

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



**WONG'S INTERNATIONAL (HOLDINGS) LIMITED**  
**王氏國際(集團)有限公司\***  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 99)**

**ANNOUNCEMENT OF 2008 FINAL RESULTS**

The Directors announce that the results of the Group for the year ended 31st December, 2008 were as follows:

**CONSOLIDATED INCOME STATEMENT — BY FUNCTION OF EXPENSES**

	<i>Note</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Revenue	2	<b>3,276,001</b>	3,421,233
Other income		<b>2,799</b>	3,393
Changes in inventories of finished goods and work in progress		<b>21,163</b>	1,906
Raw materials and consumables used		<b>(2,675,780)</b>	(2,784,526)
Employee benefit expense		<b>(292,863)</b>	(290,763)
Depreciation and amortisation charges		<b>(79,972)</b>	(78,607)
Other operating expenses		<b>(215,081)</b>	(213,397)
Change in fair value of investment properties		<b>(2,020)</b>	31,500
Other gains – net	3	<b>259,705</b>	6,752
Operating profit		<b>293,952</b>	97,491
Finance income		<b>3,503</b>	5,009
Finance costs		<b>(10,921)</b>	(22,850)
Share of profit of associates		<b>3,534</b>	2,299
Profit before income tax		<b>290,068</b>	81,949
Income tax expense	4	<b>(421)</b>	(11,081)
Profit attributable to equity holders of the Company		<b>289,647</b>	70,868
Dividends	5	<b>28,015</b>	14,008
Basic earnings per share attributable to the equity holders of the Company during the year	6	<b>HK\$0.62</b>	HK\$0.15
Diluted earnings per share	6	<b>HK\$0.62</b>	HK\$0.15

\* For identification purpose only

## CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>203,980</b>	251,197
Investment properties		<b>34,280</b>	58,710
Leasehold land and land use rights		<b>9,809</b>	87,164
Investments in associates		<b>17,261</b>	11,951
Investments in jointly controlled entities		<b>174,311</b>	–
Available-for-sale financial assets		<b>43</b>	4,815
Intangible assets		<b>–</b>	14,566
Deferred income tax assets		<b>5,692</b>	2,642
		<u><b>445,376</b></u>	<u>431,045</u>
<b>Current assets</b>			
Inventories		<b>240,423</b>	317,581
Trade receivables	7	<b>499,680</b>	606,036
Prepayment, deposits and other receivables		<b>44,104</b>	62,961
Tax reserve certificate		<b>–</b>	5,943
Amount due from associates		<b>25,869</b>	63,145
Derivative financial instruments		<b>3,508</b>	–
Pledged bank deposits		<b>38,976</b>	–
Cash and bank deposits		<b>572,236</b>	186,780
		<u><b>1,424,796</b></u>	<u>1,242,446</u>
Asset classified as held for sale		<u><b>–</b></u>	<u>6,001</u>
		<u><b>1,424,796</b></u>	<u>1,248,447</u>
<b>Total assets</b>		<u><b>1,870,172</b></u>	<u>1,679,492</u>
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital		<b>46,692</b>	46,692
Other reserves		<b>458,809</b>	433,068
Retained earnings			
– Proposed dividends		<b>23,346</b>	9,339
– Others		<b>510,809</b>	249,177
		<u><b>1,039,656</b></u>	<u>738,276</u>
<b>Total equity</b>		<u><b>1,039,656</b></u>	<u>738,276</u>

	<i>Note</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Borrowings		<b>69,000</b>	124,340
Deferred income tax liabilities		<b>5,013</b>	5,994
		<u><b>74,013</b></u>	<u>130,334</u>
<b>Current liabilities</b>			
Trade payables	8	<b>404,984</b>	561,937
Accruals and other payables		<b>116,115</b>	138,664
Amount due to an associate		<b>3,183</b>	3,183
Amount due to jointly controlled entities		<b>10</b>	–
Derivative financial instruments		<b>1,526</b>	–
Current income tax liabilities		<b>5,979</b>	14,950
Borrowings		<b>224,706</b>	92,148
		<u><b>756,503</b></u>	<u>810,882</u>
<b>Total liabilities</b>		<u><b>830,516</b></u>	<u>941,216</u>
<b>Total equity and liabilities</b>		<u><b>1,870,172</b></u>	<u>1,679,492</u>
<b>Net current assets</b>		<u><b>668,293</b></u>	<u>437,565</u>
<b>Total assets less current liabilities</b>		<u><b>1,113,669</b></u>	<u>868,610</u>

## NOTES:

### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial asset and financial assets, financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

Certain comparative figures have been reclassified to conform to the current year presentation.

In 2008, the Group adopted the following amendments and interpretations to existing standards that are effective in 2008 and relevant to the Group’s operations:

HKAS39 and HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions

The adoption of these amendments and interpretations to existing standards has no material financial impact on the Group for the year ended 31st December, 2008.

The following amendments to standards and new interpretations are mandatory for accounting periods beginning on or after 1st January, 2008, but they are not relevant to the Group’s operations:

HK(IFRIC) — Int 12	Service Concession Arrangements
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefits Asset, Minimum Funding Requirements and their Interaction

The Group has not early adopted the following new or revised standards, amendments to standards and interpretations that have been issued and are mandatory for the Group’s accounting periods beginning on or after 1st January, 2009. The adoption of such new or revised standards, amendments to standards and interpretations will have no material impact on the consolidated financial statements and will not result in substantial changes to the Group’s accounting policies.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First Time Adoption of HKFRS
HKFRS 1 and HKAS 27 (Amendments)	Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment — Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Int 17	Distribution of Non-cash Assets to Owners
HK(IFRIC) — Int 18	Transfers of Assets from Customers
Annual Improvements Project	HKICPA's improvements to HKFRS published in October 2008

## 2. SEGMENT INFORMATION

### (a) Primary reporting format – business segments

For management segment reporting purposes, the Group was organised into two operating divisions — EMS<sup>(1)</sup> and ODM<sup>(2)</sup>. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

EMS — manufacture and distribution of electronic products for EMS customers.

ODM — original design and manufacturing for both EMS and ODM customers.

<sup>(1)</sup> EMS denotes electronic manufacturing service

<sup>(2)</sup> ODM denotes original design and manufacturing

Segment information about these businesses is presented below.

<b>2008</b>	<b>EMS division HK\$'000</b>	<b>ODM division HK\$'000</b>	<b>Other divisions# HK\$'000</b>	<b>Eliminations HK\$'000</b>	<b>Consolidated HK\$'000</b>
External revenue	<b>3,270,584</b>	<b>5,417</b>	–	–	<b>3,276,001</b>
Inter-segment revenue	<b>1,116</b>	–	–	<b>(1,116)</b>	–
Total	<b><u>3,271,700</u></b>	<b><u>5,417</u></b>	<b><u>–</u></b>	<b><u>(1,116)</u></b>	<b><u>3,276,001</u></b>
Segment results	<b><u>94,055</u></b>	<b><u>(29,200)</u></b>	<b><u>(621)</u></b>		<b>64,234</b>
Other income					<b>2,799</b>
Change in fair value of investment properties					<b>(2,020)</b>
Unallocated corporate expenses					<b>(30,766)</b>
Other gains — net					<b>259,705</b>
Finance costs — net					<b>(7,418)</b>
Share of profit of associates					<b><u>3,534</u></b>
Profit before income tax					<b>290,068</b>
Income tax expense					<b><u>(421)</u></b>
Profit for the year					<b><u>289,647</u></b>

## Balance sheet

2008	EMS division HK\$'000	ODM division HK\$'000	Other divisions# HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Assets					
— segment assets	1,402,436	5,930	474	200,368	1,609,208
— other assets					260,964
					<u>1,870,172</u>
Liabilities					
— segment liabilities	506,947	2,130	14	12,008	521,099
— other liabilities					309,417
					<u>830,516</u>
Capital expenditure	39,050	4,521*	—	—	43,571
Depreciation and amortisation charges	62,599	10,840	6	6,527	79,972
Impairment loss for available-for-sale financial assets	—	—	—	4,689	4,689
Impairment loss for intangible assets	—	9,373	—	—	9,373
(Write-back of)/impairment for					
— trade receivables	(4,676)	—	—	—	(4,676)
— amounts due from associates	—	—	—	1,341	1,341
Loss on disposal of property, plant and equipment	339	—	—	—	339
Gain on disposal of property	<u>—</u>	<u>—</u>	<u>—</u>	<u>264,845</u>	<u>264,845</u>

\* The full amount of HK\$4,521,000 represents the development costs capitalised

2007	<b>EMS division</b> <i>HK\$'000</i>	<b>ODM division</b> <i>HK\$'000</i>	<b>Other divisions<sup>#</sup></b> <i>HK\$'000</i>	<b>Eliminations</b> <i>HK\$'000</i>	<b>Consolidated</b> <i>HK\$'000</i>
External revenue	3,416,142	5,091	–	–	3,421,233
Inter-segment revenue	–	–	–	–	–
Total	<u>3,416,142</u>	<u>5,091</u>	<u>–</u>	<u>–</u>	<u>3,421,233</u>
Segment results	<u>119,194</u>	<u>(26,069)</u>	<u>(1,056)</u>		92,069
Other income					3,393
Change in fair value of investment properties					31,500
Unallocated corporate expenses					(29,471)
Finance costs — net					(17,841)
Share of profit of associates					<u>2,299</u>
Profit before income tax					81,949
Income tax expense					<u>(11,081)</u>
Profit for the year					<u>70,868</u>



## Balance sheet

2007	EMS division HK\$'000	ODM division HK\$'000	Other divisions# HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Assets					
— segment assets	1,392,111	21,885	2,876	109,413	1,526,285
— other assets					153,207
					<u>1,679,492</u>
Liabilities					
— segment liabilities	686,349	1,039	48	13,165	700,601
— other liabilities					240,615
					<u>941,216</u>
Capital expenditure	49,277	8,643*	75	44	58,039
Depreciation and amortisation charges	59,152	10,469	21	8,965	78,607
Impairment loss for available-for-sale financial assets	—	—	—	3,104	3,104
Impairment loss for intangible assets	—	1,696	—	—	1,696
Impairment loss for goodwill of an associate	—	—	—	1,990	1,990
Impairment of					
– trade and other receivables	306	—	10	6	322
– amounts due from associates	—	—	—	936	936
(Gain)/loss on disposal of property, plant and equipment	<u>(81)</u>	<u>819</u>	<u>—</u>	<u>(5)</u>	<u>733</u>

\* The full amount of HK\$8,643,000 includes HK\$8,528,000 development costs capitalised.

# Other divisions included entities engaging in sales of goods other than EMS and ODM products.

Unallocated cost represents corporate expenses.

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, intangible assets, inventories, trade receivables, prepayments, deposits and other receivables, and cash. They exclude items such as investment properties, investments in associates, investments in jointly controlled entities, available-for-sale financial assets, amounts due from associates, derivative financial instruments and deferred income tax asset.

Segment liabilities comprise operating liabilities and exclude borrowings, derivative financial instruments, current income tax liabilities and deferred income tax liabilities.

Capital expenditure comprises additions to property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations, if any.

**(b) Secondary reporting format - geographical segments**

The Group's revenues are mainly derived from customers located in Asia (excluding Hong Kong) while the Group's business activities are conducted predominantly in Hong Kong and the Peoples Republic of China (the "PRC"). The following table provides an analysis of the Group's revenue by geographical market, which is determined by the destination of the invoices billed:

	<b>Revenue</b>	
	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
North America	<b>387,765</b>	464,396
Asia (excluding Hong Kong)	<b>1,929,501</b>	1,907,818
Europe	<b>362,142</b>	328,926
Hong Kong	<b>596,593</b>	720,093
	<b><u>3,276,001</u></b>	<u>3,421,233</u>

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by the geographical areas in which the assets are located:

	<b>Assets</b>		<b>Capital expenditure</b>	
	<b>2008</b>	2007	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
North America	<b>15,424</b>	34,297	<b>4,700</b>	8,536
Asia (excluding Hong Kong)	<b>893,390</b>	814,159	<b>30,227</b>	20,021
Europe	<b>290</b>	345	—	—
Hong Kong	<b>700,104</b>	677,484	<b>8,644</b>	29,482
	<b><u>1,609,208</u></b>	<u>1,526,285</u>	<b><u>43,571</u></b>	<u>58,039</u>

### 3. OTHER GAINS — NET

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Gain on disposal of property	264,845	—
Exchange (loss)/gain, net	(7,122)	5,330
Fair value gains on financial instruments, net	1,982	1,422
	<u>259,705</u>	<u>6,752</u>

### 4. INCOME TAX EXPENSE

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current income tax		
— Hong Kong profits tax	6,379	8,704
— Overseas taxation	4,654	372
Deferred income tax	(4,031)	1,958
(Over)/under — provision in prior years	(6,581)	47
	<u>421</u>	<u>11,081</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong.

The new Corporate Income Tax Law in PRC increases the corporate income tax rate for foreign investment enterprises from previous preferential rates to 25% with effect from 1st January, 2008. Companies established in Mainland China before 16th March, 2007 and previously taxed at the rate lower than 25% may be offered a gradual increase of tax rate to 25% within 5 years. Certain subsidiaries of the Company established in Mainland China will enjoy preferential income tax rate from 2008 to 2011 and be taxed at the rate of 25% from 2012 when the preferential treatment expires.

### 5. DIVIDENDS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interim dividend paid — HK\$0.01 (2007: HK\$0.01) per share	4,669	4,669
Proposed final dividend — HK\$0.02 (2007: HK\$0.02) per share	9,339	9,339
Proposed special final dividend — HK\$0.03 (2007: nil) per share	14,007	—
	<u>28,015</u>	<u>14,008</u>

The Directors recommend the payment of a final dividend of HK\$0.02 per ordinary share (2007: HK\$0.02 per ordinary share) and a special final dividend of HK\$0.03 per ordinary share (2007: nil). These dividends are to be approved by the shareholders at the upcoming Annual General Meeting. These proposed dividends have not been dealt with as dividend payable as at 31st December, 2008.

## 6. EARNINGS PER SHARE

### (a) Basic

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

	2008	2007
Profit attributable to equity holders of the Company ( <i>HK\$'000</i> )	<u>289,647</u>	<u>70,868</u>
Weighted average number of ordinary shares in issue ( <i>in thousands</i> )	<u>466,922</u>	<u>466,922</u>
Basic earnings per share ( <i>HK\$</i> )	<u>0.62</u>	<u>0.15</u>

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has outstanding share options, which are of dilutive potential. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2008	2007
Profit attributable to equity holders of the Company ( <i>HK\$'000</i> )	<u>289,647</u>	<u>70,868</u>
Weighted average number of ordinary shares in issue ( <i>in thousands</i> )	466,922	466,922
Adjustment for share options ( <i>in thousands</i> )	<u>132</u>	<u>—</u>
Weighted average number of ordinary shares for diluted earnings per share ( <i>in thousands</i> )	<u>467,054</u>	<u>466,922</u>
Diluted earnings per share ( <i>HK\$</i> )	<u>0.62</u>	<u>0.15</u>

## 7. 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:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0-60 days	404,466	519,381
61-90 days	74,910	72,948
Over 90 days	20,304	13,707
	<u>499,680</u>	<u>606,036</u>

## 8. TRADE PAYABLES

Ageing analysis of the Group's trade payables at the reporting date:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0-60 days	340,637	419,079
61-90 days	45,784	75,607
Over 90 days	18,563	67,251
	<u>404,984</u>	<u>561,937</u>

## DIVIDENDS

The Company paid an interim dividend of HK\$0.01 per share (2007: HK\$0.01) for 2008. The Directors now recommend the payment of a final dividend of HK\$0.02 (2007: HK\$0.02) per share and a special final dividend of HK\$0.03 (2007: nil) per share on Thursday, 18th June, 2009 to the shareholders on the Register of Members on Monday, 8th June, 2009.

The Register of Members will be closed from Tuesday, 2nd June, 2009 to Monday, 8th June, 2009, both days inclusive, during which period no transfer of shares will be effected. To qualify for the above dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Monday, 1st June, 2009.

## REVIEW OF BUSINESS ACTIVITIES

### The Group

The Group's turnover decreased 4% from HK\$3.42 billion in 2007 to HK\$3.28 billion in 2008. Such reduction was primarily due to softer demand from the existing customers and the results of consolidation of certain low profit margin customers in the Electronic Manufacturing Service Division (the "EMS Division").

Profit before taxation increased 254% from HK\$81.9 million in 2007 to HK\$290.1 million in 2008. The increase was primarily attributable to the gain on disposal of a plot of land situated at No.180 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong (currently known as Wong's Industrial Centre) in late 2008.

The Group reviews annually its intangible assets as well as its available-for-sale financial assets. The intangible assets are the development cost capitalised in its ODM Division. The available-for-sale financial assets represent the Group's investment associated with a telecommunication infrastructure company. The review is based on the management's estimates of future economic benefits and the ability to recover the costs from future sales. Given the high degree of uncertainty associated with the existing global economic downturn, plus the projected future operating losses and negative cash flow forecasted by the related entities, the Group decided to write off the carry values of the intangible assets amounted to HK\$9.4 million and the available-for-sales financial assets amounted to HK\$ 4.7 million as at 31st December 2008.

### **The EMS Division**

The turnover of the EMS Division decreased 4% from HK\$3.42 billion in 2007 to HK\$3.27 billion in 2008. Sales revenues for both factories in Shajing, Shenzhen and Suzhou fell by 3% and 5% respectively when compared to the same period in 2007. The decrease in sales revenue was attributable to the weakening demand on electronic products from its customers as a result of the global economic downturn.

The operating profit attributable to EMS Division was HK\$94.1 million for the year of 2008 which represents a decline of 21% as compared to HK\$119.2 million for the same period of 2007. The decrease in the operating profit was mainly attributable to lower sales, higher labor cost, and the appreciation of Renminbi in 2008.

### **The ODM Division**

The Original Design and Manufacturing Division ("ODM Division") has continued its focus on the design, development and marketing of radio frequency identification ("RFID") products. Sales revenue for the RFID readers increased 6% to HK\$5.4 million for the year of 2008. However, the operating loss increased from HK\$26.1 million in 2007 to HK\$29.2 million in 2008 primarily due to decrease in development cost being capitalised in 2008 as compared to the same period in 2007.

### **Property Development**

At the end of 2008, the balance due from the Mid-Levels development project was amounted to approximately HK\$12.0 million (after provision of HK\$27.3 million made in prior years). As at the end of 2008, there were 4 residential units remaining which consist of 3 duplexes and 1 combined unit. In addition, there were 11 parking spaces which remain unsold. According to the market evaluation, the Directors expected that the balance of the amount due by the Mid-Levels development project amounting to HK\$12.0 million will be recoverable and thus no further impairment provision is necessary.

As advised in the Group's announcement dated 9th October, 2008 and the circular to shareholders published on 27th November, 2008, the Group entered into two joint ventures with Sun Hung Kai Properties Limited ("SHKP") for the development of two sites in Kwun Tong into a commercial office complex and a sales and purchase agreement with one of the joint ventures for the disposal of its beneficial interest in one of the sites at a consideration of approximately HK\$535.5 million.

The net book value of the property disposed of amounted to HK\$123.6 million. With the disposal proceeds of HK\$535.5 million, the surplus over the net book value amounted to HK\$411.9 million. In respect of the Group's disposal of the property to the jointly controlled entity, an unrealised gain of approximately HK\$147.0 million has been eliminated to the extent of the Group's interests in the jointly controlled entity, which will be recognised in the future upon sales of the new office complex to third parties by the jointly controlled entity. As a result, the net disposal gain recognised by the Group in the consolidated financial statements during the year amounted to HK\$264.9 million.

The Directors of the Group believe that the terms of the joint venture agreements are fair and reasonable and in the interests of the Group and its shareholders as a whole.

## **FINANCE**

As at 31st December, 2008, the Group had a HK\$913 million banking facilities under which we had HK\$293.7 million of borrowings outstanding. Cash balances increased to HK\$572.2 million at 31st December, 2008 from HK\$186.8 million at 31st December, 2007.

As at 31st December, 2008, the Group had a net cash surplus of HK\$278.5 million in excess of the bank borrowings as compare to the net bank borrowings of HK\$29.7 million (gearing ratio of 4%) at 31st December, 2007.

Most of the Group's sales are conducted in US dollars and costs and expenses are mainly in US dollars, Hong Kong dollars, Japanese Yen and Renminbi. Forward contracts are used to hedge foreign exchange exposures where necessary or practicable.

## **CAPITAL STRUCTURE**

There had been no material change in the Group's capital structure since 31st December, 2007 which consists of bank borrowings, cash and cash equivalents and equity attributable to equity holders of the Group, comprising issued share capital and reserves.

## **EMPLOYEES**

As at 31st December, 2008, the Group employed approximately 5,300 employees of whom approximately 4,420 were production workers. In addition to the provision of annual bonuses, medical and life insurance, discretionary bonuses are also available to employees based on individual performance. The remuneration packages and policies are reviewed periodically.

The Group also provides in-house and external training programs to its employees.

## **PROSPECTS**

In view of recent unfavorable economic downturn and uncertainty in connection with the global financial crisis, we expect the demand for our customers' electronics products for the EMS Division will be adversely affected. It will in turn negatively impact on Group's performance for the year of 2009. To cope with these challenges, we will continue our sales effort to expand our customer base and at the same time we will prudently control our labor and overhead costs as well as consolidate our production lines to increase our production efficiency.

To reduce its operating losses in 2009, the ODM Division has implemented cost-saving measures to reduce its monthly expenses. Looking ahead to 2009, the ODM Division will focus its effort on the development of the wireless smart card on e-banking application in order to expand its product offer and to increase its sales.

With respect to the property development with SHKP on the two adjacent sites in Kwun Tong, given the current trend in the real estate market today, the jointly controlled entity who owns the beneficial interest in site-one is currently negotiating a land premium settlement with the Hong Kong Government. The negotiation processes may be extended beyond 2009. Regarding the site-two development, it is expected that the lease modification processes with the Hong Kong Government will start in 2009. For both sites, construction will not start until the land premiums are settled.

On behalf of the Directors, I would like to sincerely thank our customers, suppliers and business partners for their continued confidence in and support to the Group. I would also like to pay a special tribute to all of our employees for their loyal, diligent and professional services to the Group.

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

During the year ended 31st December, 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

During the year ended 31st December, 2008, the Company has complied with the code provisions of the "Code on Corporate Governance Practices" (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for the following deviations:

### **1. Code provision A.2.1**

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.

### **2. Code provision A.4.1**

None of the existing non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, every Director of the Company is now subject to retirement by rotation 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 Code.



## 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 financial statements for the year ended 31st December, 2008.

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

Hong Kong, 17th April, 2009

*As at the date of this announcement, the Executive Directors of the Company are Mr. Wong Chung Mat, Ben, Mr. Wong Chung Ah, Johnny, Mr. Chan Tsze Wah, Gabriel, Mr. Tan Chang On, Lawrence, Mr. Wan Man Keung, Ms. Wong Yin Man, Ada and Mr. Lam Sek Sung, Patrick; and the Independent Non-executive Directors are Dr. Li Ka Cheung, Eric, G.B.S., O.B.E., J.P., Dr. Yu Sun Say, G.B.S., J.P. and Mr. Alfred Donald Yap, J.P.*

*Website: <http://www.wongswih.com>*