



**WINBOX INTERNATIONAL
(HOLDINGS) LIMITED**

永保時國際(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 474)

:: Interim Report 2007

CONTENTS

- 2 Corporate Information
- 4 Interim Dividend
- 4 Management Discussion and Analysis
- 7 Disclosure of Interests
- 11 Corporate Governance
- 13 Report on Review of Interim Financial Information
- 15 Condensed Consolidated Income Statement
- 16 Condensed Consolidated Balance Sheet
- 17 Condensed Consolidated Statement of Changes in Equity
- 19 Condensed Consolidated Cash Flow Statement
- 20 Notes to the Condensed Consolidated Financial Statements

CORPORATE INFORMATION

Board of Directors

Ms. Choi Hon Hing (*Chairman*)
Ms. Fung Wing Ki, Vicky
(*Executive Director*)
Ms. Fung Wing Yee, Wynne
(*Executive Director*)
Mr. Tam Hok Lam, Tommy, *J.P.*
(*Independent Non-Executive Director*)
Dr. Hui Ka Wah, Ronnie, *J.P.*
(*Independent Non-Executive Director*)
Mr. Leung Man Chun, Paul
(*Independent Non-Executive Director*)

Audit Committee

Mr. Tam Hok Lam, Tommy, *J.P.*
(*Chairman of Committee*)
Dr. Hui Ka Wah, Ronnie, *J.P.*
Mr. Leung Man Chun, Paul

Remuneration Committee

Mr. Tam Hok Lam, Tommy, *J.P.*
(*Chairman of Committee*)
Dr. Hui Ka Wah, Ronnie, *J.P.*
Mr. Leung Man Chun, Paul
Ms. Choi Hon Hing

Investment Committee

Ms. Choi Hon Hing
(*Chairman of Committee*)
Ms. Fung Wing Ki, Vicky
Mr. Jip Ki Chi, Terence

Company Secretary and Qualified Accountant

Mr. Jip Ki Chi, Terence

Compliance Adviser

Optima Capital Limited
Unit 3618, 36th Floor
Bank of America Tower
12 Harcourt Road
Central, Hong Kong

Solicitors

F. Zimmern & Co.
Suites 1501-1503
15th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road
Central
Hong Kong

Principal Share Registrar and Transfer Office in Cayman Islands

Butterfield Fund Services (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 705, Grand Cayman KY1-1107
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services
Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

2nd Floor, Ching Cheong Industrial Building
1-7 Kwai Cheong Road
Kwai Chung, New Territories
Hong Kong

Website

www.winboxhk.com

INTERIM DIVIDEND

The board does not recommend the payment of an interim dividend for the six months ended 30 September 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospect

There was no material change in the Group's business and operations during the six months ended 30 September 2007 from that disclosed in the Annual Report for the year ended 31 March 2007. During the period, the Group continued to face up challenges of surging material costs, appreciation of Renminbi ("RMB") against US dollar, and increasing of staff and other operating costs. Despite these challenges, the Group has made impressive growth in terms of increased turnover and has strengthened its management team which has been committed to rationalising and re-engineering its work flow and processes to reduce costs and increase efficiency. Moreover, in view of the increasing performance of the Group in its investing activities, the Group's management team is targeting to achieve a much improved performance from its operations in year 2007.

Financial Review

Revenue

The Group's revenue for the six months ended 30 September 2007 was approximately HK\$93.4 million (2006: HK\$80.9 million), which increased by approximately 15.4% compared to the six months ended 30 September 2006. The increase was attributable to the better overall economic environment in major markets of the Group that allowed it to generate larger volume of business. Products manufactured by the Group are mainly sold directly to customers located in Europe and North America.

Gross Profit

The Group's gross profit increased from approximately HK\$30.8 million for the six months ended 30 September 2006 to approximately HK\$32.3 million for the six months ended 30 September 2007. However, gross profit margin decreased from approximately 38.0% for the six months ended 30 September 2006 to approximately 34.6% for the six months ended 30 September 2007, primarily due to the increase in cost of sales in terms of direct labour costs, direct material costs and appreciation of RMB.

Other Income

The Group's other income increased from approximately HK\$2.7 million for the six months ended 30 September 2006 to approximately HK\$9.5 million for the six months ended 30 September 2007. The increase was mainly due to the increase in income from investing activities.

Distribution and Selling Costs

The Group's distribution and selling costs as a percentage of turnover were approximately 2.5% for the six months ended 30 September 2007 (2006: 2.8%).

Administrative Expenses

The Group's administrative expenses decreased by approximately 5.2% to HK\$14.2 million for the six months ended 30 September 2007 (2006: HK\$15.0 million). The decrease was mainly attributable to better cost control.

Finance Costs

The Group's finance costs for the six months ended 30 September 2007 amounted to approximately HK\$3,000 (2006: HK\$0.1 million).

Profit for the Period

The Group's profit for the period increased by approximately 56.9% from approximately HK\$13.5 million for the six months ended 30 September 2006 to approximately HK\$21.2 million for the six months ended 30 September 2007. The increase was mainly due to the increase in income from investing activities and gross profit.

Liquidity, Capital Structure and Financial Resources

There was no material change in the Group's position in relation to liquidity, capital structure and financial resources as disclosed in the Annual Report for the year ended 31 March 2007 except that trade and bills receivables as at 30 September 2007 increased to approximately HK\$31.7 million from approximately HK\$16.8 million as at 31 March 2007, partially due to increased sales volume and generally, there are relatively more shipments of orders (hence, more sales recognized) commencing from the second quarter of a calendar year than the first quarter of a calendar year in which the Chinese New Year usually falls.

The cash flow of the Group remained strong during the period with cash and cash equivalents as at 30 September 2007 amounted to approximately HK\$67.9 million (31 March 2007: HK\$64.5 million) while only incurred a minimum level of bank borrowing with approximately HK\$0.9 million (31 March 2007: nil). Gearing ratio (a ratio of total borrowings to total assets other than goodwill) as at 30 September 2007 was approximately 0.4% (31 March 2007: 0%). Bank borrowing of the Group was denominated in Swiss Franc, carrying fixed interest rate at 3.125% per annum and was secured by a floating charge on certain assets of the Group deposited in the bank, including investments held for trading and bank balances. At 30 September 2007, total assets of the Group charged in favour of the bank was approximately HK\$47,905,000, comprising approximately HK\$36,135,000 of investments held for trading and approximately HK\$11,770,000 of bank balances.

Commitment and Contingent Liabilities

A summary of the commitment is set out in note 16 to the condensed consolidated financial statements. The Group had no material contingent liabilities as at the close of business on 30 September 2007.

Exposure to Fluctuations in Exchange Rates

The net foreign exchange gain of the Group for the six months ended 30 September 2007 was approximately HK\$0.4 million compared to the net foreign exchange gain of approximately HK\$43,000 for the corresponding period in 2006. Except as disclosed, there was no material change in the Group's position in relation to foreign exchange exposure as disclosed in the Annual Report for the year ended 31 March 2007.

Employment and Share Option Schemes

As at 30 September 2007, the Group had a total of approximately 1,350 employees in Hong Kong, the People's Republic of China and France. A summary of the Share Option Schemes of the Group is set out in note 17 to the condensed consolidated financial statements.

Significant Investments, Material Acquisitions and Disposals

The Group did not have any significant investments, material acquisitions and disposals during the six months ended 30 September 2007.

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations

As at 30 September 2007, the interests of the Directors of the Company or their associates in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to 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 Issuers of the Listing Rules (the "Model Code"), were as follows:

Long positions in ordinary shares and underlying shares of the Company:

Name of Director	Capacity	Nature of Interest	Number of shares of the Company held	Number of underlying shares of the Company held	Total	Approximate percentage of total issued share capital
Ms. Choi Hon Hing	Beneficial owner	Personal interest	1,633,294	3,111,019 (Note 1))		
	Interest of a controlled corporation	Corporate interest	706,556 (Note 2)	–)		
	Beneficiary of trust	Other interest	160,000,000 (Note 3)	–)		
	Interest of spouse	Spouse interest	43,640,117	600,000 (Note 4)	209,690,986	51.69%
Ms. Fung Wing Ki, Vicky	Beneficial owner	Personal interest	803,979	2,333,283 (Note 1))		
	Beneficiary of trust	Other interest	160,000,000 (Note 3)	–	163,137,262	40.21%
Ms. Fung Wing Yee, Wynne	Beneficial owner	Personal interest	999,979	2,333,283 (Note 1))		
	Beneficiary of trust	Other interest	160,000,000 (Note 3)	–	163,333,262	40.26%
Mr. Tam Hok Lam, Tommy, J.P.	Beneficial owner	Personal interest	–	400,000 (Note 5)	400,000	0.09%
Dr. Hui Ka Wah, Ronnie, J.P.	Beneficial owner	Personal interest	–	400,000 (Note 5)	400,000	0.09%
Mr. Leung Man Chun, Paul	Beneficial owner	Personal interest	–	400,000 (Note 5)	400,000	0.09%

Notes:

- These interests represented the interests in underlying shares in respect of share options granted by the Company to these Directors as beneficial owners under the Pre-Listing Share Option Scheme adopted on 16 May 2006, the details of which are set out in the details of movements in the share options on note 17 to the condensed consolidated financial statements.

2. Ms. Choi Hon Hing has a beneficial interest in Bo Hing Limited (“Bo Hing”), which was interested in 706,556 shares in the Company as at 30 September 2007, representing approximately 0.17% in the issued share capital of the Company.
3. The three references to 160,000,000 shares relate to the same block of shares held by Gainbest Investments Limited (“Gainbest”) which is a company wholly owned by HSBC International Trustee Limited as the trustee of a discretionary trust set up by Mr. Fung Ka Pun, the spouse of Ms. Choi Hon Hing, of which the discretionary objects include but not limited to Ms. Choi Hon Hing, Ms. Fung Wing Ki, Vicky and Ms. Fung Wing Yee, Wynne. Gainbest is a substantial shareholder of the Company and its shareholding in the Company is set out in the section headed “Substantial Shareholders’ Interests and Short Positions in Shares and Underlying Shares of the Company” of this report.
4. These interests represented Ms. Choi Hon Hing’s spouse interest in 600,000 underlying shares in respect of share options granted by the Company to Mr. Fung Ka Pun, spouse of Ms. Choi Hon Hing, the details of which are set out in the details of movements in the share options on note 17 to the condensed consolidated financial statements.
5. These interests represented the interests in underlying shares in respect of share options granted by the Company to these Directors as beneficial owners under the Share Option Scheme (“Post-Listing Scheme”) adopted on 16 May 2006, the details of which are set out in the details of movements in the share options on note 17 to the condensed consolidated financial statements.

Other than as disclosed above, as at 30 September 2007, none of the Directors of the Company or their associates had any interests or short positions in any shares, underlying shares and 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.

Share Option Schemes

Particulars of the Company’s share option schemes and details of movements in the share options are set out in note 17 to the condensed consolidated financial statements.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 September 2007, the following entities have interests or short positions of 5% or more in the shares and underlying shares of the Company which were recorded in the Register of Substantial Shareholders maintained under Section 336 of the SFO or had otherwise notified to the Company:

Name	Number of shares of the Company held	Number of underlying shares of the Company held	Capacity	Approximate percentage of the total issued share capital
Gainbest Investments Limited	160,000,000 (Note 1)		Beneficial owner	39.44%
Mr. Fung Ka Pun	160,000,000 (Note 1) 42,888,567 (Note 2) 1,458,106	600,000 (Note 3)	Founder of a discretionary trust Interest of controlled corporations Beneficial owner	51.69%
	1,633,294	3,111,019 (Note 4)	Interest of spouse	
HSBC International Trustee Limited	160,000,000 (Note 1)		Trustee of a discretionary trust	39.44%
Monnie Luck Limited	31,760,000 (Note 5)		Beneficial owner	7.83%
Yue Xiu Enterprises (Holdings) Limited	31,760,000 (Note 5)		Interest of a controlled corporation	7.83%
Goodwill International (Holdings) Limited	42,182,011		Beneficial owner	10.39%
Newmark Capital Corporation Limited	40,565,402 (Note 6)		Beneficial owner	10.00%
Newmark Capital Holdings Limited	40,565,402 (Note 6)		Interest of a controlled corporation	10.00%
Mr. Ng Poh Meng	40,565,402 (Note 6)		Interest of a controlled corporation	10.00%

Other than as disclosed above, as at 30 September 2007, no person (other than Directors of the Company) has interests or short positions in the shares or underlying shares of the Company which were recorded in the Register of Substantial Shareholders maintained under Section 336 of the SFO.

Notes:

1. Gainbest is a company wholly owned by HSBC International Trustee Limited as the trustee of a discretionary trust set up by Mr. Fung Ka Pun, for the benefit of his family members including but not limited to Ms. Choi Hon Hing, Ms. Fung Wing Ki, Vicky and Ms. Fung Wing Yee, Wynne as discretionary objects.
2. Mr. Fung Ka Pun has beneficial interests in Bo Hing and Goodwill International (Holdings) Limited, which were interested in 706,556 shares and 42,182,011 shares in the Company respectively as at 30 September 2007, representing approximately 10.57% of the issued share capital of the Company.
3. These interests represented the interests in underlying shares in respect of share options granted by the Company to Mr. Fung Ka Pun as beneficial owner under the Post-Listing Scheme adopted on 16 May 2006, the details of which are set out in the details of movements in the share options on note 17 to the condensed consolidated financial statements.
4. These interests represented the interests in underlying shares in respect of share options granted by the Company to Ms. Choi Hon Hing, spouse of Mr. Fung Ka Pun, the details of which are set out in the details of movements in the share options on note 17 to the condensed consolidated financial statements.
5. Monnie Luck Limited is wholly owned by Mr. Xiao Boyan as trustee on trust for Yue Xiu Enterprises (Holdings) Limited.
6. Newmark Capital Corporation Limited is wholly owned by Newmark Capital Holdings Limited which, in turn, is wholly owned by Mr. Ng Poh Meng.

CORPORATE GOVERNANCE

Compliance with Code on Corporate Governance Practices

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize on a quality board of Directors (the "Board"), sound internal control, transparency and accountability to all shareholders of the Company. For the six months ended 30 September 2007, there is no deviation from the Corporate Governance Report as contained in the Annual Report of the Company for the year ended 31 March 2007. Throughout the six months ended 30 September 2007, the Company has applied the principles of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the deviation from code provision A.2.1 of the CG Code that the roles of chairman and chief executive director should be separated and should not be performed by the same individual. However, the Company does not separate the roles of the chairman and chief executive officer.

Ms. Choi Hon Hing, the Chairman of the Company, assumes the role of chief executive officer and is responsible for the overall control and management of the Company and the Group. The Company considers that the combination of the roles of chairman and chief executive officer can promote the efficient formulation and implementation of the Company's strategies which will enable the Group to grasp business opportunities more efficiently and promptly. The Company considers that through the supervision by its Board and its Independent Non-Executive Directors, a balancing mechanism exists so that the interests of the shareholders are adequately represented.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transaction. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period and they all confirmed having fully complied with the required standard set out in the Model Code.

Purchase, Sale or Redemption of the Company's Shares

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 September 2007.

Audit Committee

The Company established an Audit Committee on 16 May 2006 with reference to “A Guide for the Formation of an Audit Committee” published by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the Audit Committee are consistent with the provisions as set out in the CG Code and are available on the Company’s website. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2007 with the Directors and external auditors.

On behalf of the Board

Choi Hon Hing

Chairman

Hong Kong, 14 December 2007

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



TO THE BOARD OF DIRECTORS OF WINBOX INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 15 to 30 which comprises the condensed consolidated balance sheet of Winbox International (Holdings) Limited as of 30 September 2007 and the related condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

14 December 2007

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

	NOTES	Six months ended 30 September	
		2007	2006
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	93,441	80,941
Cost of sales		(61,114)	(50,167)
Gross profit		32,327	30,774
Other income	5	9,525	2,654
Distribution and selling costs		(2,305)	(2,229)
Administrative expenses		(14,232)	(15,016)
Finance costs	6	(3)	(111)
Profit before taxation	7	25,312	16,072
Taxation	8	(4,082)	(2,541)
Profit for the period		21,230	13,531
Dividends	9	10,141	10,000
Earnings per share	10		
Basic		HK5.26 cents	HK3.38 cents
Diluted		HK5.15 cents	HK3.33 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2007

	NOTES	30 September 2007 HK\$'000 (unaudited)	31 March 2007 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	16,430	15,956
Prepaid lease payments		3,511	4,402
Goodwill		11,349	10,730
Available-for-sale investments		16,630	12,923
		47,920	44,011
Current assets			
Inventories		32,458	32,976
Trade and bills receivables	12	31,741	16,805
Other receivables, deposits and prepayments		16,926	13,627
Investments held for trading		43,076	45,734
Bank balances and cash		67,884	64,476
		192,085	173,618
Current liabilities			
Trade payables	13	13,408	9,552
Other payables, deposits received and accruals		17,262	16,044
Derivative financial instruments		341	68
Bank borrowing	14	931	–
Taxation payable		3,419	2,915
		35,361	28,579
Net current assets		156,724	145,039
Total assets less current liabilities		204,644	189,050
Non-current liability			
Retirement benefits obligations		1,110	1,046
		203,534	188,004
Capital and reserves			
Share capital	15	20,281	20,000
Reserves		183,253	168,004
		203,534	188,004

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Special reserve HK\$'000 (note b)	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Six months ended							
30 September 2007							
At 1 April 2007 (audited)	20,000	-	2,508	(5,754)	5,961	165,289	188,004
Exchange difference on translation of foreign operations recognised directly in equity	-	-	-	-	2,028	-	2,028
Profit for the period	-	-	-	-	-	21,230	21,230
Total recognised income and expenses for the period	-	-	-	-	2,028	21,230	23,258
Exercise of share options	281	985	-	-	-	-	1,266
Final dividend for 2006/07 paid	-	-	-	-	-	(10,141)	(10,141)
Recognition of equity-settled share-based payments	-	-	1,147	-	-	-	1,147
Transfer upon exercise of share options	-	1,529	(1,529)	-	-	-	-
At 30 September 2007 (unaudited)	20,281	2,514	2,126	(5,754)	7,989	176,378	203,534
Six months ended							
30 September 2006							
At 1 April 2006 (audited) (note a)	4	6,544	-	7,698	3,130	147,238	164,614
Exchange difference on translation of foreign operations recognised directly in equity	-	-	-	-	1,246	-	1,246
Profit for the period	-	-	-	-	-	13,531	13,531
Total recognised income and expenses for the period	-	-	-	-	1,246	13,531	14,777
Amount arising on group reorganisation	(4)	(6,544)	-	6,548	-	-	-
Issue of new shares as consideration for the acquisition of Winbox (BVI) Limited pursuant to the group reorganisation	20,000	-	-	(20,000)	-	-	-
Final dividend for 2005/06 paid	-	-	-	-	-	(10,000)	(10,000)
Recognition of equity-settled share-based payments	-	-	1,003	-	-	-	1,003
At 30 September 2006 (unaudited)	20,000	-	1,003	(5,754)	4,376	150,769	170,394

Notes:

- (a) The share capital as at 1 April 2006 represented the aggregate share capital of the Company and Winbox (BVI) Limited.

- (b) As at 1 April 2006, special reserve of HK\$7,698,000 represents the difference between the nominal amount of the share capital issued by Winbox (BVI) Limited and the nominal amount of the share capital of the acquired subsidiaries arisen from a group reorganisation occurred in prior years. During the period ended 30 September 2006, HK\$13,452,000 was debited to the special reserve which represents the difference between the nominal amount of the share capital issued by the Company of HK\$20,000,000 and the nominal amount of the share capital and the share premium of Winbox (BVI) Limited arising from the group reorganisation to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited of HK\$6,548,000. Details of this reorganisation are stated in note 1 to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2007

	Six months ended	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	10,760	(193)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		
Interest received	1,822	1,351
Dividends received from investments held for trading	587	720
Purchase of property, plant and equipment	(985)	(455)
Sale proceeds from disposal of property, plant and equipment and prepaid lease payments	1,337	–
Sales proceeds from disposal of available-for- sale investments	703	–
Purchase of available-for-sale investments	(3,900)	–
	(436)	1,616
NET CASH USED IN FINANCING ACTIVITIES		
Dividend paid	(10,141)	(10,000)
Repayment of borrowing	–	(394)
New borrowing raised	931	–
Interest paid	(3)	(111)
Issuance of new shares	1,266	–
	(7,947)	(10,505)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,377	(9,082)
CASH AND CASH EQUIVALENTS AT 1 APRIL	64,476	54,675
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,031	376
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	67,884	45,969
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	67,884	45,969

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2007

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Winbox International (Holdings) Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Laws 3 of 1961, as consolidated and revised) of the Cayman Islands.

Through a group reorganisation (“the Reorganisation”) to rationalise the structure of the Company and its subsidiaries (hereinafter collectively referred as the “Group”) in preparation for the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of the Group on 16 May 2006. Details of the Reorganisation are set out in the prospectus dated 24 May 2006.

The Company’s shares have been listed on the Stock Exchange since 6 June 2006.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the condensed consolidated financial statements for the six months ended 30 September 2006 have been prepared using the principles of merger accounting.

The Company is an investment holding company. The principal activity of its subsidiaries is sale of quality plastic and paper boxes for luxury consumer goods.

The Group’s condensed consolidated financial statements are presented in Hong Kong dollars, which is the functional currency of the Company.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange 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 consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2007.

In the current interim period, the Group has applied, for the first time, a number of new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 April 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – INT 8	Scope of HKFRS 2
HK(IFRIC) – INT 9	Reassessment of embedded derivatives
HK(IFRIC) – INT 10	Interim financial reporting and impairment

The adoption of the new HKFRSs has no material effect on the results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing costs ¹
HKFRS 8	Operating segments ¹
HK(IFRIC) – INT 11	HKFRS 2: Group and treasury share transactions ²
HK(IFRIC) – INT 12	Service concession arrangements ³
HK(IFRIC) – INT 13	Customer loyalty programmes ⁴
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction ³

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 March 2007

³ Effective for annual periods beginning on or after 1 January 2008

⁴ Effective for annual periods beginning on or after 1 July 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, less sales tax and sales returns during the period.

4. SEGMENT INFORMATION

The directors report the geographical segments as the Group's primary segment information.

Geographical segments

The following table provides an analysis of the Group's sales by geographical market in which the customers are located, irrespective of the origin of the goods.

For the six months ended 30 September 2007

	Hong Kong	North America	Europe	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	<u>25,245</u>	<u>5,280</u>	<u>60,155</u>	<u>2,761</u>	<u>93,441</u>
Segment results	<u>9,596</u>	<u>1,373</u>	<u>12,633</u>	<u>580</u>	<u>24,182</u>
Other income					9,525
Unallocated corporate expenses					(8,392)
Finance costs					<u>(3)</u>
Profit before taxation					25,312
Taxation					<u>(4,082)</u>
Profit for the period					<u>21,230</u>

4. SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2006

	Hong Kong	North America	Europe	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	<u>14,028</u>	<u>9,446</u>	<u>55,067</u>	<u>2,400</u>	<u>80,941</u>
Segment results	<u>6,916</u>	<u>2,726</u>	<u>13,394</u>	<u>529</u>	23,565
Other income					2,654
Unallocated corporate expenses					(10,036)
Finance costs					<u>(111)</u>
Profit before taxation					16,072
Taxation					<u>(2,541)</u>
Profit for the period					<u>13,531</u>

5. OTHER INCOME

	Six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest earned on bank deposits	1,201	853
Interest earned on debt securities	621	498
Net foreign exchange gain	374	43
Change in fair value of investments held for trading	5,911	140
Change in fair value of derivative financial instruments	–	173
Dividend income from investments held for trading	587	720
Gain on disposal of property, plant and equipment and prepaid lease payments	206	–
Gain on disposal of available-for-sale investments	510	–
Sundry income	115	227
	9,525	2,654

6. FINANCE COSTS

	Six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on borrowing wholly repayable within five years	3	111

7. PROFIT BEFORE TAXATION

	Six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation is arrived at after charging (crediting):		
(Reversal of) allowance for inventories (included in cost of sales)	(777)	146
Depreciation of property, plant and equipment	642	716
Net realised loss on disposal of investments held for trading	–	267
Change in fair value on derivative financial instruments	273	–
Staff costs (including directors' emoluments)		
Fees, salaries, bonus and other allowances	20,115	17,061
Retirement benefit scheme contributions	1,997	2,298
Share-based payments	1,147	1,003
	23,259	20,362

8. TAXATION

	Six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong	2,567	1,200
Other jurisdictions	1,515	1,341
	4,082	2,541

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. DIVIDENDS

	Six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Final dividend paid for 2006/07 of HK\$0.025 per share (six months ended 30 September 2006: final dividend paid for 2005/06 of HK\$0.025 per share)	10,141	10,000

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	21,230	13,531
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	403,382	400,000
Effect of dilutive potential ordinary shares:		
Share options	8,938	6,014
Weighted average number of ordinary shares for the purpose of diluted earnings per share	412,320	406,014

The calculation of weighted average number of ordinary shares for the six months ended 30 September 2006 were based on the assumption that the Reorganisation had been effective on 1 April 2006.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2007, the Group spent approximately HK\$985,000 (six months ended 30 September 2006: HK\$455,000) on acquisition of property, plant and equipment.

12. TRADE RECEIVABLES AND BILLS RECEIVABLE

The Group allows an average credit period of 30 to 60 days to its trade customers. The aged analysis of trade receivables and bills receivable are stated as follows:

	30 September 2007 HK\$'000 (unaudited)	31 March 2007 HK\$'000 (audited)
0 to 30 days	16,466	11,900
31 to 60 days	11,048	3,873
61 to 90 days	2,366	382
91 to 180 days	1,183	84
	31,063	16,239
Bills receivable – within 60 days	678	566
	31,741	16,805

13. TRADE PAYABLES

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period taken for trade purchases is 30 to 60 days. The aged analysis of trade payables is stated as follows:

	30 September 2007 HK\$'000 (unaudited)	31 March 2007 HK\$'000 (audited)
0 to 30 days	5,856	5,215
31 to 60 days	3,020	1,284
61 to 90 days	2,038	1,615
91 to 180 days	2,494	1,438
	13,408	9,552

14. BANK BORROWING

Bank borrowing of the Group was denominated in Swiss Franc, carrying fixed interest rate at 3.125% per annum and was secured by a floating charge on certain assets of the Group deposited in the bank, including investments held for trading and bank balances. At 30 September 2007, total assets of the Group charged in favour of the bank was approximately HK\$47,905,000, comprising approximately HK\$36,135,000 of investments held for trading and approximately HK\$11,770,000 of bank balances.

15. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Authorised:		
At 1 April 2007 and 30 September 2007, ordinary shares of HK\$0.05 each	<u>2,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 April 2007, ordinary shares of HK\$0.05 each	400,000,000	20,000
Exercise of share options	<u>5,626,144</u>	<u>281</u>
At 30 September 2007, ordinary shares of HK\$0.05 each	<u>405,626,144</u>	<u>20,281</u>

The shares which were issued during the period rank pari passu with the existing shares in all respects.

16. COMMITMENTS

At 30 September 2007, the Group had commitments in respect of capital expenditure of approximately HK\$67,000 (31 March 2007: HK\$108,000) in respect of the acquisition of property, plant and equipment contracted but not provided for in the condensed consolidated financial statements.

17. SHARE OPTIONS

On 16 May 2006, a Pre-Listing Share Option Scheme (“Pre-Listing Scheme”) and a Share Option Scheme (“Post-Listing Scheme”) were adopted for the purpose of recognising and motivating the contributions of eligible persons to the Company. On 16 May 2006 and 8 June 2007, share options were granted under the Pre-Listing Scheme and Post-Listing Scheme respectively to certain directors of the Company, an advisor to the Group and other eligible employees of the Group.

Details of the share options outstanding and movements during the period were as follows:

Grantee	Name of the scheme	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options			
					Outstanding At 1 April 2007	Granted during the period	Exercised during the period	Outstanding At 30 September 2007
Executive directors								
Choi Hon Hing	Pre-Listing Scheme	16.5.2006	6.6.2007 to 5.6.2010	0.225	1,333,294	-	(1,333,294)	-
	Pre-Listing Scheme	16.5.2006	6.6.2008 to 5.6.2011	0.225	1,333,294	-	-	1,333,294
	Pre-Listing Scheme	16.5.2006	6.6.2009 to 5.6.2012	0.225	1,777,725	-	-	1,777,725
Fung Wing Ki, Vicky	Pre-Listing Scheme	16.5.2006	6.6.2007 to 5.6.2010	0.225	999,979	-	(999,979)	-
	Pre-Listing Scheme	16.5.2006	6.6.2008 to 5.6.2011	0.225	999,979	-	-	999,979
	Pre-Listing Scheme	16.5.2006	6.6.2009 to 5.6.2012	0.225	1,333,304	-	-	1,333,304
Fung Wing Yee, Wynne	Pre-Listing Scheme	16.5.2006	6.6.2007 to 5.6.2010	0.225	999,979	-	(999,979)	-
	Pre-Listing Scheme	16.5.2006	6.6.2008 to 5.6.2011	0.225	999,979	-	-	999,979
	Pre-Listing Scheme	16.5.2006	6.6.2009 to 5.6.2012	0.225	1,333,304	-	-	1,333,304
Non-executive directors								
Tam Hok Lam, Tommy	Post-Listing Scheme	8.6.2007	12.6.2008 to 11.6.2011	0.860	-	120,000	-	120,000
	Post-Listing Scheme	8.6.2007	12.6.2009 to 11.6.2012	0.860	-	120,000	-	120,000
	Post-Listing Scheme	8.6.2007	12.6.2010 to 11.6.2013	0.860	-	160,000	-	160,000
Hui Ka Wah, Ronnie	Post-Listing Scheme	8.6.2007	9.6.2008 to 8.6.2011	0.860	-	120,000	-	120,000
	Post-Listing Scheme	8.6.2007	9.6.2009 to 8.6.2012	0.860	-	120,000	-	120,000
	Post-Listing Scheme	8.6.2007	9.6.2010 to 8.6.2013	0.860	-	160,000	-	160,000

17. SHARE OPTIONS (Continued)

Grantee	Name of the scheme	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options			
					Outstanding	Granted	Exercised	Outstanding
					At 1 April 2007	during the period	during the period	At 30 September 2007
Leung Man Chun, Paul	Post-Listing Scheme	8.6.2007	12.6.2008 to 11.6.2011	0.860	-	120,000	-	120,000
	Post-Listing Scheme	8.6.2007	12.6.2009 to 11.6.2012	0.860	-	120,000	-	120,000
	Post-Listing Scheme	8.6.2007	12.6.2010 to 11.6.2013	0.860	-	160,000	-	160,000
Advisor to the Group Fung Ka Pun (Note)	Post-Listing Scheme	8.6.2007	8.6.2008 to 7.6.2011	0.860	-	180,000	-	180,000
	Post-Listing Scheme	8.6.2007	8.6.2009 to 7.6.2012	0.860	-	180,000	-	180,000
	Post-Listing Scheme	8.6.2007	8.6.2010 to 7.6.2013	0.860	-	240,000	-	240,000
Employees	Pre-Listing Scheme	16.5.2006	6.6.2007 to 5.6.2010	0.225	2,533,330	-	(2,292,892)	240,438
	Pre-Listing Scheme	16.5.2006	6.6.2008 to 5.6.2011	0.225	2,533,330	-	-	2,533,330
	Pre-Listing Scheme	16.5.2006	6.6.2009 to 5.6.2012	0.225	3,377,764	-	-	3,377,764
	Post-Listing Scheme	8.6.2007	8.6.2008 to 5.7.2011	0.860	-	150,000	-	150,000
	Post-Listing Scheme	8.6.2007	8.6.2009 to 5.7.2012	0.860	-	150,000	-	150,000
	Post-Listing Scheme	8.6.2007	8.6.2010 to 5.7.2013	0.860	-	200,000	-	200,000
					<u>19,555,261</u>	<u>2,300,000</u>	<u>(5,626,144)</u>	<u>16,229,117</u>

Note: Mr. Fung Ka Pun is a substantial shareholder of the Group.

The fair value of the share options granted to executive directors, non-executive directors and employees under the Post-Listing Scheme during the current period determined at the date of grant using the Black-Scholes option pricing model was approximately HK\$676,000.

The fair value of the share options granted to the advisor to the Group during the current period determined at the date of grant by reference to the services to the Group was approximately HK\$238,000.

In the current period, share option expenses of approximately HK\$1,147,000 (six months ended 30 September 2006: HK\$1,003,000) have been recognised with a corresponding credit in the Group's share options reserve.

The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was approximately HK\$0.452 per share.

18. RELATED PARTY TRANSACTIONS

The remuneration of directors, representing the key management personnel of the Group, during the six months ended 30 September 2007 was approximately HK\$1,205,000 (six months ended 30 September 2006: HK\$1,121,000).