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WINOX

WINOX HOLDINGS LIMITED

盈利時控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6838)

2023 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to HK\$774,727,000, representing a corresponding decrease of 32.6%.
- The Group's gross profit amounted to HK\$224,288,000, representing a corresponding decrease of 26.6%.
- The Group's profit for the year amounted to HK\$63,726,000, representing a corresponding decrease of 43.3%.
- Basic earnings per share amounted to HK10.6 cents, representing a corresponding decrease of 43.3%.
- The Board proposed a final dividend of HK2 cents per ordinary share for the year ended 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

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 COVID19 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	2022
	HK\$'000	HK\$'000
Direct materials costs	247,737	433,756
Direct labour costs	209,092	299,507
Manufacturing overhead and other costs	93,610	110,918
	550,439	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) and there was no more gains from surrender of a keyman life insurance policy amounting to HK\$3,169,000 in last year.

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	2022
	HK\$'000	HK\$'000
Raw materials	9,227	17,108
Work in progress	39,601	50,775
Finished goods	11,530	24,428
	60,358	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.

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.

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	3	774,727	1,149,762
Cost of sales		(550,439)	(844,181)
Gross profit		224,288	305,581
Other income		9,916	18,517
Other gains and losses		(201)	2,422
Net reversal of impairment losses on financial assets under expected credit loss model		201	908
Selling and distribution costs		(17,041)	(21,318)
Administrative and other expenses		(112,291)	(126,540)
Research and development expenses		(29,670)	(46,926)
Finance costs	4	(4,271)	(5,779)
Profit before taxation	5	70,931	126,865
Taxation	6	(7,205)	(14,469)
Profit for the year		63,726	112,396
Other comprehensive expenses for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences arising on translation of foreign operations		(27,940)	(77,571)
Total comprehensive income for the year		35,786	34,825
Earnings per share – Basic	7	HK10.6 cents	HK18.7 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Property, plant and equipment		509,392	527,015
Right-of-use assets		61,429	63,133
Deposits paid for non-current assets		50,457	49,729
Deposit and prepayment for a life insurance policy		9,404	9,966
		630,682	649,843
Current assets			
Inventories		60,358	92,311
Trade and other receivables	9	181,219	302,431
Taxation recoverable		3,387	655
Short-term bank deposits		85,896	-
Bank balances and cash		231,265	270,794
		562,125	666,191
Current liabilities			
Trade and other payables	10	126,942	176,249
Taxation payable		1,794	5,446
Bank borrowings		50,033	118,287
Lease liabilities		2,091	1,414
		180,860	301,396
Net current assets		381,265	364,795
Total assets less current liabilities		1,011,947	1,014,638
Non-current liability			
Lease liabilities		3,237	2,714
Net assets		1,008,710	1,011,924
Capital and reserves			
Share capital		60,000	60,000
Reserves		948,710	951,924
Total equity		1,008,710	1,011,924

NOTES

1. General Information

The Company is a public 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 respectively, companies with limited liabilities incorporated in the British Virgin Islands. Its ultimate controlling shareholder is Mr. Yiu Hon Ming, who is also the chairman and an executive director of the Company. The Company is an investment holding company and the principal activities of its principal subsidiaries are manufacture and trading of stainless steel products.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as 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.

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 ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ 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. 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.

Revenue from major products

Revenue by products are as follows:

	2023	2022
	HK\$'000	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
	774,727	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	2022
	HK\$'000	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
	774,727	1,149,762

4. Finance Costs

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

5. Profit Before Taxation

	2023 HK\$'000	2022 HK\$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration	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	<u>295,377</u>	402,862
Less: Capitalised in inventories	<u>(209,092)</u>	<u>(299,507)</u>
	<u>86,285</u>	103,355
Auditor's remuneration		
- audit services	1,618	1,600
- non-audit services	340	330
	<u>1,958</u>	<u>1,930</u>
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	<u>(40,399)</u>	<u>(43,865)</u>
	<u>19,380</u>	<u>27,602</u>
Premium charges on life insurance policies	760	867

6. 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)
	<u>4,979</u>	<u>11,084</u>
PRC EIT		
Current year	1,979	3,042
Underprovision in prior years	247	343
	<u>2,226</u>	<u>3,385</u>
	<u>7,205</u>	<u>14,469</u>

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.

7. Earnings Per Share

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

	2023	2022
	HK\$'000	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
	<u>Number of shares</u>	
	'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.

8. Dividends

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

On 26 March 2024, a final dividend of HK2 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.

9. Trade and Other Receivables

	2023	2022
	HK\$'000	HK\$'000
Trade receivables	142,768	187,985
Less: Allowance for expected credit loss ("ECL")	(884)	(1,003)
	141,884	186,982
Bills receivables	15,513	87,708
Less: Allowance for ECL	(31)	(113)
	15,482	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	181,219	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	2022
	HK\$'000	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
	141,884	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.

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.

10. Trade and Other Payables

	2023	2022
	HK\$'000	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
	126,942	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	2022
	HK\$'000	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
	85,776	110,616

CORPORATE GOVERNANCE

The Company has applied the principles of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and complied with all the applicable code provisions of the CG Code throughout the year.

The audit committee of the Company (the “Audit Committee”) comprises wholly Independent Non-executive Directors. The Audit Committee has reviewed with the Company’s management and external auditor, Messrs. Deloitte Touche Tohmatsu, the accounting principles and practices adopted by the Group and also discussed auditing, internal controls and financial reporting matters including the review of the Group’s audited consolidated financial statements for the year ended 31 December 2023.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code for the year ended 31 December 2023 and up to the date of this announcement.

PRELIMINARY ANNOUNCEMENT OF THE GROUP’S RESULTS

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the board of directors of the Company (“Board”) on 26 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PROPOSED FINAL DIVIDEND

The Board recommended a final dividend of HK2 cents (2022: HK5 cents) per ordinary share for the year ended 31 December 2023, amounting to HK\$12,000,000 (2022: HK\$30,000,000) in aggregate. The proposed final dividend, which is subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, is expected to be paid to the shareholders of the Company on 28 June 2024. The Company will make a separate announcement in respect of the record date of final dividend distribution and date of closure of register of members of the Company.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This preliminary annual results announcement is published on the websites of the Company (www.winox.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2023 will be despatched to the shareholders of the Company and made available on the abovementioned websites by the end of April 2024.

By Order of the Board

Yiu Hon Ming

Chairman

Hong Kong • 26 March 2024

As at the date of this announcement, the Board comprises (a) six Executive Directors, namely, Mr. Yiu Hon Ming, Mr. Yiu Tat Sing, Mr. Li Chin Keung, Ms. Law Wai Ping, Mr. Chau Kam Wing Donald and Ms. Yiu Ho Ting; and (b) four Independent Non-executive Directors, namely, Mr. Au Wai Ming, Mr. Carson Wen, Professor Wong Lung Tak Patrick and Mr. Wu Ming Lam.