increase and decrease in the functional currencies of the group entities against the relevant foreign currencies. Most of the US\$ balances are held by group entities with HK\$ as functional currencies. Under the linked exchange rate system, the financial impact on exchange difference between HK\$ and US\$ will be immaterial and therefore no sensitivity analysis has been presented. 5% (2022: 5%) is the sensitivity rate used when the management assesses the reasonably possible change in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items including the intra-group balances and adjusts their translation at the end of the reporting period. A positive (negative) number below indicates an increase (decrease) in profit after taxation where the functional currencies of each group entity strengthens 5% (2022: 5%) against the relevant foreign currencies. For a 5% (2022: 5%) weakening of the functional currencies against the relevant foreign currencies, there would be an equal and opposite impact on the profit after taxation.

**30. FINANCIAL INSTRUMENTS** (Continued)**Financial risk management objectives and policies** (Continued)**Market risk** (Continued)**(i) Currency risk** (Continued)*Sensitivity analysis* (Continued)

	2023 HK\$'000	2022 HK\$'000
CHF	230	(10)
RMB	11,431	7,631

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

**(ii) Interest rate risk**

The Group is exposed to fair value interest rate risk in relation to short-term bank deposits, bank borrowings at fixed interest rates and lease liabilities in notes 20, 22 and 23 respectively. The Group is also exposed to cash flow interest rate risk in relation to interest bearing bank balances and bank borrowings at variable interest rates. The Group's exposure to cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR and the prime rate published by the National Interbank Funding Center (2022: HIBOR, the prime rate published by the National Interbank Funding Center and LIBOR). The Group currently does not have an interest rate hedging policy. However, the management will consider hedging significant interest rate risk when the need arises.

*Sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing bank borrowings at variable interest rates at the end of each reporting period and assumed that the said bank borrowings outstanding at the end of each reporting period were outstanding for the whole year. 50 basis points (2022: 50 basis points) increase represents management's assessment of the reasonably possible change in interest rates.

No sensitivity analysis is presented for bank balances as the directors of the Company considered the Group's exposure to cash flow interest rate risk is not material.

If interest rates on bank borrowings at variable interest rates had been 50 basis points (2022: 50 basis points) higher/lower and all other variables were held constant, the potential effect on profit after taxation is as follows:

	2023 HK\$'000	2022 HK\$'000
Decrease/increase in profit after taxation	209	355

**30. FINANCIAL INSTRUMENTS** (Continued)**Financial risk management objectives and policies** (Continued)**Liquidity risk**

The management of the Group has built an appropriate liquidity risk management framework for the management of the Group's short and medium-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining banking facilities and by continuously monitoring forecasted and actual cash flows and the maturity profiles of its financial liabilities and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up to reflect the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand or within one year HK\$'000	Over 1 year but less than 2 years HK\$'000	Over 2 years but less than 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
<b>At 31 December 2023</b>							
Trade and other payables	–	120,915	–	–	–	120,915	120,915
Bank borrowings	4.40	50,033	–	–	–	50,033	50,033
Lease liabilities	4.50	2,304	839	490	4,122	7,755	5,328
		173,252	839	490	4,122	178,703	176,276
<b>At 31 December 2022</b>							
Trade and other payables	–	158,320	–	–	–	158,320	158,320
Bank borrowings	4.01	118,287	–	–	–	118,287	118,287
Lease liabilities	4.76	1,555	186	524	4,410	6,675	4,128
		278,162	186	524	4,410	283,282	280,735

Bank borrowings with a repayment on demand clause are included in the "on demand or within one year" time band in the above maturity analysis. As at 31 December 2023, the aggregate carrying amounts of these bank borrowings amounted to HK\$50,033,000 (2022: HK\$85,034,000). Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowings will be repaid within five years (2022: five years) after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements and the aggregate principal and interest cash outflows according to the scheduled repayment dates are set out as follows:

	Less than 3 months HK\$'000	Over 3 months but less than 1 year HK\$'000	Over 1 year but less than 2 years HK\$'000	Over 2 years but less than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
At 31 December 2023	9,970	19,137	14,515	10,641	54,263	50,033
At 31 December 2022	39,271	21,988	16,498	11,391	89,148	85,034

**30. FINANCIAL INSTRUMENTS** *(Continued)***Fair value of financial instruments**

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the end of the reporting period.

**31. TRANSFERS OF FINANCIAL ASSETS**

The followings were the Group's financial assets as at 31 December 2023 and 2022 that were transferred to banks by discounting those bills receivables under trade and other receivable on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to the bills receivables, it continues to recognise the full carrying amount of the bills receivables and has recognised the cash received on the transfer as loans related to bills discounted with recourse. The financial asset are carried at amortised cost in the Group's consolidated statement of financial position. The bills receivables discounted with banks with full recourse at the year end were as follows:

	2023 HK\$'000	2022 HK\$'000
Carrying amount of transferred assets	–	33,140
Carrying amount of associated liabilities	–	(33,253)
Net position	–	(113)

**32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY**

	2023 HK\$'000	2022 HK\$'000
Non-current assets		
Investments in subsidiaries	390,774	390,774
Current assets		
Prepayments	245	173
Amounts due from subsidiaries	4,542	4,362
Bank balances and cash	1,115	2,155
	5,902	6,690
Current liabilities		
Other payables	1,619	1,617
Amount due to a subsidiary	160	199
	1,779	1,816
Net current assets	4,123	4,874
Net assets	394,897	395,648
Capital and reserves		
Share capital	60,000	60,000
Reserves	334,897	335,648
Total equity	394,897	395,648

**32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY** (Continued)**Movement of reserves**

	Share premium HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2022	203,244	134,788	338,032
Profit and total comprehensive income for the year	–	21,616	21,616
Dividends paid (note 13)	–	(24,000)	(24,000)
At 31 December 2022	<b>203,244</b>	<b>132,404</b>	<b>335,648</b>
Profit and total comprehensive income for the year	–	<b>38,249</b>	<b>38,249</b>
Dividends paid (note 13)	–	<b>(39,000)</b>	<b>(39,000)</b>
At 31 December 2023	<b>203,244</b>	<b>131,653</b>	<b>334,897</b>

**33. PRINCIPAL SUBSIDIARIES**

Details of principal subsidiaries indirectly held by the Company at 31 December 2023 and 2022 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Registered capital/ nominal value of issued and fully paid share capital	Attributable equity interest held by the Group		Principal activities
			2023	2022	
Winox Enterprise Company Limited	Hong Kong	Ordinary capital HK\$60,000,000	100%	100%	Investment holding and trading of stainless steel products
Winox Management Limited	Hong Kong	Ordinary capital HK\$1	100%	100%	Provision of management and administration service
Max Surplus Corporation Limited	Hong Kong	Ordinary capital HK\$1	100%	100%	Investment holding and trading of stainless steel products
盈利時表業(東莞)有限公司*	PRC	Registered capital HK\$147,900,000 Paid-up capital HK\$147,900,000	100%	100%	Manufacture and trading of stainless steel products
惠州豐采貴金屬製造有限公司*	PRC	Registered capital HK\$190,000,000 Paid-up capital HK\$172,000,000	100%	100%	Manufacture and trading of stainless steel products

**33. PRINCIPAL SUBSIDIARIES** (Continued)

Name of subsidiary	Place of incorporation/ establishment/ and operation	Registered capital/ nominal value of issued and fully paid share capital	Attributable equity interest held by the Group		Principal activities
			2023	2022	
博羅明豐廚具製造有限公司*	PRC	Registered capital RMB80,000,000 Paid-up capital RMB80,000,000	100%	100%	Property holding and provision of management and administration service
盛豐精密製造(惠州)有限公司*	PRC	Registered capital HK\$32,500,000 Paid-up capital HK\$32,500,000	100%	100%	Manufacture and trading of stainless steel products
豐達精密科技(東莞)有限公司*	PRC	Registered capital HK\$30,000,000 Paid-up capital HK\$8,000,000	100%	100%	Provision of management and administration service
盈泰精密製造科技(東莞)有限公司*	PRC	Registered capital HK\$65,000,000 Paid-up capital HK\$50,000,000	100%	100%	Manufacture and trading of stainless steel products
盈達豐精密製造科技(東莞)有限公司*	PRC	Registered capital HK\$10,000,000 Paid-up capital HK\$3,000,000	100%	100%	Manufacture and trading of stainless steel products

\* The company was established as a wholly foreign owned enterprise.

In the opinion of the directors of the Company, the above table lists the subsidiaries of the Group which principally affected the results or assets or liabilities of the Group and to give details of other subsidiaries would result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at 31 December 2023 and 2022 or at any time during both years.

### 34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities HK\$'000	Bank borrowings HK\$'000	Interest payable HK\$'000	Dividend payable HK\$'000	Total HK\$'000
At 1 January 2022	9,638	258,234	591	–	268,463
Financing cash flows	(5,267)	(127,565)	(5,577)	(24,000)	(162,409)
Interest expenses (note 8)	303	–	5,476	–	5,779
Dividend declared (note 13)	–	–	–	24,000	24,000
Currency realignment	(546)	(12,382)	(43)	–	(12,971)
At 31 December 2022	<b>4,128</b>	<b>118,287</b>	<b>447</b>	<b>–</b>	<b>122,862</b>
Financing cash flows	<b>(3,228)</b>	<b>(66,702)</b>	<b>(4,353)</b>	<b>(39,000)</b>	<b>(113,283)</b>
Interest expenses (note 8)	<b>274</b>	<b>–</b>	<b>3,997</b>	<b>–</b>	<b>4,271</b>
Dividend declared (note 13)	<b>–</b>	<b>–</b>	<b>–</b>	<b>39,000</b>	<b>39,000</b>
New leases entered	<b>6,673</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6,673</b>
Lease modification	<b>(2,408)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2,408)</b>
Currency realignment	<b>(111)</b>	<b>(1,552)</b>	<b>(11)</b>	<b>–</b>	<b>(1,674)</b>
At 31 December 2023	<b>5,328</b>	<b>50,033</b>	<b>80</b>	<b>–</b>	<b>55,441</b>

### 35. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2023, the Group entered into a new lease agreement for the leased buildings for a fixed term of 2 years. On the lease commencement, the Group recognised right-of-use assets of HK\$7,110,000 and lease liabilities of HK\$6,673,000 (2022: nil).

# Five-Year Financial Summary

## RESULTS

	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Revenue	1,210,334	1,187,440	1,385,113	1,149,762	<b>774,727</b>
Profit before taxation	168,574	109,631	105,802	126,865	<b>70,931</b>
Taxation	(30,178)	(13,546)	(11,383)	(14,469)	<b>(7,205)</b>
Profit for the year	138,396	96,085	94,419	112,396	<b>63,726</b>

## ASSETS AND LIABILITIES

	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Total assets	1,110,774	1,233,858	1,610,090	1,316,034	<b>1,192,807</b>
Total liabilities	(350,340)	(334,008)	(608,991)	(304,110)	<b>(184,097)</b>
Total equity	760,434	899,850	1,001,099	1,011,924	<b>1,008,710</b>