WKK

WONG'S KONG KING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 532)

2008 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 2008 together with comparative figures for the corresponding period in 2007 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE 2008

		Six months ended 30th June	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**2,336,990**	1,988,598
Investment income		**7,327**	4,877
Changes in inventories of finished goods and work in progress		**177,894**	(57,187)
Raw materials and consumables used		**(1,219,753)**	(814,019)
Purchase of finished goods		**(805,879)**	(662,148)
Staff costs		**(235,182)**	(207,388)
Depreciation & amortisation		**(31,789)**	(31,045)
Other operating expenses		**(127,652)**	(125,362)
Profit from operations		**101,956**	96,326
Finance costs		**(12,849)**	(15,343)
Tax payable on dividend declared by a Taiwan subsidiary		**(4,109)**	(7,605)
Gain on disposal of jointly controlled entities		**1,646**	–
Allowance for doubtful debt on amounts due from jointly controlled entities		**(4)**	(284)
Share of result of jointly controlled entities		**(555)**	(5)
Share of result of an associate		**634**	(312)
Profit before taxation	*3*	**86,719**	72,777
Taxation	*4*	**(20,040)**	(17,548)
Profit for the period		**66,679**	55,229
Attributable to:			
Equity holders of the parent company		**53,287**	49,548
Minority interests		**13,392**	5,681
		66,679	55,229
DIVIDEND		**11,090**	10,997
EARNINGS PER SHARE	*5*		
Basic		**7.22 cents**	7.00 cents
Diluted		**7.13 cents**	6.72 cents

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30TH JUNE 2008

	Notes	30th June 2008 (Unaudited) HK$'000	31st December 2007 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**633,809**	646,631
Prepaid lease payments – due after one year		**15,612**	15,831
Interests in associates		**3,976**	3,343
Interest in jointly controlled entities		**1,187**	2,360
Available-for-sale investments		**42,801**	42,786
Amount due from an investee company		**1,444**	1,444
Deferred tax assets		**4,625**	2,114
TOTAL NON-CURRENT ASSETS		**703,454**	714,509
CURRENT ASSETS			
Inventories		**564,405**	587,536
Prepaid lease payments – due within one year		**437**	437
Trade and other receivables	*6*	**997,791**	1,050,750
Deposits and prepayments		**46,565**	21,805
Tax recoverable		**11,454**	3,260
Bank balances and cash		**720,675**	244,863
TOTAL CURRENT ASSETS		**2,341,327**	1,908,651
CURRENT LIABILITIES			
Trade and other payables	*7*	**780,043**	873,723
Tax liabilities		**20,321**	8,183
Bank borrowings – due within one year		**844,312**	344,874
Obligations under finance leases – due within one year		**292**	350
Bank overdraft – secured		**11,834**	7,477
TOTAL CURRENT LIABILITIES		**1,656,802**	1,234,607
NET CURRENT ASSETS		**684,525**	674,044
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,387,979**	1,388,553

	30th June 2008 (Unaudited) *HK$'000*	31st December 2007 (Audited) *HK$'000*
CAPITAL AND RESERVES		
Share capital	**73,930**	73,610
Reserves	**1,147,074**	1,102,663
Equity attributable to equity holders of the parent company	**1,221,004**	1,176,273
Minority interests	**73,395**	67,309
TOTAL EQUITY	**1,294,399**	1,243,582
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**387**	634
Bank borrowings – due after one year	**90,000**	142,000
Obligations under finance leases – due after one year	**664**	94
Retirement benefit obligations	**2,529**	2,243
TOTAL NON-CURRENT LIABILITIES	**93,580**	144,971
TOTAL EQUITY AND NON-CURRENT LIABILITIES	**1,387,979**	1,388,553

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 2007 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, 2008. 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, 2008.

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**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
By Principal Activity:				
Continuing operations:				
Trading and distribution – Industrial products	**1,063,881**	904,523	**52,683**	46,312
Manufacturing – Industrial products	**1,246,034**	1,059,818	**42,557**	44,823
Others	**27,075**	24,257	**(6,133)**	(10,152)
	2,336,990	1,988,598	**89,107**	80,983
Tax payable on dividend declared by a Taiwan subsidiary			**(4,109)**	(7,605)
Gain on disposal of jointly controlled entities			**1,646**	–
Allowance for doubtful debt on amounts due from jointly controlled entities			**(4)**	(284)
Share of result of jointly controlled entities			**(555)**	(5)
Share of result of an associate			**634**	(312)
Profit before taxation			**86,719**	72,777

4. TAXATION

	Six months ended 30th June	
	2008	2007
	HK$'000	*HK$'000*
The charge comprises:		
The Company and its subsidiaries		
Hong Kong	**1,953**	13,216
Other jurisdictions	**18,087**	4,332
	20,040	17,548

Hong Kong Profits Tax is calculated at the rate of 16.5% (2007: 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	
	2008	2007
	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)	**53,287**	49,548

	Number of shares	
	2008	2007
Weighted average number of ordinary shares for the purposes of basic earnings per share	**738,009,646**	708,303,633
Effect of dilutive potential ordinary shares:		
– share options	**8,958,438**	29,173,811
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**746,968,084**	737,477,444

6. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK$981,193,000 (At 31st December, 2007: HK$1,038,278,000). The Group has a policy of allowing an average credit period of 30 days - 180 days to its trade customers. The following is an aged analysis of trade receivables at the reporting date:

	30th June 2008 *HK$'000*	31st December 2007 HK$'000
0 to 30 days	**698,360**	745,616
31 to 60 days	**99,442**	103,395
61 to 90 days	**74,463**	59,250
Over 90 days	**108,928**	130,017
	981,193	1,038,278

7. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payable of HK$590,318,000 (At 31st December, 2007: HK$702,283,000). The following is an aged analysis of trade payables at the reporting date:

	30th June 2008 *HK$'000*	31st December 2007 HK$'000
0 to 30 days	**504,726**	595,709
31 to 60 days	**27,386**	34,971
61 to 90 days	**18,848**	22,074
Over 90 days	**39,358**	49,529
	590,318	702,283

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK$1.5 cents (2007: HK$1.5 cents) per share for the six months ended 30th June 2008. The above-mentioned interim dividend will be payable on 15th October 2008 to the shareholders whose names appear on Register of Members of the Company on 8th October 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 2nd October 2008 to 8th October 2008, 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 30th September 2008.

BUSINESS REVIEW

The Group's turnover and profit attributable to shareholders for the first half of 2008 were HK$2.3 billion and HK$53.3 million, representing increases of approximately 18% and 8%, respectively, compared to the same period last year.

The turnover and the operating profit of the Group's Industrial Products Trading Division saw an improvement of approximately 18% and 14% respectively for the first half of this year as compared to the corresponding period last year. The operations of the Division in Hong Kong, the PRC, Singapore, Thailand and the Philippines all recorded decreases in operating profits due to tremendous pressure on the profit margins under the tough market conditions. However, the operations of the Division in Taiwan performed well and recorded an approximately 156% increase in operating profits due to increased demand for the products distributed by the Division in Taiwan.

Although the turnover of the OEM Manufacturing Division increased by approximately 18% in the first half of 2008 compared to the corresponding period last year, the operating profit was reduced by 5% for the first half of 2008 as compared to the same period last year mainly due to the appreciation of Renminbi, the increasing oil prices and escalating wages in the PRC.

FINANCE

The Group has committed bank and other financing facilities totaling HK$2,416 million, of which HK$990 million were drawn down as at 30th June 2008.

As at 30th June 2008, the Group's consolidated net borrowings amounted to HK$226 million and its shareholders' equity amounted to HK$1,221 million, resulting in a gearing ratio of 18.5%.

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 2007.

HUMAN RESOURCES

As at 30th June 2008, the Group had a total of 7,031 employees, of whom 338 were based in Hong Kong, 6,431 in the PRC and 262 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, 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

The demand for the industrial products distributed by the Trading and Distribution Division is expected to soften for the rest of this year.

Orders for the OEM Manufacturing Division in the second half of this year are expected to be maintained at roughly the same level as the corresponding period last year. However, profitability is expected to fall short of that of last year mainly because of the appreciation of the Renminbi and escalating wages in the PRC.

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, 2008.

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 2008, 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 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.

DIRECTORS' SECURITIES TRANSACTION

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 30th June 2008.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30th June 2008.

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
Byron Shu-Chan Ho
Director

Hong Kong, 10th September 2008

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.