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WKK

WONG'S KONG KING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 532)

2010 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 2010 together with comparative figures for the corresponding period in 2009 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2010

		Six months ended 30 June	
		2010	2009
		(Unaudited)	(Unaudited)
	NOTE	***HK$'000***	*HK$'000*
Revenue	*3*	**2,314,252**	1,212,157
Investment income		**3,108**	2,981
Raw materials and consumables used		**(1,035,856)**	(677,913)
Purchases of finished goods		**(852,404)**	(280,645)
Changes in inventories of finished goods and work in progress		**39,063**	14,033
Other manufacturing overhead		**(31,793)**	(33,415)
Employee benefits expense		**(240,469)**	(192,507)
Depreciation and amortisation		**(29,739)**	(31,708)
Other expenses		**(101,073)**	(74,164)
Operating profit/(loss)		**65,089**	(61,181)
Finance income		**1,483**	3,402
Finance costs		**(4,056)**	(4,948)
Finance costs, net		**(2,573)**	(1,546)

CONDENSED CONSOLIDATED INCOME STATEMENT (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

		Six months ended 30 June	
		2010	2009
		(Unaudited)	(Unaudited)
	NOTE	***HK$'000***	*HK$'000*
Share of results of an associate		**869**	(650)
Allowance for doubtful debt on amount due from a jointly controlled entity		**(97)**	(338)
Profit/(loss) before income tax	*3*	**63,288**	(63,715)
Income tax expense	*4*	**(15,160)**	(10,450)
Profit/(loss) for the period		**48,128**	(74,165)
Attributable to:			
Equity holders of the Company		**36,950**	(72,201)
Non-controlling interests		**11,178**	(1,964)
		48,128	(74,165)
DIVIDENDS		**7,395**	–
EARNINGS/(LOSS) PER SHARE	*5*		
(expressed in HK cents per share)			
– basic		**5.00**	(9.77)
– diluted		**4.97**	(9.74)

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2010

	NOTE	**30 June 2010 (Unaudited) HK$'000**	31 December 2009 (Audited) HK$'000
ASSETS			
NON-CURRENT ASSETS			
Land use rights		**15,245**	15,470
Property, plant and equipment		**580,466**	579,672
Intangible assets		**14,573**	13,066
Interest in an associate		**3,786**	2,847
Interests in jointly controlled entities		**891**	988
Deferred tax assets		**9,827**	9,655
Available-for-sale financial assets		**29,330**	33,218
Long term deposits		**1,892**	1,973
Club membership and debentures		**12,121**	11,795
TOTAL NON-CURRENT ASSETS		**668,131**	668,684
CURRENT ASSETS			
Inventories		**614,835**	470,761
Trade and other receivables	*6*	**1,031,092**	845,432
Deposits and prepayments		**66,774**	52,132
Tax recoverable		**1,422**	1,645
Derivative financial instruments		**1,910**	–
Bank balances and cash		**636,699**	293,854
TOTAL CURRENT ASSETS		**2,352,732**	1,663,824
TOTAL ASSETS		**3,020,863**	2,332,508
LIABILITIES			
NON-CURRENT LIABILITIES			
Obligations under finance leases – due after one year		**242**	318
Deferred tax liabilities		**1**	1
Retirement benefit obligations		**939**	793
TOTAL NON-CURRENT LIABILITIES		**1,182**	1,112

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AT 30 JUNE 2010

	NOTE	**30 June 2010 (Unaudited) *HK$'000***	31 December 2009 (Audited) *HK$'000*
CURRENT LIABILITIES			
Trade, bill and other payables	*7*	**1,016,673**	686,540
Current income tax liabilities		**11,146**	5,303
Bank borrowings – due within one year		**708,861**	402,087
Bank overdraft, secured		**10,140**	3,553
Obligations under finance leases			
– due within one year		**153**	153
Derivative financial instruments		**–**	1,264
TOTAL CURRENT LIABILITIES		**1,746,973**	1,098,900
TOTAL LIABILITIES		**1,748,155**	1,100,012
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**73,952**	73,930
Reserves		**1,127,973**	1,090,328
		1,201,925	1,164,258
Non-controlling interests		**70,783**	68,238
TOTAL EQUITY		**1,272,708**	1,232,496
TOTAL EQUITY AND LIABILITIES		**3,020,863**	2,332,508
NET CURRENT ASSETS		**605,759**	564,924
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,273,890**	1,233,608

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit/(loss) for the period	**48,128**	(74,165)
OTHER COMPREHENSIVE INCOME		
Currency translation differences	**1,009**	3,765
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**49,137**	(70,400)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
– equity holders of the Company	**37,546**	(69,377)
– non-controlling interests	**11,591**	(1,023)
	49,137	(70,400)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2010

1. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2010 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 2009, 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 2009 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 2010.

(a) Standards, amendments and interpretations to existing standards effective in 2010 but are not relevant or have no significant impact to the Group.

- HKAS 39 (Amendment), 'Eligible hedged items'
- HKFRS 1 (Amendment), 'Additional exemptions for first-time adopters'
- HKFRS 2 (Amendment), 'Group cash-settled share-based payment transaction'
- HKFRS 3 (Revised), 'Business combination'
- HK(IFRIC)-Int 17, 'Distributions of non-cash assets to owners'
- The first improvements project to HKFRSs were issued in October 2008 by the HKICPA
- The second improvements project to HKFRSs were issued in May 2009 by the HKICPA

(b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

- HKFRS 9, 'Financial instruments'
- HKAS 24 (Revised), 'Related party disclosures'
- 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'
- HKFRS 1 (Amendment), 'Limited exemption from comparative IFRS/HKFRS 7 disclosures for first-time adopters'
- The third annual improvements project to HKFRSs were issued in May 2010 by the HKICPA

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 2010.

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 2010 are as follows:

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

The segment information for the six months ended 30 June 2009 are as follows:

	Trading	Manufacturing	Others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
External sales	414,100	780,117	17,940	–	1,212,157
Inter-segment sales	64,744	1,162	7,621	(73,527)	–
Total	478,844	781,279	25,561	(73,527)	1,212,157
Results					
Segment results after finance income/(costs)	(50,578)	(8,654)	(3,495)	–	(62,727)
Share of results of an associate					(650)
Allowance for doubtful debt on amount due from a jointly controlled entity					(338)
Loss before income tax					(63,715)

4. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at the rate of 16.5% (2009: 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.

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**1,630**	(4)
Other jurisdictions including PRC income tax	**10,236**	3,811
Withholding tax on dividend declared by subsidiaries	**3,294**	6,643
	15,160	10,450

5. EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	30 June 2010	30 June 2009
Profit/(loss) attributable to equity holders of the Company (Hong Kong thousands dollar)	**36,950**	(72,201)
Weighted average number of ordinary shares in issue (thousands)	**739,404**	739,304
Basic earnings/(loss) per share (Hong Kong cents per share)	**5.00**	(9.77)

(b) Diluted

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

	30 June 2010	30 June 2009
Profit/(loss) attributable to equity holders of the Company (Hong Kong thousands dollar)	**36,950**	(72,201)
Weighted average number of ordinary shares in issue (thousands)	**739,404**	739,304
Adjustments for share options (thousands)	**3,737**	1,720
Weighted average number of ordinary shares for diluted earnings/(loss) per share (thousands)	**743,141**	741,024
Diluted earnings/(loss) per share (Hong Kong cents per share)	**4.97**	(9.74)

6. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK$1,011,727,000 (At 31 December 2009: HK$835,058,000). 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 2010 *HK$'000*	31 December 2009 *HK$'000*
0 to 30 days	**504,959**	330,346
31 to 60 days	**223,123**	240,535
61 to 90 days	**135,077**	126,468
Over 90 days	**148,568**	137,709
	1,011,727	835,058

7. TRADE, BILL AND OTHER PAYABLES

Included in trade, bill and other payables are trade and bill payable of HK$746,958,000 (At 31 December 2009: HK$501,306,000). The following is an ageing analysis of trade and bill payables at the reporting date:

	30 June 2010 *HK$'000*	31 December 2009 *HK$'000*
0 to 30 days	**617,504**	335,627
31 to 60 days	**64,539**	107,109
61 to 90 days	**35,136**	32,570
Over 90 days	**29,779**	26,000
	746,958	501,306

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK$1.0 cent (2009: Nil) per share for the six months ended 30th June 2010. The above-mentioned interim dividend will be payable on 30 September 2010 to the shareholders whose names appear on Register of Members of the Company on 22 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 20 September 2010 to 22 September 2010, 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 17 September 2010.

BUSINESS REVIEW

The Group's turnover for the first half of 2010 was HK$2.3 billion, reflecting an increase of approximately 91% compared to the same period last year. The Group registered a profit attributable to the shareholders of HK$37 million for the first half of 2010 as compared to a loss attributable to shareholders of HK$72.2 million for the same period last year.

The turnover of the Group's Industrial Products Trading Division was HK$1.1 billion, an improvement of approximately 173% over the same period last year, and its operating profit was HK$55.5 million as compared to an operating loss of HK$50.6 million for the same period last year. This was mainly due to stronger demand for the industrial products distributed by the Group as a result of an improvement in the global economy. The Division's operations in Taiwan performed well and were the main contributor to the Division's profit. All of the Division's other major operations in Hong Kong, the PRC and Thailand recorded operating profits for the first half of this year, while its operation in Singapore recorded an operating loss.

The turnover of the OEM Division increased to HK$1.2 billion for the first half of this year, up by approximately 48% compared to the corresponding period last year. This was also largely due to the improvement in the global economy. However, the profitability of the Division was affected by escalating workers' wages in the PRC and increasing material prices.

FINANCE

The Group has committed bank and other financing facilities totaling HK$1,936 million, of which HK$771 million were drawn down as at 30 June 2010.

As at 30 June 2010, the Group's consolidated net borrowings amounted to HK$83 million and its shareholders equity amounted to HK$1,202 million, resulting in a gearing ratio of 6.9%.

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 2009.

HUMAN RESOURCES

As at 30 June 2010, the Group had a total of 7,200 employees of whom 321 were based in Hong Kong, 6,664 in the PRC and 215 overseas. The remuneration packages of the Group's employees are mainly based on their performance and experience, taking into account current industry practices. A 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

Despite the recent improvement in the global economy, uncertainties remain. It is expected that the performance of the Group's Industrial Products Trading Division will be affected by a tougher market environment in the second half of this year. It is expected that the Group's OEM Manufacturing Division will secure more orders in the second half of this year compared to the first half. However, its profit margins will continue to feel pressure from the escalation in workers' wages in the PRC that took place earlier in the year, as well as from anticipated shortages in components and materials.

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 2010.

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 2010, 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 2010.

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 2010.

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, 30 August 2010

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.