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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 2015 FINAL RESULTS

FINANCIAL HIGHLIGHT:

- Operating profit for the year dropped by HK\$21.0 million from HK\$248.2 million to HK\$227.2 million as compared to last financial year. The decrease is because of the decrease in revenue as mitigated by a reduction in operating costs.
- The share of profit from the property development joint venture for the year amounted to HK\$426.0 million, as compared to HK\$430.3 million for the last financial year. As a result, profit attributable to owners of the Company for the year was HK\$598.2 million, a modest decrease of approximately HK\$18.4 million as compared to HK\$616.6 million for last financial 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 2015 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

		2015	2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	3,800,911	4,124,106
Other income	3	9,408	12,026
Changes in inventories of finished goods and work in progress		24,071	4,539
Raw materials and consumables used		(2,916,261)	(3,171,069)
Employee benefit expenses		(470,878)	(469,388)
Depreciation and amortisation charges		(43,237)	(36,487)
Other operating expenses		(197,054)	(214,171)
Change in fair value of investment properties		694	1,810
Other gains/(losses) – net	4	19,549	(3,210)
Operating profit		227,203	248,156
Finance income		8,662	12,875
Finance costs		(18,997)	(20,795)
Share of profit of joint ventures	8	426,010	430,320
Profit before income tax		642,878	670,556
Income tax expense	5	(44,645)	(53,961)
Profit after income tax		598,233	616,595
Profit attributable to owners of the Company		598,233	616,595
Non-controlling interests		–	–
		598,233	616,595
Earnings per share attributable to owners of the Company during the year			
Basic earnings per share	7	HK\$1.25	HK\$1.29
Diluted earnings per share	7	HK\$1.25	HK\$1.29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the year ended 31 December 2015*

	2015 HK\$'000	2014 HK\$'000
Profit for the year	598,233	616,595
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Changes in fair value of available-for-sale financial assets	(7,730)	12,975
Impairment for available-for-sale financial assets reclassified to income statement	1,230	–
Reclassification of investment revaluation reserve on disposal of available-for-sale financial assets	(6,458)	–
Reclassification of translation reserve upon liquidation of subsidiaries	13,533	–
Currency translation differences	(73,368)	(30,161)
Other comprehensive loss for the year, net of tax	(72,793)	(17,186)
Total comprehensive income for the year	525,440	599,409
Attributable to:		
Owners of the Company	525,440	599,409
Non-controlling interests	–	–
Total comprehensive income for the year	525,440	599,409

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		280,237	286,357
Investment properties		27,471	27,920
Leasehold land and land use rights		19,367	21,111
Interests in joint ventures	8	2,098,576	1,632,633
Available-for-sale financial assets		68	41,315
Deferred income tax assets		10,727	7,558
Deposits and other receivables		1,920	3,337
Restricted cash		3,560	3,763
		2,441,926	2,023,994
Current assets			
Inventories		366,365	399,009
Trade receivables	9	695,439	894,537
Prepayments, deposits and other receivables		63,738	62,682
Available-for-sale financial assets		12,915	–
Amounts due from associates		6	30
Current income tax recoverable		8,809	1,470
Non-current assets held for sale	10	–	18,203
Short-term bank deposits		218,823	257,048
Cash and cash equivalents		807,973	655,643
		2,174,068	2,288,622
Total assets		4,615,994	4,312,616

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
EQUITY			
Equity attributable to owners of the Company			
Share capital		47,848	47,848
Other reserves		523,904	579,028
Retained earnings			
– Proposed dividend		21,532	23,924
– Others		2,041,322	1,496,645
		2,634,606	2,147,445
Non-controlling interests		4	4
Total equity		2,634,610	2,147,449
LIABILITIES			
Non-current liabilities			
Derivative financial instrument		731	774
Deferred income tax liabilities		655	757
Borrowings	12	420,000	420,000
		421,386	421,531
Current liabilities			
Trade payables	11	657,280	795,117
Accruals and other payables		276,613	274,709
Current income tax liabilities		34,111	38,097
Borrowings	12	591,994	635,713
		1,559,998	1,743,636
Total liabilities		1,981,384	2,165,167
Total equity and liabilities		4,615,994	4,312,616

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company			Non-	
	Share	Share	Other	controlling	Total
	capital	premium	reserves	interests	
	HK\$'000	HK\$'000	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 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	47,848	153,025	1,946,572	4	2,147,449

	<u>Attributable to owners of the Company</u>			Non-	
	Share	Share	Other	controlling	Total
	capital	premium	reserves	interests	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 January 2015	47,848	153,025	1,946,572	4	2,147,449
Comprehensive income					
Profit for the year	–	–	598,233	–	598,233
Other comprehensive income					
Change in fair value of available-for-sale financial assets	–	–	(7,730)	–	(7,730)
Impairment for available-for-sale financial assets reclassified to income statement	–	–	1,230	–	1,230
Reclassification of investment revaluation reserve on disposal of available-for-sale financial assets	–	–	(6,458)	–	(6,458)
Reclassification of translation reserve upon liquidation of subsidiaries	–	–	13,533	–	13,533
Currency translation differences	–	–	(73,368)	–	(73,368)
Total other comprehensive loss	–	–	(72,793)	–	(72,793)
Total comprehensive income	–	–	525,440	–	525,440
Transactions with owners					
Dividend paid to owners of the Company	–	–	(38,279)	–	(38,279)
Total transactions with owners	–	–	(38,279)	–	(38,279)
As at 31 December 2015	47,848	153,025	2,433,733	4	2,634,610

NOTES:

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable 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 judgement in the process of applying the Group’s accounting policies.

(a) New and amended standards adopted by the Group

The following amendments are mandatory for the financial year beginning 1 January 2015.

Amendments to HKAS 19, “Employee benefits: defined benefit plans – employee contributions”

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments did not have significant impact on the Group financial statements.

Annual improvements to HFRSs 2010 – 2012 cycle and 2011 – 2013 cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, Related party disclosures has been amended to expand the definition of a “related party” to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments did not have significant impact on the Group financial statements.

(b) 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 during the financial year, as a result, there are changes to the presentation and the disclosures of certain information in the consolidated financial statements.

- (c) 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.

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKAS 16 and 38 (Amendment)	Classification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and 41 (Amendment)	Agriculture: bearer plants	1 January 2016
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisition of interest in joint operations	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
Annual Improvements Project	Annual improvements 2012 – 2014 cycle	1 January 2016

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 gains/(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 HK\$'000	ODM division HK\$'000	Property investment division HK\$'000	Total HK\$'000
For the year ended 31 December 2015				
Total gross revenue	3,800,775	1,109	–	3,801,884
Inter-segment revenue	(973)	–	–	(973)
External revenue	3,799,802	1,109	–	3,800,911
Segment results	230,911	(3,922)	423,968	650,957
Depreciation and amortisation charges	40,594	21	1	40,616
Share of profit of joint ventures	–	–	426,010	426,010
Change in fair value of investment properties	–	–	694	694
Rental income	–	–	916	916
Capital expenditure	46,946	–	–	46,946
Loans to joint ventures	–	–	39,933	39,933

	EMS division HK\$'000	ODM division HK\$'000	Property investment division HK\$'000	Total HK\$'000
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 HK\$'000	ODM division HK\$'000	Property investment division HK\$'000	Total HK\$'000
As at 31 December 2015				
Segment assets	2,343,289	8,669	35,391	2,387,349
Interests in joint ventures	<u>–</u>	<u>–</u>	<u>2,098,576</u>	<u>2,098,576</u>
Total reportable segment assets	<u>2,343,289</u>	<u>8,669</u>	<u>2,133,967</u>	<u>4,485,925</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, 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Reportable segment results	650,957	692,571
Other income	9,408	12,026
Other gains/(losses) – net	19,549	(3,210)
Finance costs – net	(10,335)	(7,920)
Corporate and unallocated expenses	(26,701)	(22,911)
	<u>642,878</u>	<u>670,556</u>
Profit before income tax	<u>642,878</u>	<u>670,556</u>

Reportable segments assets are reconciled to total assets as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Reportable segment assets	4,485,925	4,153,553
Available-for-sale financial assets	12,983	41,315
Deferred income tax assets	10,727	7,558
Amounts due from associates	6	30
Corporate and unallocated assets	106,353	110,160
	<u>4,615,994</u>	<u>4,312,616</u>
Total assets per consolidated statement of financial position	<u>4,615,994</u>	<u>4,312,616</u>

Reconciliations of other material items are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Depreciation and amortisation charges		
– Reportable segment total	40,616	33,873
– Corporate headquarters	2,621	2,614
	<u>43,237</u>	<u>36,487</u>
Capital expenditure		
– Reportable segment total	46,946	43,135
– Corporate headquarters	6	43
	<u>46,952</u>	<u>43,178</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:

	2015 HK\$'000	2014 HK\$'000
North America	564,716	554,272
Asia (excluding Hong Kong)	1,924,041	2,047,919
Europe	623,537	696,909
Hong Kong	688,617	825,006
	3,800,911	4,124,106

For the year ended 31 December 2015, revenues of approximately HK\$1,203,503,000 (2014: HK\$1,005,051,000), HK\$720,758,000 (2014: HK\$923,517,000) and HK\$468,968,000 (2014: HK\$477,089,000) 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:

	2015 HK\$'000	2014 HK\$'000
North America	26	30
Asia (excluding Hong Kong)	233,669	241,249
Europe	71	117
Hong Kong	2,197,433	1,775,040
	2,431,199	2,016,436

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

	2015 HK\$'000	2014 HK\$'000
Rental income	916	2,502
Others	8,492	9,524
	9,408	12,026

4. OTHER GAINS/(LOSSES) – NET

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Write-back of trade and other payables	2,777	4,254
Write-back of trade receivables previously written-off	529	–
Write-back of impairment provision on amounts due from associates	1,366	20
Gains/(losses) on financial instrument – net		
– Unrealised	43	123
– Realised	(640)	(773)
Gains/(losses) on disposal of property, plant and equipment	741	(456)
Exchange gains – net	17,992	4,713
Impairment for available-for-sale financial assets	(1,230)	–
Gain on disposal of available-for-sale financial assets	7,957	–
Gain on disposal of non-current assets held for sale	3,547	–
Loss on liquidation of subsidiaries	(13,533)	–
Impairment for intangible assets	–	(13,054)
Gain on disposal of an investment property	–	1,963
	<u>19,549</u>	<u>(3,210)</u>

5. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	8,000	16,271
– Overseas taxation	43,842	34,225
Deferred income tax	(3,885)	1,482
(Over)/under – provision in prior years		
– Current income tax	(3,312)	1,983
	<u>44,645</u>	<u>53,961</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 Income Tax ("CIT") at a rate of 25% (2014: 25%) on the estimated profits, except for Welco Technology (Suzhou) Limited ("WTSZ"), a wholly owned subsidiary of the Group. WTSZ was granted a preferential CIT Rate of 15% under the New and High Technology Enterprises ("NHTE") status with effect from 1 January 2012 for a period of three years till 31 December 2014. During the year ended 31 December 2015, WTSZ succeeded in renewing its NHTE status and will continue to entitle to the preferential CIT Rate of 15% for another three years till 31 December 2017.

6. DIVIDENDS

The dividends paid in 2015 and 2014 were approximately HK\$38,279,000 (HK\$0.08 per share) and HK\$31,101,000 (HK\$0.065 per share) respectively. A final dividend in respect of the year ended 31 December 2015 of HK\$0.045 per share, amounting to a total dividend of approximately HK\$21,532,000, will be proposed at the upcoming annual general meeting of the Company. These financial statements do not reflect this final dividend payable.

	2015 HK\$'000	2014 HK\$'000
Interim dividend paid – HK\$0.03 (2014: HK\$0.04) per share	14,355	19,139
Proposed final dividend – HK\$0.045 (2014: HK\$0.05) per share	21,532	23,924
	<u>35,887</u>	<u>43,063</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.

	2015	2014
Profit attributable to owners of the Company (HK\$'000)	<u>598,233</u>	<u>616,595</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>1.25</u>	<u>1.29</u>

(b) Diluted

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

8. INTERESTS IN JOINT VENTURES

	2015 HK\$'000	2014 HK\$'000
Share of net assets	846,310	420,300
Loans to joint ventures	<u>1,252,266</u>	<u>1,212,333</u>
	<u>2,098,576</u>	<u>1,632,633</u>

As at 31 December 2015, 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 is analysed as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At 1 January	420,300	(10,020)
Share of profit of joint ventures	426,010	430,320
	<u>846,310</u>	<u>420,300</u>
At 31 December	<u>846,310</u>	<u>420,300</u>

Easywise Limited commenced selling of properties during the year ended 31 December 2014. 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. The Group's attributable share of the joint ventures' profit for the year ended 31 December 2015 aggregated to approximately HK\$426,010,000 (2014: HK\$430,320,000). Share of profit of the joint ventures for the year ended 31 December 2015 included the share of fair value gain of investment properties owned by the joint venture of approximately HK\$357,944,000 (2014: Nil).

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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 60 days	535,481	682,727
61 – 90 days	105,482	173,670
Over 90 days	54,476	38,140
	<u>695,439</u>	<u>894,537</u>

10. NON-CURRENT ASSETS HELD FOR SALE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At 1 January	18,203	18,453
Currency translation differences	–	(250)
Disposals	(18,203)	–
	<u>–</u>	<u>–</u>
At 31 December	<u>–</u>	<u>18,203</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. The property and the related land use rights were classified as non-current assets held for sale. The transaction was completed in October 2015 and a disposal gain of approximately HK\$3,547,000 was recognised to the profit or loss for the year ended 31 December 2015.

11. TRADE PAYABLES

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

	2015 HK\$'000	2014 HK\$'000
0 – 60 days	590,521	684,174
61 – 90 days	59,705	70,943
Over 90 days	7,054	40,000
	<u>657,280</u>	<u>795,117</u>

12. BORROWINGS

	2015 HK\$'000	2014 HK\$'000
Long-term bank loan, secured	420,000	420,000
Trust receipt bank loans, unsecured	363,652	402,710
Short-term bank loans, unsecured	197,292	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	24,150	31,050
Total borrowings	<u>1,011,994</u>	<u>1,055,713</u>
Non-current	420,000	420,000
Current	<u>591,994</u>	<u>635,713</u>
Total borrowings	<u>1,011,994</u>	<u>1,055,713</u>

DIVIDENDS

The Company paid an interim dividend of HK\$0.03 (2014: HK\$0.04) per share for 2015. The Directors now recommend the payment of a final dividend of HK\$0.045 (2014: HK\$0.05) per share on or before Tuesday, 21 June 2016 to the shareholders whose names appear on the Register of Members of the Company on Monday, 6 June 2016. 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 Monday, 6 June 2016 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 Friday, 3 June 2016.

REVIEW OF BUSINESS ACTIVITIES

Financial Results

For the year ended 31 December 2015, the Group reported consolidated revenue of HK\$3.8 billion (2014: HK\$4.1 billion) representing a decrease of 7.8% as compared to last financial year. The Group's consolidated operating profit for the year was HK\$227.2 million or 6.0% of revenue as compared to HK\$248.2 million or 6.0% for the previous financial year. The decrease in revenue was mitigated by a reduction in operating costs, resulting in a moderate drop in consolidated operating profit.

Profit attributable to owners of the Company was HK\$598.2 million for the year ended 31 December 2015, as compared to HK\$616.6 million for the last financial year. The share of profit from the property development joint venture for the year amounted to HK\$426.0 million, as compared to HK\$430.3 million for the last financial year. The share of profit in the current year arose mainly from the surpluses from revaluation of investment properties held for leasing while the share of profit for the last year was from the sale of office units and car parking spaces. Basic earnings per share for the year amounted to HK\$1.25 (2014: HK\$1.29).

The EMS Division

Revenue for the EMS business was maintained at a steady level in the first six-month of 2015 but tailed off in the rest of the year as a result of weaker customer demand clouded by the global economic slowdown and financial market volatility. For the year ended 31 December 2015, the EMS Division reported revenue of HK\$3.8 billion, a decrease of HK\$0.3 billion or 7.5% as compared to HK\$4.1 billion for the last financial year. The segment profit attributable to the EMS Division for the year was HK\$230.9 million, representing a decrease of HK\$41.4 million or 15.2% as compared to HK\$272.3 million for the last financial year. The decrease in the segment net profit was attributable to the decrease in revenue as alleviated by cost control measures.

The ODM Division

The revenue from iCarte for Apple® iPhone® has shrunk as a result of the built-in Near Field Communication (NFC) capability in the iPhone® 6. The sale for the tablets was slow as the market plateaued. However, the research and development efforts in tablets have provided technological innovations and opportunities of value added services to the EMS Division.

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 was officially completed in January 2014 and launched into the market in April 2014 under the name of “One Harbour Square”. Market reception for the building was favourable and units were sold steadily in 2014. During 2015, further units and car parking spaces in the building were sold or leased, resulting in an increase in the equity value of the property development joint venture, of which the Group’s share was HK\$426.0 million. The increase in the equity value of the joint venture included the Group’s share of the fair value gain in the investment properties owned by the joint venture of approximately HK\$357.9 million.

The construction work for the second development project is proceeding as planned and the foundation and diaphragm wall were completed in February 2015. The site was handed over to the main contractor to commence the development construction in March 2015. The construction of the second site is targeted to be completed in 2017. During the year, the Company has obtained approval from a closely allied group of shareholders for an additional investment of HK\$550.0 million by way of additional loans to be provided by the Group to the joint venture company, bringing the total investment in the two property development projects up to HK\$1,880.0 million. Further details were set out in the Company’s announcement dated 24 November 2015 and the circular dated 15 December 2015.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group had a total of HK\$2,724.0 million of banking facilities. Total bank borrowings were HK\$1,012.0 million (2014: HK\$1,055.7 million), of which HK\$17.9 million was arranged by an overseas subsidiary. Cash and cash equivalents and short-term bank deposits were HK\$1,026.8 million at 31 December 2015 (2014: HK\$912.7 million).

As at 31 December 2015, the Group had net cash surplus of HK\$14.8 million, as compared to net bank borrowings of HK\$143.0 million at 31 December 2014. The improvement was mainly attributed to HK\$279.4 million funds generated from operations which was used to finance the property development joint venture of HK\$39.9 million and capital investment of HK\$47.0 million. Sufficient banking facilities and bank balances are available to meet the cash needs of the Group for its manufacturing operations as well as property development activities.

Net gearing ratio for the Group as at 31 December 2015 is nil (31 December 2014: 6.7%) as the Group was in net cash position as at 31 December 2015. The net gearing ratio 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 recognizes the currency risk in the devaluation of Chinese Renminbi and will closely monitor and actively manage the 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

As at 31 December 2015, the Group employed approximately 4,300 employees. The Group adopts a remuneration policy which is commensurate with job nature, qualification and experience of employees. In addition to the provision of annual bonuses, medical and life insurances, discretionary bonuses are also rewarded to employees based on individual performance. The remuneration packages and policies are reviewed periodically. The Group also provides in-house and external training programs to its employees.

PROSPECTS

The growth of the global economy in 2015 was modest as the further deceleration of growth in the key emerging and developing economies overshadowed a modest recovery in major high-income countries. This deceleration was accompanied by a decline in commodity prices, financial market volatility and diminished flows of trade and capital. Against the backdrop of the uncertain macroeconomic environment, the global economic outlook in 2016 continues to present challenges to our EMS business in terms of their impacts on customer demands, operating expenses and ultimately our competitiveness. To meet these challenges, the Group is committed to enhance its competitiveness and profitability through value-added services, automation and efficiency improvement programmes as well as stringent cost control initiatives.

Construction for the second property development project is targeted to be completed in late 2017. As a result of the near completion of the first property development project, share of profit from the property development joint venture in 2016 is not expected to be at a similar level as in 2015. Sufficient funding in the form of committed bank loans have been arranged to enable the whole project to be completed. It is the Group's preference to hold its interest in both projects for long term and for leasing purposes after taking into consideration the market conditions and the financing requirements.

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 addition, Wong's F&B Limited, which is also a wholly-owned subsidiary of the Company, has also been awarded the Caring Company Logo in March 2016. These serve as recognition of the Group's 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 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 year ended 31 December 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), 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 2015.

AUDIT COMMITTEE

The Audit Committee, which comprises of three 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 2015.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, 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 2015 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 “2016 AGM”) will be held as soon as possible. A notice convening the 2016 AGM, which constitutes part of the circular to shareholders, will be sent to the shareholders together with the 2015 annual report of the Company. The notice of the 2016 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 2015 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, 23 March 2016

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

Website: www.wih.com.hk