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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)

ANNOUNCEMENT OF 2014 FINAL RESULTS

FINANCIAL HIGHLIGHT:

Profit attributable to owners of the Company increased by approximately HK\$538.7 million mainly because of the Group's share of the equity value in the property development joint ventures of HK\$430.3 million arising from certain office units sold by the joint venture during the year.

FINAL RESULTS

The board of directors (the "Board" or "Directors") 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 2014 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

		2014	2013
	Note	HK\$'000	HK\$'000
Revenue	2	4,124,106	3,718,401
Other income	3	12,026	13,020
Changes in inventories of finished goods and work in progress		4,539	8,942
Raw materials and consumables used		(3,171,069)	(2,901,064)
Employee benefit expenses		(469,388)	(471,085)
Depreciation and amortisation charges		(36,487)	(39,996)
Other operating expenses		(214,171)	(223,640)
Change in fair value of investment properties		1,810	18,689
Other losses – net	4	(3,210)	(7,544)
Operating profit		248,156	115,723
Finance income		12,875	9,184
Finance costs		(20,795)	(13,938)
Share of profit/(loss) of joint ventures	8	430,320	(11,358)
Profit before income tax		670,556	99,611
Income tax expense	5	(53,961)	(20,300)
Profit after income tax		616,595	79,311
Profit attributable to owners of the Company		616,595	77,912
Non-controlling interests		–	1,399
		616,595	79,311
Dividends	6	43,063	23,924
Earnings per share attributable to owners of the Company during the year			
Basic earnings per share	7	HK\$1.29	HK\$0.16
Diluted earnings per share	7	HK\$1.29	HK\$0.16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 HK\$'000	2013 HK\$'000
Profit for the year	616,595	79,311
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Changes in fair value of available-for-sale financial assets	12,975	(35,653)
Impairment for available-for-sale financial assets reclassified to income statement	–	23,370
Currency translation differences	(30,161)	24,062
Other comprehensive (loss)/income for the year, net of tax	(17,186)	11,779
Total comprehensive income for the year	599,409	91,090
Attributable to:		
Owners of the Company	599,409	89,760
Non-controlling interests	–	1,330
Total comprehensive income for the year	599,409	91,090

CONSOLIDATED BALANCE SHEET

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		286,357	285,437
Investment properties		27,920	98,717
Leasehold land and land use rights		21,111	22,297
Interests in joint ventures	8	1,632,633	1,143,816
Intangible assets		–	13,054
Available-for-sale financial assets		41,315	28,340
Deferred income tax assets		7,558	9,030
Deposits and other receivables		3,337	6,460
Restricted cash		3,763	–
		<u>2,023,994</u>	<u>1,607,151</u>
Current assets			
Inventories		399,009	409,367
Trade receivables	9	894,537	828,518
Prepayments, deposits and other receivables		62,682	38,986
Amounts due from associates		30	38
Current income tax recoverable		1,470	9,553
Non-current assets held for sale	10	18,203	18,453
Short-term bank deposits		257,048	126,584
Cash and cash equivalents		655,643	674,609
		<u>2,288,622</u>	<u>2,106,108</u>
Total assets		<u><u>4,312,616</u></u>	<u><u>3,713,259</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		47,848	47,848
Other reserves		579,028	582,021
Retained earnings			
– Proposed dividends		23,924	11,962
– Others		1,496,645	937,306
		<u>2,147,445</u>	<u>1,579,137</u>
Non-controlling interests		<u>4</u>	<u>4</u>
Total equity		<u><u>2,147,449</u></u>	<u><u>1,579,141</u></u>

	<i>Note</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Derivative financial instrument		774	897
Deferred income tax liabilities		757	509
Borrowings	<i>12</i>	420,000	420,000
		421,531	421,406
Current liabilities			
Trade payables	<i>11</i>	795,117	795,753
Accruals and other payables		274,709	244,322
Current income tax liabilities		38,097	20,212
Borrowings	<i>12</i>	635,713	652,425
		1,743,636	1,712,712
Total liabilities		2,165,167	2,134,118
Total equity and liabilities		4,312,616	3,713,259
Net current assets		544,986	393,396
Total assets less current liabilities		2,568,980	2,000,547

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company			Non-controlling interests	Total
	Share capital	Share premium	Other reserves		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2013	47,661	152,350	1,314,818	(1,326)	1,513,503
Comprehensive income					
Profit for the year	—	—	77,912	1,399	79,311
Other comprehensive income					
Change in fair value of available-for-sale financial assets	—	—	(35,653)	—	(35,653)
Impairment for available-for-sale financial assets reclassified to income statement	—	—	23,370	—	23,370
Currency translation differences	—	—	24,131	(69)	24,062
Total other comprehensive income/(loss)	—	—	11,848	(69)	11,779
Total comprehensive income	—	—	89,760	1,330	91,090
Transactions with owners					
Dividend paid to owners of the Company	—	—	(26,314)	—	(26,314)
Employee share option scheme — proceeds from shares issued	187	675	—	—	862
Total transactions with owners	187	675	(26,314)	—	(25,452)
As at 31 December 2013	<u>47,848</u>	<u>153,025</u>	<u>1,378,264</u>	<u>4</u>	<u>1,579,141</u>
As at 1 January 2014	47,848	153,025	1,378,264	4	1,579,141
Comprehensive income					
Profit for the year	—	—	616,595	—	616,595
Other comprehensive income					
Change in fair value of available-for-sale financial assets	—	—	12,975	—	12,975
Currency translation differences	—	—	(30,161)	—	(30,161)
Total other comprehensive loss	—	—	(17,186)	—	(17,186)
Total comprehensive income	—	—	599,409	—	599,409
Transactions with owners					
Dividend paid to owners of the Company	—	—	(31,101)	—	(31,101)
Total transactions with owners	—	—	(31,101)	—	(31,101)
As at 31 December 2014	<u>47,848</u>	<u>153,025</u>	<u>1,946,572</u>	<u>4</u>	<u>2,147,449</u>

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.

These consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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.

(a) New and amended standards adopted by and relevant to the Group

Amendments to HKAS 32, ‘Financial instruments: Presentation’ on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

Amendments to HKAS 36, ‘Impairment of assets’, on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash generating units which had been included in HKAS 36 by the issue of HKFRS 13. The amendment did not have a significant effect on the Group financial statements.

Amendments to HKAS 39, ‘Financial instruments: Recognition and measurement’ on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to ‘over-the-counter’ derivatives and the establishment of central counterparties. Under HKAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group applied the amendment and there has been no significant impact on the Group financial statements as a result.

HK(IFRIC) 21, ‘Levies’, sets out the accounting for an obligation to pay a levy if that liability is within the scope of HKAS 37 ‘Provisions’. The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised. The standard did not have any impact on the Group financial statements.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

- (b) 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
HKAS 27 (Amendment)	Equity method in separate financial statements
HKFRS 9	Financial instruments
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture
HKFRS 11 (Amendment)	Accounting for acquisition of interest in joint operations
HKFRS 14	Regulatory deferral accounts
HKFRS 15	Revenue from contracts with customers
Annual Improvements Project	Annual improvements 2010 – 2012 cycle
Annual Improvements Project	Annual improvements 2011 – 2013 cycle
Annual Improvements Project	Annual improvements 2012 – 2014 cycle

- (c) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9, “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Group’s first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). The impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

- (d) Comparative figures

Certain comparative figures have been reclassified to conform to the current year’s presentation. Net tooling income of HK\$10,604,000 included in other income for the year ended 31 December 2013 has been reclassified and presented on a gross basis to conform to the current year’s presentation. In this connection, the revenue generated from tooling sales and their related costs of HK\$30,677,000 and HK\$20,073,000 for the year ended 31 December 2013 were reclassified to revenue and raw materials and consumables used, respectively.

2. SEGMENT INFORMATION

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

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

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

Property investment – development, sale and lease of properties.

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

	EMS division <i>HK\$'000</i>	ODM division <i>HK\$'000</i>	Property investment division <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2014				
Total gross revenue	4,122,288	17,062	–	4,139,350
Inter-segment revenue	(15,244)	–	–	(15,244)
External revenue	<u>4,107,044</u>	<u>17,062</u>	<u>–</u>	<u>4,124,106</u>
Segment results	<u>272,265</u>	<u>(11,211)</u>	<u>431,517</u>	<u>692,571</u>
Depreciation and amortisation charges	33,776	33	64	33,873
Share of profit of joint ventures	–	–	430,320	430,320
Change in fair value of investment properties	<u>–</u>	<u>–</u>	<u>1,810</u>	<u>1,810</u>
Rental income	<u>–</u>	<u>–</u>	<u>2,502</u>	<u>2,502</u>
Capital expenditure	<u>43,135</u>	<u>–</u>	<u>–</u>	<u>43,135</u>
Loans to joint ventures	<u>–</u>	<u>–</u>	<u>58,497</u>	<u>58,497</u>
	EMS division <i>HK\$'000</i>	ODM division <i>HK\$'000</i>	Property investment division <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2013				
Total gross revenue	3,710,958	13,471	–	3,724,429
Inter-segment revenue	(6,028)	–	–	(6,028)
External revenue	<u>3,704,930</u>	<u>13,471</u>	<u>–</u>	<u>3,718,401</u>
Segment results	<u>135,536</u>	<u>(21,081)</u>	<u>6,462</u>	<u>120,917</u>
Depreciation and amortisation charges	36,943	278	65	37,286
Share of loss of joint ventures	–	–	(11,358)	(11,358)
Change in fair value of investment properties	<u>–</u>	<u>–</u>	<u>18,689</u>	<u>18,689</u>
Rental income	<u>–</u>	<u>–</u>	<u>1,974</u>	<u>1,974</u>
Capital expenditure	<u>94,085</u>	<u>7,865</u>	<u>20,177</u>	<u>122,127</u>
Loans to joint ventures	<u>–</u>	<u>–</u>	<u>805,085</u>	<u>805,085</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 31 December 2014				
Segment assets	2,474,479	10,873	35,568	2,520,920
Interests in joint ventures	–	–	1,632,633	1,632,633
Total reportable segment assets	2,474,479	10,873	1,668,201	4,153,553

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	2,284,576	20,928	1,245,687	3,551,191

Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, restricted cash, inventories, trade receivables, prepayments, deposits and other receivables, non-current assets held for sale, short-term bank deposits and cash and cash equivalents 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Reportable segment results	692,571	120,917
Other income	12,026	13,020
Other losses – net	(3,210)	(7,544)
Finance costs – net	(7,920)	(4,754)
Corporate and unallocated expenses	(22,911)	(22,028)
Profit before income tax	670,556	99,611

Reportable segments assets are reconciled to total assets as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Reportable segment assets	4,153,553	3,551,191
Available-for-sale financial assets	41,315	28,340
Deferred income tax assets	7,558	9,030
Amounts due from associates	30	38
Corporate and unallocated assets	110,160	124,660
Total assets per consolidated balance sheet	4,312,616	3,713,259

Reconciliations of other material items are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Depreciation and amortisation charges		
– Reportable segment total	33,873	37,286
– Corporate headquarters	2,614	2,710
	<u>36,487</u>	<u>39,996</u>
Capital expenditure		
– Reportable segment total	43,135	122,127
– Corporate headquarters	43	–
	<u>43,178</u>	<u>122,127</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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
North America	554,272	483,114
Asia (excluding Hong Kong)	2,047,919	1,936,865
Europe	696,909	699,378
Hong Kong	825,006	599,044
	<u>4,124,106</u>	<u>3,718,401</u>

For the year ended 31 December 2014, revenues of approximately HK\$1,005,051,000 (2013: HK\$972,584,000), HK\$923,517,000 (2013: HK\$870,475,000) and HK\$477,089,000 (2013: HK\$360,163,000) were derived from the top three 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
North America	30	2,969
Asia (excluding Hong Kong)	241,249	236,081
Europe	117	51
Hong Kong	1,775,040	1,359,020
	<u>2,016,436</u>	<u>1,598,121</u>

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

3. OTHER INCOME

	2014 HK\$'000	2013 HK\$'000
Rental income	2,502	1,974
Others	9,524	11,046
	<u>12,026</u>	<u>13,020</u>

4. OTHER LOSSES – NET

	2014 HK\$'000	2013 HK\$'000
Write-back of trade and other payables	4,254	6,512
Write-back of impairment provision on amount due from an associate and amount due to an associate	20	750
Gains/(losses) on financial instrument – net		
– Unrealised	123	1,829
– Realised	(773)	(899)
Losses on disposal of property, plant and equipment	(456)	(76)
Exchange gains – net	4,713	7,710
Impairment for available-for-sale financial assets	–	(23,370)
Impairment for intangible assets	(13,054)	–
Gain on disposal of an investment property	1,963	–
	<u>(3,210)</u>	<u>(7,544)</u>

5. INCOME TAX EXPENSE

	2014 HK\$'000	2013 HK\$'000
Current income tax		
– Hong Kong profits tax	16,271	1,438
– Overseas taxation	34,225	24,260
Deferred income tax	1,482	5,006
Under/(over) – provision in prior years		
– Current income tax	1,983	(10,456)
– Deferred income tax	–	52
	<u>53,961</u>	<u>20,300</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 Income Tax ("CIT") at a 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 year ended 31 December 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 for a period of 3 years till 31 December 2014, and is subject to renewal if certain prescribed conditions are met. In this connection, WTSZ received a taxation refund of RMB7,086,000 (equivalent to approximately HK\$8,999,000) from the Chinese tax authority during the year ended 31 December 2013.

6. DIVIDENDS

The dividends paid in 2014 and 2013 were approximately HK\$31,101,000 (HK\$0.065 per share) and HK\$26,314,000 (HK\$0.055 per share) respectively. A final dividend in respect of the year ended 31 December 2014 of HK\$0.05 per share, amounting to a total dividend of approximately HK\$23,924,000, will be proposed at the upcoming annual general meeting of the Company. These financial statements do not reflect this final dividend payable.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interim dividend paid – HK\$0.04 (2013: HK\$0.025) per share	19,139	11,962
Proposed final dividend – HK\$0.05 (2013: HK\$0.025) per share	23,924	11,962
	<u>43,063</u>	<u>23,924</u>

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.

	2014	2013
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>616,595</u>	<u>77,912</u>
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	<u>478,484</u>	<u>478,100</u>
Basic earnings per share (<i>HK\$</i>)	<u>1.29</u>	<u>0.16</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. Shares issuable under the share option scheme are the only dilutive potential ordinary shares.

As at 31 December 2014, diluted earnings was equal to basic earnings per share as there was no dilutive potential share outstanding.

For the year ended 31 December 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 year ended 31 December 2013 was based on the following:

	2013
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>77,912</u>
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	478,100
Adjustment for share options (<i>in thousands</i>)	<u>316</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>in thousands</i>)	<u>478,416</u>
Diluted earnings per share (<i>HK\$</i>)	<u>0.16</u>

8. INTERESTS IN JOINT VENTURES

	2014 HK\$'000	2013 HK\$'000
Share of net assets/(liabilities)	420,300	(10,020)
Loans to joint ventures	1,212,333	1,153,836
	<u>1,632,633</u>	<u>1,143,816</u>

As at 31 December 2014, the Group's principal joint ventures included Easywise Limited and Crown Opal Investment Limited, both of which the Group has 35.7% equity interest. Both Easywise Limited and Crown Opal Investment Limited are engaged in property development.

The loans to joint ventures are unsecured, interest-free and will not be repaid in the coming 12 months. They represent the Group's long-term interests that in substance form part of the Group's net investments in the joint ventures.

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

	2014 HK\$'000	2013 HK\$'000
At 1 January	(10,020)	1,338
Share of profit/(loss) of joint ventures	430,320	(11,358)
At 31 December	<u>420,300</u>	<u>(10,020)</u>

During the year ended 31 December 2014, Easywise Limited commenced selling of the properties and the Group's attributable share of the joint ventures' profit aggregated to approximately HK\$430,320,000. Revenue from sales of completed properties in the ordinary course of business is recognised by the joint venture when the significant risks and rewards of ownership of the properties are transferred to buyers, the amount of revenue can be measured reliably; and it is probable that the economic benefits associated with the transaction will flow to the joint venture.

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

	2014 HK\$'000	2013 HK\$'000
0 – 60 days	682,727	697,351
61 – 90 days	173,670	106,937
Over 90 days	38,140	24,230
	<u>894,537</u>	<u>828,518</u>

10. NON-CURRENT ASSETS HELD FOR SALE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
At 1 January	18,453	–
Transferred from property, plant and equipment	–	14,273
Transferred from leasehold land and land use rights	–	4,394
Currency translation differences	(250)	(214)
	<u>18,203</u>	<u>18,453</u>
At 31 December	<u>18,203</u>	<u>18,453</u>

On 23 August 2013, the Group entered into a sale and purchase agreement with an independent third party for the disposal of the property and the leasehold land use rights in Vietnam for a consideration of US\$2,800,000 (equivalent to approximately HK\$21,748,000). In this connection, a deposit of US\$1,960,000 (equivalent to approximately HK\$15,229,000) has been received and was included in “Accruals and other payables”. Due to local administrative procedures in relation to the proposed sale is still in progress, the transaction is not yet completed. The property and the related land use rights are classified as non-current assets held for sale as at 31 December 2014. The transaction is expected to complete in year 2015.

11. TRADE PAYABLES

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 – 60 days	684,174	621,428
61 – 90 days	70,943	126,651
Over 90 days	40,000	47,674
	<u>795,117</u>	<u>795,753</u>

12. BORROWINGS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Long-term bank loan, secured	420,000	420,000
Trust receipt bank loans, unsecured	402,710	289,829
Short-term bank loans, unsecured	195,053	317,746
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	31,050	37,950
Total borrowings	<u>1,055,713</u>	<u>1,072,425</u>
Non-current	420,000	420,000
Current	635,713	652,425
Total borrowings	<u>1,055,713</u>	<u>1,072,425</u>

DIVIDENDS

The Company paid an interim dividend of HK\$0.04 (2013: HK\$0.025) per share for 2014. The Directors now recommend the payment of a final dividend of HK\$0.05 (2013: HK\$0.025) per share on or before Thursday, 18 June 2015 to the shareholders whose names appear on the Register of Members of the Company on Friday, 5 June 2015. 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 Friday, 5 June 2015 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 4 June 2015.

REVIEW OF BUSINESS ACTIVITIES

Results

The Group reported a consolidated turnover of HK\$4.1 billion for the year ended 31 December 2014, representing an increase of 10.9% as compared to HK\$3.7 billion for the financial year 2013. The Group's consolidated operating profit for the year was HK\$248.2 million or 6.0% of revenue as compared to HK\$115.7 million or 3.1% for the previous financial year.

Profit attributable to owners of the Company increased by HK\$538.7 million to HK\$616.6 million for the year ended 31 December 2014 as compared to HK\$77.9 million for the last financial year. The significant increase was mainly attributed to the Group's share of the increase in equity value in the property development joint ventures arising from certain office units sold by the joint venture during the year. Basic earnings per share for the year amounted to HK\$1.29 (2013: HK\$0.16).

The EMS Division

The EMS Division reported an increase of HK\$0.4 billion or a 10.9% increase in revenue to HK\$4.1 billion for the year ended 31 December 2014 as compared to HK\$3.7 billion for the last financial year. A modest increase in revenue attributable to major customers was achieved as the worldwide EMS market showed positive growth in 2014 versus the decline in 2013. The segment profit attributable to the EMS Division was HK\$272.3 million, a 100.9% increase as compared to the HK\$135.5 million for the last financial year. The increase in the segment net profit was accredited to the increase in sales revenue and the implementation of measures to control operating costs in a competitive environment.

The ODM Division

Revenue for the ODM Division for the year ended 31 December 2014 was HK\$17.1 million as compared to HK\$13.5 million for the last financial year. The performance of the ODM Division was disappointing as the demand for iCarte for Apple® iPhone® was hindered by the slow adoption of mobile payments in many markets. Further development of iCarte was limited by Apple®'s own mobile payment initiative and the built-in Near Field Communication (NFC) capability in the iPhone®6. Another product, the self-developed Cloud Tablet was launched during the year but its potential was not fully recognized because of competition in the market.

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 at the harbour front in Hong Kong's future second Central Business District and is 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 year, certain floors and car parking spaces in the building were sold, resulting in an increase in equity value of the joint venture, of which the Group's share was HK\$430.3 million.

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 31 December 2014, the Group had a total of HK\$2,484.1 million of banking facilities. Total bank borrowings were HK\$1,055.7 million, of which HK\$19.5 million was arranged by an overseas subsidiary. Cash and cash equivalents and short-term bank deposits were HK\$912.7 million at 31 December 2014 (2013: HK\$801.2 million).

As at 31 December 2014, the Group had net bank borrowings of HK\$143.0 million (2013: HK\$271.2 million). The reduction in net bank borrowings was mainly attributable to HK\$189.0 million funds from operations and net proceeds from the disposal of investment properties of HK\$74 million, which was used to finance the property development joint venture of HK\$58.5 million and capital investment of HK\$43.2 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 31 December 2014 was approximately 6.7% (2013: 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 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 has 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

As at 31 December 2014, the Group employed approximately 5,000 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 programs to its employees.

PROSPECTS

The global EMS industry recovered considerably in 2014 compared to 2013, albeit that much of the improvement came in the fourth quarter of 2014. Our overall performance in 2014 was a reflection of the market upturn as well as our continuous efforts to enhance business through delivering customer satisfaction and value-added service while maintaining healthy growth, competitiveness and profitability under a challenging operating environment.

Looking ahead, the global economic outlook in 2015 continues to present challenges to the global EMS industry. The US appears to lead the world economy with a sustainable and healthy growth but countries in the Euro areas continue to face economic instabilities. The deceleration of the growth in China raises concerns about the potential impact on the local economy and spillover effects on the global economy. Japan slumped into recession in the third quarter of 2014 and is struggling with the impact of ageing demographics and very high government debt levels, which limit its long-term GDP growth potential. The uncertainty in the macroeconomic environment has led us to hold a cautious but optimistic view on business growth in 2015. Yet we are committed to invest in automation as well as to implement efficiency and productivity improvement in order to maintain our competitiveness and profitability.

The launch of One Harbour Square in Kwun Tong was well received by the market as certain units in the office building were sold successfully to interested buyers during the year. With the growth of the Kwun Tong area as it gradually develops into the second Central Business District, 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 the Group's financing requirements. As a result, the Group does not expect to generate a significant increase in cash from its long term interest in the property development project in the near future, which is subject to further discussion and negotiation with the other venturer.

With all those developments, our goal is committed to the long-term growth of the business through technological innovation as well as strategic investments and diversification. Effective strategies will be devised and adequate resources deployed in order to meet these goals with the ultimate aim to bring improved returns and long term enhancement to our shareholders.

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.

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

During the year ended 31 December 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 year ended 31 December 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 the 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 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 financial statements for the year ended 31 December 2014.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group’s consolidated balance sheet, consolidated statement of comprehensive income, consolidated income statement, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2014 as set out in this preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “2015 AGM”) will be held as soon as possible. A notice convening the 2015 AGM, which constitutes part of the circular to shareholders, will be sent to the shareholders together with the 2014 annual report of the Company. The notice of the 2015 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 2014 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 2015

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 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