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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 RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board of directors (the “Board” or “Directors”) of Wong’s International Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2013 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2013

		Unaudited	
		2013	2012
	Note	HK\$'000	HK\$'000
Revenue	2	1,701,745	1,633,147
Other income	3	11,961	6,763
Changes in inventories of finished goods and work in progress		27,897	3,340
Raw materials and consumables used		(1,352,637)	(1,286,460)
Employee benefit expense		(229,208)	(198,794)
Depreciation and amortisation charges		(19,565)	(18,456)
Other operating expenses		(109,278)	(110,185)
Changes in fair value of investment properties		16,000	7,500
Other losses – net	4	(6,777)	(4,094)
Operating profit		40,138	32,761
Finance income		4,606	5,254
Finance costs		(6,353)	(3,122)
Share of loss of jointly controlled entities		(48)	(49)
Profit before income tax		38,343	34,844
Income tax expense	5	(10,517)	(6,438)
Profit after income tax		27,826	28,406

		Unaudited	
		2013	2012
	<i>Note</i>	HK\$'000	HK\$'000
Profit attributable to owners of the Company		28,629	28,370
Non-controlling interests		(803)	36
		<u>27,826</u>	<u>28,406</u>
Dividends	6	<u>11,962</u>	<u>11,894</u>
Earnings per share attributable to owners of the Company during the period			
Basic earnings per share	7	<u>HK\$0.06</u>	<u>HK\$0.06</u>
Diluted earnings per share	7	<u>HK\$0.06</u>	<u>HK\$0.06</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Unaudited	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	27,826	28,406
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss:		
Surplus on revaluation of property transferred from owner-occupied property to investment property	–	500
Items that may be reclassified to profit or loss:		
Currency translation differences	8,167	(14,331)
Changes in fair value of available-for-sale financial assets	(12,300)	41,817
Other comprehensive income for the period, net of tax	(4,133)	27,986
Total comprehensive income for the period	23,693	56,392
Attributable to:		
Owners of the Company	24,399	56,305
Non-controlling interests	(706)	87
Total comprehensive income for the period	23,693	56,392

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Unaudited As at 30 June 2013 <i>HK\$'000</i>	Audited As at 31 December 2012 <i>HK\$'000</i>
<i>Note</i>		
ASSETS		
Non-current assets		
Property, plant and equipment	267,412	257,544
Investment properties	75,600	59,600
Leasehold land and land use rights	11,142	11,215
Investments in associates	–	–
Interests in jointly controlled entities	1,125,964	350,089
Intangible assets	10,446	5,416
Available-for-sale financial assets	46,158	63,993
Deferred income tax assets	13,006	13,280
Deposits and other receivables	11,840	11,011
	1,561,568	772,148
Current assets		
Inventories	420,543	374,378
Trade receivables	8 785,934	710,745
Prepayments, deposits and other receivables	38,512	57,536
Amounts due from associates	38	36
Current income tax recoverable	36	71
Cash and cash equivalents	692,108	801,753
	1,937,171	1,944,519
Total assets	3,498,739	2,716,667

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

		Unaudited As at 30 June 2013 <i>HK\$'000</i>	Audited As at 31 December 2012 <i>HK\$'000</i>
	<i>Note</i>		
EQUITY			
Equity attributable to owners of the Company			
Share capital		47,841	47,661
Other reserves		561,686	563,076
Retained earnings			
– Dividends		11,962	14,325
– Others		904,215	889,767
		1,525,704	1,514,829
Non-controlling interests		(2,032)	(1,326)
		1,523,672	1,513,503
LIABILITIES			
Non-current liabilities			
Derivative financial instrument		1,203	2,726
Deferred income tax liabilities		16	5
Non-current borrowing	10	420,000	–
		421,219	2,731
Current liabilities			
Trade payables	9	789,955	625,523
Accruals and other payables		230,421	217,507
Current income tax liabilities		10,560	9,273
Borrowings	10	522,912	348,130
		1,553,848	1,200,433
Total liabilities		1,975,067	1,203,164
Total equity and liabilities		3,498,739	2,716,667
Net current assets		383,323	744,086
Total assets less current liabilities		1,944,891	1,516,234

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Unaudited				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Non-controlling interests HK\$'000	
As at 1 January 2012	47,308	151,081	1,225,277	(666)	1,423,000
Comprehensive income					
Profit for the period	–	–	28,370	36	28,406
Other comprehensive income					
Currency translation differences	–	–	(14,382)	51	(14,331)
Changes in fair value of available-for-sale financial assets	–	–	41,817	–	41,817
Surplus on revaluation of property transferred from owner-occupied property to investment property	–	–	500	–	500
Total other comprehensive income	–	–	27,935	51	27,986
Total comprehensive income	–	–	56,305	87	56,392
Transactions with owners					
Dividend paid to owners of the Company	–	–	(19,031)	–	(19,031)
Grant of subsidiary's share to employee Employee share option scheme	–	–	–	4	4
– proceeds from shares issued	269	967	–	–	1,236
Total transactions with owners	269	967	(19,031)	4	(17,791)
As at 30 June 2012	<u>47,577</u>	<u>152,048</u>	<u>1,262,551</u>	<u>(575)</u>	<u>1,461,601</u>
As at 1 January 2013	47,661	152,350	1,314,818	(1,326)	1,513,503
Comprehensive income					
Profit for the period	–	–	28,629	(803)	27,826
Other comprehensive income					
Currency translation differences	–	–	8,070	97	8,167
Changes in fair value of available-for-sale financial assets	–	–	(12,300)	–	(12,300)
Total other comprehensive income	–	–	(4,230)	97	(4,133)
Total comprehensive income	–	–	24,399	(706)	23,693
Transactions with owners					
Dividend paid to owners of the Company	–	–	(14,352)	–	(14,352)
Employee share option scheme	–	–	–	–	–
– proceeds from shares issued	180	648	–	–	828
Total transactions with owners	180	648	(14,352)	–	(13,524)
As at 30 June 2013	<u>47,841</u>	<u>152,998</u>	<u>1,324,865</u>	<u>(2,032)</u>	<u>1,523,672</u>

NOTES:

1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information (“Interim Financial Information”) for the six months ended 30 June 2013 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance under HKFRSs for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRSs when fair value is required or permitted.

HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 Financial Instruments: Disclosures.

The adoption of HKFRS 13 has impact on the disclosure requirements on the Group’s Interim Financial Information only.

HKAS 1 Presentation of Items of Other Comprehensive Income – Amendments to HKAS 1

The amendments to HKAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of these amendments affected presentation only and had no impact on the Group’s results of operations or financial position.

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2013 and have no material impact to the Group.

HKAS 19 (Amendment)	Employee benefits
HKAS 27 (2011)	Separate financial statements
HKAS 28 (2011)	Investments in associates and joint ventures
HKFRS 7 (Amendment)	Financial instruments: disclosure – offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosures of interests in other entities
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine
Annual Improvements Project	Annual improvements 2009–2011 cycle

New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted.

HKAS 32 (Amendment)	Financial instruments: presentation – offsetting financial assets and financial liabilities
HKFRS 9	Financial instruments

2. SEGMENT INFORMATION

The Group's senior executive management is considered as the Chief Operating Decision Maker ("CODM"). The Group was organised into two 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.

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, changes in fair value of investment properties, other losses – net, interest income, interest expense, share of loss of jointly controlled entities and income tax expense but excludes corporate and unallocated expenses. Other information provided to CODM is measured in a manner consistent with that in the Interim Financial Information.

For the six months ended 30 June 2013	EMS division <i>HK\$'000</i>	ODM division <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total gross revenue	1,698,308	6,817	1,705,125
Inter-segment revenue	(3,380)	–	(3,380)
External revenue	<u>1,694,928</u>	<u>6,817</u>	<u>1,701,745</u>
Segment results	<u>40,697</u>	<u>(10,458)</u>	<u>30,239</u>
Depreciation and amortisation charges	<u>17,722</u>	<u>136</u>	<u>17,858</u>
Capital expenditure	<u>28,178</u>	<u>5,210</u>	<u>33,388</u>
For the six months ended 30 June 2012	EMS division <i>HK\$'000</i>	ODM division <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total gross revenue	1,622,055	18,733	1,640,788
Inter-segment revenue	(7,641)	–	(7,641)
External revenue	<u>1,614,414</u>	<u>18,733</u>	<u>1,633,147</u>
Segment results	<u>41,349</u>	<u>(6,297)</u>	<u>35,052</u>
Depreciation and amortisation charges	<u>16,999</u>	<u>136</u>	<u>17,135</u>
Capital expenditure	<u>12,465</u>	<u>655</u>	<u>13,120</u>

	EMS division <i>HK\$'000</i>	ODM division <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets			
As at 30 June 2013	<u>2,071,465</u>	<u>19,502</u>	<u>2,090,967</u>
As at 31 December 2012	<u>2,036,385</u>	<u>16,788</u>	<u>2,053,173</u>

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 and cash equivalents, but exclude 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	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment results	30,239	35,052
Other income	11,961	6,763
Changes in fair value of investment properties	16,000	7,500
Other losses – net	(6,777)	(4,094)
Finance (costs)/income – net	(1,747)	2,132
Share of loss of jointly controlled entities	(48)	(49)
Corporate and unallocated expenses	(11,285)	(12,460)
Profit before income tax	<u>38,343</u>	<u>34,844</u>

Reportable segments assets are reconciled to total assets as follows:

	As at 30 June 2013 <i>HK\$'000</i>	As at 31 December 2012 <i>HK\$'000</i>
Reportable segment assets	2,090,967	2,053,173
Investment properties	75,600	59,600
Investments in associates	–	–
Interests in jointly controlled entities	1,125,964	350,089
Available-for-sale financial assets	46,158	63,993
Deferred income tax assets	13,006	13,280
Amounts due from associates	38	36
Corporate and unallocated assets	147,006	176,496
Total assets per condensed consolidated balance sheet	<u>3,498,739</u>	<u>2,716,667</u>

Reconciliations of other material items are as follows:

	For the six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Depreciation and amortisation charges		
– Reportable segment total	17,858	17,135
– Corporate headquarters	1,707	1,321
	<u>19,565</u>	<u>18,456</u>
Capital expenditure		
– Reportable segment total	33,388	13,120
– Corporate headquarters	–	1,415
	<u>33,388</u>	<u>14,535</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	
	2013	2012
	HK\$'000	HK\$'000
North America	201,490	212,127
Asia (excluding Hong Kong)	862,729	931,392
Europe	368,736	299,129
Hong Kong	268,790	190,499
	<u>1,701,745</u>	<u>1,633,147</u>

For the six months ended 30 June 2013, revenues of approximately HK\$456,837,000 (2012: HK\$493,208,000) and HK\$402,270,000 (2012: HK\$391,677,000) were derived from the top two 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.

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

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
North America	2,516	2,080
Asia (excluding Hong Kong)	190,530	178,426
Europe	35	37
Hong Kong	1,355,481	578,325
	<u>1,548,562</u>	<u>758,868</u>

Non-current assets comprise property, plant and equipment, investment properties, leasehold land and land use rights, investments in associates, interests in jointly controlled entities, intangible assets, available-for-sale financial assets and deposits and other receivables. They exclude deferred income tax assets.

3. OTHER INCOME

For the six months
ended 30 June
2013 2012
HK\$'000 *HK\$'000*

Scrap and spare parts sales	4,326	1,158
Tooling income	6,364	4,518
Sundry income	1,271	1,087
	11,961	6,763
	11,961	6,763

4. OTHER LOSSES – NET

For the six months
ended 30 June
2013 2012
HK\$'000 *HK\$'000*

Fair value changes on financial instruments – net	1,067	(359)
(Losses)/gains on disposal of property, plant and equipment	(53)	70
Exchange losses – net	(3,006)	(3,805)
Write-back of impairment provision on amount due from an associate	750	–
Impairment for an available-for-sale financial asset	(5,535)	–
	(6,777)	(4,094)
	(6,777)	(4,094)

5. INCOME TAX EXPENSE

For the six months
ended 30 June
2013 2012
HK\$'000 *HK\$'000*

Current income tax		
– Hong Kong profits tax	1,232	1,344
– Overseas taxation	7,400	6,915
Deferred income tax	397	(242)
Under/(over) – provision in prior periods		
– Current income tax	1,436	(1,525)
– Deferred income tax	52	(54)
	10,517	6,438
	10,517	6,438

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

6. DIVIDENDS

**For the six months
ended 30 June**
2013 2012
HK\$'000 *HK\$'000*

Interim dividend – HK\$0.025 (2012: HK\$0.025) per share	11,962	11,894
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The Board has resolved to pay an interim dividend of HK\$0.025 per share (2012: HK\$0.025 per share) on Friday, 27 September 2013 to the shareholders whose names appear on the Register of Members of the Company on Friday, 13 September 2013.

7. 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**
2013 2012

Profit attributable to owners of the Company (<i>HK\$'000</i>)	28,629	28,370
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Weighted average number of ordinary shares in issue (<i>in thousands</i>)	477,717	474,634
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Basic earnings per share (<i>HK\$</i>)	0.06	0.06
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(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.

**For the six months
ended 30 June**
2013 2012

Profit attributable to owners of the Company (<i>HK\$'000</i>)	28,629	28,370
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Weighted average number of ordinary shares in issue (<i>in thousands</i>)	477,717	474,634
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Adjustment for share options (<i>in thousands</i>)	632	1,859
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Weighted average number of ordinary shares for diluted earnings per share (<i>in thousands</i>)	478,349	476,493
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Diluted earnings per share (<i>HK\$</i>)	0.06	0.06
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8. 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 2013 <i>HK\$'000</i>	As at 31 December 2012 <i>HK\$'000</i>
0–60 days	691,260	509,149
61–90 days	85,526	136,098
Over 90 days	9,148	65,498
	<u>785,934</u>	<u>710,745</u>

9. TRADE PAYABLES

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

	As at 30 June 2013 <i>HK\$'000</i>	As at 31 December 2012 <i>HK\$'000</i>
0–60 days	720,277	624,659
61–90 days	55,472	472
Over 90 days	14,206	392
	<u>789,955</u>	<u>625,523</u>

10. BORROWINGS

	As at 30 June 2013 <i>HK\$'000</i>	As at 31 December 2012 <i>HK\$'000</i>
Trust receipt bank loans, unsecured	250,969	59,254
Short-term bank loans, unsecured	223,643	237,126
Long-term bank loan, secured	420,000	–
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	41,400	44,850
Total borrowings	<u>942,912</u>	<u>348,130</u>
Non-current	420,000	–
Current	522,912	348,130
Total borrowings	<u>942,912</u>	<u>348,130</u>

Movements in borrowings are analysed as follows:

HK\$'000

For the six months ended 30 June 2012

Opening amount at 1 January 2012	310,858
Inceptions of borrowings	201,517
Repayments of borrowings	(165,050)
Exchange differences	(828)
	<hr/>
Closing amount at 30 June 2012	<u>346,497</u>

For the six months ended 30 June 2013

Opening amount at 1 January 2013	348,130
Inceptions of borrowings	688,632
Repayments of borrowings	(90,383)
Exchange differences	(3,467)
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Closing amount at 30 June 2013	<u>942,912</u>

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of HK\$0.025 per share (2012: HK\$0.025 per share) on Friday, 27 September 2013 to the shareholders whose names appear on the Register of Members of the Company on Friday, 13 September 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 11 September 2013 to Friday, 13 September 2013, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 10 September 2013.

REVIEW OF BUSINESS ACTIVITIES

The Group

For the six months ended 30 June 2013, the Group's turnover was HK\$1.70 billion, representing an increase of 4.2% when compared to HK\$1.63 billion for the same period of 2012. Operating profit for the period was HK\$40.1 million or 2.4% of revenue as compared to HK\$32.8 million or 2.0% of revenue for the same period last year. Net profit for the six months was HK\$27.8 million as compared to HK\$28.4 million for the same period of 2012. Diluted earnings per share for the first six months was HK\$0.06 as the same as last year.

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

For the six months ended 30 June 2013, the EMS Division reported a turnover HK\$1.69 billion, representing a 5.0% increase as compared with HK\$1.61 billion for the same period last year. Sales revenue for Shajing factory in Shenzhen increased by 8.1% while the factory at Suzhou was slightly down by 1.1% as compared to the same period for financial year 2012. During the first six months, while the overall market environment has been soft, we have experienced modest improvement in our customer demand across different end-market segments. The segment profit attributable to EMS Division was HK\$40.7 million, a 1.6% decrease as compared to the HK\$41.3 million for the same period for 2012. While the value added as a percentage of revenue increased to 22.0% or HK\$374.2 million in the first six months as compared to 21.0% or HK\$341.1 million in the same period last year, the decrease in the segment net profit is primarily attributed to the increase in labour costs and operation expenses incurred.

The sales revenue of the ODM Division primarily in iCarte for Apple iPhone decreased to HK\$6.8 million from HK\$18.7 million for the same period of financial year 2012. The decrease in sales is mainly due to delay approval from Apple's new iPhone 5 MFi manufacturing licensing requirement which was introduced in the late 2012, the timing of new programme ramps and the lower demand on some of the existing customers.

Apple and iPhone are trademarks of Apple Inc., registered in the U.S. and other countries.

Property Development

The Group has two jointly controlled entities with Sun Hung Kai Properties Limited on the development of two sites for office buildings in Kwun Tong. We continue increasing our investment on the first site by adding approximately HK\$77.7 million during the first half of financial year 2013 and so far the construction is progressing well on schedule to be completed around the end of 2013. In respect to the second site where the previous Wong's Industrial Centre was located, the application for the lease modifications has been approved by the Lands Department in early 2013. The Group has paid approximately HK\$698.0 million land premium corresponding to its share in May 2013. The demolition of Wong's Industrial Centre started in July 2013 and the construction is expected to be completed in 2017.

FINANCE

As at 30 June 2013, the Group had HK\$2,237.2 million of total banking facilities. Total bank borrowings were HK\$942.9 million, of which a loan of HK\$23.6 million was arranged by an overseas subsidiary. Cash and cash equivalents were HK\$692.1 million at 30 June 2013 (2012 December: HK\$801.8 million). Cash flow generated from operations was HK\$105.5 million for the interim period.

As at 30 June 2013, the Group had a net bank borrowing of HK\$250.8 million, as compared to the net cash surplus of HK\$453.7 million at 31 December 2012. The decrease was mainly due to the new bank borrowing of HK\$628.4 million to partially finance the land premium payment and construction costs totalling HK\$775.9 million during the period. Sufficient banking facility and bank balance are available to meet the cash needs of the Group from manufacturing operation as well as property development.

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. Forward contracts are used to hedge foreign exchange exposures where it is necessary or practicable.

CAPITAL STRUCTURE

There had been no material change in the Group's capital structure since 31 December 2012 which consists of bank borrowings, cash and cash equivalents and equity attributable to owners of the parent, comprising issued share capital and reserves.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Group employed approximately 5,300 employees. 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.

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.

PROSPECTS

We are pleased with the operating results of the first half of financial year 2013. Although global economic uncertainty had dampened the demand for consumer electronic products and led to the drop in EMS revenue in 2012, we are encouraged with improvements in the overall global macro-environment as reflected in the modest improvement in revenue of the EMS Division.

On the other hand, the ODM Division will face new challenges in the second half of 2013. The global adoption of NFC mobile payment is slower than expected to materialize because of emergence of competing technologies and this will affect the long term prospect of iCarte. In addition, after intensive research and development efforts, we are looking at the launch of our first Cloud Tablet in the fourth quarter of 2013 to major retail store and on-line retailers. We expect that sale of the product will accelerate in 2014. On property development, we anticipate this new business will make contribution to the Group revenue in 2014. Although the operating environment remains challenging, we are positive and cautiously optimistic for the performance in the second half of the financial year. The increased forecast from our customers should further drive sales and profit improvements to our results. We are focused, committed and dedicated to improving our operating results to deliver and increase the long term value to our shareholders.

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 six months ended 30 June 2013, 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 2013, 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 of Hong Kong Limited (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.

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 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, the 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 for Securities Transactions by Directors of Listed Issuers (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 2013.

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 2013.

PUBLICATION OF RESULTS AND INTERIM REPORT

This results announcement is published on the Company’s website at www.wih.com.hk/investor07.asp and the Stock Exchange at www.hkexnews.hk. The 2013 interim report will be dispatched to shareholders of the Company and will be available on the above websites in due course.

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

Hong Kong, 22 August 2013

As at the date of this announcement, the Executive Directors are Mr. Wong Chung Mat, Ben, Ms. Wong Yin Man, Ada, Mr. Chan Tsze Wah, Gabriel, Mr. Tan Chang On, Lawrence and Mr. Wan Man Keung; the Non-executive Director is Mr. Mak King Mun, Philip; and the Independent Non-executive Directors are Dr. Li Ka Cheung, Eric GBS, OBE, JP, Dr. Yu Sun Say GBS, JP and Mr. Alfred Donald Yap JP.