

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 2012 FINAL RESULTS

The Board of Directors (the “Board”) of Wong’s International (Holdings) Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2012 as follows:

CONSOLIDATED INCOME STATEMENT

		2012	As restated (Note 1) 2011
	Note	HK\$'000	HK\$'000
Revenue	2	3,342,947	3,917,124
Other income	3	37,419	18,909
Changes in inventories of finished goods and work in progress		15,192	(20,217)
Raw materials and consumables used		(2,615,152)	(3,088,015)
Employee benefit expenses		(421,452)	(404,703)
Depreciation and amortisation charges		(38,420)	(42,729)
Other operating expenses		(223,889)	(225,248)
Change in fair value of investment properties		12,500	11,050
Other gains – net	4	5,712	16,371
Operating profit		114,857	182,542
Finance income		10,545	7,301
Finance costs		(6,272)	(7,288)
Share of profit/(loss) of associates		4,225	(228)
Share of loss of jointly controlled entities		(72)	(238)
Gain on deemed disposal of an associate		–	25,947
Profit before income tax		123,283	208,036
Income tax expense	5	(23,696)	(31,385)
Profit after income tax		<u>99,587</u>	<u>176,651</u>
Profit attributable to owners of the Company		100,332	177,305
Non-controlling interests		(745)	(654)
		<u>99,587</u>	<u>176,651</u>
Dividends	6	<u>26,219</u>	<u>35,529</u>
Earnings per share attributable to owners of the Company during the year			
Basic earnings per share	7	<u>HK\$0.21</u>	<u>HK\$0.38</u>
Diluted earnings per share	7	<u>HK\$0.21</u>	<u>HK\$0.37</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2012	As restated (Note 1) 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	99,587	176,651
Other comprehensive income:		
Changes in fair value of available-for-sale financial assets	11,683	602
Currency translation differences	8,032	27,236
Surplus on revaluation of property transferred from owner-occupied property to investment property	500	–
Other comprehensive income for the year, net of tax	20,215	27,838
Total comprehensive income for the year	119,802	204,489
Attributable to:		
Owners of the Company	120,466	205,155
Non-controlling interests	(664)	(666)
Total comprehensive income for the year	119,802	204,489

CONSOLIDATED BALANCE SHEET

		As restated (Note 1)	As restated (Note 1)
	As at 31 December 2012	As at 31 December 2011	As at 1 January 2011
Note	HK\$'000	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	257,544	263,124	262,485
Investment properties	59,600	46,600	35,550
Leasehold land and land use rights	11,215	6,832	6,659
Investments in associates	–	6,993	31,489
Interests in jointly controlled entities	350,089	301,008	282,292
Intangible assets	5,416	–	–
Available-for-sale financial assets	63,993	56,199	3,938
Deferred income tax assets	13,280	15,866	12,294
Deposits and other receivables	11,011	–	–
	<u>772,148</u>	<u>696,622</u>	<u>634,707</u>
Current assets			
Inventories	374,378	348,932	443,376
Trade receivables	8 710,745	804,638	948,865
Prepayments, deposits and other receivables	57,536	46,378	62,214
Amounts due from associates	36	27,847	27,843
Current income tax recoverable	71	1,980	–
Financial assets at fair value through profit or loss	–	–	1,091
Pledged bank deposits	–	–	177,774
Cash and cash equivalents	801,753	681,432	400,251
	<u>1,944,519</u>	<u>1,911,207</u>	<u>2,061,414</u>
Total assets	<u><u>2,716,667</u></u>	<u><u>2,607,829</u></u>	<u><u>2,696,121</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	47,661	47,308	46,966
Other reserves	563,076	536,795	476,454
Retained earnings			
– Proposed dividends	14,325	18,979	25,831
– Others	889,767	820,584	710,116
	<u>1,514,829</u>	<u>1,423,666</u>	<u>1,259,367</u>
Non-controlling interests	<u>(1,326)</u>	<u>(666)</u>	<u>–</u>
Total equity	<u><u>1,513,503</u></u>	<u><u>1,423,000</u></u>	<u><u>1,259,367</u></u>

		As restated (Note 1)	As restated (Note 1)
	As at 31 December 2012	As at 31 December 2011	As at 1 January 2011
Note	HK\$'000	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Derivative financial instrument	2,726	–	–
Deferred income tax liabilities	5	–	–
	<u>2,731</u>	<u>–</u>	<u>–</u>
Current liabilities			
Trade payables	9 625,523	619,419	774,711
Accruals and other payables	217,507	231,932	195,532
Amount due to an associate	–	3,183	3,183
Derivative financial instruments	–	–	2,423
Current income tax liabilities	9,273	19,437	24,646
Borrowings	348,130	310,858	436,259
	<u>1,200,433</u>	<u>1,184,829</u>	<u>1,436,754</u>
Total liabilities	<u>1,203,164</u>	<u>1,184,829</u>	<u>1,436,754</u>
Total equity and liabilities	<u>2,716,667</u>	<u>2,607,829</u>	<u>2,696,121</u>
Net current assets	<u>744,086</u>	<u>726,378</u>	<u>624,660</u>
Total assets less current liabilities	<u>1,516,234</u>	<u>1,423,000</u>	<u>1,259,367</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 1 January 2011 as previously reported	46,966	149,848	1,056,605	–	1,253,419
Change in accounting policy – adoption of HKAS12 amendment	–	–	5,948	–	5,948
As at 1 January 2011, as restated	46,966	149,848	1,062,553	–	1,259,367
Comprehensive income					
Profit for the year, as restated	–	–	177,305	(654)	176,651
Other comprehensive income					
Change in fair value of available-for-sale financial assets	–	–	602	–	602
Currency translation difference	–	–	27,248	(12)	27,236
Total other comprehensive income	–	–	27,850	(12)	27,838
Total comprehensive income, as restated	–	–	205,155	(666)	204,489
Transactions with owners					
Dividend paid to owners of the Company	–	–	(42,563)	–	(42,563)
Employee share option scheme					
– value of employment services	–	–	132	–	132
– proceeds from shares issued	342	1,233	–	–	1,575
Total transactions with owners	342	1,233	(42,431)	–	(40,856)
As at 31 December 2011, as restated	47,308	151,081	1,225,277	(666)	1,423,000
Comprehensive income					
Profit for the year	–	–	100,332	(745)	99,587
Other comprehensive income					
Changes in fair value of available-for-sale financial assets	–	–	11,683	–	11,683
Currency translation difference	–	–	7,951	81	8,032
Surplus on revaluation of property transferred from owner-occupied property to investment property	–	–	500	–	500
Total other comprehensive income	–	–	20,134	81	20,215
Total comprehensive income	–	–	120,466	(664)	119,802
Transactions with owners					
Dividend paid to owners of the Company	–	–	(30,925)	–	(30,925)
Grant of subsidiary's share to employee	–	–	–	4	4
Employee share option scheme					
– proceeds from shares issued	353	1,269	–	–	1,622
Total transactions with owners	353	1,269	(30,925)	4	(29,299)
As at 31 December 2012	47,661	152,350	1,314,818	(1,326)	1,513,503

NOTES:

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). They have 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 preparation of consolidated financial statements in conformity with HKFRSs 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.

The HKICPA has amended HKAS 12, ‘Income taxes’, to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012.

The Group has adopted this amendment retrospectively for the financial year ended 31 December 2012 and the effects of adoption are disclosed as follows.

The Group has investment properties measured at their fair values totalling HK\$46,600,000 (1 January 2011: HK\$35,550,000) as of 1 January 2012. As required by the amendment, the Group has re-measured the deferred tax relating to certain investment properties amounting to HK\$46,600,000 (1 January 2011: HK\$35,550,000) as of 1 January 2012 according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively. The comparative figures for 2011 have been restated to reflect the change in accounting policy, as summarised below.

	31 December 2012 HK\$’000	31 December 2011 HK\$’000	1 January 2011 HK\$’000
Effect on consolidated balance sheet			
Decrease in deferred tax liabilities	9,835	7,772	5,948
Increase in retained earnings	9,835	7,772	5,948
Increase in non-controlling interests	–	–	–
		Year ended 31 December 2012 HK\$’000	2011 HK\$’000
Effect on consolidated income statement			
Decrease in income tax expense		2,063	1,824
Increase in net profit attributable to owners of the Company		2,063	1,824
Increase in net profit attributable to the non-controlling interests		–	–
Increase in basic earnings per share		HK\$ 0.01	HK\$ 0.01
Increase in diluted earnings per share		HK\$ 0.01	HK\$ 0.00

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2012, but they are not relevant to the Group's operations.

HKFRS 1 (Amendment)	Government loans
New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted.	
HKAS 1 (Amendment)	Presentation of financial statements
HKAS 19 (Amendment)	Employee benefits
HKAS 27 (Amendment)	Separate financial statements
HKAS 28 (Amendment)	Investments in associates and joint ventures
HKAS 32 (Amendment)	Financial instruments: presentation – offsetting financial assets and financial liabilities
HKFRS 7 (Amendment)	Financial instruments: disclosure – offsetting financial assets and financial liabilities
HKFRS 9	Financial instruments
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosures of interests in other entities
HKFRS 13	Fair value measurement
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine
Annual Improvements Project	Annual improvements 2009–2011 cycle

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, other gains – net, share of profit/(loss) of associates and jointly controlled entities, interest income, interest expense, income tax expense and change in fair value of investment properties but excludes corporate and unallocated expenses. Other information provided to the Group's management is measured in a manner consistent with that in the consolidated financial statements.

For the year ended 31 December 2012	EMS division	ODM division	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total gross revenue	3,302,530	50,476	3,353,006
Inter-segment revenue	(10,059)	–	(10,059)
External revenue	<u>3,292,471</u>	<u>50,476</u>	<u>3,342,947</u>
Segment results	<u>90,352</u>	<u>(6,864)</u>	<u>83,488</u>
Depreciation and amortisation charges	<u>35,265</u>	<u>362</u>	<u>35,627</u>
Capital expenditure	<u>28,574</u>	<u>6,030</u>	<u>34,604</u>

For the year ended 31 December 2011	EMS division <i>HK\$'000</i>	ODM division <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total gross revenue	3,899,060	26,102	3,925,162
Inter-segment revenue	(8,038)	–	(8,038)
External revenue	<u>3,891,022</u>	<u>26,102</u>	<u>3,917,124</u>
Segment results	<u>164,959</u>	<u>(8,187)</u>	<u>156,772</u>
Depreciation and amortisation charges	<u>40,015</u>	<u>140</u>	<u>40,155</u>
Capital expenditure	<u>37,382</u>	<u>981</u>	<u>38,363</u>
	EMS division <i>HK\$'000</i>	ODM division <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets			
As at 31 December 2012	<u>2,036,385</u>	<u>16,788</u>	<u>2,053,173</u>
As at 31 December 2011	<u>2,009,953</u>	<u>15,450</u>	<u>2,025,403</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:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Reportable segment results	83,488	156,772
Other income	37,419	18,909
Change in fair value of investment properties	12,500	11,050
Other gains – net	5,712	16,371
Finance income – net	4,273	13
Share of profit/(loss) of associates	4,225	(228)
Share of loss of jointly controlled entities	(72)	(238)
Gain on deemed disposal of an associate	–	25,947
Corporate and unallocated expenses	(24,262)	(20,560)
Profit before income tax	<u>123,283</u>	<u>208,036</u>

Reportable segments assets are reconciled to total assets as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Reportable segment assets	2,053,173	2,025,403
Investment properties	59,600	46,600
Investments in associates	–	6,993
Interests in jointly controlled entities	350,089	301,008
Available-for-sale financial assets	63,993	56,199
Deferred income tax assets	13,280	15,866
Amounts due from associates	36	27,847
Corporate and unallocated assets	176,496	127,913
	<hr/>	<hr/>
Total assets per consolidated balance sheet	2,716,667	2,607,829
	<hr/> <hr/>	<hr/> <hr/>

Reconciliations of other material items are as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Depreciation and amortisation charges		
– Reportable segment total	35,627	40,155
– Corporate headquarters	2,793	2,574
	<hr/>	<hr/>
	38,420	42,729
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure		
– Reportable segment total	34,604	38,363
– Corporate headquarters	2,057	860
	<hr/>	<hr/>
	36,661	39,223
	<hr/> <hr/>	<hr/> <hr/>

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:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
North America	386,940	437,171
Asia (excluding Hong Kong)	1,860,021	2,368,454
Europe	639,736	564,962
Hong Kong	456,250	546,537
	<hr/>	<hr/>
	3,342,947	3,917,124
	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 December 2012, revenues of approximately HK\$918,803,000 (2011: HK\$1,177,730,000), HK\$795,181,000 (2011: HK\$900,644,000), HK\$225,241,000 (2011: HK\$158,575,000) and HK\$214,540,000 (2011: HK\$289,375,000) were derived from the top four external customers respectively. These revenues are attributable to the EMS division.

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
North America	2,080	949
Asia (excluding Hong Kong)	178,426	140,693
Europe	37	42
Hong Kong	578,325	539,072
	<u>758,868</u>	<u>680,756</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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Rental income	1,386	150
Tooling income	23,052	9,118
Others	12,981	9,641
	<u>37,419</u>	<u>18,909</u>

4. OTHER GAINS – NET

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Write-back of trade and other payables	7,790	15,333
Write-back of impairment provision on amount due from an associate and amount due to an associate	5,640	–
Losses on financial instruments – net		
– Unrealised	(2,726)	–
– Realised	(928)	(2,032)
Exchange (losses)/gains – net	(523)	1,918
Gain on disposal of property, plant and equipment	350	1,152
Impairment for available-for-sale financial assets	(3,891)	–
	<u>5,712</u>	<u>16,371</u>

5. INCOME TAX EXPENSE

	2012 <i>HK\$'000</i>	As restated (Note 2) 2011 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	6,210	6,161
– Overseas taxation	14,247	32,835
Deferred income tax	3,113	(2,968)
Under/(over) – provision in prior years		
– Current income tax	525	(4,695)
– Deferred income tax	(399)	52
	<u>23,696</u>	<u>31,385</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

The new Corporate Income Tax Law in the People's Republic of China increases the corporate income tax rate for foreign investment enterprises from previous preferential rates to 25% with effect from 1 January 2008. Companies established in Mainland China before 16 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.

6. DIVIDENDS

The dividends paid in 2012 and 2011 were approximately HK\$30,925,000 (HK\$0.065 per share) and HK\$42,563,000 (HK\$0.09 per share) respectively. A final dividend in respect of the year ended 31 December 2012 of HK\$0.03 per share, amounting to a total dividend of approximately HK\$14,325,000, will be proposed at the upcoming annual general meeting of the Company. These financial statements do not reflect this final dividend payable.

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interim dividend paid – HK\$0.025 (2011: HK\$0.035) per share	11,894	16,550
Proposed final dividend – HK\$0.03 (2011: HK\$0.04) per share	<u>14,325</u>	<u>18,979</u>
	<u><u>26,219</u></u>	<u><u>35,529</u></u>

The aggregate amounts of the dividends paid and proposed during 2012 and 2011 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

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 year.

	2012	As restated (Note 1) 2011
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>100,332</u>	<u>177,305</u>
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	<u>475,215</u>	<u>472,240</u>
Basic earnings per share (<i>HK\$</i>)	<u><u>0.21</u></u>	<u><u>0.38</u></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.

	2012	As restated (Note 1) 2011
Profit attributable to owners of the Company (HK\$'000)	<u>100,332</u>	<u>177,305</u>
Weighted average number of ordinary shares in issue (in thousands)	475,215	472,240
Adjustment for share options (in thousands)	<u>1,374</u>	<u>4,185</u>
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	<u>476,589</u>	<u>476,425</u>
Diluted earnings per share (HK\$)	<u>0.21</u>	<u>0.37</u>

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 Group's trade receivables by invoice date is as follows:

	2012 HK\$'000	2011 HK\$'000
0-60 days	509,149	637,486
61-90 days	136,098	121,013
Over 90 days	<u>65,498</u>	<u>46,139</u>
	<u>710,745</u>	<u>804,638</u>

9. TRADE PAYABLES

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

	2012 HK\$'000	2011 HK\$'000
0-60 days	624,659	573,361
61-90 days	472	31,279
Over 90 days	<u>392</u>	<u>14,779</u>
	<u>625,523</u>	<u>619,419</u>

DIVIDENDS

The Company paid an interim dividend of HK\$0.025 (2011: HK\$0.035) per share for 2012. The Directors now recommend the payment of a final dividend of HK\$0.03 (2011: HK\$0.04) per share on Wednesday, 19 June 2013 to the shareholders whose names appear on the Register of Members of the Company on Thursday, 6 June 2013. Payment of such proposed final dividend is subject to approval of the shareholders at the forthcoming annual general meeting of the Company.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDENDS

For determining the entitlement to the proposed final dividend, the Register of Members of the Company will be closed on Thursday, 6 June 2013 and no transfer of shares will be effected on that date. To qualify for the proposed final 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 Wednesday, 5 June 2013.

REVIEW OF BUSINESS ACTIVITIES

The Group

During the year, we have experienced a challenging macroeconomic environment. The protracted downturn in European sovereign debt crisis, along with the slow economic recovery in the United States and Japan has reduced the customer demand on our electronic products. In view of the foregoing, for the fiscal year of 2012, the Group's turnover decreased 14.7% from HK\$3.92 billion in 2011 to HK\$3.34 billion in 2012.

Profit attributable to owners of the Company was HK\$100.3 million compared to the HK\$177.3 million in 2011, 43.4% decrease from last year. The decrease was primarily attributable to the decline in sales revenue, and the higher wages in our mainland China operations.

The EMS Division

The revenue of the Electronic Manufacturing Service Division ("EMS Division") decreased 15.3% to HK\$3.3 billion in 2012, from HK\$3.9 billion in 2011. Sales revenues for Shajing factory in Shenzhen dropped by 20.5%, while the factory at Suzhou decreased slightly by 1.9% when compared to the same period in 2011. The decrease in the overall sales at EMS Division was largely driven by reduction in demand of electronic products from our customers as a result of the protracted downturn in global economy.

The segment profit attributable to EMS Division was HK\$90.4 million for the year of 2012, 45.2% decrease as compared with HK\$165.0 million for 2011. The decrease in the segment results was mainly attributable to lower level of sales during the year.

In response to the challenging business environment as impacted by slow recovery of US economy and the unstable financial conditions of Euro area, together with the continued cost increase in wages and other operational costs in China, the EMS Division will endeavour to strengthen its control on inventory and manufacturing costs to improve its operational efficiency. It will also focus on providing more value added engineering services to the customers.

The ODM Division

The Original Design and Manufacturing Division (“ODM Division”) reported its revenue of HK\$50.5 million, 93.4% increase from 2011’s HK\$26.1 million. Its segment loss was reduced to HK\$6.9 million from 2011’s HK\$8.2 million. The revenue increase for 2012 mainly was due to the increased sales by iCarte for Apple® iPhone® to South Korea, Australia, Europe and the U.S. As the global adoption of NFC mobile payment accelerates, we are projecting the international sales of iCarte to continue grow into 2013.

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. The Group has paid its proportional share of the land premium for lease modification on one of these two sites. The construction works for the first site are expected to be completed near the end of 2013. In respect of the second site where previous Wong’s Industrial Centre was located, the land premium assessment was finalized in March 2013. Demolition of Wong’s Industrial Centre on the second site is expected to commence in second half of 2013.

FINANCE

As at 31 December 2012, the Group had banking facilities in Hong Kong of HK\$1,800.8 million in total. Total bank borrowings were HK\$348.1 million, of which a loan of HK\$27.1 million was incurred by an overseas subsidiary. Cash and cash equivalents were HK\$801.8 million at 31 December 2012 (2011: HK\$681.4 million).

Overall, the Group had a net cash surplus of HK\$453.7 million in excess of the bank borrowings, as compared to 2011’s net cash surplus of HK\$370.5 million. The increase was mainly due to the positive cash flow generated from the operating results.

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 2011, which consists of bank borrowings, cash and cash equivalents and equity attributable to owners of the parent, comprising issued share capital and reserves.

EMPLOYEES

As at 31 December 2012, the Group employed approximately 3,900 employees. 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.

AWARD & 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

The recent sales forecasts provided by our customers for the early part of 2013 have been picking up suggesting the global growth is recovering. While the Group is cautiously optimistic about the business outlook for 2013, we believe uncertainties remain on the global economic condition for the year 2013.

LONG TERM SHAREHOLDER VALUE

We are constantly striving to create long term value for our shareholders. We aim to achieve this objective via enhancing and strengthening the Company's profitability. To this end, we are diligently working on diversifying our business segments into property development and investment, office leasing and retail outlets; expanding our product lines by offering total solutions to customers via new product design and development; increasing our services revenue through new technology development and brand recognition; and continued improving and streamlining the operation efficiency in our manufacturing business. We shall focus on investing in our business through strategic investments and capital structure. We believe this will increase our quality of earnings and result in a stable stream of income, value and cash flow 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 year ended 31 December 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2012, the Company has complied with the code provisions under the Code on Corporate Governance Practices (the "Former CG Code", effective until 31 March 2012) and the Corporate Governance Code (the "Existing CG Code", effective on 1 April 2012) 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:

Deviations from Former CG Code and Existing CG Code

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 Former CG Code and the Existing CG Code.

Deviation from Existing 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 year ended 31 December 2012.

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 31 December 2012.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on or about 31 May 2013 (the “2013 AGM”). A notice convening the 2013 AGM, which constitutes part of the circular to shareholders, will be sent to the shareholders together with the 2012 annual report of the Company. The notice of the 2013 AGM and the proxy form will also be available on the websites of the Company and the Stock Exchange.

PUBLICATION OF RESULTS AND ANNUAL 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 2012 annual 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, 25 March 2013

As at the date of this announcement, the Executive Directors of the Company 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.

* *For identification purpose only*