



**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 2012**

*\*For identification purpose only*

## 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”) as at end for the six months ended 30 June 2012, together with comparative figures, as follows:

### CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2012

		Unaudited	
			As restated
		2012	(Note 2)
	Note	HK\$'000	2011 HK\$'000
<b>Revenue</b>	3	<b>1,633,147</b>	1,889,685
Other income	4	<b>6,763</b>	14,885
Changes in inventories of finished goods and work in progress		<b>3,340</b>	(33,890)
Raw materials and consumables used		<b>(1,286,460)</b>	(1,465,619)
Employee benefit expense		<b>(198,794)</b>	(192,436)
Depreciation and amortisation charges	5	<b>(18,456)</b>	(22,010)
Other operating expenses	5	<b>(110,185)</b>	(118,574)
Change in fair value of investment properties		<b>7,500</b>	6,010
Other (losses)/gains – net	6	<b>(4,094)</b>	15,362
Operating profit		<b>32,761</b>	93,413
Finance income	7	<b>5,254</b>	3,501
Finance costs	7	<b>(3,122)</b>	(4,226)
Share of profit of associates		–	93
Share of loss of jointly controlled entities		<b>(49)</b>	(178)
<b>Profit before income tax</b>		<b>34,844</b>	92,603
Income tax expense	8	<b>(6,438)</b>	(16,412)
<b>Profit after tax</b>		<b>28,406</b>	76,191
<b>Profit attributable to owners of the Company</b>		<b>28,370</b>	76,191
<b>Non-controlling interests</b>		<b>36</b>	–
		<b>28,406</b>	76,191
Dividends	9	<b>11,894</b>	16,550
<b>Earnings per share attributable to owners of the Company during the period</b>			
Basic earnings per share	10	<b>HK\$0.06</b>	HK\$0.16
Diluted earnings per share	10	<b>HK\$0.06</b>	HK\$0.16

The notes on pages 9 to 27 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 2012

	<b>Unaudited</b>	
	2012	As restated (Note 2) 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the period</b>	<b>28,406</b>	76,191
<b>Other comprehensive income:</b>		
Currency translation differences	(14,331)	11,412
Changes in fair value of available-for-sale financial assets	41,817	–
Surplus on revaluation of property transferred from owner-occupied property to investment property	500	–
<b>Other comprehensive income for the period, net of tax</b>	<b>27,986</b>	11,412
<b>Total comprehensive income for the period</b>	<b>56,392</b>	87,603
<b>Attributable to:</b>		
Owners of the Company	56,305	87,603
Non-controlling interests	87	–
<b>Total comprehensive income for the period</b>	<b>56,392</b>	87,603

The notes on pages 9 to 27 are an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2012

		Unaudited	Audited
			As restated
			(Note 2)
		As at	As at
		30 June	31 December
		2012	2011
Note		HK\$'000	HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
	Property, plant and equipment	11 257,067	263,124
	Investment properties	11 54,600	46,600
	Leasehold land and		
	land use rights	11 6,615	6,832
	Investments in associates	6,993	6,993
	Investments in jointly		
	controlled entities	12 341,751	301,008
	Intangible assets	11 2,048	–
	Available-for-sale financial assets	98,016	56,199
	Deferred income tax assets	15,904	15,866
		<u>782,994</u>	<u>696,622</u>
		-----	-----
<b>Current assets</b>			
	Inventories	397,980	348,932
	Trade receivables	13 751,374	804,638
	Prepayments, deposits and		
	other receivables	98,352	46,378
	Amounts due from associates	27,882	27,847
	Financial assets at fair value		
	through profit or loss	2,414	–
	Current income tax recoverable	4,338	1,980
	Cash and cash equivalents	699,758	681,432
		<u>1,982,098</u>	<u>1,911,207</u>
		-----	-----
<b>Total assets</b>		<u><u>2,765,092</u></u>	<u><u>2,607,829</u></u>

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**  
*AS AT 30 JUNE 2012*

		Unaudited	Audited As restated (Note 2)
		As at 30 June 2012	As at 31 December 2011
Note		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>EQUITY</b>			
<b>Equity attributable to owners</b>			
<b>of the Company</b>			
Share capital	16	47,577	47,308
Other reserves		568,042	536,795
Retained earnings			
– Dividends		11,894	18,979
– Others		834,663	820,584
		<u>1,462,176</u>	<u>1,423,666</u>
Non-controlling interests		(575)	(666)
<b>Total equity</b>		<u>1,461,601</u>	<u>1,423,000</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	14	741,318	619,419
Accruals and other payables		203,028	231,932
Amount due to an associate		3,183	3,183
Current income tax liabilities		9,465	19,437
Borrowings	15	346,497	310,858
<b>Total liabilities</b>		<u>1,303,491</u>	<u>1,184,829</u>
<b>Total equity and liabilities</b>		<u>2,765,092</u>	<u>2,607,829</u>
<b>Net current assets</b>		<u>678,607</u>	<u>726,378</u>
<b>Total assets less current liabilities</b>		<u>1,461,601</u>	<u>1,423,000</u>

The notes on pages 9 to 27 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 2012

	Unaudited				
	As restated ( <i>Note 2</i> )				
	Share capital	Share premium	Other reserves	Non- controlling interests	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance as at 31 December 2010 as previously reported	46,966	149,848	1,056,605	–	1,253,419
Change in accounting policy – adoption of HKAS12 amendment	–	–	5,948	–	5,948
As at 1 January 2011, as restated	46,966	149,848	1,062,553	–	1,259,367
<b>Comprehensive income</b>					
Profit for the period	–	–	76,191	–	76,191
<b>Other comprehensive income</b>					
Currency translation difference	–	–	11,412	–	11,412
Total other comprehensive income	–	–	11,412	–	11,412
Total comprehensive income	–	–	87,603	–	87,603
<b>Transactions with owners</b>					
Dividend paid to owners of the Company	–	–	(26,007)	–	(26,007)
Employee share option scheme – value of employment services	–	–	67	–	67
– proceeds from shares issued	320	1,152	–	–	1,472
Total transactions with owners	320	1,152	(25,940)	–	(24,468)
As at 30 June 2011	47,286	151,000	1,124,216	–	1,322,502

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Unaudited As restated ( <i>Note 2</i> )				
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance as at 31 December 2011 as previously reported	47,308	151,081	1,217,505	(666)	1,415,228
Change in accounting policy – adoption of HKAS12 amendment	–	–	7,772	–	7,772
As at 1 January 2012, as restated	47,308	151,081	1,225,277	(666)	1,423,000
<b>Comprehensive income</b>					
Profit for the period	–	–	28,370	36	28,406
<b>Other comprehensive income</b>					
Currency translation difference	–	–	(14,382)	51	(14,331)
Changes in fair value of available- for-sale financial assets	–	–	41,817	–	41,817
Surplus on revaluation of property transferred from owner-occupied property to investment property	–	–	500	–	500
Total other comprehensive income	–	–	27,935	51	27,986
Total comprehensive income	–	–	56,305	87	56,392
<b>Transactions with owners</b>					
Dividend paid to owners of the Company	–	–	(19,031)	–	(19,031)
Grant of subsidiary's share to employee	–	–	–	4	4
Employee share option scheme – proceeds from shares issued	269	967	–	–	1,236
Total transactions with owners	269	967	(19,031)	4	(17,791)
<b>As at 30 June 2012</b>	<b>47,577</b>	<b>152,048</b>	<b>1,262,551</b>	<b>(575)</b>	<b>1,461,601</b>

The notes on pages 9 to 27 are an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Unaudited	
	For the six months	
	ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash flows from operating activities</b>		
<b>Net cash generated from operating activities</b>	<b>67,180</b>	101,342
	-----	-----
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(14,535)	(15,213)
Increase in intangible assets	(2,048)	-
Proceeds from disposal of property, plant and equipment	70	1,936
Increase in amounts due from associates	(35)	-
Acquisition of financial assets at fair value through profit or loss	(3,429)	(3,497)
Proceeds from disposal of financial assets at fair value through profit or loss	656	-
Decrease in pledged bank deposits	-	121,166
Loans to jointly controlled entities	(40,792)	(8,138)
Interest received	5,254	3,501
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<b>Net cash (used in)/generated from investing activities</b>	<b>(54,859)</b>	99,755
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<b>Cash flows from financing activities</b>		
Proceeds from employee share option scheme	1,236	1,472
New bank loans	201,517	125,695
Repayment of bank loans	(165,050)	(181,856)
Dividends paid	(19,031)	(26,007)
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<b>Net cash generated from/(used in) financing activities</b>	<b>18,672</b>	(80,696)
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# CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Unaudited	
	For the six months ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net increase in cash and cash equivalents	30,993	120,401
Cash and cash equivalents, beginning of the period	681,432	400,251
Exchange differences	<u>(12,667)</u>	<u>9,034</u>
Cash and cash equivalents, end of the period	<u><u>699,758</u></u>	<u><u>529,686</u></u>
Analysis of cash and cash equivalents:		
Cash on hand	218	314
Cash at banks	<u>699,540</u>	<u>529,372</u>
Cash and cash equivalents, end of the period	<u><u>699,758</u></u>	<u><u>529,686</u></u>

The notes on pages 9 to 27 are an integral part of this condensed consolidated interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information (“Interim Financial Information”) for the six months ended 30 June 2012 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 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

## 2 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.

In December 2010, the HKICPA amended HKAS 12, ‘Income taxes’, to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

The Group has adopted this amendment retrospectively for the financial period ended 30 June 2012 and the effects of adoption are disclosed as follows.

The Group has investment properties measured at their fair values totalling HK\$46,600,000 as of 1 January 2012. As required by the amendment, the Group has re-measured the deferred tax relating to these investment properties amounting to HK\$46,600,000 according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively. The comparative figures for 2011 have been restated to reflect the change in accounting policy, as summarised below.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

	As at 30 June 2012 <i>HK\$'000</i>	As at 31 December 2011 <i>HK\$'000</i>
<b>Effect on consolidated balance sheet</b>		
Decrease in deferred tax liabilities	9,010	7,772
Increase in retained earnings	9,010	7,772
	<b>For the six months ended 30 June 2012 <i>HK\$'000</i></b>	<b>2011 <i>HK\$'000</i></b>
<b>Effect on consolidated income statement</b>		
Decrease in income tax expense	1,238	992
Increase in net profit attributable to owners of the company	1,238	992
Increase in basic earnings per share	<b>HK0.26 cents</b>	HK0.21 cents
Increase in diluted earnings per share	<b>HK0.26 cents</b>	HK0.21 cents

Except for these changes, the accounting policies applied and methods of computation used in the preparation of this Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31 December 2011.

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2012.

HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets
HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets

Standards, amendments and interpretations to existing standards effective in 2012 but not relevant to the Group:

HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters
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New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted.

HKAS 19 (Amendment)	Employee benefits
HKFRS 9	Financial instruments
HKFRS 10	Consolidated financial statements
HKFRS 12	Disclosures of interests in other entities
HKFRS 13	Fair value measurement

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3 SEGMENT INFORMATION

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

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)/gains – net, share of profit/(loss) of associates and jointly controlled entities, finance income, finance cost, tax and change in fair value of investment properties but excludes corporate and unallocated expenses. Other information provided to the Group's management is measured in a manner consistent with that in the Interim Financial Information.

	Unaudited	Unaudited	Unaudited
For the six months ended	EMS	ODM	
30 June 2012	division	division	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total gross revenue	1,622,055	18,733	1,640,788
Inter-segment revenue	(7,641)	–	(7,641)
External revenue	<u>1,614,414</u>	<u>18,733</u>	<u>1,633,147</u>
Segment results	<u>41,349</u>	<u>(6,297)</u>	<u>35,052</u>
Depreciation and amortisation charges	<u>16,999</u>	<u>136</u>	<u>17,135</u>
Capital expenditure	<u>12,465</u>	<u>655</u>	<u>13,120</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3 SEGMENT INFORMATION (continued)

	Unaudited EMS division <i>HK\$'000</i>	Unaudited ODM division <i>HK\$'000</i>	Unaudited Total <i>HK\$'000</i>
For the six months ended 30 June 2011			
Total gross revenue	1,886,771	2,914	1,889,685
Inter-segment revenue	—	—	—
External revenue	<u>1,886,771</u>	<u>2,914</u>	<u>1,889,685</u>
Segment results	<u>74,881</u>	<u>(6,072)</u>	<u>68,809</u>
Depreciation and amortisation charges	<u>20,703</u>	<u>40</u>	<u>20,743</u>
Capital expenditure	<u>14,271</u>	<u>68</u>	<u>14,339</u>
	<b>Unaudited EMS division <i>HK\$'000</i></b>	<b>Unaudited ODM division <i>HK\$'000</i></b>	<b>Unaudited Total <i>HK\$'000</i></b>
<b>Reportable segment assets</b>			
<b>As at 30 June 2012</b>	<u><b>2,059,378</b></u>	<u><b>20,995</b></u>	<u><b>2,080,373</b></u>
As at 31 December 2011	<u>2,009,953</u>	<u>15,450</u>	<u>2,025,403</u>

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, intangible assets, inventories, trade receivables, prepayments, deposits and other receivables, and cash and bank deposits, but exclude corporate and unallocated assets.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3 SEGMENT INFORMATION (continued)

A reconciliation of reportable segment results to profit before income tax is provided as follows:

	Unaudited	
	For the six months	
	ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Reportable segment results</b>	<b>35,052</b>	68,809
Other income	6,763	14,885
Change in fair value of investment properties	7,500	6,010
Other (losses)/gains – net	(4,094)	15,362
Finance income/(costs) – net	2,132	(725)
Share of profit of associates	–	93
Share of loss of jointly controlled entities	(49)	(178)
Corporate and unallocated expenses	(12,460)	(11,653)
	<u>34,844</u>	<u>92,603</u>
<b>Profit before income tax</b>	<b>34,844</b>	<b>92,603</b>

Reportable segments assets are reconciled to total assets as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Reportable segment assets</b>	<b>2,080,373</b>	2,025,403
Investment properties	54,600	46,600
Investments in associates	6,993	6,993
Investments in jointly controlled entities	341,751	301,008
Available-for-sale financial assets	98,016	56,199
Deferred income tax assets	15,904	15,866
Amounts due from associates	27,882	27,847
Financial assets at fair value through profit or loss	2,414	–
Corporate and unallocated assets	137,159	127,913
	<u>2,765,092</u>	<u>2,607,829</u>
<b>Total assets per condensed consolidated balance sheet</b>	<b>2,765,092</b>	<b>2,607,829</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3 SEGMENT INFORMATION (continued)

Reconciliations of other material items are as follows:

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation and amortisation charges		
– Reportable segment total	17,135	20,743
– Corporate headquarters	1,321	1,267
	<u>18,456</u>	<u>22,010</u>
Capital expenditure		
– Reportable segment total	13,120	14,339
– Corporate headquarters	1,415	874
	<u>14,535</u>	<u>15,213</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:

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
North America	212,127	183,055
Asia (excluding Hong Kong)	931,392	1,050,329
Europe	299,129	306,479
Hong Kong	190,499	349,822
	<u>1,633,147</u>	<u>1,889,685</u>

For the six months ended 30 June 2012, revenues of approximately HK\$493,208,000 (2011: HK\$603,376,000) and HK\$391,677,000 (2011: HK\$420,660,000) 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

## 3 SEGMENT INFORMATION (continued)

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

	Unaudited As at 30 June 2012 <i>HK\$'000</i>	Audited As at 31 December 2011 <i>HK\$'000</i>
North America	1,432	949
Asia (excluding Hong Kong)	134,686	140,693
Europe	38	42
Hong Kong	630,934	539,072
	<u>767,090</u>	<u>680,756</u>

Non-current assets comprise property, plant and equipment, investment properties, leasehold land and land use rights, investments in associates, investments in jointly controlled entities, intangible assets and available-for-sale financial assets. They exclude deferred income tax assets.

## 4 OTHER INCOME

	Unaudited For the six months ended 30 June 2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Scrap and spare parts sales	1,158	8,486
Tooling income	4,518	4,140
Sundry income	1,087	2,259
	<u>6,763</u>	<u>14,885</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 PROFIT BEFORE INCOME TAX

Profit before income tax is analysed as follows:

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2012</b>	2011
	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	<b>18,377</b>	21,933
Amortisation on leasehold land and land use rights	<b>79</b>	77
	<hr/>	<hr/>
Depreciation and amortisation charges	<b>18,456</b>	22,010
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Operating lease rental in respect of land and buildings	<b>6,673</b>	9,658
Utility expense	<b>15,529</b>	15,487
Transportation	<b>16,748</b>	18,792
Chemicals and consumables	<b>21,846</b>	23,623
Others	<b>49,389</b>	51,014
	<hr/>	<hr/>
Other operating expenses	<b>110,185</b>	118,574
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total depreciation, amortisation and other operating expenses	<b>128,641</b>	140,584
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# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6 OTHER (LOSSES)/GAINS – NET

	Unaudited	
	For the six months	
	ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fair value change on financial instruments, net	(359)	243
Gains on disposal of property, plant and equipment	70	160
Exchange losses, net	(3,805)	(374)
Write-back of trade payables	–	15,333
	<u>(4,094)</u>	<u>15,362</u>

## 7 FINANCE INCOME/(COSTS) – NET

	Unaudited	
	For the six months	
	ended 30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		
Interest income on short-term bank deposits	5,254	3,501
Finance costs		
Interest expenses on bank borrowings	(3,122)	(4,226)
Finance income/(costs) – net	<u>2,132</u>	<u>(725)</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 8 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% (2011: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

The new Corporate Income Tax Law in the People's Republic of China increases the corporate income tax rate for foreign investment enterprises from previous preferential rates to 25% with effect from 1 January 2008. Companies established in Mainland China before 16 March 2007 and previously taxed at the rate lower than 25% may be offered a gradual increase of tax rate to 25% within 5 years. Certain subsidiaries of the Company established in Mainland China will enjoy preferential income tax rate from 2008 to 2011 and be taxed at the rate of 25% from 2012 when the preferential treatment expires.

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

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
		As restated
		(Note 2)
	<b>2012</b>	2011
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current income tax		
– Hong Kong profits tax	<b>1,344</b>	5,467
– Overseas taxation	<b>6,915</b>	13,852
Deferred income tax	<b>(242)</b>	(3,481)
(Over)/under-provision in prior periods		
– Current income tax	<b>(1,525)</b>	574
– Deferred income tax	<b>(54)</b>	–
	<b>6,438</b>	16,412

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

## 9 DIVIDENDS

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend – HK\$0.025 (2011: HK\$0.035) per share	<b>11,894</b>	16,550
	<b>11,894</b>	16,550

The Board has resolved to pay an interim dividend of HK\$0.025 per share (2011: HK\$0.035 per share) on Friday, 28 September 2012 to the shareholders whose names appear on the Register of Members of the Company on Friday, 14 September 2012.

## 10 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.

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2012</b>	2011
		As restated ( <i>Note 2</i> )
Profit attributable to owners of the Company ( <i>HK\$'000</i> )	<b>28,370</b>	76,191
	<b>28,370</b>	76,191
Weighted average number of ordinary shares in issue ( <i>in thousands</i> )	<b>474,634</b>	471,484
	<b>474,634</b>	471,484
Basic earnings per share ( <i>HK\$</i> )	<b>0.06</b>	0.16
	<b>0.06</b>	0.16

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 10 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. The Company has outstanding share options, which are 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.

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
		As restated
		(Note 2)
	<b>2012</b>	2011
Profit attributable to owners of the Company ( <i>HK\$'000</i> )	<u><b>28,370</b></u>	<u>76,191</u>
Weighted average number of ordinary shares in issue ( <i>in thousands</i> )	<b>474,634</b>	471,484
Adjustment for share options ( <i>in thousands</i> )	<u><b>1,859</b></u>	<u>4,525</u>
Weighted average number of ordinary shares for diluted earnings per share ( <i>in thousands</i> )	<u><b>476,493</b></u>	<u>476,009</u>
Diluted earnings per share ( <i>HK\$</i> )	<u><b>0.06</b></u>	<u>0.16</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 11 CAPITAL EXPENDITURE

	Unaudited Property, plant and equipment <i>HK\$'000</i>	Unaudited Investment properties <i>HK\$'000</i>	Unaudited Leasehold land and land use rights <i>HK\$'000</i>
For the six months ended 30 June 2011			
Opening net book amount as at 1 January 2011	262,485	35,550	6,659
Additions	15,213	–	–
Disposals	(1,776)	–	–
Fair value gains	–	6,010	–
Depreciation/amortisation	(21,933)	–	(77)
Exchange difference	1,786	–	141
Closing net book amount as at 30 June 2011	<u>255,775</u>	<u>41,560</u>	<u>6,723</u>

	Unaudited Property, plant and equipment <i>HK\$'000</i>	Unaudited Investment properties <i>HK\$'000</i>	Unaudited Leasehold land and land use rights <i>HK\$'000</i>	Unaudited Intangible assets <i>HK\$'000</i>
For the six months ended 30 June 2012				
Opening net book amount as at 1 January 2012	263,124	46,600	6,832	–
Additions	14,535	–	–	2,048
Surplus on revaluation of property transferred from owner-occupied property to investment property	500	–	–	–
Transfer from owner- occupied property	(500)	500	–	–
Fair value gains	–	7,500	–	–
Depreciation/amortisation	(18,377)	–	(79)	–
Exchange difference	(2,215)	–	(138)	–
Closing net book amount as at 30 June 2012	<u>257,067</u>	<u>54,600</u>	<u>6,615</u>	<u>2,048</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 12 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Unaudited As at 30 June 2012 <i>HK\$'000</i>	Audited As at 31 December 2011 <i>HK\$'000</i>
Share of net assets	1,361	1,410
Loans to jointly controlled entities	<u>340,390</u>	<u>299,598</u>
	<u><u>341,751</u></u>	<u><u>301,008</u></u>

As at 30 June 2012, the Group had interests in the following principal jointly controlled entities, which are unlisted:

Name of company	Place of incorporation	Proportion of ownership interest %	Principal activities
Easywise Limited	Hong Kong	35.7%	Property holding
Crown Opal Investment Limited	Hong Kong	35.7%	Property holding

The loans to jointly controlled entities 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 jointly controlled entities approximate their fair values. The amounts are denominated in Hong Kong dollars.

As at 30 June 2012, there were neither capital commitments nor contingent liabilities related to the development project.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 13 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:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-60 days	<b>552,274</b>	637,486
61-90 days	<b>162,996</b>	121,013
Over 90 days	<b>36,104</b>	46,139
	<u><b>751,374</b></u>	<u>804,638</u>

The carrying amounts of the Group's trade receivables approximated their fair values as at 30 June 2012.

## 14 TRADE PAYABLES

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

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-60 days	<b>723,335</b>	573,361
61-90 days	<b>1,409</b>	31,279
Over 90 days	<b>16,574</b>	14,779
	<u><b>741,318</b></u>	<u>619,419</u>

The carrying amounts of the Group's trade payables approximated their fair values as at 30 June 2012.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 15 BORROWINGS

	Unaudited As at 30 June 2012 <i>HK\$'000</i>	Audited As at 31 December 2011 <i>HK\$'000</i>
Collateralised bank loans, unsecured	12,017	72,100
Short-term bank loans, unsecured	279,280	180,108
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	48,300	51,750
	<u>346,497</u>	<u>310,858</u>
Total borrowings	<u><u>346,497</u></u>	<u><u>310,858</u></u>

Movements in borrowings are analysed as follows:

	Unaudited <i>HK\$'000</i>
For the six months ended 30 June 2011	
Opening amount at 1 January 2011	436,259
Inceptions of borrowings	125,695
Repayments of borrowings	(181,856)
Exchange difference	762
	<u>380,860</u>
Closing amount at 30 June 2011	<u><u>380,860</u></u>
For the six months ended 30 June 2012	
Opening amount at 1 January 2012	310,858
Inceptions of borrowings	201,517
Repayments of borrowings	(165,050)
Exchange difference	(828)
	<u>346,497</u>
Closing amount at 30 June 2012	<u><u>346,497</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16 SHARE CAPITAL

	Number of shares	Nominal value <i>HK\$'000</i>
<b>Ordinary shares of HK\$0.10 each</b>		
Authorised:		
At 1 January 2011 and 31 December 2011	700,000,000	70,000
<b>At 1 January 2012 and 30 June 2012</b>	<b>700,000,000</b>	<b>70,000</b>
Issued and fully paid:		
At 1 January 2011	469,657,794	46,966
New shares issued	3,426,000	342
At 31 December 2011	473,083,794	47,308
<b>At 1 January 2012</b>	<b>473,083,794</b>	<b>47,308</b>
New shares issued	2,686,000	269
<b>At 30 June 2012</b>	<b>475,769,794</b>	<b>47,577</b>

## 17 COMMITMENTS

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

	Unaudited As at <b>30 June 2012</b> <i>HK\$'000</i>	Audited As at 31 December 2011 <i>HK\$'000</i>
Contracted but not provided for	2,751	1,839
Authorised but not contracted for	–	–
	<b>2,751</b>	<b>1,839</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17 COMMITMENTS (continued)

- (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:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2012</b>	2011
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within one year	<b>11,051</b>	11,902
In the second to fifth year inclusive	<b>20,562</b>	26,220
Over five years	–	–
	<u>31,613</u>	<u>38,122</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.

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

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2012</b>	2011
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within one year	<b>1,660</b>	13
In the second to fifth year inclusive	<b>2,996</b>	–
	<u>4,656</u>	<u>13</u>

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 3 year.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 18 RELATED PARTY TRANSACTIONS

The Group was controlled by W. S. Wong & Sons Company Limited and Salop Investment Limited. As at 30 June 2012, W. S. Wong & Sons Company Limited and Salop Investment Limited beneficially owned 21.80% and 27.04% of the issued shares of the Company respectively.

### (a) Balances with related parties

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

### (b) Key management compensation

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2012</b>	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and allowances	8,555	7,735
Bonus	6,818	881
Pension costs – defined contribution schemes	63	59
Employee share option scheme – value of employment services	–	31
	<u>15,436</u>	<u>8,706</u>

## **INTERIM DIVIDEND**

The Board has resolved to pay an interim dividend of HK\$0.025 per share (2011: HK\$0.035 per share) on Friday, 28 September 2012 to the shareholders whose names appear on the Register of Members of the Company on Friday, 14 September 2012.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Wednesday, 12 September 2012 to Friday, 14 September 2012, 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 registrars, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 11 September 2012.

## **REVIEW OF BUSINESS ACTIVITIES**

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

For the first six months ended 30 June 2012, the Group's turnover was HK\$1.63 billion, decreased by 13.6% when comparing with 2011, which resulted from the continuing financial instability of Euro area and far-from-satisfactory economic recovery in US. These unfavourable factors have generally impacted our customer demand although they were firmly staying with us.

During the period, our value added (sales revenue less material cost) percentage remained on the same level as last year. However, the decreased sales volume led to the decreased profit attributable to owners of the Company from HK\$76.2 million in 2011 to HK\$28.4 million in 2012.

Following the minimum wage regulatory requirement and the shortage of labour force, our manpower cost in PRC continued to increase, which has been eroding our profit. Nevertheless, our utmost effort in up-keeping the high operational efficiency would help offset the impact of such cost increase.

## **REVIEW OF BUSINESS ACTIVITIES (continued)**

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

For the first six months ended 30 June 2012, sales revenue of EMS Division decreased 14.4% to HK\$1.61 billion from HK\$1.89 billion for the same period of 2011. Sales revenue for Shajing factory in Shenzhen was down by 29% but the factory at Suzhou continued its growth by 13.8% as compared with 2011’s first half year. The decrease in the overall sales at EMS Division was generally across electronic products in industrial automation, energy and computer peripheral products. The segment results attributable to EMS Division was HK\$41.3 million (2011 interim: HK\$74.9 million).

For the ODM Division, sales revenue significantly increased to HK\$18.7 million, which was 6.4 times of 2011 interim. The revenue increase was mainly attributed to the sales of iCarte for Apple iPhone in Europe, South Korea, and Australia. The iCarte business started its making profit in the first half year.

However, due to research and development and pre-production cost of a new private-label-brand project, the ODM Division recorded a segment loss HK\$6 million (2011 interim: HK\$6 million loss) for the period.

### **Property Development**

#### ***Kwun Tong project***

The Group has two jointly controlled entities with Sun Hung Kai Properties Limited on the development of two sites. The Group has paid its proportional share of the land premium for lease modification on one of the sites. Construction of the first site was on schedule. In respect of the second site, the land premium is still in discussion.

#### ***Mid-level residential***

The project development company sold out all the residential unit and car park spaces in the first half year.

## **REVIEW OF BUSINESS ACTIVITIES (continued)**

### **Media Network**

The Group currently has an investment in Focus Media Network Limited (“FMN”) for 18.75%, which was listed in mid-2011 on the GEM board of the Hong Kong Stock Exchange. FMN is on out-of-home digital screen network business, which is one of the fastest growing advertising sectors after the internet. FMN has extensive network at office buildings and renowned retail outlets. According to the accounting standard, its book value was adjusted through the other comprehensive income as per the market value of 30 June 2012.

## **FINANCE**

As at 30 June 2012, the Group had HK\$1,517.2 million of total banking facilities. Total bank borrowings were HK\$346.5 million, of which a loan of HK\$29.3 million was arranged by an overseas subsidiary.

Cash and cash equivalents were HK\$699.8 million at 30 June 2012 (2011 December: HK\$681.4 million).

As at 30 June 2012, the Group had a net cash surplus of HK\$353.3 million in excess of the bank borrowings, as compared to the net cash surplus of HK\$370.5 million at 31 December 2011.

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 Renminbi. Forward contracts are used to hedge 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 2011 which consists of bank borrowings, cash and cash equivalents and equity attributable to owners of the parent, comprising issued share capital and reserves.

## **EMPLOYEES**

As at 30 June 2012, the Group employed approximately 5,300 employees of whom approximately 4,400 were production workers. In addition to the provision of annual bonuses, medical and life insurances, discretionary bonuses are also available 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.

## **AWARD & RECOGNITION**

The Company and its wholly-owned subsidiary, Wong's Electronics Company Limited were awarded the Caring Company Logo 2011/2012 by the Hong Kong Council of Social Service in recognition of their active participation in community activities and good corporate citizenship.

## **PROSPECTS**

In the second half of 2012, the Group continues to face the challenges from vulnerable economic environment worldwide and labour cost increase in PRC. In addition, the Group has started its transformation process to convert Shajing's contract-processing factory to an imported-processing wholly owned foreign enterprise in line with Shenzhen's mandatory requirement. The transformation is expected to complete by the end of this year.

Based on the current level of orders and forecast provided by our customers, the Group's business is expected to improve in the second half of the current year in spite of US's slow economic recovery and Euro area's financial instability.

As to the iCarte business, international sales are expected to be a key driver in the second half year though PRC business development has started. The iCarte business has started making profit since early this year but will remain cautiously optimistic due to increased competition in the market.

The private-label project is still in research and development stage. It is not expected any revenue contribution in the second half of the year.

On behalf of the Directors, I would like to sincerely thank our customers, suppliers and business partners for their continued confidence in and support to the Group. I would also like to pay a special tribute to all of our employees for their loyal, diligent and professional services to the Group.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 30 June 2012, 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 and underlying shares of the Company

Name of Directors	Capacity	Number of ordinary shares	Underlying shares (share options)	Total number of ordinary shares	Approximate percentage of the issued shares
Wong Chung Mat, Ben	Beneficial owner and interest of controlled corporation ( <i>Note</i> )	129,630,911	–	129,630,911	27.25%
Wong Yin Man, Ada	Beneficial owner	750,000	250,000	1,000,000	0.21%
Chan Tsz Wah, Gabriel	Beneficial owner	1,687,500	150,000	1,837,500	0.39%
Tan Chang On, Lawrence	Beneficial owner	760,000	250,000	1,010,000	0.21%
Wan Man Keung	Beneficial owner	750,000	250,000	1,000,000	0.21%

#### *Note:*

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.

Save as disclosed herein, as at 30 June 2012, 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 2012, 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	27.04%
W. S. Wong & Sons Company Limited	Beneficial owner ( <i>Note 2</i> )	103,698,379	21.80%
Wong Chung Yin, Michael	Interest of controlled corporations and founder of a discretionary trust ( <i>Note 3</i> )	75,504,172	15.87%
Levy Investment Limited	Beneficial owner ( <i>Note 3(a)</i> )	46,620,212	9.80%
Wong Chung Ah, Johnny	Beneficial owner, interest of spouse and founder of a discretionary trust ( <i>Note 4</i> )	40,693,487	8.55%
Kong King International Limited	Beneficial owner ( <i>Note 4(c)</i> )	38,458,487	8.08%
Mountainview International Limited	Trustee ( <i>Note 4(c)</i> )	38,458,487	8.08%
HSBC Trustee (Cook Islands) Limited	Trustee ( <i>Note 4(c)</i> )	38,458,487	8.08%
HSBC International Trustee Limited	Trustee ( <i>Note 5</i> )	32,957,546	6.93%

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS (continued)

### Long positions in shares of the Company (continued)

*Notes:*

1. Salop Investment Limited was a company wholly owned and controlled by Mr. Wong Chung Mat, Ben. Please refer to the Note under the section headed “Interests of directors and chief executives”.
2. W. S. Wong & Sons Company Limited was a company controlled by the Wong’s family.
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 2012, 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's employee share option scheme came into effect on 30 July 2000 (the "Old Scheme") was expired at the close of business on 29 July 2010 and a new share option scheme was adopted on 2 June 2010 (the "New Scheme"). During the six months ended 30 June 2012, movements of the options granted under the Old Scheme were as follows:

Grantee	Date of grant	Exercise price per share	Exercisable period	Number of share options				
				At 1 January 2012	Granted during the period	Exercised during the period	Lapsed during the period	At 30 June 2012
<b>Directors</b>								
Wong Yin Man, Ada	22 December 2008	HK\$0.46	22 December 2009 to 21 December 2013	500,000	–	(250,000) <sup>1</sup>	–	250,000
Chan Tze Wah, Gabriel	22 December 2008	HK\$0.46	22 December 2009 to 21 December 2013	300,000	–	(150,000) <sup>2</sup>	–	150,000
Tan Chang On, Lawrence	22 December 2008	HK\$0.46	22 December 2009 to 21 December 2013	500,000	–	(250,000) <sup>2</sup>	–	250,000
Wan Man Keung	22 December 2008	HK\$0.46	22 December 2009 to 21 December 2013	500,000	–	(250,000) <sup>3</sup>	–	250,000
				1,800,000	–	(900,000)	–	900,000
<b>Employees</b>	22 December 2008	HK\$0.46	22 December 2009 to 21 December 2013	3,825,000	–	(1,786,000) <sup>4</sup>	(225,000)	1,814,000
				TOTAL: 5,625,000	–	(2,686,000)	(225,000)	2,714,000

### Notes:

1. The weighted average closing price of the shares immediately before the respective exercise date of the options was HK\$1.49.
2. The weighted average closing price of the shares immediately before the respective exercise date of the options was HK\$1.43.
3. The weighted average closing price of the shares immediately before the respective exercise date of the options was HK\$1.34.
4. The weighted average closing price of the shares immediately before the respective exercise date of the options was HK\$1.46.

## SHARE OPTIONS (continued)

Notes: (continued)

5. Options granted are vested as follows:
- |     |   |  |
|-----|---|--|
| (1) | In the year commencing on and including the date of the first anniversary of the date of grant up to and excluding the second anniversary of the date of grant. | up to 25% of the total number of shares comprised in the option              |
| (2) | In the year commencing on and including the date of the second anniversary of the date of grant up to and excluding the third anniversary of the date of grant. | an additional 25% and any unexercised portion of the previous year's 25%     |
| (3) | In the year commencing on and including the date of the third anniversary of the date of grant up to and excluding the fourth anniversary of the date of grant. | an additional 25% and any unexercised portion of the previous two years' 50% |
| (4) | In the year commencing on and including the date of the fourth anniversary of the date of grant up to and excluding the fifth anniversary of the date of grant. | the balance of the total number of shares comprised in the option            |

Upon expiration of the Old Scheme, no further options shall be granted but in all other aspects, the provisions of the Old Scheme shall remain in force and all options granted prior to its expiration shall continue to be valid and exercisable in accordance with the provisions of the Old Scheme.

No option has been granted under the New Scheme since its adoption date and up to 30 June 2012.

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

During the six months ended 30 June 2012, 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 2012, the Company has complied with the code provisions under the Code on Corporate Governance Practices (the “Former CG Code”, effective until 31 March 2012) and the Corporate Governance Code (the “Existing CG Code”, effective on 1 April 2012) 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:

### **Deviations from Former CG Code and Existing CG Code**

#### ***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 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 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 Former CG Code and the Existing CG Code.

## **CORPORATE GOVERNANCE CODE (continued)**

### **Deviation from Existing 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, the policy and procedure for nomination of directors have been set out in writing and adopted by the Board to serve as a guideline in order to ensure that there is a formal, considered and transparent procedure for the appointment of new directors with suitable experience and capabilities to maintain and improve the competitiveness of the Company.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2012.

### **UPDATE ON DIRECTORS’ INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES**

During the period concerned, Mr. Wan Man Keung, an Executive Director of the Company, is responsible for sales and marketing and overall business development of the Group.

Dr. Li Ka Cheung, Eric, an Independent Non-executive Director of the Company, had ceased to be an advisor to the Ministry of Finance on international accounting standards of the People’s Republic of China upon expiry of his term of service.

## 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 2012.

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

Hong Kong, 23 August 2012

### 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. Tan Chang On, Lawrence

Mr. Wan Man Keung

*Non-executive Director:*

Mr. Mak King Mun, Philip

*Independent Non-executive Directors:*

Dr. Li Ka Cheung, Eric, GBS, OBE, JP

Dr. Yu Sun Say, GBS, JP

Mr. Alfred Donald Yap, JP