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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 532)**

### **SUPPLEMENTAL ANNOUNCEMENT FOR PRIOR CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 31 December 2019 in relation to the Transactions (the “**Announcement**”). Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meaning as those defined in the Announcement.

#### **Basis of Price Determination**

Further to the information as set out in the Announcement, the Board would like to elaborate further the basis of price determination as follows:

The consideration for each of the Transactions was determined based on the same wide range of factors which WKK Electronic typically assesses when pricing transactions with its customers. These include: the unit price of the equipment and accessories as quoted by the supplier; the expected lifetime of the equipment; technology development trends in the industry; installation and commissioning work carried out by WKK Electronic; the level of after sales service including maintenance and application support (which covers product familiarisation and training tailored to the particular customer) to be provided by WKK Electronic; the size and package structure of the relevant order; an acceptable gross margin; the perceived prospect of winning future orders; competitive pressures applicable to individual orders and customers; and the economic environment prevailing at the time of the order.

#### **Compliance with Listing Rule 14A.68(6) – Alternative Disclosure**

Under Listing Rule 14A.68(6), if a transaction involves a listed issuer's group disposing of assets which it has held for 12 months or less, the original acquisition cost of the assets to the listed issuer's group should be disclosed in the announcement.

WKK Electronic acted as a distributor in relation to the Transactions. The distribution agreement between members of the Group and the supplier of the equipment and accessories contains confidentiality provisions restricting disclosure of the actual purchase price of the equipment and accessories. In addition, consistent with industry practice, the original acquisition cost of the equipment and accessories is not disclosed to the Company's customers or to the public. Disclosure of the original acquisition cost will undermine the Company's negotiations with Wong's Holdings on any future transactions and the Company's ability to negotiate with other customers for the sale

of similar equipment and accessories to them. Such disclosure would thus have a negative impact on the Company's business and would not be in the interests of the Company and its shareholders as a whole. The Company has therefore applied to the Stock Exchange for a waiver from strict compliance with Rule 14A.68(6) in relation to the Transactions entered into on 31 December 2019.

The Company is pleased to announce that the Stock Exchange granted a waiver to the Company on 26 May 2020 based on provision of the following alternative disclosure:

1. WKK Electronic is part of the Group's trading and distribution division ("**Trading and Distribution Division**"). The consolidated gross profit of the Trading and Distribution Division as a whole, excluding non-equipment items and the effects of the Transactions, over the financial year ended 31 December 2019 ranged from 6% to 40% depending on the product or service sold and market conditions at the time. The gross profit margin attributable to each of the Transactions fell within this range.
2. Mr. Wong Chung Mat, Ben, Mr. Wong Chung Ah, Johnny and Mr. Wong Chung Yin, Michael are brothers of Mr. Senta Wong, an Executive Director and substantial shareholder of the Company. As WEHC is a majority-controlled company (as defined under the Listing Rules) of Mr. Wong Chung Mat, Ben, Mr. Wong Chung Ah, Johnny and Mr. Wong Chung Yin, Michael, they are all associates of Mr. Senta Wong and Mr. Wong Chung Yin, Michael (who is also a substantial shareholder of the Company). WEHC is therefore a connected person under Rule 14A.12(2)(b) of the Listing Rules. Accordingly, the Transactions constituted connected transactions for the Company under Chapter 14A of the Listing Rules.
3. Notwithstanding that the Transactions are connected transactions, none of the Directors (including Mr. Senta Wong) has a material interest in the Transactions. Nevertheless, Mr. Senta Wong abstained from voting on the board resolutions of the Company which have been passed to approve the Transactions.
4. The Directors, including the Independent Non-executive Directors and Mr. Senta Wong:
  - (a) consider that the terms of the Transactions were fair and reasonable, and the Transactions were entered into on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole; and
  - (b) make the above statement with knowledge of the acquisition cost payable to the supplier and thus of the gross profit attributable to the Transactions.

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

Hong Kong, 19 June 2020

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