



WONG'S INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2002

The Directors announce that the unaudited consolidated results of the Group for the six months ended 30th June, 2002 were as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30TH JUNE, 2002

		Six months ended 30th June,	
	Notes	2002 HK\$'000 (Unaudited)	2001 HK\$'000 (Unaudited)
Turnover	3	816,834	1,293,133
Interest income		18,616	54,556
Net unrealized gain on investments in securities		1,718	981
Other income		1,270	19,865
Changes in inventories of finished goods and work in progress		25,103	2,846
Raw materials and consumables used		(651,516)	(1,079,140)
		(626,413)	(1,076,294)
Staff costs		(79,039)	(83,083)
Depreciation and amortisation expenses		(25,191)	(40,545)
Other operating expenses		(70,841)	(93,024)
Profit from operations		36,954	75,589
Finance costs		(5,587)	(20,953)
Loss on disposal of interests in associates		(705)	—
Share of results of associates		547	(11,333)
Profit on disposal of discontinued operations		—	35,924
Profit before taxation		31,209	79,227
Taxation	4	(4,080)	(4,733)
Profit before minority interests		27,129	74,494
Minority interests		2	(23,437)
Net profit for the period		27,131	51,057
Dividend		938,513	14,045
Earnings per share			
Basic	5	5.81 cents	10.93 cents
Diluted	5	5.81 cents	10.90 cents

Notes:

1. PRINCIPAL ACCOUNTING POLICIES/ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and certain investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2001, except as described below.

In the current period, the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice ("SSAP") issued by the Hong Kong Society of Accountants as follows:

SSAP 1 (revised)	Presentation of financial statements
SSAP 11 (revised)	Foreign currency translation
SSAP 15 (revised)	Cash flow statements

Presentation of financial statements

Under SSAP 1(Revised) "Presentation of Financial Statements", the Group has chosen to present a comprehensive equity reconciliation as a primary financial statement, which disclose all movements in equity.

Foreign currencies

The revisions to SSAP 11 "Foreign Currency Translation" have eliminated the choice of translating the income statements of overseas subsidiaries and associates at the closing rate for the period. They are now required to be translated at an average rate. Accordingly, on consolidation, the assets and liabilities of the Group's subsidiaries and associates are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the subsidiaries and associates are disposed of. This change in accounting policy has not had any material effect on the results for the current or prior accounting periods.

Cash flow statements

In the current period, the Group has adopted SSAP 15 (Revised) "Cash Flow Statements". Under SSAP 15 (Revised), cash flows are classified under three headings - operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under a separate heading, are classified as investing or financing cash flows. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities. In addition, the amounts presented for cash and cash equivalents have been amended to exclude bank overdraft that are financing in nature. The re-definition of cash and cash equivalents has resulted in a restatement in the comparative amounts shown in the cash flow statement.

The adoption of the above standards has only resulted in change on the format of presentation of the cash flow statement and the statement of changes in equity but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required other than the restatement of the amount of cash and cash equivalent as at 30th June, 2001 disclosed in the cash flow statement.

2. SEGMENT INFORMATION

Segment information for the six months ended 30th June, 2002 and 2001 is as follows:

Business segments

	For the six months ended 30th June, 2002				
	EMS division HK\$'000	ODM division HK\$'000	Other divisions* HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	794,263	6,822	15,749	—	816,834
Inter-segment sales	<u>15,148</u>	<u>—</u>	<u>3,805</u>	<u>(18,953)</u>	<u>—</u>
Total revenue	<u>809,411</u>	<u>6,822</u>	<u>19,554</u>	<u>(18,953)</u>	<u>816,834</u>
SEGMENT RESULT	<u>36,612</u>	<u>(14,843)</u>	<u>(9,495)</u>	<u>4,794</u>	17,068
Unallocated revenue					<u>19,886</u>
Profit from operations					<u>36,954</u>

	For the six months ended 30th June, 2001				
	EMS division HK\$'000	ODM division HK\$'000	Other divisions* HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	1,283,218	—	9,915	—	1,293,133
Inter-segment sales	<u>—</u>	<u>—</u>	<u>14,363</u>	<u>(14,363)</u>	<u>—</u>
Total revenue	<u>1,283,218</u>	<u>—</u>	<u>24,278</u>	<u>(14,363)</u>	<u>1,293,133</u>
SEGMENT RESULT	<u>27,443</u>	<u>—</u>	<u>(14,769)</u>	<u>2,356</u>	15,030
Unallocated					
corporate expenses					(8,338)
Unallocated revenue					<u>68,897</u>
Profit from operations					<u>75,589</u>

* Other divisions included properties investment and sales of goods other than EMS and ODM products.

3. TURNOVER

Turnover represents the aggregate of gross invoiced sales less returns and discounts.

A geographical analysis of the Group's turnover is shown below:

	Six months ended	
	30th June,	
	2002	2001
	HK\$'000	HK\$'000
North America	315,263	483,563
Asia other than Hong Kong	145,134	389,518
Europe	51,998	68,017
	512,395	941,098
Hong Kong	304,439	352,035
	816,834	1,293,133

Contribution to profit by geographical market has not been presented as the contribution to profit from each market is closely proportional to turnover attributable to that market.

4. TAXATION

	Six months ended	
	30th June,	
	2002	2001
	HK\$'000	HK\$'000
Profits tax		
Hong Kong	3,764	2,555
Other jurisdictions	413	1,415
Deferred taxation	(97)	346
	4,080	4,316
Taxation attributable to the Company and its subsidiaries	4,080	4,316
Share of taxation attributable to associates	—	417
	4,080	4,733

Hong Kong Profits Tax has been provided for at 16% (2001: 16%) on the estimated assessable profits for the period of the relevant members of the Group in Hong Kong. Taxation arising in other jurisdictions has been provided for in accordance with the rates prevailing in the respective jurisdictions.

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the Group's net profit for the period of HK\$27,131,000 (2001: HK\$51,057,000) and the following data:

	Six months ended 30th June, 2002 2001	
Weighted average number of ordinary shares for the purposes of basic earnings per share	466,921,794	466,970,180
Effect of dilutive potential ordinary shares:		
Options	<u>—</u>	<u>1,481,388</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>466,921,794</u>	<u>468,451,568</u>

During the six months ended 30th June, 2002, there was no share options outstanding.

INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend of HK\$0.01 per share (2001: HK\$0.03). In addition, in view of the substantial amount of surplus cash held by the Group, which is in excess of the Group's immediate operating and investment needs, the Directors have also resolved to pay a special interim dividend of HK\$2.00 per share (2001: Nil). The afore-mentioned interim dividend and special interim dividend will be paid on Thursday, 31st October, 2002 to the shareholders on the Register of Members on Friday, 25th October, 2002.

The Register of Members will be closed from Monday, 21st October, 2002 to Friday, 25th October, 2002, both days inclusive, during which period no further transfer of shares will be effected. To qualify for the above dividends, all transfers accompanied by the relevant certificates must be lodged with the Company's registrars, Standard Registrars Limited, 5/F., Wing On Centre, 111 Connaught Road Central, Hong Kong for registration not later than 4:00 p.m. on Friday, 18th October, 2002.

REVIEW OF BUSINESS ACTIVITIES

The Group's turnover and profit from operations decreased by about 36.8% and 51.1% respectively compared to the first half of 2001. The fall in turnover was mainly caused by a decrease in sales of the Electronic Manufacturing Service Division while the reduction in profit is mainly attributable to reduced interest income due to lower interest rate.

Due to the sluggishness of the global economy and the termination of the production of mobile phones by a customer in the second half of last year, the turnover of the Electronic Manufacturing Service Division ("EMS Division"), previously known as the Electronic Products Assembly Division, declined 38.1% compared to the corresponding period last year. However, the Division's profit before taxation improved by 50.3% as a result of reduced costs and expenses. During the period under review, the Division continued its efforts to reduce overheads and improve operational efficiency. In June, its factory in Shajing, Shenzhen passed the QS9000 certification audit. The Division is also building a new factory in Suzhou, China, which is expected to commence operation in the first quarter of 2003. A

couple of the Division's customers have indicated interest in placing orders with that factory for close-to-customer deliveries after its operation commences. In May, 2002 the Division completed an acquisition of its joint venture partner's interest in the factory in Mexicali, Mexico. Since then, considerable efforts have been made to rationalize the factory's operations and certain machinery and equipment were acquired to improve its manufacturing capability. Recently, the factory has acquired a new strategic customer.

During the period under review, BroadMax, the Original Product Development and Marketing Division of the Group, continued its efforts to market and sell Ayschronous Digital Subscriber Line (ADSL) Customer Premises Equipment (CPE) modem. Due to the weak demand in the U.S. telecommunication and ISP market, BroadMax has increased its focus on other markets such as China, Europe, Japan, SouthEast Asia and South America. Two low-cost models have been developed and they are targeted at the markets in China and Europe. The development of webphone is in the final stage and samples have been delivered to potential customers for evaluation.

BroadMax is studying to develop the Very High Speed DSL (VDSL) modem and to further enhance the application of the webphone to include the Voice and Video over ADSL. BroadMax intends to expand the development work into its facility in Shenzhen in future in order to increase our development resources and to respond quickly to the market in China.

The residential property market in Hong Kong continued to be slow. However, the Directors do not deem it necessary to make additional provisions against its two residential development projects. The project in Kowloon Tong carries a net book value which is close to its prevailing market value. As for the project in the Mid-levels, the yield from rentals is already in the upper part of the market range.

FINANCE

As at 30th June, 2002, the Group's cash deposits exceeded its bank borrowings by about HK\$1.17 billion. At the same date, the Group's total liabilities, excluding minority interests and proposed dividends, amounted to approximately 39.0% of the Group's shareholders' equity compared to 36.2% as at 31st December, 2001. Such increase was mainly caused by the payment of a special dividend of HK\$0.45 in June, 2002, which has significantly reduced the Group's shareholders' equity.

Approximately HK\$938.5 million will be utilized to pay the special interim dividend mentioned above. The Directors will decide the way in which the Group's remaining surplus cash should be applied in due course.

The Group's costs of materials and expenditures are mainly U.S. dollars and sales revenues are mainly in U.S. dollars. Expenditures in other currencies are usually hedged by forward exchange contracts.

CAPITAL STRUCTURE

There has been no material change in the capital structure of the Group since 31st December, 2001.

EMPLOYEES

As at 30th June, 2002, the Group employed approximately 3,100 employees, out of which approximately 2,100 are production workers. In addition to the provision of annual bonuses, medical and life insurances, and in-house and external training programs, discretionary bonuses and share options are also available to employees based on their performance. The remuneration policy and packages of the Group are reviewed from time to time.

PROSPECT

Notwithstanding the unfavorable economic climate, the Directors aim to improve the profitability of the EMS Division this year. The Directors are also optimistic that the factories in Mexico and Suzhou will benefit the Group's business in the long term.

As for BroadMax, while shipments to the U.S. have picked up and quantity deliveries to China have started, due to the unfavorable market conditions at present and the price pressure in the market as a result of fierce competition, the Directors do not expect it to benefit the Group's results in the current financial year. The Directors remain optimistic, however, as to BroadMax's ability to contribute positively to the Group's results in the long-term.

On behalf of the Directors, I would like to thank our employees for their loyalty and devotion to the Group. I would also like to thank our customers, suppliers and business partners of their continued confidence in and support for the Group.

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

During the six months ended 30th June, 2002, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th June, 2002, in compliance with Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that Non-executive Directors are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws of the Company.

AUDIT COMMITTEE

The Audit Committee 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 accounts for the six months ended 30th June, 2002.

DETAILED RESULTS ANNOUNCEMENT

A detailed results announcement containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited will be subsequently published on the Stock Exchange of Hong Kong Limited's website in due course.

WONG CHUNG AH, JOHNNY
Chairman

Hong Kong, 19th September, 2002

Please also refer to the published version of this announcement in The Standard.