



**WONG'S KONG KING INTERNATIONAL (HOLDINGS) LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 0532)

**INTERIM REPORT 2011**

## INTERIM RESULTS

The Board of Directors of Wong's Kong King International (Holdings) Limited (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 together with comparative figures for the corresponding period in 2010 are as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

|  |      | Six months ended<br>30 June     |                                 |
|--|------|---------------------------------|---------------------------------|
|  | Note | 2011<br>(Unaudited)<br>HK\$'000 | 2010<br>(Unaudited)<br>HK\$'000 |
| Revenue  | 3    | 2,567,435                       | 2,314,252                       |
| Investment income  |      | 208                             | 3,108                           |
| Raw materials and consumables used   |      | (1,335,336)                     | (1,035,856)                     |
| Purchases of finished goods  |      | (730,151)                       | (852,404)                       |
| Changes in inventories of finished goods and work in progress              |      | 6,598                           | 39,063                          |
| Other manufacturing overhead   |      | (39,899)                        | (31,793)                        |
| Employee benefits expense  |      | (277,074)                       | (240,469)                       |
| Depreciation and amortisation  |      | (29,933)                        | (29,739)                        |
| Other expenses   |      | (121,828)                       | (101,073)                       |
| Operating profit   |      | 40,020                          | 65,089                          |
| Finance income   | 4    | 35,733                          | 1,483                           |
| Finance costs  | 4    | (16,586)                        | (4,056)                         |
| Finance income/(costs), net  | 4    | 19,147                          | (2,573)                         |
| Share of results of an associate   |      | (670)                           | 869                             |
| Allowance for doubtful debt on amount due from a jointly controlled entity |      | (215)                           | (97)                            |
| Profit before income tax   | 3    | 58,282                          | 63,288                          |
| Income tax expense   | 5    | (22,395)                        | (15,160)                        |
| Profit for the period  |      | 35,887                          | 48,128                          |
| <b>Attributable to:</b>  |      |                                 |                                 |
| Equity holders of the Company  |      | 31,286                          | 36,950                          |
| Non-controlling interests  |      | 4,601                           | 11,178                          |
|  |      | 35,887                          | 48,128                          |
| <b>DIVIDENDS</b>   |      | 7,397                           | 7,395                           |
| <b>EARNINGS PER SHARE</b><br>(expressed in HK cents per share)             | 6    |                                 |                                 |
| – basic  |      | 4.23                            | 5.00                            |
| – diluted  |      | 4.19                            | 4.97                            |

## INTERIM RESULTS

### CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2011

|  | Note | 30 June<br>2011<br>(Unaudited)<br>HK\$'000 | 31 December<br>2010<br>(Audited)<br>HK\$'000 |
|--|------|--|--|
| <b>ASSETS</b>                            |      |  |  |
| <b>NON-CURRENT ASSETS</b>                |      |  |  |
| Land use rights                          |      | 14,929                                     | 15,109                                       |
| Property, plant and equipment            |      | 605,283                                    | 596,317                                      |
| Intangible assets                        |      | 15,908                                     | 15,363                                       |
| Interest in an associate                 |      | 2,940                                      | 3,949  |
| Interests in jointly controlled entities |      | 482  | 697  |
| Deferred tax assets                      |      | 8,161                                      | 8,741  |
| Available-for-sale financial assets      |      | 29,330                                     | 29,330                                       |
| Long term deposits                       |      | 1,970                                      | 1,892  |
| Club membership and debentures           |      | 12,044                                     | 12,250                                       |
| <b>TOTAL NON-CURRENT ASSETS</b>          |      | <b>691,047</b>                             | <b>683,648</b>                               |
| <b>CURRENT ASSETS</b>                    |      |  |  |
| Inventories                              |      | 899,594                                    | 683,713                                      |
| Trade and other receivables              | 7    | 1,228,254                                  | 1,126,492                                    |
| Deposits and prepayments                 |      | 89,520                                     | 65,851                                       |
| Tax recoverable                          |      | 1,379                                      | 1,423  |
| Derivative financial instruments         |      | 135  | 2,114  |
| Bank balances and cash                   |      | 1,473,403                                  | 1,083,337                                    |
| <b>TOTAL CURRENT ASSETS</b>              |      | <b>3,692,285</b>                           | <b>2,962,930</b>                             |
| <b>TOTAL ASSETS</b>                      |      | <b>4,383,332</b>                           | <b>3,646,578</b>                             |
| <b>LIABILITIES</b>                       |      |  |  |
| <b>NON-CURRENT LIABILITIES</b>           |      |  |  |
| Obligations under finance leases         |      |  |  |
| – due after one year                     |      | –  | 178  |
| Deferred tax liabilities                 |      | 12   | 12   |
| Retirement benefit obligations           |      | 1,603                                      | 1,044  |
| <b>TOTAL NON-CURRENT LIABILITIES</b>     |      | <b>1,615</b>                               | <b>1,234</b>                                 |

## INTERIM RESULTS

### CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AT 30 JUNE 2011

|  |      | 30 June<br>2011<br>(Unaudited)<br>HK\$'000 | 31 December<br>2010<br>(Audited)<br>HK\$'000 |
|--|------|--|--|
|  | Note |  |  |
| <b>CURRENT LIABILITIES</b>   |      |  |  |
| Trade, bill and other payables   | 8    | 1,025,331                                  | 916,525                                      |
| Current income tax liabilities   |      | 25,462                                     | 22,071                                       |
| Bank borrowings – due within<br>one year                                     | 10   | 1,900,075                                  | 1,287,257                                    |
| Bank overdraft, secured  |      | 11,604                                     | 11,951                                       |
| Obligations under finance leases<br>– due within one year                    |      | –  | 171  |
| Derivative financial instruments   |      | 15,231                                     | 11,565                                       |
| <b>TOTAL CURRENT LIABILITIES</b>   |      | <b>2,977,703</b>                           | 2,249,540                                    |
| <b>TOTAL LIABILITIES</b>   |      | <b>2,979,318</b>                           | 2,250,774                                    |
| <b>EQUITY</b>  |      |  |  |
| <b>Capital and reserves attributable to<br/>the Company's equity holders</b> |      |  |  |
| Share capital  | 9    | 73,967                                     | 73,952                                       |
| Reserves   |      | 1,252,631                                  | 1,229,906                                    |
|  |      | <b>1,326,598</b>                           | 1,303,858                                    |
| Non-controlling interests  |      | 77,416                                     | 91,946                                       |
| <b>TOTAL EQUITY</b>  |      | <b>1,404,014</b>                           | 1,395,804                                    |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <b>4,383,332</b>                           | 3,646,578                                    |
| <b>NET CURRENT ASSETS</b>  |      | <b>714,582</b>                             | 713,390                                      |
| <b>TOTAL ASSETS LESS<br/>CURRENT LIABILITIES</b>                             |      | <b>1,405,629</b>                           | 1,397,038                                    |

## INTERIM RESULTS

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2011

|   | Six months ended<br>30 June     |                                 |
|---|---------------------------------|---------------------------------|
|   | 2011<br>(Unaudited)<br>HK\$'000 | 2010<br>(Unaudited)<br>HK\$'000 |
| Profit for the period   | 35,887                          | 48,128                          |
| OTHER COMPREHENSIVE INCOME                                    |                                 |                                 |
| Currency translation differences                              | 7,399                           | 1,009                           |
| TOTAL COMPREHENSIVE INCOME<br>FOR THE PERIOD                  | 43,286                          | 49,137                          |
| TOTAL COMPREHENSIVE INCOME<br>FOR THE PERIOD ATTRIBUTABLE TO: |                                 |                                 |
| – equity holders of the Company                               | 37,449                          | 37,546                          |
| – non-controlling interests                                   | 5,837                           | 11,591                          |
|   | 43,286                          | 49,137                          |

# INTERIM RESULTS

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2011

|  | Attributable to equity holders of the Company |               |                            |                     |                 |                     |                       |                  |           | Non-controlling interests | Total equity |
|--|---|---------------|----------------------------|---------------------|-----------------|---------------------|-----------------------|------------------|-----------|---------------------------|--------------|
|  | Share capital                                 | Share premium | Capital redemption reserve | Contributed surplus | Special reserve | Translation reserve | Share options reserve | Retained profits | Total     |                           |              |
|  | HK\$'000                                      | HK\$'000      | HK\$'000                   | HK\$'000            | HK\$'000        | HK\$'000            | HK\$'000              | HK\$'000         | HK\$'000  |                           |              |
| Balance at 1 January 2011                                    | 73,952  | 89,645        | 1,610                      | 26,624              | 5,008           | 10,243              | 772                   | 1,096,004        | 1,303,858 | 91,946                    | 1,395,804    |
| Comprehensive income   |   |               |                            |                     |                 |                     |                       |                  |           |                           |              |
| Profit for the period  | -   | -             | -                          | -                   | -               | -                   | -                     | 31,286           | 31,286    | 4,601                     | 35,887       |
| Other comprehensive income                                   |   |               |                            |                     |                 |                     |                       |                  |           |                           |              |
| Currency translation differences                             | -   | -             | -                          | -                   | -               | 6,163               | -                     | -                | 6,163     | 1,236                     | 7,399        |
| Total comprehensive income for the period ended 30 June 2011 | -   | -             | -                          | -                   | -               | 6,163               | -                     | 31,286           | 37,449    | 5,837                     | 43,286       |
| Issue of ordinary shares upon exercise of share options      | 15  | 69            | -                          | -                   | -               | -                   | (7)                   | 7                | 84        | -                         | 84           |
| 2010 final dividend  | -   | -             | -                          | -                   | -               | -                   | -                     | (14,793)         | (14,793)  | -                         | (14,793)     |
| Dividend payable to non-controlling interests                | -   | -             | -                          | -                   | -               | -                   | -                     | -                | -         | (20,367)                  | (20,367)     |
| Balance at 30 June 2011                                      | 73,967  | 89,714        | 1,610                      | 26,624              | 5,008           | 16,406              | 785                   | 1,112,504        | 1,326,598 | 77,416                    | 1,404,014    |
|  | Attributable to equity holders of the Company |               |                            |                     |                 |                     |                       |                  |           | Non-controlling interests | Total equity |
|  | Share capital                                 | Share premium | Capital redemption reserve | Contributed surplus | Special reserve | Translation reserve | Share options reserve | Retained profits | Total     |                           |              |
|  | HK\$'000                                      | HK\$'000      | HK\$'000                   | HK\$'000            | HK\$'000        | HK\$'000            | HK\$'000              | HK\$'000         | HK\$'000  |                           |              |
| Balance at 1 January 2010                                    | 73,930  | 89,546        | 1,610                      | 26,624              | 5,008           | (1,529)             | 781                   | 968,288          | 1,164,258 | 68,238                    | 1,232,496    |
| Comprehensive income   |   |               |                            |                     |                 |                     |                       |                  |           |                           |              |
| Profit for the period  | -   | -             | -                          | -                   | -               | -                   | -                     | 36,950           | 36,950    | 11,178                    | 48,128       |
| Other comprehensive income                                   |   |               |                            |                     |                 |                     |                       |                  |           |                           |              |
| Currency translation differences                             | -   | -             | -                          | -                   | -               | 596                 | -                     | -                | 596       | 413                       | 1,009        |
| Total comprehensive income for the period ended 30 June 2010 | -   | -             | -                          | -                   | -               | 596                 | -                     | 36,950           | 37,546    | 11,591                    | 49,137       |
| Issue of ordinary shares upon exercise of share options      | 22  | 99            | -                          | -                   | -               | -                   | (10)                  | 10               | 121       | -                         | 121          |
| Dividend payable to non-controlling interests                | -   | -             | -                          | -                   | -               | -                   | -                     | -                | -         | (9,046)                   | (9,046)      |
| Balance at 30 June 2010                                      | 73,952  | 89,645        | 1,610                      | 26,624              | 5,008           | (933)               | 771                   | 1,005,248        | 1,201,925 | 70,783                    | 1,272,708    |

## INTERIM RESULTS

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2011

|   | Six months ended<br>30 June     |                                 |
|---|---------------------------------|---------------------------------|
|   | 2011<br>(Unaudited)<br>HK\$'000 | 2010<br>(Unaudited)<br>HK\$'000 |
| NET CASH (USED IN)/GENERATED FROM<br>OPERATING ACTIVITIES     | <b>(173,184)</b>                | 67,030                          |
| NET CASH USED IN INVESTING<br>ACTIVITIES                      | <b>(338,527)</b>                | (215,136)                       |
| NET CASH GENERATED FROM<br>FINANCING ACTIVITIES               | <b>560,806</b>                  | 293,717                         |
| INCREASE IN CASH AND CASH<br>EQUIVALENTS                      | <b>49,095</b>                   | 145,611                         |
| CASH AND CASH EQUIVALENTS<br>AT 1 JANUARY                     | <b>228,568</b>                  | 245,750                         |
| EFFECT OF FOREIGN EXCHANGE<br>RATE CHANGES                    | <b>4,388</b>                    | 824                             |
| CASH AND CASH EQUIVALENTS<br>AT 30 JUNE                       | <b>282,051</b>                  | 392,185                         |
| ANALYSIS OF THE BALANCES OF CASH<br>AND CASH EQUIVALENTS      |                                 |                                 |
| Bank balances and cash<br>(excluding short-term time deposit) | <b>293,655</b>                  | 402,325                         |
| Bank overdrafts, secured                                      | <b>(11,604)</b>                 | (10,140)                        |
|   | <b>282,051</b>                  | 392,185                         |

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*For the six months ended 30 June 2011*

### 1. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with HKFRSs.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared in consistent with those principal accounting policies followed in the Annual Report 2010 except the adoption of new Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as “new HKFRSs”) which are effective for accounting periods commencing on or after 1 January 2011.

- (a) Standards, amendments and interpretations to existing standards effective in 2011 but are not relevant or have no significant impact to the Group.
- HKAS 24 (Revised), ‘Related party disclosures’
  - HKAS 34 (Amendment), ‘Interim financial reporting’
  - HKAS 32 (Amendment), ‘Classification of rights issues’
  - HK(IFRIC)-Int 14 (Amendment), ‘Prepayments of a minimum funding requirement’
  - HK(IFRIC)-Int 19, ‘Extinguishing financial liabilities with equity instruments’
  - The third annual improvements project to HKFRSs were issued in May 2010 by the HKICPA



## INTERIM RESULTS

### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

- (b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

|                        |  | Effective for<br>annual periods<br>beginning<br>on or after |
|------------------------|--|---|
| HKAS 1<br>(Revised)    | Presentation of Items of Other<br>Comprehensive Income                         | 1 July 2012   |
| HKAS 12<br>(Amendment) | Deferred tax: Recovery of<br>underlying assets                                 | 1 January 2012  |
| HKAS 19                | Employee benefits  | 1 January 2013  |
| HKAS 27                | Separate financial statements  | 1 January 2013  |
| HKAS 28                | Investment in associates and<br>joint ventures                                 | 1 January 2013  |
| HKFRS 1<br>(Amendment) | Severe Hyperinflation and<br>Removal of Fixed Dates for<br>First-time Adopters | 1 July 2011   |
| HKFRS 7<br>(Amendment) | Disclosures – Transfers of<br>financial assets                                 | 1 July 2011   |
| HKFRS 9                | Financial instruments  | 1 January 2013  |
| HKFRS 10               | Consolidated financial<br>statements   | 1 January 2013  |
| HKFRS 11               | Joint arrangements   | 1 January 2013  |
| HKFRS 12               | Disclosure of interests in other<br>entities                                   | 1 January 2013  |
| HKFRS 13               | Fair value measurement   | 1 January 2013  |

## INTERIM RESULTS

### 3. SEGMENTAL INFORMATION

The Chief Operation Decision-Maker (“CODM”) has been identified as directors of the Company. CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. It has determined the operating segments based on these reports. The Group is currently organised into two operating segments – trading and manufacturing. These segments are the basis on which the Group reports its principal activities information.

- Trading – trading and distribution of chemicals, materials and equipment used in the manufacturing of printed circuit boards and electronic products
- Manufacturing – manufacturing of electrical and electronic products

The segment information for the six months ended 30 June 2011 are as follows:

|  | Trading<br>HK\$'000 | Manufacturing<br>HK\$'000 | Others<br>HK\$'000 | Eliminations<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--|---------------------|---------------------------|--------------------|--------------------------|--------------------------|
| <b>Revenue</b>   |                     |                           |                    |                          |                          |
| External sales   | 1,081,115           | 1,461,012                 | 25,308             | -                        | 2,567,435                |
| Inter-segment sales  | 165,684             | 1,335                     | 15,338             | (182,357)                | -                        |
| <b>Total</b>   | <b>1,246,799</b>    | <b>1,462,347</b>          | <b>40,646</b>      | <b>(182,357)</b>         | <b>2,567,435</b>         |
| <b>Results</b>   |                     |                           |                    |                          |                          |
| Segment results after finance<br>income/(costs)                                  | 45,131              | 24,735                    | (10,199)           | (500)                    | 59,167                   |
| Share of results of an associate   |                     |                           |                    |                          | (670)                    |
| Allowance for doubtful debt<br>on amount due from a<br>jointly controlled entity |                     |                           |                    |                          | (215)                    |
| <b>Profit before income tax</b>  |                     |                           |                    |                          | <b>58,282</b>            |

## INTERIM RESULTS

### 3. SEGMENTAL INFORMATION (CONTINUED)

The segment information for the six months ended 30 June 2010 are as follows:

|  | Trading<br>HK\$'000 | Manufacturing<br>HK\$'000 | Others<br>HK\$'000 | Eliminations<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--|---------------------|---------------------------|--------------------|--------------------------|--------------------------|
| <b>Revenue</b>   |                     |                           |                    |                          |                          |
| External sales   | 1,129,521           | 1,158,366                 | 26,365             | -                        | 2,314,252                |
| Inter-segment sales  | 150,039             | 1,234                     | 16,141             | (167,414)                | -                        |
| <b>Total</b>   | <b>1,279,560</b>    | <b>1,159,600</b>          | <b>42,506</b>      | <b>(167,414)</b>         | <b>2,314,252</b>         |
| <b>Results</b>   |                     |                           |                    |                          |                          |
| Segment results after finance<br>income/(costs)                                  | 55,529              | 11,957                    | (3,912)            | (1,058)                  | 62,516                   |
| Share of results of an associate   |                     |                           |                    |                          | 869                      |
| Allowance for doubtful debt<br>on amount due from a<br>jointly controlled entity |                     |                           |                    |                          | (97)                     |
| <b>Profit before income tax</b>  |                     |                           |                    |                          | <b>63,288</b>            |

### 4. FINANCE INCOME/(COSTS), NET

|  | <b>Six months ended<br/>30 June</b> |                 |
|--|-------------------------------------|-----------------|
|  | <b>2011</b>                         | <b>2010</b>     |
|  | <b>HK\$'000</b>                     | <b>HK\$'000</b> |
| Interest income  | <b>16,466</b>                       | 1,483           |
| Net foreign exchange gain on<br>bank deposits                                      | <b>19,267</b>                       | -               |
|  | <b>35,733</b>                       | 1,483           |
| Interest expense   | <b>(12,261)</b>                     | (4,056)         |
| Fair value loss on foreign<br>exchange forward contracts and<br>interest rate swap | <b>(4,325)</b>                      | -               |
|  | <b>(16,586)</b>                     | (4,056)         |
| <b>Finance income/(costs), net</b>   | <b>19,147</b>                       | <b>(2,573)</b>  |

## INTERIM RESULTS

### 5. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the period of each member of the Group in Hong Kong. The subsidiaries established in the PRC are subject to enterprise income tax rates ranging from 12.5% to 25%. The subsidiaries in Taiwan are subject to corporate income tax rate of 17% (2010: 17%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

|   | Six months ended<br>30 June |                  |
|---|-----------------------------|------------------|
|   | 2011<br>HK\$'000            | 2010<br>HK\$'000 |
| Current income tax                                      |                             |                  |
| Hong Kong profits tax                                   | 5,058                       | 1,630            |
| Other jurisdictions including PRC<br>income tax         | 9,322                       | 10,236           |
| Withholding tax on dividend<br>declared by subsidiaries | 8,015                       | 3,294            |
|   | <u>22,395</u>               | <u>15,160</u>    |

### 6. EARNINGS PER SHARE

#### (a) Basic

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

|   | Six months ended<br>30 June |               |
|---|-----------------------------|---------------|
|   | 2011                        | 2010          |
| Profit attributable to<br>equity holders of the Company<br>(Hong Kong thousands dollar) | <u>31,286</u>               | <u>36,950</u> |
| Weighted average number of<br>ordinary shares<br>in issue (thousands)                   | 739,656                     | 739,404       |
| Basic earnings per share<br>(Hong Kong cents per share)                                 | <u>4.23</u>                 | <u>5.00</u>   |

## INTERIM RESULTS

### 6. EARNINGS PER SHARE (CONTINUED)

#### (b) Diluted

Diluted earnings per share is calculated by adjusting weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

|   | Six months ended<br>30 June |                  |
|---|-----------------------------|------------------|
|   | 2011<br>HK\$'000            | 2010<br>HK\$'000 |
| Profit attributable to<br>equity holders of the Company<br>(Hong Kong thousands dollar)     | 31,286                      | 36,950           |
| Weighted average number of<br>ordinary shares<br>in issue (thousands)                       | 739,656                     | 739,404          |
| Adjustments for share options<br>(thousands)  | 6,807                       | 3,737            |
| Weighted average number of<br>ordinary shares for diluted<br>earnings per share (thousands) | 746,463                     | 743,141          |
| Diluted earnings per share<br>(Hong Kong cents per share)                                   | 4.19                        | 4.97             |

## INTERIM RESULTS

### 7. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables (including amounts due from related parties of trading in nature) of HK\$1,218,282,000 (At 31 December 2010: HK\$1,114,954,000). The Group allows a credit period ranging from 30 days to 180 days to its trade customers. In addition, for certain customers with long established relationship, a longer credit period is granted.

The ageing analysis of trade receivables based on invoice date net of provision for impairment at the end of reporting period is as follows:

|               | <b>30 June<br/>2011<br/>HK\$'000</b> | 31 December<br>2010<br>HK\$'000 |
|---------------|--------------------------------------|---------------------------------|
| 0 to 30 days  | <b>532,735</b>                       | 469,083                         |
| 31 to 60 days | <b>260,631</b>                       | 286,278                         |
| 61 to 90 days | <b>177,547</b>                       | 181,167                         |
| Over 90 days  | <b>247,369</b>                       | 178,426                         |
|               | <b>1,218,282</b>                     | 1,114,954                       |

## INTERIM RESULTS

### 8. TRADE, BILL AND OTHER PAYABLES

Included in trade, bill and other payables are trade and bill payable (including amounts due to related parties of trading in nature) of HK\$736,393,000 (At 31 December 2010: HK\$656,442,000).

The following is an ageing analysis of trade and bill payables based on invoice date at the end of reporting period:

|               | <b>30 June<br/>2011<br/>HK\$'000</b> | 31 December<br>2010<br>HK\$'000 |
|---------------|--------------------------------------|---------------------------------|
| 0 to 30 days  | <b>492,381</b>                       | 377,499                         |
| 31 to 60 days | <b>158,500</b>                       | 158,191                         |
| 61 to 90 days | <b>57,656</b>                        | 88,409                          |
| Over 90 days  | <b>27,856</b>                        | 32,343                          |
|               | <b>736,393</b>                       | 656,442                         |

### 9. SHARE CAPITAL

|                           | <b>Number of<br/>ordinary shares<br/>of HK\$0.10 each</b> | <b>Amount<br/>HK\$'000</b> |
|---------------------------|---|----------------------------|
| Issued and fully paid:    |   |                            |
| At 31 December 2010       | 739,519,964   | 73,952                     |
| Exercise of share options | 150,000   | 15                         |
| At 30 June 2011           | 739,669,964   | 73,967                     |

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

## INTERIM RESULTS

### 10. BANK BORROWING

|                                     | HK\$'000    |
|-------------------------------------|-------------|
| <hr/>                               |             |
| Six months ended 30 June 2010:      |             |
| Opening amount as at 1 January 2010 | 402,087     |
| New bank borrowing                  | 1,183,809   |
| Repayment of bank borrowing         | (877,035)   |
| <hr/>                               |             |
| Closing amount as at 30 June 2010   | 708,861     |
| <hr/>                               |             |
| Six months ended 30 June 2011:      |             |
| Opening amount as at 1 January 2011 | 1,287,257   |
| New bank borrowing                  | 2,651,485   |
| Repayment of bank borrowing         | (2,038,667) |
| <hr/>                               |             |
| Closing amount as at 30 June 2011   | 1,900,075   |
| <hr/>                               |             |



## INTERIM RESULTS

### 11. CAPITAL COMMITMENTS

|  | <b>30 June<br/>2011<br/>HK\$'000</b> | 31 December<br>2010<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Capital expenditure contracted for but not provided in the financial statements in respect of                    |                                      |                                 |
| – acquisition of property, plant and equipment   | <b>67,846</b>                        | –                               |
| Capital expenditure authorised but not contracted for and not provided in the financial statements in respect of |                                      |                                 |
| – acquisition of property, plant and equipment   | <b>12,158</b>                        | –                               |

In addition, at 30 June 2011, the Group is committed to make capital contribution to newly incorporated subsidiaries in the PRC amounted to Nil (31 December 2010: HK\$1,586,765).

## INTERIM RESULTS

### 12. RELATED PARTY TRANSACTIONS

- (a) During the period, the Group has entered into the following transactions with related parties:

|  | Six months ended<br>30 June |                  | Amount<br>due from<br>(to) related<br>parties<br>30 June<br>2011<br>HK\$'000 | Amount<br>due from<br>(to) related<br>parties<br>31 December<br>2010<br>HK\$'000 |
|--|-----------------------------|------------------|--|--|
|  | 2011<br>HK\$'000            | 2010<br>HK\$'000 | 2011<br>HK\$'000   | 2010<br>HK\$'000   |
| Trade sales (note iii and iv)                    | 22                          | 25               | 24   | 13   |
| Ticketing and touring income<br>(note i and iv)  | 86                          | 143              | 24   | 28   |
| Ticketing and touring income<br>(note ii and iv) | 30                          | 67               | 18   | 27   |
| Rental income (note iii and iv)                  | 102                         | 77               | 7  | 14   |
| Trade purchases<br>(note iii and iv)             | 347                         | 19               | (346)  | (7)  |
| Rental expense (note i and iv)                   | 498                         | 498              | -  | -  |

Notes:

- (i) Related parties are Mr. Senta Wong, his close family members and companies of which Mr. Senta Wong or his close family members are directors.
- (ii) Related parties are Mr. John Ho or Mr. Edward Tsui and their close family members.
- (iii) Related party is THT Technology Company Limited, an associate of the Group in Taiwan.
- (iv) The prices of the above transactions were determined with reference to market prices for similar transactions.

## INTERIM RESULTS

### 12. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management remuneration

The remuneration of key management during the period was as follows:

|   | Six months ended<br>30 June |               |
|---|-----------------------------|---------------|
|   | 2011                        | 2010          |
|   | HK\$'000                    | HK\$'000      |
| Salaries, fee, bonus, wages,<br>commission and allowances | 11,267                      | 10,759        |
| Post-employment benefits                                  | 509                         | 483           |
|   | <u>11,776</u>               | <u>11,242</u> |

## **INTERIM RESULTS**

### **INTERIM DIVIDEND**

The Board of Directors has declared an interim dividend of HK\$1.0 cent (2010: HK\$1.0 cent) per share for the six months ended 30 June 2011. The above-mentioned interim dividend will be payable on 29 September 2011 to the shareholders whose names appear on the Register of Members of the Company on 21 September 2011.

### **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from 19 September 2011 to 21 September 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Standard Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 16 September 2011.

## MANAGEMENT DISCUSSION & ANALYSIS

### BUSINESS REVIEW

The Group's turnover for the first half was HK\$2.6 billion, representing an increase of approximately 11% compared to the same period in 2010. However, the Group's profit attributable to the shareholders was HK\$31.3 million for the first half of 2011, reflecting a decrease of approximately 15% compared to the same period last year, mainly due to escalating staff and workers' costs and overheads.

The Group's Industrial Products Trading Division recorded declines in turnover and operating profit of approximately 4% and 18% respectively, for the first half of 2011 as compared to the same period last year. The demand for the Group's product ranges distributed by our operations in Taiwan softened in the first half of this year and, as a result, its operating profits were down by approximately 55% as compared to the same period last year. However, the operations of the Division in the PRC performed well and recorded growth of approximately 81% in operating profit in the first half of this year to become the main contributor to the Division's profit.

The turnover of the Group's OEM Manufacturing Division was HK\$1.5 billion in the first half of 2011, representing an increase of approximately 26% compared to the same period last year. However, the operating profit growth was affected by rising wages for workers in the PRC and the appreciation of Renminbis.

### FINANCE

The Group has committed bank and other financing facilities totaling HK\$3,222 million, of which HK\$2,025 million was drawn down as at 30 June 2011. As at 30 June 2011, the Group's consolidated net borrowings amounted to HK\$438 million and total equity amounted to HK\$1,404 million, resulting in a net gearing ratio of 31.2%.

Most of the Group's sales were conducted in the same currencies as the corresponding purchase transactions. Foreign exchange contracts were used to hedge exposures where necessary.

## MANAGEMENT DISCUSSION & ANALYSIS

### CAPITAL STRUCTURE

There has been no material change in the capital structure of the Group since 31 December 2010.

### HUMAN RESOURCES

As at 30 June 2011, the Group had a total of 6,884 employees of whom 320 were based in Hong Kong, 6,250 in the PRC and 314 overseas. The remuneration packages of the Group's employees are mainly based on their performance and experience, taking into account current industry practices. Provident fund scheme, medical allowances, and in-house and external training programs are available to employees. Share options and discretionary bonuses are provided to employees according to the performance of the individual and the Group. The remuneration policy and packages of the Group's employees are regularly reviewed.

### PROSPECTS

In view of the recent unsettled debt crises in Europe and the US credit rating downgrade, it is expected that the demand for the industrial products distributed by the Group will slow down during the rest of this year. Consequently, the Directors expect that the Industrial Products Trading Division will experience a difficult trading environment for the rest of the year.

However, the Directors believe that, given the volume of orders on hand, the Group's OEM Manufacturing Division should perform better in the second half than in the first half of this year.

On behalf of the Board, I wish to thank all employees for their loyalty, support and hard work throughout the period.

By Order of the Board  
Wong's Kong King International (Holdings) Limited  
Byron Shu-Chan Ho  
*Director*

Hong Kong, 30 August 2011

## DISCLOSURE OF INTERESTS

### INTERESTS OF DIRECTORS

At 30 June 2011, the interests or short positions of the Directors and chief executive 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 Companies, were as follows:

#### The Company

| Name                  | Personal Interests | Family Interests | Corporate Interests     | Other Interests         | Total Interests | Total Interests as % of the issued share capital | Underlying shares (share options) | Total Interests (including underlying shares) as % of the share capital |
|-----------------------|--------------------|------------------|-------------------------|-------------------------|-----------------|--|-----------------------------------|---|
|                       |                    |                  |                         |                         |                 | %  |                                   | %   |
| Senta Wong            | 4,000,000          | 1,572,000        | 122,012,723<br>(Note 1) | 207,800,000<br>(Note 2) | 335,384,723     | 45.34  | -                                 | 45.34   |
| Edward Ying-Chun Tsui | 4,577,920          | -                | -                       | -                       | 4,577,920       | 0.62   | 3,000,000                         | 1.02  |
| Byron Shu-Chan Ho     | 2,470,000          | 360,000          | -                       | -                       | 2,830,000       | 0.38   | 3,000,000                         | 0.79  |
| Bengie Man-Hang Kwong | 3,150,000          | -                | -                       | -                       | 3,150,000       | 0.43   | 2,250,000                         | 0.73  |
| Hamed Hassan El-Abd   | 750,000            | -                | -                       | -                       | 750,000         | 0.10   | 2,250,000                         | 0.41  |
| Hsu Hung Chieh        | 2,564,000          | -                | -                       | -                       | 2,564,000       | 0.35   | 750,000                           | 0.45  |
| Gene Howard Weiner    | 330,000            | -                | -                       | -                       | 330,000         | 0.04   | 450,000                           | 0.11  |

## DISCLOSURE OF INTERESTS

Notes:

1. 122,012,723 shares were registered in the name of Wonder Luck International Limited, which was wholly owned by Senta Wong (BVI) Limited. The entire issued share capital of which was 50.25% owned by Mr. Senta Wong and 49.75% owned by his wife, Ms. Wong Wu Lai Ming Lily. The references to 122,012,723 shares deemed to be interested by Mr. Senta Wong (as disclosed herein) and Senta Wong (BVI) Limited (as disclosed in the section headed "Interests of substantial shareholders") relate to the same block of shares.
2. 207,800,000 shares were registered in the name of Rewarding Limited, which was wholly owned by Greatfamily Inc. (which was in turn wholly owned by Greatguy Inc.) for a discretionary trust, of which Mr. Senta Wong and Batsford Limited were regarded as the founders (by virtue of the SFO). The references to 207,800,000 shares deemed to be interested by Mr. Senta Wong (as disclosed herein), Greatfamily Inc. and Greatguy Inc. (as disclosed in the section headed "Interests of substantial shareholders") and Batsford Limited (as disclosed in Note 1(a) under the section headed "Interests of substantial shareholders") relate to the same block of shares.

Certain Directors held qualifying shares in certain subsidiaries of the Group on trust for the Company or other subsidiaries of the Group.

Save as disclosed herein, as at 30 June 2011, none of the Directors of the Company or his 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 for Securities Transactions by Directors of Listed Companies.



## DISCLOSURE OF INTERESTS

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS

The Company has been notified that, as at 30 June 2011, the following persons (other than Directors or chief executive of the Company) 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 shares held | Percentage of total issued shares<br>% |
|------------------------------------|---|-----------------------|--|
| Batsford Limited                   | Founder of discretionary trust and trustee (Note 1)                                       | 238,413,332           | 32.23%                                 |
| Greatfamily Inc.                   | Interest of controlled corporation (Note 2)   | 207,800,000           | 28.09%                                 |
| Greatguy Inc.                      | Trustee (Note 2)  | 207,800,000           | 28.09%                                 |
| Senta Wong (BVI) Limited           | Interest of controlled corporation (Note 3)   | 122,012,723           | 16.50%                                 |
| Wong Chung Yin                     | Beneficial owner, interest of child or spouse and founder of discretionary trust (Note 4) | 68,537,251            | 9.27%                                  |
| HSBC International Trustee Limited | Interest of controlled corporations   | 47,066,952            | 6.36%                                  |
| LIM Asia Arbitrage Fund Inc.       | Beneficial owner  | 36,988,000            | 5.00%                                  |

## DISCLOSURE OF INTERESTS

Notes:

1. Batsford Limited was deemed (by virtue of the SFO) to be interested in 238,413,332 shares in the Company. These shares were held in the following capacity:
  - (a) 207,800,000 shares were registered in the name of Rewarding Limited, which was wholly owned by Greatfamily Inc. (which was in turn wholly owned by Greatguy Inc.) for a discretionary trust, of which Mr. Senta Wong and Batsford Limited were regarded as the founders (by virtue of the SFO). Please see Note 2 under the section headed “Interests of Directors”.
  - (b) 30,613,332 shares were held by Levy Investment Limited (which was in turn wholly owned by Batsford Limited) for a discretionary trust, of which Mr. Wong Chung Yin was regarded as the founder (by virtue of the SFO). The references to 30,613,332 shares deemed to be interested by Batsford Limited (as disclosed herein), Mr. Wong Chung Yin (as disclosed in Note 4(c) below) relate to the same block of shares.
2. Please see Note 2 under the section headed “Interests of Directors”.
3. Please see Note 1 under the section headed “Interests of Directors”.
4. Mr. Wong Chung Yin was deemed (by virtue of the SFO) to be interested in 68,537,251 shares in the Company. These shares were held in the following capacity:
  - (a) 3,500,000 shares were held by Mr. Wong Chung Yin personally.
  - (b) 840,000 shares were held under the name of Mr. Wong Chung Yin and his wife, Ms. Woo Sin Ming.
  - (c) 30,613,332 shares were held by Levy Investment Limited (which was in turn wholly owned by Batsford Limited) for a discretionary trust, of which Mr. Wong Chung Yin was regarded as the founder (by virtue of the SFO). Please see Note 1(b) above.
  - (d) 33,583,919 shares were held by Pacific Way Limited. The entire issued share capital of which was 50% owned by Mr. Wong Chung Yin and 50% owned by his wife, Ms. Woo Sin Ming.

Save as disclosed, the Directors are not aware of any other persons who, as at 30 June 2011, 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.

# DISCLOSURE OF INTERESTS

## SHARE OPTIONS

As at 30 June 2011, the directors and employees of the Company had the following personal interests in options to subscribe for shares of the Company granted under the share option scheme:

|                                 | Date of Grant | Exercise Price | Exercisable Period  | Vesting Period      | Outstanding at 1 January 2011 | Granted during the period | Exercised during the period | Cancelled/lapsed during the period | Outstanding at 30 June 2011 |
|---------------------------------|---------------|----------------|---------------------|---------------------|-------------------------------|---------------------------|-----------------------------|------------------------------------|-----------------------------|
| <b>Category 1:</b>              |               |                |                     |                     |                               |                           |                             |                                    |                             |
| <b>Directors</b>                |               |                |                     |                     |                               |                           |                             |                                    |                             |
| Edward Ying-Chun Tsui           | 22.7.2005     | HK\$0.56       | 22.7.2006-21.7.2015 | 22.7.2005-21.7.2006 | -                             | -                         | -                           | -                                  | -                           |
|                                 |               |                | 22.7.2007-21.7.2015 | 22.7.2005-21.7.2007 | 3,000,000                     | -                         | -                           | -                                  | 3,000,000                   |
| Byron Shu-Chan Ho               | 22.7.2005     | HK\$0.56       | 22.7.2006-21.7.2015 | 22.7.2005-21.7.2006 | -                             | -                         | -                           | -                                  | -                           |
|                                 |               |                | 22.7.2007-21.7.2015 | 22.7.2005-21.7.2007 | 3,000,000                     | -                         | -                           | -                                  | 3,000,000                   |
| Bengie Man-Hang Kwong           | 22.7.2005     | HK\$0.56       | 22.7.2006-21.7.2015 | 22.7.2005-21.7.2006 | -                             | -                         | -                           | -                                  | -                           |
|                                 |               |                | 22.7.2007-21.7.2015 | 22.7.2005-21.7.2007 | 2,250,000                     | -                         | -                           | -                                  | 2,250,000                   |
| Hamed Hassan, El-Abd            | 22.7.2005     | HK\$0.56       | 22.7.2006-21.7.2015 | 22.7.2005-21.7.2006 | -                             | -                         | -                           | -                                  | -                           |
|                                 |               |                | 22.7.2007-21.7.2015 | 22.7.2005-21.7.2007 | 2,250,000                     | -                         | -                           | -                                  | 2,250,000                   |
| Hsu Hung Chieh                  | 22.7.2005     | HK\$0.56       | 22.7.2006-21.7.2015 | 22.7.2005-21.7.2006 | -                             | -                         | -                           | -                                  | -                           |
|                                 |               |                | 22.7.2007-21.7.2015 | 22.7.2005-21.7.2007 | 750,000                       | -                         | -                           | -                                  | 750,000                     |
| Gene Howard Weiner              | 22.7.2005     | HK\$0.56       | 22.7.2006-21.7.2015 | 22.7.2005-21.7.2006 | -                             | -                         | -                           | -                                  | -                           |
|                                 |               |                | 22.7.2007-21.7.2015 | 22.7.2005-21.7.2007 | 450,000                       | -                         | -                           | -                                  | 450,000                     |
| <b>Total for directors</b>      |               |                |                     |                     | <b>11,700,000</b>             | <b>-</b>                  | <b>-</b>                    | <b>-</b>                           | <b>11,700,000</b>           |
| <b>Category 2:</b>              |               |                |                     |                     |                               |                           |                             |                                    |                             |
| Employees                       | 22.7.2005     | HK\$0.56       | 22.7.2006-21.7.2015 | 22.7.2005-21.7.2006 | -                             | -                         | -                           | -                                  | -                           |
|                                 |               |                | 22.7.2007-21.7.2015 | 22.7.2005-21.7.2007 | 4,316,000                     | -                         | (150,000)                   | -                                  | 4,166,000                   |
|                                 | 26.9.2005     | HK\$0.59       | 26.9.2006-25.9.2015 | 26.9.2005-25.9.2006 | 50,000                        | -                         | -                           | -                                  | 50,000                      |
|                                 |               |                | 26.9.2007-25.9.2015 | 26.9.2005-25.9.2007 | 678,000                       | -                         | -                           | -                                  | 678,000                     |
| <b>Total for employees</b>      |               |                |                     |                     | <b>5,044,000</b>              | <b>-</b>                  | <b>(150,000)</b>            | <b>-</b>                           | <b>4,894,000</b>            |
| <b>Total for all categories</b> |               |                |                     |                     | <b>16,744,000</b>             | <b>-</b>                  | <b>(150,000)</b>            | <b>-</b>                           | <b>16,594,000</b>           |

## DISCLOSURE OF INTERESTS

These fair values were calculated using the Black-Scholes-Merton Option Pricing Model. The inputs into the model were as follows:

|                                      | Date of grant |            |
|--------------------------------------|---------------|------------|
|                                      | 22.7.2005     | 26.9.2005  |
| Closing share price on date of grant | HK\$0.56      | HK\$0.58   |
| Exercise price                       | HK\$0.56      | HK\$0.59   |
| Risk free rate                       | 3.12-3.22%    | 3.68-3.87% |
| Expected volatility                  | 8.36%         | 4.22%      |

Expected volatility was determined by using the historical volatility of the Company's share price over the previous one year before the grant date.

The risk-free interest rate equals to the 12 months fixed deposit rates as quoted by the bank at valuation date for 1st 25% share options and equals to yield of 2-Year Exchange Fund Notes at valuation date for 75% share options.

The Group recognised the total expense of HK\$Nil for the period ended 30 June 2011 (2010: Nil) in relation to share options granted by the Company.

## CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE

The Company has complied with the code provisions of Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2011, with deviations as stated below:

#### Code Provision A.2.1

The Company does not have a separate Chairman and Chief Executive Officer and Mr. Senta Wong currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective supervision of management. Such a structure provides many of the benefits of having a separate Chairman and Chief Executive Officer. The structure includes:

- Having the Audit Committee composed exclusively of Independent Non-Executive Directors.
- Having the Remuneration Committee composed exclusively of Independent Non-Executive Directors.
- Ensuring that Independent Non-Executive Directors have free and direct access to both the Company’s external and internal auditors and independent professional advice where considered necessary.

The Board believes that these measures will ensure that our Independent Non-Executive Directors continue to effectively supervise the Group’s Management and to provide vigorous control of key issues relating to strategy, risk and integrity. The Board continually reviews the effectiveness of the Group’s corporate governance structure to assess whether any changes, including the separation of the positions of Chairman and Chief Executive Officer, are necessary.

## CORPORATE GOVERNANCE

### **Code Provision A.4.1**

None of the existing non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. In accordance with the provisions of the Bye-laws of the Company, any Director appointed by the Board during the year shall retire and submit themselves for re-election at the first annual general meeting immediately following his/her appointment. Further, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office. The directors to retire by rotation shall be those who have been longest in office since their last re-election or appointment. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those in the Code.

### **Code Provision A.4.2**

All Directors (except Executive Chairman or Deputy Chairman or Managing or Joint Managing Director) of the Company are subject to retirement by rotations and re-elections at the annual general meeting of the Company at least once every three years.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2011.

## **CORPORATE GOVERNANCE**

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2011.

### **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 30 June 2011.