



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 2016



UNAUDITED INTERIM RESULTS

The board of directors (the “Board” or “Directors”) of Wong’s International Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2016 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Unaudited	
		2016	2015
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	6	1,625,209	1,902,963
Other income	7	5,544	4,886
Changes in inventories of finished goods and work in progress		16,030	12,444
Raw materials and consumables used		(1,249,992)	(1,476,326)
Employee benefit expenses		(210,444)	(242,628)
Depreciation and amortisation charges	8	(20,474)	(24,330)
Other operating expenses	8	(75,103)	(99,514)
Change in fair value of investment properties	14	–	701
Other losses – net	9	(8,912)	(3,636)
Operating profit		81,858	74,560
Finance income	10	2,995	6,062
Finance costs	10	(8,276)	(9,655)
Share of profit of joint ventures	15	148,362	414,124
Profit before income tax		224,939	485,091
Income tax expense	11	(21,974)	(16,750)
Profit after income tax		202,965	468,341
Profit attributable to owners of the Company		202,965	468,341
Non-controlling interests		–	–
		202,965	468,341
Dividends	12	14,355	14,355
Earnings per share attributable to owners of the Company during the period			
Basic earnings per share	13	HK\$0.42	HK\$0.98
Diluted earnings per share	13	HK\$0.42	HK\$0.98

The notes on pages 7 to 28 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 2016

	Unaudited	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	202,965	468,341
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Currency translation differences	(16,988)	1,400
Reclassification adjustment of translation reserve upon de-registration of a subsidiary	–	11,553
Changes in fair value of available-for-sale financial assets	(10,875)	28,552
Reclassification adjustment on impairment of available-for-sale financial assets	10,855	–
Reclassification adjustment on disposal of available-for-sale financial assets	–	(6,458)
Other comprehensive (loss)/income for the period, net of tax	(17,008)	35,047
Total comprehensive income for the period	185,957	503,388
Attributable to:		
Owners of the Company	185,957	503,388
Non-controlling interests	–	–
Total comprehensive income for the period	185,957	503,388

The notes on pages 7 to 28 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2016

		Unaudited As at 30 June 2016 HK\$'000	Audited As at 31 December 2015 HK\$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	14	282,233	280,237
Investment properties	14	27,238	27,471
Leasehold land and land use rights	14	18,845	19,367
Interests in joint ventures	15	2,287,768	2,098,576
Available-for-sale financial assets		48	68
Deferred income tax assets		11,169	10,727
Deposits and other receivables		9,844	1,920
Restricted cash		3,518	3,560
		<u>2,640,663</u>	<u>2,441,926</u>
Current assets			
Inventories		424,303	366,365
Trade receivables	16	755,909	695,439
Prepayments, deposits and other receivables		52,675	63,738
Available-for-sale financial assets		2,060	12,915
Amounts due from associates		9	6
Current income tax recoverable		8,809	8,809
Non-current assets held for sale	17	–	–
Short-term bank deposits		362,456	218,823
Cash and cash equivalents		616,651	807,973
		<u>2,222,872</u>	<u>2,174,068</u>
Total assets		<u><u>4,863,535</u></u>	<u><u>4,615,994</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	20	47,848	47,848
Other reserves		514,426	523,904
Retained earnings			
– Dividends		14,355	21,532
– Others		2,222,402	2,041,322
		<u>2,799,031</u>	<u>2,634,606</u>
Non-controlling interests		<u>4</u>	<u>4</u>
Total equity		<u><u>2,799,035</u></u>	<u><u>2,634,610</u></u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2016

(continued)

		Unaudited As at 30 June 2016 HK\$'000	Audited As at 31 December 2015 HK\$'000
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Derivative financial instrument		814	731
Deferred income tax liabilities		1,451	655
Borrowings	19	505,000	420,000
		<u>507,265</u>	<u>421,386</u>
		-----	-----
Current liabilities			
Trade payables	18	759,120	657,280
Accruals and other payables		280,042	276,613
Current income tax liabilities		36,193	34,111
Borrowings	19	481,880	591,994
		<u>1,557,235</u>	<u>1,559,998</u>
		-----	-----
Total liabilities		<u>2,064,500</u>	<u>1,981,384</u>
		-----	-----
Total equity and liabilities		<u>4,863,535</u>	<u>4,615,994</u>
		-----	-----
Net current assets		<u>665,637</u>	<u>614,070</u>
		-----	-----
Total assets less current liabilities		<u>3,306,300</u>	<u>3,055,996</u>
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The notes on pages 7 to 28 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 2016

	Unaudited				
	Attributable to owners of the Company			Non-Controlling interests	Total
	Share capital	Share premium	Other reserves		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2016	47,848	153,025	2,433,733	4	2,634,610
Comprehensive income					
Profit for the period	-	-	202,965	-	202,965
Other comprehensive income					
Currency translation differences	-	-	(16,988)	-	(16,988)
Changes in fair value of available-for-sale financial assets	-	-	(10,875)	-	(10,875)
Reclassification adjustment on impairment of available-for-sale financial assets	-	-	10,855	-	10,855
Total other comprehensive loss	-	-	(17,008)	-	(17,008)
Total comprehensive income	-	-	185,957	-	185,957
Transactions with owners					
Dividend paid to owners of the Company	-	-	(21,532)	-	(21,532)
Total transactions with owners	-	-	(21,532)	-	(21,532)
As at 30 June 2016	47,848	153,025	2,598,158	4	2,799,035
As at 1 January 2015	47,848	153,025	1,946,572	4	2,147,449
Comprehensive income					
Profit for the period	-	-	468,341	-	468,341
Other comprehensive income					
Currency translation differences	-	-	1,400	-	1,400
Reclassification adjustment of translation reserve upon de-registration of a subsidiary	-	-	11,553	-	11,553
Changes in fair value of available-for-sale financial assets	-	-	28,552	-	28,552
Reclassification adjustment on disposal of available-for-sale financial assets	-	-	(6,458)	-	(6,458)
Total other comprehensive income	-	-	35,047	-	35,047
Total comprehensive income	-	-	503,388	-	503,388
Transactions with owners					
Dividend paid to owners of the Company	-	-	(23,924)	-	(23,924)
Total transactions with owners	-	-	(23,924)	-	(23,924)
As at 30 June 2015	47,848	153,025	2,426,036	4	2,626,913

The notes on pages 7 to 28 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Unaudited	
	For the six months	
	ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Cash flows from operating activities		
Net cash generated from operating activities	69,191	22,393
Cash flows from investing activities		
Acquisition of property, plant and equipment	(25,346)	(26,194)
Proceeds from disposal of property, plant and equipment	1,475	566
Net proceeds from disposal of available-for-sale financial assets	–	22,102
Net proceeds from disposal of nil-paid rights shares of an available-for-sale financial asset	789	–
Decrease in amounts due from associates	(3)	(4)
Increase in short-term bank deposits	(148,264)	(62,658)
Loans to joint ventures	(40,830)	(13,851)
Interest received	2,995	6,062
Net cash used in investing activities	(209,184)	(73,977)
Cash flows from financing activities		
Decrease in trust receipt bank loans – net	(74,917)	(1,709)
New bank loans	122,770	–
Repayment of bank loans	(53,450)	(3,450)
Dividends paid	(21,532)	(23,924)
Net cash used in financing activities	(27,129)	(29,083)
Net decrease in cash and cash equivalents	(167,122)	(80,667)
Cash and cash equivalents, beginning of the period	807,973	655,643
Exchange differences	(24,200)	190
Cash and cash equivalents, end of the period	616,651	575,166
Analysis of cash and cash equivalents:		
Cash on hand	318	348
Cash at bank	616,333	574,818
Cash and cash equivalents, end of the period	616,651	575,166

The notes on pages 7 to 28 are an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information ("Interim Financial Information") for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial report' issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 SIGNIFICANT ACCOUNTING POLICIES

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

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

HKFRSs (Amendment)	Annual Improvements 2012–2014 Cycle
HKAS 1(Amendment)	Disclosure Initiative
HKFRS 14	Regulatory Deferral Accounts
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture
HKFRS 10, HKFRS 12 and HKAS28 (Amendment)	Investment Entities: Applying the consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants
HKAS 27 (Amendment)	Equity method in separate Financial Statements

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group has not applied any new standards and interpretations that are not effective for current accounting period.

4 ESTIMATES

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

In preparing this 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 2015.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

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

The condensed consolidated interim 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 2015.

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

5.2 Fair value estimation

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.2 Fair value estimation (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2016.

	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	<u>2,108</u>	<u>-</u>	<u>-</u>	<u>2,108</u>
Liabilities				
Derivative financial instrument	<u>-</u>	<u>814</u>	<u>-</u>	<u>814</u>

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2015.

	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	<u>12,983</u>	<u>-</u>	<u>-</u>	<u>12,983</u>
Liabilities				
Derivative financial instrument	<u>-</u>	<u>731</u>	<u>-</u>	<u>731</u>

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

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

5.3 Valuation techniques used to derive Level 2 fair values

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.4 Group's valuation processes

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

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

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

6 SEGMENT INFORMATION

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

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

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

Property Investment – development, sale and lease of properties.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (continued)

For the six months ended 30 June 2016	EMS division <i>HK\$'000</i>	ODM division <i>HK\$'000</i>	Property investment division <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total gross revenue	1,625,282	9	–	1,625,291
Inter-segment revenue	(82)	–	–	(82)
External revenue	<u>1,625,200</u>	<u>9</u>	<u>–</u>	<u>1,625,209</u>
Segment results	<u>97,979</u>	<u>(376)</u>	<u>147,886</u>	<u>245,489</u>
Depreciation and amortisation charges	19,253	2	–	19,255
Share of profit of joint ventures	–	–	148,362	148,362
Change in fair value of investment properties	–	–	–	–
Rental income	–	–	603	603
Capital expenditure	<u>25,346</u>	<u>–</u>	<u>–</u>	<u>25,346</u>
Loans to joint ventures	–	–	40,830	40,830

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (continued)

For the six months ended 30 June 2015	EMS division <i>HK\$'000</i>	ODM division <i>HK\$'000</i>	Property investment division <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total gross revenue	1,903,014	1,064	–	1,904,078
Inter-segment revenue	(1,115)	–	–	(1,115)
External revenue	<u>1,901,899</u>	<u>1,064</u>	<u>–</u>	<u>1,902,963</u>
Segment results	<u>93,134</u>	<u>(3,642)</u>	<u>414,398</u>	<u>503,890</u>
Depreciation and amortisation charges	23,009	11	–	23,020
Share of profit of joint ventures	–	–	414,124	414,124
Change in fair value of investment properties	<u>–</u>	<u>–</u>	<u>701</u>	<u>701</u>
Rental income	<u>–</u>	<u>–</u>	<u>419</u>	<u>419</u>
Capital expenditure	<u>26,194</u>	<u>–</u>	<u>–</u>	<u>26,194</u>
Loans to joint ventures	<u>–</u>	<u>–</u>	<u>13,851</u>	<u>13,851</u>
	EMS division <i>HK\$'000</i>	ODM division <i>HK\$'000</i>	Property investment division <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2016				
Segment assets	2,410,739	9,026	34,736	2,454,501
Interests in joint ventures	<u>–</u>	<u>–</u>	<u>2,287,768</u>	<u>2,287,768</u>
Total reportable segment assets	<u>2,410,739</u>	<u>9,026</u>	<u>2,322,504</u>	<u>4,742,269</u>
As at 31 December 2015				
Segment assets	2,343,289	8,669	35,391	2,387,349
Interests in joint ventures	<u>–</u>	<u>–</u>	<u>2,098,576</u>	<u>2,098,576</u>
Total reportable segment assets	<u>2,343,289</u>	<u>8,669</u>	<u>2,133,967</u>	<u>4,485,925</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (continued)

Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, interests in joint ventures, restricted cash, inventories, trade receivables, prepayments, deposits and other receivables, non-current assets held for sale, cash and cash equivalents and short-term bank deposits, but exclude available-for-sale financial assets, deferred income tax assets, amounts due from associates and corporate and unallocated assets.

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

	For the six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment results	245,489	503,890
Other income	5,544	4,886
Other losses – net	(8,912)	(3,636)
Finance costs – net	(5,281)	(3,593)
Corporate and unallocated expenses	(11,901)	(16,456)
	<u>224,939</u>	<u>485,091</u>
Profit before income tax	<u>224,939</u>	<u>485,091</u>

Reportable segments assets are reconciled to total assets as follows:

	As at 30 June 2016	As at 31 December 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets	4,742,269	4,485,925
Available-for-sale financial assets	2,108	12,983
Deferred income tax assets	11,169	10,727
Amounts due from associates	9	6
Corporate and unallocated assets	107,980	106,353
	<u>4,863,535</u>	<u>4,615,994</u>
Total assets per condensed consolidated balance sheet	<u>4,863,535</u>	<u>4,615,994</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (continued)

Reconciliations of other material items are as follows:

	For the six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Depreciation and amortisation charges		
– Reportable segment total	19,255	23,020
– Corporate headquarters	1,219	1,310
	<u>20,474</u>	<u>24,330</u>
Capital expenditure		
– Reportable segment total	25,346	26,194

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	
	2016 HK\$'000	2015 HK\$'000
North America	319,937	249,648
Asia (excluding Hong Kong)	713,885	963,841
Europe	257,140	334,157
Hong Kong	334,247	355,317
	<u>1,625,209</u>	<u>1,902,963</u>

For the six months ended 30 June 2016, revenues of approximately HK\$475,406,000 (2015: HK\$511,988,000), HK\$376,295,000 (2015: HK\$361,455,000) and HK\$236,162,000 (2015: HK\$231,435,000) were derived from the top three external customers respectively. These customers individually account for 10 percent or more of the Group's revenue. These revenues are attributable to the EMS division.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (continued)

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

	As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
North America	18	26
Asia (excluding Hong Kong)	244,020	233,669
Europe	50	71
Hong Kong	<u>2,385,406</u>	<u>2,197,433</u>
	<u>2,629,494</u>	<u>2,431,199</u>

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

7 OTHER INCOME

	For the six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Rental income	603	419
Others	<u>4,941</u>	<u>4,467</u>
	<u>5,544</u>	<u>4,886</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 PROFIT BEFORE INCOME TAX

Profit before income tax is analysed as follows:

	For the six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Depreciation of property, plant and equipment	20,170	24,011
Amortisation on leasehold land and land use rights	304	319
	<u>20,474</u>	<u>24,330</u>
Depreciation and amortisation charges	20,474	24,330
Operating lease rental in respect of land and buildings	5,926	6,498
Utility expense	12,505	14,430
Transportation	12,977	17,690
Chemicals and consumables	13,232	20,228
Others	30,463	40,668
	<u>75,103</u>	<u>99,514</u>
Other operating expenses	75,103	99,514
	<u>95,577</u>	<u>123,844</u>
Total depreciation, amortisation and other operating expenses	95,577	123,844

9 OTHER LOSSES – NET

	For the six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Losses on financial instrument – net		
– Unrealised	(83)	(118)
– Realised	(270)	(334)
Gains on disposal of property, plant and equipment	1,117	566
Exchange losses – net	(224)	(154)
Write-back of trade and other payables	328	–
Write-back of trade receivables previously written-off	286	–
Translation reserve reclassified to profit or loss on de-registration of a subsidiary	–	(11,553)
Impairment on available-for-sale financial assets	(10,855)	–
Gain on disposal of available-for-sale financial assets	–	7,957
Gain on disposal of nil-paid rights shares of an available-for-sale financial asset	789	–
	<u>(8,912)</u>	<u>(3,636)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 FINANCE COSTS – NET

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Finance income		
Interest income on short-term bank deposits	2,995	6,062
	-----	-----
Finance costs		
Interest expenses on bank borrowings	(8,276)	(9,655)
	-----	-----
Finance costs – net	<u>(5,281)</u>	<u>(3,593)</u>

11 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

The Group's subsidiaries in Mainland China are subject to the China Corporate Tax ("CIT") at the rate of 25% (2015: 25%) on the estimated profits, except for Welco Technology (Suzhou) Limited ("WTSZ"), a wholly owned subsidiary of the Group. WTSZ is eligible for preferential CIT Rate of 15% under the New and High Technology Enterprises status.

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

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	–	4,634
– Overseas taxation	21,768	11,950
Deferred income tax	209	(1,291)
(Over)/under-provision in prior periods		
– Current income tax	(3)	1,457
	-----	-----
	<u>21,974</u>	<u>16,750</u>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 DIVIDENDS

	For the six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Interim dividend – HK\$0.03 (2015: HK\$0.03) per share	<u>14,355</u>	<u>14,355</u>

On 25 August 2016, the Board has resolved to pay an interim dividend of HK\$0.03 per share (2015: HK\$0.03 per share) which is payable on Thursday, 29 September 2016 to the shareholders whose names appear on the Register of Members of the Company on Thursday, 15 September 2016. This interim dividend, amounting to HK\$14,355,000 (2015: HK\$14,355,000) has not been recognised as a liability in this Interim Financial Information. It will be recognised in shareholders' equity in the year ending 31 December 2016.

13 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2016	2015
Profit attributable to owners of the Company (HK\$'000)	202,965	468,341
Weighted average number of ordinary shares in issue (in thousands)	<u>478,484</u>	<u>478,484</u>
Basic earnings per share (HK\$)	<u>0.42</u>	<u>0.98</u>

(b) Diluted

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 CAPITAL EXPENDITURE

	Property, plant and equipment <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Leasehold land and land use rights <i>HK\$'000</i>
For the six months ended 30 June 2016			
Opening net book amount as at 1 January 2016	280,237	27,471	19,367
Additions	25,346	–	–
Disposals	(358)	–	–
Depreciation/amortisation	(20,170)	–	(304)
Currency translation differences	(2,822)	(233)	(218)
	<u>282,233</u>	<u>27,238</u>	<u>18,845</u>
Closing net book amount as at 30 June 2016			
	<u>282,233</u>	<u>27,238</u>	<u>18,845</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>
For the six months ended 30 June 2015			
Opening net book amount as at 1 January 2015	286,357	27,920	21,111
Additions	26,194	–	–
Fair value gains	–	701	–
Depreciation/amortisation	(24,011)	–	(319)
Currency translation differences	255	23	21
	<u>288,795</u>	<u>28,644</u>	<u>20,813</u>
Closing net book amount as at 30 June 2015	<u>288,795</u>	<u>28,644</u>	<u>20,813</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 CAPITAL EXPENDITURE (continued)

The valuations of the investment properties at 30 June 2016 were carried out by an independent firm of surveyors, Roma Appraisals Limited, who is a fellow member of the Hong Kong Institute of Surveyors. The fair value measurement information for these investment properties in accordance with HKFRS 13 is given below.

	Fair value measurements		
	Quoted prices in active markets for identical assets (Level 1) <i>HK\$'000</i>	Significant other observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>
As at 30 June 2016			
Recurring fair value measurements			
Investment properties	–	–	27,238
	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2015			
Recurring fair value measurements			
Investment properties	–	–	27,471
	<u> </u>	<u> </u>	<u> </u>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 CAPITAL EXPENDITURE (continued)

Fair value measurements using significant unobservable inputs (Level 3)

	Investment properties		Total HK\$'000
	Hong Kong HK\$'000	Outside Hong Kong HK\$'000	
At 1 January 2016	7,300	20,171	27,471
Currency translation differences	–	(233)	(233)
At 30 June 2016	7,300	19,938	27,238
Total unrealised gains for the period included in the condensed consolidated income statement for assets held at the end of the period, under 'Change in fair value of investment properties'	–	–	–
At 1 January 2015	7,100	20,820	27,920
Fair value gains	200	501	701
Currency translation differences	–	23	23
At 30 June 2015	7,300	21,344	28,644
Total unrealised gains for the period included in the condensed consolidated income statement for assets held at the end of the period, under 'Change in fair value of investment properties'	200	501	701

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 CAPITAL EXPENDITURE (continued)

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

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

There were no changes in valuation techniques during the period.

As at 30 June 2016, certain bank borrowings are secured on land and buildings with a carrying amount of approximately HK\$89,496,000 (31 December 2015: HK\$90,615,000) (Note 19).

15 INTERESTS IN JOINT VENTURES

	As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
Share of net assets	994,672	846,310
Loans to joint ventures	1,293,096	1,252,266
	<u>2,287,768</u>	<u>2,098,576</u>

Movements in share of net assets is analysed as follows:

	2016 HK\$'000	2015 HK\$'000
At 1 January	846,310	420,300
Share of profit of joint ventures	148,362	414,124
At 30 June	<u>994,672</u>	<u>834,424</u>

Share of profit of joint ventures included the share of fair value gain of investment properties owned by the joint ventures of approximately HK\$141,368,000 (2015: HK\$347,600,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 INTERESTS IN JOINT VENTURES (continued)

As at 30 June 2016, the Group had interests in the following principal joint ventures, which are unlisted:

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

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

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

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

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 2016 HK\$'000	As at 31 December 2015 HK\$'000
0 – 60 days	591,265	535,481
61 – 90 days	124,679	105,482
Over 90 days	39,965	54,476
	<u>755,909</u>	<u>695,439</u>

The carrying amounts of the Group's trade receivables approximated their fair values as at 30 June 2016.

17 NON-CURRENT ASSETS HELD FOR SALE

	As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
Non-current assets held for sale	<u>–</u>	<u>–</u>

Movements in non-current assets held for sale is analysed as follows:

	2016 HK\$'000	2015 HK\$'000
At 1 January	–	18,203
Currency translation differences	<u>–</u>	<u>(361)</u>
At 30 June	<u>–</u>	<u>17,842</u>

On 23 August 2013, the Group entered into a sale and purchase agreement with an independent third party for the disposal of the property and the leasehold land use rights in Vietnam for a consideration of US\$2,800,000. The property and the related land use rights were classified as non-current assets held for sale. The transaction was completed in October 2015 and a disposal gain of approximately HK\$3,547,000 was recognised to the profit or loss for the year ended 31 December 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 TRADE PAYABLES

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

	As at 30 June 2016 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
0 – 60 days	700,325	590,521
61 – 90 days	33,664	59,705
Over 90 days	25,131	7,054
	<u>759,120</u>	<u>657,280</u>

The carrying amounts of the Group's trade payables approximated their fair values as at 30 June 2016.

19 BORROWINGS

	As at 30 June 2016 <i>HK\$'000</i>	As at 31 December 2015 <i>HK\$'000</i>
Long-term bank loans, secured	420,000	420,000
Trust receipt bank loans, unsecured	288,735	363,652
Short-term bank loans, unsecured	150,545	197,292
Portion of a long-term loan due for repayment within one year, secured	15,000	–
Portion of a long-term loan due for repayment after one year, secured	85,000	–
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	20,700	24,150
	<u>986,880</u>	<u>1,011,994</u>
Total borrowings	<u>986,880</u>	<u>1,011,994</u>
Non-current	505,000	420,000
Current	481,880	591,994
	<u>986,880</u>	<u>1,011,994</u>
Total borrowings	<u>986,880</u>	<u>1,011,994</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 BORROWINGS (continued)

As at 30 June 2016, mortgage loan of approximately HK\$27,600,000 (31 December 2015: HK\$31,050,000) was secured by the land and buildings of the Group with a carrying amount of HK\$89,496,000 (31 December 2015: HK\$90,615,000).

As at 30 June 2016, the long-term bank loan of HK\$420,000,000 (31 December 2015: HK\$420,000,000) was secured by the following:

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

20 SHARE CAPITAL

	Number of shares	Nominal value <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2015 and 30 June 2015	700,000,000	70,000
At 1 January 2016 and 30 June 2016	700,000,000	70,000
Issued and fully paid:		
At 1 January 2015 and 30 June 2015	478,483,794	47,848
At 1 January 2016 and 30 June 2016	478,483,794	47,848

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 COMMITMENTS

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

	As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
Contracted but not provided for	<u>1,438</u>	<u>3,188</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 2016 HK\$'000	As at 31 December 2015 HK\$'000
Within 1 year	11,098	10,975
In the 2nd to 5th year inclusive	<u>11,023</u>	<u>16,067</u>
	<u>22,121</u>	<u>27,042</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:

	As at 30 June 2016 HK\$'000	As at 31 December 2015 HK\$'000
Within 1 year	1,487	1,502
In the 2nd to 5th year inclusive	<u>1,371</u>	<u>2,239</u>
	<u>2,858</u>	<u>3,741</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 1.5 years.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 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 2016, Mr. Wong Chung Mat, Ben (together with Salop Investment Limited) and W. S. Wong & Sons Company Limited beneficially owned 28.06% and 19.66% of the issued shares of the Company respectively.

(a) Balances with related parties

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

The loans to joint ventures are set out in note 15 to the condensed consolidated interim financial information. .

(b) Key management compensation

	For the six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Salaries and allowances	9,118	8,583
Bonus	6,445	7,620
Pension costs – defined contribution schemes	62	54
	<u>15,625</u>	<u>16,257</u>

23 SUBSEQUENT EVENT

Subsequent to the period, on 22 August 2016, the Company has entered into a share purchase agreement pursuant to which the Company conditionally agreed to subscribe for 10% of the enlarged share capital in Semk International Enterprises Limited (“SIEL”) at a consideration of HK\$30,800,000 by way of cash. SIEL will operate a business to license and commercialize the “B Duck” design as well as consultancy and design service for other brands. The consideration will be adjusted according to the net profit of the licensing business of SIEL for the year ending 31 December 2016, and in any event will be capped at HK\$50,000,000.

INTERIM DIVIDEND

On 25 August 2016, the Board has resolved to pay an interim dividend of HK\$0.03 per share (2015: HK\$0.03 per share) which is payable on Thursday, 29 September 2016 to the shareholders whose names appear on the Register of Members of the Company on Thursday, 15 September 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 13 September 2016 to Thursday, 15 September 2016, both days inclusive, during which period no transfer of shares shall be effected. To qualify for the above interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 12 September 2016.

REVIEW OF BUSINESS ACTIVITIES

Review of Results

The profit attributable to owners of the Company for the six months ended 30 June 2016 amounted to HK\$203.0 million, as compared to HK\$468.3 million for the corresponding period last year. The decrease was mainly attributable to the decrease in the Group's share of profit in the Group's property development joint venture as there were no sales of office units or car parking spaces and less valuation increase from the investment properties held by the joint venture during the period. Earnings per share for the six months were HK\$0.42 as compared to HK\$0.98 for the corresponding period last year.

The Group's revenue for the six months ended 30 June 2016 was HK\$1,625.2 million, as compared to HK\$1,903.0 million for the corresponding period last year. Operating profit for the six months ended 30 June 2016 was HK\$81.9 million or 5.0% of revenue, as compared to HK\$74.6 million or 3.9% of revenue for the corresponding period last year. The operating profit for the interim period under review was maintained at a stable level owing to a slight improvement in gross profit percentage and cost control measures.

Electronic Manufacturing Service ("EMS") and Original Design and Manufacturing ("ODM") Divisions

Revenue for the EMS Division for the six months ended 30 June 2016 was HK\$1,625.2 million, as compared to HK\$1,901.9 million for the corresponding period last year. The segment profit attributable to the EMS Division was HK\$98.0 million, a 5.2% increase as compared to HK\$93.1 million for the corresponding period last year. The increase in the segment net profit was attributable to a slight improvement in gross profit percentage and cost control measures.

REVIEW OF BUSINESS ACTIVITIES (continued)

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

Revenue for the ODM Division for the six months ended 30 June 2016 was HK\$9 thousand, as compared to the HK\$1.1 million for the corresponding period last year. The sale for the tablets was slow as the market plateaued. However, the research and development efforts in tablets have provided technological innovations and opportunities of value added services to the EMS Division.

Property Investment Division

The Group has two property development joint ventures with Sun Hung Kai Properties Limited on two sites for office buildings in Kwun Tong. The development project at the first site was officially completed in January 2014 and launched into the market in April 2014 under the name of “One Harbour Square”. Market reception for the building was favourable and units were sold steadily in 2014 and 2015. During the interim period under review, there were no sales of office units or car parking spaces but one office was leased, resulting in an increase in equity value of the joint venture, of which the Group’s share was HK\$148.4 million, as compared to the gains from sales and leased properties of HK\$414.1 million for the corresponding period last year.

The construction work for the second development project is proceeding as planned and the foundation and diaphragm wall were completed in February 2015. The site was handed over to the main contractor to commence the development construction in March 2015. The construction of the second site is targeted to be completed in 2017.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group had a total of HK\$2,930.3 million of banking facilities. Total bank borrowings were HK\$986.9 million (2015 December: HK\$1,012.0 million) and no borrowing was arranged by an overseas subsidiary. Cash and cash equivalents and short-term bank deposits were HK\$979.1 million at 30 June 2016 (2015 December: HK\$1,026.8 million). Cash flow generated from operations for the period was HK\$69.2 million.

As at 30 June 2016, the Group had net bank borrowings of HK\$7.8 million (net cash surplus in 2015 December: HK\$14.8 million). Sufficient banking facilities and bank balance are available to meet the cash needs of the Group for its manufacturing operations as well as property development activities.

The Group’s net gearing ratio as at 30 June 2016 stayed at low level of approximately 0.3% (2015 December: net cash surplus), which was calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents and short-term bank deposits.

FOREIGN EXCHANGE AND RISK MANAGEMENT

Most of the Group's sales are conducted in United States dollars and costs and expenses are mainly in United States dollars, Hong Kong dollars, Japanese Yen and Chinese Renminbi. Consistent with the prudent policy in financial risk management, the Group does not engage in any foreign exchange hedging products. The Group will closely monitor and actively manage the currency risk involved.

CAPITAL STRUCTURE

There has been no material change in the Group's capital structure since 31 December 2015 which consists of bank borrowings, cash and cash equivalents, short-term bank deposits and equity attributable to owners of the parent, comprising issued share capital and reserves.

EMPLOYEES

The Group employed approximately 4,300 employees as at 30 June 2016. The Group adopts a remuneration policy which is commensurate with job nature, qualification and experience of employees. In addition to the provision of annual bonuses, medical and life insurances, discretionary bonuses are also rewarded to employees based on individual performance. The remuneration packages and policies are reviewed periodically. The Group also provides in-house and external training programmes to its employees.

PROSPECTS

Based on the current level of orders received and the forecasts provided by our customers, the Company expects that sales with the EMS business in the second half of 2016 will be comparable to the first half. We are cautious about the general business and economic conditions. The outcome of the referendum in the United Kingdom in June 2016 in favor of leaving the European Union implies an important downside risk for the global economy. The investment environment becomes more complex and difficult. This continues to present challenges to our EMS business in terms of its impact on the consumer and business sentiment, investment decisions, commodity prices, operating expenses and ultimately our competitiveness. The Company shall continue to improve operation efficiency through automation, lean, energy conservation and stringent cost control initiatives to meet the challenges. We strive to provide high quality, value-added services for our customers and continue to expand and enhance our service offering to meet industry needs.

As a result of the near completion of the first property development project in Kwun Tong, namely One Harbour Square, the share of profit from the property development joint venture in the second half of 2016 is expected to be minimal. Same as indicated previously, it is the Group's preference to hold its interest in the property development projects for long term and for leasing purposes after taking into consideration the market conditions and the financing requirements. The Company has been discussing with Sun Hung Kai Properties Limited a proposal to separate the parties' interests in One Harbour Square. These discussions are ongoing and no binding agreements have yet been signed. A further announcement will be made when and if agreement is reached. The above arrangements do not affect the second property development project at an adjacent site in Kwun Tong. Construction of the second project is targeted to be completed in late 2017. Sufficient funding in the form of committed bank loans have been arranged to complete the second project.

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 addition, Wong's F&B Limited, which is also a wholly-owned subsidiary of the Company, has also been awarded the Caring Company Logo in March 2016. These serve as recognition of the Group's active participation in community activities and good corporate citizenship.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 30 June 2016, 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>)	134,304,740	28.06%
Wong Yin Man, Ada	Beneficial owner	1,000,000	0.21%
Chan Tsze Wah, Gabriel	Beneficial owner	1,837,500	0.38%
Wan Man Keung	Beneficial owner	1,000,000	0.21%
Yu Sun Say	Beneficial owner	500,000	0.10%

Note:

Mr. Wong Chung Mat, Ben was deemed (by virtue of the SFO) to be interested in 134,304,740 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) 133,304,740 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 2016, 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 2016, 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>	133,304,740	27.85%
W. S. Wong & Sons Company Limited	Beneficial owner <i>(Note 2)</i>	94,052,019	19.66%
Wong Chung Yin, Michael	Beneficial owner, joint interest, interest of spouse and interest of controlled corporation <i>(Note 3)</i>	78,546,001	16.41%
Woo Sin Ming	Joint interest, interest of spouse and interest of controlled corporation <i>(Note 3)</i>	78,546,001	16.41%
Levy Investment Limited	Beneficial owner <i>(Note 3(d))</i>	45,820,212	9.58%
Wong Chung Ah, Johnny	Beneficial owner, interest of spouse and founder of a discretionary trust <i>(Note 4)</i>	44,343,317	9.26%
Kong King International Limited	Beneficial owner <i>(Note 4(c))</i>	42,108,317	8.80%
Mountainview International Limited	Trustee <i>(Note 4(c))</i>	42,108,317	8.80%
HSBC International Trustee Limited	Trustee <i>(Note 5)</i>	46,123,753	9.63%

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 and his wife, Ms. Woo Sin Ming, were deemed (by virtue of the SFO) to be interested in the same block of 78,546,001 shares in the Company. These shares were held in the following capacity:
 - (a) 4,247,829 shares were held by Mr. Wong Chung Yin, Michael personally.
 - (b) 10,893,000 shares were held by Mr. Wong Chung Yin, Michael and Ms. Woo Sin Ming jointly.
 - (c) 17,584,960 shares were held by Levy Pacific Limited, which was wholly owned and controlled by Ms. Woo Sin Ming.
 - (d) 45,820,212 shares were held by Levy Investment Limited, which was wholly owned and controlled by Mr. Wong Chung Yin, Michael. Each of Mr. Wong Chung Yin, Michael, Ms. Woo Sin Ming and Levy Investment Limited was deemed to be interested in the same block of 45,820,212 shares.
4. Mr. Wong Chung Ah, Johnny was deemed (by virtue of the SFO) to be interested in 44,343,317 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) 42,108,317 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) and HSBC International Trustee Limited was the trustee. Kong King International Limited was wholly owned by Mountainview International Limited, which was wholly owned by HSBC International Trustee Limited. Each of Mr. Wong Chung Ah, Johnny, Kong King International Limited, Mountainview International Limited and HSBC International Trustee Limited was deemed to be interested in the same block of 42,108,317 shares. Please refer to Note 5(a) below.
5. HSBC International Trustee Limited was deemed (by virtue of the SFO) to be interested in 46,123,753 shares in the Company. These shares were held in the following capacity:
 - (a) 42,108,317 shares were held by Kong King International Limited under a discretionary trust, of which HSBC International Trustee Limited was the trustee. Please refer to Note 4(c) above.
 - (b) 4,015,436 shares were held by Sycamore Assets Limited under a discretionary trust, of which HSBC International Trustee Limited was the trustee.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS (continued)

Long positions in shares of the Company (continued)

Save as disclosed, the Directors are not aware of any other persons who, as at 30 June 2016, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTIONS

The Company has adopted a share option scheme (the “Scheme”) on 2 June 2010. No option has been granted under the Scheme since its adoption date and up to 30 June 2016.

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

During the six months ended 30 June 2016, 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 2016, 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.

CORPORATE GOVERNANCE CODE (continued)

Code provision A.4.1

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

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

Code provisions A.5.1 to A.5.4

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

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

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

The Company has adopted the Model Code 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 2016.

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

Directors' relationship with substantial shareholder

Mr. Wong Chung Mat, Ben, Chairman and Chief Executive Officer of the Company, is the brother-in-law of Ms. Woo Sin Ming who has become a substantial shareholder of the Company in March 2016. Ms. Wong Yin Man, Ada, Executive Director of the Company, is a niece of Ms. Woo Sin Ming.

AUDIT COMMITTEE

The Audit Committee, which comprises of three Independent Non-executive Directors, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal control systems and financial reporting matters including a review of the unaudited interim financial information for the six months ended 30 June 2016.

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

Hong Kong, 25 August 2016

BOARD OF DIRECTORS

Executive Directors:

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

Independent Non-executive Directors:

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