



WONG'S INTERNATIONAL HOLDINGS LIMITED

王氏國際集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 99

INTERIM REPORT FOR 2015

UNAUDITED INTERIM RESULTS

The board of directors (the “Board” or “Directors”) of Wong’s International Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2015

| | | Unaudited | |
|-----------------------------------------------------------------------------------|------|--------------------|------------------|
| | Note | 2015 HK\$'000 | 2014 HK\$'000 |
| Revenue | 6 | 1,902,963 | 1,886,577 |
| Other income | 7 | 4,886 | 6,459 |
| Changes in inventories of finished goods and work in progress | | 12,444 | 6,846 |
| Raw materials and consumables used | | (1,476,326) | (1,466,344) |
| Employee benefit expenses | | (242,628) | (229,218) |
| Depreciation and amortisation charges | 8 | (24,330) | (21,535) |
| Other operating expenses | 8 | (99,514) | (101,507) |
| Change in fair value of investment properties | 14 | 701 | 1,330 |
| Other losses – net | 9 | (3,636) | (10,315) |
| Operating profit | | 74,560 | 72,293 |
| Finance income | 10 | 6,062 | 6,635 |
| Finance costs | 10 | (9,655) | (10,054) |
| Share of profit of joint ventures | 15 | 414,124 | 105,538 |
| Profit before income tax | | 485,091 | 174,412 |
| Income tax expense | 11 | (16,750) | (23,706) |
| Profit after income tax | | 468,341 | 150,706 |
| Profit attributable to owners of the Company | | 468,341 | 150,706 |
| Non-controlling interests | | – | – |
| | | 468,341 | 150,706 |
| Dividends | 12 | 14,355 | 19,139 |
| Earnings per share attributable to owners of the Company during the period | | | |
| Basic earnings per share | 13 | HK\$0.98 | HK\$0.31 |
| Diluted earnings per share | 13 | HK\$0.98 | HK\$0.31 |

The notes on pages 7 to 28 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

| | Unaudited | |
|--------------------------------------------------------------------------------------------|------------------|-----------------|
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| Profit for the period | 468,341 | 150,706 |
| | ----- | ----- |
| Other comprehensive income: | | |
| Items that may be reclassified to profit or loss: | | |
| Currency translation differences | 1,400 | (30,390) |
| Reclassification adjustment of translation reserve upon de-registration of a subsidiary | 11,553 | - |
| Changes in fair value of available-for-sale financial assets | 28,552 | 2,460 |
| Reclassification adjustment on disposal of available-for-sale financial assets | (6,458) | - |
| | ----- | ----- |
| Other comprehensive income/(loss) for the period, net of tax | 35,047 | (27,930) |
| | ----- | ----- |
| Total comprehensive income for the period | 503,388 | 122,776 |
| | ===== | ===== |
| Attributable to: | | |
| Owners of the Company | 503,388 | 122,776 |
| Non-controlling interests | - | - |
| | ----- | ----- |
| Total comprehensive income for the period | 503,388 | 122,776 |
| | ===== | ===== |

The notes on pages 7 to 28 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2015

| | | Unaudited As at 30 June 2015 <i>HK\$'000</i> | Audited As at 31 December 2014 <i>HK\$'000</i> |
|-----------------------------------------------------|-------------|----------------------------------------------------------|------------------------------------------------------------|
| | <i>Note</i> | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 14 | 288,795 | 286,357 |
| Investment properties | 14 | 28,644 | 27,920 |
| Leasehold land and land use rights | 14 | 20,813 | 21,111 |
| Interests in joint ventures | 15 | 2,060,608 | 1,632,633 |
| Available-for-sale financial assets | | 64 | 41,315 |
| Deferred income tax assets | | 8,777 | 7,558 |
| Deposits and other receivables | | 5,117 | 3,337 |
| Restricted cash | | 3,767 | 3,763 |
| | | <u>2,416,585</u> | <u>2,023,994</u> |
| Current assets | | | |
| Inventories | | 435,914 | 399,009 |
| Trade receivables | 16 | 855,975 | 894,537 |
| Prepayments, deposits and other receivables | | 70,121 | 62,682 |
| Amounts due from associates | | 34 | 30 |
| Available-for-sale financial assets | | 49,200 | – |
| Current income tax recoverable | | 26 | 1,470 |
| Non-current assets held for sale | 17 | 17,842 | 18,203 |
| Short-term bank deposits | | 319,706 | 257,048 |
| Cash and cash equivalents | | 575,166 | 655,643 |
| | | <u>2,323,984</u> | <u>2,288,622</u> |
| Total assets | | <u><u>4,740,569</u></u> | <u><u>4,312,616</u></u> |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 20 | 47,848 | 47,848 |
| Other reserves | | 620,793 | 579,028 |
| Retained earnings | | | |
| – Dividends | | 14,355 | 23,924 |
| – Others | | 1,943,913 | 1,496,645 |
| | | <u>2,626,909</u> | <u>2,147,445</u> |
| Non-controlling interests | | <u>4</u> | <u>4</u> |
| Total equity | | <u><u>2,626,913</u></u> | <u><u>2,147,449</u></u> |

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2015

(continued)

| | | Unaudited As at 30 June 2015 HK\$'000 | Audited As at 31 December 2014 HK\$'000 |
|----------------------------------------------|-------------|---------------------------------------------------|-----------------------------------------------------|
| | <i>Note</i> | | |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Derivative financial instrument | | 892 | 774 |
| Deferred income tax liabilities | | 675 | 757 |
| Borrowings | 19 | <u>420,000</u> | <u>420,000</u> |
| | | <u>421,567</u> | <u>421,531</u> |
| Current liabilities | | | |
| Trade payables | 18 | 748,301 | 795,117 |
| Accruals and other payables | | 269,529 | 274,709 |
| Current income tax liabilities | | 44,185 | 38,097 |
| Borrowings | 19 | <u>630,074</u> | <u>635,713</u> |
| | | <u>1,692,089</u> | <u>1,743,636</u> |
| Total liabilities | | <u>2,113,656</u> | <u>2,165,167</u> |
| Total equity and liabilities | | <u>4,740,569</u> | <u>4,312,616</u> |
| Net current assets | | <u>631,895</u> | <u>544,986</u> |
| Total assets less current liabilities | | <u>3,048,480</u> | <u>2,568,980</u> |

The notes on pages 7 to 28 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

| | Unaudited | | | | |
|-----------------------------------------------------------------------------------------|---------------------------------------|----------------|------------------|---------------------------|------------------|
| | Attributable to owners of the Company | | | Non-controlling interests | Total |
| | Share capital | Share premium | Other reserves | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| As at 1 January 2014 | 47,848 | 153,025 | 1,378,264 | 4 | 1,579,141 |
| Comprehensive income | | | | | |
| Profit for the period | - | - | 150,706 | - | 150,706 |
| Other comprehensive income | | | | | |
| Currency translation differences | - | - | (30,390) | - | (30,390) |
| Changes in fair value of available-for-sale financial assets | - | - | 2,460 | - | 2,460 |
| Total other comprehensive loss | - | - | (27,930) | - | (27,930) |
| Total comprehensive income | - | - | 122,776 | - | 122,776 |
| Transactions with owners | | | | | |
| Dividend paid to owners of the Company | - | - | (11,962) | - | (11,962) |
| Total transactions with owners | - | - | (11,962) | - | (11,962) |
| As at 30 June 2014 | <u>47,848</u> | <u>153,025</u> | <u>1,489,078</u> | <u>4</u> | <u>1,689,955</u> |
| As at 1 January 2015 | 47,848 | 153,025 | 1,946,572 | 4 | 2,147,449 |
| Comprehensive income | | | | | |
| Profit for the period | - | - | 468,341 | - | 468,341 |
| Other comprehensive income | | | | | |
| Currency translation differences | - | - | 1,400 | - | 1,400 |
| Reclassification adjustment of translation reserve upon de-registration of a subsidiary | - | - | 11,553 | - | 11,553 |
| Changes in fair value of available-for-sale financial assets | - | - | 28,552 | - | 28,552 |
| Reclassification adjustment on disposal of available-for-sale financial assets | - | - | (6,458) | - | (6,458) |
| Total other comprehensive income | - | - | 35,047 | - | 35,047 |
| Total comprehensive income | - | - | 503,388 | - | 503,388 |
| Transactions with owners | | | | | |
| Dividend paid to owners of the Company | - | - | (23,924) | - | (23,924) |
| Total transactions with owners | - | - | (23,924) | - | (23,924) |
| As at 30 June 2015 | <u>47,848</u> | <u>153,025</u> | <u>2,426,036</u> | <u>4</u> | <u>2,626,913</u> |

The notes on pages 7 to 28 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2015

| | Unaudited For the six months ended 30 June | |
|-------------------------------------------------------------------|--------------------------------------------------|-----------|
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| Cash flows from operating activities | | |
| Net cash generated from operating activities | 22,393 | 99,698 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (26,194) | (25,709) |
| Proceeds from disposal of property, plant and equipment | 566 | 211 |
| Net proceeds from disposal of available-for-sale financial assets | 22,102 | – |
| Decrease in amounts due from associates | (4) | 28 |
| Increase in short-term bank deposits | (62,658) | (89,406) |
| Loans to joint ventures | (13,851) | (58,497) |
| Interest received | 6,062 | 6,635 |
| Net cash used in investing activities | (73,977) | (166,738) |
| Cash flows from financing activities | | |
| (Decrease)/increase in trust receipt bank loans – net | (1,709) | 65,923 |
| New bank loans | – | 18,000 |
| Repayment of bank loans | (3,450) | (63,450) |
| Dividends paid | (23,924) | (11,962) |
| Net cash (used in)/generated from financing activities | (29,083) | 8,511 |
| Net decrease in cash and cash equivalents | (80,667) | (58,529) |
| Cash and cash equivalents, beginning of the period | 655,643 | 674,609 |
| Currency translation differences | 190 | (12,678) |
| Cash and cash equivalents, end of the period | 575,166 | 603,402 |
| Analysis of cash and cash equivalents: | | |
| Cash on hand | 348 | 378 |
| Cash at bank | 574,818 | 603,024 |
| Cash and cash equivalents, end of the period | 575,166 | 603,402 |

The notes on pages 7 to 28 are an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Wong's International Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the development, manufacture, marketing and distribution of electronics products as well as property investment.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information ("Interim Financial Information") for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial report' issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited. The Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 SIGNIFICANT ACCOUNTING POLICIES

This Interim Financial Information has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014.

The following new standards, amendments and interpretations are mandatory for the financial year beginning 1 January 2015 and have no material impact to the Group.

| | |
|-----------------------------|----------------------------------------------------------------------|
| HKAS 19 (Amendment) | Employee benefits: defined benefit plans – employee contributions |
| Annual Improvements Project | Annual improvements 2010 – 2012 cycle |
| Annual Improvements Project | Annual improvements 2011 – 2013 cycle |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

The following new standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted:

| | |
|----------------------------------|---------------------------------------------------------------------------------------|
| HKAS 16 and 38 (Amendment) | Classification of acceptable methods of depreciation and amortisation |
| HKAS 27 (Amendment) | Equity method of separate financial statements |
| HKFRS 9 | Financial instruments |
| HKFRS 10 and HKAS 28 (Amendment) | Sale or contribution of assets between an investor and its associate or joint venture |
| HKFRS 11 (Amendment) | Accounting for acquisition of interest in joint operations |
| HKFRS 14 | Regulatory deferral accounts |
| HKFRS 15 | Revenue from contracts with customers |
| Annual Improvements Project | Annual improvements 2012 – 2014 cycle |

4 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in the risk management department since year end or in any risk management policies since the year end.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.2 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2014.

| | Level 1 <i>HK\$'000</i> | Level 2 <i>HK\$'000</i> | Level 3 <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|----------------------------------------|----------------------------|----------------------------|----------------------------|--------------------------|
| Assets | | | | |
| Available-for-sale financial assets | 41,315 | – | – | 41,315 |
| Liabilities | | | | |
| Derivative financial instrument | – | 774 | – | 774 |

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2015.

| | Level 1 <i>HK\$'000</i> | Level 2 <i>HK\$'000</i> | Level 3 <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|----------------------------------------|----------------------------|----------------------------|----------------------------|--------------------------|
| Assets | | | | |
| Available-for-sale financial assets | 49,264 | – | – | 49,264 |
| Liabilities | | | | |
| Derivative financial instrument | – | 892 | – | 892 |

There were no transfers between Levels 1, 2 and 3 during the period.

There were no other changes in valuation techniques during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.3 Valuation techniques used to derive Level 2 fair values

Level 2 derivative financial instruments comprise interest rate swaps. The fair value of interest rate swaps is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

5.4 Group's valuation processes

The Group's finance team performs the valuations of financial assets required for financial reporting purposes. This team reports directly to the management. Discussions of valuation processes and results are held between the management and the team at least once bi-annually, in line with the Group's reporting dates.

The fair value of the following financial assets and liabilities approximate their carrying amounts:

- Trade and other receivables
- Short-term bank deposits
- Cash and cash equivalents
- Trade and other payables

6 SEGMENT INFORMATION

The Group's senior executive management is considered as the Chief Operating Decision Maker ("CODM"). The Group is organised into three operating divisions:

Electronic Manufacturing Service ("EMS") – manufacture and distribution of electronic products for EMS customers.

Original Design and Manufacturing ("ODM") – original design and manufacturing for both EMS and ODM customers.

Property Investment – development, sale and lease of properties.

The CODM reviews the performance of the Group on a regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM assesses the performance of the operating segments based on a measure of segment results. This measurement basis includes profit or loss of the operating segments before other income, other losses – net, interest income, interest expense and income tax expense but excludes corporate and unallocated expenses. Other information provided to the CODM is measured in a manner consistent with that in the Interim Financial Information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (continued)

| For the six months ended 30 June 2015 | EMS division <i>HK\$'000</i> | ODM division <i>HK\$'000</i> | Property investment division <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--------------------------------------------------|------------------------------------|------------------------------------|-------------------------------------------------------|--------------------------|
| Total gross revenue | 1,903,014 | 1,064 | – | 1,904,078 |
| Inter-segment revenue | (1,115) | – | – | (1,115) |
| External revenue | <u>1,901,899</u> | <u>1,064</u> | <u>–</u> | <u>1,902,963</u> |
| Segment results | <u>93,134</u> | <u>(3,642)</u> | <u>414,398</u> | <u>503,890</u> |
| Depreciation and amortisation charges | 23,009 | 11 | – | 23,020 |
| Share of profit of joint ventures | – | – | 414,124 | 414,124 |
| Change in fair value of investment properties | <u>–</u> | <u>–</u> | <u>701</u> | <u>701</u> |
| Rental income | <u>–</u> | <u>–</u> | <u>419</u> | <u>419</u> |
| Capital expenditure | <u>26,194</u> | <u>–</u> | <u>–</u> | <u>26,194</u> |
| Loans to joint ventures | <u>–</u> | <u>–</u> | <u>13,851</u> | <u>13,851</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (continued)

| For the six months ended 30 June 2014 | EMS division <i>HK\$'000</i> | ODM division <i>HK\$'000</i> | Property investment division <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--------------------------------------------------|------------------------------------|------------------------------------|-------------------------------------------------------|--------------------------|
| Total gross revenue | 1,900,948 | 5,458 | – | 1,906,406 |
| Inter-segment revenue | <u>(19,829)</u> | <u>–</u> | <u>–</u> | <u>(19,829)</u> |
| External revenue | <u>1,881,119</u> | <u>5,458</u> | <u>–</u> | <u>1,886,577</u> |
| Segment results | <u>99,334</u> | <u>(13,738)</u> | <u>106,726</u> | <u>192,322</u> |
| Depreciation and amortisation charges | 20,165 | 30 | 32 | 20,227 |
| Share of profit of joint ventures | – | – | 105,538 | 105,538 |
| Change in fair value of investment properties | <u>–</u> | <u>–</u> | <u>1,330</u> | <u>1,330</u> |
| Rental income | <u>–</u> | <u>–</u> | <u>1,305</u> | <u>1,305</u> |
| Capital expenditure | <u>25,689</u> | <u>–</u> | <u>–</u> | <u>25,689</u> |
| Loans to joint ventures | <u>–</u> | <u>–</u> | <u>58,497</u> | <u>58,497</u> |
| | EMS division <i>HK\$'000</i> | ODM division <i>HK\$'000</i> | Property investment division <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| As at 30 June 2015 | | | | |
| Segment assets | <u>2,449,501</u> | <u>9,058</u> | <u>36,188</u> | <u>2,494,747</u> |
| Interests in joint ventures | <u>–</u> | <u>–</u> | <u>2,060,608</u> | <u>2,060,608</u> |
| Total reportable segment assets | <u>2,449,501</u> | <u>9,058</u> | <u>2,096,796</u> | <u>4,555,355</u> |
| As at 31 December 2014 | | | | |
| Segment assets | 2,474,479 | 10,873 | 35,568 | 2,520,920 |
| Interests in joint ventures | <u>–</u> | <u>–</u> | <u>1,632,633</u> | <u>1,632,633</u> |
| Total reportable segment assets | <u>2,474,479</u> | <u>10,873</u> | <u>1,668,201</u> | <u>4,153,553</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (continued)

Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, restricted cash, inventories, trade receivables, prepayments, deposits and other receivables, non-current assets held for sale, cash and cash equivalents and short-term bank deposits, but exclude available-for-sale financial assets, deferred income tax assets, amounts due from associates and corporate and unallocated assets.

A reconciliation of reportable segment results to profit before income tax is provided as follows:

| | For the six months ended 30 June | |
|------------------------------------|---------------------------------------------|-----------------|
| | 2015 | 2014 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Reportable segment results | 503,890 | 192,322 |
| Other income | 4,886 | 6,459 |
| Other losses – net | (3,636) | (10,315) |
| Finance costs – net | (3,593) | (3,419) |
| Corporate and unallocated expenses | (16,456) | (10,635) |
| | <u>485,091</u> | <u>174,412</u> |
| Profit before income tax | 485,091 | 174,412 |

Reportable segments assets are reconciled to total assets as follows:

| | As at 30 June 2015 | As at 31 December 2014 |
|------------------------------------------------------------------|-----------------------------------|------------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Reportable segment assets | 4,555,355 | 4,153,553 |
| Available-for-sale financial assets | 49,264 | 41,315 |
| Deferred income tax assets | 8,777 | 7,558 |
| Amounts due from associates | 34 | 30 |
| Corporate and unallocated assets | 127,139 | 110,160 |
| | <u>4,740,569</u> | <u>4,312,616</u> |
| Total assets per condensed consolidated balance sheet | 4,740,569 | 4,312,616 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (continued)

Reconciliations of other material items are as follows:

| | For the six months ended 30 June | |
|---------------------------------------|-------------------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Depreciation and amortisation charges | | |
| – Reportable segment total | 23,020 | 20,227 |
| – Corporate headquarters | 1,310 | 1,308 |
| | <u>24,330</u> | <u>21,535</u> |
| Capital expenditure | | |
| – Reportable segment total | 26,194 | 25,689 |
| – Corporate headquarters | – | 20 |
| | <u>26,194</u> | <u>25,709</u> |

The Company is domiciled in Bermuda. Analysis of the Group's revenue by geographical market, which is determined by the destination of the invoices billed, is as follows:

| | For the six months ended 30 June | |
|----------------------------|-------------------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| North America | 249,648 | 279,921 |
| Asia (excluding Hong Kong) | 963,841 | 989,846 |
| Europe | 334,157 | 247,730 |
| Hong Kong | 355,317 | 369,080 |
| | <u>1,902,963</u> | <u>1,886,577</u> |

For the six months ended 30 June 2015, revenues of approximately HK\$511,988,000 (2014: HK\$471,271,000), HK\$361,455,000 (2014: HK\$442,648,000) and HK\$231,435,000 (2014: HK\$216,683,000) were derived from the top three external customers respectively. These customers individually account for 10 percent or more of the Group's revenue. These revenues are attributable to the EMS division.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (continued)

Analysis of the Group's non-current assets by geographical market is as follows:

| | As at 30 June 2015 HK\$'000 | As at 31 December 2014 HK\$'000 |
|----------------------------|------------------------------------------------|------------------------------------------|
| North America | 45 | 30 |
| Asia (excluding Hong Kong) | 246,921 | 241,249 |
| Europe | 70 | 117 |
| Hong Kong | <u>2,160,772</u> | <u>1,775,040</u> |
| | <u>2,407,808</u> | <u>2,016,436</u> |

Non-current assets comprise property, plant and equipment, investment properties, leasehold land and land use rights, interests in joint ventures, available-for-sale financial assets, deposits and other receivables and restricted cash. They exclude deferred income tax assets.

7 OTHER INCOME

| | For the six months ended 30 June | |
|---------------|---------------------------------------------|---------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Rental income | 419 | 1,305 |
| Others | <u>4,467</u> | <u>5,154</u> |
| | <u>4,886</u> | <u>6,459</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 PROFIT BEFORE INCOME TAX

Profit before income tax is analysed as follows:

| | For the six months ended 30 June | |
|---------------------------------------------------------------|-------------------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Depreciation of property, plant and equipment | 24,011 | 21,214 |
| Amortisation on leasehold land and land use rights | 319 | 321 |
| | <u>24,330</u> | <u>21,535</u> |
| Depreciation and amortisation charges | 24,330 | 21,535 |
| Operating lease rental in respect of land and buildings | 6,498 | 6,298 |
| Utility expense | 14,430 | 14,851 |
| Transportation | 17,690 | 17,261 |
| Chemicals and consumables | 20,228 | 21,449 |
| Others | 40,668 | 41,648 |
| | <u>99,514</u> | <u>101,507</u> |
| Other operating expenses | 99,514 | 101,507 |
| | <u>123,844</u> | <u>123,042</u> |
| Total depreciation, amortisation and other operating expenses | 123,844 | 123,042 |

9 OTHER LOSSES – NET

| | For the six months ended 30 June | |
|---------------------------------------------------------------------------------------|-------------------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Losses on financial instrument – net | | |
| – Unrealised | (118) | (39) |
| – Realised | (334) | (404) |
| Gains/(losses) on disposal of property, plant and equipment | 566 | (74) |
| Exchange (losses)/gains – net | (154) | 3,237 |
| Write-back of impairment provision on amount due from an associate | – | 20 |
| Translation reserve reclassified to profit or loss on de-registration of a subsidiary | (11,553) | – |
| Gain on disposal of available-for-sale financial assets | 7,957 | – |
| Impairment for intangible assets | – | (13,055) |
| | <u>(3,636)</u> | <u>(10,315)</u> |
| | (3,636) | (10,315) |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 FINANCE COSTS – NET

| | For the six months ended 30 June | |
|---------------------------------------------|---------------------------------------------|-----------------|
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| Finance income | | |
| Interest income on short-term bank deposits | 6,062 | 6,635 |
| | ----- | ----- |
| Finance costs | | |
| Interest expenses on bank borrowings | (9,655) | (10,054) |
| | ----- | ----- |
| Finance costs – net | (3,593) | (3,419) |
| | ===== | ===== |

11 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until 2016.

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

The Group's subsidiaries in Mainland China are subject to the China Corporate Tax ("CIT") at the rate of 25% (2014: 25%) on the estimated profits, except for Welco Technology (Suzhou) Limited ("WTSZ"), a wholly owned subsidiary of the Group. WTSZ is eligible for preferential CIT Rate of 15% under the New and High Technology Enterprises status.

The amount of income tax charged to the condensed consolidated interim income statement represents:

| | For the six months ended 30 June | |
|-----------------------------------------|---------------------------------------------|-----------------|
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| Current income tax | | |
| – Hong Kong profits tax | 4,634 | 1,938 |
| – Overseas taxation | 11,950 | 22,531 |
| Deferred income tax | (1,291) | (531) |
| Under/(over)-provision in prior periods | | |
| – Current income tax | 1,457 | 75 |
| – Deferred income tax | – | (307) |
| | ----- | ----- |
| | 16,750 | 23,706 |
| | ===== | ===== |

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 DIVIDENDS

| | For the six months ended 30 June | |
|-----------------------------------------------------------|-------------------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Interim dividend – HK\$0.03 (2014: HK\$0.04) per share | <u>14,355</u> | <u>19,139</u> |

On 26 August 2015, the Board has resolved to pay an interim dividend of HK\$0.03 per share (2014: HK\$0.04 per share) which is payable on Wednesday, 30 September 2015 to the shareholders whose names appear on the Register of Members of the Company on Thursday, 17 September 2015. This interim dividend, amounting to HK\$14,355,000 (2014: HK\$19,139,000) has not been recognised as a liability in this Interim Financial Information. It will be recognised in shareholders' equity in the year ending 31 December 2015.

13 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

| | For the six months ended 30 June | |
|--------------------------------------------------------------------------------|-------------------------------------|----------------|
| | 2015 | 2014 |
| Profit attributable to owners of the Company (HK\$'000) | <u>468,341</u> | <u>150,706</u> |
| Weighted average number of ordinary shares in issue (<i>in thousands</i>) | <u>478,484</u> | <u>478,484</u> |
| Basic earnings per share (HK\$) | <u>0.98</u> | <u>0.31</u> |

(b) Diluted

No diluted earnings per share is presented for both periods because there is no dilutive potential ordinary shares outstanding throughout both periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 CAPITAL EXPENDITURE

| | Property, plant and equipment <i>HK\$'000</i> | Investment properties <i>HK\$'000</i> | Leasehold land and land use rights <i>HK\$'000</i> | Intangible assets <i>HK\$'000</i> |
|----------------------------------|--------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------|-----------------------------------------|
| For the six months ended | | | | |
| 30 June 2014 | | | | |
| Opening net book amount as at | | | | |
| 1 January 2014 | 285,437 | 98,717 | 22,297 | 13,054 |
| Additions | 25,709 | – | – | – |
| Fair value gains | – | 1,330 | – | – |
| Disposal | (285) | – | – | – |
| Depreciation/amortisation | (21,214) | – | (321) | – |
| Impairment for intangible assets | – | – | – | (13,055) |
| Currency translation differences | (4,801) | (550) | (596) | 1 |
| | <u>284,846</u> | <u>99,497</u> | <u>21,380</u> | <u>–</u> |
| Closing net book amount as at | | | | |
| 30 June 2014 | | | | |

| | Property, plant and equipment <i>HK\$'000</i> | Investment properties <i>HK\$'000</i> | Leasehold land and land use rights <i>HK\$'000</i> |
|----------------------------------|------------------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------------|
| For the six months ended | | | |
| 30 June 2015 | | | |
| Opening net book amount as at | | | |
| 1 January 2015 | 286,357 | 27,920 | 21,111 |
| Additions | 26,194 | – | – |
| Fair value gains | – | 701 | – |
| Depreciation/amortisation | (24,011) | – | (319) |
| Currency translation differences | 255 | 23 | 21 |
| | <u>288,795</u> | <u>28,644</u> | <u>20,813</u> |
| Closing net book amount as at | | | |
| 30 June 2015 | | | |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 CAPITAL EXPENDITURE (continued)

The valuations of the investment properties at 30 June 2015 were carried out by an independent firm of surveyors, Roma Appraisals Limited, who is a fellow member of the Hong Kong Institute of Surveyors. The fair value measurement information for these investment properties in accordance with HKFRS 13 is given below.

| | Fair value measurements | | |
|------------------------------------------|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| | Quoted prices in active markets for identical assets (Level 1) <i>HK\$'000</i> | Significant other observable inputs (Level 2) <i>HK\$'000</i> | Significant unobservable inputs (Level 3) <i>HK\$'000</i> |
| As at 30 June 2015 | | | |
| Recurring fair value measurements | | | |
| Investment properties | – | – | 28,644 |
| | <u> </u> | <u> </u> | <u> </u> |
| As at 31 December 2014 | | | |
| Recurring fair value measurements | | | |
| Investment properties | – | – | 27,920 |
| | <u> </u> | <u> </u> | <u> </u> |

There were no transfers among Level 1, Level 2 and 3 during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 CAPITAL EXPENDITURE (continued)

Fair value measurements using significant unobservable inputs (Level 3)

| | Investment properties | | Total HK\$'000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------------|-------------------|
| | Hong Kong HK\$'000 | Outside Hong Kong HK\$'000 | |
| At 1 January 2015 | 7,100 | 20,820 | 27,920 |
| Fair value gains | 200 | 501 | 701 |
| Currency translation differences | – | 23 | 23 |
| At 30 June 2015 | <u>7,300</u> | <u>21,344</u> | <u>28,644</u> |
| Total unrealised gains for the period included in the condensed consolidated income statement for assets held at the end of the period, under 'Change in fair value of investment properties' | <u>200</u> | <u>501</u> | <u>701</u> |
| At 1 January 2014 | 78,400 | 20,317 | 98,717 |
| Fair value gains | 700 | 630 | 1,330 |
| Currency translation differences | – | (550) | (550) |
| At 30 June 2014 | <u>79,100</u> | <u>20,397</u> | <u>99,497</u> |
| Total unrealised gains for the period included in the condensed consolidated income statement for assets held at the end of the period, under 'Change in fair value of investment properties' | <u>700</u> | <u>630</u> | <u>1,330</u> |

Fair values of completed investment properties have been valued by the direct comparison approach assuming sale of the properties in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market and also considered the basis of capitalisation of the net income receivable, if necessary.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 CAPITAL EXPENDITURE (continued)

Fair value measurements using significant unobservable inputs (Level 3) (continued)

The valuation have been made on the assumption that the owners sell the properties in the open market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to increase the values of such properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the properties to be sold in one lot or to a single purchaser.

There were no changes in valuation techniques during the period.

As at 30 June 2015, certain bank borrowings are secured on land and buildings with a carrying amount of approximately HK\$91,735,000 (31 December 2014: HK\$92,853,000) (Note 19).

15 INTERESTS IN JOINT VENTURES

| | As at 30 June 2015 HK\$'000 | As at 31 December 2014 HK\$'000 |
|-------------------------|------------------------------------------------|------------------------------------------|
| Share of net assets | 834,424 | 420,300 |
| Loans to joint ventures | 1,226,184 | 1,212,333 |
| | <u>2,060,608</u> | <u>1,632,633</u> |

Movements in share of net assets/(liabilities) is analysed as follows:

| | 2015 HK\$'000 | 2014 HK\$'000 |
|-----------------------------------|--------------------------|------------------|
| At 1 January | 420,300 | (10,020) |
| Share of profit of joint ventures | 414,124 | 105,538 |
| At 30 June | <u>834,424</u> | <u>95,518</u> |

Share of profit of joint ventures included the share of fair value gain of investment properties owned by the joint ventures of approximately HK\$347,600,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 INTERESTS IN JOINT VENTURES (continued)

As at 30 June 2015, the Group had interests in the following principal joint ventures, which are unlisted:

| Name of company | Place of incorporation | Proportion of ownership interest % | Principal activities | Nature of the relationship | Measurement method |
|----------------------------------|------------------------|------------------------------------|------------------------------------------------|----------------------------|--------------------|
| Bollardbay Limited | BVI | 35.70 | Investment holding | <i>Note 1</i> | Equity |
| Easywise Limited | Hong Kong | 35.70 | Property development and leasing of properties | <i>Note 1</i> | Equity |
| Talent Chain Investments Limited | BVI | 35.70 | Investment holding | <i>Note 2</i> | Equity |
| Crown Opal Investment Limited | Hong Kong | 35.70 | Property development | <i>Note 2</i> | Equity |

Note 1: Easywise Limited, a subsidiary of Bollardbay Limited, is engaged in the business of property development and leasing of properties.

Note 2: Crown Opal Investment Limited, a subsidiary of Talent Chain Investments Limited, is engaged in the business of property development.

The loans to joint ventures are unsecured, interest-free and will not be repaid in the coming twelve months. The Directors consider that the carrying amounts of the loans to the joint ventures approximate their fair values. The amounts are denominated in Hong Kong dollars.

As at 30 June 2015, there were neither capital commitments nor contingent liabilities related to the development project.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 TRADE RECEIVABLES

The credit period allowed by the Group to its trade customers mainly ranges from 30 days to 90 days and no interest is charged.

Ageing analysis of the Group's trade receivables by invoice date is as follows:

| | As at 30 June 2015 HK\$'000 | As at 31 December 2014 HK\$'000 |
|--------------|------------------------------------------------|------------------------------------------|
| 0 – 60 days | 620,060 | 682,727 |
| 61 – 90 days | 165,140 | 173,670 |
| Over 90 days | 70,775 | 38,140 |
| | <u>855,975</u> | <u>894,537</u> |

The carrying amounts of the Group's trade receivables approximated their fair values as at 30 June 2015.

17 NON-CURRENT ASSETS HELD FOR SALE

| | 2015 HK\$'000 | 2014 HK\$'000 |
|----------------------------------|--------------------------|------------------|
| At 1 January | 18,203 | 18,453 |
| Currency translation differences | (361) | (190) |
| | <u>17,842</u> | <u>18,263</u> |

On 23 August 2013, the Group entered into a sale and purchase agreement with an independent third party for the disposal of the property and the leasehold land use rights in Vietnam for a consideration of US\$2,800,000 (equivalent to approximately HK\$21,748,000). In this connection, a deposit of US\$1,960,000 (equivalent to approximately HK\$15,224,000) has been received and was included in "Accruals and other payables". Due to local administrative procedures in relation to the proposed sale are still in progress, the transaction has not yet completed. The property and the related land use rights are classified as non-current assets held for sale as at 30 June 2015. The transaction is expected to complete in year 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 TRADE PAYABLES

Ageing analysis of the Group's trade payables by invoice date is as follows:

| | As at 30 June 2015 <i>HK\$'000</i> | As at 31 December 2014 <i>HK\$'000</i> |
|--------------|-----------------------------------------------------------|-------------------------------------------------|
| 0 – 60 days | 563,799 | 684,174 |
| 61 – 90 days | 43,589 | 70,943 |
| Over 90 days | <u>140,913</u> | <u>40,000</u> |
| | <u>748,301</u> | <u>795,117</u> |

The carrying amounts of the Group's trade payables approximated their fair values as at 30 June 2015.

19 BORROWINGS

| | As at 30 June 2015 <i>HK\$'000</i> | As at 31 December 2014 <i>HK\$'000</i> |
|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------|
| Long-term bank loan, secured | 420,000 | 420,000 |
| Trust receipt bank loans, unsecured | 401,001 | 402,710 |
| Short-term bank loans, unsecured | 194,573 | 195,053 |
| Portion of a mortgage loan from bank due for repayment within one year | 6,900 | 6,900 |
| Portion of a mortgage loan from bank due for repayment after one year which contains a repayment on demand clause | <u>27,600</u> | <u>31,050</u> |
| Total borrowings | <u>1,050,074</u> | <u>1,055,713</u> |
| Non-current | 420,000 | 420,000 |
| Current | <u>630,074</u> | <u>635,713</u> |
| Total borrowings | <u>1,050,074</u> | <u>1,055,713</u> |

As at 30 June 2015, mortgage loan of approximately HK\$34,500,000 (31 December 2014: HK\$37,950,000) was secured by the land and buildings of the Group with a carrying amount of HK\$91,735,000 (31 December 2014: HK\$92,853,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 BORROWINGS (continued)

As at 30 June 2015, the long-term bank loan of HK\$420,000,000 (31 December 2014: HK\$420,000,000) were secured by the following:

- A share mortgage over the Group's entire interest in Talent Chain Investments Limited, a joint venture of the Group;
- An assignment of shareholder's loan advanced by Ubiquitous International Limited to Talent Chain Investments Limited;
- A share mortgage over all the issued and fully paid-up shares of Ubiquitous International Limited, a wholly owned subsidiary of the Group; and
- A subordination of all shareholder or intra-group loan to Ubiquitous International Limited.

20 SHARE CAPITAL

| | Number of shares | Nominal value <i>HK\$'000</i> |
|-------------------------------------------|---------------------------|-------------------------------------|
| Ordinary shares of HK\$0.10 each | | |
| Authorised: | | |
| At 1 January 2014 and 30 June 2014 | <u>700,000,000</u> | <u>70,000</u> |
| At 1 January 2015 and 30 June 2015 | <u>700,000,000</u> | <u>70,000</u> |
| Issued and fully paid: | | |
| At 1 January 2014 and 30 June 2014 | <u>478,483,794</u> | <u>47,848</u> |
| At 1 January 2015 and 30 June 2015 | <u>478,483,794</u> | <u>47,848</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 COMMITMENTS

- (a) Capital commitments in respect of property, plant and equipment are as follows:

| | As at 30 June 2015 HK\$'000 | As at 31 December 2014 HK\$'000 |
|-----------------------------------|------------------------------------------------|------------------------------------------|
| Contracted but not provided for | 4,266 | 3,479 |
| Authorised but not contracted for | — | — |
| | <u>4,266</u> | <u>3,479</u> |

- (b) The Group's future aggregate minimum lease payments under various non-cancellable operating lease agreements in respect of rented premises are analysed as follows:

| | As at 30 June 2015 HK\$'000 | As at 31 December 2014 HK\$'000 |
|----------------------------------|------------------------------------------------|------------------------------------------|
| Within 1 year | 5,585 | 8,848 |
| In the 2nd to 5th year inclusive | 211 | — |
| Over 5 years | — | — |
| | <u>5,796</u> | <u>8,848</u> |

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases and rentals are negotiated and fixed for an average of 2 years.

- (c) The Group's future rental income receivables under various non-cancellable operating leases in respect of rented premises are analysed as follows:

| | As at 30 June 2015 HK\$'000 | As at 31 December 2014 HK\$'000 |
|----------------------------------|------------------------------------------------|------------------------------------------|
| Within 1 year | 421 | 840 |
| In the 2nd to 5th year inclusive | — | — |
| | <u>421</u> | <u>840</u> |

Operating lease income represents rentals receivable by the Group for leasing its investment properties. Leases and rentals are negotiated and fixed for an average of 2 years.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 RELATED PARTY TRANSACTIONS

The Group was controlled by Mr. Wong Chung Mat, Ben (personally and via Salop Investment Limited, a company wholly-owned and controlled by him) and W. S. Wong & Sons Company Limited (a company controlled by the Wong's family). As at 30 June 2015, Mr. Wong Chung Mat, Ben (together with Salop Investment Limited) and W. S. Wong & Sons Company Limited beneficially owned 28.03% and 19.66% of the issued shares of the Company respectively.

(a) Balances with related parties

The amounts due from associates are repayable on demand, unsecured, interest-free and without pre-determined repayment terms.

The loans to joint ventures are set out in note 15 to the condensed consolidated interim financial information.

(b) Key management compensation

| | For the six months ended 30 June | |
|----------------------------------------------|-------------------------------------|---------------|
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| Salaries and allowances | 8,583 | 6,324 |
| Bonus | 7,620 | 3,690 |
| Pension costs – defined contribution schemes | 54 | 31 |
| | <u>16,257</u> | <u>10,045</u> |

INTERIM DIVIDEND

On 26 August 2015, the Board has resolved to pay an interim dividend of HK\$0.03 per share (2014: HK\$0.04 per share) which is payable on Wednesday, 30 September 2015 to the shareholders whose names appear on the Register of Members of the Company on Thursday, 17 September 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 15 September 2015 to Thursday, 17 September 2015, both days inclusive, during which period no transfer of shares shall be effected. To qualify for the above interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 14 September 2015.

REVIEW OF BUSINESS ACTIVITIES

Review of Results

The profit attributable to owners of the Company for the six months ended 30 June 2015 amounted to HK\$468.3 million, as compared to HK\$150.7 million for the corresponding period last year. The significant increase was mainly attributable to the Group's share of the increase in equity value in its property development joint venture arising from sale of some office units and car parking spaces and surpluses from investment properties valuation during the period. Earnings per share for the six months were HK\$0.98 as compared to HK\$0.31 for the corresponding period last year.

The Group's revenue for the six months ended 30 June 2015 was HK\$1,903.0 million, as compared to HK\$1,886.6 million for the corresponding period last year. Operating profit for the six months ended 30 June 2015 was HK\$74.6 million or 3.9% of revenue, as compared to HK\$72.3 million or 3.8% of revenue for the corresponding period last year. The operating profit for the interim period under review was maintained at a stable level owing to a slight improvement in gross profit percentage in spite of an increase in employee benefit expenses.

Electronic Manufacturing Service ("EMS") and Original Design and Manufacturing ("ODM") Divisions

Revenue for the EMS Division for the six months ended 30 June 2015 was HK\$1,901.9 million, as compared to HK\$1,881.1 million for the corresponding period last year. The segment profit attributable to the EMS Division was HK\$93.1 million, a 6.2% decrease as compared to HK\$99.3 million for the corresponding period last year. The decrease in the segment net profit was attributable to an increase in employee benefit expenses.

REVIEW OF BUSINESS ACTIVITIES (continued)

Electronic Manufacturing Service (“EMS”) and Original Design and Manufacturing (“ODM”) Divisions (continued)

Revenue for the ODM Division for the six months ended 30 June 2015 was HK\$1.1 million, as compared to the HK\$5.5 million for the corresponding period last year. The ODM Division’s business was hampered by rapid changes in technology and a highly competitive market.

Property Investment Division

The Group has two property development joint ventures with Sun Hung Kai Properties Limited on two sites for office buildings in Kwun Tong. The development project at the first site was officially completed in January 2014 and launched into the market in April 2014 under the name of “One Harbour Square”. Because of its prime location and good design, market reception for the building was favourable and units in the building were sold steadily during last year. During the interim period under review, certain floors and car parking spaces were sold and leased, resulting in an increase in equity value of the joint ventures, of which the Group’s share was HK\$414.1 million.

The foundation and diaphragm wall works for the second development project have been completed. Construction of the second site is targeted to be completed in 2017.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group had a total of HK\$2,480.4 million of banking facilities. Total bank borrowings were HK\$1,050.1 million (2014 December: HK\$1,055.7 million), of which HK\$19.0 million was arranged by an overseas subsidiary. Cash and cash equivalents and short-term bank deposits were HK\$894.9 million at 30 June 2015 (2014 December: HK\$912.7 million). Cash flow generated from operations for the period was HK\$22.4 million.

As at 30 June 2015, the Group had net bank borrowings of HK\$155.2 million (2014 December: HK\$143.0 million). Sufficient banking facilities and bank balance are available to meet the cash needs of the Group for its manufacturing operations as well as property development activities.

The Group’s net gearing ratio as at 30 June 2015 stayed at low level of approximately 5.9% (2014 December: 6.7%), which was calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents and short-term bank deposits.

FOREIGN EXCHANGE AND RISK MANAGEMENT

Most of the Group's sales are conducted in United States dollars and costs and expenses are mainly in United States dollars, Hong Kong dollars, Japanese Yen and Chinese Renminbi. Consistent with the prudent policy in financial risk management, the Group does not engage in any foreign exchange hedging products. The Group recognises the currency risk in the Renminbi deposits, which are placed for yield enhancement purposes. The Group will closely monitor and actively manage the currency risk involved.

CAPITAL STRUCTURE

There has been no material change in the Group's capital structure since 31 December 2014 which consists of bank borrowings, cash and cash equivalents, short-term bank deposits and equity attributable to owners of the parent, comprising issued share capital and reserves.

EMPLOYEES

The Group employed approximately 4,800 employees as at 30 June 2015. The Group adopts a remuneration policy which is commensurate with job nature, qualification and experience of employees. In addition to the provision of annual bonuses, medical and life insurances, discretionary bonuses are also rewarded to employees based on individual performance. The remuneration packages and policies are reviewed periodically. The Group also provides in-house and external training programmes to its employees.

PROSPECTS

Looking ahead, the global economic outlook for 2015 is projected to grow with a gradual pickup in advanced economies and a slowdown in emerging market and developing economies. The US economy, after the sluggish conditions in the first quarter, is poised for a healthy growth in the second half of 2015. On the other hand, countries in the Euro areas continue to face volatility in the financial markets as a result of the unfolding of the sovereign debt problem in Greece. The slowdown in growth of the Chinese economy raises concerns about the potential impact on the local economy and spillover effects on the global economy. In Japan, economic growth is hindered by tepid consumer demand, resulting in both weak growth momentum and weak currency. These macroeconomic developments continue to present challenges to our business in the near future in terms of their impacts on customer demands, material costs, operating expenses and ultimately our competitiveness. To meet those challenges, the Group is committed to enhance our competitiveness and profitability through value-added service, automation and efficiency improvement programmes.

For our investment in property development projects, it is the Group's preference to hold its interest in them for long term and for leasing purposes after taking into consideration financing requirements. As a result, the Group does not expect to generate a significant increase in cash from those property development projects in the near future.

AWARD AND RECOGNITION

The Company and its wholly-owned subsidiary, Wong's Electronics Company Limited, have been awarded the Caring Company Logo by the Hong Kong Council of Social Service since March 2012 in recognition of their active participation in community activities and good corporate citizenship.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 30 June 2015, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), were as follows:

Long positions in shares of the Company

| Name of Directors | Capacity | Number of ordinary shares | Approximate percentage of the issued shares |
|------------------------|-------------------------------------------------------------------------|---------------------------|---------------------------------------------|
| Wong Chung Mat, Ben | Beneficial owner and interest of controlled corporation (<i>Note</i>) | 134,140,911 | 28.03% |
| Wong Yin Man, Ada | Beneficial owner | 1,000,000 | 0.21% |
| Chan Tsze Wah, Gabriel | Beneficial owner | 1,837,500 | 0.38% |
| Wan Man Keung | Beneficial owner | 1,000,000 | 0.21% |
| Yu Sun Say | Beneficial owner | 500,000 | 0.10% |

Note:

Mr. Wong Chung Mat, Ben was deemed (by virtue of the SFO) to be interested in 134,140,911 shares in the Company. These shares were held in the following capacity:

- (a) 1,000,000 shares were held by Mr. Wong Chung Mat, Ben personally.
- (b) 133,140,911 shares were held by Salop Investment Limited, which was wholly owned and controlled by Mr. Wong Chung Mat, Ben.

Save as disclosed herein, as at 30 June 2015, none of the Directors or chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors or chief executives of the Company, as at 30 June 2015, persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares of the Company

| Name of substantial shareholders | Capacity | Number of ordinary shares | Approximate percentage of the issued shares |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------------------------|
| Salop Investment Limited | Beneficial owner (<i>Note 1</i>) | 133,140,911 | 27.83% |
| W. S. Wong & Sons Company Limited | Beneficial owner (<i>Note 2</i>) | 94,052,019 | 19.66% |
| Wong Chung Yin, Michael | Beneficial owner, joint interest, interest of controlled corporations and founder of a discretionary trust (<i>Note 3</i>) | 78,187,172 | 16.34% |
| Levy Investment Limited | Beneficial owner (<i>Note 3(d)</i>) | 45,820,212 | 9.58% |
| Wong Chung Ah, Johnny | Beneficial owner, interest of spouse and founder of a discretionary trust (<i>Note 4</i>) | 44,179,487 | 9.23% |
| Kong King International Limited | Beneficial owner (<i>Note 4(c)</i>) | 41,944,487 | 8.77% |
| Mountainview International Limited | Trustee (<i>Note 4(c)</i>) | 41,944,487 | 8.77% |
| HSBC Trustee (Cook Islands) Limited | Trustee (<i>Note 4(c)</i>) | 41,944,487 | 8.77% |

INTERESTS OF SUBSTANTIAL SHAREHOLDERS (continued)

Long positions in shares of the Company (continued)

Notes:

1. Salop Investment Limited was a company wholly owned and controlled by Mr. Wong Chung Mat, Ben. Please refer to the Note under the section headed “Interests of directors and chief executives”.
2. W. S. Wong & Sons Company Limited was a company controlled by the Wong’s family.
3. Mr. Wong Chung Yin, Michael was deemed (by virtue of the SFO) to be interested in 78,187,172 shares in the Company. These shares were held in the following capacity:
 - (a) 3,934,000 shares were held by Mr. Wong Chung Yin, Michael personally.
 - (b) 88,000 shares were held by Mr. Wong Chung Yin, Michael and his wife, Ms. Woo Sin Ming, jointly.
 - (c) 10,760,000 shares were held by Pacific Way Limited, which was owned by Mr. Wong Chung Yin, Michael and his wife, Ms. Woo Sin Ming, in equal share.
 - (d) 45,820,212 shares were held by Levy Investment Limited, which was wholly owned and controlled by Mr. Wong Chung Yin, Michael.
 - (e) 17,584,960 shares were held by Levy Pacific Limited under a discretionary trust, of which Mr. Wong Chung Yin, Michael was regarded as the founder (by virtue of the SFO).
4. Mr. Wong Chung Ah, Johnny was deemed (by virtue of the SFO) to be interested in 44,179,487 shares in the Company. These shares were held in the following capacity:
 - (a) 1,000,000 shares were held by Mr. Wong Chung Ah, Johnny personally.
 - (b) 1,235,000 shares were held by Ms. Luk Kit Ching, wife of Mr. Wong Chung Ah, Johnny.
 - (c) 41,944,487 shares were held by Kong King International Limited under a discretionary trust, of which Mr. Wong Chung Ah, Johnny was regarded as the founder (by virtue of the SFO). Kong King International Limited was wholly owned by Mountainview International Limited, which was wholly owned by HSBC Trustee (Cook Islands) Limited. Each of Mr. Wong Chung Ah, Johnny, Kong King International Limited, Mountainview International Limited and HSBC Trustee (Cook Islands) Limited was deemed to be interested in the same block of 41,944,487 shares.

Save as disclosed, the Directors are not aware of any other persons who, as at 30 June 2015, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTIONS

The Company has adopted a share option scheme (the “Scheme”) on 2 June 2010. No option has been granted under the Scheme since its adoption date and up to 30 June 2015.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2015, the Company has complied with the code provisions under 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”), except for the following deviations:

Code provision A.2.1

Code provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Wong Chung Mat, Ben is the Group’s Chairman and Chief Executive Officer and has occupied these two positions since February 2003. In allowing the two positions to be occupied by the same person, the Company has considered the following:

- (a) Both positions require in-depth knowledge and considerable experience of the Group’s business. Candidates with the suitable knowledge, experience and leadership are difficult to find both within and outside the Group. If either of the positions is occupied by an unqualified person, the Group’s performance could be gravely compromised.
- (b) The Company believes that the supervision of the Board and its Independent Non-executive Directors can provide an effective check and balance mechanism and ensures that the interests of the shareholders are adequately represented.

CORPORATE GOVERNANCE CODE (continued)

Code provision A.4.1

Code provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing Independent Non-executive Directors of the Company is appointed for a specific term. However, every Director of the Company is now subject to retirement by rotation and re-election under Bye-law 112 of the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

Code provisions A.5.1 to A.5.4

Code provisions A.5.1 to A.5.4 provide that a nomination committee should be established with specific terms of reference which should be made available on the websites of the Stock Exchange and the listed issuer, and that sufficient resources should be provided to such committee to perform its duties.

The Company does not have present intention to establish a Nomination Committee in view that the Board itself shall discharge all duties expected to be dealt with by a Nomination Committee. In addition, a Policy and Procedure for Nomination of Directors have been set out in writing and adopted by the Board to serve as a guideline in order to ensure that there is a formal, considered and transparent procedure for the appointment of new Directors with suitable experience and capabilities to maintain and improve the competitiveness of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2015.

AUDIT COMMITTEE

The Audit Committee, which comprises all Independent Non-executive Directors, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim financial information for the six months ended 30 June 2015.

By order of the Board
WONG CHUNG MAT, BEN
Chairman and Chief Executive Officer

Hong Kong, 26 August 2015

BOARD OF DIRECTORS

Executive Directors:

Mr. Wong Chung Mat, Ben

(Chairman and Chief Executive Officer)

Ms. Wong Yin Man, Ada

Mr. Chan Tsze Wah, Gabriel

Mr. Wan Man Keung

Independent Non-executive Directors:

Dr. Li Ka Cheung, Eric GBS, OBE, JP

Dr. Yu Sun Say GBM, JP

Mr. Alfred Donald Yap JP