



WONG'S KONG KING INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 0532)

INTERIM REPORT 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

	NOTES	Six months ended 30th June 2007 (Unaudited) HK\$'000	2006 (Unaudited) 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
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

INTERIM RESULTS

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June 2007

	NOTES	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	6	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	7	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

INTERIM RESULTS

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

At 30th June 2007

	NOTES	30th June 2007 (Unaudited) HK\$'000	31st December 2006 (Audited) HK\$'000
CAPITAL AND RESERVES			
Share capital	8	70,884	70,810
Reserves		1,040,817	989,434
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Equity attributable to equity holders of the parent company		1,111,701	1,060,244
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Minority interests		60,267	73,174
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TOTAL EQUITY		1,171,968	1,133,418
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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
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TOTAL NON-CURRENT LIABILITIES		37,463	145,262
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TOTAL EQUITY AND NON-CURRENT LIABILITIES		1,209,431	1,278,680

INTERIM RESULTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2007

	Attributable to equity holders of the parent company											Minority	Total	
	Share capital	Share premium	Share redemption reserve	Capital redemption reserve	Contributed surplus	Special reserve	Revaluation reserve	Dividend reserve	Translation reserve	Share options reserve	Retained profits	Total	interests	equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1st January 2007	70,810	75,186	1,610	26,624	5,008	233	-	(5,037)	1,625	884,185	1,060,244	73,174	1,133,418	
Issue of ordinary shares upon exercise of share options	74	347	-	-	-	-	-	-	-	-	421	-	421	
Profit for the period	-	-	-	-	-	-	-	-	-	49,548	49,548	5,681	55,229	
Proposed Interim dividend	-	-	-	-	-	-	10,997	-	-	(10,997)	-	-	-	
Dividend paid to minority interests	-	-	-	-	-	-	-	-	-	-	-	(19,924)	(19,924)	
Exchange translation difference	-	-	-	-	-	-	-	937	-	-	937	(414)	523	
Capital contribution from minority interests	-	-	-	-	-	-	-	-	-	-	-	1,750	1,750	
Recognition of equity-settled share based payment	-	-	-	-	-	-	-	-	551	-	551	-	551	
Transfer of share option reserve on exercise of share options	-	-	-	-	-	-	-	-	(8)	8	-	-	-	
At 30 June 2007	70,884	75,533	1,610	26,624	5,008	233	10,997	(4,100)	2,168	922,744	1,111,701	60,267	1,171,968	

INTERIM RESULTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30th June 2006

	Attributable to equity holders of the parent company											Minority interests	Total equity
	Share capital	Share redemption premium	Capital reserve	Contributed surplus	Special reserve	Assets revaluation reserve	Exchange reserve	Share options	Accumulated profits	Dividend reserve	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1st January 2006	69,279	68,142	1,610	26,624	5,008	233	(11,219)	717	644,126	27,712	832,232	65,788	898,020
Profit for the period	-	-	-	-	-	-	-	-	85,491	-	85,491	11,966	97,457
2005 Final dividend paid	-	-	-	-	-	-	-	-	-	(27,712)	(27,712)	-	(27,712)
Proposed Interim dividend	-	-	-	-	-	-	-	-	(10,392)	10,392	-	-	-
Dividend paid to													
minority interests	-	-	-	-	-	-	-	-	-	-	-	(19,012)	(19,012)
Exchange translation													
difference	-	-	-	-	-	-	932	-	-	-	932	553	1,485
Recognition of equity-settled													
share based payment	-	-	-	-	-	-	-	786	-	-	786	-	786
Transfer of share option													
reserve on cancellation	-	-	-	-	-	-	-	(12)	12	-	-	-	-
At 30 June 2006	69,279	68,142	1,610	26,624	5,008	233	(10,287)	1,491	719,237	10,392	891,729	59,295	951,024

INTERIM RESULTS

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June 2007

	Six months ended 30th June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
NET CASH FROM OPERATING ACTIVITIES	204,361	184,228
NET CASH (USED IN) INVESTING ACTIVITIES	(43,670)	(28,313)
NET CASH (USED IN) FINANCING ACTIVITIES	(77,743)	(134,544)
INCREASE IN CASH AND CASH EQUIVALENTS	82,948	21,371
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	212,666	200,484
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(439)	2,579
CASH AND CASH EQUIVALENTS AT 30TH JUNE	295,175	224,434
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	300,321	232,406
Bank overdrafts	(5,146)	(7,972)
	295,175	224,434

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June 2007

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 1st January 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.

INTERIM RESULTS

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

INTERIM RESULTS

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

INTERIM RESULTS

6. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK\$893,613,000 (At 31st December 2006: HK\$972,837,000). The Group has a policy of allowing an average credit period of 60 days to its trade customers. The following is an aged analysis of trade receivables at the reporting date:

	30th June 2007 HK\$'000	31st December 2006 HK\$'000
0 to 30 days	362,609	661,004
31 to 60 days	187,568	139,341
61 to 90 days	119,090	52,173
Over 90 days	224,346	120,319
	<hr/> 893,613	<hr/> 972,837

7. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payable of HK\$446,515,000 (At 31st December 2006: HK\$523,544,000). The following is an aged analysis of trade payables at the reporting date:

	30th June 2007 HK\$'000	31st December 2006 HK\$'000
0 to 30 days	336,243	359,356
31 to 60 days	66,403	27,712
61 to 90 days	9,386	12,000
Over 90 days	34,483	124,476
	<hr/> 446,515	<hr/> 523,544

8. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Amount HK\$'000
Issued and fully paid:		
At 1st January 2007	708,103,964	70,810
Exercise of share options	742,000	74
	<hr/> 708,845,964	<hr/> 70,884
At 30th June 2007	<hr/> 708,845,964	<hr/> 70,884

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

INTERIM RESULTS

9. RELATED PARTY TRANSACTIONS

During the period, the Group has entered into the following transactions with related parties:

	Six months ended		Amount due from (to) related parties	Amount due from (to) related parties
	30th June		30th June	31st December
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Trade sales (note a)	141	2,373	123	211
Ticketing and touring income (note a)	343	872	215	288
Ticketing and touring income (note b)	182	226	79	83
Ticketing and touring income (note c)	70	26	9	–
Insurance expense (note c)	3,755	4,705	(1,133)	(226)
Rental expense (note a)	145	145	–	–
Other outstanding balance brought forward from pervious years (note a)				
– Amount due from related parties	–	–	1,429	1,429
– Amount due to related parties	–	–	(3,388)	(3,388)
Provision for doubtful debts (note a)	–	–	(1,311)	(1,311)

Notes:

- (a) Related parties are Mr. Senta Wong, his close family members and companies of which Mr. Senta Wong or his close family members are directors.
- (b) Related parties are Mr. John Ho or Mr. Edward Tsui and their close family members.
- (c) Related party is a company of which Mr. Arthur Luk, a director of a subsidiary of the Group in Taiwan, is a director.

The prices of the above transactions were determined by the Directors by reference to market prices for similar transactions.

INTERIM RESULTS

10. COMMITMENTS AND CONTINGENT LIABILITIES

	30th June	31st December
	2007	2006
	HK\$'000	HK\$'000
Capital expenditure in respect of acquisition of fixed assets contracted for but not provided for in the financial statements	484	–

11. COMPARATIVE FIGURES

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

INTERIM RESULTS

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.

MANAGEMENT DISCUSSION & ANALYSIS

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.

MANAGEMENT DISCUSSION & ANALYSIS

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.

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

DISCLOSURE OF INTERESTS

INTERESTS OF DIRECTORS

At 30th June 2007, 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:

(A) 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	1,000,000	1,578,000	122,012,723 (Note 1)	207,800,000 (Note 2)	332,390,723	46.89	3,000,000	47.32
Edward Ying-Chun Tsui	7,277,920	-	-	-	7,277,920	1.03	3,000,000	1.45
Byron Shu-Chan Ho	2,470,000	360,000	-	-	2,830,000	0.40	3,000,000	0.82
Bengie Man-Hang Kwong	3,150,000	-	-	-	3,150,000	0.44	2,250,000	0.76
Hamed Hassan El-Abd	750,000	-	-	-	750,000	0.11	2,250,000	0.42
Peter Chung-Yin Lee	150,000	-	-	-	150,000	0.02	450,000	0.08
John Ho	-	-	-	-	-	-	450,000	0.06
Philip Wan-Chung Tse	150,000	-	-	-	150,000	0.02	450,000	0.08
Gene Howard Weiner	330,000	-	-	-	330,000	0.05	450,000	0.11

DISCLOSURE OF INTERESTS

Notes:

- 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.
- 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.

(B) Associated Corporations

Name	Associated corporation	Capacity	Percentage of	
			Number of shares held	total issued shares %
Senta Wong	Golden Crown Limited	Beneficial owner	25	12.5

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 30th June 2007, 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 30th June 2007, 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	33.63%
Greatfamily Inc.	Interest of controlled corporation (Note 2)	207,800,000	29.32%
Greatguy Inc.	Trustee (Note 2)	207,800,000	29.32%
Senta Wong (BVI) Limited	Interest of controlled corporation (Note 3)	122,012,723	17.21%
Wong Chung Yin	Beneficial owner, interest of child or spouse and founder of discretionary trust (Note 4)	69,697,251	9.83%
HSBC International Trustee Limited	Interest of controlled corporations	47,066,952	6.64%

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 (A)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.

DISCLOSURE OF INTERESTS

2. Please see Note (A)2 under the section headed “Interests of Directors”.
3. Please see Note (A)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 30th June 2007, 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 30th June 2007, 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 1st January 2007	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding at 30th June 2007
Category 1: Directors									
Senta Wong	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
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
Peter Chung-Yin Lee	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
John 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	450,000	-	-	-	450,000
Philip Wan-Chung Tse	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
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					15,300,000	-	-	-	15,300,000
Category 2: Employees									
	22.7.2005	HK\$0.56	22.7.2006-21.7.2015	22.7.2005-21.7.2006	546,000	-	(546,000)	-	-
			22.7.2007-21.7.2015	22.7.2005-21.7.2007	31,840,000	-	-	-	31,840,000
	26.9.2005	HK\$0.59	26.9.2006-25.9.2015	26.9.2005-25.9.2006	258,000	-	(196,000)	-	62,000
			26.9.2007-25.9.2015	26.9.2005-25.9.2007	792,000	-	-	-	792,000
Total					33,436,000	-	(742,000)	-	32,694,000
Total for all categories					48,736,000	-	(742,000)	-	47,994,000

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 approximately HK\$551,000 for the period ended 30th June 2007 (2006:HK\$786,000) 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 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

CORPORATE GOVERNANCE

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 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.

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.

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:

- (a) The Company entered into a loan agreement on 29th April, 2005 with a syndicate of banks for a 4-year transferable term loan facility of up to HK\$380 million to refinance a previous loan facility and for general working capital purposes (the "Old Facility"). This loan agreement includes conditions to the effect that: (a) Mr. Senta Wong, the controlling shareholder of the Company, together with his associates, must remain the single largest shareholder of the Company; (b) Mr. Senta Wong, together with his associates and his other family members, must hold 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. A breach of any of the above conditions will constitute an event of default under the Loan Agreement. If such an event of default occurs, all amounts outstanding under the facility may become immediately due and payable. The Old Facility was repaid in full on 6th August 2007.
- (b) On 25th 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.