WKK

WONG'S KONG KING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 532)

2007 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 30th June 2007 together with comparative figures for the corresponding period in 2006 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2007

		Six months ended 30th June	
		2007	2006
		(Unaudited)	(Unaudited)
	NOTES	***HK$'000***	*HK$'000*
Turnover	*3*	**1,988,598**	2,593,606
Investment income		**4,877**	5,114
Changes in inventories of finished goods and work in progress		**(57,187)**	39,578
Raw materials and consumables used		**(814,019)**	(1,274,301)
Purchase of finished goods		**(662,148)**	(836,797)
Staff costs		**(207,388)**	(197,786)
Depreciation		**(31,045)**	(27,525)
Other operating expenses		**(125,362)**	(117,857)
Profit from operations		**96,326**	184,032
Finance costs		**(15,343)**	(17,361)
Impairment loss recognised in respect of medium-term leasehold factory premises in the PRC		**–**	(25,249)
Net impairment loss recognised in respect of freehold land and buildings in overseas		**–**	(3,170)
Tax payable on dividend declared by a Taiwan subsidiary		**(7,605)**	(6,572)
Allowance for doubtful debt on amounts due from jointly controlled entities		**(284)**	–
Share of result of jointly controlled entities		**(5)**	–
Share of result of an associate		**(312)**	(244)
Profit before taxation	*3*	**72,777**	131,436
Taxation	*4*	**(17,548)**	(33,979)
Profit for the period		**55,229**	97,457

		Six months ended 30th June	
		2007	2006
		(Unaudited)	(Unaudited)
	NOTES	***HK$'000***	*HK$'000*
Attributable to:			
Equity holders of the parent company		**49,548**	85,491
Minority interests		**5,681**	11,966
		55,229	97,457
DIVIDEND		**10,997**	10,392
EARNINGS PER SHARE	*5*		
Basic		**7.00 cents**	12.34 cents
Diluted		**6.72 cents**	12.01 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June, 2007

	30th June 2007 (Unaudited) *HK$'000*	31st December 2006 (Audited) *HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**632,862**	629,667
Prepaid lease payments – due after one year	**16,049**	13,132
Interests in associates	**3,217**	3,730
Interest in a jointly controlled entity	**2,783**	216
Available-for-sale investments	**41,708**	41,750
Amount due from an investee company	**1,444**	1,444
Deferred tax assets	**5,037**	4,798
TOTAL NON-CURRENT ASSETS	**703,100**	694,737
CURRENT ASSETS		
Inventories	**515,803**	495,489
Prepaid lease payments – due within one year	**437**	353
Trade and other receivables	**950,986**	993,603
Deposits and prepayments	**37,478**	24,260
Tax recoverable	**1,089**	1,701
Pledged bank deposits	**–**	267
Bank balances and cash	**300,321**	218,497
TOTAL CURRENT ASSETS	**1,806,114**	1,734,170
CURRENT LIABILITIES		
Trade and other payables	**715,067**	739,244
Tax liabilities	**45,355**	42,089
Bank borrowings – due within one year	**532,654**	359,609
Obligations under finance leases – due within one year	**1,561**	3,454
Bank overdraft – secured	**5,146**	5,831
TOTAL CURRENT LIABILITIES	**1,299,783**	1,150,227
NET CURRENT ASSETS	**506,331**	583,943
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,209,431**	1,278,680

	30th June 2007 (Unaudited) *HK$'000*	31st December 2006 (Audited) *HK$'000*
CAPITAL AND RESERVES		
Share capital	**70,884**	70,810
Reserves	**1,040,817**	989,434
Equity attributable to equity holders of the parent company	**1,111,701**	1,060,244
Minority interests	**60,267**	73,174
TOTAL EQUITY	**1,171,968**	1,133,418
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**428**	428
Bank borrowings – due after one year	**35,000**	142,500
Obligations under finance leases – due after one year	**71**	372
Retirement benefit obligations	**1,964**	1,962
TOTAL NON-CURRENT LIABILITIES	**37,463**	145,262
TOTAL EQUITY AND NON-CURRENT LIABILITIES	**1,209,431**	1,278,680

NOTES:

1. BASIS OF PREPARATION

The condensed financial statements have 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")

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared in consistent with those principal accounting policies followed in the Annual Report 2006 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 January 1, 2007. The adoption of the new HKFRSs has no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment is required.

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 30th June, 2007.

3. SEGMENTAL INFORMATION

The analysis of the turnover of the Group and the contribution to profit before taxation by principal activity was as follow:

	Turnover		**Contribution to profit before taxation**	
	Six months ended 30th June		**Six months ended 30th June**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
By Principal Activity:				
Continuing operations:				
Trading and distribution				
– Industrial products	**904,523**	1,066,743	**46,312**	96,681
Manufacturing				
– Industrial products	**1,059,818**	1,505,920	**44,823**	68,557
Others	**24,257**	20,943	**(10,152)**	1,433
	1,988,598	2,593,606	**80,983**	166,671
Impairment loss recognised in respect of medium-term leasehold factory premises in the PRC			**–**	(25,249)
Net impairment loss recognised in respect of freehold land and buildings in overseas			**–**	(3,170)
Tax payable on dividend declared by a Taiwan subsidiary			**(7,605)**	(6,572)
Allowance for doubtful debt on amounts due from jointly controlled entities			**(284)**	–
Share of result of jointly controlled entities			**(5)**	–
Share of result of an associate			**(312)**	(244)
Profit before taxation			**72,777**	131,436

4. TAXATION

	Six months ended 30th June	
	2007	2006
	HK$'000	*HK$'000*
The charge comprises:		
The Company and its subsidiaries		
Hong Kong	**13,216**	22,396
Other jurisdictions	**4,332**	11,583
	17,548	33,979

Hong Kong Profits Tax is calculated at the rate of 17.5% (2006: 17.5%) 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.

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent company is based on the following data:

	Six months ended 30th June	
	2007	2006
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share (Profit for the period attributable to equity holders of parent company)	**49,548**	85,491

	Number of shares	
	2007	2006
Weighted average number of ordinary shares for the purposes of basic earnings per share	**708,303,633**	692,791,964
Effect of dilutive potential ordinary shares:		
– share options	**29,173,811**	19,087,196
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**737,477,444**	711,879,160

6. COMPARATIVE FIGURES

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

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK$1.5 cents (2006: HK$1.5 cents) per share for the six months ended 30th June 2007. The above-mentioned interim dividend will be payable on 12th October 2007 to the shareholders whose names appear on Register of Members of the Company on 5th October 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 2nd October 2007 to 5th October 2007, 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 4:00 p.m. on 28th September 2007.

BUSINESS REVIEW

The Group's turnover and profit attributable to shareholders for the first half of 2007 was HK$2 billion and HK$49.5 million, representing a decline of approximately 23% and 42% respectively compared to the same period last year.

Following record sales in 2006, the Group's Industrial Products Trading Division registered a drop in turnover and operating profits of approximately 15% and 52% respectively for the first half of 2007 as compared to the corresponding period last year. This was mainly attributable to increasingly keen competition which has resulted in lower profit margins. All operations of the Division in Hong Kong, China, Taiwan, Thailand and the Philippines (with the exception of Singapore) recorded a reduction in operating profits as compared to the same period last year.

The turnover of the OEM Manufacturing Division decreased by 30% for the first half of 2007 compared to the corresponding period last year mainly due to a slowdown in the business and the delay of a project. The operating profits of the Division were HK$44.8 million for the first half of this year, representing a decrease of approximately 35% compared to the same period last year.

FINANCE

The Group has committed bank and other financing facilities totaling HK$1,893 million, of which HK$595 million were drawn down as at 30th June 2007.

As at 30th June 2007, the Group's consolidated net borrowings amounted to HK$274 million and its shareholders' equity amounted to HK$1,112 million, resulting in a gearing ratio of 25%.

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.

CAPITAL STRUCTURE

There has been no material change in the capital structure of the Group since 31st December 2006.

HUMAN RESOURCES

As at 30th June, 2007, the Group had a total of 6,256 employees, of whom 343 were based in Hong Kong, 5,681 in the PRC and 232 overseas. The remuneration packages of the Group's employees are mainly based on their performance and experience, taking into account current industry practices. In addition to the provision of a provident fund scheme, there are also medical allowances, in-house and external training programs which are available to employees. Share options are granted to eligible staff whilst discretionary bonuses are paid to employees according to the performance of the individual and that of the Group as a whole. The remuneration policy and packages of the Group's employees are regularly reviewed.

PROSPECTS

It is expected that the tough market environment will continue to affect the performance of the Group's Industrial Products Trading Division in the second half of this year. The Division is considering to expand into new markets such as India and Vietnam.

Despite the negative growth in the first half of 2007, the Group's OEM Manufacturing Division is expected to secure more orders in the second half of this year compared to the first half.

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 30th June, 2007.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors, Mr. Peter Chung-Yin Lee, Mr. John Ho and Mr. Philip Wan-Chung Tse. Mr. John Ho is the chairman of the Committee. The Committee has adopted terms of reference which are in line with the Code and the Corporate Governance Code. The Group's unaudited financial statements for the six months ended 30th June 2007 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards and legal requirements, and that adequate disclosures have been made.

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 30th June 2007, with the 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 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.

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 30th June 2007.

On behalf of the Directors, I wish to thank all employees for their dedication, 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, 11th September, 2007

As at the date of this announcement, the executive directors of the Company are Messrs. Senta Wong, Edward Ying-Chun Tsui, Byron Shu-Chan Ho, Bengie Man-Hang Kwong and Hamed Hassan EL-ABD and the independent non-executive directors are Messrs. Peter Chung-Yin Lee, John Ho, Philip Wan-Chung Tse and Gene Howard Weiner.