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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)

2022 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to HK\$1,149,762,000, representing a corresponding decrease of 17.0%.
- The Group's gross profit amounted to HK\$305,581,000, representing a corresponding increase of 2.9%.
- The Group's profit for the year amounted to HK\$112,396,000, representing a corresponding increase of 19.0%.
- Basic earnings per share amounted to HK18.7 cents, representing a corresponding increase of 19.1%.
- The Board proposed a final dividend of HK5 cents per ordinary share for the year ended 31 December 2022.

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 2022, the world's major economies have been facing different challenges, the US economy has been slowing down due to the aggressive interest rate hikes by the US Fed to suppress inflation, the Euro zone has been struggling with the energy crisis due to the war between Russia and Ukraine, and the China's economy activities has been interrupted due to the lockdown of certain major cities with the outbreaking of COVID19. 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 2022 decreased by 9.2% and 4.6% respectively as compared to last year.

The revenue of our mobile phone cases and parts for the year ended 31 December 2022 decreased by 12.7% as compared to last year.

The sales of our major customer's products were interrupted by the lockdown of certain major cities in China during the year of 2022, the revenue of our smart wearable cases and parts decreased by 34.7% 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 2024 in order to retain more financial resources to tackle any challenges lies ahead.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2022, the Group's revenue decreased by 17.0% to HK\$1,149,762,000 (2021: HK\$1,385,113,000) as compared to last year. Revenue attributable to watch bracelets, mobile phone cases and parts, smart wearable cases and parts, and fashion accessories were 29.8%, 43.1%, 20.5% and 6.6% respectively (2021: 27.2%, 40.9%, 26.1% and 5.8%).

During the year, the Group's revenue of watch bracelets reported a decrease of 9.2% to HK\$342,189,000 (2021: HK\$376,687,000) as compared to last year.

During the year, revenue of mobile phone cases and parts was HK\$495,553,000 (2021: HK\$567,465,000), representing a decrease of 12.7% as compared to last year.

Revenue of smart wearable cases and parts for the year recorded a decrease of 34.7% to HK\$235,915,000 (2021: HK\$361,196,000).

Revenue of fashion accessories for the year recorded a decrease of 4.6% to HK\$76,105,000 (2021: HK\$79,765,000).

Gross Profit

Gross profit for the year increased by 2.9% to HK\$305,581,000 (2021: HK\$297,101,000) as compared to last year. Gross profit margin for the year increased by 5.2 percentage points to 26.6% (2021: 21.4%). The increase in gross profit and gross profit margin were mainly due to the depreciation of Renminbi, change in product mix and the implementation of cost saving measures.

Profit For the Year

Profit for the year increased by 19.0% to HK\$112,396,000 (2021: HK\$94,419,000) and basic earnings per share for the year increased by 19.1% to HK18.7 cents (2021: HK15.7 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 2022:

	2022	2021
	HK\$'000	HK\$'000
Direct materials costs	433,756	591,960
Direct labour costs	299,507	363,624
Manufacturing overhead and other costs	110,918	132,428
	844,181	1,088,012

For the year ended 31 December 2022, direct materials costs accounted for about 51.4% (2021: 54.4%) of the total cost of sales.

Direct labour costs, and manufacturing overhead and other costs accounted for about 35.5% and 13.1% (2021: 33.4% and 12.2%) of the total cost of sales respectively.

Other Income

Other income for the year amounted to HK\$18,517,000 (2021: HK\$8,736,000), representing an increase of 112.0% as compared to last year which was mainly due to the increase in government grants related to research and development subsidies from the PRC government.

Other Gains and Losses

Other gains for the year amounted to HK\$2,422,000 (2021: losses of HK\$6,557,000). The increase was mainly due to a gain from the surrender of a keyman life insurance policy amounting to HK\$3,169,000.

Expenses

Selling and distribution costs decreased by 14.4% to HK\$21,318,000 for the year as compared to HK\$24,899,000 for last year, which was in line with the decrease in revenue of watch bracelets.

Administrative and other expenses increased by 0.9% to HK\$126,540,000 (2021: HK\$125,420, 000) for the year as compared to last year. The increase was mainly due to the increase in salaries.

Research and development expenses increased by 28.9% to HK\$46,926,000 (2021: HK\$36,400,000) as compared to last year, which was mainly due to the increase in salaries.

During the year, finance costs amounted to HK\$5,779,000 (2021: HK\$4,735,000), representing an increase of 22.0% as compared to last year which was mainly due to the increase in interest rate.

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 three 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, enterprises engaging in research and development activities are entitled to claim 200% (2021: 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

	2022	2021
	HK\$'000	HK\$'000
Raw materials	17,108	14,931
Work in progress	50,775	94,487
Finished goods	24,428	25,252
	92,311	134,670

As at 31 December 2022, the Group recorded an inventory balance of HK\$92,311,000 (31 December 2021: HK\$134,670,000), representing a decrease of 31.5% which was mainly due to the decrease in work in progress at the end of the year. The inventory turnover of the Group for year ended 31 December 2022 was 49.1 days as compared to 42.4 days for the year ended 31 December 2021.

Trade Receivables

As at 31 December 2022, the trade receivables of the Group amounted to HK\$186,982,000 (31 December 2021: HK\$358,855,000). 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 2023, approximately HK\$171,110,000 of the gross carrying amount of trade receivables as at 31 December 2022 has been received. The trade receivables turnover of the Group for the year ended 31 December 2022 was 86.6 days (for the year ended 31 December 2021: 80.5 days).

Trade Payables

As at 31 December 2022, the trade payables of the Group amounted to HK\$110,616,000 (31 December 2021: HK\$251,627,000). 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 2022 was 78.3 days (for the year ended 31 December 2021: 74.7 days).

Liquidity, Indebtedness and Charges on Assets

During the year, the Group maintained a satisfactory liquidity level. As at 31 December 2022, net current assets of the Group was HK\$364,795,000 (31 December 2021: HK\$306,373,000). Besides, the Group had cash and bank balances of HK\$270,794,000 (31 December 2021: HK\$207,002,000), of which 21.4% was in Hong Kong dollars, 44.4% was in Renminbi, 33.8% was in United States dollars, and 0.4% was in Euro and other currencies.

As at 31 December 2022, the Group's outstanding bank borrowings totalled HK\$118,287,000 (31 December 2021: HK\$258,234,000), of which 35.4% was in Hong Kong dollars, 6.6% was in United States dollars and 58.0% was in Renminbi. The decrease in bank borrowings was mainly due to the loans raised related to bills discounted with recourse. 71.9% of such outstanding bank borrowings were arranged on floating rate basis and the balance of 28.1% 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 2022. All bank borrowings as at 31 December 2022 were classified under current liabilities. According to the repayment schedule, HK\$91,837,000 was repayable within one year and the balance of HK\$26,450,000 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\$76,704,000 as at 31 December 2022. The charged assets included a piece of land in Dongguan where our factory situated and certain properties constructed thereon, the deposits for one keyman life insurance policy and bills receivables. 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 2022, the total unutilised banking facilities available to the Group amounted to HK\$195,569,000 (2021: HK\$175,566,000).

As at 31 December 2022, the Group's gearing ratio was 0.09 (31 December 2021: 0.16), 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 2022, the Group's revenue was denominated in Hong Kong dollars, Renminbi and United States dollars, contributing to 14.3%, 37.6% and 48.1% of the total revenue respectively (2021: 29.9%, 25.9% and 44.2%).

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 2022. 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 2022 was HK\$29,350,000 (31 December 2021: HK\$30,100,000), 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 2022, 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 2022, the total number of employees of the Group was 3,301 (2021: 4,022). During the year, staff costs (including Directors' emoluments) amounted to HK\$402,862,000 (2021: HK\$456,323,000). 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 2023, the expectation of a recession is looming as the Central Banks of the developed Western Countries keep hiking interest rates to fight inflation. On the other side of the world, China's reopening from the pandemic at the start of 2023 showed signs of rapid come back of domestic consumptions. As there are still uncertainties and challenges lying ahead, we are taking relevant precautionary measures to prepare for any downturn in 2023. 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 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	3	1,149,762	1,385,113
Cost of sales		(844,181)	(1,088,012)
Gross profit		305,581	297,101
Other income		18,517	8,736
Other gains and losses		2,422	(6,557)
Reversal of impairment losses (impairment losses) on financial assets under expected credit loss model		908	(2,024)
Selling and distribution costs		(21,318)	(24,899)
Administrative and other expenses		(126,540)	(125,420)
Research and development expenses		(46,926)	(36,400)
Finance costs	4	(5,779)	(4,735)
Profit before taxation	5	126,865	105,802
Taxation	6	(14,469)	(11,383)
Profit for the year		112,396	94,419
Other comprehensive (expenses) income for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
- Exchange differences arising on translation of foreign operations		(77,571)	24,830
Total comprehensive income for the year		34,825	119,249
Earnings per share – Basic	7	HK18.7 cents	HK15.7 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property, plant and equipment		527,015	575,220
Right-of-use assets		63,133	75,069
Refundable rental deposit		-	1,139
Deposit for land use rights		20,481	22,209
Deposits paid for acquisition of property, plant and equipment		29,248	21,826
Deposit and prepayment for a life insurance policy		9,966	3,706
		649,843	699,169
Current assets			
Inventories		92,311	134,670
Trade and other receivables	9	302,431	561,204
Taxation recoverable		655	8,045
Bank balances and cash		270,794	207,002
		666,191	910,921
Current liabilities			
Trade and other payables	10	176,249	332,376
Taxation payable		5,446	8,743
Bank borrowings		118,287	258,234
Lease liabilities		1,414	5,195
		301,396	604,548
Net current assets		364,795	306,373
Total assets less current liabilities		1,014,638	1,005,542
Non-current liability			
Lease liabilities		2,714	4,443
Net assets		1,011,924	1,001,099
Capital and reserves			
Share capital		60,000	60,000
Reserves		951,924	941,099
Total equity		1,011,924	1,001,099

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 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 Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKFRS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRs 2018 - 2020

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.

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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1	Non-current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of the new and 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 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.

Revenue from major products

Revenue by products are as follows:

	2022	2021
	HK\$'000	HK\$'000
Mobile phone cases and parts	495,553	567,465
Watch bracelets	342,189	376,687
Smart wearable cases and parts	235,915	361,196
Fashion accessories	76,105	79,765
	1,149,762	1,385,113

Geographical information

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

	2022	2021
	HK\$'000	HK\$'000
PRC	571,095	742,454
Switzerland	312,708	359,472
Hong Kong	115,221	94,592
Liechtenstein and other European countries	72,422	75,856
Taiwan	42,125	30,471
Vietnam	34,057	79,266
Other countries	2,134	3,002
	1,149,762	1,385,113

4. Finance Costs

	2022	2021
	HK\$'000	HK\$'000
Interests on:		
- bank borrowings	3,905	3,092
- loans related to bills discounted with recourse	1,571	1,228
- lease liabilities	303	415
	5,779	4,735

5. Profit Before Taxation

	2022 HK\$'000	2021 HK\$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration	5,828	6,097
Other staff costs	362,860	415,189
Other staff's retirement benefits schemes contributions	34,174	35,037
Total staff costs	402,862	456,323
Less: Capitalised in inventories	(299,507)	(363,624)
	103,355	92,699
Auditor's remuneration	1,600	1,530
Cost of inventories recognised as expenses (including staff costs and depreciation capitalised in inventories)	832,634	1,072,530
Depreciation of right-of-use assets	6,374	5,522
Depreciation of property, plant and equipment	65,093	60,328
Less: Capitalised in inventories	(43,865)	(43,526)
	27,602	22,324
Premium charges on life insurance policies	867	325

6. Taxation

	2022 HK\$'000	2021 HK\$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
Current year	11,114	10,075
Overprovision in prior years	(30)	(20)
	11,084	10,055
PRC EIT		
Current year	3,042	2,388
Under/(Over) provision in prior years	343	(1,060)
	3,385	1,328
	14,469	11,383

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 prior years and eligible to a tax rate of 15% for three 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, enterprises engaging in research and development activities are entitled to claim 200% (2021: 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:

	2022	2021
	HK\$'000	HK\$'000
Earnings for the purposes of calculating basic earnings per share (profit for the year attributable to owners of the Company)	112,396	94,419
	<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

The weighted average number of ordinary shares for the purpose of basic earnings per share for year ended 31 December 2021 was adjusted for issue of bonus shares that took place on 21 June 2021.

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

8. Dividends

	2022	2021
	HK\$'000	HK\$'000
Dividends recognised as distribution during the year:		
2022 interim dividend - HK1.0 cent per ordinary share	6,000	–
2021 final dividend - HK3 cents per ordinary share	18,000	–
2021 interim dividend - HK0.5 cent per ordinary share	–	3,000
2020 final dividend - HK3 cents per ordinary share	–	15,000
	24,000	18,000

On 31 March 2023, a final dividend of HK5 cents (2021: a final dividend of HK3 cents) per ordinary share in respect of the year ended 31 December 2022, totalling HK\$30,000,000 (2021: HK\$18,000,000), 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

	2022	2021
	HK\$'000	HK\$'000
Trade receivables	187,985	360,515
Less: Allowance for expected credit loss ("ECL")	(1,003)	(1,660)
	186,982	358,855
Bills receivables	87,708	131,969
Less: Allowance for ECL	(113)	(364)
	87,595	131,605
Prepayments and deposits	5,592	8,034
Value added tax recoverable	19,421	60,979
Refundable rental deposit	1,051	–
Others	1,790	1,731
Total trade and other receivables	302,431	561,204

The trade receivables and bills receivables are from contracts with customers. As at 1 January 2021, trade receivables arising from contracts with customers amounted to HK\$251,950,000.

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.

	2022	2021
	HK\$'000	HK\$'000
0 to 30 days	68,518	174,176
31 to 60 days	74,685	150,105
61 to 90 days	26,759	23,682
Over 90 days	17,020	10,892
	186,982	358,855

As at 31 December 2022, total bills received amounting to HK\$87,595,000 (2021: HK\$131,605,000) are held by the Group for future settlement of trade receivables, of which certain bills amounting to HK\$33,140,000 (2021: HK\$131,331,000) 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.

As at 31 December 2022, included in the Group's trade receivable balances are trade receivables of HK\$95,338,000 (2021: HK\$157,928,000) which are past due at the end of the reporting period. Out of the past due balances, HK\$139,000 (2021: HK\$734,000) 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 HK\$33,140,000 (2021: HK\$131,331,000), the Group does not hold any collateral over these balances.

10. Trade and Other Payables

	2022	2021
	HK\$'000	HK\$'000
Trade payables	110,616	251,627
Payroll and welfare payables	32,403	38,159
Value added tax payable	14,015	14,066
Payables for acquisition of property, plant and equipment	7,361	7,785
Commissions and other payables to intermediary agents	4,879	6,700
Other tax payables	2,644	4,536
Accrued expense	1,270	2,286
Interest payable	447	591
Others	2,614	6,626
	176,249	332,376

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:

	2022	2021
	HK\$'000	HK\$'000
0 to 30 days	22,911	76,178
31 to 60 days	33,675	77,287
61 to 90 days	24,488	59,921
Over 90 days	29,542	38,241
	110,616	251,627

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 2022.

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

For the year ended 31 December 2022, the Company or any of its subsidiaries had not 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 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 2022 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 2022 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 on 31 March 2023. 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 HK5 cents per ordinary share (2021: HK3 cents per ordinary share) for the year ended 31 December 2022, amounting to HK\$30,000,000 (2021: HK\$18,000,000) 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 23 June 2023. 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 2022 will be despatched to the shareholders of the Company and made available on the abovementioned websites by the end of April 2023.

By Order of the Board

Yiu Hon Ming

Chairman

Hong Kong • 31 March 2023

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.