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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 2015

FINANCIAL HIGHLIGHTS:

- Operating profit was maintained at a stable level owing to a slight improvement in gross profit percentage in spite of an increase in employee benefit expenses.
- Profit attributable to owners of the Company increased by approximately HK\$317.6 million mainly because of the Group's share of the increase in equity value in the property development joint venture arising from sale of some office units and car parking spaces and surpluses from investment properties valuation 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 2015 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2015

		Unaudited	
		2015	2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	1,902,963	1,886,577
Other income	3	4,886	6,459
Changes in inventories of finished goods and work in progress		12,444	6,846
Raw materials and consumables used		(1,476,326)	(1,466,344)
Employee benefit expenses		(242,628)	(229,218)
Depreciation and amortisation charges		(24,330)	(21,535)
Other operating expenses		(99,514)	(101,507)
Change in fair value of investment properties		701	1,330
Other losses – net	4	(3,636)	(10,315)
Operating profit		74,560	72,293
Finance income		6,062	6,635
Finance costs		(9,655)	(10,054)
Share of profit of joint ventures	8	414,124	105,538
Profit before income tax		485,091	174,412
Income tax expense	5	(16,750)	(23,706)
Profit after income tax		468,341	150,706
Profit attributable to owners of the Company		468,341	150,706
Non-controlling interests		–	–
		468,341	150,706
Dividends	6	14,355	19,139
Earnings per share attributable to owners of the Company during the period			
Basic earnings per share	7	HK\$0.98	HK\$0.31
Diluted earnings per share	7	HK\$0.98	HK\$0.31

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Unaudited	
	2015	2014
	HK\$'000	HK\$'000
Profit for the period	468,341	150,706
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Currency translation differences	1,400	(30,390)
Reclassification adjustment of translation reserve upon de-registration of a subsidiary	11,553	–
Changes in fair value of available-for-sale financial assets	28,552	2,460
Reclassification adjustment on disposal of available-for-sale financial assets	(6,458)	–
Other comprehensive income/(loss) for the period, net of tax	35,047	(27,930)
Total comprehensive income for the period	503,388	122,776
Attributable to:		
Owners of the Company	503,388	122,776
Non-controlling interests	–	–
Total comprehensive income for the period	503,388	122,776

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 JUNE 2015

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2015	2014
<i>Note</i>		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
		288,795	286,357
		28,644	27,920
		20,813	21,111
	8	2,060,608	1,632,633
		64	41,315
		8,777	7,558
		5,117	3,337
		3,767	3,763
		2,416,585	2,023,994
Current assets			
		435,914	399,009
	9	855,975	894,537
		70,121	62,682
		34	30
		49,200	–
		26	1,470
	10	17,842	18,203
		319,706	257,048
		575,166	655,643
		2,323,984	2,288,622
Total assets		4,740,569	4,312,616

		Unaudited As at 30 June 2015 <i>HK\$'000</i>	Audited As at 31 December 2014 <i>HK\$'000</i>
	<i>Note</i>		
EQUITY			
Equity attributable to owners of the Company			
Share capital		47,848	47,848
Other reserves		620,793	579,028
Retained earnings			
– Dividends		14,355	23,924
– Others		1,943,913	1,496,645
		2,626,909	2,147,445
Non-controlling interests		4	4
Total equity		2,626,913	2,147,449
LIABILITIES			
Non-current liabilities			
Derivative financial instrument		892	774
Deferred income tax liabilities		675	757
Borrowings	12	420,000	420,000
		421,567	421,531
Current liabilities			
Trade payables	11	748,301	795,117
Accruals and other payables		269,529	274,709
Current income tax liabilities		44,185	38,097
Borrowings	12	630,074	635,713
		1,692,089	1,743,636
Total liabilities		2,113,656	2,165,167
Total equity and liabilities		4,740,569	4,312,616
Net current assets		631,895	544,986
Total assets less current liabilities		3,048,480	2,568,980

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Unaudited				
	Attributable to owners of the Company			Non-controlling interests	Total
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	HK\$'000	HK\$'000
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	47,848	153,025	1,489,078	4	1,689,955
As at 1 January 2015	47,848	153,025	1,946,572	4	2,147,449
Comprehensive income					
Profit for the period	–	–	468,341	–	468,341
Other comprehensive income					
Currency translation differences	–	–	1,400	–	1,400
Reclassification adjustment of translation reserve upon de-registration of a subsidiary	–	–	11,553	–	11,553
Changes in fair value of available-for-sale financial assets	–	–	28,552	–	28,552
Reclassification adjustment on disposal of available-for-sale financial assets	–	–	(6,458)	–	(6,458)
Total other comprehensive income	–	–	35,047	–	35,047
Total comprehensive income	–	–	503,388	–	503,388
Transactions with owners					
Dividend paid to owners of the Company	–	–	(23,924)	–	(23,924)
Total transactions with owners	–	–	(23,924)	–	(23,924)
As at 30 June 2015	47,848	153,025	2,426,036	4	2,626,913

NOTES:

1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information (“Interim Financial Information”) for the six months ended 30 June 2015 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 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

This Interim Financial Information has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014.

The following new standards, amendments and interpretations are mandatory for the financial year beginning 1 January 2015 and have no material impact to the Group.

HKAS 19 (Amendment)	Employee benefits: defined benefit plans – employee contributions
Annual Improvements Project	Annual improvements 2010 – 2012 cycle
Annual Improvements Project	Annual improvements 2011 – 2013 cycle

The following new standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted:

HKAS 16 and 38 (Amendment)	Classification of acceptable methods of depreciation and amortisation
HKAS 27 (Amendment)	Equity method of 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 2012 – 2014 cycle

2. SEGMENT INFORMATION

The Group’s senior executive management is considered as the Chief Operating Decision Maker (“CODM”). The Group is 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 2015

	EMS division HK\$'000	ODM division HK\$'000	Property investment division HK\$'000	Total HK\$'000
Total gross revenue	1,903,014	1,064	–	1,904,078
Inter-segment revenue	(1,115)	–	–	(1,115)
External revenue	1,901,899	1,064	–	1,902,963
Segment results	93,134	(3,642)	414,398	503,890
Depreciation and amortisation charges	23,009	11	–	23,020
Share of profit of joint ventures	–	–	414,124	414,124
Change in fair value of investment properties	–	–	701	701
Rental income	–	–	419	419
Capital expenditure	26,194	–	–	26,194
Loans to joint ventures	–	–	13,851	13,851

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	<u>–</u>	<u>–</u>	<u>1,330</u>	<u>1,330</u>
Rental income	<u>–</u>	<u>–</u>	<u>1,305</u>	<u>1,305</u>
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>
	EMS division HK\$'000	ODM division HK\$'000	Property investment division HK\$'000	Total HK\$'000
As at 30 June 2015				
Segment assets	2,449,501	9,058	36,188	2,494,747
Interests in joint ventures	<u>–</u>	<u>–</u>	<u>2,060,608</u>	<u>2,060,608</u>
Total reportable segment assets	<u>2,449,501</u>	<u>9,058</u>	<u>2,096,796</u>	<u>4,555,355</u>
As at 31 December 2014				
Segment assets	2,474,479	10,873	35,568	2,520,920
Interests in joint ventures	<u>–</u>	<u>–</u>	<u>1,632,633</u>	<u>1,632,633</u>
Total reportable segment assets	<u>2,474,479</u>	<u>10,873</u>	<u>1,668,201</u>	<u>4,153,553</u>

Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, restricted cash, 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	
	2015	2014
	HK\$'000	HK\$'000
Reportable segment results	503,890	192,322
Other income	4,886	6,459
Other losses – net	(3,636)	(10,315)
Finance costs – net	(3,593)	(3,419)
Corporate and unallocated expenses	(16,456)	(10,635)
Profit before income tax	485,091	174,412

Reportable segments assets are reconciled to total assets as follows:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Reportable segment assets	4,555,355	4,153,553
Available-for-sale financial assets	49,264	41,315
Deferred income tax assets	8,777	7,558
Amounts due from associates	34	30
Corporate and unallocated assets	127,139	110,160
Total assets per condensed consolidated balance sheet	4,740,569	4,312,616

Reconciliations of other material items are as follows:

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Depreciation and amortisation charges		
– Reportable segment total	23,020	20,227
– Corporate headquarters	1,310	1,308
	24,330	21,535
Capital expenditure		
– Reportable segment total	26,194	25,689
– Corporate headquarters	–	20
	26,194	25,709

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	
	2015	2014
	HK\$'000	HK\$'000
North America	249,648	279,921
Asia (excluding Hong Kong)	963,841	989,846
Europe	334,157	247,730
Hong Kong	355,317	369,080
	<u>1,902,963</u>	<u>1,886,577</u>

For the six months ended 30 June 2015, revenues of approximately HK\$511,988,000 (2014: HK\$471,271,000), HK\$361,455,000 (2014: HK\$442,648,000) and HK\$231,435,000 (2014: HK\$216,683,000) were derived from the top three external customers respectively. These customers individually account for 10 percent or more of the Group's revenue. These revenues are attributable to the EMS division.

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

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
North America	45	30
Asia (excluding Hong Kong)	246,921	241,249
Europe	70	117
Hong Kong	2,160,772	1,775,040
	<u>2,407,808</u>	<u>2,016,436</u>

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

3. OTHER INCOME

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Rental income	419	1,305
Others	4,467	5,154
	<u>4,886</u>	<u>6,459</u>

4. OTHER LOSSES – NET

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Losses on financial instrument – net		
– Unrealised	(118)	(39)
– Realised	(334)	(404)
Gains/(losses) on disposal of property, plant and equipment	566	(74)
Exchange (losses)/gains – net	(154)	3,237
Write-back of impairment provision on amount due from an associate	–	20
Translation reserve reclassified to profit or loss on de-registration of a subsidiary	(11,553)	–
Gain on disposal of available-for-sale financial assets	7,957	–
Impairment for intangible assets	–	(13,055)
	<u>(3,636)</u>	<u>(10,315)</u>

5. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	4,634	1,938
– Overseas taxation	11,950	22,531
Deferred income tax	(1,291)	(531)
Under/(over) – provision in prior periods		
– Current income tax	1,457	75
– Deferred income tax	–	(307)
	<u>16,750</u>	<u>23,706</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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% (2014: 25%) on the estimated profits, except for Welco Technology (Suzhou) Limited ("WTSZ"), a wholly owned subsidiary of the Group. WTSZ is eligible for preferential CIT Rate of 15% under the New and High Technology Enterprises status.

6. DIVIDENDS

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interim dividend – HK\$0.03 (2014: HK\$0.04) per share	<u>14,355</u>	<u>19,139</u>

On 26 August 2015, the Board has resolved to pay an interim dividend of HK\$0.03 per share (2014: HK\$0.04 per share) which is payable on Wednesday, 30 September 2015 to the shareholders whose names appear on the Register of Members of the Company on Thursday, 17 September 2015. This interim dividend, amounting to HK\$14,355,000 (2014: HK\$19,139,000) 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 2015.

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	
	2015	2014
Profit attributable to owners of the Company (HK\$'000)	<u>468,341</u>	<u>150,706</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>478,484</u>	<u>478,484</u>
Basic earnings per share (HK\$)	<u>0.98</u>	<u>0.31</u>

(b) Diluted

No diluted earnings per share is presented for both periods because there is no dilutive potential ordinary shares outstanding throughout both periods.

8. INTERESTS IN JOINT VENTURES

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Share of net assets	834,424	420,300
Loans to joint ventures	<u>1,226,184</u>	<u>1,212,333</u>
	<u>2,060,608</u>	<u>1,632,633</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:

	2015 HK\$'000	2014 HK\$'000
At 1 January	420,300	(10,020)
Share of profit of joint ventures	414,124	105,538
	<u>834,424</u>	<u>95,518</u>
At 30 June	<u>834,424</u>	<u>95,518</u>

Share of profit of joint ventures included the share of fair value gain of investment properties owned by the joint ventures of approximately HK\$347,600,000.

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 2015 HK\$'000	As at 31 December 2014 HK\$'000
0 – 60 days	620,060	682,727
61 – 90 days	165,140	173,670
Over 90 days	70,775	38,140
	<u>855,975</u>	<u>894,537</u>

10. NON-CURRENT ASSETS HELD FOR SALE

	2015 HK\$'000	2014 HK\$'000
At 1 January	18,203	18,453
Currency translation differences	(361)	(190)
	<u>17,842</u>	<u>18,263</u>
At 30 June	<u>17,842</u>	<u>18,263</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\$15,224,000) has been received and was included in "Accruals and other payables". Due to local administrative procedures in relation to the proposed sale are still in progress, the transaction has not yet completed. The property and the related land use rights are classified as non-current assets held for sale as at 30 June 2015. 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:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
0 – 60 days	563,799	684,174
61 – 90 days	43,589	70,943
Over 90 days	140,913	40,000
	<u>748,301</u>	<u>795,117</u>

12. BORROWINGS

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Long-term bank loan, secured	420,000	420,000
Trust receipt bank loans, unsecured	401,001	402,710
Short-term bank loans, unsecured	194,573	195,053
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	27,600	31,050
Total borrowings	<u>1,050,074</u>	<u>1,055,713</u>
Non-current	420,000	420,000
Current	<u>630,074</u>	<u>635,713</u>
Total borrowings	<u>1,050,074</u>	<u>1,055,713</u>

INTERIM DIVIDEND

On 26 August 2015, the Board has resolved to pay an interim dividend of HK\$0.03 per share (2014: HK\$0.04 per share) which is payable on Wednesday, 30 September 2015 to the shareholders whose names appear on the Register of Members of the Company on Thursday, 17 September 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 15 September 2015 to Thursday, 17 September 2015, 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 Monday, 14 September 2015.

REVIEW OF BUSINESS ACTIVITIES

Review of Results

The profit attributable to owners of the Company for the six months ended 30 June 2015 amounted to HK\$468.3 million, as compared to HK\$150.7 million for the corresponding period last year. The significant increase was mainly attributable to the Group's share of the increase in equity value in its property development joint venture arising from sale of some office units and car parking spaces and surpluses from investment properties valuation during the period. Earnings per share for the six months were HK\$0.98 as compared to HK\$0.31 for the corresponding period last year.

The Group's revenue for the six months ended 30 June 2015 was HK\$1,903.0 million, as compared to HK\$1,886.6 million for the corresponding period last year. Operating profit for the six months ended 30 June 2015 was HK\$74.6 million or 3.9% of revenue, as compared to HK\$72.3 million or 3.8% of revenue for the corresponding period last year. The operating profit for the interim period under review was maintained at a stable level owing to a slight improvement in gross profit percentage in spite of an increase in employee benefit expenses.

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

Revenue for the EMS Division for the six months ended 30 June 2015 was HK\$1,901.9 million, as compared to HK\$1,881.1 million for the corresponding period last year. The segment profit attributable to the EMS Division was HK\$93.1 million, a 6.2% decrease as compared to HK\$99.3 million for the corresponding period last year. The decrease in the segment net profit was attributable to an increase in employee benefit expenses.

Revenue for the ODM Division for the six months ended 30 June 2015 was HK\$1.1 million, as compared to the HK\$5.5 million for the corresponding period last year. The ODM Division's business was hampered by rapid changes in technology and a highly competitive market.

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 was officially completed in January 2014 and launched into the market in April 2014 under the name of “One Harbour Square”. Because of its prime location and good design, market reception for the building was favourable and units in the building were sold steadily during last year. During the interim period under review, certain floors and car parking spaces were sold and leased, resulting in an increase in equity value of the joint ventures, of which the Group’s share was HK\$414.1 million.

The foundation and diaphragm wall works for the second development project have been completed. Construction of the second site is targeted to be completed in 2017.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group had a total of HK\$2,480.4 million of banking facilities. Total bank borrowings were HK\$1,050.1 million (2014 December: HK\$1,055.7 million), of which HK\$19.0 million was arranged by an overseas subsidiary. Cash and cash equivalents and short-term bank deposits were HK\$894.9 million at 30 June 2015 (2014 December: HK\$912.7 million). Cash flow generated from operations for the period was HK\$22.4 million.

As at 30 June 2015, the Group had net bank borrowings of HK\$155.2 million (2014 December: HK\$143.0 million). Sufficient banking facilities and bank balance are available to meet the cash needs of the Group for its manufacturing operations as well as property development activities.

The Group’s net gearing ratio as at 30 June 2015 stayed at low level of approximately 5.9% (2014 December: 6.7%), 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 recognises the currency risk in the Renminbi deposits, which are placed for yield enhancement purposes. The Group will closely monitor and actively manage the currency risk involved.

CAPITAL STRUCTURE

There has been no material change in the Group’s capital structure since 31 December 2014 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 4,800 employees as at 30 June 2015. 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

Looking ahead, the global economic outlook for 2015 is projected to grow with a gradual pickup in advanced economies and a slowdown in emerging market and developing economies. The US economy, after the sluggish conditions in the first quarter, is poised for a healthy growth in the second half of 2015. On the other hand, countries in the Euro areas continue to face volatility in the financial markets as a result of the unfolding of the sovereign debt problem in Greece. The slowdown in growth of the Chinese economy raises concerns about the potential impact on the local economy and spillover effects on the global economy. In Japan, economic growth is hindered by tepid consumer demand, resulting in both weak growth momentum and weak currency. These macroeconomic developments continue to present challenges to our business in the near future in terms of their impacts on customer demands, material costs, operating expenses and ultimately our competitiveness. To meet those challenges, the Group is committed to enhance our competitiveness and profitability through value-added service, automation and efficiency improvement programmes.

For our investment in property development projects, it is the Group's preference to hold its interest in them for long term and for leasing purposes after taking into consideration financing requirements. As a result, the Group does not expect to generate a significant increase in cash from those property development projects 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 2015, 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 2015, 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, a 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 2015.

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 2015.

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 2015 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 2015

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