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WONG'S KONG KING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 532)

2016 INTERIM RESULTS

The Board of Directors of Wong's Kong King International (Holdings) Limited (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 together with comparative figures for the corresponding period in 2015 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	<i>NOTE</i>	HK\$'000	HK\$'000
Revenue	3	2,038,411	2,400,751
Gain on disposal of a subsidiary		7,760	—
Other gains		512	368
Raw materials and consumables used		(1,118,532)	(1,402,890)
Purchases of finished goods		(443,205)	(485,211)
Changes in inventories of finished goods and work in progress		6,998	23,085
Employee benefit expenses		(308,711)	(337,622)
Depreciation and amortisation		(30,070)	(30,905)
Other expenses		(125,787)	(142,186)
Operating profit		27,376	25,390
Finance income	4	1,771	3,524
Finance costs	4	(2,086)	(5,161)
Finance costs, net	4	(315)	(1,637)

CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	<i>NOTE</i>	HK\$'000	HK\$'000
Share of (loss)/profit of a joint venture		(221)	304
(Provision for)/write-back of allowance for doubtful debts on amount due from a joint venture		(260)	44
Profit before income tax	3	26,580	24,101
Income tax expense	5	(13,862)	(12,393)
Profit for the period		12,718	11,708
Attributable to:			
Owners of the Company		8,166	9,926
Non-controlling interests		4,552	1,782
		12,718	11,708
Earnings per share for profit attributable to the owners of the Company during the period <i>(expressed in HK cents per share)</i>	6		
– basic		1.09	1.34
– diluted		1.09	1.33
DIVIDENDS		–	–

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2016

		30 June 2016 (Unaudited) NOTE HK\$'000	31 December 2015 (Audited) HK\$'000
ASSETS			
NON-CURRENT ASSETS			
Land use rights		13,080	13,305
Property, plant and equipment		546,810	562,722
Deposits and prepayments		4,990	4,393
Intangible assets		6,342	8,031
Interests in joint ventures		422	908
Deferred tax assets		3,176	4,309
Available-for-sale financial assets		40,125	35,512
Club membership and debentures		14,658	14,803
TOTAL NON-CURRENT ASSETS		629,603	643,983
CURRENT ASSETS			
Inventories		619,440	497,750
Trade and other receivables	7	1,252,703	1,375,867
Deposits and prepayments		58,378	56,176
Tax recoverable		188	99
Derivative financial instruments		2,611	–
Short-term time deposits		107,440	185,313
Cash and cash equivalents		430,912	215,896
TOTAL CURRENT ASSETS		2,471,672	2,331,101
TOTAL ASSETS		3,101,275	2,975,084
LIABILITIES			
NON-CURRENT LIABILITIES			
Obligations under finance leases – due after one year		14	15
Provision for assets retirement obligations		1,710	1,710
Deferred tax liabilities		1,040	1,248
Retirement benefit obligations		7,723	7,855
TOTAL NON-CURRENT LIABILITIES		10,487	10,828

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)*AT 30 JUNE 2016*

		30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
	<i>NOTE</i>		
CURRENT LIABILITIES			
Trade, bills and other payables	8	986,058	870,944
Current income tax liabilities		10,898	9,108
Bank borrowings – due within one year		530,006	502,502
Obligations under finance leases			
– due within one year		165	3
Derivative financial instruments		–	23
TOTAL CURRENT LIABILITIES		1,527,127	1,382,580
TOTAL LIABILITIES		1,537,614	1,393,408
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		75,224	75,224
Reserves		1,399,718	1,415,774
		1,474,942	1,490,998
Non-controlling interests		88,719	90,678
TOTAL EQUITY		1,563,661	1,581,676
TOTAL EQUITY AND LIABILITIES		3,101,275	2,975,084

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	12,718	11,708
OTHER COMPREHENSIVE INCOME		
<u>Items that may be reclassified to profit or loss</u>		
Currency translation differences	(2,728)	3,301
Fair value gains on available-for-sale financial assets, net of tax	3,713	334
TOTAL COMPREHENSIVE INCOME	13,703	15,343
FOR THE PERIOD		
ATTRIBUTABLE TO:		
Owners of the Company	6,511	12,131
Non-controlling interests	7,192	3,212
	13,703	15,343

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2016

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial information has been prepared in consistent with those principal accounting policies followed in the Annual Report 2015 except the adoption of the following new/revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as “new HKFRSs”) which are effective for accounting periods commencing on or after 1 January 2016.

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRS 10 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKFRSs (Amendments)	Improvements to HKFRSs 2012 – 2014 Cycles

The adoption of these new HKFRSs does not have material impacts to the Group’s accounting policies applied in this unaudited condensed consolidated financial information.

The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2016 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 7	Disclosure Initiative	1 January 2017
HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendments)	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	<i>Note</i>
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019

Note: The effective date was postponed indefinitely.

3. SEGMENTAL INFORMATION

The Chief Operation Decision-Maker (“CODM”) has been identified as directors of the Company. CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. It has determined the operating segments based on these reports. The Group is currently organised into two operating segments – trading and manufacturing. These segments are the basis on which the Group reports its principal activities information.

Trading – trading and distribution of chemicals, materials and equipment used in the manufacturing of printed circuit boards and electronic products

Manufacturing – manufacturing of electrical and electronic products

The segment information for the six months ended 30 June 2016 is as follows:

	Trading HK\$'000	Manufacturing HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue					
External sales	762,989	1,239,412	36,010	–	2,038,411
Inter-segment sales	79,238	1,396	6,223	(86,857)	–
Total	842,227	1,240,808	42,233	(86,857)	2,038,411
Results					
Segment results	9,575	18,381	(1,094)	514	27,376
Finance income	1,368	102	301	–	1,771
Finance costs	(169)	(1,915)	(2)	–	(2,086)
	10,774	16,568	(795)	514	27,061
Share of loss of a joint venture					(221)
Provision for allowance for doubtful debt on amount due from a joint venture					(260)
Profit before income tax					26,580

The segment information for the six months ended 30 June 2015 is as follows:

	Trading <i>HK\$'000</i>	Manufacturing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue					
External sales	835,643	1,494,758	70,350	–	2,400,751
Inter-segment sales	101,794	1,401	6,968	(110,163)	–
Total	937,437	1,496,159	77,318	(110,163)	2,400,751
Results					
Segment results	17,260	16,661	(8,789)	258	25,390
Finance income	1,419	232	1,873	–	3,524
Finance costs	(290)	(4,775)	(96)	–	(5,161)
	18,389	12,118	(7,012)	258	23,753
Share of profit of a joint venture					304
Write-back of allowance for doubtful debt on amount due from a joint venture					44
Profit before income tax					24,101

4. FINANCE COSTS, NET

	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	1,771	3,524
Interest expense	(2,086)	(5,161)
Finance costs, net	(315)	(1,637)

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at 16.5% (2015: 16.5%) on the estimated assessable profit for the period. The subsidiaries established in the People's Republic of China (the "PRC") are subject to corporate income tax rate of 25% (2015: 25%). The subsidiaries in Taiwan are subject to corporate income tax rate of 17% (2015: 17%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	3,230	3,463
Other jurisdictions including PRC corporate income tax	7,776	6,826
Withholding tax on dividends declared by subsidiaries	2,856	2,104
	<u>13,862</u>	<u>12,393</u>

6. 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.

	Six months ended 30 June	
	2016	2015
Profit attributable to owners of the Company (Hong Kong thousand dollars)	8,166	9,926
Weighted average number of ordinary shares in issue (thousands)	752,236	740,352
Basic earnings per share (Hong Kong cents per share)	<u>1.09</u>	<u>1.34</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding, assuming conversion of all dilutive potential ordinary shares.

	Six months ended 30 June	
	2016	2015
Profit attributable to owners of the Company (Hong Kong thousand dollars)	8,166	9,926
Weighted average number of ordinary shares in issue (thousands)	752,236	740,352
Adjustments for share options (thousands)	–	5,044
Weighted average number of ordinary shares for diluted earnings per share (thousands)	752,236	745,396
Diluted earnings per share (Hong Kong cents per share)	1.09	1.33

7. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables (including amounts due from related parties of trading in nature) of HK\$1,209,389,000 (At 31 December 2015: HK\$1,352,644,000). The Group allows a credit period ranging from 30 days to 180 days to its trade customers. In addition, for certain customers with long established relationship, a longer credit period may be granted.

The ageing analysis of trade receivables based on invoices dates net of provision for impairment at the end of reporting period is as follows:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
0 to 30 days	424,832	458,976
31 to 60 days	260,483	344,683
61 to 90 days	178,711	234,800
Over 90 days	345,363	314,185
	1,209,389	1,352,644

8. TRADE, BILLS AND OTHER PAYABLES

Included in trade, bills and other payables are trade and bills payables (including amounts due to related parties of trading in nature) of HK\$667,662,000 (At 31 December 2015: HK\$589,397,000).

The following is an ageing analysis of trade and bills payables based on goods received dates at the end of reporting period:

	30 June 2016 HK\$'000	31 December 2015 HK\$'000
0 to 30 days	437,779	217,569
31 to 60 days	87,415	210,621
61 to 90 days	53,574	84,311
Over 90 days	88,894	76,896
	667,662	589,397

INTERIM DIVIDEND

The Board of Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

BUSINESS REVIEW

The Group's turnover for the first half of this year was HK\$2 billion, representing a reduction of approximately 15% compared to the same period last year. The Group's profit attributable to shareholders was HK\$8.2 million which included a profit of HK\$7.8 million on the disposal of a non-core subsidiary which owned a yacht berthing right. This compared to a profit attributable to shareholders of HK\$9.9 million for the same period last year.

The turnover of the Group's Industrial Products Trading Division for the first half of 2016 was HK\$0.8 billion, reflecting a reduction of approximately 9% compared to the same period last year. The Division's operating profit was HK\$10.8 million, representing a decrease of approximately 41% compared to the same period last year. This was mainly due to a decrease in demand for the industrial products distributed by the Group as a result of the sluggish market environment. The Division's operations in Taiwan and its trading in Printed Circuit Board related products both continued to perform well and contributed a major part of the Division's profit. However, the Division incurred operating losses at its trading operations in the PRC and in its trading of electronic assembly-related products.

The turnover of the Group's OEM Manufacturing Division decreased by approximately 17% to HK\$1.2 billion in the first half of 2016 compared to the same period last year due to the prevailing weak global economic situation. However, the Division's operating profit increased by HK\$4.5 million to HK\$16.6 million as compared to the same period last year largely as a result of a shift in its sale mix towards higher margin products combined with benefits realized from cost cutting measures.

FINANCE

The Group has committed bank and other financing facilities totaling HK\$2,831 million, of which HK\$717 million was drawn down as at 30 June 2016. As at 30 June 2016, the Group's consolidated net cash amounted to HK\$8 million and total equity amounted to HK\$1,564 million, resulting in a nil gearing ratio.

Most of the Group's sales were conducted in the same currencies as the corresponding purchase transactions. Foreign exchange contracts were used to hedge exposures where necessary.

CAPITAL STRUCTURE

There have been no material changes in the capital structure of the Group since 31 December 2015.

HUMAN RESOURCES

As at 30 June 2016, the Group had a total of 5,495 employees, of whom 266 were based in Hong Kong, 4,922 in the PRC and 307 overseas. The remuneration packages of the Group's employees are mainly based on their performance and experience, taking into account current industry

practices. Provident fund scheme, medical allowances, and in-house and external training programs are available to employees. Share options and discretionary bonuses may be provided to employees according to the performance of the individual and the Group. The remuneration policy and packages of the Group's employees are regularly reviewed.

PROSPECTS

With global demand still weak, the Directors expect that the demand for the industrial products distributed by the Group will continue to slow down for the rest of this year.

The Group's OEM Manufacturing Division is endeavoring to approach new customers and broaden its product range. However, given the orders on hand and the uncertainties in the global economic recovery, it is expected that the Division's level of business over the whole year will be lower than that of last year.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 30 June 2016, with deviations as stated below:

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing Non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the CG Code. In accordance with the provisions of the Bye-laws of the Company, any Director appointed by the Board during the year shall retire and submit themselves for re-election at the next annual general meeting immediately following his/her appointment. Further, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office. The directors to retire by rotation shall be those who have been longest in office since their last re-election or appointment. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those in the CG Code.

Code Provision A.4.2

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Bye-laws of the Company, all Directors (except the Executive Chairman or Managing or Joint Managing Director) of the Company are subject to retirement by rotations and re-elections at the annual general meeting of the Company. This constitutes a deviation from the CG Code. As continuation is a key factor to the successful implementation of any long term business plans, the Board believes that the present arrangement is most beneficial to the Company and the shareholders as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a code of conduct regarding securities transactions by Directors on no less exacting than the terms and required standard contained in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the “Model Code”). Having made specific enquiry of all the Directors, the Company had obtained confirmation from all the Directors that they have complied with the required standard set out in the Model Code and the code of conduct for securities transactions by Directors adopted by the Company throughout the six months ended 30 June 2016.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal control systems and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30 June 2016.

On behalf of the Board, I wish to thank all employees for their continued effort, loyalty and support for the Group throughout the period.

By Order of the Board
Byron Shu-Chan Ho
Director

Hong Kong, 29 August 2016

As at the date of this announcement, the Executive Directors of the Company are Messrs. Senta Wong, Edward Ying-Chun Tsui, Byron Shu-Chan Ho, Bengie Man-Hang Kwong and Hamed Hassan El-Abd; the Non-Executive Directors are Dr. Leung Kam Fong and Mr. Hsu Hung Chieh; and the Independent Non-Executive Directors are Messrs. John Ho, Philip Wan-Chung Tse, Gene Howard Weiner and Dr. Yip Wai Chun.