

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



WINOX

## WINOX HOLDINGS LIMITED

盈利時控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6838)

### 2021 ANNUAL RESULTS

#### FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to HK\$1,385,113,000, representing a corresponding increase of 16.6%.
- The Group's gross profit amounted to HK\$297,101,000, representing a corresponding increase of 23.7%.
- In the absence of any COVID 19-related government subsidies this year, the Group's profit for the year amounted to HK\$94,419,000, representing a corresponding decrease of 1.7%.
- Basic earnings per share amounted to HK15.7 cents, representing a corresponding decrease of 1.9%.
- The Board proposed a final dividend of HK3 cents per ordinary share for the year ended 31 December 2021.

#### 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.

During the year of 2021, the world's major economies have been recovering from the COVID-19 pandemic since more people were vaccinated and the continuous huge quantitative easing plans and stimulus and relief measures taken out by central banks and governments kept boosting the economy. On the other hand, the world's shortage of chip and certain raw material supplies and the increased lock-down in certain countries due to the COVID-19 variants have affected the economic recovery in certain extent.

The recovery of the world's major economies in 2021 has brought back the world's demand of luxury goods. The revenue of our watch bracelets and fashion accessories for the year ended 31 December 2021 bounced back and increased by 78.0% and 55.6% respectively as compared to last year.

Due to some interruptions to the supply chain and the decrease in demand of a product of our major customer due to change of their product specifications, the revenue of our mobile phone cases and parts for the year ended 31 December 2021 decreased by 12.8% as compared to last year. We have already input additional resources to further strengthen our services to our major customer striving for more orders on other existing products that we are currently producing and future orders of products that are under development by our major customer.

Due to shortage of chip, the new models of our major client's products were finally launched to the markets in the second half of 2021, which helped to catch up the revenue of our smart wearable cases and parts in some extent for the full year ended 31 December 2021 by an increase of 31.9% as compared to last year. Although the shortage of chip supply is expected to be continue in 2022, we are still confident in the business development of this segment in the coming future.

The foundation works for the construction of the new factory building which is adjacent to our existing production plants in Dongguan was started in the fourth quarter of 2021 and the new factory is expected to be completed by phases starting from early 2023. In October 2021, we have entered into a term loan facilities with our banker in a principal amount of HK\$150,000,000 for the construction of the new factory.

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 December 2021, the Group's revenue increased satisfactorily by 16.6% to HK\$1,385,113,000 (2020: HK\$1,187,440,000) as compared to last year. Revenue attributable to watch bracelets, mobile phone cases and parts, smart wearable cases and parts, and fashion accessories were 27.2%, 40.9%, 26.1% and 5.8% respectively (2020: 17.8%, 54.8%, 23.1% and 4.3%).

During the year, the Group's revenue of watch bracelets reported an increase of 78.0% to HK\$376,687,000 (2020: HK\$211,621,000) as compared to last year.

During the year, revenue of mobile phone cases and parts was HK\$567,465,000 (2020: HK\$650,760,000), representing a decrease of 12.8% as compared to last year.

Revenue of smart wearable cases and parts for the year recorded an increase of 31.9% to HK\$361,196,000 (2020: HK\$273,801,000).

Revenue of fashion accessories for the year recorded an increase of 55.6% to HK\$79,765,000 (2020: HK\$51,258,000).

## Profit

Gross profit for the year increased by 23.7% to HK\$297,101,000 (2020: HK\$240,161,000) as compared to last year. The increase in gross profit was mainly due to the increase in the Group's revenue and the change in product mix. Gross profit margin for the year increased by 1.2 percentage points to 21.4% (2020: 20.2%).

Profit for the year decreased by 1.7% to HK\$94,419,000 (2020: HK\$96,085,000) and basic earnings per share for the year decreased by 1.9% to HK15.7 cents (2020: HK16.0 cents (restated)).

## 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 2021:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Direct materials costs	<b>591,960</b>	540,837
Direct labour costs	<b>363,624</b>	298,054
Manufacturing overhead and other costs	<b>132,428</b>	108,388
	<b>1,088,012</b>	947,279

For the year ended 31 December 2021, direct materials costs accounted for about 54.4% (2020: 57.1%) of the total cost of sales.

Direct labour costs, and manufacturing overhead and other costs accounted for about 33.4% and 12.2% (2020: 31.5% and 11.4%) of the total cost of sales respectively.

## Other Income

Other income for the year amounted to HK\$8,736,000 (2020: HK\$21,764,000), representing a decrease of 59.9% as compared to last year. There was COVID-19 related subsidy and employment stabilisation subsidy amounting to HK\$8,775,000 granted last year and no such income was received this year.

## Other Losses

Other losses for the year amounted to HK\$6,557,000 (2020: HK\$17,172,000). The decrease was mainly due to the decrease in net foreign exchange loss causing by appreciation of Renminbi during the year.

## Expenses

Selling and distribution costs increased by 86.6% to HK\$24,899,000 for the year as compared to HK\$13,344,000 for last year, which was in line with the increase in revenue of watch bracelets.

Administrative expenses increased by 37.7% to HK\$161,820,000 (2020: HK\$117,494,000) for the year as compared to last year. The increase was mainly due to the increase in salaries and research and development costs, appreciation of Renminbi and no more COVID-19 related waiver of social security payments this year.

During the year, finance costs amounted to HK\$4,735,000 (2020: HK\$4,284,000), representing an increase of 10.5% as compared to last year which was mainly due to the increase in 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 prior years and eligible to a tax rate of 15% for 3 years until 31 December 2022. 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 effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 200% (2020: 175%) 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

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Raw materials	<b>14,931</b>	17,438
Work in progress	<b>94,487</b>	67,809
Finished goods	<b>25,252</b>	32,828
	<b>134,670</b>	118,075

As at 31 December 2021, the Group recorded an inventory balance of HK\$134,670,000 (31 December 2020: HK\$118,075,000), representing an increase of 14.1% which was mainly due to the increase in work in progress at the end of the year. The inventory turnover of the Group for year ended 31 December 2021 was 42.4 days as compared to 48.6 days for the year ended 31 December 2020.

## Trade Receivables

As at 31 December 2021, trade receivables of the Group amounted to HK\$358,855,000 (31 December 2020: HK\$251,950,000). 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 15 March 2022, approximately HK\$343,117,000 of the gross carrying amount of trade receivables as at 31 December 2021 has been received. The trade receivables turnover of the Group for the year ended 31 December 2021 was 80.5 days (for the year ended 31 December 2020: 79.5 days).

## Trade Payables

As at 31 December 2021, the trade payables of the Group amounted to HK\$251,627,000 (31 December 2020: HK\$193,759,000). 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 2021 was 74.7 days (for the year ended 31 December 2020: 70.9 days).

## Liquidity, Indebtedness and Charges on Assets

During the year, the Group maintained a satisfactory liquidity level. As at 31 December 2021, net current assets of the Group was HK\$306,373,000 (31 December 2020: HK\$269,173,000). Besides, the Group had cash and bank balances of HK\$207,002,000 (31 December 2020: HK\$174,638,000), of which 38.6% was in Hong Kong dollars, 52.8% was in Renminbi, 8.5% was in United States dollars, and 0.1% was in Euro and other currencies.

As at 31 December 2021, the Group's outstanding bank borrowings totalled HK\$258,234,000 (31 December 2020: HK\$72,493,000), of which 22.2% was in Hong Kong dollars and 77.8% was in Renminbi. The increase in bank borrowings was mainly due to the loans raised related to bills discounted with recourse. 49.2% of such outstanding bank borrowings were arranged on floating rate basis and the balance of 50.8% were at fixed rate basis. 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 2021. All bank borrowings as at 31 December 2021 were classified under current liabilities. According to the repayment schedule, HK\$216,384,000 was repayable within one year and the balance of HK\$41,850,000 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\$42,336,000 as at 31 December 2021. 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 2021, the total unutilised banking facilities available to the Group amounted to HK\$175,566,000 (2020: HK\$91,002,000).

As at 31 December 2021, the Group's gearing ratio was 0.16 (31 December 2020: 0.06), 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 2021, the Group's revenue was denominated in Hong Kong dollars, Renminbi and United States dollars, contributing to 29.9%, 25.9% and 44.2% of the total revenue respectively (2020: 21.4%, 20.8% and 57.8%).

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 2021. 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 2021 was HK\$30,100,000 (31 December 2020: HK\$21,988,000), which was mainly related to the acquisition of property, plant and equipment, and land use rights.

## **Contingent Liabilities**

As at 31 December 2021, 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 2021, the total number of employees of the Group was 4,022 (2020: 3,873). During the year, staff costs (including Directors' emoluments) amounted to HK\$456,323,000 (2020: HK\$365,185,000). 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 Company had adopted a share option scheme to incentivise the senior management and employees of the Group. During the year ended 31 December 2021, no option was granted by the Company pursuant to the share option scheme.

## **OUTLOOK**

Entering into 2022, the continuous of the COVID-19 pandemic, the escalating inflation, the growing geopolitical tensions and the US Federal started the tapering plan and interest rate hike have put the sustainability of the recovery of the world economy into uncertain. Although there are still uncertainties and challenges lying ahead, the Group is cautiously optimistic in 2022. 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 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	3	1,385,113	1,187,440
Cost of sales		(1,088,012)	(947,279)
Gross profit		297,101	240,161
Other income		8,736	21,764
Other gains and losses		(6,557)	(17,172)
Impairment losses on financial assets under expected credit loss model		(2,024)	-
Selling and distribution costs		(24,899)	(13,344)
Administrative and other expenses		(161,820)	(117,494)
Finance costs	4	(4,735)	(4,284)
Profit before taxation	5	105,802	109,631
Taxation	6	(11,383)	(13,546)
Profit for the year		94,419	96,085
Other comprehensive income for the year			
<i>Item that may be reclassified</i>			
<i>subsequently to profit or loss:</i>			
– Exchange differences arising on translation of foreign operations		24,830	58,331
Total comprehensive income for the year		119,249	154,416
Earnings per share – Basic	7	HK15.7 cents	(restated) HK16.0 cents

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>575,220</b>	521,480
Right-of-use assets		<b>75,069</b>	68,575
Refundable rental deposit		<b>1,139</b>	-
Deposit for land use rights		<b>22,209</b>	21,635
Deposits paid for acquisition of property, plant and equipment		<b>21,826</b>	17,947
Deposit and prepayment for a life insurance policy		<b>3,706</b>	3,923
		<b>699,169</b>	633,560
<b>Current assets</b>			
Inventories		<b>134,670</b>	118,075
Trade and other receivables	9	<b>561,204</b>	303,473
Taxation recoverable		<b>8,045</b>	4,112
Bank balances and cash		<b>207,002</b>	174,638
		<b>910,921</b>	600,298
<b>Current liabilities</b>			
Trade and other payables	10	<b>332,376</b>	251,632
Taxation payable		<b>8,743</b>	6,660
Bank borrowings		<b>258,234</b>	72,493
Lease liabilities		<b>5,195</b>	340
		<b>604,548</b>	331,125
Net current assets		<b>306,373</b>	269,173
Total assets less current liabilities		<b>1,005,542</b>	902,733
<b>Non-current liability</b>			
Lease liabilities		<b>4,443</b>	2,883
Net assets		<b>1,001,099</b>	899,850
<b>Capital and reserves</b>			
Share capital		<b>60,000</b>	50,000
Reserves		<b>941,099</b>	849,850
Total equity		<b>1,001,099</b>	899,850

## NOTES

### 1. General

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 ("Mr. Yiu"), who is also the chairman and 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 Amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

#### **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 amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

Except as described below, the application of the 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.

2.1 Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform - Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 "Financial Instruments: Disclosures".

As at 1 January 2021, the Group has certain bank borrowings, the interests of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform. The following table shows the total amounts of these outstanding contracts. The amounts of financial liability are shown at their carrying amounts.

	HKD Hong Kong Interbank Offered Rate ("HIBOR") HK\$'000
<b>Financial liability</b>	
Bank borrowings	<u>48,090</u>

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost.

2.2 Impacts on application of the agenda decision of the Committee - Cost necessary to sell inventories (HKAS 2 "Inventories")

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

## New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

### 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, Vietnam, Liechtenstein and other European countries, Taiwan and other countries. However, other than revenue analysis, no operating results and other discrete financial information is available. 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 when the goods are passed to the customers, which is the point of time when the customers have the ability to direct the use of the goods and obtain substantially all of the remaining benefits of the goods.

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.

#### Revenue from major products

Revenue by products are as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Mobile phone cases and parts	<b>567,465</b>	650,760
Watch bracelets	<b>376,687</b>	211,621
Smart wearable cases and parts	<b>361,196</b>	273,801
Fashion accessories	<b>79,765</b>	51,258
	<b>1,385,113</b>	1,187,440

#### Geographical information

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

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
PRC	<b>742,454</b>	603,908
Switzerland	<b>359,472</b>	199,745
Hong Kong	<b>94,592</b>	102,688
Vietnam	<b>79,266</b>	17,894
Liechtenstein and other European countries	<b>75,856</b>	47,434
Taiwan	<b>30,471</b>	214,543
Other countries	<b>3,002</b>	1,228
	<b>1,385,113</b>	1,187,440

#### **4. Finance Costs**

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Interests on:		
- bank borrowings	<b>3,092</b>	4,099
- loans related to bills discounted with recourse	<b>1,228</b>	-
- lease liabilities	<b>415</b>	185
	<b>4,735</b>	4,284

## 5. Profit Before Taxation

	2021 HK\$'000	2020 HK\$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration	6,097	7,175
Other staff costs	415,189	343,951
Other staff's retirement benefits schemes contributions	35,037	14,059
Total staff costs	456,323	365,185
Less: Capitalised in inventories	(363,624)	(298,054)
	92,699	67,131
Auditor's remuneration	1,530	1,480
Cost of inventories recognised as expenses (including staff costs and depreciation capitalised in inventories)	1,072,530	939,675
Depreciation of right-of-use assets	5,522	2,424
Depreciation of property, plant and equipment	60,328	53,842
Less: Capitalised in inventories	(43,526)	(38,418)
	22,324	17,848
Premium charges on a life insurance policy	325	326

## 6. Taxation

	2021 HK\$'000	2020 HK\$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current year	10,075	10,677
Overprovision in prior years	(20)	(60)
	10,055	10,617
PRC EIT		
Current year	2,388	5,987
Overprovision in prior years	(1,060)	(3,058)
	1,328	2,929
	11,383	13,546

### 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 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 prior years and eligible to a tax rate of 15% for 3 years until 31 December 2022. 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 effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 200% (2020: 175%) 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:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Earnings for the purposes of calculating basic earnings per share (profit for the year attributable to owners of the Company)	<b>94,419</b>	96,085
	<hr/>	
	<u>Number of shares</u>	
	<b>'000</b>	'000
		(restated)
Weighted average number of shares for the purpose of calculating basic earnings per share	<b>600,000</b>	600,000
	<hr/>	

The weighted average number of ordinary shares for the purpose of basic earnings per share for both years has been adjusted for issue of bonus shares that took place on 21 June 2021.

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

## 8. Dividends

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Dividends recognised as distribution during the year:		
2021 interim dividend - HK0.5 cent per ordinary share	<b>3,000</b>	–
2020 final dividend - HK3 cents per ordinary share	<b>15,000</b>	–
2019 final dividend - HK3 cents per ordinary share	–	15,000
	<b>18,000</b>	15,000
	<hr/>	

On 31 March 2022, a final dividend of HK3 cents (2020: a final dividend of HK3 cents) per ordinary share in respect of the year ended 31 December 2021, totalling HK\$18,000,000 (2020: HK\$15,000,000), 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

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>360,515</b>	251,950
Less: Allowance for expected credit loss ("ECL")	<b>(1,660)</b>	–
	<b>358,855</b>	251,950
Bills receivables	<b>131,969</b>	–
Less: Allowance for ECL	<b>(364)</b>	–
	<b>131,605</b>	–
Prepayments and deposits	<b>8,034</b>	8,806
Value added tax recoverable	<b>60,979</b>	40,694
Refundable rental deposits	–	442
Others	<b>1,731</b>	1,581
	<b>561,204</b>	303,473

The trade receivables and bills receivables are from contracts with customers. As at 1 January 2020, trade receivables arising from contracts with customers amounted to HK\$264,090,000.

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.

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
0 to 30 days	<b>174,176</b>	112,234
31 to 60 days	<b>150,105</b>	98,990
61 to 90 days	<b>23,682</b>	39,304
Over 90 days	<b>10,892</b>	1,422
	<b>358,855</b>	251,950

As at 31 December 2021, total bills received amounting to HK\$131,605,000 (2020: nil) are held by the Group for future settlement of trade receivables, of which certain bills amounting to HK\$131,331,000 (2020: nil) 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.

## 10. Trade and Other Payables

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Trade payables	<b>251,627</b>	193,759
Payroll and welfare payables	<b>38,159</b>	30,817
Value added tax payable	<b>14,066</b>	993
Payables for acquisition of property, plant and equipment	<b>7,785</b>	13,538
Commissions and other payables to intermediary agents	<b>6,700</b>	6,611
Other tax payables	<b>4,536</b>	2,426
Accrued expense	<b>2,286</b>	2,573
Interest payable	<b>591</b>	339
Others	<b>6,626</b>	576
	<b>332,376</b>	251,632

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:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
0 to 30 days	<b>76,178</b>	<b>51,369</b>
31 to 60 days	<b>77,287</b>	<b>66,030</b>
61 to 90 days	<b>59,921</b>	<b>38,285</b>
Over 90 days	<b>38,241</b>	<b>38,075</b>
	<b>251,627</b>	<b>193,759</b>

## **CORPORATE GOVERNANCE**

The Company has applied the principles of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 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 2021.

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

To celebrate the 10th anniversary of the listing of the Company’s shares on the Stock Exchange, the Company issued 100,000,000 bonus shares without consideration on the basis of one bonus share for five shares held in June 2021 (“Bonus Share Issue”). During the year ended 31 December 2021, the Company sold two fractional shares arising from the Bonus Share Issue through private arrangement for an aggregate amount (excluding expenses) of HK\$2.48.

Saved as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2021.

## **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 10 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 2021 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 2021 as set out in this preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

## **PROPOSED FINAL DIVIDEND**

The Board recommended a final dividend of HK3 cents per ordinary share (2020: HK3 cents per ordinary share) for the year ended 31 December 2021, amounting to HK\$18,000,000 (2020: HK\$15,000,000) 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 shareholders of the Company on 22 July 2022. 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](http://www.winox.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report of the Company for the year ended 31 December 2021 will be despatched to the shareholders of the Company and made available on the abovementioned websites by the end of April 2022.

By Order of the Board  
**Yiu Hon Ming**  
*Chairman*

Hong Kong • 31 March 2022

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.