



WONG'S KONG KING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0532)

INTERIM REPORT 2009

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 2009 together with comparative figures for the corresponding period in 2008 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

		Six months ended 30 June 2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
	Notes		
Revenue	3	1,212,157	2,328,214
Investment income		2,981	231
Raw materials and consumables used		(677,913)	(1,219,753)
Purchases of finished goods		(280,645)	(797,103)
Changes in inventories of finished goods and work in progress		14,033	177,894
Other manufacturing overhead		(33,415)	(49,846)
Employee benefits expense		(192,507)	(235,182)
Depreciation and amortisation		(31,708)	(31,789)
Other expenses		(74,164)	(77,806)
Operating (loss)/profit		(61,181)	94,860
Finance income		3,402	7,096
Finance costs		(4,948)	(12,849)
Finance costs, net		(1,546)	(5,753)
Share of results of an associate		(650)	634
Share of results of jointly controlled entities		-	(555)
Gain on disposal of jointly controlled entities		-	1,646
Allowance for doubtful debt on amount due from a jointly controlled entity		(338)	(4)
(Loss)/profit before income tax	3	(63,715)	90,828
Income tax expense	4	(10,450)	(24,149)
(Loss)/profit for the period		(74,165)	66,679
Attributable to:			
Equity holders of the Company		(72,201)	53,287
Minority interest		(1,964)	13,392
		(74,165)	66,679
DIVIDENDS		-	11,090
(LOSS)/EARNINGS PER SHARE (expressed in HK cents per share)	5		
- basic		(9.77)	7.22
- diluted		(9.74)	7.13

INTERIM RESULTS

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2009

	Notes	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
ASSETS			
NON-CURRENT ASSETS			
Land use rights		15,612	15,831
Property, plant and equipment		600,676	626,796
Intangible assets		11,082	7,810
Interest in an associate		2,987	3,633
Interests in jointly controlled entities		571	914
Amount due from an investee company		1,444	1,444
Deferred tax assets		2,331	1,808
Available-for-sale financial assets		42,833	42,784
Long term deposits		1,973	1,973
TOTAL NON-CURRENT ASSETS		679,509	702,993
CURRENT ASSETS			
Inventories		460,652	461,944
Trade and other receivables	6	664,205	826,231
Deposits and prepayments		36,558	40,320
Tax recoverable		8,847	8,222
Derivative financial instruments		221	615
Bank balances and cash		274,372	581,596
TOTAL CURRENT ASSETS		1,444,855	1,918,928
TOTAL ASSETS		2,124,364	2,621,921
LIABILITIES			
NON-CURRENT LIABILITIES			
Bank borrowings			
– due after one year		6,000	18,000
Obligations under finance leases			
– due after one year		453	484
Deferred tax liabilities		957	1,012
Retirement benefit obligations		860	2,618
TOTAL NON-CURRENT LIABILITIES		8,270	22,114

INTERIM RESULTS

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AT 30 JUNE 2009

	Notes	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
CURRENT LIABILITIES			
Trade, bill and other payables	7	573,463	661,866
Current income tax liabilities		5,809	20,175
Bank borrowings			
– due within one year		337,403	631,455
Bank overdraft, secured		9,354	10,496
Obligations under finance leases			
– due within one year		87	187
Derivative financial instruments		–	29
TOTAL CURRENT LIABILITIES		926,116	1,324,208
TOTAL LIABILITIES		934,386	1,346,322
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	8	73,930	73,930
Reserves		1,055,628	1,125,005
		1,129,558	1,198,935
Minority interest		60,420	76,664
TOTAL EQUITY		1,189,978	1,275,599
TOTAL EQUITY AND LIABILITIES		2,124,364	2,621,921
NET CURRENT ASSETS		518,739	594,720
TOTAL ASSETS LESS CURRENT LIABILITIES		1,198,248	1,297,713

INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
(Loss)/profit for the period	(74,165)	66,679
OTHER COMPREHENSIVE INCOME		
Currency translation differences	3,765	11,677
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	(70,400)	78,356
TOTAL COMPREHENSIVE (LOSS)/ INCOME ATTRIBUTABLE TO:		
– equity holders of the Company	(69,377)	61,421
– minority interest	(1,023)	16,935
	(70,400)	78,356

INTERIM RESULTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Attributable to equity holders of the Company									Minority Interests	Total equity
	Share capital HK\$'000	Share premium HK\$'000	Capital		Special reserve HK\$'000	Translation reserve HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
			redemption reserve HK\$'000	Contributed surplus HK\$'000							
Balance at 1 January 2009	73,930	89,546	1,610	26,624	5,008	(8,097)	781	1,009,533	1,198,935	76,664	1,275,599
(Loss) for the period	-	-	-	-	-	-	-	(72,201)	(72,201)	(1,964)	(74,165)
Other comprehensive income:											
Currency translation differences	-	-	-	-	-	2,824	-	-	2,824	941	3,765
Total comprehensive income/(loss) for the period ended 30 June 2009	-	-	-	-	-	2,824	-	(72,201)	(69,377)	(1,023)	(70,400)
Capital contribution from minority interests	-	-	-	-	-	-	-	-	-	1,767	1,767
Dividend payable to minority interests	-	-	-	-	-	-	-	-	-	(16,988)	(16,988)
At 30 June 2009	73,930	89,546	1,610	26,624	5,008	(5,273)	781	937,332	1,129,558	60,420	1,189,978

	Attributable to equity holders of the Company									Minority Interests	Total equity
	Share capital HK\$'000	Share premium HK\$'000	Capital		Special reserve HK\$'000	Translation reserve HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
			redemption reserve HK\$'000	Contributed surplus HK\$'000							
Balance at 1 January 2008	73,610	88,073	1,610	26,624	5,008	(2,640)	940	983,048	1,176,273	67,309	1,243,582
Profit for the period	-	-	-	-	-	-	-	53,287	53,287	13,392	66,679
Other comprehensive income:											
Currency translation differences	-	-	-	-	-	8,134	-	-	8,134	3,543	11,677
Total comprehensive income for the period ended 30 June 2008	-	-	-	-	-	8,134	-	53,287	61,421	16,935	78,356
Dividend payable to minority interests	-	-	-	-	-	-	-	-	-	(10,949)	(10,949)
2007 final dividend paid	-	-	-	-	-	-	-	(18,483)	(18,483)	-	(18,483)
Issue of ordinary shares upon exercise of share options	320	1,473	-	-	-	-	-	-	1,793	-	1,793
Transfer of share option reserve on exercise of share options	-	-	-	-	-	-	(150)	150	-	-	-
At 30 June 2008	73,930	89,546	1,610	26,624	5,008	5,494	790	1,018,002	1,221,004	73,395	1,294,399

INTERIM RESULTS

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
NET CASH FROM OPERATING ACTIVITIES	19,599	99,247
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	275,379	(9,192)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(326,351)	374,121
(DECREASE)//INCREASE IN CASH AND CASH EQUIVALENTS	(31,373)	464,176
CASH AND CASH EQUIVALENTS AT 1 JANUARY	276,278	237,386
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	5,367	7,279
CASH AND CASH EQUIVALENTS AT 30 JUNE	250,272	708,841
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash (excluding short-term time deposit)	259,626	720,675
Bank overdrafts	(9,354)	(11,834)
	250,272	708,841

INTERIM RESULTS

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2009

1. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2009 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 2008, which have been prepared in accordance with HKFRS.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared in consistent with those principal accounting policies followed in the Annual Report 2008 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 2009.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- HKAS 1 (revised), ‘Presentation of financial statements’. The revised standard prohibits the presentation of items of income and expenses (that is ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity. All ‘non-owner changes in equity’ are required to be shown in a performance statement.

INTERIM RESULTS

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirement.

- HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for the internal reporting purposes.
- Amendment to HKFRS 7, 'Financial instruments: disclosure'. The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for the derivative and non-derivative financial liabilities. It also requires a maturity analysis for the financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements ending 31 December 2009.

Apart from the above, other new standards, interpretations and amendments which are mandatory for the first time for the financial year beginning 1 January 2009 are not currently relevant for the Group.

The Group has not early applied the new standards, interpretations and amendments that have been issued but are not yet effective for the six months ended 30 June 2009.

INTERIM RESULTS

3. SEGMENTAL INFORMATION

The analysis of the revenue of the Group and the contribution to (loss)/profit before income tax by principal activity was as follow:

	Revenue		Contribution to (loss)/profit before income tax	
	Six months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<hr/>				
By Principal Activity:				
Trading and distribution				
– Industrial products	414,100	1,063,881	(50,578)	52,683
Manufacturing				
– Industrial products	780,117	1,246,034	(8,654)	42,557
Others	17,940	18,299	(3,495)	(6,133)
	<hr/>	<hr/>	<hr/>	<hr/>
	1,212,157	2,328,214	(62,727)	89,107
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Share of result of an associate			(650)	634
Share of result of jointly controlled entities			–	(555)
Gain on disposal of jointly controlled entities			–	1,646
Allowance for doubtful debt on amounts due from a jointly controlled entity			(338)	(4)
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(Loss)/profit before income tax			(63,715)	90,828
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INTERIM RESULTS

4. INCOME TAX EXPENSE

	Six months ended	
	30 June	
	2009	2008
	HK\$'000	HK\$'000
The charge comprises:		
Income tax on the Company and its subsidiaries		
Hong Kong	(4)	1,953
Other jurisdictions including PRC income tax	3,811	18,087
Withholding tax on dividend declared by subsidiaries	6,643	4,109
	10,450	24,149

Hong Kong Profits Tax is calculated at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the period of each member of the Group in Hong Kong. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

INTERIM RESULTS

5. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	30 June 2009	30 June 2008
(Loss)/profit attributable to equity holders of the Company (Hong Kong thousands dollar)	(72,201)	53,287
Weighted average number of ordinary shares in issue (thousands)	739,304	738,010
Basic (loss)/earnings per share (HK cents per share)	(9.77)	7.22

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5. (LOSS)/EARNINGS PER SHARE (CONTINUED)

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting weighted average number of ordinary shares outstanding to assume all outstanding options had been exercised at nil consideration.

	30 June 2009	30 June 2008
(Loss)/profit attributable to equity holders of the Company (HK thousands dollar)	(72,201)	53,287
Weighted average number of ordinary shares in issue (thousands)	739,304	738,010
Adjustments for share options (thousands)	1,720	8,958
Weighted average number of ordinary shares for diluted earnings per share (thousands)	741,024	746,968
Diluted (loss)/earnings per share (HK cents per share)	(9.74)	7.13

INTERIM RESULTS

6. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK\$663,550,000 (At 31 December 2008: HK\$804,374,000). The Group has a policy of allowing an average credit period of 30 days – 180 days to its trade customers. The following is an ageing analysis of trade receivables by invoice date at the reporting date:

	30 June 2009 HK\$'000	31 December 2008 HK\$'000
0 to 30 days	295,681	258,962
31 to 60 days	149,248	207,944
61 to 90 days	101,176	160,721
Over 90 days	117,445	176,747
	663,550	804,374

7. TRADE, BILL AND OTHER PAYABLES

Included in trade, bill and other payables are trade and bill payable of HK\$392,379,000 (At 31 December 2008: HK\$440,305,000). The following is an ageing analysis of trade and bill payables at the reporting date:

	30 June 2009 HK\$'000	31 December 2008 HK\$'000
0 to 30 days	265,978	237,188
31 to 60 days	86,669	95,382
61 to 90 days	13,535	67,208
Over 90 days	26,197	40,527
	392,379	440,305

INTERIM RESULTS

8. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Amount HK\$'000
Issued and fully paid:		
At 31 December 2008 & 30 June 2009	739,303,964	73,930

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

9. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June		Amount due from (to) related parties 30 June 2009 HK\$'000	Amount due from (to) related parties 31 December 2008 HK\$'000
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade sales (note i)	459	79	197	46
Ticketing and touring income (note i)	13	23	34	57
Ticketing and touring income (note ii)	5	13	3	22
Ticketing and touring income (note iii)	-	-	-	-
Insurance expense (note iii)	4,661	4,021	(1,141)	(157)
Rental expense (note i)	145	145	-	-
Current account due to related parties (note i)	-	-	(3,393)	(3,393)
Current account due from related parties (note i)	-	-	1,384	1,384
Provision for doubtful debts (note i)	-	-	(1,311)	(1,311)

INTERIM RESULTS

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 a company of which Mr. Arthur Lok, a director of a subsidiary of the Group in Taiwan, is a director.

The transactions were conducted in the ordinary course of business at prices and terms based on mutual agreements.

(b) Key management remuneration

The remuneration of directors and other numbers of key management during the period was as follow:

	30 June 2009 HK\$'000	30 June 2008 HK\$'000
Salaries, fee, bonus, wages, commission and allowances	10,951	11,517
Post-employment benefits	474	507
	11,425	12,024

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period's presentation.

MANAGEMENT DISCUSSION & ANALYSIS

INTERIM DIVIDEND

The Board of Directors do not recommend any payment of interim dividend for the six months ended 30 June 2009 (2008: HK\$1.5 cents).

BUSINESS REVIEW

The Group's turnover for the first half of 2009 was HK\$1.2 billion reflecting a decrease of approximately 48% compared to the same period last year. The Group recorded a loss attributable to shareholders of HK\$72.2 million for the first half of 2009 as compared to a profit attributable to shareholders of HK\$53.3 million for the same period last year.

The turnover of the Group's Industrial Product Trading Division registered a decline of approximately 61% for the first half of this year as compared to the corresponding period last year mainly because of the global financial crisis, the economic downturn and diminished capital expenditure by our customers. Although the Division's operations in Taiwan broke even, all its operations in Hong Kong, the PRC, Singapore and Thailand incurred operating losses for the first half of 2009.

The turnover of the OEM Manufacturing Division decreased by approximately 37% in the first half of 2009 compared to the corresponding period last year mainly due to the global recession. However, the Division recorded a comparatively small operating loss for the first half of this year as a result of effective cost saving measures.

FINANCE

The Group has committed bank and other financing facilities totaling HK\$1,893 million, of which HK\$382 million were drawn down as at 30 June 2009.

As at 30 June 2009, the Group's consolidated net borrowings amounted to HK\$79 million and its shareholders equity amounted to HK\$1,130 million, resulting in a gearing ratio of 7%.

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 2008.

HUMAN RESOURCES

As at 30 June 2009, the Group had a total of 5,645 employees of whom 332 were based in Hong Kong, 5,094 in the PRC and 219 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

With global demand still weak and the foundation of the economic recovery not yet stable, the Trading and Distribution Division is not expected to be profitable in the second half of this year.

Orders for the OEM Manufacturing Division in the second half of this year are expected to be more than those for the first half year. It is expected that the Division will make a positive contribution to the Group results over the full year.

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

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

Hong Kong, 2 September 2009

DISCLOSURE OF INTERESTS

INTERESTS OF DIRECTORS

At 30 June 2009, 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	Underlying shares	Total Interests (including underlying shares)
						as % of the issued share capital	(share options)	as % of the share capital
						%		%
Senta Wong	4,000,000	1,572,000	122,012,723 (Note 1)	207,800,000 (Note 2)	335,384,723	45.36	-	45.36
Edward Ying-Chun Tsui	4,577,920	-	-	-	4,577,920	0.62	3,000,000	1.03
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	2,314,000	-	-	-	2,314,000	0.31	750,000	0.41
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. 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 2009, 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 2009, 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 %
Batsford Limited	Founder of discretionary trust and trustee (Note 1)	238,413,332	32.25%
Greatfamily Inc.	Interest of controlled corporation (Note 2)	207,800,000	28.11%
Greatguy Inc.	Trustee (Note 2)	207,800,000	28.11%
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)	69,697,251	9.43%
HSBC International Trustee Limited	Interest of controlled corporations	47,066,952	6.37%
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 69,697,251 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) 2,000,000 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 for The Pacific Way Unit Trust, of which Guardian Trustee Limited was regarded as the beneficiary (by virtue of the SFO). Mr. Wong Chung Yin was regarded as the founder of the trust (by virtue of the SFO) in relation to the same block of shares.

Save as disclosed, the Directors are not aware of any other persons who, as at 30 June 2009, 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 2009, 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 2009	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding at 30 June 2009
Category 1:									
Directors									
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
Total for directors					11,700,000	-	-	-	11,700,000
Category 2:									
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	4,532,000	-	-	-	4,532,000
	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
Total for employees					5,260,000	-	-	-	5,260,000
Total for all categories					16,960,000	-	-	-	16,960,000

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 dated for 75% share options.

The Group recognised the total expense of HK\$Nil for the period ended 30 June 2009 (2008: 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 2009, 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.

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

CORPORATE GOVERNANCE

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 2009.

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 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standard set out in the Code throughout the six months ended 30 June 2009.

CORPORATE GOVERNANCE

COMPLIANCE WITH CHAPTER 13 OF THE LISTING RULES

The following informations are disclosed pursuant to rules 13.18 and 13.21 of Chapter 13 of the Listing Rules:

On 25 July 2007, the Company and its indirect wholly-owned subsidiary, WKK Technology Limited, entered into a loan agreement with Citic Ka Wah Bank Limited in relation to a 2-year term loan facility of up to HK\$200 million to refinance the Old Facility and for general working capital purposes.

The loan agreement includes covenants to the effect that: (a) Mr. Senta Wong, the controlling shareholder of the Company, together with his associates, must remain the single largest shareholder or group of shareholders of the Company; (b) Mr. Senta Wong, together with his associates and his other family members, must maintain unencumbered ownership of more than 50% of the issued share capital of the Company; and (c) Mr. Senta Wong must remain as the Chairman or the Chief Executive Officer of the Company. Any breach of the above covenants may constitute a default under the loan agreement. If such a default occurs, all amounts outstanding under the facility may become immediately due and payable, which may adversely affect the financial position of the Company. The Directors consider that the loan agreement is on normal commercial terms. As at the latest practicable date, none of the above events of default has occurred.