Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

WONG'S INTERNATIONAL HOLDINGS LIMITED
王氏國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 99)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS:

- Profit attributable to owners of the Company increased by approximately HK$577.1 million.
- Profit attributable to owners of the Company excluding the share of profit of joint ventures and fair value gain from investment properties, all of which were related to property development projects, increased by HK$2.1 million due to fluctuation of Renminbi.

UNAUDITED INTERIM RESULTS

The board of directors (the "Board" or "Directors") of Wong's International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Unaudited	
		2018	2017
	Note	***HK$'000***	*HK$'000*
Revenue	*2*	**1,952,784**	1,798,259
Other income		**6,759**	5,089
Changes in inventories of finished goods and work in progress		**(30,032)**	26,594
Raw materials and consumables used		**(1,438,119)**	(1,353,559)
Employee benefit expenses		**(248,587)**	(222,289)
Depreciation and amortisation charges		**(29,902)**	(23,670)
Other operating expenses		**(98,607)**	(99,176)
Change in fair value of investment properties		**65,001**	52,642
Other gains/(losses) – net	*3*	**8,183**	(16,119)
Operating profit		**187,480**	167,771
Finance income		**5,156**	4,717
Finance costs		**(26,694)**	(20,429)
Share of loss of an associate		**(1,109)**	(1,255)
Share of profit/(loss) of joint ventures	*7*	**562,471**	(184)
Profit before income tax		**727,304**	150,620
Income tax expense	*4*	**(20,992)**	(21,370)
Profit after income tax		**706,312**	129,250
Profit attributable to owners of the Company		**706,312**	129,250
Non-controlling interests		**–**	–
		706,312	129,250
Dividends	*5*	**19,139**	19,139
Earnings per share attributable to owners of the Company during the period			
Basic	*6*	**HK$1.48**	HK$0.27
Diluted	*6*	**HK$1.48**	HK$0.27

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Unaudited	
	2018	2017
	HK$'000	*HK$'000*
Profit for the period	**706,312**	129,250
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Changes in fair value of available-for-sale financial assets	**–**	(405)
Impairment for available-for-sale financial assets to income statement	**–**	397
Cash flow hedge – fair value gain/(loss) for the period	**9,418**	(13,271)
Cash flow hedge – deferred income tax recognised	**(1,554)**	2,190
Currency translation differences		
– Group	**(23,149)**	35,430
– Associates	**(10)**	–
Item that will not be reclassified subsequently to profit or loss:		
Changes in fair value of financial assets at fair value through other comprehensive income	**444**	–
Other comprehensive (loss)/income for the period, net of tax	**(14,851)**	24,341
Total comprehensive income for the period	**691,461**	153,591
Attributable to:		
Owners of the Company	**691,461**	153,591
Non-controlling interests	**–**	–
Total comprehensive income for the period	**691,461**	153,591

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	**Unaudited As at 30 June 2018** *HK$'000*	Audited As at 31 December 2017 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**331,498**	348,348
Investment properties		**2,421,329**	2,355,251
Leasehold land and land use rights		**17,777**	18,298
Investments in associates		**29,377**	30,495
Interests in joint ventures	*7*	**1,949,492**	1,183,905
Financial assets at fair value through other comprehensive income		**3,079**	–
Available-for-sale financial assets		**–**	2,531
Deferred income tax assets		**14,715**	15,758
Deposits and other receivables		**40,864**	24,446
Derivative financial instrument		**5,317**	–
		4,813,448	3,979,032
Current assets			
Inventories		**529,209**	514,474
Stock of completed properties		**368,365**	369,715
Trade receivables	*8*	**953,617**	910,284
Prepayments, deposits and other receivables		**62,160**	99,704
Amounts due from associates		**11**	2,009
Financial assets at fair value through other comprehensive income		**554**	–
Available-for-sale financial assets		**–**	658
Short-term bank deposits		**425,471**	373,630
Cash and cash equivalents		**563,066**	470,457
		2,902,453	2,740,931
Total assets		**7,715,901**	6,719,963

	Note	Unaudited As at 30 June 2018 HK$'000	Audited As at 31 December 2017 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		**47,848**	47,848
Other reserves		**559,426**	565,791
Retained earnings			
– Dividends		**19,139**	16,747
– Others		**3,564,789**	2,886,102
		4,191,202	3,516,488
Non-controlling interests		**4**	4
Total equity		**4,191,206**	3,516,492
LIABILITIES			
Non-current liabilities			
Derivative financial instrument		**1**	4,221
Deferred income tax liabilities		**96,885**	95,233
Borrowings	*10*	**1,426,752**	1,346,446
		1,523,638	1,445,900
Current liabilities			
Trade payables	*9*	**761,810**	693,654
Contract liabilities		**120,839**	–
Accruals and other payables		**201,320**	361,594
Current income tax liabilities		**55,965**	40,665
Borrowings	*10*	**861,123**	661,658
		2,001,057	1,757,571
Total liabilities		**3,524,695**	3,203,471
Total equity and liabilities		**7,715,901**	6,719,963
Net current assets		**901,396**	983,360
Total assets less current liabilities		**5,714,844**	4,962,392

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Unaudited				
	Attributable to owners of the Company			Non-controlling interests	Total
	Share capital	Share premium	Other reserves		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2018	**47,848**	**153,025**	**3,315,615**	**4**	**3,516,492**
Comprehensive income					
Profit for the period	–	–	706,312	–	706,312
Other comprehensive income					
Currency translation differences	–	–	(23,159)	–	(23,159)
Changes in fair value of financial assets at fair value through other comprehensive income	–	–	444	–	444
Cash flow hedge – fair value gain for the period	–	–	9,418	–	9,418
Cash flow hedge – deferred income tax recognised	–	–	(1,554)	–	(1,554)
Total other comprehensive loss	–	–	(14,851)	–	(14,851)
Total comprehensive income	–	–	691,461	–	691,461
Transactions with owners					
Dividend paid to owners of the Company	–	–	(16,747)	–	(16,747)
Total transactions with owners	–	–	(16,747)	–	(16,747)
As at 30 June 2018	**47,848**	**153,025**	**3,990,329**	**4**	**4,191,206**

	Unaudited				
	Attributable to owners of the Company				
	Share capital *HK$'000*	Share premium *HK$'000*	Other reserves *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
As at 1 January 2017	47,848	153,025	2,784,418	4	2,985,295
Comprehensive income					
Profit for the period	–	–	129,250	–	129,250
Other comprehensive income					
Currency translation differences	–	–	35,430	–	35,430
Changes in fair value of available-for-sale financial assets	–	–	(405)	–	(405)
Impairment for available-for-sale financial assets to income statement	–	–	397	–	397
Cash flow hedge – fair value loss for the period	–	–	(13,271)	–	(13,271)
Cash flow hedge – deferred income tax recognised	–	–	2,190	–	2,190
Total other comprehensive income	–	–	24,341	–	24,341
Total comprehensive income	–	–	153,591	–	153,591
Transactions with owners					
Dividend paid to owners of the Company	–	–	(23,924)	–	(23,924)
Total transactions with owners	–	–	(23,924)	–	(23,924)
As at 30 June 2017	47,848	153,025	2,914,085	4	3,114,962

NOTES:

1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information ("Interim Financial Information") for the six months ended 30 June 2018 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"). The Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2017, as described in those annual financial statements.

Amended standards adopted by the Group

Amendments to HKFRS 1 and HKAS 28	Annual Improvements 2014 – 2016 Cycle
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Clarifications to HKFRS 15
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration

Apart from HKFRS 9 and HKFRS 15, there are no other new standards or amendments to standards that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

Below explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements.

The Group elected to adopt HKFRS 9 and HKFRS15 without restating comparative. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the consolidated statement of financial position as at 31 December 2017, but are recognised in the opening statement of financial position on 1 January 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below:

Statement of financial position (extract)	**31 December 2017 as originally presented** *HK$'000*	**HKFRS 9** *HK$'000*	**HKFRS 15** *HK$'000*	**1 January 2018 Restated** *HK$'000*
Non-current assets				
Available-for-sale financial assets	2,531	(2,531)	–	–
Financial assets at fair value through other comprehensive income	–	2,531	–	2,531
Current assets				
Available-for-sale financial assets	658	(658)	–	–
Financial assets at fair value through other comprehensive income	–	658	–	658
Current liabilities				
Accruals and other payables	120,780	–	(120,780)	–
Contract liabilities	–	–	120,780	120,780

(a) HKFRS 9 Financial Instruments – Impact of adoption

HKFRS 9 replaces the provisions of HKSAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in (b) below. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Therefore, the adoption of the hedge accounting requirements of HKFRS 9 does not have significant impact on the Group's financial statements.

There is no impact on the Group's retained earnings as at 1 January 2018.

(i) Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group. The Group elected to present changes in the fair value of all its previously classified as available-for-sale investments in other comprehensive income ("OCI") as they are strategic investments. As a result, available-for-sale investments with aggregated fair value of approximately HK$3,189,000 were reclassified to financial assets at fair value through other comprehensive income on 1 January 2018. The classification of other financial assets and liabilities remained unchanged.

Gains or losses realised in the sale of the financial assets at fair value through other comprehensive income will no longer be transferred to income statement on sale, but instead reclassified from other reserve to retained earnings.

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade receivables;
- amounts due from associates; and
- deposits and other receivables.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The Group makes estimates and assumption concerning the futures which are discussed below.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the customers' post settlement pattern, existing market conditions as well as forward looking estimates at the end of each reporting period.

By using the expected credit losses model, management concluded that there is no significant effect on the Group's retained earnings as at 1 January 2018.

(b) HKFRS 9 Financial Instruments – Accounting policies

(i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in income statement or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in income statement.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) – net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) – net in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and reclassification to the amounts recognised in the financial statements as mentioned above.

Except for the reclassification of deposits and advances received from customers of approximately HK$120,780,000 which is included in accrual and other payables to contract liabilities as at 1 January 2018, the management concluded there is no effect on the Group's retained earnings as at 1 January 2018.

(d) HKFRS 15 Revenue from Contracts with Customers – Accounting policies

Sales of goods

Sales of goods are recognised when a group entity has transferred the control of products to the customers, being when the products are transferred to the customers and collectibility of the related receivables is reasonably assured.

Standards issued but not yet applied by the Group

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2018 and have not been early adopted by the Group:

Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to HKFRS19	Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$32,876,000.

The Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

Date of adoption by the Group

It is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Apart from aforementioned HKFRS 16, the directors of the Company are in the process of assessing the financial impact of the adoption of the above new standards and amendments to standards. The directors of the Company will adopt the new standards and amendments to standards when they become effective.

2. SEGMENT INFORMATION

The Group's senior executive management is considered as the Chief Operating Decision Maker ("CODM"). The Group is currently organised into two operating divisions:

Electronic Manufacturing Service ("EMS") – manufacture and distribution of electronic products for EMS 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, share of loss of an associate and income tax expense but excludes corporate and unallocated expenses. Other information provided to CODM is measured in a manner consistent with that in the Interim Financial Information.

	EMS division *HK$'000*	**Property investment division** *HK$'000*	**Total** *HK$'000*
For the six months ended 30 June 2018			
External revenue	**1,920,568**	**32,216**	**1,952,784**
Segment results	**94,421**	**650,914**	**745,335**
Depreciation and amortisation charges	**28,684**	**21**	**28,705**
Share of profit of joint ventures	**–**	**562,471**	**562,471**
Change in fair value of investment properties	**–**	**65,001**	**65,001**
Capital expenditure	**16,055**	**–**	**16,055**
Loans to joint ventures	**–**	**203,116**	**203,116**

For the six months ended 30 June 2017	EMS division *HK$'000*	Property investment division *HK$'000*	Total *HK$'000*
External revenue	1,770,947	27,312	1,798,259
Segment results	118,418	72,406	190,824
Depreciation and amortisation charges	22,465	–	22,465
Share of loss of joint ventures	–	(184)	(184)
Change in fair value of investment properties	–	52,642	52,642
Capital expenditure	36,503	–	36,503
Loans to joint ventures	–	–	–

	EMS division *HK$'000*	Property investment division *HK$'000*	Total *HK$'000*
As at 30 June 2018			
Segment assets	**2,809,286**	**2,806,047**	**5,615,333**
Interests in joint ventures	**–**	**1,949,492**	**1,949,492**
Total reportable segment assets	**2,809,286**	**4,755,539**	**7,564,825**
As at 31 December 2017			
Segment assets	2,648,660	2,741,063	5,389,723
Interests in joint ventures	–	1,183,905	1,183,905
Total reportable segment assets	2,648,660	3,924,968	6,573,628

Total reportable segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, interests in joint ventures, inventories, stock of completed properties, trade receivables, prepayments, deposits and other receivables, cash and cash equivalents and short-term bank deposits, but exclude investments in associates, derivative financial instrument, financial assets at fair value through other comprehensive income, 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	
	2018 *HK$'000*	2017 *HK$'000*
Reportable segment results	**745,335**	190,824
Other income	**6,759**	5,089
Other gains/(losses) – net	**8,183**	(16,119)
Finance costs – net	**(21,538)**	(15,712)
Share of loss of an associate	**(1,109)**	(1,255)
Corporate and unallocated expenses	**(10,326)**	(12,207)
Profit before income tax	**727,304**	150,620

Reportable segments assets are reconciled to total assets as follows:

	As at 30 June 2018 *HK$'000*	As at 31 December 2017 *HK$'000*
Reportable segment assets	**7,564,825**	6,573,628
Investment in associates	**29,377**	30,495
Financial assets at fair value through other comprehensive income	**3,633**	-
Available-for-sale financial assets	**–**	3,189
Derivative financial instrument	**5,317**	-
Deferred income tax assets	**14,715**	15,758
Amounts due from associates	**11**	2,009
Corporate and unallocated assets	**98,023**	94,884
Total assets per condensed consolidated statement of financial position	**7,715,901**	6,719,963

Reconciliations of other material items are as follows:

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Depreciation and amortisation charges		
– Reportable segment total	**28,705**	22,465
– Corporate headquarters	**1,197**	1,205
	29,902	23,670
Capital expenditure		
– Reportable segment total	**16,055**	36,503

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	
	2018	2017
	HK$'000	*HK$'000*
North America	**461,167**	419,476
Asia (excluding Hong Kong)	**860,819**	775,225
Europe	**333,604**	281,964
Hong Kong	**297,194**	321,594
	1,952,784	1,798,259

For the six months ended 30 June 2018, revenues of approximately HK$656,345,000 and HK$248,203,000 were derived from the top two external customers respectively. For the six months ended 30 June 2017, revenues of approximately HK$531,589,000, HK$345,206,000, HK$204,292,000 and HK$184,688,000 were derived from the top four external customers respectively. These customers individually account for 10 percent or more of the Group's revenue. These revenues are attributable to the EMS division.

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

	As at 30 June 2018	As at 31 December 2017
	HK$'000	*HK$'000*
North America	**22**	23
Asia (excluding Hong Kong)	**323,834**	318,401
Europe	**47**	31
Hong Kong	**4,474,830**	3,644,819
	4,798,733	3,963,274

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

3. OTHER GAINS/(LOSSES) – NET

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Gains/(losses) on financial instrument – net		
– Unrealised	**119**	(84)
– Realised	**(82)**	(177)
Gains on disposal of property, plant and equipment	**104**	438
Exchange gains/(losses) – net	**5,907**	(15,899)
Impairment on available-for-sale financial assets	**–**	(397)
Gain on disposal of financial assets at the fair value through profit or loss	**2,135**	–
	8,183	(16,119)

4. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**6,264**	6,359
– Overseas taxation	**13,767**	15,056
Deferred income tax	**955**	(447)
Under-provision in prior periods		
– Current income tax	**6**	402
	20,992	21,370

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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% (2017: 25%) on the estimated profits, except for Welco Technology (Suzhou) Limited ("WTSZ"), a wholly-owned subsidiary of the Group. WTSZ is eligible for preferential CIT rate of 15% under the New and High Technology Enterprises status.

5. DIVIDENDS

	For the six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Interim dividend – HK$0.04 (2017: HK$0.04) per share	**19,139**	19,139

On 23 August 2018, the Board has resolved to pay an interim dividend of HK$0.04 per share (2017: HK$0.04 per share) which is payable on Thursday, 27 September 2018 to the shareholders whose names appear on the Register of Members of the Company on Thursday, 13 September 2018. This interim dividend, amounting to HK$19,139,000 (2017: HK$19,139,000), has not been recognised as a liability in this Interim Financial Information. It will be recognised in shareholders' equity in the year ending 31 December 2018.

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.

	For the six months ended 30 June	
	2018	2017
Profit attributable to owners of the Company *(HK$'000)*	**706,312**	129,250
Weighted average number of ordinary shares in issue *(in thousands)*	**478,484**	478,484
Basic earnings per share *(HK$)*	**1.48**	0.27

(b) Diluted

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

7. INTERESTS IN JOINT VENTURES

	As at 30 June 2018 *HK$'000*	As at 31 December 2017 *HK$'000*
Share of net assets	**793,780**	231,309
Loans to joint ventures	**1,155,712**	952,596
	1,949,492	1,183,905

The loans to joint ventures are unsecured, interest-free and will not be repaid in the coming 12 months.

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

	2018 *HK$'000*	2017 *HK$'000*
At 1 January	**231,309**	(770)
Share of profit/(loss) of joint ventures	**562,471**	(184)
At 30 June	**793,780**	(954)

Share of profit/(loss) of joint ventures included the share of fair value gain of investment properties owned by the joint ventures of approximately HK$667,575,000 (2017: HK$Nil).

8. TRADE RECEIVABLES

The credit period allowed by the Group to its trade customers mainly ranges from 30 days to 120 days and no interest is charged.

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

	As at 30 June 2018 *HK$'000*	As at 31 December 2017 *HK$'000*
0 – 60 days	**692,919**	634,295
61 – 90 days	**198,746**	195,052
Over 90 days	**61,952**	80,937
	953,617	910,284

9. TRADE PAYABLES

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

	As at 30 June 2018 *HK$'000*	As at 31 December 2017 *HK$'000*
0 – 60 days	**700,420**	546,198
61 – 90 days	**30,402**	104,018
Over 90 days	**30,988**	43,438
	761,810	693,654

10. BORROWINGS

	As at 30 June 2018 *HK$'000*	As at 31 December 2017 *HK$'000*
Trust receipt bank loans, unsecured	**366,269**	288,354
Short-term bank loans, unsecured	**390,000**	290,000
Portion of long-term loans due for repayment within one year, secured	**91,054**	66,054
Portion of long-term loans due for repayment after one year, secured	**1,426,752**	1,346,446
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	**6,900**	10,350
Total borrowings	**2,287,875**	2,008,104
Non-current	**1,426,752**	1,346,446
Current	**861,123**	661,658
Total borrowings	**2,287,875**	2,008,104

INTERIM DIVIDEND

On 23 August 2018, the Board has resolved to pay an interim dividend of HK$0.04 per share (2017: HK$0.04 per share) which is payable on Thursday, 27 September 2018 to the shareholders whose names appear on the Register of Members of the Company on Thursday, 13 September 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 11 September 2018 to Thursday, 13 September 2018, both days inclusive, during which period no transfer of shares shall be effected. To qualify for the above interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 10 September 2018.

REVIEW OF BUSINESS ACTIVITIES

Review of Results

The profit attributable to owners of the Company for the six months ended 30 June 2018 amounted to HK$706.3 million, as compared to HK$129.3 million for the corresponding period last year. The significant increase was mainly due to increase in share of profit of joint ventures in the sum of HK$562.7 million and the "change in fair value of investment properties" in the sum of HK$12.4 million. Earnings per share for the six months were HK$1.48 as compared to HK$0.27 for the corresponding period last year.

The Group's revenue for the six months ended 30 June 2018 was HK$1,952.8 million, as compared to HK$1,798.3 million for the corresponding period last year. Operating profit for the six months ended 30 June 2018 was HK$187.5 million or 9.6% of revenue, as compared to HK$167.8 million or 9.3% of revenue for the corresponding period last year. The increase in operating profit was driven by "change in fair value of investment properties".

Electronic Manufacturing Service ("EMS") Division

Revenue for the EMS Division for the six months ended 30 June 2018 was HK$1,920.6 million, as compared to HK$1,770.9 million for the corresponding period last year. The segment profit attributable to the EMS Division was HK$94.4 million, a 20.3% decrease as compared to HK$118.4 million for the corresponding period last year. The decrease in the segment net profit was attributable to increases of wage and slight reduction in profit margin.

Property Investment Division

The Property Investment Division reported revenue of HK$32.2 million, as compared to HK$27.3 million for the corresponding period last year. The segment profit for the period was HK$650.9 million as compared to HK$72.4 million for the corresponding period last year. The significant increase was mainly attributable to increase in share of profit of joint ventures, which mainly comprised of fair value gain from units held as investment properties, in the sum of HK$562.7 million and the "change in fair value of investment properties" in the sum of HK$12.4 million.

The construction work for the second development project, namely Two Harbour Square, has completed and occupation permit was obtained in July 2017.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, the Group had a total of HK$3,496.5 million of banking facilities. Total bank borrowings were HK$2,287.9 million (2017 December: HK$2,008.1 million) and no borrowing was arranged by an overseas subsidiary. Cash and cash equivalents and short-term bank deposits were HK$988.5 million at 30 June 2018 (2017 December: HK$844.1 million). Cash flow generated from operations for the period was HK$102.2 million.

As at 30 June 2018, the Group had net bank borrowings of HK$1,299.4 million (2017 December: HK$1,164.0 million). The increase in net bank borrowings of HK$135.4 million was mainly attributable to loans to joint ventures of HK$203.1 million, capital expenditure of HK$16.1 million and dividends paid of HK$16.7 million offsetting cash flow generated from operations of HK$102.2 million. Sufficient facilities from financial institutions and bank balance 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 30 June 2018 is 0.31 (2017 December: 0.33). 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. The Group has decided not to engage in any foreign exchange hedging products, but will closely monitor and actively manage the currency risk involved in its business.

CAPITAL STRUCTURE

There has been no material change in the Group's capital structure since 31 December 2017 which consists of bank borrowings, cash and cash equivalents, short-term bank deposits and equity attributable to owners of the parent, comprising issued share capital and reserves.

EMPLOYEES

The Group employed approximately 4,300 employees as at 30 June 2018. 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 and employee related insurance benefits, 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

Looking ahead to the second half of 2018, cost competitiveness due to the increases of component prices, wage, inflation and interest rate will remain the major challenge to the business. We will continue to expand our customer base and to improve operation efficiency through automation, lean, energy conservation and stringent cost control measures. We strive to provide customers more value added services through new product design, new technology development and improvements. We will also look for other business opportunities through strategic investments. Given the current sales orders on hand and forecasts from customers, barring unforeseen circumstances, the Company expects that the result of the EMS business in the second half of 2018 may be comparable with the first half of 2018. Trade tensions between United States and China escalated recently. It will trigger cost increases to the importers and exporters, exchange rates fluctuation and economy slow down. The Company is watching it carefully and will respond proactively depending on the outturn of the events.

The second phase of the property development project in Kwun Tong, namely Two Harbour Square, was completed in 2017. By 30 June 2018, most floors had been leased out. We expect contribution to profit from rental income will increase. It is the Group's preference to hold its interest in its attributable share of the property development project as much as possible for leasing purposes after taking into account the Group's financial requirements. As a result, the Group does not expect to generate a significant increase in cash from its interest in the property development project in the near future.

According to current market expectations, interest rates will continue to increase in 2018. The Group is taking actions to mitigate its impact.

AWARD AND RECOGNITION

The Company and its wholly-owned subsidiary, Wong's Electronics Company Limited, were awarded the Caring Company Logo by The Hong Kong Council of Social Service for the sixth consecutive year. In addition, Wong's F&B Limited, a wholly-owned subsidiary of the Company, was 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 six months ended 30 June 2018, 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 2018, the Company has complied with the code provisions under the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), except for the following deviations:

Code provision A.2.1

Code provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Wong Chung Mat, Ben is the Group's Chairman and Chief Executive Officer and has occupied these two positions since February 2003. In allowing the two positions to be occupied by the same person, the Company has considered the following:

(a) Both positions require in-depth knowledge and considerable experience of the Group's business. Candidates with the suitable knowledge, experience and leadership are difficult to find both within and outside the Group. If either of the positions is occupied by an unqualified person, the Group's performance could be gravely compromised.

(b) The Company believes that the supervision of the Board and its Independent Non-executive Directors can provide an effective check and balance mechanism and ensures that the interests of the shareholders are adequately represented.

Code provision A.4.1

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

None of the existing Independent Non-executive Directors of the Company is appointed for a specific term. However, every Director of the Company is now subject to retirement by rotation and re-election under Bye-law 112 of the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

Code provisions A.5.1 to A.5.4

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

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2018.

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 unaudited interim financial information for the six months ended 30 June 2018.

PUBLICATION OF RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website at www.wih.com.hk/investor07.asp and the Stock Exchange at www.hkexnews.hk. The 2018 interim report will be dispatched to shareholders of the Company and will be available on the above websites in due course.

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

Hong Kong, 23 August 2018

As at the date of this announcement, the Executive Directors are Mr. Wong Chung Mat, Ben, Ms. Wong Yin Man, Ada, Dr. 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