



**INTERIM REPORT FOR 2010**

**WONG'S INTERNATIONAL (HOLDINGS) LIMITED**

王氏國際(集團)有限公司\*

(Incorporated in Bermuda with limited liability)

Stock Code: 99

*\*For identification purpose only*

The Board of Directors (the “Board”) of Wong’s International (Holdings) Limited (the “Company”) hereby announces the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (the “Group”) as at and for the six months ended 30 June 2010, together with comparative figures, as follows:

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

		<b>Unaudited</b>	
		<b>For the six months</b>	
		<b>ended 30 June</b>	
		<b>2010</b>	2009
	<i>Note</i>	<b>HK\$’000</b>	<b>HK\$’000</b>
<b>Revenue</b>	3	<b>1,656,474</b>	1,075,370
Other income		<b>1,945</b>	2,609
Changes in inventories of finished goods and work in progress		<b>(20,546)</b>	15,370
Raw materials and consumables used		<b>(1,293,287)</b>	(865,384)
Employee benefit expense		<b>(151,274)</b>	(118,497)
Depreciation and amortisation charges	4	<b>(27,656)</b>	(30,982)
Other operating expenses	4	<b>(88,715)</b>	(61,855)
Change in fair value of investment properties		<b>3,060</b>	1,610
Other (losses) / gains - net	5	<b>(619)</b>	1,655
Operating profit		<b>79,382</b>	19,896
Finance income	6	<b>1,238</b>	4,080
Finance costs	6	<b>(389)</b>	(2,929)
Share of (loss) / profit of associates		<b>(1,277)</b>	811
Share of loss of jointly controlled entities		<b>(76)</b>	(61)
<b>Profit before income tax</b>		<b>78,878</b>	21,797
Income tax expense	7	<b>(11,420)</b>	(2,600)
<b>Profit attributable to equity holders of the Company</b>		<b>67,458</b>	19,197
Dividends	8	<b>16,389</b>	4,669
<b>Earnings per share attributable to the equity holders of the Company during the period</b>			
Basic earnings per share	9	<b>HK\$0.14</b>	HK\$0.04
Diluted earnings per share	9	<b>HK\$0.14</b>	HK\$0.04

The notes on pages 8 to 27 are an integral part of these condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30 JUNE 2010*

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the period</b>	<b>67,458</b>	19,197
<b>Other comprehensive income / (expense):</b>		
Changes in fair value of available-for-sale financial assets	-	7
Currency translation differences	<b>3,136</b>	(4,753)
<b>Other comprehensive income / (expense) for the period</b>	<b>3,136</b>	(4,746)
<b>Total comprehensive income attributable to equity holders of the Company for the period</b>	<b>70,594</b>	14,451

The notes on pages 8 to 27 are an integral part of these condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**  
AS AT 30 JUNE 2010

		Unaudited As at <b>30 June 2010</b> <i>HK\$'000</i>	Audited As at 31 December 2009 <i>HK\$'000</i>
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>263,038</b>	176,372
Investment properties	<i>10</i>	<b>38,180</b>	35,120
Leasehold land and land use rights	<i>10</i>	<b>6,552</b>	6,569
Investments in associates		<b>35,450</b>	13,422
Investments in jointly controlled entities	<i>11</i>	<b>275,756</b>	177,878
Available-for-sale financial assets		<b>45</b>	48
Deferred income tax assets		<b>4,619</b>	8,749
		<u><b>623,640</b></u>	<u>418,158</u>
<b>Current assets</b>			
Inventories		<b>443,395</b>	277,150
Trade receivables	<i>12</i>	<b>718,915</b>	495,240
Prepayments, deposits and other receivables		<b>59,785</b>	51,966
Amounts due from associates		<b>12,466</b>	15,202
Derivative financial instruments	<i>14</i>	<b>37</b>	113
Financial assets at fair value through profit or loss		<b>811</b>	–
Pledged bank deposits		<b>181,639</b>	23,277
Cash and bank deposits		<b>349,018</b>	446,978
		<u><b>1,766,066</b></u>	<u>1,309,926</u>
<b>Total assets</b>		<u><b>2,389,706</b></u>	<u>1,728,084</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	<i>16</i>	<b>46,827</b>	46,692
Other reserves		<b>462,933</b>	459,325
Retained earnings			
– Proposed dividends		<b>16,389</b>	9,339
– Others		<b>600,203</b>	549,160
		<u><b>1,126,352</b></u>	<u>1,064,516</u>
<b>Total equity</b>		<u><b>1,126,352</b></u>	<u>1,064,516</u>

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**  
**AS AT 30 JUNE 2010**

		<b>Unaudited</b>	Audited
		<b>As at</b>	As at
		<b>30 June</b>	31 December
		<b>2010</b>	2009
<i>Note</i>		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	15	<b>62,100</b>	–
Deferred income tax liabilities		<b>6,372</b>	5,861
		<u><b>68,472</b></u>	<u>5,861</u>
<b>Current liabilities</b>			
Trade payables	13	<b>719,397</b>	457,923
Accruals and other payables		<b>137,899</b>	144,894
Amount due to an associate		<b>3,183</b>	3,183
Amount due to a jointly controlled entity		<b>24</b>	24
Derivative financial instruments	14	<b>300</b>	–
Current income tax liabilities		<b>6,143</b>	2,837
Borrowings	15	<b>327,936</b>	48,846
		<u><b>1,194,882</b></u>	<u>657,707</u>
<b>Total liabilities</b>		<u><b>1,263,354</b></u>	<u>663,568</u>
<b>Total equity and liabilities</b>		<u><b>2,389,706</b></u>	<u>1,728,084</u>
<b>Net current assets</b>		<u><b>571,184</b></u>	<u>652,219</u>
<b>Total assets less current liabilities</b>		<u><b>1,194,824</b></u>	<u>1,070,377</u>

The notes on pages 8 to 27 are an integral part of these condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

*FOR THE SIX MONTHS ENDED 30 JUNE 2010*

	Unaudited			
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2009	46,692	148,864	844,100	1,039,656
Profit for the period	-	-	19,197	19,197
Other comprehensive income / (expense):				
Changes in fair value of available -for-sales financial assets	-	-	7	7
Currency translation differences	-	-	(4,753)	(4,753)
Total comprehensive income for the period ended 30 June 2009	-	-	14,451	14,451
Employee share option scheme - value of employment services	-	-	420	420
Dividend paid to equity holders of the Company	-	-	(23,346)	(23,346)
As at 30 June 2009	<u>46,692</u>	<u>148,864</u>	<u>835,625</u>	<u>1,031,181</u>
As at 1 January 2010	<b>46,692</b>	<b>148,864</b>	<b>868,960</b>	<b>1,064,516</b>
Profit for the period	-	-	<b>67,458</b>	<b>67,458</b>
Other comprehensive income:				
Currency translation differences	-	-	<b>3,136</b>	<b>3,136</b>
Total comprehensive income for the period ended 30 June 2010	-	-	<b>70,594</b>	<b>70,594</b>
Employee share option scheme - value of employment services	-	-	(13)	(13)
Issue of shares	<b>135</b>	<b>485</b>	-	<b>620</b>
Dividend paid to equity holders of the Company	-	-	(9,365)	(9,365)
As at 30 June 2010	<u><b>46,827</b></u>	<u><b>149,349</b></u>	<u><b>930,176</b></u>	<u><b>1,126,352</b></u>

The notes on pages 8 to 27 are an integral part of these condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2010**

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Operating activities</b>		
<b>Net cash (used in) / generated from operating activities</b>	<b>(43,086)</b>	<b>118,670</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	<b>(113,810)</b>	(24,989)
Proceeds from disposal of property, plant and equipment	<b>297</b>	1,108
Interest received	<b>1,238</b>	4,080
Acquisition of an associate	<b>(23,314)</b>	-
Decrease / (increase) in amounts due from associates	<b>2,736</b>	(5)
Dividends received from an associate	-	14,626
Acquisition of financial assets at fair value through profit or loss	<b>(811)</b>	-
Decrease in time deposits with original maturity over 3 months	-	117,663
(Increase) / decrease in pledged bank deposits	<b>(158,362)</b>	38,976
Increase in loans to jointly controlled entities	<b>(97,954)</b>	(112)
Increase in amount due to a jointly controlled entity	-	14
<b>Net cash (used in) / generated from investing activities</b>	<b>(389,980)</b>	<b>151,361</b>
<b>Financing activities</b>		
Proceeds from issue of shares	<b>620</b>	-
New bank loans	<b>364,476</b>	-
Repayment of bank loans	<b>(23,286)</b>	(224,706)
Dividends paid	<b>(9,365)</b>	(23,346)
<b>Net cash generated from / (used in) financing activities</b>	<b>332,445</b>	<b>(248,052)</b>

**CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2010**

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(100,621)</b>	<b>21,979</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>446,978</b>	<b>454,573</b>
Exchange differences	<b>2,661</b>	<b>(6,005)</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents, end of the period</b>	<b>349,018</b>	<b>470,547</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of cash and cash equivalents:</b>		
Cash on hand	<b>424</b>	<b>275</b>
Cash at bank	<b>348,594</b>	<b>470,272</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents, end of the period</b>	<b>349,018</b>	<b>470,547</b>
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The notes on pages 8 to 27 are an integral part of these condensed consolidated interim financial information.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information (“Interim Financial Information”) for the six months ended 30 June 2010 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim financial reporting’ issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited. The 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 Hong Kong Financial Reporting Standards (“HKFRSs”).

## 2. SIGNIFICANT ACCOUNTING POLICIES

This Interim Financial Information has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

The accounting policies and methods of computation used in the preparation of these Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31 December 2009, except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning 1 January 2010.

The preparation of Interim Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

HKFRS 3 (Revised), ‘Business combinations’, and consequential amendments to HKAS 27, ‘Consolidated and separate financial statements’, HKAS 28, ‘Investments in associates’, and HKAS 31, ‘Interests in joint ventures’, are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs are expensed.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

As the Group has adopted HKFRS 3 (Revised), it is required to adopt HKAS 27 (Revised), 'Consolidated and separate financial statements', at the same time. HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in income statement.

HKAS 17 (Amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

The Group has reassessed the classification of unexpired leasehold land as at 1 January 2010 on the basis of information existing at the inception of those leases, no reclassification is considered necessary. The Group has recognised the leasehold land in Hong Kong acquired after 1 January 2010 as finance lease.

Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group:

HK(IFRIC) - Int 17	Distributions of non-cash assets to owners
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 2 (Amendment)	Group cash-settled share-based payment transaction
First improvements to HKFRSs (2008) issued in October 2008	
Second improvements to HKFRSs (2009) issued in May 2009	

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 HKFRS 7 disclosures for first-time adopters
Third improvements to HKFRSs (2010) issued in May 2010	

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3. SEGMENT INFORMATION

The Group's senior executive management is considered as the Chief Operating Decision Maker ("CODM"). The Group was organised into two operating divisions:

Electronic Manufacturing Service ("EMS") - manufacture and distribution of electronic products for EMS customers.

Original Design and Manufacturing ("ODM") - original design and manufacturing for both EMS and ODM customers.

The CODM reviews the performance of the Group on a regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM assesses the performance of the operating segments based on a measure of segment results. This measurement basis includes profit or loss of the operating segments before other income, other losses or gains - net, share of loss or profit of associates and jointly controlled entities, interest income, interest expense, tax and change in fair value of investment properties but excludes corporate and unallocated expenses. Other information provided to the Group's management is measured in a manner consistent with that in the Interim Financial Information.

<b>For the six months ended 30 June 2010</b>	<b>Unaudited EMS division HK\$'000</b>	<b>Unaudited ODM division HK\$'000</b>	<b>Unaudited Total HK\$'000</b>
Total gross revenue	1,655,177	1,876	1,657,053
Inter-segment revenue	(579)	-	(579)
External revenue	<u>1,654,598</u>	<u>1,876</u>	<u>1,656,474</u>
Segment results	<u>92,023</u>	<u>(7,293)</u>	<u>84,730</u>
Depreciation and amortisation charges	<u>27,496</u>	<u>58</u>	<u>27,554</u>
Capital expenditure	<u>10,876</u>	<u>31</u>	<u>10,907</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3. SEGMENT INFORMATION (continued)

For the six months ended 30 June 2009	Unaudited EMS division <i>HK\$'000</i>	Unaudited ODM division <i>HK\$'000</i>	Unaudited Total <i>HK\$'000</i>
Total gross revenue	1,073,387	2,888	1,076,275
Inter-segment revenue	(905)	–	(905)
External revenue	<u>1,072,482</u>	<u>2,888</u>	<u>1,075,370</u>
Segment results	<u>31,585</u>	<u>(4,930)</u>	<u>26,655</u>
Depreciation and amortisation charges	<u>30,771</u>	<u>124</u>	<u>30,895</u>
Capital expenditure	<u>24,956</u>	<u>27</u>	<u>24,983</u>
	<b>Unaudited EMS division <i>HK\$'000</i></b>	<b>Unaudited ODM division <i>HK\$'000</i></b>	<b>Unaudited Total <i>HK\$'000</i></b>
<b>Reportable segment assets</b>			
<b>As at 30 June 2010</b>	<b><u>1,977,981</u></b>	<b><u>5,460</u></b>	<b><u>1,983,441</u></b>
As at 31 December 2009	<u>1,377,844</u>	<u>5,172</u>	<u>1,383,016</u>

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, inventories, trade receivables, prepayments, deposits and other receivables, and cash, but exclude corporate and unallocated assets.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3. SEGMENT INFORMATION (continued)

A reconciliation of reportable segment results to profit before income tax is provided as follows:

	<b>Unaudited</b>	
	<b>For the six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Reportable segment results</b>	<b>84,730</b>	26,655
Other income	<b>1,945</b>	2,609
Change in fair value of investment properties	<b>3,060</b>	1,610
Other (losses) / gains - net	<b>(619)</b>	1,655
Finance income - net	<b>849</b>	1,151
Share of (loss) / profit of associates	<b>(1,277)</b>	811
Share of loss of jointly controlled entities	<b>(76)</b>	(61)
Corporate and unallocated expenses	<b>(9,734)</b>	(12,633)
	<hr/>	<hr/>
<b>Profit before income tax</b>	<b>78,878</b>	21,797
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Reportable segment assets are reconciled to total assets as follows:

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Reportable segment assets</b>	<b>1,983,441</b>	1,383,016
Investment properties	<b>38,180</b>	35,120
Investments in associates	<b>35,450</b>	13,422
Investments in jointly controlled entities	<b>275,756</b>	177,878
Available-for-sale financial assets	<b>45</b>	48
Deferred income tax assets	<b>4,619</b>	8,749
Amounts due from associates	<b>12,466</b>	15,202
Derivative financial instruments	<b>37</b>	113
Financial assets at fair value through profit or loss	<b>811</b>	-
Corporate and unallocated assets	<b>38,901</b>	94,536
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<b>Total assets per condensed consolidated balance sheet</b>	<b>2,389,706</b>	1,728,084
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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3. SEGMENT INFORMATION (continued)

Reconciliations of other material items are as follows:

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Depreciation and amortisation charges		
- Reportable segment total	<b>27,554</b>	30,895
- Adjustments*	<b>102</b>	87
	<u><b>27,656</b></u>	<u>30,982</u>
Capital expenditure		
- Reportable segment total	<b>10,907</b>	24,983
- Adjustments*	<b>102,903</b>	6
	<u><b>113,810</b></u>	<u>24,989</u>

\* *The reconciling items for these other material items are the amount incurred for the corporate headquarters which is not included in segment information.*

The Company is domiciled in Bermuda. Analysis of the Group's revenue by geographical market, which is determined by the destination of the invoices billed, is as follows:

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
North America	<b>143,765</b>	158,960
Asia (excluding Hong Kong)	<b>956,818</b>	691,761
Europe	<b>267,037</b>	110,802
Hong Kong	<b>288,854</b>	113,847
	<u><b>1,656,474</b></u>	<u>1,075,370</u>

For the six months ended 30 June 2010, revenue of approximately 32% (for the six months ended 30 June 2009: 33%) is derived from a single external customer.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3. SEGMENT INFORMATION (continued)

Analysis of the Group's non-current assets by geographical market is as follows:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
North America	<b>196</b>	218
Asia (excluding Hong Kong)	<b>192,936</b>	164,806
Europe	<b>52</b>	57
Hong Kong	<b>425,837</b>	244,328
	<b>619,021</b>	409,409

Non-current assets comprise property, plant and equipment, investment properties, leasehold land and land use rights, investments in associates, investments in jointly controlled entities and available-for-sale financial assets. They exclude deferred income tax assets.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 4. PROFIT BEFORE INCOME TAX

Profit before income tax is analysed as follows:

	<b>Unaudited</b>	
	<b>For the six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Depreciation of property, plant and equipment	27,582	30,875
Amortisation on leasehold land and land use rights	74	107
	<b>27,656</b>	<b>30,982</b>
Depreciation and amortisation charges	<b>27,656</b>	<b>30,982</b>
Operating lease rental in respect of land and buildings	4,658	4,273
Utilities expense	15,175	12,052
Write-back of trade receivables	(42)	(872)
Transportation	19,212	11,150
Chemicals and consumables	17,918	10,034
Others	31,794	25,218
	<b>88,715</b>	<b>61,855</b>
Other operating expenses	<b>88,715</b>	<b>61,855</b>
Total depreciation, amortisation and other operating expenses	<b>116,371</b>	<b>92,837</b>

### 5. OTHER (LOSSES) / GAINS - NET

	<b>Unaudited</b>	
	<b>For the six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Gain on disposal of property, plant and equipment	291	-
Loss on disposal of properties	-	(2,595)
Exchange (losses) / gains, net	(600)	4,773
Fair value change on financial instruments, net	(310)	(523)
	<b>(619)</b>	<b>1,655</b>
	<b>(619)</b>	<b>1,655</b>



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6. FINANCE INCOME / (COSTS) - NET

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Finance income		
Interest income on short-term bank deposits	1,238	4,080
Finance costs		
Interest expenses on bank borrowings wholly repayable within five years	(389)	(2,929)
Finance income / (costs) - net	849	1,151

### 7. INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until 2016.

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The amount of income tax charged to the income statement represents:

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current income tax		
- Hong Kong profits tax	2,287	2,396
- Overseas taxation	4,492	1,940
Deferred income tax	4,641	(727)
Over-provision in prior periods		
- Current income tax	-	(1,009)
	11,420	2,600

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 8. DIVIDENDS

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Proposed interim dividend		
- HK\$0.035 (2009: HK\$0.01) per share	<b>16,389</b>	4,669

For the six months ended 30 June 2010, the Directors have resolved to pay an interim dividend of HK\$0.035 (six months ended 30 June 2009: HK\$0.01) per share. The aforementioned interim dividend will be paid on Wednesday, 29 September 2010 to the shareholders on the register of members on Thursday, 16 September 2010.

## 9. EARNINGS PER SHARE

### (a) Basic

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

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2010</b>	2009
Profit attributable to equity holders of the Company ( <i>HK\$'000</i> )	<b>67,458</b>	19,197
Weighted average number of ordinary shares in issue ( <i>in thousands</i> )	<b>467,992</b>	466,922
Basic earnings per share ( <i>HK\$</i> )	<b>0.14</b>	0.04

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 9. EARNINGS PER SHARE (continued)

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has outstanding share options, which are of dilutive potential. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
Profit attributable to equity holders of the Company ( <i>HK\$'000</i> )	<b>67,458</b>	19,197
Weighted average number of ordinary shares in issue ( <i>in thousands</i> )	<b>467,992</b>	466,922
Adjustment for share options ( <i>in thousands</i> )	<b>5,425</b>	887
Weighted average number of ordinary shares for diluted earnings per share ( <i>in thousands</i> )	<b>473,417</b>	467,809
Diluted earnings per share ( <i>HK\$</i> )	<b>0.14</b>	0.04

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 10. CAPITAL EXPENDITURE

	Unaudited	Unaudited	Unaudited
	Property, plant and equipment	Investment properties	Leasehold land and land use rights
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
For the six months ended 30 June 2009			
Opening net book amount as at 1 January 2009	203,980	34,280	9,809
Additions	24,989	-	-
Fair value gains	-	1,610	-
Disposals	(2,134)	(3,910)	(3,099)
Depreciation / amortisation	(30,875)	-	(107)
Translation adjustments	1,196	-	56
	<u>197,156</u>	<u>31,980</u>	<u>6,659</u>
For the six months ended 30 June 2010			
Opening net book amount as at 1 January 2010	<b>176,372</b>	<b>35,120</b>	<b>6,569</b>
Additions	<b>113,810</b>	-	-
Fair value gains	-	<b>3,060</b>	-
Disposals	(6)	-	-
Depreciation / amortisation	(27,582)	-	(74)
Translation adjustments	<b>444</b>	-	<b>57</b>
	<u><b>263,038</b></u>	<u><b>38,180</b></u>	<u><b>6,552</b></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 11. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Share of net assets	<b>1,716</b>	1,792
Loans to jointly controlled entities	<b>274,040</b>	176,086
	<u><b>275,756</b></u>	<u>177,878</u>

As at 30 June 2010, the Group had interests in the following major jointly controlled entities, which are unlisted:

<b>Name of company</b>	<b>Place of incorporation</b>	<b>Proportion of ownership interest %</b>	<b>Principal activities</b>
Easywise Limited	Hong Kong	35.7%	Property holding
Crown Opal Investment Limited	Hong Kong	35.7%	Property holding

The loans to jointly controlled entities are unsecured, interest-free and have no pre-determined terms of repayment. The directors consider that the carrying amounts of the amounts due from the jointly controlled entities approximate their fair values. The amounts are denominated in Hong Kong dollars.

As at 30 June 2010, there were neither capital commitments nor contingent liabilities related to the development project.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 12. TRADE RECEIVABLES

The credit period allowed by the Group to its trade customers mainly ranges from 30 days to 90 days and no interest is charged.

Ageing analysis of trade receivables by invoice date is as follows:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
0-60 days	<b>703,150</b>	458,311
61-90 days	<b>11,086</b>	35,753
Over 90 days	<b>4,679</b>	1,176
	<u><b>718,915</b></u>	<u>495,240</u>

The carrying amounts of net trade receivables approximated their fair values as at 30 June 2010.

### 13. TRADE PAYABLES

Ageing analysis of the Group's trade payables by invoice date is as follows:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
0-60 days	<b>702,810</b>	423,695
61-90 days	<b>341</b>	20,134
Over 90 days	<b>16,246</b>	14,094
	<u><b>719,397</b></u>	<u>457,923</u>

The carrying amounts of trade payables approximated their fair values as at 30 June 2010.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 14. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's net fair values of derivative financial instruments were as follows:

	Unaudited		Audited	
	As at		As at	
	30 June 2010		31 December 2009	
	Asset	Liability	Asset	Liability
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Foreign currency				
forward contracts	<u>37</u>	<u>300</u>	<u>113</u>	<u>-</u>

The fair value of a derivative is classified as a current asset or liability if the maturity of the underlying item is less than 12 months.

The credit quality of derivative assets has been assessed by reference to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

The total notional principal amounts of the outstanding foreign currency forward contracts at 30 June 2010 were buying United States dollars of approximately US\$18,252,000 for RMB123,932,000 (31 December 2009: US\$3,064,000 for RMB20,706,000).

Net fair value gains on foreign currency forward contracts were recognised in other gains in the income statement.

The above derivatives are measured at fair value at balance sheet date. Their fair values are determined based on the quoted forward exchanges rates at the balance sheet date.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 15. BORROWINGS

	<b>Unaudited As at 30 June 2010 HK\$'000</b>	Audited As at 31 December 2009 HK\$'000
Non-current		
– Long-term bank loans, secured	<b>62,100</b>	–
Current		
– Trust receipts bank loans, secured	<b>97,979</b>	411
– Short-term bank loans, secured	<b>223,057</b>	48,435
– Long-term bank loans, secured, current portion	<b>6,900</b>	–
	<b>327,936</b>	48,846
Total borrowings	<b>390,036</b>	48,846

Movements in borrowings are analysed as follows:

	<b>Unaudited HK\$'000</b>
For the six months ended 30 June 2009	
Opening amount at 1 January 2009	293,706
Inceptions of borrowings	–
Repayments of borrowings	(224,706)
Closing amount at 30 June 2009	69,000
For the six months ended 30 June 2010	
Opening amount at 1 January 2010	<b>48,846</b>
Inceptions of borrowings	<b>364,476</b>
Repayments of borrowings	<b>(23,286)</b>
<b>Closing amount at 30 June 2010</b>	<b>390,036</b>



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16. SHARE CAPITAL

	Unaudited As at 30 June 2010		Audited As at 31 December 2009	
	Number of shares	Nominal value <i>HK\$'000</i>	Number of shares	Nominal value <i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.10 each	<b>700,000,000</b>	<b>70,000</b>	700,000,000	70,000
Issued and fully paid:				
At 1 January	<b>466,921,794</b>	<b>46,692</b>	466,921,794	46,692
Issue of shares upon exercise of share options	<b>1,349,000</b>	<b>135</b>	–	–
At 30 June / 31 December	<b>468,270,794</b>	<b>46,827</b>	466,921,794	46,692

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17. COMMITMENTS

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
(a) Capital commitments in respect of property, plant and equipment are as follows:		
– contracted but not provided for	<b>19,268</b>	21,586
– authorised but not contracted for	<b>5,322</b>	5,640
	<u><b>24,590</b></u>	<u>27,226</u>

- (b) The Group's future aggregate minimum lease payments under various non-cancellable operating lease agreements in respect of rented premises are analysed as follows:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within one year	<b>1,756</b>	2,532
In the second to fifth year inclusive	<b>4,235</b>	4,179
Over five years	<b>453</b>	992
	<u><b>6,444</b></u>	<u>7,703</u>

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases and rentals are negotiated and fixed for an average of two years.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17. COMMITMENTS (continued)

- (c) The Group's future rental income receivables under various non-cancellable operating leases in respect of rented premises are analysed as follows:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within one year	<b>388</b>	388

Operating lease income represent rentals receivable by the Group for leasing its investment properties. Leases and rentals are negotiated and fixed for an average of one year.

## 18. RELATED PARTY TRANSACTIONS

The Group was owned by W. S. Wong & Sons Company Limited and Salop Investment Limited, which owned 22.21% and 25.84% share capital of the Company respectively. Related parties refer to entities in which the Group have the ability, directly or indirectly, to control or exercise significant influence over in making financial and operating decisions or directors or offices of the Group. Parties are also considered to be related if they are subject to common control or common significant influence.

### (a) TRANSACTIONS WITH RELATED PARTIES

In addition to those related party transactions disclosed elsewhere in the condensed consolidated interim financial information, during the period, the Group entered into the following transactions with its associates.

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Management fee received	<b>198</b>	–

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 18. RELATED PARTY TRANSACTIONS (continued)

### (b) Balances with related parties

The amounts due from / to associates and jointly controlled entities are unsecured, interest-free and without pre-determined repayment terms.

### (c) Key management compensation

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 June</b>	
	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and allowances	<b>6,574</b>	6,956
Bonus	<b>908</b>	8,368
Pension costs - defined contribution schemes	<b>54</b>	36
Employee share option scheme - value of employment services	<b>356</b>	–
	<u><b>7,892</b></u>	<u>15,360</u>

## **INTERIM DIVIDEND**

The Directors have resolved to pay an interim dividend of HK\$0.035 per share (2009: HK\$0.01 per share) on Wednesday, 29 September 2010 to the shareholders of the Company as recorded on the register of members of the Company on Thursday, 16 September 2010.

The register of members of the Company will be closed from Tuesday, 14 September 2010 to Thursday, 16 September 2010, both days inclusive, during which period no transfer of shares shall be effected. To qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 13 September 2010.

## **REVIEW OF BUSINESS ACTIVITIES**

### **Electronic Manufacturing Service ("EMS") and Original Design and Manufacturing ("ODM") Divisions**

For the first six months ended 30 June 2010, the Group's turnover increased 54% to HK\$1.66 billion in 2010 from HK\$1.08 billion in 2009. The increase was primarily the result of improved demand from our customers due to the economic recovery that began at the end of 2009. During the first half of 2010, we have experienced sales improvements across our entire customer portfolio. In particular, we have seen strong revenue growth in industrial and computer peripheral markets. Profit before income tax increased 262% to HK\$78.9 million in 2010 from HK\$21.8 million in 2009. Profit attributable to equity holders increased 251% to HK\$67.5 million in 2010 from HK\$19.2 million in 2009. The increase in profit was primarily attributable to the profit contribution from increased business volume, continued cost reduction initiatives and improved operational efficiency implemented from previous periods.

For the first six months ended 30 June 2010, in respect to the EMS Division, sales revenue increased 54% to HK\$1.65 billion from HK\$1.07 billion for the same period of 2009. The segment results attributable to EMS Division was HK\$92.0 million representing an increase of 191% as compared to HK\$31.6 million for the same period of 2009. For the ODM Division, sales revenue decreased 35% to HK\$1.9 million as compared to HK\$2.9 million for the same period of 2009. The segment loss attributable to ODM Division was HK\$7.3 million representing an increase of 48% as compared to HK\$4.9 million for the same period of 2009.

## **REVIEW OF BUSINESS ACTIVITIES (continued)**

### **Property Development**

With respect to the jointly controlled entities (“JCE”) with Sun Hung Kai Properties Limited, the Group had paid its proportional share of the land premium for lease modification on one of the sites of the development project. Construction for this site is expected to start in the later part of 2010. In respect to the remaining site where Wong’s Industrial Centre is currently located, the application for the lease modification to the District Land Office is in progress and we expect the settlement will not be completed until 2011. Additionally, the demolition of Wong’s Industrial Centre on this remaining site is expected to commence in the first half of 2011.

Regarding the residential development in the mid-level property project, as at 30 June 2010, the balance due from the Mid-Levels development project was amounted to approximately HK\$9.4 million. During the first half of 2010, the project development company had sold a duplex unit together with a parking space at a cash consideration of approximately HK\$40.0 million (the Group’s interest in this project development represents 25.26%). As at 30 June 2010, there were 3 residential units remaining consisted of 2 duplexes and 1 combined units. In addition, there were 9 parking spaces which remain unsold. According to the market evaluation, the Directors expected that the balance of the amount due from the Mid-Levels development project amounting to HK\$9.4 million will be recoverable and thus no further impairment provision is necessary.

## **FINANCE**

Cash and bank balances increased to HK\$530.7 million at 30 June 2010 from HK\$470.3 million at 31 December 2009.

As at 30 June 2010, the Group had HK\$745.3 million of total banking facilities under which there was HK\$211.0 million outstanding loan. Together with other unrelated bank borrowings, the total bank loans outstanding as at 30 June 2010 were HK\$390.0 million.

As at 30 June 2010, the Group had a net cash surplus of HK\$140.6 million in excess of the bank borrowings as compared to the net cash surplus of HK\$421.4 million in excess of the bank borrowings at 31 December 2009.

Most of the Group’s sales are conducted in United States dollars and costs and expenses are mainly in United States dollars, Hong Kong dollars, Japanese Yen and Renminbi. Forward contracts are used to hedge foreign exchange exposures where it is necessary or practicable.

## **CAPITAL STRUCTURE**

There had been no material change in the Group's capital structure since 31 December 2009 which consists of bank borrowings, cash and cash equivalents and equity attributable to equity holders of the Group, comprising issued share capital and reserves.

## **EMPLOYEES**

As at 30 June 2010, the Group employed approximately 6,090 employees of whom approximately 4,770 were production workers. In addition to the provision of annual bonuses, medical and life insurances, discretionary bonuses are also available to employees based on individual performance. The remuneration packages and policies are reviewed periodically.

The Group also provides in-house and external training programs to its employees.

## **PROSPECTS**

Based on the current level of orders and forecast provided by our customers which are continually improving, the Group is optimistic on the revenue growth and profitability in the second half of the current year. However, despite the robust results, the Group is cautious that the recent economic recovery remains fragile, as such we will continue to find ways to expand our sales and streamline our operations.

On behalf of the Directors, I would like to sincerely thank our customers, suppliers and business partners for their continued confidence in and support to the Group. I would also like to pay a special tribute to all of our employees for their loyal, diligent and professional services to the Group.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at 30 June 2010, the interests or short positions of the Directors and chief executives 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 Issuers (the “Model Code”), were as follows:

### Long positions in shares and underlying shares of the Company

Name of Directors	Capacity	Number of ordinary shares	Underlying shares (share options)	Total number of ordinary shares	Approximate percentage of the issued shares
Wong Chung Mat, Ben	Beneficial owner and interest of controlled corporation ( <i>Note 1</i> )	121,630,911	–	121,630,911	25.97%
Wong Chung Ah, Johnny	Beneficial owner, interest of spouse and founder of a discretionary trust ( <i>Note 2</i> )	40,693,487	–	40,693,487	8.69%
Chan Tsze Wah, Gabriel	Beneficial owner	1,237,500	600,000	1,837,500	0.39%
Tan Chang On, Lawrence	Beneficial owner	10,000	1,000,000	1,010,000	0.22%
Wong Yin Man, Ada	Beneficial owner	–	1,000,000	1,000,000	0.21%
Wan Man Keung	Beneficial owner	–	1,000,000	1,000,000	0.21%
Lam Sek Sung, Patrick	Beneficial owner	250,250	750,000	1,000,250	0.21%



## **INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES (continued)**

### **Long positions in shares and underlying shares of the Company (continued)**

*Notes:*

1. Mr. Wong Chung Mat, Ben was deemed (by virtue of the SFO) to be interested in 121,630,911 shares in the Company. These shares were held in the following capacity:
  - (a) 1,000,000 shares were held by Mr. Wong Chung Mat, Ben personally.
  - (b) 120,630,911 shares were held by Salop Investment Limited, which was 100% wholly owned and controlled by Mr. Wong Chung Mat, Ben.
2. Mr. Wong Chung Ah, Johnny was deemed (by virtue of SFO) to be interested in 40,693,487 shares in the Company. These shares were held in the following capacity:
  - (a) 1,000,000 shares were held by Mr. Wong Chung Ah, Johnny personally.
  - (b) 1,235,000 shares were held by Ms. Luk Kit Ching, wife of Mr. Wong Chung Ah, Johnny.
  - (c) 38,458,487 shares were held by Kong King International Limited under a discretionary trust, of which Mr. Wong Chung Ah, Johnny was regarded as the founder (by virtue of the SFO). Kong King International Limited was wholly owned by Mountainview International Limited, which was wholly owned by HSBC Trustee (Cook Islands) Limited. Each of Mr. Wong Chung Ah, Johnny (as disclosed herein), Kong King International Limited, Mountainview International Limited and HSBC Trustee (Cook Islands) Limited (as disclosed in the section headed “Interests of substantial shareholders”) was deemed to be interested in the same block of 38,458,487 shares.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES (continued)

### Long positions in shares of associated corporation of the Company

Name of Director	Associated corporation	Capacity	Number of ordinary shares	Approximate percentage of the issued shares
Wong Chung Ah, Johnny	Wong's Properties Limited	Interest of controlled corporation ( <i>Note</i> )	2	50%

*Note:* Mr. Wong Chung Ah, Johnny was deemed (by virtue of the SFO) to be interested in 2 shares representing 50% in Wong's Properties Limited.

Certain Directors held qualifying shares in certain subsidiaries of the Company on trust for the Company or other subsidiaries of the Company.

Save as disclosed herein, as at 30 June 2010, none of the Directors or chief executives of the Company or their respective 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.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors or chief executive of the Company, as at 30 June 2010, persons (other than the Directors or chief executive of the Company) who 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 ordinary shares	Approximate percentage of the issued shares
Salop Investment Limited	Beneficial owner ( <i>Note 1</i> )	120,630,911	25.76%
W. S. Wong & Sons Company Limited	Beneficial owner ( <i>Note 2</i> )	103,698,379	22.14%
Wong Chung Yin, Michael	Founder of discretionary trusts ( <i>Note 3</i> )	75,504,172	16.12%
Batsford Limited	Trustee ( <i>Note 3(a)</i> )	46,620,212	9.96%
Levy Investment Limited	Beneficial owner ( <i>Note 3(a)</i> )	46,620,212	9.96%
HSBC International Trustee Limited	Trustee ( <i>Note 4</i> )	40,957,546	8.77%
Kong King International Limited	Beneficial owner ( <i>Note 5</i> )	38,458,487	8.21%
Mountainview International Limited	Trustee ( <i>Note 5</i> )	38,458,487	8.21%
HSBC Trustee (Cook Islands) Limited	Trustee ( <i>Note 5</i> )	38,458,487	8.21%

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS (continued)

### Long positions in shares of the Company (continued)

Notes:

1. Salop Investment Limited was a company 100% wholly owned and controlled by Mr. Wong Chung Mat, Ben. Please refer to Note 1(b) under the section headed “Interests of directors and chief executives”.
2. W. S. Wong & Sons Company Limited was a company controlled by the Wong’s family.
3. Mr. Wong Chung Yin, Michael was deemed (by virtue of the SFO) to be interested in 75,504,172 shares in the Company. These shares were held in the following capacity:
  - (a) 46,620,212 shares were held by Levy Investment Limited, which was in turn wholly owned by Batsford Limited, a trustee under a discretionary trust of which Mr. Wong Chung Yin, Michael was regarded as the founder (by virtue of the SFO).
  - (b) 17,584,960 shares were held by Levy Pacific Limited under a discretionary trust, of which Mr. Wong Chung Yin, Michael was regarded as the founder (by virtue of the SFO) and HSBC International Trustee Limited was the trustee. Please see Note 4(a) below.
  - (c) 11,299,000 shares were held by The Pacific Way Unit Trust of which Mr. Wong Chung Yin, Michael was regarded as the founder (by virtue of the SFO).
4. HSBC International Trustee Limited was deemed (by virtue of the SFO) to be interested in 40,957,546 shares in the Company. These shares were held in the following capacity:
  - (a) 17,584,960 shares were held by Levy Pacific Limited (which was wholly owned by HSBC International Trustee Limited) under a discretionary trust, of which Mr. Wong Chung Yin, Michael was regarded as the founder (please refer to Note 3(b) above) and HSBC International Trustee Limited was the trustee.
  - (b) 11,357,150 shares were held by Floral (PTC) Inc. (which was wholly owned by HSBC International Trustee Limited) under a discretionary trust of which HSBC International Trustee Limited was the trustee.
  - (c) 12,015,436 shares were held by Sycamore Assets Limited (which was wholly owned by HSBC International Trustee Limited) under a discretionary trust of which HSBC International Trustee Limited was the trustee.
5. 38,458,487 shares were held by Kong King International Limited under a discretionary trust, of which Mr. Wong Chung Ah, Johnny was regarded as the founder. Kong King International Limited was wholly owned by Mountainview International Limited, which was wholly owned by HSBC Trustee (Cook Islands) Limited. Each of Mr. Wong Chung Ah, Johnny, Kong King International Limited, Mountainview International Limited and HSBC Trustee (Cook Islands) Limited was deemed to be interested in the same block of 38,458,487 shares.

Save as disclosed, the Directors are not aware of any other persons who, as at 30 June 2010, 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.

## SHARE OPTIONS

The Company's employee share option scheme (the "Scheme") came into effect on 30 July 2000. In December 2008, the Company has granted 16,350,000 options under the Scheme. Movements of the options under the Scheme during the six months ended 30 June 2010 were as follow:

	Date of grant	Exercise price per share	Exercise period	Number of share options				Balance as at 30 June 2010
				Balance as at 1 January 2010	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	
<b>Directors</b>								
Chan Tsze Wah, Gabriel	22 December 2008	HK\$0.46	22 December 2009 to 21 December 2013	600,000	-	-	-	600,000
Tan Chang On, Lawrence	22 December 2008	HK\$0.46	22 December 2009 to 21 December 2013	1,000,000	-	-	-	1,000,000
Wong Yin Man, Ada	22 December 2008	HK\$0.46	22 December 2009 to 21 December 2013	1,000,000	-	-	-	1,000,000
Wan Man Keung	22 December 2008	HK\$0.46	22 December 2009 to 21 December 2013	1,000,000	-	-	-	1,000,000
Lam Sek Sung, Patrick	22 December 2008	HK\$0.46	22 December 2009 to 21 December 2013	1,000,000	-	250,000	-	750,000
<b>Employees</b>	22 December 2008	HK\$0.46	22 December 2009 to 21 December 2013	8,650,000	-	1,099,000	1,463,000	6,088,000

The Scheme has been expired at the close of business on 29 July 2010. No further options would be granted under the Scheme but all other provisions of the Scheme shall remain in force and all options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Scheme.

A new share option scheme ("the New Scheme") has been adopted by shareholders of the Company on 2 June 2010. No option has been granted under the New Scheme since the adoption date to the date of this report.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

During the six months ended 30 June 2010, the Company has complied with the code provisions of the "Code on Corporate Governance Practices" (the "Code") as set out in Appendix 14 to the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the following deviations:

### **1. Code provision A.2.1**

Mr. Wong Chung Mat, Ben is the Group's Chairman and Chief Executive Officer and has occupied these two positions since February 2003. In allowing the two positions to be occupied by the same person, the Company has considered the following:

- (a) Both positions require in-depth knowledge and considerable experience of the Group's business. Candidates with the suitable knowledge, experience and leadership are difficult to find both within and outside the Group. If either of the positions is occupied by an unqualified person, the Group's performance could be gravely compromised; and
- (b) The Company believes that the supervision of the Board and its Independent Non-executive Directors can provide an effective check and balance mechanism and ensures that the interests of the shareholders are adequately represented.

### **2. Code provision A.4.1**

None of the Independent 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. However, every Director of the Company is subject to retirement by rotation under Bye-law 112 of the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules of the Stock Exchange. The Company has made specific inquiry with the Directors and each of them has confirmed his/her compliance with the requirements set out in the Model Code for the six months ended 30 June 2010.

### **AUDIT COMMITTEE**

The Audit Committee, which comprises all Independent Non-executive Directors, 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  
**WONG’S INTERNATIONAL (HOLDINGS) LIMITED**  
**WONG CHUNG MAT, BEN**  
*Chairman and Chief Executive Officer*

Hong Kong, 23 August 2010