WKK

WONG'S KONG KING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 532)

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	2008
		(Unaudited)	(Unaudited)
	NOTES	***HK$'000***	*HK$'000*
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)

CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2009

		Six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	NOTES	***HK$'000***	*HK$'000*
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

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

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		**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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'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

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.

  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.

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 30 June		**Six months ended 30 June**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
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)
	1,212,157	2,328,214	**(62,727)**	89,107
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)
(Loss)/profit before income tax			**(63,715)**	90,828

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.

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

(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

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	31 December 2008
	HK$'000	*HK$'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

8. COMPARATIVE FIGURES

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

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.

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.

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.

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 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 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.

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
Byron Shu-Chan Ho
Director

Hong Kong, 2 September 2009

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; the Non-Executive Director is Mr. Hsu Hung Chieh; and the Independent Non-Executive Directors are Messrs. Peter Chung-Yin Lee, John Ho, Philip Wan-Chung Tse and Gene Howard Weiner.