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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 2014

FINANCIAL HIGHLIGHTS:

- Operating profit increased by approximately HK\$32.2 million as a result of a growth in sale revenue, which was impacted by an impairment loss on intangible assets and a decrease in the surplus from investment properties valuation.
- Profit attributable to owners of the Company increased by approximately HK\$122.1 million mainly because of the Group's share of profit of joint ventures of HK\$105.5 million arising from the property development joint venture in respect of office units sold during the period.

UNAUDITED INTERIM RESULTS

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 2014 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014

		Unaudited	
		2014	2013
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	2	1,886,577	1,701,745
Other income	3	6,459	11,961
Changes in inventories of finished goods and work in progress		6,846	27,897
Raw materials and consumables used		(1,466,344)	(1,352,637)
Employee benefit expense		(229,218)	(229,208)
Depreciation and amortisation charges		(21,535)	(19,565)
Other operating expenses		(101,507)	(109,278)
Change in fair value of investment properties		1,330	16,000
Other losses – net	4	(10,315)	(6,777)
Operating profit		72,293	40,138
Finance income		6,635	4,606
Finance costs		(10,054)	(6,353)
Share of profit/(loss) of joint ventures	8	105,538	(48)
Profit before income tax		174,412	38,343
Income tax expense	5	(23,706)	(10,517)
Profit after income tax		150,706	27,826
Profit attributable to owners of the Company		150,706	28,629
Non-controlling interests		–	(803)
		150,706	27,826
Dividends	6	19,139	11,962
Earnings per share attributable to owners of the Company during the period			
Basic earnings per share	7	HK\$0.31	HK\$0.06
Diluted earnings per share	7	HK\$0.31	HK\$0.06

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Unaudited	
	2014	2013
	HK\$'000	HK\$'000
Profit for the period	150,706	27,826
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Currency translation differences	(30,390)	8,167
Changes in fair value of available-for-sale financial assets	2,460	(17,835)
Impairment for available-for-sale financial assets reclassified to income statement	–	5,535
Other comprehensive loss for the period, net of tax	(27,930)	(4,133)
Total comprehensive income for the period	122,776	23,693
Attributable to:		
Owners of the Company	122,776	24,399
Non-controlling interests	–	(706)
Total comprehensive income for the period	122,776	23,693

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

		Unaudited As at 30 June 2014 <i>HK\$'000</i>	Audited As at 31 December 2013 <i>HK\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		284,846	285,437
Investment properties		99,497	98,717
Leasehold land and land use rights		21,380	22,297
Investments in associates		–	–
Interests in joint ventures	8	1,307,851	1,143,816
Intangible assets		–	13,054
Available-for-sale financial assets		30,800	28,340
Deferred income tax assets		9,932	9,030
Deposits and other receivables		4,815	6,460
		1,759,121	1,607,151
Current assets			
Inventories		432,622	409,367
Trade receivables	9	817,636	828,518
Prepayments, deposits and other receivables		36,419	38,986
Amounts due from associates		30	38
Current income tax recoverable		9,716	9,553
Non-current assets held for sale		18,263	18,453
Short-term bank deposits		215,990	126,584
Cash and cash equivalents		603,402	674,609
		2,134,078	2,106,108
Total assets		3,893,199	3,713,259

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2014	2013
	<i>Note</i>	HK\$'000	HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		47,848	47,848
Other reserves		557,918	582,021
Retained earnings			
– Dividends		19,139	11,962
– Others		1,065,046	937,306
		<u>1,689,951</u>	<u>1,579,137</u>
Non-controlling interests		4	4
		<u>1,689,955</u>	<u>1,579,141</u>
LIABILITIES			
Non-current liabilities			
Derivative financial instrument		936	897
Deferred income tax liabilities		847	509
Borrowings	11	420,000	420,000
		<u>421,783</u>	<u>421,406</u>
Current liabilities			
Trade payables	10	835,901	795,753
Accruals and other payables		242,499	244,322
Current income tax liabilities		29,389	20,212
Borrowings	11	673,672	652,425
		<u>1,781,461</u>	<u>1,712,712</u>
Total liabilities		<u>2,203,244</u>	<u>2,134,118</u>
Total equity and liabilities		<u>3,893,199</u>	<u>3,713,259</u>
Net current assets		<u>352,617</u>	<u>393,396</u>
Total assets less current liabilities		<u>2,111,738</u>	<u>2,000,547</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Unaudited				
	Attributable to owners of the Company			Non- controlling interests	Total
	Share capital	Share premium	Other reserves		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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	–	–	(17,835)	–	(17,835)
Impairment for available-for-sale financial assets reclassified to income statement	–	–	5,535	–	5,535
Total other comprehensive (loss)/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>
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>

NOTES:

1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information (“Interim Financial Information”) for the six months ended 30 June 2014 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 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). Certain comparative figures have been reclassified to conform to the current period’s presentation.

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 2013.

The following new standards, amendments and interpretations are mandatory for the financial year beginning 1 January 2014 and have no material impact to the Group.

HKAS 32 (Amendment)	Financial instruments: presentation – offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets
HKAS 39 (Amendment)	Novation of derivatives and continuation of hedge accounting
HKFRS 10, 12 and HKAS 27 (Amendment)	Consolidation for investment entities
HK(IFRIC) 21	Levies

The following new standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2014 and have not been early adopted:

HKAS 19 (Amendment)	Employee benefits: defined benefit plans – employee contributions
HKAS 16 and 38 (Amendment)	Classification of acceptable methods of depreciation and amortisation
HKFRS 9	Financial instruments
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 2010–2012 cycle
Annual Improvements Project	Annual improvements 2011–2013 cycle

2. SEGMENT INFORMATION

The Group’s senior executive management is considered as the Chief Operating Decision Maker (“CODM”). There are differences from the last interim financial information in the basis of segmentation as an additional segment “property investment” is added. The comparative segment information as at 30 June 2013 has been reclassified to align with the presentation of the latest segment information disclosure as a result of the change in CODM’s review on the Group’s performance and resources. The Group was 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 CODM is measured in a manner consistent with that in the Interim Financial Information.

For the six months ended 30 June 2014

	EMS division HK\$'000	ODM division HK\$'000	Property investment division HK\$'000	Total HK\$'000
Total gross revenue	1,900,948	5,458	–	1,906,406
Inter-segment revenue	(19,829)	–	–	(19,829)
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	–	–	1,330	1,330
Rental income	–	–	1,305	1,305
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>

For the six months ended 30 June 2013

	EMS division HK\$'000	ODM division HK\$'000	Property investment division HK\$'000	Total HK\$'000
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>–</u>	<u>1,701,745</u>
Segment results	<u>40,697</u>	<u>(10,458)</u>	<u>15,177</u>	<u>45,416</u>
Depreciation and amortisation charges	(17,722)	(136)	(64)	(17,922)
Share of loss of joint ventures	–	–	(48)	(48)
Change in fair value of investment properties	–	–	16,000	16,000
Rental income	–	–	899	899
Capital expenditure	<u>28,178</u>	<u>5,210</u>	<u>–</u>	<u>33,388</u>
Loans to joint ventures	<u>–</u>	<u>–</u>	<u>775,923</u>	<u>775,923</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 2014				
Segment assets	2,312,700	9,344	103,538	2,425,582
Interests in joint ventures	–	–	1,307,851	1,307,851
Total reportable segment assets	<u>2,312,700</u>	<u>9,344</u>	<u>1,411,389</u>	<u>3,733,433</u>
As at 31 December 2013				
Segment assets	2,284,576	20,928	101,871	2,407,375
Interests in joint ventures	–	–	1,143,816	1,143,816
Total reportable segment assets	<u>2,284,576</u>	<u>20,928</u>	<u>1,245,687</u>	<u>3,551,191</u>

Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, 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	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment results	192,322	45,416
Other income	6,459	11,961
Other losses – net	(10,315)	(6,777)
Finance costs – net	(3,419)	(1,747)
Corporate and unallocated expenses	(10,635)	(10,510)
Profit before income tax	<u>174,412</u>	<u>38,343</u>

Reportable segments assets are reconciled to total assets as follows:

	As at 30 June 2014 <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
Reportable segment assets	3,733,433	3,551,191
Available-for-sale financial assets	30,800	28,340
Deferred income tax assets	9,932	9,030
Amounts due from associates	30	38
Corporate and unallocated assets	119,004	124,660
Total assets per condensed consolidated balance sheet	<u>3,893,199</u>	<u>3,713,259</u>

Reconciliations of other material items are as follows:

	For the six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation and amortisation charges		
– Reportable segment total	20,227	17,922
– Corporate headquarters	1,308	1,643
	<u>21,535</u>	<u>19,565</u>
Capital expenditure		
– Reportable segment total	25,689	33,388
– Corporate headquarters	20	–
	<u>25,709</u>	<u>33,388</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	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
North America	279,921	201,490
Asia (excluding Hong Kong)	989,846	862,729
Europe	247,730	368,736
Hong Kong	369,080	268,790
	<u>1,886,577</u>	<u>1,701,745</u>

For the six months ended 30 June 2014, revenues of approximately HK\$471,271,000 (2013: HK\$456,837,000) and HK\$442,648,000 (2013: HK\$402,270,000) 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	As at
	30 June	31 December
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
North America	41	2,969
Asia (excluding Hong Kong)	234,340	236,081
Europe	60	51
Hong Kong	1,514,748	1,359,020
	<u>1,749,189</u>	<u>1,598,121</u>

Non-current assets comprise property, plant and equipment, investment properties, leasehold land and land use rights, investments in associates, interests in joint ventures, 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	
	2014	2013
	HK\$'000	HK\$'000
Tooling income	1,753	6,364
Rental income	1,305	899
Others	3,401	4,698
	<u>6,459</u>	<u>11,961</u>

4. OTHER LOSSES – NET

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
(Losses)/gains on financial instruments – net		
– Unrealised	(39)	1,523
– Realised	(404)	(456)
Losses on disposal of property, plant and equipment	(74)	(53)
Exchange gains/(losses) – net	3,237	(3,006)
Write-back of impairment provision on amount due from an associate	20	750
Impairment for available-for-sale financial assets	–	(5,535)
Impairment for intangible assets	(13,055)	–
	<u>(10,315)</u>	<u>(6,777)</u>

5. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	1,938	1,232
– Overseas taxation	22,531	7,400
Deferred income tax	(531)	397
Under/(over)-provision in prior periods		
– Current income tax	75	1,436
– Deferred income tax	(307)	52
	<u>23,706</u>	<u>10,517</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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% (2013: 25%) on the estimated profits, except for Welco Technology (Suzhou) Limited ("WTSZ"), a wholly owned subsidiary of the Group. During the second half of 2013, WTSZ successfully applied and is eligible for preferential CIT Rate of 15% under the New and High Technology Enterprises status with effect from 1 January 2012.

6. DIVIDENDS

	For the six months ended 30 June	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interim dividend – HK\$0.04 (2013: HK\$0.025) per share	<u>19,139</u>	<u>11,962</u>

On 26 August 2014, the Board has resolved to pay an interim dividend of HK\$0.04 per share (2013: HK\$0.025 per share) which is payable on Tuesday, 30 September 2014 to the shareholders whose names appear on the Register of Members of the Company on Wednesday, 17 September 2014. This interim dividend, amounting to HK\$19,139,000 (2013: HK\$11,962,000) 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 2014.

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	
	2014	2013
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>150,706</u>	<u>28,629</u>
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	<u>478,484</u>	<u>477,717</u>
Basic earnings per share (<i>HK\$</i>)	<u>0.31</u>	<u>0.06</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.

As at 30 June 2014, diluted earnings was equal to basic earnings per share as there was no dilutive potential share outstanding.

As at 30 June 2013, the Company had share options which were 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. The calculation of diluted earnings per share for the period ended 30 June 2013 was based on the following:

	For the six months ended 30 June 2013
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>28,629</u>
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	477,717
Adjustment for share options (<i>in thousands</i>)	<u>632</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>in thousands</i>)	<u>478,349</u>
Diluted earnings per share (<i>HK\$</i>)	<u>0.06</u>

8. INTERESTS IN JOINT VENTURES

	As at 30 June 2014 <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
Share of net assets/(liabilities)	95,518	(10,020)
Loans to joint ventures	1,212,333	1,153,836
	<u>1,307,851</u>	<u>1,143,816</u>

The loans to joint ventures are unsecured, interest-free and will not be repaid in the coming 12 months.

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
At 1 January	(10,020)	1,338
Share of profit/(loss) of joint ventures	105,538	(48)
At 30 June	<u>95,518</u>	<u>1,290</u>

9. 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 2014 <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
0–60 days	632,605	697,351
61–90 days	145,532	106,937
Over 90 days	39,499	24,230
	<u>817,636</u>	<u>828,518</u>

10. TRADE PAYABLES

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

	As at 30 June 2014 <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
0–60 days	740,338	621,428
61–90 days	49,025	126,651
Over 90 days	46,538	47,674
	<u>835,901</u>	<u>795,753</u>

11. BORROWINGS

	As at 30 June 2014 <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
Trust receipt bank loans, unsecured	355,752	289,829
Short-term bank loans, unsecured	276,520	317,746
Long-term bank loan, secured	420,000	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	34,500	37,950
	<hr/>	<hr/>
Total borrowings	1,093,672	1,072,425
	<hr/> <hr/>	<hr/> <hr/>
Non-current	420,000	420,000
Current	673,672	652,425
	<hr/>	<hr/>
Total borrowings	1,093,672	1,072,425
	<hr/> <hr/>	<hr/> <hr/>

INTERIM DIVIDEND

On 26 August 2014, the Board has resolved to pay an interim dividend of HK\$0.04 per share (2013: HK\$0.025 per share) which is payable on Tuesday, 30 September 2014 to the shareholders whose names appear on the Register of Members of the Company on Wednesday, 17 September 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 15 September 2014 to Wednesday, 17 September 2014, 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 Friday, 12 September 2014.

REVIEW OF BUSINESS ACTIVITIES

Review of Results

The Group's profit attributable to owners of the Company for the six months ended 30 June 2014 amounted to HK\$150.7 million, as compared to HK\$28.6 million for the corresponding period last year. The significant increase was mainly attributed to the Group's share of the increase in equity value in the property development joint venture in respect of the office units sold during the period. Earnings per share for the six months were HK\$0.31 as compared to HK\$0.06 for the corresponding period last year.

The Group's revenue for the six months ended 30 June 2014 was HK\$1,886.6 million, representing an increase of HK\$184.8 million or 10.9%, as compared to HK\$1,701.7 million for the corresponding period last year. Operating profit for the six months ended 30 June 2014 was HK\$72.3 million or 3.8% of revenue, as compared to HK\$40.1 million or 2.3% of revenue for the corresponding period last year. The increase in operating profit was driven by a growth in sale revenue, which was impacted by an impairment loss on intangible assets and a decrease in the surplus from investment properties valuation.

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

Revenue for the EMS Division for the six months ended 30 June 2014 was HK\$1,881.1 million, representing a 11.0% increase as compared to HK\$1,694.9 million for the corresponding period last year. Revenue for the manufacturing plant in Shenzhen increased by 18.2% while the plant in Suzhou was slightly down by 1.0%, as compared to the corresponding period for financial year 2013. During the first six months in 2014, the worldwide EMS market resumed growth after the decline in 2013. The segment profit attributable to EMS Division was HK\$99.3 million, a 144.1% increase as compared to the HK\$40.7 million for the corresponding period last year. The increase in the segment net profit is accredited to the increase in sale revenue, a stable gross profit percentage and the implementation of measures to contain operating costs.

Revenue for the ODM Division for the six month ended 30 June 2014 was HK\$5.5 million as compared to the HK\$6.8 million for the corresponding period last year. The demand for iCarte for Apple® iPhone® is still hindered by the global slow adoption of mobile payment. The self-developed Cloud Tablet was finally launched into market during the period but its market potential is to be explored fully in the second half of 2014.

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

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 is a 26-storey Grade A office building strategically situated in Hong Kong's future second Central Business District and in close proximity to the Kai Tak Cruise Terminal. The project was officially completed in January 2014 and launched into the market in April 2014 under the name of "One Harbour Square". During the period, certain floors and car parking spaces of the building were sold, resulting in an increase in equity value of the joint venture, of which the Group's share was HK\$105.5 million. Sale of office units and car parking spaces continues in second half of 2014.

The foundation and diaphragm wall works for the second development project at the adjacent site are in progress. Construction of the second site is targeted to be completed in 2017.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the Group had a total of HK\$2,566.4 million of banking facilities. Total bank borrowings were HK\$1,093.7 million (2013 December: HK\$1,072.4 million), of which a loan of HK\$23.0 million was arranged by an overseas subsidiary. Cash and cash equivalents and short-term bank deposits were HK\$819.4 million at 30 June 2014 (2013 December: HK\$801.2 million). Cash flow generated from operations for the period was HK\$99.7 million.

As at 30 June 2014, the Group had net bank borrowings of HK\$274.3 million (2013 December: HK\$271.2 million). Sufficient banking facilities and bank balance are available to meet the cash needs of the Group for its manufacturing operation as well as property development activities.

The Group's net gearing ratio as at 30 June 2014 was approximately 16.2% (2013 December: 17.2%), 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 monitors fluctuations in exchange rates closely and will consider hedging significant 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 2013 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 5,200 employees as at 30 June 2014. 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

The recovery of the global economy encountered a bumpy start in the first half of 2014. Economic growth in China remained modest while other emerging countries faced slowdowns primarily owing to the currency depreciation. In contrast, despite the softness in the first quarter, recovery in the United States and the Euro Area is gaining momentum because of the reduced drag on growth from fiscal consolidation, improving labour market and a steady release of consumer demands. The overall improvement in the macroeconomic environment provided the impetus for the worldwide EMS market to resume growth.

We are pleased with the progress in the operating results of the EMS Division in the first half of 2014. This has demonstrated our continuous efforts to deliver customer satisfaction as well as to sustain growth, competitiveness and profitability under a challenging operating environment. While we are optimistic on the global economy to maintain its growth momentum in 2014 and even longer term, we will remain cautious for any sign of downturns and continue to invest into efficiency and productivity programmes in order to maintain our competitiveness and profitability.

The launch of One Harbour Square at the first site in Kwun Tong was well received by the market as certain units in the office building were sold successively to interested buyers during the period and up to the date hereof. Eyeing the potential in the formation of the second Central Business District in the Kwun Tong area, it is the Group's preference to hold its interest in the building as much as possible for long term and for leasing purposes after taking into consideration of financing requirement. As a result, the Group does not expect to generate a significant increase in cash from the long term interest in the property development project 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.

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

During the six months ended 30 June 2014, 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 2014, 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 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, 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 2014.

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 2014.

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 2014 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, 26 August 2014

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 and Mr. Wan Man Keung; and the Independent Non-executive Directors are Dr. Li Ka Cheung, Eric GBS, OBE, JP, Dr. Yu Sun Say GBM, JP and Mr. Alfred Donald Yap JP.

Website: www.wih.com.hk