



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 REPORT FOR 2014

UNAUDITED INTERIM RESULTS

The board of directors (the “Board” or “Directors”) of Wong’s International Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2014 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

		Unaudited	
		2014	2013
	Note	HK\$'000	HK\$'000
Revenue	6	1,886,577	1,701,745
Other income	7	6,459	11,961
Changes in inventories of finished goods and work in progress		6,846	27,897
Raw materials and consumables used		(1,466,344)	(1,352,637)
Employee benefit expense		(229,218)	(229,208)
Depreciation and amortisation charges	8	(21,535)	(19,565)
Other operating expenses	8	(101,507)	(109,278)
Change in fair value of investment properties		1,330	16,000
Other losses – net	9	(10,315)	(6,777)
Operating profit		72,293	40,138
Finance income	10	6,635	4,606
Finance costs	10	(10,054)	(6,353)
Share of profit/(loss) of joint ventures	15	105,538	(48)
Profit before income tax		174,412	38,343
Income tax expense	11	(23,706)	(10,517)
Profit after income tax		150,706	27,826
Profit attributable to owners of the Company		150,706	28,629
Non-controlling interests		–	(803)
		150,706	27,826
Dividends	12	19,139	11,962
Earnings per share attributable to owners of the Company during the period			
Basic earnings per share	13	HK\$0.31	HK\$0.06
Diluted earnings per share	13	HK\$0.31	HK\$0.06

The notes on pages 7 to 30 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Unaudited	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	150,706	27,826
	-----	-----
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Currency translation differences	(30,390)	8,167
Changes in fair value of available-for-sale financial assets	2,460	(17,835)
Impairment for available-for-sale financial assets reclassified to income statement	-	5,535
	-----	-----
Other comprehensive loss for the period, net of tax	(27,930)	(4,133)
	-----	-----
Total comprehensive income for the period	122,776	23,693
	=====	=====
Attributable to:		
Owners of the Company	122,776	24,399
Non-controlling interests	-	(706)
	-----	-----
Total comprehensive income for the period	122,776	23,693
	=====	=====

The notes on pages 7 to 30 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 JUNE 2014

		Unaudited As at 30 June 2014 <i>HK\$'000</i>	Audited As at 31 December 2013 <i>HK\$'000</i>
ASSETS			
Non-current assets			
	<i>14</i>	284,846	285,437
	<i>14</i>	99,497	98,717
	<i>14</i>	21,380	22,297
		–	–
	<i>15</i>	1,307,851	1,143,816
	<i>14</i>	–	13,054
		30,800	28,340
		9,932	9,030
		4,815	6,460
		1,759,121	1,607,151
Current assets			
		432,622	409,367
	<i>16</i>	817,636	828,518
		36,419	38,986
		30	38
		9,716	9,553
		18,263	18,453
		215,990	126,584
		603,402	674,609
		2,134,078	2,106,108
Total assets		3,893,199	3,713,259

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 JUNE 2014

		Unaudited As at 30 June 2014 HK\$'000	Audited As at 31 December 2013 HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	47,848	47,848
Other reserves		557,918	582,021
Retained earnings			
– Dividends		19,139	11,962
– Others		1,065,046	937,306
		1,689,951	1,579,137
Non-controlling interests		4	4
Total equity		1,689,955	1,579,141
LIABILITIES			
Non-current liabilities			
Derivative financial instrument		936	897
Deferred income tax liabilities		847	509
Borrowings	18	420,000	420,000
		421,783	421,406
Current liabilities			
Trade payables	17	835,901	795,753
Accruals and other payables		242,499	244,322
Current income tax liabilities		29,389	20,212
Borrowings	18	673,672	652,425
		1,781,461	1,712,712
Total liabilities		2,203,244	2,134,118
Total equity and liabilities		3,893,199	3,713,259
Net current assets		352,617	393,396
Total assets less current liabilities		2,111,738	2,000,547

The notes on pages 7 to 30 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Unaudited				
	Attributable to owners of the Company			Non-	Total
	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	Other reserves <i>HKS'000</i>	controlling interests <i>HKS'000</i>	
As at 1 January 2013	47,661	152,350	1,314,818	(1,326)	
Comprehensive income					
Profit for the period	–	–	28,629	(803)	27,826
Other comprehensive income					
Currency translation differences	–	–	8,070	97	8,167
Changes in fair value of available-for-sale financial assets	–	–	(17,835)	–	(17,835)
Impairment for available-for-sale financial assets reclassified to income statement	–	–	5,535	–	5,535
Total other comprehensive (loss)/income	–	–	(4,230)	97	(4,133)
Total comprehensive income	–	–	24,399	(706)	23,693
Transactions with owners					
Dividend paid to owners of the Company	–	–	(14,352)	–	(14,352)
Employee share option scheme – proceeds from shares issued	180	648	–	–	828
Total transactions with owners	180	648	(14,352)	–	(13,524)
As at 30 June 2013	<u>47,841</u>	<u>152,998</u>	<u>1,324,865</u>	<u>(2,032)</u>	<u>1,523,672</u>
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	<u>47,848</u>	<u>153,025</u>	<u>1,489,078</u>	<u>4</u>	<u>1,689,955</u>

The notes on pages 7 to 30 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Unaudited	
	For the six months	
	ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Cash flows from operating activities		
Net cash generated from operating activities	99,698	105,546
Cash flows from investing activities		
Acquisition of property, plant and equipment	(25,709)	(28,358)
Increase in intangible assets	–	(5,030)
Proceeds from disposal of property, plant and equipment	211	113
Decrease in amounts due from associates	28	748
Increase in short-term bank deposits	(89,406)	(204,823)
Loans to joint ventures	(58,497)	(775,923)
Interest received	6,635	4,606
Net cash used in investing activities	(166,738)	(1,008,667)
Cash flows from financing activities		
Proceeds from employee share option scheme	–	828
Increase in trust receipt bank loans – net	65,923	191,699
New bank loans	18,000	420,000
Repayment of bank loans	(63,450)	(13,450)
Dividends paid	(11,962)	(14,352)
Net cash generated from financing activities	8,511	584,725
Net decrease in cash and cash equivalents	(58,529)	(318,396)
Cash and cash equivalents, beginning of the period	674,609	801,753
Exchange differences	(12,678)	3,928
Cash and cash equivalents, end of the period	603,402	487,285
Analysis of cash and cash equivalents:		
Cash on hand	378	413
Cash at bank	603,024	486,872
Cash and cash equivalents, end of the period	603,402	487,285

The notes on pages 7 to 30 are an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Wong's International Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the development, manufacture, marketing and distribution of electronics products as well as property investment.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information ("Interim Financial Information") for the six months ended 30 June 2014 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 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). Certain comparative figures have been reclassified to conform to the current period's presentation.

3 SIGNIFICANT ACCOUNTING POLICIES

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 2013.

The following new standards, amendments and interpretations are mandatory for the financial year beginning 1 January 2014 and have no material impact to the Group.

HKAS 32 (Amendment)	Financial instruments: presentation – offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets
HKAS 39 (Amendment)	Novation of derivatives and continuation of hedge accounting
HKFRS 10, 12 and HKAS 27 (Amendment)	Consolidation for investment entities
HK(IFRIC) 21	Levies

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

The following new standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2014 and have not been early adopted:

HKAS 19 (Amendment)	Employee benefits: defined benefit plans – employee contributions
HKAS 16 and 38 (Amendment)	Classification of acceptable methods of depreciation and amortisation
HKFRS 9	Financial instruments
HKFRS 11 (Amendment)	Accounting for acquisition of interest in joint operations
HKFRS 14	Regulatory deferral accounts
HKFRS 15	Revenue from contracts with customers
Annual Improvements Project	Annual improvements 2010–2012 cycle
Annual Improvements Project	Annual improvements 2011–2013 cycle

4 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

There have been no changes in the risk management department since year end or in any risk management policies since the year end.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.2 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2013.

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
Available-for-sale financial assets	28,340	–	–	28,340
	<u>28,340</u>	<u>–</u>	<u>–</u>	<u>28,340</u>
Liabilities				
Derivative financial instrument	–	897	–	897
	<u>–</u>	<u>897</u>	<u>–</u>	<u>897</u>

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2014.

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
Available-for-sale financial assets	30,800	–	–	30,800
	<u>30,800</u>	<u>–</u>	<u>–</u>	<u>30,800</u>
Liabilities				
Derivative financial instrument	–	936	–	936
	<u>–</u>	<u>936</u>	<u>–</u>	<u>936</u>

There were no transfers between Levels 1, 2 and 3 during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.2 Fair value estimation (continued)

There were no other changes in valuation techniques during the period.

5.3 Valuation techniques used to derive Level 2 fair values

Level 2 derivative financial instruments comprise interest rate swaps. The fair value of interest rate swaps is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

5.4 Group's valuation processes

The Group's finance team performs the valuations of financial assets required for financial reporting purposes. This team reports directly to the management. Discussions of valuation processes and results are held between the management and the team at least once bi-annually, in line with the Group's reporting dates.

The fair value of the following financial assets and liabilities approximate their carrying amounts:

- Trade and other receivables
- Short-term bank deposits
- Cash and cash equivalents
- Trade and other payables

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION

The Group's senior executive management is considered as the Chief Operating Decision Maker ("CODM"). There are differences from the last interim financial information in the basis of segmentation as an additional segment "property investment" is added. The comparative segment information as at 30 June 2013 has been reclassified to align with the presentation of the latest segment information disclosure as a result of the change in CODM's review on the Group's performance and resources. The Group was organised into three operating divisions:

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

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

Property Investment – development, sale and lease of properties.

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

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	<u>(19,829)</u>	<u>–</u>	<u>–</u>	<u>(19,829)</u>
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>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (continued)

For the six months ended 30 June 2013	EMS division <i>HK\$'000</i>	ODM division <i>HK\$'000</i>	Property investment division <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total gross revenue	1,698,308	6,817	–	1,705,125
Inter-segment revenue	<u>(3,380)</u>	<u>–</u>	<u>–</u>	<u>(3,380)</u>
External revenue	<u>1,694,928</u>	<u>6,817</u>	<u>–</u>	<u>1,701,745</u>
Segment results	<u>40,697</u>	<u>(10,458)</u>	<u>15,177</u>	<u>45,416</u>
Depreciation and amortisation charges	(17,722)	(136)	(64)	(17,922)
Share of loss of joint ventures	–	–	(48)	(48)
Change in fair value of investment properties	<u>–</u>	<u>–</u>	<u>16,000</u>	<u>16,000</u>
Rental income	<u>–</u>	<u>–</u>	<u>899</u>	<u>899</u>
Capital expenditure	<u>28,178</u>	<u>5,210</u>	<u>–</u>	<u>33,388</u>
Loans to joint ventures	<u>–</u>	<u>–</u>	<u>775,923</u>	<u>775,923</u>
	EMS division <i>HK\$'000</i>	ODM division <i>HK\$'000</i>	Property investment division <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2014				
Segment assets	2,312,700	9,344	103,538	2,425,582
Interests in joint ventures	<u>–</u>	<u>–</u>	<u>1,307,851</u>	<u>1,307,851</u>
Total reportable segment assets	<u>2,312,700</u>	<u>9,344</u>	<u>1,411,389</u>	<u>3,733,433</u>
As at 31 December 2013				
Segment assets	2,284,576	20,928	101,871	2,407,375
Interests in joint ventures	<u>–</u>	<u>–</u>	<u>1,143,816</u>	<u>1,143,816</u>
Total reportable segment assets	<u>2,284,576</u>	<u>20,928</u>	<u>1,245,687</u>	<u>3,551,191</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (continued)

Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, 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	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment results	192,322	45,416
Other income	6,459	11,961
Other losses – net	(10,315)	(6,777)
Finance costs – net	(3,419)	(1,747)
Corporate and unallocated expenses	(10,635)	(10,510)
	<u>174,412</u>	<u>38,343</u>
Profit before income tax	<u>174,412</u>	<u>38,343</u>

Reportable segments assets are reconciled to total assets as follows:

	As at 30 June 2014 <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
Reportable segment assets	3,733,433	3,551,191
Available-for-sale financial assets	30,800	28,340
Deferred income tax assets	9,932	9,030
Amounts due from associates	30	38
Corporate and unallocated assets	119,004	124,660
	<u>3,893,199</u>	<u>3,713,259</u>
Total assets per condensed consolidated balance sheet	<u>3,893,199</u>	<u>3,713,259</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (continued)

Reconciliations of other material items are as follows:

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Depreciation and amortisation charges		
– Reportable segment total	20,227	17,922
– Corporate headquarters	1,308	1,643
	<u>21,535</u>	<u>19,565</u>
Capital expenditure		
– Reportable segment total	25,689	33,388
– Corporate headquarters	20	–
	<u>25,709</u>	<u>33,388</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:

	For the six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
North America	279,921	201,490
Asia (excluding Hong Kong)	989,846	862,729
Europe	247,730	368,736
Hong Kong	369,080	268,790
	<u>1,886,577</u>	<u>1,701,745</u>

For the six months ended 30 June 2014, revenues of approximately HK\$471,271,000 (2013: HK\$456,837,000), and HK\$442,648,000 (2013: HK\$402,270,000) were derived from the top two 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (continued)

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

	As at 30 June 2014 <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
North America	41	2,969
Asia (excluding Hong Kong)	234,340	236,081
Europe	60	51
Hong Kong	1,514,748	1,359,020
	<u>1,749,189</u>	<u>1,598,121</u>

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

7 OTHER INCOME

	For the six months ended 30 June	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Tooling income	1,753	6,364
Rental income	1,305	899
Others	3,401	4,698
	<u>6,459</u>	<u>11,961</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 PROFIT BEFORE INCOME TAX

Profit before income tax is analysed as follows:

	For the six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	21,214	19,430
Amortisation on leasehold land and land use rights	321	135
	<hr/>	<hr/>
Depreciation and amortisation charges	21,535	19,565
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Operating lease rental in respect of land and buildings	6,298	6,744
Utility expense	14,851	16,815
Transportation	17,261	15,555
Chemicals and consumables	21,449	20,156
Others	41,648	50,008
	<hr/>	<hr/>
Other operating expenses	101,507	109,278
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total depreciation, amortisation and other operating expenses	123,042	128,843
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 OTHER LOSSES – NET

	For the six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Losses)/gains on financial instrument – net		
– Unrealised	(39)	1,523
– Realised	(404)	(456)
Losses on disposal of property, plant and equipment	(74)	(53)
Exchange gains/(losses) – net	3,237	(3,006)
Write-back of impairment provision on amount due from an associate	20	750
Impairment for available-for-sale financial assets	–	(5,535)
Impairment for intangible assets	(13,055)	–
	<u>(10,315)</u>	<u>(6,777)</u>

10 FINANCE COSTS – NET

	For the six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		
Interest income on short-term bank deposits	6,635	4,606
Finance costs		
Interest expenses on bank borrowings	(10,054)	(6,353)
Finance costs – net	<u>(3,419)</u>	<u>(1,747)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until 2016.

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

The Group's subsidiaries in Mainland China are subject to the China Corporate Tax ("CIT") at the rate of 25% (2013: 25%) on the estimated profits, except for Welco Technology (Suzhou) Limited ("WTSZ"), a wholly owned subsidiary of the Group. During the second half of 2013, WTSZ successfully applied and is eligible for preferential CIT Rate of 15% under the New and High Technology Enterprises status with effect from 1 January 2012.

The amount of income tax charged to the condensed consolidated interim income statement represents:

	For the six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	1,938	1,232
– Overseas taxation	22,531	7,400
Deferred income tax	(531)	397
Under/(over)–provision in prior periods		
– Current income tax	75	1,436
– Deferred income tax	(307)	52
	23,706	10,517

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 DIVIDENDS

	For the six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend – HK\$0.04 (2013: HK\$0.025) per share	<u>19,139</u>	<u>11,962</u>

On 26 August 2014, the Board has resolved to pay an interim dividend of HK\$0.04 per share (2013: HK\$0.025 per share) which is payable on Tuesday, 30 September 2014 to the shareholders whose names appear on the Register of Members of the Company on Wednesday, 17 September 2014. This interim dividend, amounting to HK\$19,139,000 (2013: HK\$11,962,000) 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 2014.

13 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	
	2014	2013
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>150,706</u>	<u>28,629</u>
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	<u>478,484</u>	<u>477,717</u>
Basic earnings per share (<i>HK\$</i>)	<u>0.31</u>	<u>0.06</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 EARNINGS PER SHARE (continued)

(b) Diluted

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

As at 30 June 2014, diluted earnings was equal to basic earnings per share as there was no dilutive potential share outstanding.

As at 30 June 2013, the Company had share options which were of dilutive potential. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The calculation of diluted earnings per share for the period ended 30 June 2013 was based on the following:

	For the six months ended 30 June 2013
Profit attributable to owners of the Company (HK\$'000)	28,629
Weighted average number of ordinary shares in issue (in thousands)	477,717
Adjustment for share options (in thousands)	632
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	478,349
Diluted earnings per share (HK\$)	0.06

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 CAPITAL EXPENDITURE

	Property, plant and equipment <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Leasehold land and land use rights <i>HK\$'000</i>	Intangible assets <i>HK\$'000</i>
For the six months ended				
30 June 2013				
Opening net book amount as at 1 January 2013	257,544	59,600	11,215	5,416
Additions	28,358	–	–	5,030
Fair value gains	–	16,000	–	–
Disposal	(166)	–	–	–
Depreciation/amortisation	(19,430)	–	(135)	–
Exchange differences	1,106	–	62	–
	<u>267,412</u>	<u>75,600</u>	<u>11,142</u>	<u>10,446</u>
Closing net book amount as at 30 June 2013				
	<u>267,412</u>	<u>75,600</u>	<u>11,142</u>	<u>10,446</u>

	Property, plant and equipment <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Leasehold land and land use rights <i>HK\$'000</i>	Intangible assets <i>HK\$'000</i>
For the six months ended				
30 June 2014				
Opening net book amount as at 1 January 2014	285,437	98,717	22,297	13,054
Additions	25,709	–	–	–
Fair value gains	–	1,330	–	–
Disposal	(285)	–	–	–
Depreciation/amortisation	(21,214)	–	(321)	–
Impairment for intangible assets	–	–	–	(13,055)
Exchange differences	(4,801)	(550)	(596)	1
	<u>284,846</u>	<u>99,497</u>	<u>21,380</u>	<u>–</u>
Closing net book amount as at 30 June 2014				
	<u>284,846</u>	<u>99,497</u>	<u>21,380</u>	<u>–</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 CAPITAL EXPENDITURE (continued)

The valuations of the investment properties at 30 June 2014 were carried out by an independent firm of surveyors, Roma Appraisals Limited, who is a fellow member of the Hong Kong Institute of Surveyors. The fair value measurement information for these investment properties in accordance with HKFRS 13 is given below.

	Fair value measurements		
	Quoted prices in active markets for identical assets (Level 1) <i>HK\$'000</i>	Significant other observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>
As at 30 June 2014			
Recurring fair value measurements			
Investment properties	–	–	99,497
	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2013			
Recurring fair value measurements			
Investment properties	–	–	98,717
	<u> </u>	<u> </u>	<u> </u>

There were no transfers among Level 1, Level 2 and 3 during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 CAPITAL EXPENDITURE (continued)

Fair value measurements using significant unobservable inputs (Level 3)

	Investment properties		Total <i>HK\$'000</i>
	Hong Kong <i>HK\$'000</i>	Outside Hong Kong <i>HK\$'000</i>	
At 1 January 2014	78,400	20,317	98,717
Fair value gains	700	630	1,330
Exchange difference	–	(550)	(550)
At 30 June 2014	<u>79,100</u>	<u>20,397</u>	<u>99,497</u>

Total unrealised gains for the period included in the condensed consolidated income statement for assets held at the end of the period, under 'Change in fair value of investment properties'

<u>700</u>	<u>630</u>	<u>1,330</u>
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At 1 January 2013	59,600	–	59,600
Fair value gains	16,000	–	16,000
At 30 June 2013	<u>75,600</u>	<u>–</u>	<u>75,600</u>

Total unrealised gains for the period included in the condensed consolidated income statement for assets held at the end of the period, under 'Change in fair value of investment properties'

<u>16,000</u>	<u>–</u>	<u>16,000</u>
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Fair values of completed investment properties have been valued by the direct comparison approach assuming sale of the properties in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market and also considered the basis of capitalisation of the net income receivable, if necessary.

The valuation have been made on the assumption that the owners sell the properties in the open market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to increase the values of such properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the properties to be sold in one lot or to a single purchaser.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 CAPITAL EXPENDITURE (continued)

Fair value measurements using significant unobservable inputs (Level 3) (continued)

There were no changes in valuation techniques during the period.

As at 30 June 2014, a bank borrowing is secured on land and buildings with a carrying amount of approximately HK\$93,971,000 (31 December 2013: HK\$95,090,000) (Note 18).

15 INTERESTS IN JOINT VENTURES

	As at 30 June 2014 HK\$'000	As at 31 December 2013 HK\$'000
Share of net assets/(liabilities)	95,518	(10,020)
Loans to joint ventures	<u>1,212,333</u>	<u>1,153,836</u>
	<u><u>1,307,851</u></u>	<u><u>1,143,816</u></u>

As at 30 June 2014, the Group had interests in the following principal joint ventures, which are unlisted:

Name of company	Place of incorporation	Proportion of ownership interest (%)	Principal activities	Nature of the relationship	Measurement method
Bollardbay Limited	BVI	35.70	Investment holding	<i>Note 1</i>	Equity
Easywise Limited	Hong Kong	35.70	Property development	<i>Note 1</i>	Equity
Talent Chain Investments Limited	BVI	35.70	Investment holding	<i>Note 2</i>	Equity
Crown Opal Investment Limited	Hong Kong	35.70	Property development	<i>Note 2</i>	Equity

Note 1: Easywise Limited, a subsidiary of Bollardbay Limited, is engaged in the business of property development.

Note 2: Crown Opal Investment Limited, a subsidiary of Talent Chain Investments Limited, is engaged in the business of property development.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 INTERESTS IN JOINT VENTURES (continued)

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

	2014 <i>HKS'000</i>	2013 <i>HKS'000</i>
At 1 January	(10,020)	1,338
Share of profit/(loss) of joint ventures	105,538	(48)
At 30 June	95,518	1,290

The loans to joint ventures are unsecured, interest-free and will not be repaid in the coming twelve months. The Directors consider that the carrying amounts of the loans to the joint ventures approximate their fair values. The amounts are denominated in Hong Kong dollars.

As at 30 June 2014, there were neither capital commitments nor contingent liabilities related to the development project.

16 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 2014 <i>HKS'000</i>	As at 31 December 2013 <i>HKS'000</i>
0–60 days	632,605	697,351
61–90 days	145,532	106,937
Over 90 days	39,499	24,230
	817,636	828,518

The carrying amounts of the Group's trade receivables approximated their fair values as at 30 June 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 TRADE PAYABLES

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

	As at 30 June 2014 <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
0-60 days	740,338	621,428
61-90 days	49,025	126,651
Over 90 days	46,538	47,674
	<u>835,901</u>	<u>795,753</u>

The carrying amounts of the Group's trade payables approximated their fair values as at 30 June 2014.

18 BORROWINGS

	As at 30 June 2014 <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
Trust receipt bank loans, unsecured	355,752	289,829
Short-term bank loans, unsecured	276,520	317,746
Long-term bank loan, secured	420,000	420,000
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	34,500	37,950
Total borrowings	<u>1,093,672</u>	<u>1,072,425</u>
Non-current	420,000	420,000
Current	673,672	652,425
Total borrowings	<u>1,093,672</u>	<u>1,072,425</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 BORROWINGS (continued)

As at 30 June 2014, mortgage loan of approximately HK\$41,400,000 (31 December 2013: HK\$44,850,000) was secured by the land and buildings of the Group with a carrying amount of HK\$93,971,000 (31 December 2013: HK\$95,090,000).

As at 30 June 2014, the long-term bank loan of HK\$420,000,000 (31 December 2013: HK\$420,000,000) was secured by the following:

- A share mortgage over all the issued and fully paid-up shares of Ubiquitous International Limited, a wholly-owned subsidiary of the Group
- A share mortgage over the Group's entire interest in Talent Chain Investments Limited, a joint venture of the Group
- A subordination of all shareholder or intra-group loan to Ubiquitous International Limited; and
- An assignment of shareholder's loan advanced by Ubiquitous International Limited to Talent Chain Investments Limited

19 SHARE CAPITAL

	Number of shares	Nominal value <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2013 and 30 June 2013	700,000,000	70,000
At 1 January 2014 and 30 June 2014	700,000,000	70,000
Issued and fully paid:		
At 1 January 2013	476,607,794	47,661
New shares issued	1,801,000	180
At 30 June 2013	478,408,794	47,841
At 1 January 2014 and 30 June 2014	478,483,794	47,848

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 COMMITMENTS

- (a) Capital commitments in respect of property, plant and equipment are as follows:

	As at 30 June 2014 HK\$'000	As at 31 December 2013 HK\$'000
Contracted but not provided for	6,190	3,100
Authorised but not contracted for	—	—
	<u>6,190</u>	<u>3,100</u>

- (b) The Group's future aggregate minimum lease payments under various non-cancellable operating lease agreements in respect of rented premises are analysed as follows:

	As at 30 June 2014 HK\$'000	As at 31 December 2013 HK\$'000
Within 1 year	10,605	11,146
In the 2nd to 5th year inclusive	805	6,053
Over 5 years	—	—
	<u>11,410</u>	<u>17,199</u>

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases and rentals are negotiated and fixed for an average of 2 years.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 COMMITMENTS (continued)

- (c) The Group's future rental income receivables under various non-cancellable operating leases in respect of rented premises are analysed as follows:

	As at 30 June 2014 <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
Within 1 year	2,235	2,616
In the 2nd to 5th year inclusive	422	1,300
	2,657	3,916
	2,657	3,916

Operating lease income represents rentals receivable by the Group for leasing its investment properties. Leases and rentals are negotiated and fixed for an average of 2 years.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 RELATED PARTY TRANSACTIONS

The Group was controlled by Mr. Wong Chung Mat, Ben (personally and via Salop Investment Limited, a company wholly-owned and controlled by him) and W. S. Wong & Sons Company Limited (a company controlled by the Wong's family). As at 30 June 2014, Mr. Wong Chung Mat, Ben (together with Salop Investment Limited) and W. S. Wong & Sons Company Limited beneficially owned 27.09% and 21.67% of the issued shares of the Company respectively.

(a) Balances with related parties

The amounts due from associates are repayable on demand, unsecured, interest-free and without pre-determined repayment terms.

The loans to joint ventures are set out in the condensed consolidated interim balance sheet. The term is set out in note 15.

(b) Key management compensation

	For the six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and allowances	6,324	7,372
Bonus	3,690	3,476
Pension costs – defined contribution schemes	31	43
	<u>10,045</u>	<u>10,891</u>

INTERIM DIVIDEND

On 26 August 2014, the Board has resolved to pay an interim dividend of HK\$0.04 per share (2013: HK\$0.025 per share) which is payable on Tuesday, 30 September 2014 to the shareholders whose names appear on the Register of Members of the Company on Wednesday, 17 September 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 15 September 2014 to Wednesday, 17 September 2014, 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 Friday, 12 September 2014.

REVIEW OF BUSINESS ACTIVITIES

Review of Results

The Group's profit attributable to owners of the Company for the six months ended 30 June 2014 amounted to HK\$150.7 million, as compared to HK\$28.6 million for the corresponding period last year. The significant increase was mainly attributed to the Group's share of the increase in equity value in the property development joint venture in respect of the office units sold during the period. Earnings per share for the six months were HK\$0.31 as compared to HK\$0.06 for the corresponding period last year.

REVIEW OF BUSINESS ACTIVITIES (continued)

Review of Results (continued)

The Group's revenue for the six months ended 30 June 2014 was HK\$1,886.6 million, representing an increase of HK\$184.8 million or 10.9%, as compared to HK\$1,701.7 million for the corresponding period last year. Operating profit for the six months ended 30 June 2014 was HK\$72.3 million or 3.8% of revenue, as compared to HK\$40.1 million or 2.3% of revenue for the corresponding period last year. The increase in operating profit was driven by a growth in sale revenue, which was impacted by an impairment loss on intangible assets and a decrease in the surplus from investment properties valuation.

Electronic Manufacturing Service (“EMS”) and Original Design and Manufacturing (“ODM”) Divisions

Revenue for the EMS Division for the six months ended 30 June 2014 was HK\$1,881.1 million, representing a 11.0% increase as compared to HK\$1,694.9 million for the corresponding period last year. Revenue for the manufacturing plant in Shenzhen increased by 18.2% while the plant in Suzhou was slightly down by 1.0%, as compared to the corresponding period for financial year 2013. During the first six months in 2014, the worldwide EMS market resumed growth after the decline in 2013. The segment profit attributable to EMS Division was HK\$99.3 million, a 144.1% increase as compared to the HK\$40.7 million for the corresponding period last year. The increase in the segment net profit is accredited to the increase in sale revenue, a stable gross profit percentage and the implementation of measures to contain operating costs.

Revenue for the ODM Division for the six month ended 30 June 2014 was HK\$5.5 million as compared to the HK\$6.8 million for the corresponding period last year. The demand for iCarte for Apple® iPhone® is still hindered by the global slow adoption of mobile payment. The self-developed Cloud Tablet was finally launched into market during the period but its market potential is to be explored fully in the second half of 2014.

Apple and iPhone are trademarks of Apple Inc., registered in the U.S. and other countries.

REVIEW OF BUSINESS ACTIVITIES (continued)

Property Investment Division

The Group has two property development joint ventures with Sun Hung Kai Properties Limited on two sites for office buildings in Kwun Tong. The development project at the first site is a 26-storey Grade A office building strategically situated in Hong Kong's future second Central Business District and in close proximity to the Kai Tak Cruise Terminal. The project was officially completed in January 2014 and launched into the market in April 2014 under the name of "One Harbour Square". During the period, certain floors and car parking spaces of the building were sold, resulting in an increase in equity value of the joint venture, of which the Group's share was HK\$105.5 million. Sale of office units and car parking spaces continues in second half of 2014.

The foundation and diaphragm wall works for the second development project at the adjacent site are in progress. Construction of the second site is targeted to be completed in 2017.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, the Group had a total of HK\$2,566.4 million of banking facilities. Total bank borrowings were HK\$1,093.7 million (2013 December: HK\$1,072.4 million), of which a loan of HK\$23.0 million was arranged by an overseas subsidiary. Cash and cash equivalents and short-term bank deposits were HK\$819.4 million at 30 June 2014 (2013 December: HK\$801.2 million). Cash flow generated from operations for the period was HK\$99.7 million.

As at 30 June 2014, the Group had net bank borrowings of HK\$274.3 million (2013 December: HK\$271.2 million). Sufficient banking facilities and bank balance are available to meet the cash needs of the Group for its manufacturing operation as well as property development activities.

The Group's net gearing ratio as at 30 June 2014 was approximately 16.2% (2013 December: 17.2%), which was calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents and short-term bank deposits.

FOREIGN EXCHANGE AND RISK MANAGEMENT

Most of the Group's sales are conducted in United States dollars and costs and expenses are mainly in United States dollars, Hong Kong dollars, Japanese Yen and Chinese Renminbi. Consistent with the prudent policy in financial risk management, the Group does not engage in any foreign exchange hedging products. The Group monitors fluctuations in exchange rates closely and will consider hedging significant foreign exchange exposures where it is necessary or practicable.

CAPITAL STRUCTURE

There had been no material change in the Group's capital structure since 31 December 2013 which consists of bank borrowings, cash and cash equivalents, short-term bank deposits and equity attributable to owners of the parent, comprising issued share capital and reserves.

EMPLOYEES

The Group employed approximately 5,200 employees as at 30 June 2014. 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

The recovery of the global economy encountered a bumpy start in the first half of 2014. Economic growth in China remained modest while other emerging countries faced slowdowns primarily owing to the currency depreciation. In contrast, despite the softness in the first quarter, recovery in the United States and the Euro Area is gaining momentum because of the reduced drag on growth from fiscal consolidation, improving labour market and a steady release of consumer demands. The overall improvement in the macroeconomic environment provided the impetus for the worldwide EMS market to resume growth.

PROSPECTS (continued)

We are pleased with the progress in the operating results of the EMS Division in the first half of 2014. This has demonstrated our continuous efforts to deliver customer satisfaction as well as to sustain growth, competitiveness and profitability under a challenging operating environment. While we are optimistic on the global economy to maintain its growth momentum in 2014 and even longer term, we will remain cautious for any sign of downturns and continue to invest into efficiency and productivity programmes in order to maintain our competitiveness and profitability.

The launch of One Harbour Square at the first site in Kwun Tong was well received by the market as certain units in the office building were sold successively to interested buyers during the period and up to the date hereof. Eyeing the potential in the formation of the second Central Business District in the Kwun Tong area, it is the Group's preference to hold its interest in the building as much as possible for long term and for leasing purposes after taking into consideration of financing requirement. As a result, the Group does not expect to generate a significant increase in cash from the long term interest in the property development project 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.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 30 June 2014, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), were as follows:

Long positions in shares of the Company

Name of Directors	Capacity	Number of ordinary shares	Approximate percentage of the issued shares
Wong Chung Mat, Ben	Beneficial owner and interest of controlled corporation (<i>Note 1</i>)	129,630,911	27.09%
Wong Yin Man, Ada	Beneficial owner	1,000,000	0.21%
Chan Tsze Wah, Gabriel	Beneficial owner	1,837,500	0.38%
Tan Chang On, Lawrence (<i>Note 2</i>)	Beneficial owner	1,010,000	0.21%
Wan Man Keung	Beneficial owner	1,000,000	0.21%

Notes:

1. Mr. Wong Chung Mat, Ben was deemed (by virtue of the SFO) to be interested in 129,630,911 shares in the Company. These shares were held in the following capacity:
 - (a) 1,000,000 shares were held by Mr. Wong Chung Mat, Ben personally.
 - (b) 128,630,911 shares were held by Salop Investment Limited, which was wholly owned and controlled by Mr. Wong Chung Mat, Ben.
2. Mr. Tan Chang On, Lawrence resigned as Director of the Company on 3 July 2014.

Save as disclosed herein, as at 30 June 2014, none of the Directors or chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors or chief executives of the Company, as at 30 June 2014, persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares of the Company

Name of substantial shareholders	Capacity	Number of ordinary shares	Approximate percentage of the issued shares
Salop Investment Limited	Beneficial owner (<i>Note 1</i>)	128,630,911	26.88%
W. S. Wong & Sons Company Limited	Beneficial owner (<i>Note 2</i>)	103,698,379	21.67%
Wong Chung Yin, Michael	Interest of controlled corporations and founder of a discretionary trust (<i>Note 3</i>)	75,504,172	15.78%
Levy Investment Limited	Beneficial owner (<i>Note 3(a)</i>)	46,620,212	9.74%
Wong Chung Ah, Johnny	Beneficial owner, interest of spouse and founder of a discretionary trust (<i>Note 4</i>)	40,693,487	8.50%
Kong King International Limited	Beneficial owner (<i>Note 4(c)</i>)	38,458,487	8.04%
Mountainview International Limited	Trustee (<i>Note 4(c)</i>)	38,458,487	8.04%
HSBC Trustee (Cook Islands) Limited	Trustee (<i>Note 4(c)</i>)	38,458,487	8.04%
HSBC International Trustee Limited	Trustee (<i>Note 5</i>)	32,957,546	6.89%

Notes:

- Salop Investment Limited was a company wholly owned and controlled by Mr. Wong Chung Mat, Ben. Please refer to the Note 1 under the section headed "Interests of directors and chief executives".
- W. S. Wong & Sons Company Limited was a company controlled by the Wong's family.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS (continued)

Long positions in shares of the Company (continued)

Notes: (continued)

3. Mr. Wong Chung Yin, Michael was deemed (by virtue of the SFO) to be interested in 75,504,172 shares in the Company. These shares were held in the following capacity:
 - (a) 46,620,212 shares were held by Levy Investment Limited, which was wholly owned and controlled by Mr. Wong Chung Yin, Michael.
 - (b) 17,584,960 shares were held by Levy Pacific Limited under a discretionary trust, of which Mr. Wong Chung Yin, Michael was regarded as the founder (by virtue of the SFO) and HSBC International Trustee Limited was the trustee. Please see Note 5(a) below.
 - (c) 11,299,000 shares were held by Pacific Way Limited, which was owned by Mr. Wong Chung Yin, Michael and his wife, Ms. Woo Sin Ming, in equal share.

4. Mr. Wong Chung Ah, Johnny was deemed (by virtue of the SFO) to be interested in 40,693,487 shares in the Company. These shares were held in the following capacity:
 - (a) 1,000,000 shares were held by Mr. Wong Chung Ah, Johnny personally.
 - (b) 1,235,000 shares were held by Ms. Luk Kit Ching, wife of Mr. Wong Chung Ah, Johnny.
 - (c) 38,458,487 shares were held by Kong King International Limited under a discretionary trust, of which Mr. Wong Chung Ah, Johnny was regarded as the founder (by virtue of the SFO). Kong King International Limited was wholly owned by Mountainview International Limited, which was wholly owned by HSBC Trustee (Cook Islands) Limited. Each of Mr. Wong Chung Ah, Johnny, Kong King International Limited, Mountainview International Limited and HSBC Trustee (Cook Islands) Limited was deemed to be interested in the same block of 38,458,487 shares.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS (continued)

Long positions in shares of the Company (continued)

Notes: (continued)

5. HSBC International Trustee Limited was deemed (by virtue of the SFO) to be interested in 32,957,546 shares in the Company. These shares were held in the following capacity:
 - (a) 17,584,960 shares were held by Levy Pacific Limited (which was wholly owned by HSBC International Trustee Limited) under a discretionary trust, of which Mr. Wong Chung Yin, Michael was regarded as the founder (please refer to Note 3(b) above) and HSBC International Trustee Limited was the trustee.
 - (b) 11,357,150 shares were held by Floral (PTC) Inc. (which was wholly owned by HSBC International Trustee Limited) under a discretionary trust of which HSBC International Trustee Limited was the trustee.
 - (c) 4,015,436 shares were held by Sycamore Assets Limited (which was wholly owned by HSBC International Trustee Limited) under a discretionary trust of which HSBC International Trustee Limited was the trustee.

Save as disclosed, the Directors are not aware of any other persons who, as at 30 June 2014, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTIONS

The Company has adopted a share option scheme (the “Scheme”) on 2 June 2010. No option has been granted under the Scheme since its adoption date and up to 30 June 2014.

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

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2014, the Company has complied with the code provisions under the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (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.

CORPORATE GOVERNANCE CODE (continued)

Code provisions A.5.1 to A.5.4

Code provisions A.5.1 to A.5.4 provide that a nomination committee should be established with specific terms of reference which should be made available on the websites of the Stock Exchange and the listed issuer, and that sufficient resources should be provided to such committee to perform its duties.

The Company does not have present intention to establish a Nomination Committee in view that the Board itself shall discharge all duties expected to be dealt with by a Nomination Committee. In addition, the policy and procedure for nomination of directors have been set out in writing and adopted by the Board to serve as a guideline in order to ensure that there is a formal, considered and transparent procedure for the appointment of new directors with suitable experience and capabilities to maintain and improve the competitiveness of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code 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 2014.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Dr. Yu Sun Say, an Independent Non-executive Director of the Company, has been appointed as independent non-executive director of Beijing Enterprises Holdings Limited on 31 March 2014. Also, he has been awarded the Grand Bauhinia Medal (G.B.M.) by the Government of the Hong Kong Special Administrative Region on 1 July 2014.

AUDIT COMMITTEE

The Audit Committee, which comprises all Independent Non-executive Directors, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim financial information for the six months ended 30 June 2014.

By order of the Board
WONG CHUNG MAT, BEN
Chairman and Chief Executive Officer

Hong Kong, 26 August 2014

BOARD OF DIRECTORS

Executive Directors:

Mr. Wong Chung Mat, Ben
(Chairman and Chief Executive Officer)
Ms. Wong Yin Man, Ada
Mr. Chan Tsze Wah, Gabriel
Mr. Wan Man Keung

Independent Non-executive Directors:

Dr. Li Ka Cheung, Eric GBS, OBE, JP
Dr. Yu Sun Say GBM, JP
Mr. Alfred Donald Yap JP