



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 2013

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 2013, together with comparative figures, as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

		Unaudited	
		2013	2012
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	5	1,701,745	1,633,147
Other income	6	11,961	6,763
Changes in inventories of finished goods and work in progress		27,897	3,340
Raw materials and consumables used		(1,352,637)	(1,286,460)
Employee benefit expense		(229,208)	(198,794)
Depreciation and amortisation charges	7	(19,565)	(18,456)
Other operating expenses	7	(109,278)	(110,185)
Changes in fair value of investment properties		16,000	7,500
Other losses – net	8	(6,777)	(4,094)
Operating profit		40,138	32,761
Finance income	9	4,606	5,254
Finance costs	9	(6,353)	(3,122)
Share of loss of jointly controlled entities		(48)	(49)
Profit before income tax		38,343	34,844
Income tax expense	10	(10,517)	(6,438)
Profit after income tax		27,826	28,406
Profit attributable to owners of the Company		28,629	28,370
Non-controlling interests		(803)	36
		27,826	28,406
Dividends	11	11,962	11,894
Earnings per share attributable to owners of the Company during the period			
Basic earnings per share	12	HK\$0.06	HK\$0.06
Diluted earnings per share	12	HK\$0.06	HK\$0.06

The notes on pages 9 to 31 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 2013

	Unaudited	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	27,826	28,406
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss:		
Surplus on revaluation of property transferred from owner-occupied property to investment property	–	500
Items that may be reclassified to profit or loss:		
Currency translation differences	8,167	(14,331)
Changes in fair value of available-for-sale financial assets	(12,300)	41,817
Other comprehensive income for the period, net of tax	(4,133)	27,986
Total comprehensive income for the period	23,693	56,392
Attributable to:		
Owners of the Company	24,399	56,305
Non-controlling interests	(706)	87
Total comprehensive income for the period	23,693	56,392

The notes on pages 9 to 31 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 JUNE 2013

		Unaudited As at 30 June 2013 <i>HK\$'000</i>	Audited As at 31 December 2012 <i>HK\$'000</i>
ASSETS			
Non-current assets			
	<i>13</i>	267,412	257,544
	<i>13</i>	75,600	59,600
	<i>13</i>	11,142	11,215
	<i>14</i>	–	–
	<i>15</i>	1,125,964	350,089
	<i>13</i>	10,446	5,416
		46,158	63,993
		13,006	13,280
		11,840	11,011
		1,561,568	772,148
Current assets			
		420,543	374,378
	<i>16</i>	785,934	710,745
		38,512	57,536
		38	36
		36	71
		692,108	801,753
		1,937,171	1,944,519
Total assets		3,498,739	2,716,667

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 JUNE 2013

		Unaudited As at 30 June 2013 HK\$'000	Audited As at 31 December 2012 HK\$'000
EQUITY			
Equity attributable to owners			
of the Company			
Share capital	19	47,841	47,661
Other reserves		561,686	563,076
Retained earnings			
– Dividends		11,962	14,325
– Others		904,215	889,767
		1,525,704	1,514,829
Non-controlling interests		(2,032)	(1,326)
Total equity		1,523,672	1,513,503
LIABILITIES			
Non-current liabilities			
Derivative financial instrument		1,203	2,726
Deferred income tax liabilities		16	5
Non-current borrowing	18	420,000	–
		421,219	2,731
Current liabilities			
Trade payables	17	789,955	625,523
Accruals and other payables		230,421	217,507
Current income tax liabilities		10,560	9,273
Borrowings	18	522,912	348,130
		1,553,848	1,200,433
Total liabilities		1,975,067	1,203,164
Total equity and liabilities		3,498,739	2,716,667
Net current assets		383,323	744,086
Total assets less current liabilities		1,944,891	1,516,234

The notes on pages 9 to 31 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 2013

	Unaudited				
	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>
As at 1 January 2012	47,308	151,081	1,225,277	(666)	1,423,000
Comprehensive income					
Profit for the period	–	–	28,370	36	28,406
Other comprehensive income					
Currency translation differences	–	–	(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
Transactions with owners					
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)
As at 30 June 2012	<u>47,577</u>	<u>152,048</u>	<u>1,262,551</u>	<u>(575)</u>	<u>1,461,601</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Unaudited				
	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>
As at 1 January 2013	47,661	152,350	1,314,818	(1,326)	1,513,503
Comprehensive income					
Profit for the period	–	–	28,629	(803)	27,826
Other comprehensive income					
Currency translation differences	–	–	8,070	97	8,167
Changes in fair value of available-for-sale financial assets	–	–	(12,300)	–	(12,300)
Total other comprehensive income	–	–	(4,230)	97	(4,133)
Total comprehensive income	–	–	24,399	(706)	23,693
Transactions with owners					
Dividend paid to owners of the Company	–	–	(14,352)	–	(14,352)
Employee share option scheme – proceeds from shares issued	180	648	–	–	828
Total transactions with owners	180	648	(14,352)	–	(13,524)
As at 30 June 2013	<u>47,841</u>	<u>152,998</u>	<u>1,324,865</u>	<u>(2,032)</u>	<u>1,523,672</u>

The notes on pages 9 to 31 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Unaudited	
	For the six months	
	ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities		
Net cash generated from operating activities	105,546	67,180
	-----	-----
Cash flows from investing activities		
Acquisition of property, plant and equipment	(28,358)	(14,535)
Increase in intangible assets	(5,030)	(2,048)
Proceeds from disposal of property, plant and equipment	113	70
Decrease/(increase) in amounts due from associates	748	(35)
Acquisition of financial assets at fair value through profit or loss	-	(3,429)
Proceeds from disposal of financial assets at fair value through profit or loss	-	656
Loans to jointly controlled entities	(775,923)	(40,792)
Interest received	4,606	5,254
	-----	-----
Net cash used in investing activities	(803,844)	(54,859)
	-----	-----
Cash flows from financing activities		
Proceeds from employee share option scheme	828	1,236
New bank loans	688,632	201,517
Repayment of bank loans	(90,383)	(165,050)
Dividends paid	(14,352)	(19,031)
	-----	-----
Net cash generated from financing activities	584,725	18,672
	-----	-----

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 June 2013

	Unaudited	
	For the six months	
	ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net (decrease)/increase in cash and cash equivalents	(113,573)	30,993
Cash and cash equivalents, beginning of the period	801,753	681,432
Exchange differences	3,928	(12,667)
	<hr/>	<hr/>
Cash and cash equivalents, end of the period	692,108	699,758
	<hr/> <hr/>	<hr/> <hr/>
Analysis of cash and cash equivalents:		
Cash on hand	413	218
Cash at bank	691,695	699,540
	<hr/>	<hr/>
Cash and cash equivalents, end of the period	692,108	699,758
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 31 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 2013 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 2012, 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.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance under HKFRSs for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRSs when fair value is required or permitted.

HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 Financial Instruments: Disclosures.

The adoption of HKFRS 13 has impact on the disclosure requirements on the Group’s Interim Financial Information only.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

HKAS 1 Presentation of Items of Other Comprehensive Income – Amendments to HKAS 1

The amendments to HKAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of these amendments affected presentation only and had no impact on the Group's results of operations or financial position.

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2013 and have no material impact to the Group.

HKAS 19 (Amendment)	Employee benefits
HKAS 27 (2011)	Separate financial statements
HKAS 28 (2011)	Investments in associates and joint ventures
HKFRS 7 (Amendment)	Financial instruments: disclosure – offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosures of interests in other entities
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine
Annual Improvements Project	Annual improvements 2009–2011 cycle

New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted.

HKAS 32 (Amendment)	Financial instruments: presentation – offsetting financial assets and financial liabilities
HKFRS 9	Financial instruments

3 ESTIMATES

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

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

4.1 Financial risk factors

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

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

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

4.2 Liquidity risk

During the six months ended 30 June 2013, the Group drew a long-term borrowing of HK\$420,000,000 which will mature in year 2016. The Group expects such loan will be repaid in accordance with the scheduled repayment date set out in the loan agreement.

4.3 Fair value estimation

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

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2012.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

4.3 Fair value estimation (continued)

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
Available-for-sale				
financial assets	63,993	–	–	63,993
Liabilities				
Derivative financial				
instrument	–	2,726	–	2,726

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2013.

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
Available-for-sale				
financial assets	46,158	–	–	46,158
Liabilities				
Derivative financial				
instrument	–	1,203	–	1,203

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

4.4 Valuation techniques used to derive Level 2 fair values

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

4.5 Group's valuation processes

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

Changes in Level 2 fair values are analysed at each reporting date valuation discussions between the management and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

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

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

5 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, changes in fair value of investment properties, other losses – net, interest income, interest expense, share of loss of jointly controlled entities and income tax expense and but excludes corporate and unallocated expenses. Other information provided to the CODM is measured in a manner consistent with that in the Interim Financial Information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 SEGMENT INFORMATION (continued)

	For the six months ended 30 June 2013		
	EMS division <i>HK\$'000</i>	ODM division <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total gross revenue	1,698,308	6,817	1,705,125
Inter-segment revenue	(3,380)	–	(3,380)
External revenue	<u>1,694,928</u>	<u>6,817</u>	<u>1,701,745</u>
Segment results	<u>40,697</u>	<u>(10,458)</u>	<u>30,239</u>
Depreciation and amortisation charges	<u>17,722</u>	<u>136</u>	<u>17,858</u>
Capital expenditure	<u>28,178</u>	<u>5,210</u>	<u>33,388</u>
	For the six months ended 30 June 2012		
	EMS division <i>HK\$'000</i>	ODM division <i>HK\$'000</i>	Total <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

5 SEGMENT INFORMATION (continued)

	EMS division <i>HK\$'000</i>	ODM Division <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets			
As at 30 June 2013	<u>2,071,465</u>	<u>19,502</u>	<u>2,090,967</u>
As at 31 December 2012	<u>2,036,385</u>	<u>16,788</u>	<u>2,053,173</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 cash equivalents, but exclude 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	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Reportable segment results	30,239	35,052
Other income	11,961	6,763
Changes in fair value of investment properties	16,000	7,500
Other losses – net	(6,777)	(4,094)
Finance (costs)/income – net	(1,747)	2,132
Share of loss of jointly controlled entities	(48)	(49)
Corporate and unallocated expenses	(11,285)	(12,460)
Profit before income tax	<u>38,343</u>	<u>34,844</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 SEGMENT INFORMATION (continued)

Reportable segment assets are reconciled to total assets as follows:

	As at 30 June 2013 <i>HK\$'000</i>	As at 31 December 2012 <i>HK\$'000</i>
Reportable segment assets	2,090,967	2,053,173
Investment properties	75,600	59,600
Investments in associates	–	–
Interests in jointly controlled entities	1,125,964	350,089
Available-for-sale financial assets	46,158	63,993
Deferred income tax assets	13,006	13,280
Amounts due from associates	38	36
Corporate and unallocated assets	147,006	176,496
	<hr/>	<hr/>
Total assets per condensed consolidated balance sheet	3,498,739	2,716,667
	<hr/> <hr/>	<hr/> <hr/>

Reconciliations of other material items are as follows:

	For the six months ended 30 June	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Depreciation and amortisation charges		
– Reportable segment total	17,858	17,135
– Corporate headquarters	1,707	1,321
	<hr/>	<hr/>
	19,565	18,456
	<hr/> <hr/>	<hr/> <hr/>
Capital expenditure		
– Reportable segment total	33,388	13,120
– Corporate headquarters	–	1,415
	<hr/>	<hr/>
	33,388	14,535
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 SEGMENT INFORMATION (continued)

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	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
North America	201,490	212,127
Asia (excluding Hong Kong)	862,729	931,392
Europe	368,736	299,129
Hong Kong	268,790	190,499
	<u>1,701,745</u>	<u>1,633,147</u>

For the six months ended 30 June 2013, revenues of approximately HK\$456,837,000 (2012: HK\$493,208,000), and HK\$402,270,000 (2012: HK\$391,677,000) 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.

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

	As at 30 June 2013 <i>HK\$'000</i>	As at 31 December 2012 <i>HK\$'000</i>
	North America	2,516
Asia (excluding Hong Kong)	190,530	178,426
Europe	35	37
Hong Kong	1,355,481	578,325
	<u>1,548,562</u>	<u>758,868</u>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 OTHER INCOME

	For the six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Scrap and spare parts sales	4,326	1,158
Tooling income	6,364	4,518
Sundry income	1,271	1,087
	11,961	6,763
	11,961	6,763

7 PROFIT BEFORE INCOME TAX

Profit before income tax is analysed as follows:

	For the six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	19,430	18,377
Amortisation on leasehold land and land use rights	135	79
	19,565	18,456
	19,565	18,456
Operating lease rental in respect of land and buildings	6,744	6,673
Utility expense	16,815	15,529
Transportation	15,555	16,748
Chemicals and consumables	20,156	21,846
Others	50,008	49,389
	109,278	110,185
	109,278	110,185
Total depreciation, amortisation and other operating expenses	128,843	128,641

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 OTHER LOSSES – NET

	For the six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fair value changes on financial instruments – net	1,067	(359)
(Losses)/gains on disposal of property, plant and equipment	(53)	70
Exchange losses – net	(3,006)	(3,805)
Write-back of impairment provision on amount due from an associate	750	–
Impairment for an available-for-sales financial asset	(5,535)	–
	<u>(6,777)</u>	<u>(4,094)</u>

9 FINANCE (COSTS)/INCOME – NET

	For the six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		
Interest income on short-term bank deposits	4,606	5,254
Finance costs		
Interest expenses on bank borrowings	(6,353)	(3,122)
Finance (costs)/income – net	<u>(1,747)</u>	<u>2,132</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 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% (2012: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the group operates.

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

	For the six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	1,232	1,344
– Overseas taxation	7,400	6,915
Deferred income tax	397	(242)
Under/(over) – provision in prior periods		
– Current income tax	1,436	(1,525)
– Deferred income tax	52	(54)
	10,517	6,438

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.

11 DIVIDENDS

	For the six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
Interim dividend – HK\$0.025 (2012: HK\$0.025) per share	11,962	11,894

The Board has resolved to pay an interim dividend of HK\$0.025 per share (2012: HK\$0.025 per share) on Friday, 27 September 2013 to the shareholders whose names appear on the Register of Members of the Company on Friday, 13 September 2013.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 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	
	2013	2012
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>28,629</u>	<u>28,370</u>
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	<u>477,717</u>	<u>474,634</u>
Basic earnings per share (<i>HK\$</i>)	<u>0.06</u>	<u>0.06</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 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.

	For the six months ended 30 June	
	2013	2012
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>28,629</u>	<u>28,370</u>
Weighted average number of ordinary shares in issue (<i>in thousands</i>)	477,717	474,634
Adjustment for share options (<i>in thousands</i>)	<u>632</u>	<u>1,859</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>in thousands</i>)	<u>478,349</u>	<u>476,493</u>
Diluted earnings per share (<i>HK\$</i>)	<u>0.06</u>	<u>0.06</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 CAPITAL EXPENDITURE

	Property, plant and equipment <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Leasehold land and land use rights <i>HK\$'000</i>	Intangible assets <i>HK\$'000</i>
For the six months ended 30 June 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>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 CAPITAL EXPENDITURE (continued)

The valuations of the investment properties at 30 June 2013 were carried out by an independent firm or surveyors, Roma Appraisals Limited, who is a fellow member of the Hong Kong Institute of Surveyors. The fair value measurement information for these investment properties in accordance with HKFRS 13 are given below.

	Fair value measurements at 30 June 2013		
	Quoted prices in active markets for identical assets (Level 1) <i>HK\$'000</i>	Significant other observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>
Recurring fair value measurements			
Investment properties	–	75,600	–

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

Level 2 fair values of completed investment properties have been valued by the direct comparison approach assuming sale of the properties in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market and also considered the basis of capitalization of the net income receivable, if necessary.

There were no changes in valuation techniques during the period.

As at 30 June 2013, certain bank borrowings are secured on land and buildings for the carrying amount of approximately HK\$96,209,000 (2012: HK\$97,327,000) (Note 18).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 INVESTMENTS IN ASSOCIATES

	For the six months ended 30 June	
	2013	2012
	<i>HKS'000</i>	<i>HKS'000</i>
Beginning of the period	–	6,993
Share of profit of associates	–	–
Dividend received	–	–
	<u>–</u>	<u>6,993</u>

15 INTERESTS IN JOINTLY CONTROLLED ENTITIES

	As at 30 June 2013 <i>HKS'000</i>	As at 31 December 2012 <i>HKS'000</i>
Share of net assets	1,290	1,338
Loans to jointly controlled entities	1,124,674	348,751
	<u>1,125,964</u>	<u>350,089</u>

As at 30 June 2013, 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	35.70	Property holding
Crown Opal Investment Limited	Hong Kong	35.70	Property holding

The loans to jointly controlled entities are unsecured, interest-free and will not be repaid in the coming 12 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 2013, there were neither capital commitments nor contingent liabilities related to the development project.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 TRADE RECEIVABLES

The credit period allowed by the Group to its trade customers mainly ranges from 30 days to 90 days and no interest is charged.

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

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
0-60 days	691,260	509,149
61-90 days	85,526	136,098
Over 90 days	9,148	65,498
	<u>785,934</u>	<u>710,745</u>

The carrying amounts of the Group's trade receivables approximated their fair values as at 30 June 2013.

17 TRADE PAYABLES

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

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
0-60 days	720,277	624,659
61-90 days	55,472	472
Over 90 days	14,206	392
	<u>789,955</u>	<u>625,523</u>

The carrying amounts of the Group's trade payables approximated their fair values as at 30 June 2013.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 BORROWINGS

	As at 30 June 2013 <i>HK\$'000</i>	As at 31 December 2012 <i>HK\$'000</i>
Trust receipt bank loans, unsecured	250,969	59,254
Short-term bank loans, unsecured	223,643	237,126
Long-term bank loan, secured	420,000	–
Portion of a mortgage loan from bank due for repayment within one year	6,900	6,900
Portion of a mortgage loan from bank due for repayment after one year which contains a repayment on demand clause	41,400	44,850
	942,912	348,130
Total borrowings	942,912	348,130
Non-current	420,000	–
Current	522,912	348,130
	942,912	348,130
Total borrowings	942,912	348,130

Movements in borrowings are analysed as follows:

	<i>HK\$'000</i>
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 differences	(828)
	346,497
Closing amount at 30 June 2012	346,497
For the six months ended 30 June 2013	
Opening amount at 1 January 2013	348,130
Inceptions of borrowings	688,632
Repayments of borrowings	(90,383)
Exchange differences	(3,467)
	942,912
Closing amount at 30 June 2013	942,912

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 BORROWINGS (continued)

As at 30 June 2013, mortgage loans of approximately HK\$48,300,000 (31 December 2012: HK\$51,750,000) were secured by the land and buildings of the Group with a carrying amount of HK\$96,209,000 (31 December 2012: HK\$97,327,000).

As at 30 June 2013, the long-term bank loans of HK\$420,000,000 (31 December 2012: HK\$nil) were secured by the following:

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

19 SHARE CAPITAL

	Number of shares	Nominal value <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2012 and 30 June 2012	700,000,000	70,000
At 1 January 2013 and 30 June 2013	700,000,000	70,000
Issued and fully paid:		
At 1 January 2012	473,083,794	47,308
New shares issued	2,686,000	269
At 30 June 2012	475,769,794	47,577
At 1 January 2013	476,607,794	47,661
New shares issued	1,801,000	180
At 30 June 2013	478,408,794	47,841

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 COMMITMENTS

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

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
Contracted but not provided for	15,555	15,491
Authorised but not contracted for	—	—
	<u>15,555</u>	<u>15,491</u>

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

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
Within 1 year	11,854	12,944
In the 2nd to 5th year inclusive	10,683	15,598
Over 5 years	—	—
	<u>22,537</u>	<u>28,542</u>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 COMMITMENTS (continued)

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

	As at 30 June 2013 HK\$'000	As at 31 December 2012 HK\$'000
Within 1 year	1,723	1,798
In the 2nd to 5th year inclusive	1,348	–
	<u>3,071</u>	<u>1,798</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 2 year.

21 RELATED PARTY TRANSACTIONS

The Group was controlled by Mr. Wong Chung Mat, Ben (personally and via Salop Investment Limited, a company wholly-owned and controlled by him) and W. S. Wong & Sons Company Limited (a company controlled by the Wong's family). As at 30 June 2013, Mr. Wong Chung Mat, Ben (together with Salop Investment Limited) and W. S. Wong & Sons Company Limited beneficially owned 27.10% and 21.68% of the issued shares of the Company respectively.

(a) Balances with related parties

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

The loans to jointly controlled entities are set out in the condensed consolidated interim balance sheet. The term is set out in note 15.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 RELATED PARTY TRANSACTIONS (continued)

(b) Key management compensation

	For the six months ended 30 June	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Salaries and allowances	7,372	8,555
Bonus	3,476	6,818
Pension costs		
– defined contribution schemes	43	63
Employee share option scheme		
– value of employment services	–	–
	10,891	15,436
	10,891	15,436

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of HK\$0.025 per share (2012: HK\$0.025 per share) on Friday, 27 September 2013 to the shareholders whose names appear on the Register of Members of the Company on Friday, 13 September 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 11 September 2013 to Friday, 13 September 2013, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 10 September 2013.

REVIEW OF BUSINESS ACTIVITIES

The Group

For the six months ended 30 June 2013, the Group's turnover was HK\$1.70 billion, representing an increase of 4.2% when compared to HK\$1.63 billion for the same period of 2012. Operating profit for the period was HK\$40.1 million or 2.4% of revenue as compared to HK\$32.8 million or 2.0% of revenue for the same period last year. Net profit for the six months was HK\$27.8 million as compared to HK\$28.4 million for the same period of 2012. Diluted earnings per share for the first six months was HK\$0.06 as the same as last year.

REVIEW OF BUSINESS ACTIVITIES (continued)

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

For the six months ended 30 June 2013, the EMS Division reported a turnover HK\$1.69 billion, representing a 5.0% increase as compared with HK\$1.61 billion for the same period last year. Sales revenue for Shajing factory in Shenzhen increased by 8.1% while the factory at Suzhou was slightly down by 1.1% as compared to the same period for financial year 2012. During the first six months, while the overall market environment has been soft, we have experienced modest improvement in our customer demand across different end-market segments. The segment profit attributable to EMS Division was HK\$40.7 million, a 1.6% decrease as compared to the HK\$41.3 million for the same period for 2012. While the value added as a percentage of revenue increased to 22.0% or HK\$374.2 million in the first six months as compared to 21.0% or HK\$341.1 million in the same period last year, the decrease in the segment net profit is primarily attributed to the increase in labour costs and operation expenses incurred.

The sales revenue of the ODM Division primarily in iCarte for Apple iPhone decreased to HK\$6.8 million from HK\$18.7 million for the same period of financial year 2012. The decrease in sales is mainly due to delay approval from Apple’s new iPhone 5 MFi manufacturing licensing requirement which was introduced in the late 2012, the timing of new programme ramps and the lower demand on some of the existing customers.

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

Property Development

The Group has two jointly controlled entities with Sun Hung Kai Properties Limited on the development of two sites for office buildings in Kwun Tong. We continue increasing our investment on the first site by adding approximately HK\$77.7 million during the first half of financial year 2013 and so far the construction is progressing well on schedule to be completed around the end of 2013. In respect to the second site where the previous Wong’s Industrial Centre was located, the application for the lease modifications has been approved by the Lands Department in early 2013. The group has paid approximately HK\$698.0 million land premium corresponding to its share in May 2013. The demolition of Wong’s Industrial Centre started in July 2013 and the construction is expected to be completed in 2017.

FINANCE

As at 30 June 2013, the Group had HK\$2,237.2 million of total banking facilities. Total bank borrowings were HK\$942.9 million, of which a loan of HK\$23.6 million was arranged by an overseas subsidiary. Cash and cash equivalents were HK\$692.1 million at 30 June 2013 (2012 December: HK\$801.8 million). Cash flow generated from operations was HK\$105.5 million for the interim period.

As at 30 June 2013, the Group had a net bank borrowing of HK\$250.8 million, as compared to the net cash surplus of HK\$453.7 million at 31 December 2012. The decrease was mainly due to the new bank borrowing of HK\$628.4 million to partially finance the land premium payment and construction costs totalling HK\$775.9 million during the period. Sufficient banking facility and bank balance are available to meet the cash needs of the Group from manufacturing operation as well as property development.

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. 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 2012 which consists of bank borrowings, cash and cash equivalents and equity attributable to owners of the parent, comprising issued share capital and reserves.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Group employed approximately 5,300 employees. The Group adopts a remuneration policy which is commensurate with job nature, qualification and experience of employees. In addition to the provision of annual bonuses, medical and life insurances, discretionary bonuses are also rewarded to employees based on individual performance. The remuneration packages and policies are reviewed periodically. The Group also provides in-house and external training programmes to its employees.

AWARD AND RECOGNITION

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

PROSPECTS

We are pleased with the operating results of the first half of financial year 2013. Although global economic uncertainty had dampened the demand for consumer electronic products and led to the drop in EMS revenue in 2012, we are encouraged with improvements in the overall global macro-environment as reflected in the modest improvement in revenue of the EMS Division.

On the other hand, the ODM Division will face new challenges in the second half of 2013. The global adoption of NFC mobile payment is slower than expected to materialize because of emergence of competing technologies and this will affect the long term prospect of iCarte. In addition, after intensive research and development efforts, we are looking at the launch of our first Cloud Tablet in the fourth quarter of 2013 to major retail store and on-line retailers. We expect that sale of the product will accelerate in 2014. On property development, we anticipate this new business will make contribution to the Group revenue in 2014. Although the operating environment remains challenging, we are positive and cautiously optimistic for the performance in the second half of the financial year. The increased forecast from our customers should further drive sales and profit improvements to our results. We are focused, committed and dedicated to improving our operating results to deliver and increase the long term value to our shareholders.

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 2013, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), were as follows:

Long positions in shares of the Company

Name of Directors	Capacity	Number of ordinary shares	Approximate percentage of the issued shares
Wong Chung Mat, Ben	Beneficial owner and interest of controlled corporation (<i>Note</i>)	129,630,911	27.10%
Wong Yin Man, Ada	Beneficial owner	1,000,000	0.21%
Chan Tsze Wah, Gabriel	Beneficial owner	1,837,500	0.38%
Tan Chang On, Lawrence	Beneficial owner	1,010,000	0.21%
Wan Man Keung	Beneficial owner	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 2013, 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 2013, persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares of the Company

Name of substantial shareholders	Capacity	Number of ordinary shares	Approximate percentage of the issued shares
Salop Investment Limited	Beneficial owner (<i>Note 1</i>)	128,630,911	26.89%
W. S. Wong & Sons Company Limited	Beneficial owner (<i>Note 2</i>)	103,698,379	21.68%
Wong Chung Yin, Michael	Interest of controlled corporations and founder of a discretionary trust (<i>Note 3</i>)	75,504,172	15.78%
Levy Investment Limited	Beneficial owner (<i>Note 3(a)</i>)	46,620,212	9.74%
Wong Chung Ah, Johnny	Beneficial owner, interest of spouse and founder of a discretionary trust (<i>Note 4</i>)	40,693,487	8.51%
Kong King International Limited	Beneficial owner (<i>Note 4(c)</i>)	38,458,487	8.04%
Mountainview International Limited	Trustee (<i>Note 4(c)</i>)	38,458,487	8.04%
HSBC Trustee (Cook Islands) Limited	Trustee (<i>Note 4(c)</i>)	38,458,487	8.04%
HSBC International Trustee Limited	Trustee (<i>Note 5</i>)	32,957,546	6.89%

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.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS (continued)

Long positions in shares of the Company (continued)

Notes: (continued)

4. (continued)

(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.

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 2013, 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 2013, 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 2013	Granted during the period	Exercised during the period	Lapsed during the period	At 30 June 2013	
Directors									
Wong Yin Man, Ada	22 December 2008	HK\$0.46	22 December 2009 to 21 December 2013	250,000	-	(250,000) ¹	-	-	
Chan Tsze Wah, Gabriel	22 December 2008	HK\$0.46	22 December 2009 to 21 December 2013	150,000	-	(150,000) ²	-	-	
Wan Man Keung	22 December 2008	HK\$0.46	22 December 2009 to 21 December 2013	250,000	-	(250,000) ³	-	-	
				650,000	-	(650,000)	-	-	
Employees	22 December 2008	HK\$0.46	22 December 2009 to 21 December 2013	1,226,000	-	(1,151,000) ⁴	-	75,000	
				TOTAL:	1,876,000	-	(1,801,000)	-	75,000

Notes:

1. The weighted average closing price of the shares immediately before the respective exercise date of the options was HK\$2.64.
2. The weighted average closing price of the shares immediately before the respective exercise date of the options was HK\$2.50.
3. The weighted average closing price of the shares immediately before the respective exercise date of the options was HK\$2.44.
4. The weighted average closing price of the shares immediately before the respective exercise date of the options was HK\$2.54.

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 2013.

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

During the six months ended 30 June 2013, 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 2013, the Company has complied with the code provisions under the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), except for the following deviations:

Code provision A.2.1

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

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

- (a) Both positions require in-depth knowledge and considerable experience of the Group’s business. Candidates with the suitable knowledge, experience and leadership are difficult to find both within and outside the Group. If either of the positions is occupied by an unqualified person, the Group’s performance could be gravely compromised.
- (b) The Company believes that the supervision of the Board and its Independent Non-executive Directors can provide an effective check and balance mechanism and ensures that the interests of the shareholders are adequately represented.

Code provision A.4.1

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

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

CORPORATE GOVERNANCE CODE (continued)

Code provisions A.5.1 to A.5.4

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

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

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

The Company has adopted the Model Code 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 2013.

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

Mr. Mak King Mun, Philip, an Non-executive Director of the Company, was appointed as director of Emerging Technology Holdings (BVI) Limited, being a subsidiary of the Company, on 20 August 2013.

Dr. Li Ka Cheung, Eric, an Independent Non-executive Director of the Company, had retired from the appointment as independent non-executive director of Bank of Communications Co., Ltd on 25 June 2013.

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 2013.

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

Hong Kong, 22 August 2013

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