THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Wong's International (Holdings) Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

WONG'S INTERNATIONAL (HOLDINGS) LIMITED
王 氏 國 際 (集 團) 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 99)

VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL REGARDING THE JOINT DEVELOPMENT OF TWO SITES IN KWUN TONG AND NOTICE OF THE SPECIAL GENERAL MEETING

A letter from the Board is set out on pages 4 to 19 of this circular. A notice convening the special general meeting ("**SGM**") of the Company to be held at The Four Seasons Ballroom, 2/F., Renaissance Kowloon Hotel Hong Kong, 22 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 12 December 2008 at 3:00 p.m. is set out on pages N-1 to N-2 of this circular. Whether or not you are able to attend and vote at the aforesaid SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

27 November 2008

* *For identification purpose only*

CONTENTS

	Page
DEFINITIONS	1
LETTER FROM THE BOARD	
INTRODUCTION	4
JOINT DEVELOPMENT OF SITE 1	5
JOINT DEVELOPMENT OF SITE 2	10
REASONS FOR AND BENEFIT OF THE ENTERING INTO THE DEVELOPMENT AGREEMENTS	16
FINANCIAL EFFECTS OF THE PROJECT	17
GENERAL INFORMATION	18
IMPLICATIONS UNDER THE LISTING RULES	18
RECOMMENDATIONS	19
ADDITIONAL INFORMATION	19
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — ACCOUNTANT'S REPORT ON JVCO 1 AND ITS SUBSIDIARY	II-1
APPENDIX III — ACCOUNTANT'S REPORT ON JVCO 2 AND ITS SUBSIDIARY	III-1
APPENDIX IV — UNAUDITED INCOME STATEMENTS ON THE IDENTIFIABLE NET INCOME STREAM IN RELATION TO AND VALUATIONS OF THE PROPERTY	IV-1
APPENDIX V — UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	V-1
APPENDIX VI — ADDITIONAL FINANCIAL INFORMATION	VI-1
APPENDIX VII — PROPERTY VALUATION OF SITE 1 AND SITE 2	VII-1
APPENDIX VIII — GENERAL INFORMATION	VIII-1
NOTICE OF THE SGM	N-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Announcement"	the announcement of the Company dated 9 October 2008 in relation to the very substantial acquisition and very substantial disposal regarding the joint development of two sites in Kwun Tong
"associates"	has the meaning ascribed thereto in the Listing Rules
"associated corporation(s)"	shall have the meaning ascribed to it under Part XV of the SFO
"Board" or "Directors"	the board of directors of the Company
"Bye-laws"	the bye-laws of the Company
"Company"	Wong's International (Holdings) Limited, a company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange (stock code: 99)
"Completion"	completion of the Share Subscription Agreements
"connected persons"	has the meaning ascribed thereto in the Listing Rules
"Development Agreements"	collectively, the Share Subscription Agreements, Shareholders' Agreement 1 and Shareholders' Agreement 2
"Gladton"	Gladton Investments Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"JVCO 1"	Bollardbay Limited, a company incorporated in the British Virgin Islands
"JVCO 2"	Talent Chain Investments Limited, a company incorporated in the British Virgin Islands
"Latest Practicable Date"	24 November 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules
"OPCO 1"	Easywise Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of JVCO 1
"OPCO 2"	Crown Opal Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of JVCO 2
"Project"	the development project of Site 1 and Site 2
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	a special general meeting of the Company convened to be held on 12 December 2008 for the purpose of considering, and if thought fit, approving, among other things, the Development Agreements and the transactions contemplated thereunder
"SHK"	Sun Hung Kai Properties Limited, a company incorporated under the laws of Hong Kong whose shares are listed on the Main Board of the Stock Exchange (stock code: 16)
"SHK-Sub"	Data Giant Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of SHK
"SHK Agency"	Sun Hung Kai Real Estate Agency Limited, a wholly-owned subsidiary of SHK who will act as the project manager of the Project
"Shareholders"	holders of Shares
"Shareholders' Agreement 1"	the shareholders' agreement to be entered into at Completion between the Company, SHK, WIH-Sub, SHK-Sub, JVCO 1 and OPCO 1 for the purposes of holding and developing Site 1
"Shareholders' Agreement 2"	the shareholders' agreement to be entered into at Completion between the Company, SHK, WIH-Sub, SHK-Sub, JVCO 2 and OPCO 2 for the purposes of holding and developing Site 2
"Share Subscription Agreements"	collectively, Share Subscription Agreement 1 and Share Subscription Agreement 2
"Share Subscription Agreement 1"	the share subscription agreement dated 3 October 2008 entered into between the Company, WIH-Sub, SHK, SHK-Sub and JVCO 1 relating to the subscription of new shares in JVCO 1

"Share Subscription Agreement 2"	the share subscription agreement dated 3 October 2008 entered into between the Company, WIH-Sub, SHK, SHK-Sub and JVCO 2 relating to the subscription of new shares in JVCO 2
"Shares"	shares of HK$0.10 each in capital of the Company
"Shareholder(s)"	holder(s) of ordinary shares of HK$0.10 each in the capital of the Company
"Site 1"	a plot of land situated at No. 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong and registered in the Land Registry of Hong Kong as Kwun Tong Inland Lot No. 173, with a site area of approximately 25,750 sq.ft.
"Site 2"	a plot of land situated at No. 180 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong and registered in the Land Registry of Hong Kong as Kwun Tong Inland Lot No. 174, with a site area of approximately 37,820 sq.ft.
"sq.ft."	square feet
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"WIH-Sub"	Ubiquitous International Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
"%"	per cent

WONG'S INTERNATIONAL (HOLDINGS) LIMITED
王 氏 國 際 (集 團) 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 99)

Executive Directors:
Mr. Wong Chung Mat, Ben
(Chairman and Chief Executive Officer)
Mr. Wong Chung Ah, Johnny
Mr. Chan Tsze Wah, Gabriel
Mr. Tan Chang On, Lawrence
Mr. Wan Man Keung
Ms. Wong Yin Man, Ada

Independent Non-executive Directors:
Dr. Li Ka Cheung, Eric, G.B.S., O.B.E., J.P.
Dr. Yu Sun Say, G.B.S., J.P.
Mr. Alfred Donald Yap, J.P.

Principal office:
Wong's Industrial Centre
180A Wai Yip Street
Kwun Tong
Kowloon
Hong Kong

Registered Office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

27 November 2008

To the Shareholders

Dear Sirs or Madams,

VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL REGARDING THE JOINT DEVELOPMENT OF TWO SITES IN KWUN TONG AND NOTICE OF THE SGM

1. INTRODUCTION

Reference is made to the announcement of the Company dated 9 October 2008 in relation to the very substantial acquisition and very substantial disposal regarding the joint development of two sites in Kwun Tong. As set out in the Announcement, on 3 October 2008, the Company, SHK and their respective subsidiaries entered into the Share Subscription Agreements relating to the joint development of two adjacent sites in Kwun Tong.

* *For identification purpose only*

Prior to the entering into of the Share Subscription Agreements, SHK indirectly owned the entire interest in Site 1 and the Company indirectly owned the entire interest in Site 2. Under the Share Subscription Agreements, the Company and SHK will establish joint ventures in the proportions of 35.7% (the Company) and 64.3% (SHK) to hold and develop Site 1 and Site 2.

The purpose of this circular is to provide you with further information regarding the Development Agreements and the notice of the SGM as required under the Listing Rules.

2. JOINT DEVELOPMENT OF SITE 1

2.1 Share Subscription Agreement 1

On 3 October 2008, the Company, WIH-Sub, SHK, SHK-Sub and JVCO 1 entered into Share Subscription Agreement 1 relating to the subscription of new shares in JVCO 1. Details of Share Subscription Agreement 1 are as follows:

Date: 3 October 2008

Parties: The Company, WIH-Sub, SHK, SHK-Sub and JVCO 1

Subject Matter: The property interest in Site 1 is owned by OPCO 1, a wholly-owned subsidiary of JVCO 1. Prior to the entering of Share Subscription Agreement 1, JVCO 1 was wholly-owned by SHK-Sub, which in turn is a wholly-owned subsidiary of SHK.

At Completion, the Company (through WIH-Sub) and SHK (through SHK-Sub) will subscribe for new shares in JVCO 1 such that their respective shareholdings in JVCO 1 will become 35.7% (WIH-Sub) and 64.3% (SHK-Sub). WIH-Sub will also acquire 35.7% of the shareholders' loans owed by JVCO 1 to SHK-Sub as at Completion. The Company and SHK will guarantee the performance of the obligations of WIH-Sub and SHK-Sub, respectively, under Share Subscription Agreement 1.

Consideration: The consideration for the share subscription of 35.7% of JVCO 1 payable by WIH-Sub is calculated on the basis of the following formula:

Consideration = (Agreed valuation + Net current assets) X 35.7% - Loan Consideration

or

(Agreed valuation - Net current liabilities) X 35.7% - Loan Consideration

Where:

"Agreed valuation" = HK$1,180 (being the agreed price per sq.ft.) X 309,000 (being the estimated total gross floor area of Site 1 in sq.ft.), which equals to HK$364,620,000.

"Net current assets" and "net current liabilities" mean the combined net current assets or liabilities (as the case may be and excluding the property interest in Site 1 and any existing shareholders' loan) of JVCO 1 as at Completion. As at 30 June 2008, JVCO 1 has combined net liabilities (excluding the property interest in Site 1 and shareholders' loan) of HK$5,000.

"Loan Consideration" = 35.7% of the shareholders' loan owned by JVCO 1 to SHK-Sub as at Completion (i.e. on a dollar for dollar basis). As at 30 June 2008, the shareholders' loan owed by JVCO 1 to SHK-Sub amounted to HK$358,746,000.

On that basis, the total consideration payable by WIH-Sub under Share Subscription Agreement 1 (i.e. comprising both the consideration for the share subscription and the consideration for the acquisition of the proportionate shareholders' loans) is estimated to be approximately HK$130,168,000. The consideration will be paid by WIH-Sub upon Completion.

Condition Precedent: Completion is conditional upon the approval by the Shareholders in respect of Share Subscription Agreement 1.

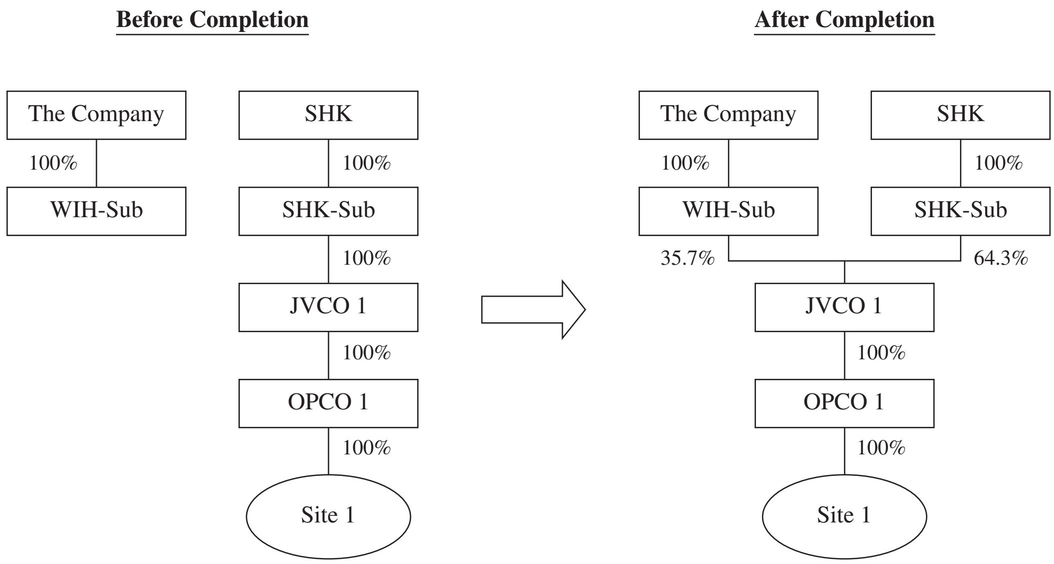
Completion: Completion shall take place within 3 business days upon receipt of the written notification from WIH-Sub to SHK-Sub specifying that the condition precedent have been satisfied. Share Subscription Agreement 1 and Share Subscription Agreement 2 shall complete simultaneously. As such, the Development Agreements are inter-conditional.

Long Stop Date: The Company and WIH-Sub shall use all reasonable endeavours to procure the fulfillment of the conditions precedent as soon as possible and in any event no later than 31 December 2008 (or such other date as the parties may agree).

Termination: If the condition precedent is not fulfilled by the long stop date set out above, Share Subscription Agreement 1 shall automatically lapse and be terminated with immediate effect. No party shall have any claim against the others save in respect of any antecedent breaches.

2.2 Shareholding Structure of JVCO 1

The shareholding structure of JVCO 1 immediately before and after Completion are as set out below:



2.3 Information on Site 1

Site 1 is a plot of land situated at No. 181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong and is registered in the Land Registry of Hong Kong as Kwun Tong Inland Lot No. 173, with a site area of approximately 25,750 sq.ft. Site 1 is currently a level vacant site with no building erected upon it. Subject to the exact terms of the lease modification or re-grant, the estimated total gross floor area of Site 1 is 309,000 sq.ft. Construction of Site 1 is expected to commence in early 2009 and is expected to complete in mid-2011.

2.4 Shareholders' Agreement 1

At Completion, the Company, WIH-Sub, SHK, SHK-Sub, JVCO 1 and OPCO 1 will enter into Shareholders' Agreement 1 regarding the establishment of a joint venture for the purposes of holding and developing Site 1. Details of Shareholders' Agreement 1 are as follows:

Date: At Completion

Parties: The Company, WIH-Sub, SHK, SHK-Sub, JVCO 1 and OPCO 1

Scope of Business: JVCO 1, through its principal operating company OPCO 1, will (a) apply for a lease modification of the government lease of Site 1 or a surrender and a re-grant of a new lot and (b) develop Site 1 or the re-grant lot into office buildings with parking spaces and with or without retail accommodation (subject to the approval of the building plan).

Funding: Unless unanimously decided otherwise by the directors of JVCO 1, all funding requirements of JVCO 1 and OPCO 1 shall be met by way of shareholders' loans advanced by the shareholders of JVCO 1 in proportion to their respective shareholdings in JVCO 1.

All shareholders' loans shall be interest-free and on such terms as the directors of JVCO 1 shall from time to time decide, provided that any repayment of the shareholders' loans shall be made *pro rata* to the face value of the shareholders' loans held by the relevant shareholder.

Board Composition: The board of directors of JVCO 1 will consist of 6 directors, of whom 4 shall be nominated by SHK-Sub and 2 shall be nominated by WIH-Sub. The chairman shall be nominated by SHK-Sub and will not have a casting or second vote in case of an equality of votes.

Unanimity: Certain matters require prior written approval by at least one representative member of each shareholder in the board or the project management committee, such as:

(a) the first general building plans and any major amendments;

(b) award of the main construction contract;

(c) the overall funding budget and any overrun by more than 10%; and

(d) any overrun of the funding budget for any six-month period by more than 10%.

Project Management:	SHK Agency will be appointed as the project manager for the development of Site 1. The project management fee payable to SHK Agency shall be 1% of the construction costs (excluding professional fees). SHK Agency will also charge a fee of HK$1,250,000 for handling the lease modification or re-grant of Site 1. The fees payable to SHK Agency were arrived at after arm's length negotiations between the parties by reference to fees charged by project managers in handling similar projects of comparable size. OPCO 1 shall set up a project management committee to supervise and oversee the design, construction, letting and other day-to-day management affairs of the development of Site 1. The project management committee shall comprise of 6 persons of whom 4 shall be nominated by SHK-Sub and 2 shall be nominated by WIH-Sub. The chairman of the project management committee shall be nominated by SHK-Sub and will not have a casting vote in case of an equality of votes.
Tag Along Right:	If SHK-Sub proposes to sell all of its shares and shareholders' loan in JVCO 1 to a third party, SHK-Sub shall give written notice to WIH-Sub specifying the proposed selling price, the identity of the purchaser and the terms of the proposed sale. WIH-Sub shall have the right to participate in such sale on terms which are no less favourable than those offered to SHK-Sub.
Profit Distribution:	Dividends will be paid in such amount as the board of directors of JVCO 1 or OPCO 1 (as the case may be) may decide.
Sale and Distribution of Units:	All units of the development on Site 1 (other than the units in the retail accommodation) shall be sold at such time, at such prices and on such terms as may be determined by the project management committee formed by the board of directors of OPCO 1.

SHK Agency or another subsidiary of SHK will be appointed by OPCO 1 as the marketing and sales agent for all units of the development on Site 1. The marketing and sales agent will be responsible for developing the marketing theme, the conceptual design of the sales centers and promotional material and the administration and execution of the sales campaign. An agency fee at 1% of the sale price of each unit will be charged conditional upon a successful sale. In addition, the marketing and sales agent shall be entitled to reimbursements of all out of pocket expenses in relation to advertising and promotion. The fees payable to the marketing and sales agent were agreed by the parties following arm's length negotiations and was in line with standard market practice.

If any units of the development on Site 1 remain unsold after the expiration of 12 months (or such other period as the parties may agree) from the date of the issuance of the relevant consent to assign or the certificate of compliance (whichever is earlier), either WIH-Sub or SHK-Sub shall have the right to request for the liquidation of JVCO 1 and the distribution in specie of the unsold units to WIH-Sub and SHK-Sub upon the liquidation of JVCO 1.

3. JOINT DEVELOPMENT OF SITE 2

3.1 Share Subscription Agreement 2

On 3 October 2008, the Company, WIH-Sub, SHK, SHK-Sub and JVCO 2 entered into Share Subscription Agreement 2 relating to the subscription of new shares in JVCO 2. Details of Share Subscription Agreement 2 are as follows:

Date: 3 October 2008

Parties: The Company, WIH-Sub, SHK, SHK-Sub and JVCO 2

Subject Matter: Prior to the entering of Share Subscription Agreement 2, OPCO 2 was wholly-owned by JVCO 2, which in turn is a wholly-owned subsidiary of SHK.

At Completion, the Company (through WIH-Sub) and SHK (through SHK-Sub) will subscribe for new shares in JVCO 2 such that their respective shareholdings in JVCO 2 will become 35.7% (WIH-Sub) and 64.3% (SHK-Sub). The Company and SHK will guarantee the performance of the obligations of WIH-Sub and SHK-Sub, respectively, under Share Subscription Agreement 2.

Sale and Purchase of Site 2: The property interest in Site 2 is owned by Gladton, a wholly-owned subsidiary of the Company. At Completion, OPCO 2 and Gladton will enter into a sale and purchase agreement whereby OPCO 2 will agree to purchase Site 2 from Gladton at a consideration of HK$535,531,000 ("**Site 2 Consideration**"), calculated on the basis of HK$1,180 (being the agreed price per sq.ft.) multiplied by 453,840 (being the estimated total gross floor area of Site 2 in sq.ft.).

The Site 2 Consideration will be fully paid by OPCO 2 to Gladton upon the signing of the sale and purchase agreement in relation to Site 2 (i.e. at completion of Share Subscription Agreement 2). It is the parties' intention that the sale and purchase of Site 2 will not be completed until the sale to purchasers of each individual unit. In other words, after completion of Share Subscription Agreement 2 but before the sale of each individual unit to purchasers, Gladton will be the registered owner of Site 2 while OPCO 2 will own the beneficial interest in Site 2. During the sale of the units to purchasers, Gladton will sell as legal owner and OPCO 2 will join as a confirmor.

OPCO 2 will fund the Site 2 Consideration from shareholders' loans contributed by SHK-Sub and WIH-Sub to JVCO 2 at Completion.

Contribution of Loan: At Completion, WIH-Sub and SHK-Sub will contribute shareholders' loans to JVCO 2 in the aggregate amount of HK$535,531,000 to fund the Site 2 Consideration in proportion to their respective shareholdings. Based on the shareholding proportions of 35.7% (WIH-Sub) and 64.3% (SHK-Sub), WIH-Sub and SHK-Sub will respectively advance HK$191,182,000 and HK$344,342,000 to JVCO 2 at Completion.

Condition Precedent: Completion is conditional upon:

(a) approval by the Shareholders in respect of Share Subscription Agreement 2; and

(b) SHK-Sub being satisfied that all the existing tenancies in respect of the premises on Site 2 have been or will be terminated no later than the Completion date of Share Subscription Agreement 2.

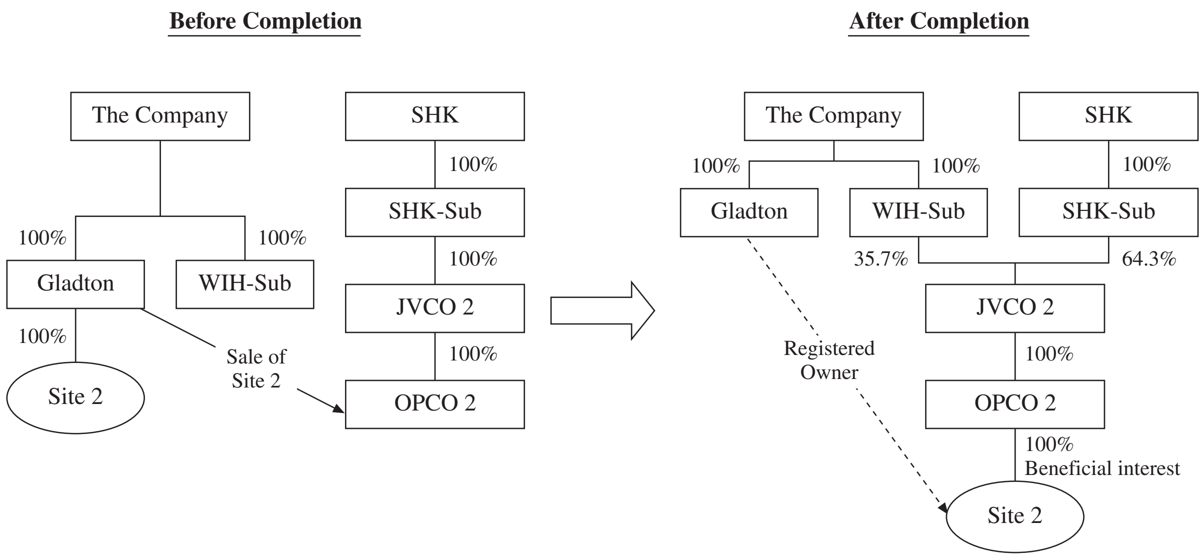
Completion: Completion shall take place within 3 business days upon receipt of the written notification from WIH-Sub and SHK-Sub specifying that the relevant condition precedent has been satisfied (whichever is later). Share Subscription Agreement 1 and Subscription Agreement 2 shall complete simultaneously. As such, the Development Agreements are inter-conditional.

Long Stop Date: The Company and WIH-Sub shall use all reasonable endeavours to procure the fulfillment of the conditions precedent as soon as possible and in any event no later than 31 December 2008 (or such other date as the parties may agree).

Termination: If the condition precedent is not fulfilled by the long stop date set out above, Share Subscription Agreement 2 shall automatically lapse and be terminated with immediate effect. No party shall have any claim against the others save in respect of any antecedent breaches.

3.2 Shareholding Structure of JVCO 2

The shareholding structure of JVCO 2 immediately before and after Completion are as set out below:



3.3 Information on Site 2

Site 2 is a plot of land situated at No. 180 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong and is registered in the Land Registry of Hong Kong as Kwun Tong Inland Lot No. 174, with a site area of approximately 37,820 sq.ft. Site 2 is currently known as Wong's Industrial Center, which is mainly used as Hong Kong headquarter office and warehouse of the Company. Certain offices of the building is leased out for rental purpose. For the year ended 31 December 2006, the rental income received by the Company in respect of Site 2 was HK$543,000 (before expenses) and HK$479,000 (after expenses). For the year ended 31 December 2007, the rental income received by the Company in respect of Site 2 was HK$566,000 (before expenses) and HK$495,000 (after expenses). Subject to the exact terms of the lease modification or re-grant, the estimated total gross floor area of Site 2 is 453,840 sq.ft. Demolition of the existing building on Site 2 is expected to commence in September 2011 and construction of Site 2 is expected to complete in mid-2013.

3.4 Shareholders' Agreement 2

At Completion, the Company, WIH-Sub, SHK, SHK-Sub, JVCO 2 and OPCO 2 will enter into Shareholders' Agreement 2 regarding the establishment of a joint venture for the purposes of holding and developing Site 2. Details of Shareholders' Agreement 2 are as follows:

Date:	At Completion
Parties:	The Company, WIH-Sub, SHK, SHK-Sub, JVCO 2 and OPCO 2
Scope of Business:	JVCO 2, through its principal operating company OPCO 2, will (a) apply for a lease modification of the government lease of Site 2 or a surrender and a re-grant of a new lot and (b) develop Site 2 or the re-grant lot into office buildings with parking spaces and with or without retail accommodation (subject to the approval of the building plan).
Funding:	Unless unanimously decided otherwise by the directors of JVCO 2, all funding requirements of JVCO 2 and OPCO 2 shall be met by way of shareholders' loans advanced by the shareholders of JVCO 2 in proportion to their respective shareholdings in JVCO 2. All shareholders' loans shall be interest-free and on such terms as the directors of JVCO 2 shall from time to time decide, provided that any repayment of the shareholders' loans shall be made *pro rata* to the face value of the shareholders' loans held by the relevant shareholder.
Board Composition:	The board of directors of JVCO 2 will consist of 6 directors, of whom 4 shall be nominated by SHK-Sub and 2 shall be nominated by WIH-Sub. The chairman shall be nominated by SHK-Sub and will not have a casting or second vote in case of an equality of votes.

Unanimity: Certain matters require prior written approval by at least one representative member of each shareholder in the board or the project management committee, such as:

(a) the first general building plans and any major amendments;

(b) award of the main construction contract;

(c) the overall funding budget and any overrun by more than 10%; and

(d) any overrun of the funding budget for any six-month period by more than 10%.

Project Management: SHK Agency will be appointed as the project manager for the development of Site 2. The project management fee payable to SHK Agency shall be 1% of the construction costs (excluding professional fees). SHK Agency will also charge a fee of HK$1,250,000 for handling the lease modification or re-grant of Site 2. The fees payable to SHK Agency were arrived at after arm's length negotiations between the parties by reference to fees charged by project managers in handling similar projects of comparable size.

OPCO 2 shall set up a project management committee to supervise and oversee the design, construction, letting and other day-to-day management affairs of the development of Site 2. The project management committee shall comprise of 6 persons of whom 4 shall be nominated by SHK-Sub and 2 shall be nominated by WIH-Sub. The chairman of the project management committee shall be nominated by SHK-Sub and will not have a casting vote in case of an equality of votes.

Tag Along Right: If SHK-Sub proposes to sell all of its shares and shareholders' loan in JVCO 2 to a third party, SHK-Sub shall give written notice to WIH-Sub and specify the proposed selling price, the identity of the purchaser and the terms of the proposed sale. WIH-Sub shall have the right to participate in such sale on terms which are no less favourable than those offered to SHK-Sub.

Profit Distribution: Dividends will be paid in such amount as the board of directors of JVCO 2 or OPCO 2 (as the case may be) may decide.

Allocation, Sale and Distribution of Units:

As soon as practicable after the general building plans in relation to Site 2 have been approved by the Building Authority of Hong Kong and the Director of Lands of Hong Kong (if required), the project management committee shall determine a price list for all units in the office portion and parking spaces of the development on Site 2. Subject to the approval of WIH-Sub and SHK-Sub, units may be allocated for purchase by purchasers nominated by each of WIH-Sub and SHK-Sub.

WIH undertakes and shall procure its nominated purchasers, who have purchased such allocated units, to undertake not to sell, sub-sell or otherwise dispose of such allocated units purchased by the nominated purchasers until the expiration of the period of 12 months from the date of the issuance of the relevant consent to assign or the certificate of compliance (whichever is earlier), unless (i) SHK Agency or another subsidiary of SHK shall be appointed by the nominated purchasers as the marketing and sales agent for such units and (ii) the Project Management Committee shall determine the price list and sales terms in respect of such units.

SHK Agency or another subsidiary of SHK will be appointed by OPCO 2 as the marketing and sales agent for all the unallocated units of the development on Site 2. The marketing and sales agent will be responsible for developing the marketing theme, the conceptual design of the sales centers and promotional material and the administration and execution of the sales campaign. An agency fee at 1% of the sale price of each unit will be charged conditional upon a successful sale. In addition, the marketing and sales agent shall be entitled to reimbursements of all out of pocket expenses in relation to advertising and promotion. The fees payable to the marketing and sales agent were agreed by the parties following arm's length negotiations and was in line with standard market practice.

If any units of the development on Site 2 remain unsold after the expiration of 12 months (or such other period as the parties may agree) from the date of the issuance of the relevant consent to assign or the certificate of compliance (whichever is earlier), either WIH-Sub or SHK-Sub shall have the right to request for the liquidation of JVCO 2 and the distribution in specie of the unsold units to WIH-Sub and SHK-Sub upon the liquidation of JVCO 2.

Option: Pursuant to Shareholders' Agreement 2, WIH-Sub and the Company will irrevocably and unconditionally grant to JVCO 2 and OPCO 2 an option to acquire the entire issued share capital of Gladton free from all encumbrances and liabilities at any time after 27 June 2010 at nominal consideration.

4. REASONS FOR AND BENEFIT OF THE ENTERING INTO THE DEVELOPMENT AGREEMENTS

The purposes of entering into the Development Agreements are (a) to leverage on SHK's expertise in property development and project management in the development of Site 1 and Site 2; (b) to benefit from the synergies of a combined development of two adjacent sites instead of developing Site 2 alone; and (c) to share the development costs and hence spreading the financial risks of the Group. The Directors believe that the terms of the Development Agreements (including the estimated maximum commitment of the Company on the Project) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The agreed unit price for Site 1 and Site 2 for the purposes of the Share Subscription Agreements (HK$1,180 per sq.ft.) was arrived at after arm's length negotiations between the parties. The Company is of the view that the agreed unit price is principally in line with the valuation of Site 2 as assessed by independent valuers previously obtained by the Company. Based on the unaudited book value of Site 2 of HK$128,053,000 as at 30 June 2008 and the sale consideration of Site 2 of HK$535,531,000, after writing back of the related deferred tax liability of HK$338,000, the Company is expected to record a gain on disposal in the amount of approximately HK$407,816,000 (before expenses) as a result of the sale of Site 2 in the second half of 2008.

At completion of Share Subscription Agreement 1, the estimated total consideration to be paid by WIH-Sub is approximately HK$130,168,000.

At completion of Share Subscription Agreement 2, the estimated net balance to be received by WIH-Sub is approximately HK$344,349,000, being the difference between the consideration to be received by Gladton under the sale and purchase agreement in respect of Site 2 in the amount of HK$535,531,000 and the shareholders' loan to be advanced by WIH-Sub to JVCO 2 in the amount of HK$191,182,000.

After netting off the payment of subscription fee to JVCO 2 for approximately HK$2,000, the Group is expected to receive net cash in the amount of HK$214,179,000 at Completion in relation to both JVCO 1 and JVCO 2. The Group intends to apply such cash proceeds to satisfy its funding contribution required for the Project.

The total investment amounts to be injected into JVCO 1 and JVCO 2 will depend on the funding requirement as decided by the board of directors of JVCO 1 and JVCO 2 based on, inter alia, the overall funding budget for the development of Site 1 and Site 2 respectively. An increase of more than 10% of the overall funding budget will be subject to unanimous approval of WIH-Sub and SHK-Sub.

Based on the Company's projection for the possible land premium payable for the lease modification or re-grant and the construction costs and taking into consideration the possible price fluctuations in the coming years, the maximum commitments to be contributed by the Group for the development of Site 1 and Site 2 are not expected to exceed HK$510,000,000 and HK$820,000,000 respectively. The total maximum commitment to be contributed by the Group for the development of the entire Project is not expected to exceed HK$1,330,000,000. It is currently expected that the funding required for the Project will be sourced by the Group from the consideration to be received by Gladton from the sale of Site 2 described above, the proceeds from the sale of units in the early phase of development, internal cash reserves and/or external bank borrowings.

5. FINANCIAL EFFECTS OF THE PROJECT

The financial effects of the Project on the terms of the Development Agreements are set out in the unaudited pro forma financial information of the Group (see Appendix V). The financial information contained in the unaudited pro forma financial information of the Group has taken into account certain adjustments to reflect the Development Agreements which was assumed to be completed on the relevant date.

Pro forma unaudited assets and liabilities of the Group prepared on the assumption that the Completion had taken place on 31 December 2007

Total assets and Total liabilities

As disclosed in the unaudited pro forma financial information of the Group, the respective pro forma assets and liabilities of the Group following Completion would have been approximately HK$2,083,174,000 and HK$940,813,000 respectively as compared to approximately HK$1,679,492,000 and HK$941,216,000 respectively prior to the Development Agreements taking place. Further, the non-current assets and current assets will increase by approximately HK$192,942,000 and HK$210,740,000 respectively. The Directors consider that the entering into of the Development Agreements will enlarge the assets base of the Group. The liabilities of the Enlarged Group upon Completion will decrease subsequent to the Completion.

Earnings

The Directors consider that the Project is expected to enhance the revenue and earning base of the Group.

While JVCO 1 and JVCO 2 will not become subsidiaries or associate companies of the Company after Completion, the proportionate financial results of JVCO 1 and JVCO 2 (i.e. 35.7%) will be consolidated into the Group's financial statements since JVCO 1 and JVCO 2 are jointly controlled entities by the Company and SHK.

6. GENERAL INFORMATION

The Company is a holding company. The principal activities of its subsidiaries are the development, manufacture, marketing and distribution of electronic products, including micro-computers, telecommunication equipment, broadband communication products, internet appliances, wireless communication or networking equipment and other electronic products. WIH-Sub is an investment holding company and is wholly-owned by the Company.

The principal business activities of SHK are development of and investment in properties for sale and rent. SHK-Sub is an investment holding company and is wholly-owned by SHK. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, SHK and its ultimate beneficial owners are third parties independent of the Company and its connected persons and they do not hold any shares in the Company as at the date of this circular. No shareholder is required to abstain from voting in respect of the resolutions to be proposed at the SGM.

JVCO 1 is an investment holding company whose principal asset is its 100% interest in OPCO 1. OPCO 1 is an investment holding company whose principal asset is its 100% interest in Site 1. The accountant's report on JVCO 1 and its subsidiary is set out in Appendix II of this circular. Since JVCO 1 has been inactive since its incorporation on 15 August 2006, brief discussion and analysis of the performance of JVCO 1 for the three preceding financial years is not available.

JVCO 2 is an investment holding company whose principal asset is its 100% interest in OPCO 2. OPCO 2 is an investment holding company. Following Completion, the principal asset of OPCO 2 will be its rights under the sale and purchase agreement to purchase a 100% interest in Site 2 from Gladton. The accountant's report on JVCO 2 and its subsidiary is set out in Appendix III of this circular. Since JVCO 2 has been inactive since its incorporation on 21 January 2008, brief discussion and analysis of the performance of JVCO 2 for the three preceding financial years is not available.

7. IMPLICATIONS UNDER THE LISTING RULES

Based on the estimated maximum commitment of the Company on the Project, the entering into of the Development Agreements constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is conditional upon approval by the Shareholders. The disposal of Site 2 constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is conditional upon approval by the Shareholders. As none of the Shareholders has a material interest in the Development Agreements, no shareholder is required to abstain from voting in respect of the resolutions to be proposed at the SGM to approve the Development Agreements and the transactions contemplated thereunder.

W. S. Wong & Sons Company Limited (which holds approximately 41.84% of the issued share capital of the Company as at the date of the Share Subscription Agreements) and Salop Investment Limited (which holds approximately 16.02% of the issued share capital of the Company as at the date of the Share Subscription Agreements), have undertaken to SHK and SHK-Sub to vote in favour of the resolution(s) to be proposed at the SGM to approve the Development Agreements and the transactions contemplated thereunder.

The SGM will be held at The Four Seasons Ballroom, 2/F., Renaissance Kowloon Hotel Hong Kong, 22 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 12 December 2008 at 3:00 p.m. to consider and, if thought fit, approve, among other matters, the Development Agreements and the transactions contemplated thereunder. A notice convening the SGM is set out on pages N-1 to N-2 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment meeting thereof if you so wish.

8. RECOMMENDATIONS

The Directors consider that the terms of the Development Agreements and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Development Agreements and the transactions contemplated thereunder.

9. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices of this circular.

Yours faithfully,
WONG CHUNG MAT, BEN
Chairman and Chief Executive Officer

1. FINANCIAL SUMMARY

Set out below is a summary of the consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity and the condensed consolidated cash flow statement of the Group for the two six months ended 30 June 2008 and the three years ended 31 December 2007 as extracted from the 2008 interim report and the annual reports of the Group for the corresponding years.

Consolidated income statement

	For the six months ended 30 June		For the year ended 31 December		
	2008	2007	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Unaudited)*	*(Audited)*	*(Audited)*	*(Audited)*
Revenue	1,584,063	1,648,864	3,363,777	3,713,784	2,763,674
Interest income	2,511	2,053	5,009	3,951	4,802
Other income	15,059	18,089	20,581	16,310	35,631
Changes in inventories of finished goods and work-in-progress	(22,340)	(13,731)	1,906	(4,978)	(22,903)
Raw materials and consumables used	(1,259,965)	(1,320,230)	(2,727,070)	(3,056,421)	(2,228,514)
	(1,282,305)	(1,333,961)	(2,725,164)	(3,061,399)	(2,251,417)
Staff costs	(149,303)	(140,112)	(290,763)	(257,448)	(213,328)
Depreciation	(34,371)	(33,535)	(67,739)	(61,065)	(55,799)
Amortisation of prepaid lease payments	(1,087)	(1,080)	(2,166)	(2,154)	(2,079)
Amortisation on development costs capitalised	(4,350)	(4,351)	(8,702)	(10,936)	(18,195)
Increase in fair value of investment properties	4,730	9,520	31,500	3,440	4,156
Fair value changes on financial instruments	3,500	(1,179)	1,422	(707)	(788)
Other operating expenses	(98,316)	(119,883)	(218,465)	(231,624)	(188,654)
Finance costs	(8,087)	(12,690)	(22,850)	(26,867)	(21,143)
Impairment loss recognised in respect of goodwill of an associate	—	—	(1,990)	—	—
Impairment loss recognised in respect of other investments	—	—	(3,104)	—	—
Impairment loss recognised in respect of asset classified as held for sale	—	—	—	(8,795)	—
Impairment loss recognised in respect of development costs capitalised	—	(17)	(1,696)	(753)	(4,639)
Loss on disposal of an associate	—	—	—	—	(378)
Share of results of associates	2,711	393	2,299	2,526	(1,622)
Profit before taxation	34,755	32,111	81,949	78,263	50,221
Taxation	(9,033)	(7,260)	(11,081)	(16,320)	(18,770)
Profit for the period	25,722	24,851	70,868	61,943	31,451
Attributable to:					
Equity holders of the Company	25,722	24,851	70,868	61,943	31,455
Minority interests	—	—	—	—	(4)
	25,722	24,851	70,868	61,943	31,451
Dividends	4,669	4,669	14,008	23,347	9,339
Earnings per share					
Basic	HK$0.06	HK$0.05	HK$0.15	HK$0.13	HK$0.07
Diluted	N/A	N/A	N/A	N/A	N/A

Consolidated balance sheet

	For the six months ended 30 June	For the year ended 31 December		
	2008	**2007**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Audited)*	*(Audited)*	*(Audited)*
Non-current assets				
Investment properties	63,440	58,710	27,210	23,770
Property, plant and equipment	238,202	251,197	260,154	265,028
Prepaid lease payments	84,342	84,998	86,724	88,670
Interests in associates	49,321	75,096	111,477	137,911
Available-for-sale investments	104	168	162	299
Held-to-maturity investments	—	—	—	7,958
Other investments	4,688	4,688	7,792	—
Development costs capitalised	14,737	14,566	16,436	19,606
Deferred tax asset	2,276	2,642	1,884	—
	457,110	492,065	511,839	543,242
Current assets				
Prepaid lease payments	2,174	2,166	2,154	2,152
Inventories	341,246	317,581	360,364	381,159
Trade and other receivables	648,501	621,376	755,624	546,442
Tax reserve certificate	5,943	5,943	4,557	4,557
Deposits and prepayments	57,621	38,514	23,480	12,939
Derivative financial instruments	3,500	—	—	588
Pledged bank deposits	99,814	—	—	—
Bank balances and cash	310,458	195,846	246,527	195,900
	1,469,257	1,181,426	1,392,706	1,143,737
Asset classified as held for sale	6,001	6,001	6,001	—
	1,475,258	1,187,427	1,398,707	1,143,737

	For the six months ended 30 June 2008		For the year ended 31 December	
		2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Audited)*	*(Audited)*	*(Audited)*
Current liabilities				
Trade and other payables	663,047	700,601	738,658	518,806
Bills payable	6,538	—	3,386	1,460
Tax payable	18,762	14,950	14,991	12,052
Amount due to an associate	3,183	3,183	7,008	7,008
Derivative financial instruments	—	—	1,422	1,376
Bank borrowings due within one year	334,544	92,148	272,987	233,979
	1,026,074	810,882	1,038,452	774,681
Net current assets	449,184	376,545	360,255	369,056
Total assets less current liabilities	906,294	868,610	872,094	912,298
Non-current liabilities				
Bank borrowings due after one year	125,000	124,340	193,367	278,958
Deferred tax liability	7,309	5,994	3,278	3,530
	132,309	130,334	196,645	282,488
	773,985	738,276	675,449	629,810
Capital and reserves				
Share capital	46,692	46,692	46,692	46,692
Reserves	727,293	691,584	628,412	582,773
Equity attributable to equity holders of the Company	773,985	738,276	675,104	629,465
Minority interests	—	—	345	345
	773,985	738,276	675,449	629,810

Consolidated statement of changes in equity

	Attributable to equity holders of the Company										
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Investment revaluation reserve	Dividend reserve	Translation reserve	Accumulated profits	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2005	46,692	148,864	345	331,559	—	9,339	(64,048)	131,605	604,356	349	604,705
Exchange difference directly recognised in equity	—	—	—	—	—	—	2,930	—	2,930	—	2,930
Fair value change on available-for-sale investments	—	—	—	—	63	—	—	—	63	—	63
Net income recognised directly in equity	—	—	—	—	63	—	2,930	—	2,993	—	2,993
Profit (loss) for the year	—	—	—	—	—	—	—	31,455	31,455	(4)	31,451
Total recognised income (expenses) for the year	—	—	—	—	63	—	2,930	31,455	34,448	(4)	34,444
Proposed final dividend for 2005	—	—	—	—	—	9,339	—	(9,339)	—	—	—
Dividends paid											
— for 2004 final dividend	—	—	—	—	—	(9,339)	—	—	(9,339)	—	(9,339)
At 31 December 2005 and 1 January 2006	46,692	148,864	345	331,559	63	9,339	(61,118)	153,721	629,465	345	629,810
Exchange difference directly recognised in equity	—	—	—	—	—	—	2,437	—	2,437	—	2,437
Fair value change on available-for-sale investments	—	—	—	—	(63)	—	—	—	(63)	—	(63)
Net income (expenses) recognised directly in equity	—	—	—	—	(63)	—	2,437	—	2,374	—	2,374
Profit for the year	—	—	—	—	—	—	—	61,943	61,943	—	61,943
Total recognised income (expenses) for the year	—	—	—	—	(63)	—	2,437	61,943	64,317	—	64,317
Proposed final dividend for 2006	—	—	—	—	—	14,008	—	(14,008)	—	—	—
Dividends paid											
— for 2005 final dividend	—	—	—	—	—	(9,339)	—	—	(9,339)	—	(9,339)
— for 2006 interim dividend	—	—	—	—	—	—	—	(9,339)	(9,339)	—	(9,339)

	Attributable to equity holders of the Company										
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Investment revaluation reserve	Dividend reserve	Translation reserve	Accumulated profits	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2006 and 1 January 2007	46,692	148,864	345	331,559	—	14,008	(58,681)	192,317	675,104	345	675,449
Exchange difference directly recognised in equity	—	—	—	—	—	—	10,978	—	10,978	—	10,978
Fair value change on available-for-sale investments	—	—	—	—	3	—	—	—	3	—	3
Net income recognised directly in equity	—	—	—	—	3	—	10,978	—	10,981	—	10,981
Profit for the year	—	—	—	—	—	—	—	70,868	70,868	—	70,868
Deregistration of a subsidiary	—	—	—	—	—	—	—	—	—	(345)	(345)
Total recognised income (expenses) for the year	—	—	—	—	3	—	10,978	70,868	81,849	(345)	81,504
Proposed final dividend for 2007	—	—	—	—	—	9,339	—	(9,339)	—	—	—
Dividends paid											
— for 2006 final dividend	—	—	—	—	—	(14,008)	—	—	(14,008)	—	(14,008)
— for 2007 interim dividend	—	—	—	—	—	—	—	(4,669)	(4,669)	—	(4,669)
At 31 December 2007 and 1 January 2008	46,692	148,864	345	331,559	3	9,339	(47,703)	249,177	738,276	—	738,276
Exchange difference directly recognised in equity	—	—	—	—	—	—	19,392	—	19,392	—	19,392
Fair value change on available-for-sale investments	—	—	—	—	(66)	—	—	—	(66)	—	(66)
Net income (expenses) recognised directly in equity	—	—	—	—	(66)	—	19,392	—	19,326	—	19,326
Profit for the period	—	—	—	—	—	—	—	25,722	25,722	—	25,722
Total recognised income (expenses) for the period	—	—	—	—	(66)	—	19,392	25,722	45,048	—	45,048
Proposed interim dividend for 2008	—	—	—	—	—	4,669	—	(4,669)	—	—	—
Dividend paid											
— for 2007 final dividend	—	—	—	—	—	(9,339)	—	—	(9,339)	—	(9,339)
At 30 June 2008	46,692	148,864	345	331,559	(63)	4,669	(28,311)	270,230	773,985	—	773,985

	Attributable to equity holders of the Company									
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Dividend reserve	Translation reserve	Accumulated profits	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2007	46,692	148,864	345	331,559	14,008	(58,681)	192,317	675,104	345	675,449
Exchange difference directly recognised in equity and net income recognised directly in equity	—	—	—	—	—	3,550	—	3,550	—	3,550
Profit for the period	—	—	—	—	—	—	24,851	24,851	—	24,851
Total recognised income for the period	—	—	—	—	—	3,550	24,851	28,401	—	28,401
Proposed interim dividend for 2007	—	—	—	—	4,669	—	(4,669)	—	—	—
Dividend paid — for 2006 final dividend	—	—	—	—	(14,008)	—	—	(14,008)	—	(14,008)
At 30 June 2007	46,692	148,864	345	331,559	4,669	(55,131)	212,499	689,497	345	689,842

Condensed consolidated cash flow statement

	For the six months ended 30 June		For the year ended 31 December		
	2008	2007	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Unaudited)*	*(Audited)*	*(Audited)*	*(Audited)*
Net cash (used in) from operating activities	(34,969)	124,495	261,177	187,450	143,122
Investing activities					
Purchase of tax reserve certificate	—	(1,386)	—	—	—
Purchase of property, plant and equipment	(12,366)	(27,767)	(49,511)	(51,794)	(21,620)
Increase in prepaid lease payments	—	—	—	—	(4,107)
Purchase of other investments / available-for-sale investments	—	—	—	(7,792)	(40)
Increase in development costs capitalised	(4,350)	(3,784)	(8,185)	(8,109)	(17,916)
Purchase of additional interests in associates	—	—	(3,097)	—	(936)
Interest received	2,511	2,798	5,009	3,951	4,887
Proceeds from disposal of held-to-maturity investments	—	—	—	7,958	—
Proceeds from disposal of property, plant and equipment	80	42	302	17	302
Proceeds from disposal of an associate	—	—	—	—	9,250
Net repayment from associates	28,486	15,951	22,851	8,965	63,562
Dividends received from an associate	—	—	12,175	5,199	—
Increase in bank deposits with maturity over three months	(48,977)	—	—	—	—
Increase in pledged bank deposits	(99,814)	—	—	—	—
Net cash (used in) from investing activities	(134,430)	(14,146)	(20,456)	(41,605)	33,382

	For the six months ended 30 June		For the year ended 31 December		
	2008	**2007**	**2007**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Unaudited)*	*(Audited)*	*(Audited)*	*(Audited)*
Financing activities					
Dividends paid	(9,339)	(14,008)	(18,677)	(18,678)	(9,339)
Decrease in trust receipts loans	—	—	—	—	(47,216)
New bank borrowings raised	305,138	53,000	210,646	133,046	236,061
Repayment of bank borrowings	(66,467)	(63,756)	(447,882)	(184,291)	(316,432)
Repayment from amount due to an associate	—	—	—	—	157
Interest paid	(8,087)	(13,435)	(22,850)	(26,867)	(21,143)
Net cash from (used in) financing activities	221,245	(38,199)	(278,763)	(96,790)	(157,912)
Net increase (decrease) in cash and cash equivalents	51,846	72,150	(38,042)	49,055	18,592
Cash and cash equivalents brought forward	195,846	233,897	233,897	187,932	170,108
Effect of exchange rate changes	9,404	(1,234)	(9)	(3,090)	(768)
Cash and cash equivalents carried forward	257,096	304,813	195,846	233,897	187,932
Analysis of the balances of cash and cash equivalents					
Bank balances and cash	310,458	323,814	195,846	246,527	195,900
Bank deposits with maturity over three months	(48,977)	—	—	—	—
Bank deposits with maturity less than three months	261,481	323,814	—	—	—
Bank overdraft	(4,385)	(19,001)	—	(12,630)	(7,968)
	257,096	304,813	195,846	233,897	187,932

2. UNAUDITED FINANCIAL STATEMENTS FOR THE TWO SIX MONTHS ENDED 30 JUNE 2008

Set out below are the unaudited condensed consolidated financial statements of the Group together with accompanying notes as extracted from the interim report of Wong's International (Holdings) Limited for the six months ended 30 June 2008. References to page numbers in the below extract are made to the page numbers of such interim report of Wong's International (Holdings) Limited.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008

		Six months ended 30 June	
		2008	**2007**
		HK$'000	*HK$'000*
	Notes	*(Unaudited)*	*(Unaudited)*
Revenue	4	1,584,063	1,648,864
Interest income		2,511	2,053
Other income	4	15,059	18,089
Changes in inventories of finished goods and work-in-progress		(22,340)	(13,731)
Raw materials and consumables used		(1,259,965)	(1,320,230)
		(1,282,305)	(1,333,961)
Staff costs		(149,303)	(140,112)
Depreciation		(34,371)	(33,535)
Amortisation of prepaid lease payments		(1,087)	(1,080)
Amortisation on development costs capitalised		(4,350)	(4,351)
Increase in fair value of investment properties		4,730	9,520
Fair value changes on financial instruments		3,500	(1,179)
Impairment loss recognised on development costs capitalised		—	(17)
Other operating expenses		(98,316)	(119,883)
Finance costs	5	(8,087)	(12,690)
Share of results of associates		2,711	393
Profit before taxation	6	34,755	32,111
Taxation	7	(9,033)	(7,260)
Profit for the period		25,722	24,851
Attributable to:			
Equity holders of the Company		25,722	24,851
Minority interests		—	—
		25,722	24,851
Dividends	8	4,669	4,669
Earnings per share	9		
Basic		HK$0.06	HK$0.05
Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2008

	Notes	At 30/6/2008 HK$'000 (Unaudited)	At 31/12/2007 HK$'000 (Audited)
Non-current assets			
Investment properties	10	63,440	58,710
Property, plant and equipment	11	238,202	251,197
Prepaid lease payments		84,342	84,998
Interests in associates		49,321	75,096
Available-for-sale investments		104	168
Other investments		4,688	4,688
Development costs capitalised	12	14,737	14,566
Deferred tax asset		2,276	2,642
		457,110	492,065
Current assets			
Prepaid lease payments		2,174	2,166
Inventories		341,246	317,581
Trade and other receivables	13	648,501	621,376
Tax reserve certificate		5,943	5,943
Deposits and prepayments		57,621	38,514
Derivative financial instruments		3,500	—
Pledged bank deposits		99,814	—
Bank balances and cash		310,458	195,846
		1,469,257	1,181,426
Asset classified as held for sale	14	6,001	6,001
		1,475,258	1,187,427

	Notes	At 30/6/2008 HK$'000 (Unaudited)	At 31/12/2007 HK$'000 (Audited)
Current liabilities			
Trade and other payables	15	663,047	700,601
Bills payable		6,538	—
Tax payable		18,762	14,950
Amount due to an associate		3,183	3,183
Bank borrowings due within one year	16	334,544	92,148
		1,026,074	810,882
Net current assets		449,184	376,545
Total assets less current liabilities		906,294	868,610
Non-current liabilities			
Bank borrowings due after one year	16	125,000	124,340
Deferred tax liability		7,309	5,994
		132,309	130,334
		773,985	738,276
Capital and reserves			
Share capital		46,692	46,692
Reserves		727,293	691,584
Equity attributable to equity holders of the Company		773,985	738,276
Minority interests		—	—
		773,985	738,276

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2008 (UNAUDITED)

	Attributable to equity holders of the Company									
	Share capital	**Share premium**	**Capital redemption reserve**	**Contributed surplus**	**Dividend reserve**	**Translation reserve**	**Accumulated profits**	**Total**	**Minority interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2007 (audited)	46,692	148,864	345	331,559	14,008	(58,681)	192,317	675,104	345	675,449
Exchange difference directly recognised in equity and net income recognised directly in equity	—	—	—	—	—	3,550	—	3,550	—	3,550
Profit for the period	—	—	—	—	—	—	24,851	24,851	—	24,851
Total recognised income (expenses) for the period	—	—	—	—	—	3,550	24,851	28,401	—	28,401
Proposed interim dividend *(Note 8)*	—	—	—	—	4,669	—	(4,669)	—	—	—
2006 final dividend paid	—	—	—	—	(14,008)	—	—	(14,008)	—	(14,008)
At 30 June 2007	46,692	148,864	345	331,559	4,669	(55,131)	212,499	689,497	345	689,842

	Attributable to equity holders of the Company										
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Investment revaluation reserve	Dividend reserve	Translation reserve	Accumulated profits	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2008 (audited)	46,692	148,864	345	331,559	3	9,339	(47,703)	249,177	738,276	—	738,276
Exchange difference directly recognised in equity	—	—	—	—	—	—	19,392	—	19,392	—	19,392
Fair value change on available-for-sale investments	—	—	—	—	(66)	—	—	—	(66)	—	(66)
Net income (expenses) recognised directly in equity	—	—	—	—	(66)	—	19,392	—	19,326	—	19,326
Profit for the period	—	—	—	—	—	—	—	25,722	25,722	—	25,722
Total recognised income (expenses) for the period	—	—	—	—	(66)	—	19,392	25,722	45,048	—	45,048
Proposed interim dividend *(Note 8)*	—	—	—	—	—	4,669	—	(4,669)	—	—	—
2007 final dividend paid	—	—	—	—	—	(9,339)	—	—	(9,339)	—	(9,339)
At 30 June 2008	46,692	148,864	345	331,559	(63)	4,669	(28,311)	270,230	773,985	—	773,985

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Six months ended 30 June	
	2008	**2007**
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Net cash (used in) from operating activities	(34,969)	124,495
Investing activities		
Purchase of tax reserve certificate	—	(1,386)
Purchase of property, plant and equipment	(12,366)	(27,767)
Proceeds from disposal of property, plant and equipment	80	—
Net repayment from associates	28,486	15,951
Increase in bank deposits with maturity over three months	(48,977)	—
Increase in pledged bank deposits	(99,814)	—
Other investing activities	(1,839)	(944)
Net cash used in investing activities	(134,430)	(14,146)
Financing activities		
Dividends paid	(9,339)	(14,008)
New bank borrowings raised	305,138	53,000
Repayment of bank borrowings	(66,467)	(63,756)
Other financing activities	(8,087)	(13,435)
Net cash from (used in) financing activities	221,245	(38,199)
Net increase in cash and cash equivalents	51,846	72,150
Cash and cash equivalents at 1 January	195,846	233,897
Effect of exchange rate changes	9,404	(1,234)
Cash and cash equivalents at 30 June	257,096	304,813
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	310,458	323,814
Bank deposits with maturity over three months	(48,977)	—
Bank deposits with maturity less than three months	261,481	323,814
Bank overdraft	(4,385)	(19,001)
	257,096	304,813

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Main Board of The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements do not include all the information and disclosure required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis, except for certain properties and financial assets and liabilities, which are stated at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements of the Company and its subsidiaries (“the Group”) for the year ended 31 December 2007.

In the current period, the Group has applied, for the first time, the following new interpretations issued by the HKICPA that are relevant to the Group and effective for accounting periods beginning on or after 1 January 2008.

HK(IFRIC) — Interpretation (“Int”) 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) — Int 12	Service Concession Arrangements
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new interpretations has had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

Hong Kong Accounting Standard ("HKAS") 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 1, HKAS 32, HKAS 39 and Hong Kong Financial Reporting Standard ("HKFRS") 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Int 2 (Amendments)	Members' shares in co-operative entities and similar instruments[1]
HK(IFRIC) — Int 13	Customers Loyalty Programmes[3]
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation[4]

[1] Effective for annual periods beginning on or after 1 January 2009.

[2] Effective for annual periods beginning on or after 1 July 2009.

[3] Effective for annual periods beginning on or after 1 July 2008.

[4] Effective for annual periods beginning on or after 1 October 2008.

The Directors of the Company are currently assessing the impact of the above new standards, amendments and interpretations but are not yet in position to state whether they would have material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

For management segment reporting purposes, the Group was organised into two operating divisions — EMS* electronic products and ODM** electronic products. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

EMS electronic products — manufacture and distribution of electronic products for EMS customers.

ODM electronic products — original product development and marketing for ODM customers.

* EMS denotes electronic manufacturing service

** ODM denotes original product development and marketing

Segment information for the six months ended 30 June 2008 and 2007 is as follows:

Business segments

	For the six months ended 30 June 2008					
	EMS division	**ODM division**	**Other divisions#**	**Unallocated**	**Eliminations**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
REVENUE						
External sales	1,581,530	2,533	—	—	—	1,584,063
Inter-segment sales	—	—	—	—	—	—
Total	1,581,530	2,533	—	—	—	1,584,063
SEGMENT RESULT	38,599	(10,054)	(550)	—		27,995
Unallocated corporate expenses						(13,664)
Interest income						2,511
Unallocated other income and net fair value gains						23,289
Finance costs						(8,087)
Share of results of associates	—	(1,776)	—	4,487		2,711
Profit before taxation						34,755
Taxation						(9,033)
Profit for the period						25,722

	For the six months ended 30 June 2007					
	EMS division	**ODM division**	**Other divisions#**	**Unallocated**	**Eliminations**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
REVENUE						
External sales	1,646,771	2,093	—	—	—	1,648,864
Inter-segment sales	40	—	—	—	(40)	—
Total	1,646,811	2,093	—	—	(40)	1,648,864
SEGMENT RESULT	40,410	(8,598)	(489)	—		31,323
Unallocated corporate expenses						(16,577)
Interest income						2,053
Unallocated other income and net fair value gains						27,609
Finance costs						(12,690)
Share of results of associates	—	(1,170)	1,563	—		393
Profit before taxation						32,111
Taxation						(7,260)
Profit for the period						24,851

Other divisions included sales of goods other than EMS and ODM products.

The transactions with inter-segments were carried out at the estimated market prices determined by the Company's Directors.

4. REVENUE / OTHER INCOME

Revenue, which is also the Group's turnover, represents the amounts received and receivable for goods sold by the Group to outside customers, less returns and discounts.

Other income is detailed as follows:

	Six months ended 30 June	
	2008	**2007**
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Rental income	775	583
Commission income	—	5,361
Sales of scrap materials	1,971	1,495
Write back of customer claims	—	4,785
Write off of trade and other payables	5,831	—
Exchange gain	1,702	2,702
Sundry income	4,780	3,163
	15,059	18,089

5. FINANCE COSTS

The amounts represent interest on bank loans and overdrafts which are wholly repayable within five years and carried at amortised cost.

6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2008	**2007**
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Profit before taxation has been arrived at after charging (crediting):		
Depreciation	34,542	33,712
Less: amount capitalised to development costs	(171)	(177)
Amount charged to the income statement	34,371	33,535
Write down (back) of allowance on inventories	665	(1,277)
Loss (gain) on disposal of property, plant and equipment	286	(42)
Write (back) off of allowance for doubtful debts in respect of trade and other receivables	(3,835)	158

7. TAXATION

	Six months ended 30 June	
	2008	**2007**
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Profits tax:		
Hong Kong		
— current period	3,822	3,996
— under-provision in prior periods	2,202	2,494
Other jurisdictions		
— current period	1,328	46
— over-provision in prior periods	—	(14)
Deferred tax		
— current period	1,530	738
— effect on change in tax rate	151	—
	9,033	7,260

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profits for the period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Inland Revenue Department has raised a query over the offshore profit claim of one of the subsidiaries of the Group. The Directors believed the Group has good grounds to defend the case, and therefore no additional provision for tax has been made.

8. DIVIDENDS

	Six months ended 30 June	
	2008	**2007**
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
Proposed interim dividend	4,669	4,669

For the six months ended 30 June 2008, the Directors have resolved to pay an interim dividend of HK$0.01 (six months ended 30 June 2007: HK$0.01) per share. The aforementioned interim dividend will be paid on Friday, 24 October 2008 to the shareholders on the Register of Members on Friday, 17 October 2008.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's profit for the period attributable to equity holders of the Company of approximately HK$25,722,000 (six months ended 30 June 2007: HK$24,851,000) and the number of ordinary shares of 466,921,794 (six months ended 30 June 2007: 466,921,794).

No diluted earnings per share have been presented as there were no dilutive potential ordinary shares in issue in both periods.

10. INVESTMENT PROPERTIES

The fair value of the Group's investment properties were assessed by DTZ Debenham Tie Leung Limited and Asset Appraisal Limited, independent professional valuers not connected with the Group, at the balance sheet date. DTZ Debenham Tie Leung Limited and Asset Appraisal Limited are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuations, which conform to International Valuation Standards, were arrived at by reference to market evidence of transaction prices for similar properties. The resulting net increase in fair value of the investment properties of approximately HK$4,730,000 has been recognised in the condensed consolidated income statement for the period.

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$12,366,000 on additions to property, plant and equipment. In addition, the Group disposed of certain property, plant and equipment at a consideration of HK$80,000 with a loss on disposal of property, plant and equipment of HK$286,000.

12. DEVELOPMENT COSTS CAPITALISED

During the period, the Group capitalised approximately HK$4,521,000 as development costs. The development costs are amortised on a straight-line basis over a period of two years.

13. TRADE AND OTHER RECEIVABLES

The credit period allowed by the Group to its trade customers mainly ranges from 30 days to 90 days.

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) at the reporting date:

	At 30/6/2008	**At 31/12/2007**
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Trade receivables		
0-60 days	622,223	519,381
61-90 days	5,669	72,948
Over 90 days	5,837	13,707
	633,729	606,036
Other receivables	14,772	15,340
	648,501	621,376

The fair values of the Group's trade and other receivables at 30 June 2008 approximate to their corresponding carrying amounts due to their short-term maturities.

14. ASSET CLASSIFIED AS HELD FOR SALE

	At 30/6/2008	At 31/12/2007
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Carrying amount of an associate classified as held for sale	14,796	14,796
Less: Impairment loss recognised	(8,795)	(8,795)
	6,001	6,001

Details of the asset held for sale are as follows:

Name of company	Form of business structure	Place of incorporation/ operation	Class of shares held	Proportion of ownership interest	Principal activities
Nanjing Postel Wong Zhi Telecommunications Co. Ltd. ("Nanjing Postel")#	Incorporated	The People's Republic of China (the "PRC")	Registered capital of US$10,090,000	33%	Development, manufacture and distribution of CDMA handphones

Sino-foreign equity enterprise

In August 2006, the Group had signed a sale and purchase agreement with an independent third party regarding the disposal of the Group's entire interest in an associate — Nanjing Postel, and accordingly, this interest has been classified as an asset held for sale. As at 31 December 2006, impairment of approximately HK$8,795,000 was made against the carrying amount of the asset with reference to the sale consideration per the agreement and the expected costs to complete the transaction. The completion of the transaction is subject to the approval of the share transfer by the local PRC government authorities.

As at date of approval of these condensed consolidated financial statements, the purchaser has informed the Group that the disposal was completed as the final approval from a local PRC government authority has been obtained.

15. TRADE AND OTHER PAYABLES

The following is an aged analysis of the Group's trade payables at the reporting date:

	At 30/6/2008	**At 31/12/2007**
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Trade payables		
0-60 days	428,239	419,079
61-90 days	53,292	75,607
Over 90 days	43,886	67,251
	525,417	561,937
Other payables	137,630	138,664
	663,047	700,601

The fair values of the Group's trade and other payables at 30 June 2008 approximate to their corresponding carrying amounts due to their short-term maturities.

16. BANK BORROWINGS

During the period, the Group obtained new bank loans in the amount of approximately HK$305 million and repaid bank loans in the amount of approximately HK$66 million. The borrowings bear interest rates ranges from 1.62% to 8.28% per annum and are repayable within five years. The proceeds were used to finance the operations of the Group. The bank borrowings are secured.

17. COMMITMENTS

At the balance sheet date, the Group had capital commitments that were contracted but not provided for in respect of acquisition of property, plant and equipment, amounted to approximately HK$25,558,000.

18. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with its associates and related companies. The transactions were carried out at estimated market prices determined by the Company's Directors.

	At 30/6/2008	At 30/6/2007
	HK$'000	*HK$'000*
	(Unaudited)	*(Unaudited)*
a) Associates		
Rental income received	120	114
b) Related companies*		
Rental income received	145	91

* The related companies are owned by a close family member of the Directors of the Company.

The balances with associates are set out in the condensed consolidated balance sheet on pages 2 and 3.

19. POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, the Group has entered into a letter of intent with an independent third party in respect of capital expenditure in Vietnam amounted to US$4,670,000 (equivalent to HK$36,440,000).

20. CONTINGENT LIABILITIES

A PRC subsidiary of the Group is presently in the processes of a capital reduction exercise. At the time the subsidiary was formed, part of its capital requirement was satisfied by transferring and importing certain machinery and equipment into PRC. Under this arrangement, the machinery and equipment entering into PRC was exempted from value-added tax ("VAT"). The capital reduction exercise may result in potential VAT liabilities. However, as the processes have not been completed and are under review by PRC tax authorities, the Directors are unable to determine the financial impact to the Group's operating results and financial position.

3. AUDITED FINANCIAL STATEMENTS FOR THE TWO YEARS ENDED 31 DECEMBER 2007

Set out below are the audited consolidated financial statements of the Group together with accompanying notes as extracted from the annual report of Wong's International (Holdings) Limited for the year ended 31 December 2007. References to page numbers in the below extract are made to the page numbers of such annual report of Wong's International (Holdings) Limited. No qualified opinions have been expressed on the financial statements containing the financial information set out below.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Revenue	7	3,363,777	3,713,784
Interest income		5,009	3,951
Other income		20,581	16,310
Changes in inventories of finished goods and work in progress		1,906	(4,978)
Raw materials and consumables used		(2,727,070)	(3,056,421)
Staff costs		(290,763)	(257,448)
Depreciation		(67,739)	(61,065)
Amortisation on development costs capitalised	21	(8,702)	(10,936)
Amortisation on prepaid lease payments		(2,166)	(2,154)
Increase in fair value of investment properties	15	31,500	3,440
Fair value changes on financial instruments		1,422	(707)
Other operating expenses		(218,465)	(231,624)
Finance costs	9	(22,850)	(26,867)
Impairment loss recognised in respect of goodwill of an associate	18	(1,990)	—
Impairment loss recognised in respect of other investments	20	(3,104)	—
Impairment loss recognised in respect of asset classified as held for sale	25	—	(8,795)
Share of results of associates		2,299	2,526
Impairment loss recognised in respect of development costs capitalised	21	(1,696)	(753)
Profit before taxation	10	81,949	78,263
Taxation	12	(11,081)	(16,320)
Profit for the year		70,868	61,943
Attributable to:			
Equity holders of the Company		70,868	61,943
Minority interests		—	—
		70,868	61,943
Dividends	13	14,008	23,347
Earnings per share	14		
Basic		HK$0.15	HK$0.13
Diluted		N/A	N/A

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current assets			
Investment properties	15	58,710	27,210
Property, plant and equipment	16	251,197	260,154
Prepaid lease payments	17	84,998	86,724
Interests in associates	18	75,096	111,477
Available-for-sale investments	19	168	162
Other investments	20	4,688	7,792
Development costs capitalised	21	14,566	16,436
Deferred tax asset	29	2,642	1,884
		492,065	511,839
Current assets			
Prepaid lease payments	17	2,166	2,154
Inventories	22	317,581	360,364
Trade and other receivables	23	621,376	755,624
Tax reserve certificate		5,943	4,557
Deposits and prepayments		38,514	23,480
Bank balances and cash		195,846	246,527
		1,181,426	1,392,706
Asset classified as held for sale	25	6,001	6,001
		1,187,427	1,398,707
Current liabilities			
Trade and other payables	26	700,601	738,658
Bills payable		—	3,386
Tax payable		14,950	14,991
Amount due to an associate	27	3,183	7,008
Derivative financial instruments	24	—	1,422
Bank borrowings due within one year	28	92,148	272,987
		810,882	1,038,452
Net current assets		376,545	360,255
Total assets less current liabilities		868,610	872,094

	Notes	2007 HK$'000	2006 HK$'000
Non-current liabilities			
Bank borrowings due after one year	28	124,340	193,367
Deferred tax liability	29	5,994	3,278
		130,334	196,645
		738,276	675,449
Capital and reserves			
Share capital	30	46,692	46,692
Reserves		691,584	628,412
Equity attributable to equity holders of the Company		738,276	675,104
Minority interests		—	345
		738,276	675,449

The consolidated financial statements on pages 45 to 124 were approved and authorised for issue by the Board of Directors on 15 April 2008 and are signed on its behalf by:

WONG CHUNG MAT, BEN
Chairman and Chief Executive Officer

WONG CHUNG AH, JOHNNY
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

	Attributable to equity holders of the Company										
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Investment revaluation reserve	Dividend reserve	Translation reserve	Accumulated profits	Total	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2006	46,692	148,864	345	331,559	63	9,339	(61,118)	153,721	629,465	345	629,810
Exchange difference directly recognised in equity	—	—	—	—	—	—	2,437	—	2,437	—	2,437
Fair value change on available-for-sale investments	—	—	—	—	(63)	—	—	—	(63)	—	(63)
Net income recognised directly in equity	—	—	—	—	(63)	—	2,437	—	2,374	—	2,374
Profit for the year	—	—	—	—	—	—	—	61,943	61,943	—	61,943
Total recognised income (expenses) for the year	—	—	—	—	(63)	—	2,437	61,943	64,317	—	64,317
Proposed final dividend for 2006	—	—	—	—	—	14,008	—	(14,008)	—	—	—
Dividends paid											
- for 2005 final dividend	—	—	—	—	—	(9,339)	—	—	(9,339)	—	(9,339)
- for 2006 interim dividend	—	—	—	—	—	—	—	(9,339)	(9,339)	—	(9,339)
At 31 December 2006 and 1 January 2007	46,692	148,864	345	331,559	—	14,008	(58,681)	192,317	675,104	345	675,449
Exchange difference directly recognised in equity	—	—	—	—	—	—	10,978	—	10,978	—	10,978
Fair value change on available-for-sale investments	—	—	—	—	3	—	—	—	3	—	3
Net income recognised directly in equity	—	—	—	—	3	—	10,978	—	10,981	—	10,981
Profit for the year	—	—	—	—	—	—	—	70,868	70,868	—	70,868
Deregistration of a subsidiary	—	—	—	—	—	—	—	—	—	(345)	(345)
Total recognised income (expenses) for the year	—	—	—	—	3	—	10,978	70,868	81,849	(345)	81,504
Proposed final dividend for 2007	—	—	—	—	—	9,339	—	(9,339)	—	—	—
Dividends paid											
- for 2006 final dividend	—	—	—	—	—	(14,008)	—	—	(14,008)	—	(14,008)
- for 2007 interim dividend	—	—	—	—	—	—	—	(4,669)	(4,669)	—	(4,669)
At 31 December 2007	46,692	148,864	345	331,559	3	9,339	(47,703)	249,177	738,276	—	738,276

Note: The contributed surplus of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries, and the nominal value of the Company's shares issued for the acquisition at the time of the Group's reorganisation in 1990.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	2007	2006
	HK$'000	*HK$'000*
Operating activities		
Profit before taxation	81,949	78,263
Adjustments for:		
Finance costs	22,850	26,867
Share of results of associates	(2,299)	(2,526)
Depreciation	67,739	61,065
Amortisation on development costs capitalised	8,702	10,936
Amortisation on prepaid lease payments	2,166	2,154
Fair value changes on financial instruments	(1,422)	707
Impairment loss recognised in respect of goodwill of an associate	1,990	—
Impairment loss recognised in respect of other investments	3,104	—
Impairment loss recognised in respect of development costs capitalised	1,696	753
Allowance for doubtful debts		
- trade and other receivables	322	638
- amounts due from associates	936	—
Write off of trade and other payables	(5,598)	(10,606)
Interest income	(5,009)	(3,951)
Increase in fair value of investment properties	(31,500)	(3,440)
Loss on disposal of property, plant and equipment, net	733	494
Gain on write off of a deregistered subsidiary	(345)	—
Impairment loss recognised in respect of asset classified as held for sale	—	8,795
Operating cash flows before movements in working capital	146,014	170,149
Decrease in inventories	42,783	20,795
Decrease (increase) in trade and other receivables	133,926	(209,820)
Increase in deposits and prepayments	(15,034)	(10,541)
(Decrease) increase in trade and other payables	(32,459)	230,458
(Decrease) increase in bills payable	(3,386)	1,926
Cash generated from operations	271,844	202,967
Hong Kong Profits Tax paid	(9,710)	(15,923)
Hong Kong Profits Tax refunded	—	284
Tax (paid) refunded in other jurisdictions	(957)	122
Net cash from operating activities	261,177	187,450

	2007	2006
	HK$'000	*HK$'000*
Investing activities		
Purchase of property, plant and equipment	(49,511)	(51,794)
Purchase of other investments	—	(7,792)
Increase in development costs capitalised	(8,185)	(8,109)
Purchase of additional interests in associates	(3,097)	—
Interest received	5,009	3,951
Proceeds from disposal of held-to-maturity investments	—	7,958
Proceeds from disposal of property, plant and equipment	302	17
Net repayment from associates	22,851	8,965
Dividends received from an associate	12,175	5,199
Net cash used in investing activities	(20,456)	(41,605)
Financing activities		
Dividends paid	(18,677)	(18,678)
New bank loans raised	210,646	133,046
Repayment of bank loans	(447,882)	(184,291)
Interest paid	(22,850)	(26,867)
Net cash used in financing activities	(278,763)	(96,790)
Net (decrease) increase in cash and cash equivalents	(38,042)	49,055
Cash and cash equivalents at 1 January	233,897	187,932
Effect of foreign exchange rate changes	(9)	(3,090)
Cash and cash equivalents at 31 December	195,846	233,897
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	195,846	246,527
Bank overdrafts *(note 28)*	—	(12,630)
	195,846	233,897

1. GENERAL

Wong's International (Holdings) Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The principal activities of the Company and its subsidiaries (the "Group") are the development, manufacture, marketing and distribution of electronic products, including micro-computers, telecommunication equipment, broadband communication products, internet appliances, wireless communication or networking equipment and other electronic products.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standards, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to the Group and effective for accounting periods beginning on or after 1 January 2007.

Hong Kong Accounting Standard ("HKAS") 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Interpretation ("Int") 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives

The adoption of these new and amended HKFRSs did not result in significant changes to the Group's accounting policies but gave rise to additional disclosures as follows:

2.1 HKAS 1 (Amendment) — Capital Disclosures

In accordance with HKAS 1 (Amendment) "Capital Disclosures", the Group now reports on its capital management objectives, policies and procedures in each annual financial report. The new disclosures that become necessary due to this change are detailed in note 5 to the consolidated financial statements.

2.2 HKFRS 7 — Financial Instruments: Disclosures

HKFRS 7 "Financial Instruments: Disclosures" is mandatory for reporting periods beginning on 1 January 2007 or later. The new standard replaces and amends the disclosure requirements previously set out in HKAS 32 "Financial Instruments: Presentation and Disclosures" and has been adopted by the Group in its consolidated financial statements for the year ended 31 December 2007. All disclosures relating to financial instruments including the comparative information have been updated to reflect the new requirements.

The first-time application of HKAS 1 and HKFRS 7, however, has not resulted in any prior-year adjustments on cash flows, net income or balance sheet items. Accordingly, no adjustments on prior years are required.

2.3 The Group has not early adopted the following standards or interpretations that have been issued but are not yet effective as at 31 December 2007.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[5]
HKFRS 2 (Amendment)	Share-based Payment — Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[5]
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.

[5] Effective for annual periods beginning on or after 1 July 2009.

Among these new standards and interpretations, HKAS 1 (revised) is expected to be relevant to the Group's consolidated financial statements.

Amendment to HKAS 1 — Presentation of Financial Statements

This amendment affects the presentation of owner changes in equity and introduces a statement of comprehensive income. Preparers will have the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of other comprehensive income). This amendment does not affect the financial position or results of the Group but will give rise to additional disclosures. Management is currently assessing the detailed impact of this amendment on the Group's consolidated financial statements.

The directors of the Company are currently assessing the impact of the other new standards and interpretations but are not yet in position to state whether they would have material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair value as explained in the accounting policies set out below.

The consolidated financial statements on pages 45 to 124 have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

Minority interests represent the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Minority interests are presented in the consolidated balance sheet separately from the equity attributable to the equity holders of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated income statement as an allocation of the Group's results. Where losses applicable to the minority exceeds the minority interests in the subsidiary's equity, the excess and further losses applicable to the minority are allocated against minority interests to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses. Otherwise, the losses are charged against the Group's interests. If the subsidiary subsequently reports profits, such profits are allocated to minority interests only after the minority's share of losses previously absorbed by the Group has been recovered.

Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Goodwill

Goodwill arising on an acquisition of a subsidiary or business for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of acquisition.

For previously capitalised goodwill, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash-generating unit to which the goodwill related may be impaired (see the accounting policy below).

Goodwill arising on an acquisition of a subsidiary or business for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary or business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment loss.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. Impairment loss for goodwill is not reversed in subsequent years.

On subsequent disposal of a subsidiary or business, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of returns and discounts.

Sales of goods are recognised when goods are delivered and title has passed.

Service income is recognised when the services are rendered.

Interest income from a financial asset is accrued on a time-proportion basis by reference to the principal outstanding and at the interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the terms of the relevant leases.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Property, plant and equipment

Buildings held for own use which are situated on leasehold land, where the fair value of the buildings could be measured separately from the fair value of the leasehold land at the inception of the lease, and other items of plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Buildings held under capital leasing agreements are depreciated over their expected useful lives or over the term of lease, if shorter.

Depreciation on other assets is provided to write off the cost over their estimated useful lives, using the straight-line method at the following rates per annum:

Buildings	2.5%
Plant, machinery and equipment	15%-20%
Furniture and fixtures	15%-20%
Motor vehicles	25%

The asset's useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the consolidated income statement during the financial year in which they are incurred.

Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties or the sale of investment properties are included in profit or loss for the year in which they arise.

Investments in associates

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which are neither subsidiaries nor investment in a joint venture.

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting except when the investment is classified as held for sale (in which case it is accounted for under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"). Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on goodwill relating to the investments in associates recognised for the year. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. Such goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. At each balance sheet date, the Group determines whether there is any objective evidence that the investment in an associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (see accounting policy of impairment below) of the associate and its carrying amount.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where the associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method, and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

Impairment (other than goodwill and financial assets — see the accounting policies in respect of goodwill above)

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment loss recognised is charged pro rata to the other assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

Impairment loss is recognised as expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

Where there is a favourable change in the estimates used to determine the asset's recoverable amount and impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the terms of the relevant leases. Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased assets.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased assets. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the year in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the year in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated into Hong Kong dollars at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

Research and development expenditure

Expenditure on research activities is recognised as expense in the year in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if they meet the following recognition requirements:

- demonstration of technical feasibility of the prospective product for internal use or sale;
- the intangible asset will generate probable economic benefits through internal use or sale;
- sufficient technical, financial and other resources are available for completion; and
- the intangible asset can be reliably measured.

The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and impairment losses.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as expense in the year in which it is incurred.

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired (see the above accounting policy in respect of impairment losses other than goodwill).

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Financial assets

The Group's financial assets are classified into one of four categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate a shorter period.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the year in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, and deposits) are carried at amortised cost using the effective interest method, less any identified impairment loss. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost (see accounting policy on impairment loss on financial asset below).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment loss. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost (see accounting policy on impairment loss on financial asset below).

Available-for-sale financial assets and other investments

Available-for-sale financial assets and other investments are non-derivatives that are either designated to this category or not classified as any of the other categories (set out above).

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial asset below).

For other investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less any identified impairment loss at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial asset below).

Impairment of financial assets

Financial assets, other than those at financial assets at fair value through profit or loss, are assessed for indictors of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as other investments, loans and receivables, held-to-maturity investments and available-for-sale investments, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objectives evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent years.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in consolidated income statement of the period in which the reversal occurs.

For financial assets measured at amortised cost, if, in a subsequent year, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale financial assets, when a decline in the fair value of the asset has been recognised directly in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in the consolidated income statement as impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and its fair value, less any impairment loss on that asset previously recognised in the consolidated income statement.

Reversals for investment in equity instruments classified as available-for-sale are not recognised in the consolidated income statement. The subsequent increase in fair value is recognised directly in equity. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversal of impairment losses in such circumstances are recognised in the consolidated income statement.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis for other than those financial liability designated as at fair value through profit or loss, of which the interest expense is included in net gains or losses.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss has two subcategories, including financial liabilities held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the year in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities including bank borrowings, amount due to an associate, trade and other payables and bills payable are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

The Group uses derivative financial instruments primarily forward currency contracts, to hedge its exposure against foreign exchange rate fluctuation. Such derivatives are measured at fair value regardless of whether they are designated as effective hedging instruments.

There are three types of hedge relationships under HKAS 39, including fair value hedges, cash flow hedges and hedge of a net investment in a foreign operation. Hedges are classified as fair value hedges when hedges are made to hedge against exposure to changes in fair value of a recognised asset and liability or an unrecognised firm commitment or an identifiable portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. Alternatively, hedges are classified as cash flow hedges when hedges are made to hedge against exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk of a firm commitment and could affect profit or loss. The Group only has derivatives that do not qualify for hedge accounting and they are deemed as financial assets held for trading or financial liabilities held for trading. Changes in fair values of such derivatives are recognised directly in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Retirement benefits costs and short-term employee benefits

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme and state-managed retirement benefit schemes are charged as expenses as they fall due as detailed in note 36.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting year, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal years to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense or credit in the consolidated income statement.

Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes consolidated income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Cash and cash equivalents

Cash and cash equivalents include bank balances and cash, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' (disposal groups') previous carrying amount and fair value less costs to sell.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 3 above, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Critical judgments in applying the entity's accounting periods

The followings are the critical judgments, apart from those involving estimations (see below), that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Depreciation and amortisation

The Group's net carrying values of property, plant and equipment as at 31 December 2007 were approximately HK$251,197,000. The Group depreciates its property, plant and equipment on a straight-line basis over the estimated useful lives of four to forty years, and after taking into account of their estimated residual values, using the straight-line method, at the rate of 2.5% - 25% per annum, commencing from the date the property, plant and equipment are available for use. The estimated useful lives that the Group places the property, plant and equipment into productive use reflects the directors' estimate of the years that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

Allowance for bad and doubtful debts

The policy for allowance of bad and doubtful debts of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in impairment of their ability to make payments, additional allowance may be required.

Research and development activities

Careful judgment by the Group's management is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgments are based on the best information available at each balance sheet date. In addition, all internal activities related to the research and development of new products is continuously monitored by the Group's management.

Key source of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimate of fair value of investment properties

As described in note 15, the investment properties were revalued at the balance sheet date on an open market value existing use basis by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgment, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each balance sheet date.

Allowance for inventories

The management of the Group reviews an ageing analysis at each balance sheet date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sales. The management estimates the net realisable value for such finished goods based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at each balance sheet date and makes allowance for obsolete and slow-moving inventory items.

Income taxes

The Group is subject to income taxes in different jurisdictions. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. As at 31 December 2007, two subsidiaries were subject to tax review by the Inland Revenue Department. The directors are of the view that the Group will not be subject to any further tax arising from this review other than the tax provision made as at 31 December 2007. However, where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

As at 31 December 2007, a deferred tax asset of approximately HK$14,335,000 in relation to unused estimated tax losses has been recognised in the Group's consolidated balance sheet. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the consolidated income statement for the year in which such a reversal takes place.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the bank borrowings and equity balances.

The capital structure of the Group consists of bank borrowings as disclosed in the note 28, cash and cash equivalents and equity attributable to equity holders of the Group, comprising issued share capital and reserves.

The management of the Group reviews the capital structure periodically. As a part of this review, the management of the Group considers costs of capital, its bank covenant obligations and the risks associated with issued share capital and will balance its overall capital structure through the drawn down of bank borrowings, the repayment of existing bank borrowings or the adjustment of dividends paid to shareholders.

The management of the Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by equity. Net borrowings is calculated as total bank borrowings less bank balances and cash. Equity includes all capital and reserves of the Group.

The Group is subject to a gearing ratio convenant of not more than 85%, as defined, under certain bank revolving credit facilities. The Group was in compliance with this covenant as of 31 December 2007. The gearing ratios as at 31 December 2007 and 31 December 2006 were as follows:

	31/12/2007	**31/12/2006**
	HK$'000	*HK$'000*
Shareholders' equity	738,276	675,449
Bank borrowings	216,488	466,354
Bank balances and cash	195,846	246,527
Net borrowings	20,642	219,827
Gearing ratio	2.80%	32.55%
Bank borrowings		
Short-term	92,148	272,987
Long-term	124,340	193,367
	216,488	466,354

The Group has honoured its covenant obligations, including maintaining gearing ratios. The decrease of the gearing ratio is due to repayment of certain bank borrowings using the positive cash flow or bank deposits during the year in order to maintain a lower gearing ratio and reduce finance costs.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include available-for-sale investments, other investments, trade and other receivables, bank balances and bank borrowings, trade and other payables, bills payable, derivative financial instruments and amounts due from/ to associates. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments, include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk, and the policies on how to mitigate these risks are set out below. The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to different risks arising from the use of financial instruments. Generally, the Group employs conservative strategies regarding its risk management. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group's foreign currency assets, liabilities and transactions are principally denominated in Renminbi ("RMB"), United State Dollars ("US$") and Japanese Yen ("JPY"). These currencies are not the functional currencies of the group entities to which these balances relate. The Group is exposed to foreign currency risk arising from the movements in the exchange rates of these different currencies against the functional currencies of the group entities. The Group manages its foreign currency risks by closely monitoring the movement of the foreign currency rates and will consider entering into foreign currency forward contracts or other instruments to hedge significant foreign currency exposure when necessary.

At the balance sheet date, foreign currency denominated financial assets and liabilities, translated into HK$ at the rates, are as follows:

	2007			2006		
	Financial assets	**Financial liabilities**	**Net exposure**	**Financial assets**	**Financial liabilities**	**Net exposure**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RMB	8,870	(30,195)	(21,325)	6,370	(27,668)	(21,298)
JPY	8,700	(26,385)	(17,685)	17,007	(22,182)	(5,175)

The Group is mainly exposed to RMB and JPY. The following table details the Group's sensitivity analysis. The analysis assumes a 3% increase and decrease in RMB and JPY against the HK$, with all other variables held constant. 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates until the next balance sheet date. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 3% change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit after taxation and accumulated profits where HK$ strengthens 3% against the RMB and JPY. For a 3% weakening of HK$ against RMB and JPY, there would be an equal and opposite impact on the profit after taxation and accumulated profits, and the balances below would be negative.

	RMB impact		**JPY impact**		**Total impact**	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit after taxation	640	640 (i)	531	155 (ii)	1,171	795

(i) This is mainly attributable to the exposure outstanding on RMB receivables and payables at year end in the Group.

(ii) This is mainly attributable to the exposure outstanding on JPY payables at year end in the Group.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to bank deposits and variable-rate bank borrowings (see note 28 for details of these borrowings). It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's borrowings.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year and the assumed change in interest rate exists throughout the year. A 100 basis point increase or decrease to the HIBOR is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for the year ended 31 December 2006.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit after taxation for the year ended 31 December 2007 and accumulated profits as at 31 December 2007 would increase or decrease by approximately HK$2,165,000 (2006: increase or decrease by approximately HK$4,537,000).

Price risk

Certain of the Group's available-for-sale investments are investments in listed equity securities and measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity price risk. The management manages this exposure by maintaining a portfolio of investments with different risks.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the price of the respective equity instruments had been 10% higher/ lower, the investment revaluation reserve as at 31 December 2007 will increase or decrease by approximately HK$13,000 (2006: Nil) as a result of the changes in fair value of available-for-sale investments.

Credit risk

As at 31 December 2007, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties or debtors is arising from the carrying amount of the respective recognised financial assets as stated below:

	2007	**2006**
	HK$'000	*HK$'000*
Trade and other receivables	621,376	755,624
Bank balances and cash	195,846	246,527
	817,222	1,002,151

Before accepting any new customer, where available at reasonable cost, the Group uses an external credit scoring system to assess the potential customer's credit and defines credit limits by customer. Credit limits attributed to customers are reviewed periodically.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit insurance, credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as 31% (2006: 20%) and 68% (2006: 44%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the EMS business segment. However, these customers are industry leaders or multinational customers with solid financial background and with good creditability, the management considers there is no significant credit risk.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

None of the Group's financial assets are secured by collateral or other credit enhancements except for certain trade receivables which were covered by credit insurance.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2007, the Group have an aggregate available unutilised overdrafts and bank loan facilities of approximately HK$1,089,487,000 (2006: HK$971,268,000).

As at 31 December 2007, the Group's financial liabilities have contractual maturities which are summarised below:

31 December 2007

	Current	**Non-current**	
	Within one year	**After one but within two years**	**After two but within five years**
	HK$'000	*HK$'000*	*HK$'000*
Trade and other payables	700,601	—	—
Bills payable	—	—	—
Amount due to an associate	3,183	—	—
Derivative financial instruments	—	—	—
Bank borrowings	99,093	80,546	49,857
	802,877	80,546	49,857

This compares to the maturity of the Group's financial liabilities in the previous reporting period as follows:

31 December 2006

	Current	Non-current	
	Within one year	After one but within two years	After two but within five years
	HK$'000	*HK$'000*	*HK$'000*
Trade and other payables	738,658	—	—
Bills payable	3,386	—	—
Amount due to an associate	7,008	—	—
Derivative financial instruments	1,422	—	—
Bank borrowings	284,966	76,275	130,968
	1,035,440	76,275	130,968

The above contractual maturities reflect the undiscounted cash flows, which may differ to the carrying values of the liabilities at the balance sheet date.

Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at 31 December 2007 and 2006 may be categorised as follows. See note 3 for explanations about how the category of financial instruments affects their subsequent measurement.

	2007	2006
	HK$'000	*HK$'000*
Non-current assets		
Loan and receivables:		
Amounts due from associates	63,145	90,757
Available-for-sale financial assets:		
Available-for-sale investments	168	162
Other investments	4,688	7,792
	68,001	98,711
Current assets		
Loans and receivables:		
Trade and other receivables	621,376	755,624
Bank balances and cash	195,846	246,527
	817,222	1,002,151

	2007	2006
	HK$'000	*HK$'000*
Current liabilities		
Financial liabilities measured at amortised cost:		
Trade and other payables	700,601	738,658
Bills payable	—	3,386
Amount due to an associate	3,183	7,008
Bank borrowings	92,148	272,987
Financial liabilities at fair value through profit or loss:		
Derivative financial instruments	—	1,422
	795,932	1,023,461
Non-current liabilities		
Financial liabilities measured at amortised cost:		
Bank borrowings	124,340	193,367

7. REVENUE

Revenue, which is also the Group's turnover, represents the amounts received and receivable for goods sold by the Group to outside customers, less returns and discounts.

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management segment reporting purposes, the Group was organised into two operating divisions — EMS* electronic products and ODM** electronic products. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

EMS electronic products — manufacture and distribution of electronic products for EMS customers.

ODM electronic products — original product development and marketing for ODM customers.

* EMS denotes electronic manufacturing service

** ODM denotes original product development and marketing

Segment information about these businesses is presented below.

	2007 EMS division	ODM division	Other divisions#	Unallocated	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
External sales	3,358,686	5,091	—	—	—	3,363,777
Inter-segment sales	—	—	—	—	—	—
Total	3,358,686	5,091	—	—	—	3,363,777
Result						
Segment result	102,006	(26,069)	(1,056)			74,881
Unallocated corporate expenses						(29,521)
Interest income						5,009
Unallocated other income and net fair value gains						52,131
Finance costs						(22,850)
Share of results of associates	—	(1,170)	—	3,469		2,299
Profit before taxation						81,949
Taxation						(11,081)
Profit for the year						70,868

2007

Balance sheet

	EMS division HK$'000	ODM division HK$'000	Other divisions# HK$'000	Unallocated HK$'000	Consolidated HK$'000
Assets					
Segment assets	1,173,128	2,546	12	—	1,175,686
Interests in associates	200	1,688	73,208	—	75,096
Corporate assets					428,710
Consolidated total assets					1,679,492
Liabilities					
Segment liabilities	561,427	510	—	—	561,937
Corporate liabilities					379,279
Consolidated total liabilities					941,216
Other information					
Capital additions	49,277	8,643	75	44	58,039
Depreciation and amortisation expenses	59,152	10,469	21	8,965	78,607
Impairment loss recognised in respect of other investments	—	3,104	—	—	3,104
Impairment loss recognised in respect of development costs capitalised	—	1,696	—	—	1,696
Impairment loss recognised in respect of goodwill of an associate	—	1,990	—	—	1,990
Allowance for doubtful debts					
— trade and other receivables	306	—	10	6	322
— amounts due from associates	—	48	—	888	936
Loss (gain) on disposal of property, plant and equipment	(81)	819	—	(5)	733

2006

	EMS division	ODM division	Other divisions#	Unallocated	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
External sales	3,708,348	3,405	2,031	—	—	3,713,784
Inter-segment sales	—	2	—	—	(2)	—
Total	3,708,348	3,407	2,031	—	(2)	3,713,784
Result						
Segment result	150,299	(17,753)	3,418			135,964
Unallocated corporate expenses						(45,406)
Interest income						3,951
Unallocated other income						16,890
Finance costs						(26,867)
Impairment loss recognised in respect of asset classified as held for sale						(8,795)
Share of results of associates	—	—	3,473	(947)		2,526
Profit before taxation						78,263
Taxation						(16,320)
Profit for the year						61,943

The transactions with inter-segments were carried out at the estimated market prices determined by the Company's directors.

2006

Balance sheet

	EMS division	ODM division	Other divisions#	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Segment assets	1,569,145	8,656	32,433	—	1,610,234
Interests in associates	200	4,897	106,380	—	111,477
Corporate assets					188,835
Consolidated total assets					1,910,546
Liabilities					
Segment liabilities	639,291	220	1	—	639,512
Corporate liabilities					595,585
Consolidated total liabilities					1,235,097
Other information					
Capital additions	51,661	8,597	32	23	60,313
Depreciation and amortisation expenses	52,009	13,093	12	9,041	74,155
Impairment loss recognised in respect of development costs capitalised	—	753	—	—	753
Allowance for doubtful debts	632	6	—	—	638
Loss on disposal of property, plant and equipment	424	56	—	14	494

\# Other divisions included sales of goods other than EMS and ODM products.

Geographical Segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods or services:

	Sales revenue by geographical market	
	2007	**2006**
	HK$'000	*HK$'000*
North America including USA, Mexico and Canada	425,580	704,544
Asia including the People's Republic of China ("PRC") and Japan other than Hong Kong	1,895,771	1,751,163
Europe including France, UK, Finland and Germany	323,025	561,693
Hong Kong	719,401	696,384
	3,363,777	3,713,784

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment and development costs capitalised, analysed by the geographical areas in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and development costs capitalised	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
North America including USA, Mexico and Canada	11,765	36,090	8,536	6,642
Asia including PRC and Japan other than Hong Kong	437,403	534,472	20,021	16,608
Europe including France, UK, Finland and Germany	5	270	—	—
Hong Kong	871,515	1,149,152	29,482	37,063
	1,320,688	1,719,984	58,039	60,313

9. FINANCE COSTS

	2007	**2006**
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years and carried at amortised cost	22,850	26,867

10. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging (crediting):

	2007	2006
	HK$'000	*HK$'000*
Auditors' remuneration		
Current year	2,214	2,184
(Over) under provision in prior years	(143)	425
Directors' emoluments *(notes 11(a) and (b))*		
Fees	600	570
Management remuneration		
Basic salaries, allowances and benefits in kind	9,352	8,988
Discretionary bonus	2,400	2,400
Retirement benefits schemes contributions	42	48
	12,394	12,006
Staff costs (including directors' emoluments disclosed above)	294,109	263,843
Severance payment	3,207	449
Less: amount capitalised to development costs	(6,553)	(6,844)
Amount charged to the consolidated income statement	290,763	257,448
Depreciation	68,082	61,475
Less: amount capitalised to development costs	(343)	(410)
Amount charged to the consolidated income statement	67,739	61,065
Operating lease charges on rented premises	10,676	10,485
Research and development expenditure (note)	10,414	8,522
Less: amount capitalised to development costs	(8,185)	(8,109)
Amount charged to the consolidated income statement	2,229	413
Allowance for doubtful debts in respect of		
— trade and other receivables	322	638
— amounts due from associates	936	—
Loss on disposal of property, plant and equipment, net	733	494
Gain on write off of a deregistered subsidiary	(345)	—
Write off of trade and other payables	(5,598)	(10,606)
Exchange gain	(2,068)	(7,820)
Gross rental income	(1,610)	(1,694)
Less: Outgoings	369	74
Net rental income	(1,241)	(1,620)

Note: Included in research and development expenditure was an amount of approximately HK$6,553,000 (2006: HK$6,844,000) relating to staff costs.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) **Directors' emoluments**

The emoluments paid or payable to each of the nine (2006: nine) directors were as follows:

2007

		Other emoluments			
	Directors' fees	**Basic salaries, allowances and benefits in kind**	**Discretionary bonus**	**Retirement benefits schemes contributions**	**Total emoluments**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Wong Chung Mat, Ben	50	2,744	400	12	3,206
Wong Chung Ah, Johnny	50	722	400	—	1,172
Chan Tsze Wah, Gabriel	50	1,936	400	6	2,392
Tan Chang On, Lawrence	50	1,321	400	—	1,771
Wan Man Keung	50	1,719	400	12	2,181
Wong Yin Man, Ada	50	910	400	12	1,372
Li Ka Cheung, Eric	100	—	—	—	100
Yu Sun Say	100	—	—	—	100
Alfred Donald Yap	100	—	—	—	100
Total for 2007	600	9,352	2,400	42	12,394

2006

		Other emoluments			
	Directors' fees	Basic salaries, allowances and benefits in kind	Discretionary bonus	Retirement benefits schemes contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Wong Chung Mat, Ben	50	2,789	400	12	3,251
Wong Chung Ah, Johnny	50	723	400	—	1,173
Chan Tsze Wah, Gabriel	50	2,016	400	12	2,478
Tan Chang On, Lawrence	50	1,286	400	—	1,736
Wan Man Keung	50	1,719	400	12	2,181
Wong Yin Man, Ada	50	455	400	12	917
Li Ka Cheung, Eric	90	—	—	—	90
Yu Sun Say	90	—	—	—	90
Alfred Donald Yap	90	—	—	—	90
Total for 2006	570	8,988	2,400	48	12,006

No directors waived or agreed to waive any emoluments in any of the years ended 31 December 2007 and 2006.

(b) Employees' emoluments

During the year, five highest paid individuals in the Group, four (2006: four) were executive directors of the Company whose emoluments are set out above. The emoluments of the remaining one (2006: one) highest paid individuals were as follows:

	2007	2006
	HK$'000	*HK$'000*
Salaries and other benefits	1,945	1,396
Contributions to pension schemes	12	12

His emolument was within the following range:

Range HK$	HK$	No. of employee 2007	2006
1,000,001 —	1,500,000	—	1
1,500,001 —	2,000,000	1	—

No emoluments was paid by the Group to the directors or any of the five highest paid individual as an inducement to join or upon joining the Group, or as compensation for loss of office.

12. TAXATION

	2007	2006
	HK$'000	*HK$'000*
Profits tax:		
Hong Kong		
— current year	8,704	11,184
— under-provision in prior years	413	6,605
	9,117	17,789
Other jurisdictions		
— current year	372	675
— over-provision in prior years	(366)	(8)
	6	667
Deferred tax (note 29):		
— current year	1,958	(2,136)
	11,081	16,320

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profits for both years. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate either from 33% to 25%, or from 15% to 18% for certain subsidiaries from 1 January 2008.

Certain subsidiaries are eligible for 50% exemption from Hong Kong Profits Tax. Pursuant to the relevant tax laws in the PRC, certain subsidiaries in the PRC are entitled to full exemption from Enterprise Income Tax for two years starting from their first profit-making year, after offsetting all losses brought forward, followed by a 50% reduction for the next three years thereafter.

The taxation for the years can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2007	2006
	HK$'000	*HK$'000*
Profit before taxation	81,949	78,263
Tax at the domestic income tax rate of 17.5%	14,341	13,696
Effect of different tax rates of subsidiaries operating in other jurisdictions	51	(3,854)
Tax effect of expenses not deductible for tax purpose	14,010	10,686
Tax effect of income not taxable for tax purpose	(4,977)	(3,396)
Under-provision in prior years	47	6,597
Deferred tax asset in respect of tax losses not recognised	3,522	2,115
Adjustment for income tax on concessionary rate	(15,153)	(9,529)
Others	(760)	5
Taxation for the year	11,081	16,320

13. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Interim dividend paid — HK$0.01 (2006: HK$0.02) per share	4,669	9,339
Proposed final dividend — HK$0.02 (2006: HK$0.03) per share	9,339	14,008
	14,008	23,347

The final dividend of HK$0.02 (2006: HK$0.03) per share has been proposed by the directors and is subject to approval by the shareholders at annual general meeting.

The final dividend in respect of previous financial year of HK$0.03 (2006: HK$0.02) per share, amounting to HK$14,008,000 (2006: HK$9,339,000), was approved and paid during the year.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's profit for the year attributable to equity holders of the Company of approximately HK$70,868,000 (2006: HK$61,943,000) and the number of ordinary shares of 466,921,794 (2006: 466,921,794) in issue during the year.

No diluted earnings per share have been presented as there were no potential ordinary shares in issue in both years.

15. INVESTMENT PROPERTIES

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes or for both are classified and accounted for as investment properties and are measured using the fair value model.

	HK$'000
FAIR VALUE	
At 1 January 2006	23,770
Net increase in fair value recognised in the consolidated income statement	3,440
At 31 December 2006 and 1 January 2007	27,210
Net increase in fair value recognised in the consolidated income statement	31,500
At 31 December 2007	58,710

The fair value of the Group's investment properties at 31 December 2007 has been arrived at on the basis of valuations carried out on that date by, Asset Appraisal Limited, independent qualified professional valuers not connected with the Group. Asset Appraisal Limited is a member of the Institute of Valuers, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuations, which conform to International Valuation Standards, were arrived at by reference to market evidence of transaction prices for similar properties.

The Group's interests in investment properties at their carrying amounts are analysed as follows:

	2007	**2006**
	HK$'000	*HK$'000*
In Hong Kong, held on leases of over 50 years	54,740	23,810
In PRC (excluding Hong Kong), held on leases of less than 50 years	3,970	3,400
	58,710	27,210

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings in Hong Kong under medium-term leases	Buildings in PRC (excluding Hong Kong) under medium-term leases	Plant, machinery and equipment	Furniture and fixtures	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST						
At 1 January 2006	62,452	25,441	555,725	134,852	9,706	788,176
Additions	—	—	49,000	1,998	796	51,794
Disposals/written off	—	—	(1,683)	(48)	—	(1,731)
Exchange adjustment	—	1,603	5,737	65	4	7,409
At 31 December 2006 and 1 January 2007	62,452	27,044	608,779	136,867	10,506	845,648
Additions	—	12,644	18,019	17,985	863	49,511
Disposals/written off	—	—	(9,951)	(2,417)	(893)	(13,261)
Exchange adjustment	—	1,912	15,364	169	9	17,454
At 31 December 2007	62,452	41,600	632,211	152,604	10,485	899,352
ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES						
At 1 January 2006	28,805	2,852	389,313	94,576	7,602	523,148
Charge for the year	1,826	1,330	52,521	4,759	1,039	61,475
Eliminated on disposals /written off	—	—	(1,190)	(30)	—	(1,220)
Exchange adjustment	—	100	1,961	27	3	2,091
At 31 December 2006 and 1 January 2007	30,631	4,282	442,605	99,332	8,644	585,494
Charge for the year	1,866	1,405	58,387	5,324	1,100	68,082
Eliminated on disposals /written off	—	—	(9,090)	(2,243)	(893)	(12,226)
Exchange adjustment	—	309	6,410	78	8	6,805
At 31 December 2007	32,497	5,996	498,312	102,491	8,859	648,155
NET CARRYING VALUES						
At 31 December 2007	29,955	35,604	133,899	50,113	1,626	251,197
At 31 December 2006	31,821	22,762	166,174	37,535	1,862	260,154

17. PREPAID LEASE PAYMENTS

	2007	2006
	HK$'000	*HK$'000*
The Group's prepaid lease payments comprise:		
Medium term leasehold land in Hong Kong	77,495	79,433
Medium term leasehold land in PRC (excluding Hong Kong)	9,669	9,445
	87,164	88,878
Analysed for reporting purposes as:		
Current asset	2,166	2,154
Non-current asset	84,998	86,724
	87,164	88,878

18. INTERESTS IN ASSOCIATES

	2007	2006
	HK$'000	*HK$'000*
Cost of investment in unlisted associates	19,744	18,637
Share of post-acquisition profits and reserves, net of dividend received of HK$12,175,000 (2006: HK$5,199,000)	(7,793)	2,083
Share of net assets	11,951	20,720
Amounts due from associates, less allowance	63,145	90,757
	75,096	111,477

The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, no part of the amounts due from associates will be repayable within one year from the balance sheet date and accordingly, the amounts are grouped as non-current assets. The directors consider that the carrying amounts of the amounts due from associates approximate their fair values.

Goodwill of HK$1,990,000 arose from acquisition of Dinastech Holdings Limited in 2004 and was included in cost of investment previously. In 2007, full impairment was recognised in the consolidated income statement with reference to the carrying amount of the associate.

The summarised financial information in respect of the Group's associates is set out below:

	2007	2006
	HK$'000	*HK$'000*
Total assets	198,299	295,183
Total liabilities	(188,812)	(296,422)
Net assets (liabilities)	9,487	(1,239)
Revenue	241,887	98,430
Profit for the year	37,181	5,561

The Group has discontinued the recognition of its share of result of certain associates as the Group's share of losses in these associates exceeds its net investments in these associates. The amounts of unrecognised share of (profit) loss of these associates, extracted from the relevant audited financial statements of associates, both for the year and cumulatively, are as follows:

	2007	2006
	HK$'000	*HK$'000*
Unrecognised share of (profit) loss of associates for the year	(9,318)	319
Accumulated unrecognised share of losses of associates	17,019	27,651

As at 31 December 2007, the Group had interests in the following principal associates:

Name of company	Form of business structure	Place of incorporation/ operation	Class of shares held	Proportion of ownership interest %	Principal activities
Dinastech Holdings Limited	Incorporated	British Virgin Islands ("BVI") /Hong Kong	Ordinary shares of US$0.01 each	26.51	Developing technologies to support video services on broadband networks
Ming Dragon Limited	Incorporated	Hong Kong	Ordinary shares of HK$1 each	42.50	Property investment
Solectron-Wong's (Huizhou) Industries Co., Ltd.#	Incorporated	PRC	Registered capital of US$4,300,000	46.25	Manufacture of back panel pinning assembly

Sino-foreign equity enterprise

In the opinion of the directors, a complete list of the particulars of associates will be of excessive length and therefore the above list contains only the particulars of those associates which principally affect the results or net assets of the Group.

19. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2007	2006
	HK$'000	*HK$'000*
Listed investment:		
— equity securities listed outside Hong Kong	126	—
Unlisted securities:		
— equity securities	42	162
Total	168	162
Analysed for reporting purposes as:		
Non-current asset	168	162

As at the balance sheet date, all available-for-sale investments are stated at fair value, except for those unlisted equity investments of which their fair values cannot be measured reliably. Fair values of listed investments have been determined by reference to bid prices quoted in an active market.

The above unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in Japan. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

20. OTHER INVESTMENTS

Other investments comprise:

	2007	2006
	HK$'000	*HK$'000*
Unlisted securities:		
— equity securities	7,792	7,792
Less: Impairment recognised in the consolidated income statement	(3,104)	—
	4,688	7,792

The above unlisted investments represent investments in unlisted equity securities issued by a private entity incorporated in the Cayman Islands. The investments are held for strategic purpose. The investee and its subsidiaries are engaged in the development of wireless communication systems. The investments are measured at cost less impairment at the balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

In 2007, impairment loss of approximately HK$3,104,000 was being recognised in the consolidated income statement with reference to the carrying amount of the other investments.

21. DEVELOPMENT COSTS CAPITALISED

	HK$'000
COST	
At 1 January 2006	57,795
Additions	8,519
At 31 December 2006 and 1 January 2007	66,314
Additions	8,528
At 31 December 2007	74,842
AMORTISATION AND IMPAIRMENT	
At 1 January 2006	38,189
Charge for the year	10,936
Impairment loss recognised in the consolidated income statement	753
At 31 December 2006 and 1 January 2007	49,878
Charge for the year	8,702
Impairment loss recognised in the consolidated income statement	1,696
At 31 December 2007	60,276
CARRYING VALUES	
At 31 December 2007	14,566
At 31 December 2006	16,436

The development costs are internally generated and are amortised on a straight-line basis over a period of 2 years.

During the year, the directors identified certain development costs capitalised have no future economic benefits. Accordingly, the relevant development costs were considered to be fully impaired and approximately HK$1,696,000 (2006: HK$753,000) was recognised as a charge in the consolidated income statement.

22. INVENTORIES

	2007	2006
	HK$'000	*HK$'000*
Raw materials	246,911	287,788
Work in progress	48,518	34,136
Finished goods	22,152	38,440
	317,581	360,364

23. TRADE AND OTHER RECEIVABLES

	2007	2006
	HK$'000	*HK$'000*
Trade receivables	612,495	743,312
Less: allowance for doubtful debts	(6,459)	(6,461)
	606,036	736,851
Other receivables	15,340	18,773
Total trade and other receivables	621,376	755,624

The credit period allowed by the Group to its trade customers mainly ranges from 30 days to 90 days and no interest is charged. The carrying amounts of the trade and other receivables are considered a reasonable approximation of fair value as these financial assets, which are measured at amortised cost, is expected to be paid within a short timescale, such that the time value of money impact is not significant.

At each balance sheet date, the Group's trade receivables are individually determined to be impaired. The individually impaired receivables, if any, are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment provision is recognised. The Group does not hold any collateral over these balances except for certain trade receivables which were covered by credit insurance.

The following is an aged analysis of the Group's trade receivables (net of allowance for doubtful debts) at the reporting date:

	2007	2006
	HK$'000	*HK$'000*
Trade receivables		
0-60 days	519,381	591,273
61-90 days	72,948	26,574
Over 90 days	13,707	119,004
	606,036	736,851
Other receivables	15,340	18,773
	621,376	755,624

Trade receivables that were neither past due nor impaired relate to a wide range of customers from whom there was no recent history of default.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$77,848,000 (2006: HK$273,508,000) which are past due but not impaired at the reporting date for which the Group has not provided for impairment loss.

Ageing of trade receivables which are past due but not impaired were as follows:

	2007	2006
	HK$'000	*HK$'000*
Trade receivables		
31-60 days	74,542	127,684
61-90 days	2,255	28,117
Over 90 days	1,051	117,707
	77,848	273,508

The Group has provided fully for all receivables that are determined not recoverable. Based on past experience, the management believed that no impairment allowance is necessary in respect of the remaining balances as there had not been a significant change in credit quality and the balances were considered fully recoverable.

Movement in the allowance for doubtful debts

	2007	2006
	HK$'000	*HK$'000*
Balance at beginning of the year	6,461	6,887
Impairment losses recognised on receivables	48	51
Amounts written off as uncollectible	(35)	(477)
Amounts recovered during the year	(15)	—
Balance at the end of the year	6,459	6,461

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately HK$48,000 (2006: HK$51,000) which have been or in severe financial difficulties. The Group does not hold any collateral over these balances.

24. DERIVATIVE FINANCIAL INSTRUMENTS

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

	2007		2006	
	Asset	**Liability**	**Asset**	**Liability**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current				
Foreign currency forward contracts	—	—	—	(1,422)

The above derivatives are measured at fair value at each balance sheet date. Their fair values are determined based on the quoted market prices for equivalent instruments at the balance sheet date.

25. ASSET CLASSIFIED AS HELD FOR SALE

	2007	2006
	HK$'000	*HK$'000*
Carrying amount of an associate classified as held for sale	14,796	14,796
Less: Impairment loss recognised in the consolidated income statement	(8,795)	(8,795)
	6,001	6,001

Details of the asset held for sale are as follows:

Name of company	Form of business structure	Place of incorporation/ operation	Class of shares held	Proportion of ownership interest	Principal activities
Nanjing Postel Wong Zhi Telecommunications Co. Ltd. ("Nanjing Postel")#	Incorporated	PRC	Registered capital of US$10,090,000	33%	Development, manufacture and distribution of CDMA handphones

\# Sino-foreign equity enterprise

In August 2006, the Group had signed a sale and purchase agreement with an independent third party regarding the disposal of the Group's entire interest in an associate — Nanjing Postel, and accordingly, this interest has been classified as an asset held for sale. As at 31 December 2006, impairment of approximately HK$8,795,000 was made against the carrying amount of the asset with reference to the sale consideration per the agreement and the expected costs to complete the transaction. The completion of the transaction is subject to the approval of the share transfer by the local PRC government authorities. Up to the report date, the Group has obtained approvals from two local PRC government authorities and is now waiting for an additional approval from another local PRC government authority to complete the transaction.

26. TRADE AND OTHER PAYABLES

The following is an aged analysis of the Group's trade payables at the reporting date:

	2007	**2006**
	HK$'000	*HK$'000*
Trade payables		
0-60 days	419,079	474,061
61-90 days	75,607	37,601
Over 90 days	67,251	124,683
	561,937	636,345
Other payables	138,664	102,313
	700,601	738,658

Trade and other payables are non-interest bearing. The credit period on purchases of goods ranges from 30 days to 60 days.

The fair values of the Group's trade and other payables at 31 December 2007 approximate to their corresponding carrying amounts due to their short-term maturities.

27. AMOUNT DUE TO AN ASSOCIATE

The amount is unsecured, interest-free and repayable on demand.

The directors consider that the carrying amount of amount due to an associate approximates its fair value due to short-term maturity.

28. BANK BORROWINGS

	2007	2006
	HK$'000	*HK$'000*
Bank overdrafts	—	12,630
Bank loans	216,488	453,724
	216,488	466,354
Secured	216,488	354,204
Unsecured	—	112,150
	216,488	466,354

Certain of the Group's assets have been pledged to secure the bank borrowings (see note 31).

	2007	2006
	HK$'000	*HK$'000*
Bank borrowings are repayable as follows:		
— within one year	92,148	272,987
— after one but within two years	76,340	69,027
— after two but within five years	48,000	124,340
	216,488	466,354
Less: Amounts due within one year shown under current liabilities	(92,148)	(272,987)
Amounts due after one year	124,340	193,367

The Group's borrowings that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	JPY	US$
As at 31 December 2007	44,785,000	1,500,000
As at 31 December 2006	—	3,700,000

All the above bank borrowings are variable-rate borrowings with effective interest rates ranging from approximately 1.53% to 6.55% per annum. Interest is normally refixed at every one to six months.

The range of effective interest rates per annum at the balance sheet date were as follows:

Bank loans					
2007			**2006**		
HK$	**JPY**	**US$**	**HK$**	**JPY**	**US$**
3.64%-6.55%	1.53%-2.05%	1.53%-2.05%	4.55%-5.88%	—	4.71%-6.35%

During the year, the Group obtained new loans in the amount of approximately HK$210,646,000 and repaid bank loans in the amount of approximately HK$447,882,000.

The directors consider that the carrying amount of bank borrowings approximates their fair values.

29. DEFERRED TAXATION

The followings are the major deferred tax (liability) asset recognised by the Group and movements thereon during the year:

	Accelerated tax depreciation	Fair value gain	Estimated tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2006	(2,509)	(3,565)	2,544	(3,530)
Credited (charged) to the consolidated income statement for the year *(note 12)*	2,819	(602)	(81)	2,136
At 31 December 2006 and 1 January 2007	310	(4,167)	2,463	(1,394)
(Charged) credited to the consolidated income statement for the year *(note 12)*	(8,417)	(5,413)	11,872	(1,958)
At 31 December 2007	(8,107)	(9,580)	14,335	(3,352)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2007	2006
	HK$'000	*HK$'000*
Deferred tax asset	2,642	1,884
Deferred tax liability	(5,994)	(3,278)
	(3,352)	(1,394)

At 31 December 2007, the Group has estimated unused tax losses of approximately HK$477 million (2006: HK$504 million) available for offsetting against future profits. A deferred tax asset has been recognised in respect of approximately HK$82 million (2006: HK$14 million) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately HK$395 million (2006: HK$490 million) due to the uncertainty of future profit streams. Included in unused tax losses are losses in the PRC of approximately HK$80 million (2006: HK$75 million) that will expire in 2012. Other tax losses may be carried forward indefinitely.

30. SHARE CAPITAL

	Number of shares	HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2006 and 31 December 2006 and 2007	700,000,000	70,000
Issued and fully paid:		
At 1 January 2006 and 31 December 2006 and 2007	466,921,794	46,692

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

31. PLEDGE OF ASSETS

At the balance sheet date, certain of the Group's property, plant and equipment, investment properties, and prepaid lease payments in Hong Kong, with carrying amounts of approximately HK$27 million, HK$23 million and HK$77 million (2006: HK$29 million, HK$7 million and HK$79 million) respectively were pledged to secure banking facilities granted to the Group to the extent of approximately HK$813 million (2006: HK$813 million).

32. COMMITMENTS

At the balance sheet date, the Group had the following commitments, so far as not provided for in the consolidated financial statements, in respect of:

	2007	2006
	HK$'000	*HK$'000*
(a) Capital commitments contracted for in respect of acquisition of property, plant and equipment		
— contracted for but not provided in the consolidated financial statements	27,934	422
— authorised but not contracted for	—	—
	27,934	422
(b) Operating lease commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:		
Within one year	5,548	9,749
In the second to fifth year inclusive	3,085	6,830
	8,633	16,579

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.

	2007	2006
	HK$'000	*HK$'000*
(c) Future minimum lease payments contracted with tenants:		
Within one year	656	673
In the second to fifth year inclusive	—	—
	656	673

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

33. CONTINGENT LIABILITIES

At the balance sheet date, the Group did not have any significant contingent liabilities.

34. RELATED PARTY TRANSACTIONS

In addition to those related party transactions disclosed elsewhere in the consolidated financial statements, during the year, the Group entered into the following transactions with its associates. The transactions were carried out at estimated market prices determined by the Company's directors.

	2007	2006
	HK$'000	*HK$'000*
Rental income received	217	544

The amounts due from/to associates are set out in the consolidated balance sheet on page 46. The terms are set out in notes 18 and 27.

35. EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme (the "Scheme") came into effect on 30 July 2000 for the primary purpose of providing incentives to eligible employees, including any executive director of the Company or any subsidiary, and any senior executive, officer or employee of the Company or any subsidiary employed to render full-time or substantially full-time service to the Company or any subsidiary. The Scheme will expire at the close of business on 30 July 2010.

An option may be exercised as specified by the directors in relation to such option in its terms of grant which shall not be earlier than 1 year after its date of grant, nor be more than 10 years from its date of grant. No option shall be exercisable earlier than 1 year after its date of grant.

Total number of shares available for issue under the Scheme is 10% of the issued share capital of the Company. The exercise price must be at least the higher of the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day, and the average closing price of the shares as stated in Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant. Under the Scheme, the exercise price must not be below the nominal amount of the shares. Consideration to be paid on each grant of option is HK$10.

No share options were granted or outstanding since the adoption of the Scheme.

36. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme (the "Fund Scheme") for all qualifying employees in Hong Kong. The assets of the Fund Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of HK$1,000 per month or 5% of relevant payroll costs to the Fund Scheme.

The employees of the subsidiaries in the PRC are members of retirement benefits schemes operated by the PRC government.

The relevant PRC subsidiaries are required to make contributions to the state retirement schemes in the PRC based on 7% to 12% of the monthly salaries of their current employees to fund the benefits. The employees are entitled to retirement pension calculated with reference to their basic salaries on retirement and their length of service in accordance with the relevant government regulations. The PRC government is responsible for the pension liability to the retired staff.

The total cost charged to the consolidated income statement of approximately HK$8,124,000 (2006: HK$8,002,000) represents contributions payable to the schemes by the Group in respect of the current financial year.

37. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries as at 31 December 2007 are as follows:

Name of company	Nominal value of issued ordinary share capital	Proportion of ownership interest Directly %	Proportion of ownership interest Indirectly %	Proportion of voting power held %	Place of incorporation/ operation	Principal activities
Catel (B.V.I.) Limited	HK$110	100	—	100	BVI	Investment holding
Wong's International Japan, Inc.	JPY20,000,000	100	—	100	Japan	Sales and marketing
Bondwide Limited	HK$2	—	100	100	Hong Kong	Investment holding
Luckyweal Company Limited	HK$2	—	100	100	Hong Kong	Property investment
Siu Wai Industrial Limited	HK$2	—	100	100	Hong Kong / PRC	Electronic products manufacture
Wapdon Company Limited	HK$2	—	100	100	Hong Kong	Investment holding
Welco Technology (Suzhou) Limited*	US$20,606,529	—	100	100	PRC	Electronic products manufacture
Wong's Circuits (Holdings) Pte Ltd.	S$102,799,653	—	100	100	Singapore	Investment holding
Wong's Electronics Co., Limited	HK$1,000,000	—	100	100	Hong Kong	Electronic products manufacture
Wong's Industrial (Holdings) Limited	HK$500	—	100	100	Hong Kong	Investment holding
BroadMax Technology Limited	HK$1,000,000	—	100	100	Hong Kong	Design and marketing of broadband and internet appliances products
Emerging Technologies Limited	HK$1,000,000	—	100	100	Hong Kong	Development, marketing and distribution of wireless communication products
Wong's International (USA) Corporation	US$10,000	—	100	100	United States of America	Marketing

* The company is a wholly-owned foreign enterprise.

In the opinion of the directors, a complete list of the particulars of subsidiaries will be of excessive length and therefore the above list contains only the particulars of those subsidiaries which principally affect the results or net assets of the Group.

None of the subsidiaries had issued any debt securities subsisting at the end of the year or at any time during the year.

信永中和 ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

27 November 2008

THE DIRECTORS
WONG'S INTERNATIONAL (HOLDINGS) LIMITED
Wong's Industrial Centre
180A Wai Yip Street
Kwun Tong, Kowloon
Hong Kong

Dear Sirs,

We set out below our report on the financial information of Bollardbay Limited ("Bollardbay") and its subsidiary (hereinafter collectively referred to as the "Bollardbay Group") including the Bollardbay and the consolidated balance sheets as at 30 June 2007 and 2008 and the consolidated income statements, the consolidated cash flow statements and the consolidated statements of changes in equity for the period from 15 August 2006 (date of incorporation) to 30 June 2007 and the year ended 30 June 2008 (the "Relevant Periods") and other explanatory notes (collectively referred to as the "Financial Information") for inclusion in the circular of Wong's International (Holdings) Limited (the "Company") dated 27 November 2008 (the "Circular") in connection with the proposed acquisition of 35.7% equity interests in Bollardbay Group and 35.7% equity interests in Talent Chain Investments Limited and its subsidiary; and the disposal of property located at Wong's Industrial Centre, 180A Wai Yip Street, Kwun Tong, Kowloon. The details of the transactions are set out in the Circular.

Bollardbay was established as a limited liability company in the British Virgin Islands with an authorised share capital of US$50,000 on 15 August 2006. At the time of incorporation, 1 ordinary share of US$1 was issued at par for cash to the subscriber. On 23 January 2007, the ordinary share was transferred to Data Giant Limited, a company incorporated in the British Virgin Islands, which became the immediate holding company of Bollardbay since then.

The registered office of Bollardbay is located at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and its principal place of business is located at 45/F., Sun Hung Kai Centre, 30 Harbour Road, Hong Kong.

Bollardbay's ultimate holding company is Sun Hung Kai Properties Limited ("SHKP"), a limited company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited.

Bollardbay is an investment holding company. No audited financial statements have been prepared for Bollardbay since its incorporation on 15 August 2006 which is not subject to any statutory audit requirements. However, the financial statements of Bollardbay during the Relevant

Periods have been incorporated into the published consolidated financial statements of SHKP for the years ended 30 June 2007 and 2008, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), and were audited by Deloitte Touche Tohmatsu, Certified Public Accountants ("DTT").

At the date of this report, Bollardbay has the following subsidiary:

Name of subsidiary	Place and date of incorporation	Issued and paid-up capital	Proportion of equity interest held directly	Principal activity
Easywise Limited ("Easywise")	Hong Kong 2 January 2007	HK$10,000	100%	Property development

The statutory financial statements of Easywise for the period from 2 January 2007 (date of incorporation) to 30 June 2008 were audited by DTT.

Bollardbay Group adopts 30 June as its financial year end date.

For the purpose of this report, the directors of Bollardbay have prepared the consolidated financial statements of Bollardbay Group for the Relevant Periods (the "Underlying Financial Statements") in accordance with HKFRS issued by the HKICPA. We have, for the purpose of this report, performed appropriate audit procedures in respect of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by HKICPA.

The Financial Information has been prepared by the directors of Bollardbay based on the Underlying Financial Statements without adjustment. For the purpose of this report, we have examined the Financial Information and carried out such additional procedures as are necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The directors of Bollardbay are responsible for the preparation of the Underlying Financial Statements and Financial Information which give a true and fair view. In preparing the Financial Information which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. The directors of the Company are responsible for the contents of the Circular in which this report is included.

It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you.

Opinion

In our opinion, the Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of Bollardbay and the Bollardbay Group as at 30 June 2007 and 2008 and of the consolidated results and consolidated cash flows of the Bollardbay Group for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards.

I. FINANCIAL INFORMATION

Consolidated Income Statements

	Notes	Period from 15/8/2006 to 30/6/2007	Year ended 30/6/2008
		HK$	*HK$*
Turnover	(7)	—	—
Administrative expenses		(42,661)	(45,081)
Loss before taxation	(8)	(42,661)	(45,081)
Taxation	(10)	—	—
Loss for the period/year		(42,661)	(45,081)

Consolidated Balance Sheets

	Notes	At 30/6/2007	At 30/6/2008
		HK$	*HK$*
Current asset			
Properties pending development	(12)	358,053,836	358,663,314
Current liabilities			
Other payable		—	5,000
Amount due to a fellow subsidiary	(13)	358,096,489	358,746,048
		358,096,489	358,751,048
Net current liabilities		(42,653)	(87,734)
Capital and reserve			
Share capital	(14)	8	8
Accumulated losses		(42,661)	(87,742)
Capital deficiency		(42,653)	(87,734)

Balance Sheets

	Notes	**At 30/6/2007**	**At 30/6/2008**
		HK$	*HK$*
Non-current asset			
Investment in a subsidiary	(15)	1	1
Current liability			
Amount due to a fellow subsidiary	(13)	37,448	74,823
Net liability		(37,447)	(74,822)
Capital and reserve			
Share capital	(14)	8	8
Accumulated losses		(37,455)	(74,830)
Capital deficiency		(37,447)	(74,822)

Consolidated Statements of Changes in Equity

	Share capital	**Accumulated loss**	**Total**
	HK$	*HK$*	*HK$*
Issue of share upon incorporation	8	—	8
Loss for the period	—	(42,661)	(42,661)
At 30 June 2007 and 1 July 2007	8	(42,661)	(42,653)
Loss for the year	—	(45,081)	(45,081)
At 30 June 2008	8	(87,742)	(87,734)

Consolidated Cash Flow Statements

	Period from 15/8/2006 to 30/6/2007	Year ended 30/6/2008
	HK$	*HK$*
OPERATING ACTIVITIES		
Loss before taxation and operating cash flows before movements in working capital	(42,661)	(45,081)
Increase in other payable	—	5,000
NET CASH USED IN OPERATING ACTIVITIES	(42,661)	(40,081)
CASH USED IN INVESTING ACTIVITY		
Acquisition of property pending development	(358,053,836)	(609,478)
FINANCING ACTIVITIES		
Issue of share for cash	8	—
Increase in amount due to a fellow subsidiary	358,096,489	649,559
CASH FROM FINANCING ACTIVITIES	358,096,497	649,559
NET CHANGE IN CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	—	—

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND BASIS FOR PREPARATION

Bollardbay Limited ("Bollardbay") was incorporated in the British Virgin Islands as an exempted company with limited liabilities. Its immediate holding company is Data Giant Limited, a limited company incorporated in the British Virgin Islands. Its ultimate holding company is Sun Hung Kai Properties Limited, a limited company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited. The registered office and principal place of business of the Bollardbay are P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and 45/F., Sun Hung Kai Centre, 30 Harbour Road, Hong Kong respectively.

Bollardbay acts as an investment holding company. The principal activity of its subsidiary, Easywise Limited, is property development.

The Financial Information is presented in Hong Kong dollars, which is the same as the functional currency of Bollardbay and its subsidiary (collectively referred to as "Bollardbay Group").

Basis for preparation

As at 30 June 2008, the Bollardbay Group has net current liabilities and capital deficiency of HK$87,734. Nevertheless, the Financial Information has been prepared on a going concern basis because the ultimate holding company of Bollardbay and Wong's International (Holdings) Limited have agreed to provide adequate funds to enable the Bollardbay Group to meet in full its financial obligations as they fall due for the foreseeable future.

The Financial Information does not include any adjustments that would result in the failure of the Bollardbay Group to obtain future funding. Had the going concern basis not been used, adjustments would have to be made to reduce the value of the Bollardbay Group's assets to their recoverable amounts, to provide for any further liabilities which might arise. The effects of these adjustments have not been reflected in the Financial Information.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purposes of preparing and presenting the Financial Information for the Relevant Periods, the Bollardbay Group has consistently applied all of the new or revised Hong Kong Accounting Standards ("HKASs"), HKFRSs, amendments and Interpretations ("INTs") (herein collectively referred to as "New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the accounting years beginning on or before 1 July 2007.

At the date of this report, HKICPA has issued the following New HKFRSs that are not yet effective in the Relevant Periods. The Bollardbay Group has not early adopted the following New HKFRSs that have been issued but not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 and HKFRS 7 (Amendments)	Financial Instruments: Recognition and Measurement and Disclosures[3]
HKFRS 2 (Amendment)	Share-based Payment — Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[4]

HKFRS 8	Operating Segments[1]
HK(IFRIC)-INT 12	Service Concession Arrangements[2]
HK(IFRIC)-INT 13	Customer Loyalty Programmes[3]
HK(IFRIC)-INT 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[2]
HK(IFRIC)-INT 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC)-INT 16	Hedges of a Net Investment in a Foreign Operation[5]

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

2 Effective for annual periods beginning on or after 1 January 2008.

3 Effective for annual periods beginning on or after 1 July 2008.

4 Effective for annual periods beginning on or after 1 July 2009.

5 Effective for annual periods beginning on or after 1 October 2008.

HKAS 27 (Revised) — Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009). The amendment requires non-controlling interests (i.e. minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When control of a subsidiary is lost, the assets and liabilities and related equity components of the former subsidiary are derecognised. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost.

HKAS 1 and HKAS 32 (Amendments) — Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual periods beginning on or after 1 January 2009). The amendment requires some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination 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 amendment may bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. It now states that the elements are "capable of being conducted" rather than "are conducted and managed". It requires considerations (including contingent consideration), each identifiable asset and liability to be measured at its acquisition-date fair value, except leases and insurance contracts, reacquired right, indemnification assets as well as some assets and liabilities required to be measured in accordance with other HKFRSs. They are income taxes, employee benefits, share-based payment and non-current assets held for sale and discontinued operations. Any non-controlling interest in an acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

HKFRS 8 — Operating Segments (effective for annual periods beginning on or after 1 January 2009). The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes.

Save as above, the directors of the Bollardbay Group anticipate that the application of these new and revised standards or interpretations will have no material impact on the result and the financial position of the Bollardbay Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis except for certain financial instruments, which are measured at amortised cost, as explained in the accounting policies set out below. These accounting policies have been consistently applied throughout the Relevant Periods.

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA and the accounting policies adopted are materially consistent with Wong's International (Holdings) Limited. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

Basis of consolidation

The Financial Information incorporates the financial statements of Bollardbay and entity controlled by it (its subsidiary). Control is achieved where Bollardbay has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

The results of subsidiary acquired or disposed of during the Relevant Periods are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies into line with those used by other members of the Bollardbay Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Investment in a subsidiary

Investment in a subsidiary is included in the balance sheet of Bollardbay at cost less any identified impairment loss.

Properties pending development

Properties pending development are included under current asset at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised and the anticipated costs to completion.

Impairment

At each balance sheet date, the Bollardbay Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised as income immediately.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the Relevant Periods. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bollardbay Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in a subsidiary, except where Bollardbay Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Financial instruments

Financial liabilities are recognised on the balance sheet when the Bollardbay Group becomes a party to the contractual provisions of the instruments. Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of the financial liabilities, as appropriate, on initial recognition.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Bollardbay Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Bollardbay Group after deducting all of its liabilities. The Bollardbay Group's financial liability is generally classified as other financial liability.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the Relevant Period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Other financial liability

Other financial liability representing amount due to a fellow subsidiary is subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by Bollardbay is recorded at the proceed received, net of direct issue costs.

Derecognition

Financial liabilities are removed from the balance sheet when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

4. CAPITAL RISK MANAGEMENT

The Bollardbay Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Bollardbay Group's overall strategy remains unchanged during the Relevant Periods.

The capital structure of the Bollardbay Group comprises issued share capital.

The Bollardbay Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Bollardbay Group and capital efficiency, bank facilities, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

5. FINANCIAL INSTRUMENTS

Category of financial instrument

The Bollardbay Group

	At 30/6/2007	**At 30/6/2008**
	HK$	*HK$*
Financial liabilities		
Amortised cost	358,096,489	358,746,048

Bollardbay

	At 30/6/2007	**At 30/6/2008**
	HK$	*HK$*
Financial liabilities		
Amortised cost	37,448	74,823

Financial risk management objectives and policies

The Bollardbay Group's financial instrument represents amount due to a fellow subsidiary. The risk associated with the financial instrument and the policy on how to mitigate the risk is set out below.

Liquidity risk

In the management of the liquidity risk, the Bollardbay Group relies on funds drawn from group companies as a significant source of liquidity. In addition, the Bollardbay Group has taken into account the financial support from its ultimate holding company and Wong's International (Holdings) Limited. The directors of Bollardbay consider that the Bollardbay Group's liquidity risk is minimal.

The Bollardbay Group's financial liability (comprising amount due to a fellow subsidiary) is repayable on demand. The undiscounted cash flows of the financial liability based on the earliest date on which the Bollardbay Group can be required to pay approximate its carrying amount at the balance sheet dates.

Interest rate risk

The Bollardbay Group's exposure to interest rate risk is minimal as the Bollardbay Group does not have any long term interest bearing financial assets and liabilities.

Foreign currency risk

The Bollardbay Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal as the majority of the transactions are carried out with their functional currency of Hong Kong dollars.

Fair value

The fair value of the Bollardbay Group's financial liabilities reported in the consolidated balance sheets approximates their fair value due to their immediate or short-term maturities.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Bollardbay Group's accounting policies which are described in note 3 above, the directors of Bollardbay are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the Relevant Periods in which the estimate is revised if the revision affects only that Relevant Periods or in the Relevant Periods of the revision and future years if the revision affects both current and future years.

Key source of estimation uncertainty

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Net realisable value of properties pending development

The management of Bollardbay reviews the net realisable value of propeties pending development at each balance sheet date with reference to the current market conditions and valuation report from independent professional valuers. The management estimates the net realisable value for such properties pending development based primarily on the valuation reports. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

7. TURNOVER AND SEGMENTAL INFORMATION

No revenue arose from the Bollardbay Group during the Relevant Periods.

No separate business and geographical segment information is prepared as the Bollardbay Group is engaged in property development only and all the assets are located in Hong Kong.

8. LOSS BEFORE TAXATION

	Period from 15/8/2006 to 30/6/2007	**Year ended 30/6/2008**
	HK$	*HK$*
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	—	5,000
Directors' remuneration	—	—
Preliminary expenses	4,454	—

9. DIRECTORS' REMUNERATION AND EMPLOYEES' REMUNERATION

During the Relevant Periods, no emoluments were paid by Bollardbay to the directors or employees for services rendered or as an inducement to join or upon joining or as a compensation for loss of office. There was no arrangement under which a director of Bollardbay waived or agreed to waive any remuneration during the Relevant Periods.

10. TAXATION

No provision for Hong Kong Profits Tax has been made in the Financial Information as the Bollardbay Group had no estimated assessable profit for the Relevant Periods.

The taxation for the Relevant Periods can be reconciled to the loss before taxation in the consolidated income statements as follows:

	Period from 15/8/2006 to 30/6/2007	Year ended 30/6/2008
	HK$	*HK$*
Loss before taxation	(42,661)	(45,081)
Hong Kong Profits Tax rate	17.5%	16.5%
Tax at Hong Kong Profits Tax rate	(7,465)	(7,438)
Tax effect of expense not deductible for tax purpose	779	—
Tax effect of tax loss not recognised	6,686	7,438
Taxation for the period/year	—	—

At 30 June 2007 and 2008, the Bollardbay Group has unused tax losses of HK$38,207 and HK$83,288 respectively available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams.

11. EARNINGS PER SHARE

No information on earnings per share is presented for the Relevant Periods as its inclusion is not considered meaningful for the purpose of this report.

12. PROPERTIES PENDING DEVELOPMENT

The Bollardbay Group

	At 30/6/2007	At 30/6/2008
	HK$	*HK$*
Cost	358,053,836	358,663,314

The properties pending development are all located in Hong Kong with medium lease term. No interest was capitalised in properties pending development during the Relevant Periods.

13. AMOUNT DUE TO A FELLOW SUBSIDIARY

The Bollardbay Group and Bollardbay

The amount is unsecured, non-interest bearing and repayable on demand.

14. SHARE CAPITAL

The Bollardbay Group and Bollardbay

	No. of shares	At 30/6/2007	At 30/6/2008
		US$	*US$*
Ordinary shares of US$1 each			
Authorised:	50,000	50,000	50,000
Issued and fully paid:	1	1	1
Shown in the Financial Information		HK$8	HK$8

Bollardbay was incorporated with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1 each. At the time of incorporation, 1 ordinary share of US$1 was issued at par for cash to the subscriber.

15. INVESTMENT IN A SUBSIDIARY

Bollardbay

	At 30/6/2007	At 30/6/2008
	HK$	*HK$*
Unlisted shares in Hong Kong, at cost	1	1

Particulars of the subsidiary are as follows:

Name of subsidiary	Place of incorporation	Issued and paid-up capital	Proportion of equity interest held directly	Principal activity
Easywise Limited	Hong Kong	HK$10,000	100%	Property development

16. RELATED PARTY TRANSACTIONS

During the Relevant Periods, the Bollardbay Group entered into the following transactions with fellow subsidiaries. The transactions were carried out at estimated market prices determined by Bollardbay's directors.

	Period from 15/8/2006 to 30/6/2007	Year ended 30/6/2008
	HK$	*HK$*
Management fee paid thereto	33,000	33,000
Watchman charges paid thereto (capitalised in properties pending development)	—	18,000

Amount due to a fellow subsidiary is included in the consolidated balance sheet. Terms are set out in note 13.

No remuneration was paid to directors and key management personnel for the Relevant Periods.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for Bollardbay and the Bollardbay Group in respect of any period subsequent to 30 June 2008.

Yours faithfully,
SHINEWING (HK) CPA Limited
Certified Public Accountants
Tam Kwok Ming, Banny
Practising Certificate Number: P03289
Hong Kong

信永中和 ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

27 November 2008

THE DIRECTORS
WONG'S INTERNATIONAL (HOLDINGS) LIMITED
Wong's Industrial Centre
180A Wai Yip Street
Kwun Tong, Kowloon
Hong Kong

Dear Sirs,

We set out below our report on the financial information of Talent Chain Investments Limited ("TCI") and its subsidiary (hereinafter collectively referred to as the "TCI Group") including the TCI and the consolidated balance sheet as at 30 September 2008 and the consolidated income statement, the consolidated cash flow statement and the consolidated statement of changes in equity for the period from 21 January 2008 (date of incorporation) to 30 September 2008 (the "Relevant Period") and other explanatory notes (collectively referred to as the "Financial Information") for inclusion in the circular of Wong's International (Holdings) Limited (the "Company") dated 27 November 2008 (the "Circular") in connection with the proposed acquisition of 35.7% equity interests in Bollardbay Limited and its subsidiary and 35.7% equity interests in TCI Group; and the disposal of property located at Wong's Industrial Centre, 180A Wai Yip Street, Kwun Tong, Kowloon. The details of the transactions are set out in the Circular.

TCI was established as a limited liability company in the British Virgin Islands (the "BVI") with an authorised share capital of US$50,000 on 21 January 2008. On 18 July 2008, 1 ordinary share of US$1 was issued to Data Giant Limited, a company incorporated in the British Virgin Islands, which became the immediate holding company of TCI since then.

The registered office of TCI is located at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and its principal place of business is located at 45/F., Sun Hung Kai Centre, 30 Harbour Road, Hong Kong.

TCI's ultimate holding company is Sun Hung Kai Properties Limited ("SHKP"), a limited company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited.

TCI is an investment holding company. At the date of this report, TCI has the following subsidiary:

Name of subsidiary	Place and date of incorporation	Issued and paid-up capital	Proportion of equity interest held directly	Principal activity
Crown Opal Investment Limited	Hong Kong 3 January 2008	HK$1	100%	Not yet commenced business

No statutory financial statements have been prepared for TCI Group since their incorporation, which is not subject to any statutory audit requirements.

TCI Group had adopted 30 June as the financial year end date.

For the purpose of this report, the directors of TCI have prepared the consolidated financial statements of TCI Group for the Relevant Period (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). We have, for the purpose of this report, performed appropriate audit procedures in respect of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of TCI based on the Underlying Financial Statements without adjustment. For the purpose of this report, we have examined the Financial Information and carried out such additional procedures as are necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The directors of TCI are responsible for the preparation of the Underlying Financial Statements and Financial Information which give a true and fair view. In preparing the Financial Information which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently. The directors of the Company are responsible for the contents of the Circular in which this report is included.

It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you.

Opinion

In our opinion, the Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of TCI and the TCI Group as at 30 September 2008 and of the consolidated results and consolidated cash flows of the TCI Group for the Relevant Period in accordance with Hong Kong Financial Reporting Standards.

I. FINANCIAL INFORMATION

Consolidated Income Statement

	Notes	**Period from 21/1/2008 to 30/9/2008**
		HK$
Turnover	(6)	—
Administrative expenses		(9,621)
Loss before taxation	(7)	(9,621)
Taxation	(9)	—
Loss for the period		(9,621)

Consolidated Balance Sheet

	Notes	**At 30/9/2008**
		HK$
Current liability		
Amount due to immediate holding company	(11)	(9,613)
Capital and reserve		
Share capital	(12)	8
Accumulated losses		(9,621)
Capital deficiency		(9,613)

Balance Sheet

	Notes	*HK$*
Non-current asset		
Investment in a subsidiary	(13)	1
Current asset		
Amount due from a subsidiary	(11)	5,149
Current liability		
Amount due to immediate holding company	(11)	9,613
Net current liability		(4,464)
Net liability		(4,463)
Capital and reserve		
Share capital	(12)	8
Accumulated losses		(4,471)
Capital deficiency		(4,463)

Consolidated Statement of Changes in Equity

	Share capital	**Accumulated loss**	**Total**
	HK$	*HK$*	*HK$*
Upon incorporation	—	—	—
Issue of share on 18 July 2008	8	—	8
Loss for the period	—	(9,621)	(9,621)
At 30 September 2008	8	(9,621)	(9,613)

Consolidated Cash Flow Statement

	Period from 21/1/2008 to 30/9/2008
	HK$
CASH USED IN OPERATING ACTIVITY	
Loss before taxation	(9,621)
FINANCING ACTIVITIES	
Issue of share for cash	8
Increase in amount due to immediate holding company	9,613
CASH FROM FINANCING ACTIVITIES	9,621
NET CHANGE IN CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	—

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Talent Chain Investments Limited ("TCI") was incorporated in the British Virgin Islands as an exempted company with limited liabilities. Its immediate holding company is Data Giant Limited, a limited company incorporated in the British Virgin Islands. Its ultimate holding company is Sun Hung Kai Properties Limited, a limited company incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited. The registered office and principal place of business of the TCI are P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and 45/F., Sun Hung Kai Centre, 30 Harbour Road, Hong Kong respectively.

TCI acts as an investing holding company while its subsidiary, Crown Opal Investment Limited has not commenced its business during the Relevant Period and up to the date of this report.

The Financial Information is presented in Hong Kong dollars, which is the same as the functional currency of TCI and its subsidiary (collective referred to as "TCI Group").

Basis for preparation

As at 30 September 2008, the TCI Group has net liability and capital deficiency of HK$9,613. Nevertheless, the Financial Information have been prepared on a going concern basis because the ultimate holding company of TCI and Wong's International (Holdings) Limited have agreed to provide adequate funds to enable the TCI Group to meet in full its financial obligations as they fall due for the foreseeable future.

The Financial Information does not include any adjustments that would result in the failure of the TCI Group to obtain future funding. Had the going concern basis not been used, adjustments would have to be provided for any further liabilities which might arise. The effects of these adjustments have not been reflected in the Financial Information.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purposes of preparing and presenting the Financial Information for the Relevant Period, the TCI Group has consistently applied all of the new or revised Hong Kong Accounting Standards ("HKASs"), HKFRSs, amendments and Interpretations ("INTs") (herein collectively referred to as "New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the accounting years beginning on or before 21 January 2008.

At the date of this report, HKICPA has issued the following New HKFRSs that are not yet effective in the Relevant Period. The TCI Group has not early adopted the following New HKFRSs that have been issued but not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 and HKFRS 7 (Amendments)	Financial Instruments: Recognition and Measurement and Disclosures[3]
HKFRS 2 (Amendment)	Share-based Payment — Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[4]

HKFRS 8	Operating Segments[1]
HK(IFRIC) — INT 12	Service Concession Arrangements[2]
HK(IFRIC) — INT 13	Customer Loyalty Programmes[3]
HK(IFRIC) — INT 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[2]
HK(IFRIC) — INT 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) — INT 16	Hedges of a Net Investment in a Foreign Operation[5]

[1] Effective for annual periods beginning on or after 1 January 2009.

[2] Effective for annual periods beginning on or after 1 January 2008.

[3] Effective for annual periods beginning on or after 1 July 2008.

[4] Effective for annual periods beginning on or after 1 July 2009.

[5] Effective for annual periods beginning on or after 1 October 2008.

HKAS 27 (Revised) — Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009). The amendment requires non-controlling interests (i.e. minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When control of a subsidiary is lost, the assets and liabilities and related equity components of the former subsidiary are derecognised. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost.

HKAS 1 and HKAS 32 (Amendments) — Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual periods beginning on or after 1 January 2009). The amendment requires some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination 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 amendment may bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. It now states that the elements are "capable of being conducted" rather than "are conducted and managed". It requires considerations (including contingent consideration), each identifiable asset and liability to be measured at its acquisition-date fair value, except leases and insurance contracts, reacquired right, indemnification assets as well as some assets and liabilities required to be measured in accordance with other HKFRSs. They are income taxes, employee benefits, share-based payment and non-current assets held for sale and discontinued operations. Any non-controlling interest in an acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

HKFRS 8 — Operating Segments (effective for annual periods beginning on or after 1 January 2009). The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes.

Save as above, the directors of the TCI Group anticipate that the application of these new and revised standards or interpretations will have no material impact on the result and the financial position of the TCI Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis except for certain financial instruments, which are measured at amortised cost, as explained in the accounting policies set out below. These accounting policies have been consistently applied throughout the Relevant Period.

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA and the accounting policies adopted are materially consistent with Wong's International (Holdings) Limited. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

Basis of consolidation

The Financial Information incorporate the financial statements of TCI and entity controlled by it (its subsidiary). Control is achieved where TCI has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

The results of subsidiary acquired or disposed of during the Relevant Period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies into line with those used by other members of TCI Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the Relevant Period. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The TCI Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in a subsidiary, except where TCI Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Investment in a subsidiary

Investment in a subsidiary is included in the balance sheet of TCI at cost less any identified impairment loss.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheets when the TCI Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The financial assets are mainly loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policy adopted is set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate a shorter period.

Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including amount due from a subsidiary) are carried at amortised cost using the effective interest method, less any identified impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost (see accounting policy on impairment loss on financial asset below).

Impairment of financial assets

Financial assets are assessed for indictors of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets measured at amortised cost, if, in a subsequent year, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the TCI Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the TCI Group after deducting all of its liabilities. The TCI Group's financial liability is generally classified as other financial liability.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the Relevant Period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Other financial liability

Other financial liability representing amount due to immediate holding company is subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by TCI is recorded at the proceed received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the TCI Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the carrying amount of the financial asset derecognised and the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are removed from the balance sheet when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses

At each balance sheet date, the TCI Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amounts, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised as income immediately.

4. CAPITAL RISK MANAGEMENT

The TCI Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The TCI Group's overall strategy remains unchanged during the Relevant Period.

The capital structure of the TCI Group comprises issued share capital.

The TCI Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the TCI Group and capital efficiency, bank facilities, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

5. FINANCIAL INSTRUMENTS

Category of financial instrument

The TCI Group

	At 30/9/2008
	HK$
Financial liability	
Amortised cost	9,613

TCI

Financial asset	
Loan and receivables	5,149
Financial liability	
Amortised cost	9,613

Financial risk management objectives and policies

The TCI Group's financial instrument represents amount due to immediate holding company. The risk associated with the financial instrument and the policy on how to mitigate the risk is set out below.

Liquidity risk

In the management of the liquidity risk, the TCI Group relies on funds drawn from group companies as a significant source of liquidity. In addition, the TCI Group has taken into account the financial support from its ultimate holding company and Wong's International (Holdings) Limited. The directors of TCI consider that the TCI Group's liquidity risk is minimal.

The TCI Group's financial liability (comprising amount due to immediate holding company) is repayable on demand. The undiscounted cash flows of the financial liability based on the earliest date on which the TCI Group can be required to pay approximate its carrying amount at the balance sheet date.

Interest rate risk

The TCI Group's exposure to interest rate risk is minimal as the TCI Group does not have any long term interest bearing financial liabilities.

Foreign currency risk

The TCI Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal as the majority of the transactions are carried out with their functional currency of Hong Kong dollars.

Fair value

The fair value of the TCI Group's financial liability reported in the consolidated balance sheet approximates its fair value due to their immediate or short-term maturities.

6. TURNOVER AND SEGEMENTAL INFORMATION

No revenue arose from the TCI Group during the Relevant Period.

No separate business and geographical segment information is prepared as the TCI Group did not commence their businesses.

7. LOSS BEFORE TAXATION

	Period from 21/1/2008 to 30/9/2008
	HK$
Loss before taxation has been arrived at after charging:	
Auditor's remuneration	—
Directors' remuneration	—
Preliminary expenses	7,021

8. DIRECTORS' REMUNERATION AND EMPLOYEES' REMUNERATION

During the Relevant Period, no emoluments were paid by TCI to the director or employees for services rendered or as an inducement to join or upon joining or as a compensation for loss of office. There was no arrangement under which a director of TCI waived or agreed to waive any remuneration during the Relevant Period.

9. TAXATION

No provision for Hong Kong Profits Tax has been made in the Financial Information as the TCI Group has no estimated assessable profit for the Relevant Period.

The taxation for the Relevant Period can be reconciled to the loss before taxation in the consolidated income statement as follows:

	Period from 21/1/2008 to 30/9/2008
	HK$
Loss before taxation	(9,621)
Hong Kong Profits Tax rate of 16.5%	(1,588)
Tax effect of expense not deductible for tax purpose	1,158
Tax effect of tax loss not recognised	430
Taxation for the period	—

At 30 September 2008, the TCI Group has unused tax losses of approximately HK$2,600 available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams.

10. EARNINGS PER SHARE

No information on earnings per share is presented for the Relevant Period as its inclusion is not considered meaningful for the purpose of this report.

11. AMOUNTS DUE FROM A SUBSIDIARY/DUE TO IMMEDIATE HOLDING COMPANY

The TCI Group and TCI

The amounts are unsecured, non-interest bearing and repayable on demand.

12. SHARE CAPITAL

The TCI Group and TCI

	At 30/9/2008
	US$
Ordinary shares of US$1 each	
Authorised:	
50,000 ordinary shares	50,000
Issued and fully paid:	
1 ordinary share	1
Shown in the Financial Information	HK$8

TCI was incorporated with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1 each. On 18 July 2008, 1 ordinary share of US$1 was issued at par for cash to the subscriber.

13. INVESTMENT IN A SUBSIDIARY

TCI

	At 30/9/2008
	HK$
Unlisted share in Hong Kong, at cost	1

Particulars of the subsidiary are as follows:-

Name of subsidiary	**Place of incorporation**	**Issued and paid-up capital**	**Proportion of equity interest held directly**	**Principal activity**
Crown Opal Investment Limited	Hong Kong	HK$1	100%	Not yet commenced business

14. RELATED PARTY TRANSACTIONS

No remuneration was paid to directors and key management personnel for the Relevant Period.

Amount due to immediate holding company are included in the consolidated balance sheet. Terms are set out in note 11.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for TCI and the TCI Group in respect of any period subsequent to 30 September 2008.

Yours faithfully,
SHINEWING (HK) CPA Limited
Certified Public Accountants
Tam Kwok Ming, Banny
Practising Certificate Number: P03289
Hong Kong

The following are the unaudited income statements on the identifiable net income stream ("Identifiable Net Income Stream") in relation to the property located at Wong's Industrial Centre, 180A Wai Yip Street, Kwun Tong, Kowloon ("Property") for each of the six months ended 30 June 2007 and 2008, and three years ended 31 December 2005, 2006 and 2007, which are compiled and derived from the underlying books and records of the Property.

	For the six months ended 30 June		**For the year ended 31 December**		
	2008	**2007**	**2007**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Rental income	272	261	566	543	553
Direct expenses	(40)	(41)	(71)	(64)	(60)
Identifiable Net Income Stream	232	220	495	479	493

The directors of the Company (the "Directors") have engaged SHINEWING (HK) CPA Limited, the auditor of the Company, to perform certain factual finding procedures on the compilation of the Identifiable Net Income Stream of the Property in accordance with paragraph 14.68(2)(b)(i) of the Listing Rules. The auditor has reviewed and agreed to the Identifiable Net Income Stream relative to the underlying books and records of the Property based on the agreed-upon factual finding procedures with the Directors.

The valuations of the investment properties portion of the Property (the "Investment Properties") are listed as follows:

	As at 30 June	**As at 31 December**		
	2008	**2007**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Valuations	22,410	22,800	6,600	6,020

The Investment Properties were valued by independent professional property valuers, details are listed as follows:

As at	**Valuer**
30 June 2008	DTZ Debenham Tie Leung Limited
31 December 2007	Asset Appraisal Limited
31 December 2006	RHL Appraisals Limited
31 December 2005	BMI Appraisals Limited

信永中和 ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

27 November 2008

The Directors
Wong's International (Holdings) Limited
Wong's Industrial Centre
180A Wai Yip Street
Kwun Tong, Kowloon
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of Wong's International (Holdings) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out in Appendix V of the circular dated 27 November 2008 (the "Circular") in connection with the proposed acquisition of 35.7% equity interests in Bollardbay Limited and its subsidiary and 35.7% equity interests in Talent Chain Investments Limited and its subsidiary; and the disposal of property located at Wong's Industrial Centre, 180A Wai Yip Street, Kwun Tong, Kowloon (the "Proposed Transactions"), which has been prepared by the directors of the Company (the "Directors"), for illustrative purpose only, to provide information about how the Proposed Transactions might have affected the financial information presented. The basis of preparation of the pro forma financial information is set out on page V-3 of the Circular.

Respective responsibilities of Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31 December 2007 or any future date; or
- the results and cash flows of the Group for year ended 31 December 2007 or any future periods.

Opinion

In our opinion:

a) the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
SHINEWING (HK) CPA Limited
Certified Public Accountants
Tam Kwok Ming, Banny
Practising certificate no.: P03289
Hong Kong

INTRODUCTION

The accompanying Unaudited Pro Forma Consolidated Balance Sheet, Consolidated Income Statement and Consolidated Cash Flow Statement of the Group (the "Unaudited Pro Forma Financial Information") have been prepared to illustrate the effect of the proposed acquisition of 35.7% equity interests in Bollardbay Limited and its subsidiary (the "Bollardbay Group") and 35.7% equity interests in Talent Chain Investments Limited and its subsidiary (the "TCI Group"); and the disposal of property (the "Property") located at Wong's Industrial Centre, 180A Wai Yip Street, Kwun Tong, Kowloon (the "Proposed Transactions") might have affected the financial information of Wong's International (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group"). The Group immediately after the completion of the Proposed Transactions is referred to as the Remaining Group hereinafter.

The Unaudited Pro Forma Consolidated Balance Sheet of the Remaining Group has been prepared based on the audited consolidated balance sheet of the Group as at 31 December 2007 as extracted from the published annual report of the Company for the year ended 31 December 2007, and adjusted in accordance with the pro forma adjustments described in the notes thereto as if the Proposed Transactions had been taken place at the date being reported, i.e. 31 December 2007.

The Unaudited Pro Forma Consolidated Income Statement and Consolidated Cash Flow Statement of the Remaining Group have been prepared based on the audited consolidated income statement and audited consolidated cash flow statement of the Group for the year ended 31 December 2007 as extracted from the published annual report of the Company for the year ended 31 December 2007, and adjusted in accordance with the pro forma adjustments described in the notes thereto as if the Proposed Transactions had been taken place at the commencement of the period being reported, i.e. 1 January 2007.

The financial information of Bollardbay Group included in these Unaudited Pro Forma Financial Information is derived from the audited consolidated balance sheet as at 30 June 2008 and the audited consolidated income statement and consolidated cash flow statement for the year ended 30 June 2008 as stated in the Accountants' Report as set out in Appendix II of this Circular.

The financial information of TCI Group included in these Unaudited Pro Forma Financial Information is derived from the audited consolidated balance sheet as at 30 September 2008 and the audited consolidated income statement and consolidated cash flow statement for the period from 21 January 2008 (date of incorporation) to 30 September 2008 as stated in the Accountants' Report as set out in Appendix III of this Circular.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position and results and cash flows of operation of the Group that would have been attained had the Proposed Transactions actually completed as at 31 December 2007 or 1 January 2007. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Group's future financial position and results of operation.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I of the circular.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

	The Group as at 31/12/2007	Pro forma adjustments				The Remaining Group
	(1)	(2)	(3)	(4)	(5)	
	(Audited)	Disposal of Property		Acquisition of Bollardbay	Acquisition of TCI	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets						
Investment properties	58,710	(22,800)				35,910
Property, plant and equipment	251,197	(30,051)				221,146
Prepaid lease payments	84,998	(75,557)				9,441
Interests in associates	75,096					75,096
Interests in jointly controlled entities	—			130,168	191,182	321,350
Available-for-sale investments	168					168
Other investments	4,688					4,688
Development costs capitalised	14,566					14,566
Deferred tax asset	2,642					2,642
	492,065					685,007
Current assets						
Prepaid lease payments	2,166	(1,938)				228
Inventories	317,581					317,581
Trade and other receivables	621,376					621,376
Tax reserve certificate	5,943					5,943
Deposits and prepayments	38,514					38,514
Bank balances and cash	195,846	535,531	(1,503)	(130,168)	(191,182)	408,524
	1,181,426					1,392,166
Asset classified as held for sale	6,001					6,001
	1,187,427					1,398,167

	The Group as at 31/12/2007	Pro forma adjustments				The Remaining Group
	(1)	(2)	(3)	(4)	(5)	
	(Audited)	Disposal of Property		Acquisition of Bollardbay	Acquisition of TCI	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities						
Trade and other payables	700,601					700,601
Tax payable	14,950					14,950
Amount due to an associate	3,183					3,183
Bank borrowings due within one year	92,148					92,148
	810,882					810,882
Net current assets	376,545					587,285
Total assets less current liabilities	868,610					1,272,292
Non-current liabilities						
Bank borrowings due after one year	124,340					124,340
Deferred tax liability	5,994	(403)				5,591
	130,334					129,931
	738,276					1,142,361

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

	The Group as at 31/12/2007	Pro forma adjustments				The Remaining Group
	(1)	(2)	(3)	(4)	(5)	
	(Audited)	Disposal of Property		Acquisition of Bollardbay	Acquisition of TCI	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital and reserves						
Share capital	46,692					46,692
Reserves	691,584	405,588	(1,503)			1,095,669
Equity attributable to equity holders of the Company	738,276					1,142,361
Minority interests	—					—
	738,276					1,142,361

Notes to the Unaudited Pro Forma Consolidated Balance Sheet:

1. The amounts without adjustment are extracted from the audited consolidated balance sheet of the Group as at 31 December 2007 set out in the published annual report of the Company for the year ended 31 December 2007.

2. The pro forma adjustment reflects the disposal of the Property (the "Disposal of Property") to the subsidiary of Talent Chain Investments Limited ("TCI") after taking into consideration of the following:

   (a) Consideration for the Disposal of HK$535,531,000 was arrived at after arm's length negotiations between the Company and Sun Hung Kai Properties Limited (the other partner of the jointly controlled entities). The Company is of the view that the agreed unit price is principally in line with the valuation of the described property as assessed by independent valuers previously obtained by the Company.

   (b) The carrying value of the Property as at 31 December 2007 of approximately HK$130,346,000 comprising investment properties of approximately HK$22,800,000; property, plant and equipment of approximately HK$30,051,000; and prepaid lease payments of approximately HK$77,495,000.

   (c) The write back of deferred tax liability in connection with the Disposal amounting to approximately HK$403,000.

   These adjustments do not have future impact on the Remaining Group.

3. The pro forma adjustment reflects the estimated direct expenses of approximately HK$1,503,000 to be incurred in connection with the Disposal of Property.

   This adjustment does not have future impact on the Remaining Group.

4. This pro forma adjustment reflects the acquisition of interest in Bollardbay Limited and its subsidiary ("Bollardbay Group") (the "Acquisition of Bollardbay") at a total consideration of HK$130,168,000 (comprising HK$2,096,000 for the 35.7% equity interest and HK$128,072,000 for the share of 35.7% of shareholders' loan as at 30 June 2008). Pursuant to the subscription agreement, the Bollardbay Group will be jointly controlled by the Company and the other shareholder under Sun Hung Kai Properties Limited after the completion of the Acquisition of Bollardbay. The investments in Bollardbay Group will be accounted for as interests in jointly controlled entities under equity method of accounting.

The net assets acquired in the Acquisition of Bollardbay are calculated as follows:

	HK$'000
Net liabilities of Bollardbay Group as at 30 June 2008 as stated in the Accountants' Report as set out in Appendix II of this Circular	(88)
Fair value adjustment for the properties pending development with reference to the valuation report issued by the independent professional valuer.	5,957
Adjusted net assets	5,869
Net assets acquired, 35.7% thereon	2,096
Shareholders' loan assumed	128,072
Total interest in the Bollardbay Group	130,168

Since the fair value of the properties pending development and the carrying amount of the net liabilities and shareholders' loan of Bollardbay Group at the completion of the Acquisition of Bollardbay may be substantially different from the amounts used in the unaudited pro forma financial information, the final amount of the net assets acquired may be different from the amount presented above.

This adjustment does not have future impact on the Remaining Group.

5. This pro forma adjustment reflects the acquisition of 35.7% equity interests in TCI and its subsidiary ("TCI Group") (the "Acquisition of TCI") at a total consideration of HK$191,182,000. Pursuant to the subscription agreement, TCI Group will be jointly controlled by the Company and the other shareholder under Sun Hung Kai Properties Limited after the completion of the Acquisition of TCI. The investment in TCI Group will be accounted for as interests in jointly controlled entities under equity method of accounting.

The net assets acquired in the Acquisition of TCI are calculated as follows:

	HK$'000
Net liabilities of TCI Group as at 30 September 2008 as stated in the Accountants' Report as set out in Appendix III of this Circular	(9)
Property acquired from the Company at fair value in note 2	535,531
Adjusted net asset	535,522
Net assets acquired, 35.7% thereon	191,182

Since the carrying amount of the net liabilities of TCI Group and the fair value of the Property at the completion of the Acquisition of TCI may be substantially different from the amounts used in the unaudited pro forma financial information, the final amount of the net assets acquired may be different from the amount presented above.

This adjustment does not have future impact on the Remaining Group.

UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT

	The Group for the year ended 31/12/2007	Pro forma adjustments				The Remaining Group
	(1)	(2)	(3)	(4)	(5)	
	(Audited)	Disposal of Property		Acquisition of Bollardbay	Acquisition of TCI	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	3,363,777					3,363,777
Interest income	5,009					5,009
Other income	20,581					20,581
Changes in inventories of finished goods and work in progress	1,906					1,906
Raw materials and consumables used	(2,727,070)					(2,727,070)
Staff costs	(290,763)					(290,763)
Depreciation	(67,739)	1,909				(65,830)
Amortisation on development costs capitalised	(8,702)					(8,702)
Amortisation on prepaid lease payments	(2,166)	1,938				(228)
Increase in fair value of investment properties	31,500	(16,200)				15,300
Fair value changes on financial instruments	1,422					1,422
Other operating expenses	(218,465)					(218,465)
Finance costs	(22,850)					(22,850)
Gain on Disposal of Property	—	417,804	(1,503)			416,301
Impairment loss recognised in respect of goodwill of an associate	(1,990)					(1,990)
Impairment loss recognised in respect of other investments	(3,104)					(3,104)
Share of results of associates	2,299					2,299

	The Group for the year ended 31/12/2007	Pro forma adjustments				The Remaining Group
	(1)	(2)	(3)	(4)	(5)	
	(Audited)	Disposal of Property		Acquisition of Bollardbay	Acquisition of TCI	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Share of results of jointly controlled entities	—			(16)	(3)	(19)
Impairment loss recognised in respect of development costs capitalised	(1,696)					(1,696)
Profit before taxation	81,949					485,878
Taxation	(11,081)	137				(10,944)
Profit for the year	70,868					474,934

Notes to the Unaudited Pro Forma Consolidated Income Statement:

1. The amounts without adjustment are extracted from the audited consolidated income statement of the Group for the year ended 31 December 2007, set out in the published annual report of the Company for the year ended 31 December 2007.

2. This pro forma adjustments represent:

   (a) exclusion of the depreciation of property, plant and equipment, amortisation of prepaid lease payments, changes in fair value of the investment property and deferred tax liability for the year ended 31 December 2007; and

   (b) recognition of the gain on disposal of the Property of HK$417,804,000 which is the difference between the estimated proceeds of HK$535,531,000 and the carrying value of the Property net of corresponding deferred tax liabilities as at 1 January 2007 of HK$117,727,000.

   Since the carrying values of the identifiable assets and liabilities relating to the Property at completion may be substantially different from the values used in the unaudited pro forma financial information, the final amount of the gain on disposal of the Property may be different from the amount presented above.

   These adjustments do not have future impact on the Remaining Group.

3. This pro forma adjustment represents the estimated direct expenses in relation to the Disposal of approximately HK$1,503,000.

   This adjustment does not have future impact on the Remaining Group.

4. This pro forma adjustment reflects the share of results of the jointly controlled entity, Bollardbay Group for the year of approximately HK$16,000, being 35.7% of the loss for the year of HK$45,081, as extracted from the Accountants' Report of Bollardbay Group.

   This adjustment has future impact on the Remaining Group.

5. This pro forma adjustment reflects the share of results of the jointly controlled entity, TCI Group for the year of approximately HK$3,000, being 35.7% of the loss for the period of HK$9,621, as extracted from the Accountants' Report of TCI Group.

   This adjustment has future impact on the Remaining Group.

UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT

	The Group for the year ended 31/12/2007	Pro forma adjustments			The Remaining Group
	(1)	(2)	(3)	(4)	
		Disposal of	Acquisition	Acquisition	
	(Audited)	Property	of Bollardbay	of TCI	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Operating activities					
Profit before taxation	81,949	403,948	(16)	(3)	485,878
Adjustments for :					
Finance costs	22,850				22,850
Share of results of associates	(2,299)				(2,299)
Share of results of jointly controlled entities	—		16	3	19
Depreciation	67,739	(1,909)			65,830
Amortisation on development costs capitalised	8,702				8,702
Amortisation on prepaid lease payments	2,166	(1,938)			228
Fair value changes on financial instruments	(1,422)				(1,422)
Impairment loss recognised in respect of goodwill of an associate	1,990				1,990
Impairment loss recognised in respect of other investments	3,104				3,104
Impairment loss recognised in respect of development costs capitalised	1,696				1,696
Allowance for doubtful debts					
— trade and other receivables	322				322
— amounts due from associates	936				936
Write off of trade and other payables	(5,598)				(5,598)
Interest income	(5,009)				(5,009)
Increase in fair value of investment properties	(31,500)	16,200			(15,300)
(Profit) loss on disposal of property, plant and equipment	733	(416,301)			(415,568)
Gain on write off of a deregistered subsidiary	(345)				(345)
Operating cash flows before movements in working capital	146,014				146,014

	The Group for the year ended 31/12/2007	Pro forma adjustments			The Remaining Group
	(1)	(2)	(3)	(4)	
	(Audited)	Disposal of Property	Acquisition of Bollardbay	Acquisition of TCI	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Decrease in inventories	42,783				42,783
Decrease in trade and other receivables	133,926				133,926
Increase in deposits and prepayments	(15,034)				(15,034)
Decrease in trade and other payables	(32,459)				(32,459)
Decrease in bills payable	(3,386)				(3,386)
Cash generated from operations	271,844				271,844
Hong Kong Profits Tax paid	(9,710)				(9,710)
Tax paid in other jurisdictions	(957)				(957)
Net cash from operating activities	261,177				261,177

UNAUDITED PRO FORMA CONSOLIDATED CASH FLOW STATEMENT

	The Group for year ended 31/12/2007	Pro forma adjustments			The Remaining Group
	(1)	(2)	(3)	(4)	
		Disposal of	Acquisition	Acquisition	
	(Audited)	Property	of Bollardbay	of TCI	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Investing activities					
Purchase of property, plant and equipment	(49,511)				(49,511)
Increase in development costs capitalised	(8,185)				(8,185)
Purchase of additional interests in associates	(3,097)				(3,097)
Acquisition of interests in jointly controlled entities	—		(130,168)	(191,182)	(321,350)
Interest received	5,009				5,009
Net proceeds from disposal of property, plant and equipment	302	534,028			534,330
Net repayment from associates	22,851				22,851
Dividends received from an associate	12,175				12,175
Net cash (used in) from investing activities	(20,456)				192,222
Financing activities					
Dividends paid	(18,677)				(18,677)
New bank loans raised	210,646				210,646
Repayment of bank loans	(447,882)				(447,882)
Interest paid	(22,850)				(22,850)
Net cash used in financing activities	(278,763)				(278,763)
Net (decrease) increase in cash and cash equivalents	(38,042)				174,636
Cash and cash equivalents at 1 January	233,897				233,897
Effect of foreign exchange rate changes	(9)				(9)
Cash and cash equivalents at 31 December	195,846				408,524

Notes to the Unaudited Pro Forma Consolidated Cash Flow Statement:

1. The amounts without adjustment are extracted from the audited consolidated cash flow statement of the Group for the year ended 31 December 2007, set out in the published annual report of the Company for the year ended 31 December 2007.

2. This pro forma adjustments represent:

   (a) the consideration received for the Disposal of Property of HK$535,531,000;

   (b) exclusion of the depreciation of property, plant and equipment of HK$1,909,000, amortisation of prepaid lease payments of HK$1,938,000 and increase in fair value of the investment property of HK$16,200,000 respectively for the year ended 31 December 2007; and

   (c) recognition of the gain on disposal of the Property of HK$416,301,000 which is the difference between the estimated net proceeds of HK$534,028,000 (after deducting the estimated expenses in relation to the Disposal of approximately HK$1,503,000) and the carrying value of the Property as at 1 January 2007 of HK$117,727,000.

   These adjustments do not have future impact on the Remaining Group.

3. This pro forma adjustments represent the payment of the consideration of HK$130,168,000 for the Acquisition of Bollardbay and the share of loss of Bollardbay Group for the year ended 30 June 2008 of approximately HK$16,000.

   This adjustment for the share of result of Bollardbay Group has future impact on the Remaining Group.

4. This pro forma adjustment represents the payment of the consideration of HK$191,182,000 for the Acquisition of TCI and the share of loss of TCI Group for the period of approximately HK$3,000.

   This adjustment for the share of result of TCI Group has future impact on the Remaining Group.

1. INDEBTEDNESS

Set out below is an unaudited statement of indebtedness of the Group as at 30 September 2008.

As at the close of business on 30 September 2008:

(a) the Group had an outstanding bank borrowings of approximately HK$415,441,000 and bank overdrafts of approximately HK$17,372,000; and

(b) none of the members of the Group had provided corporate guarantees in respect of banking facilities to third parties or associated companies of the Group; and

(c) save as disclosed above and apart from intra-group liabilities, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

The Directors have confirmed that there has been no material change in the indebtedness or contingent liabilities of the Group since 30 September 2008.

2. WORKING CAPITAL

The Directors are of the opinion that in the absence of unforeseeable circumstances, taking into account of the internal resources of the Group and the available banking facilities, the Group will have sufficient working capital for its present requirements for at least the next twelve months following the date of this circular.

3. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position or prospect of the Group since 31 December 2007, being the date to which latest published audited consolidated financial statements of the Group were made up.

4. MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED 30 JUNE 2008

For the first six months ended 30 June 2008, the Group's turnover decreased 3.9%, from HK$1.65 billion in 2007 to HK$1.58 billion in 2008. The decreases were primarily due to softer demand from certain existing customers and the results of consolidation of the low profit margin customers in the Electronic Manufacturing Service Division (the "EMS Division").

Profit before taxation increased 8.2%, from HK$32.11 million in 2007 to HK$34.76 million in 2008. The increase was primarily attributable to the reduction of the Group's operating expenses during the first six months of 2008 when compared to the same period in 2007.

For the first six months during 2008, sales revenue in the EMS Division decreased overall by 4.0% compared with the same period of 2007. Sales revenues for both of the Group's factories in Shajing, Shenzhen and Suzhou fell 3.8% and 9.4% respectively when compared to the same period in 2007. This decrease in sales was attributable to the weakening demand from the Group's existing customers as a result of deteriorating global economies in the U.S. and the world.

The Group has been continued facing a challenging operation environment in China during the first half of 2008. Labor cost in China, which represents one of the biggest costs of the Group's manufacturing business has continued rising over the past year and is expected to continue at an accelerated rate in the second half of 2008. The weakening U.S. dollar has also contributed to China's inflationary pressure by pushing up commodity prices around the world. This inflationary pressure due to soaring oil price, mounting energy cost, rising labor cost, and increasing commodity prices have material impact on the Group's operating expenses. Over the last six months, the Group's costs in salaries and wages and indirect material have both experienced double digits increases but at the same, the Group's sales due to weakening economies in the U.S. and elsewhere has retreated 3.9% compared to the same period last year. This inflationary pressure in China will continue and affect the Group's future profit margin. To combat these soaring costs, the Group will continue to focus on streamlining the Group's operation efficiency and managing the Group's costs closely.

The Original Design and Marketing Division ("ODM Division") continued its focus on the development and marketing of RFID (Radio Frequency Identification) products during 2008. Sales revenue for the RFID cards has continued to increase during the first half of 2008. However, the Company continues to sustain operating losses during the first six months mainly due to the increase in R & D expenses. The Company predicts that the ODM Division will continue reporting operating losses and negative cash flow for the remaining part of 2008.

With respect to the residential development in the mid-levels property project, in the first six months of 2008, the joint-venture company sold one duplex residential unit and fifty four car-parks for the total gross selling proceeds of approximately HK$71 million. Presently, there are five residential units including three duplexes, two-in-one combined unit and eleven car-parks remain unsold. In view of the current residential property market, the Group will only sell the unsold residential units and car-parks at the prices which will maximise the Group's returns.

Finance

As at 30 June 2008, the Group had net bank borrowings of approximately HK$49 million (31/12/2007: HK$20 million) representing 6.4% (31/12/2007: 2.8%) of its shareholders' equity at that date.

As at 30 June 2008, the Group had bank balances and cash including pledged bank deposits of approximately HK$410 million (31/12/2007: HK$196 million).

Most of the Group's sales income is in U.S. dollars and the costs and expenses are mainly incurred in U.S. dollars, Hong Kong dollars, Japanese Yen and Renminbi. Forward exchange contracts are used to hedge exposures where necessary.

Capital Structure

The capital structure of the Group 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 2008, the Group employed approximately 6,457 employees, out of which approximately 5,057 are production workers. In addition to the provision of annual bonuses, medical and life insurances, discretionary bonuses are also available to employees on a performance basis. The Group also provides in-house and external training programs to its employees.

The remuneration policy and packages of the Group are reviewed from time to time.

Prospects

Based on the level of orders received and forecasts provided by the Group's customers, the Company expects that sales with the EMS Division will continue to be soft in the second half of 2008. The directors are cautious about the general business and economic conditions in the U. S., especially the current crisis in financial markets and its impact on the consumer spending. The downturns in the U.S. economy and elsewhere could have an impact on the Group's future sales and profit. The directors will rigorously improve the Group's competitiveness and profitability by increasing production efficiency and reducing manufacturing costs through an aggressive control of labor and overhead costs.

5. MANAGEMENT DISCUSSIONS AND ANALYSES FOR YEAR 2005, 2006 AND 2007

2005

Review Of Business Activities

The sales revenue and the profit before taxation of the Group for 2005 increased by 9.6% and 46.8%, respectively, compared to 2004, mainly due to the strong growth in sales of the Electronic Manufacturing Service Division (the "EMS Division") in the second half of the year and the decrease in the depreciation charge of plant, machinery and equipment of HK$10,719,000 caused by the change of the depreciation rates applied.

In the second half of 2005, the sales revenue of the EMS Division's factory in Shajing increased by 16.1% compared with the first half of the year. Over the full year, the EMS Division achieved an increase in sales revenue and operating profit of 9.9% and 22.6%, respectively, compared to 2004. The Division's factory in Suzhou, which commenced operation in 2003, reported its first small profit for the year. The profit margin for the EMS Division dropped slightly due to changes in product sales mix. During the year, the EMS Division has secured a number of new customers and it is expected to benefit the Group in terms of its business growth in the long run. The EMS Division will continue to implement its accountability and transparency policies to improve its productivity and effectiveness.

The Group will continue to solidify and strengthen our mid level management across all departments. The Group also set our objectives to enhancing total customer satisfaction by providing value engineering and design services. The Group will continue to further tighten cost and expense control to improve our profit margin.

In the Original Design and Marketing Division (the "ODM Division"), the recent development is a series of mobile RFID (radio frequency identification) reader/ writer and storage terminals that can be used to access proprietary information and track assets and documents. With SD (secure digital) slots, such devices can also offer high security near field 2-way communications for conducting electronic payment. Samples are being built and commercial shipments will commence soon. There is also the development of a compact vehicle tracking device, using the latest GPS (global positioning system) and GSM (global system for mobile communications) technologies. At present, sample field trials are being conducted and mass production is scheduled to be in the second quarter of 2006. For 2006, the ODM Division plans to exercise stringent controls on costs and expenses in order to become self-sufficient in terms of cash flow.

Sales of the apartments of the residential development in the Mid-Levels (the "Project") slowed down in the second half of the year, but there was no significant change in the price per square feet for those apartments which were sold in the second half of the year. The Directors do not expect to make any further adjustment in respect of the Project in the near future.

Finance

As at 31 December 2005, the Group had net bank borrowings of about HK$317 million (2004: HK$462 million), representing 50.4% (2004: 76.5%) of its shareholders' equity at that date.

Most of the Group's sales are conducted in US dollars and costs and expenses are mainly in US dollars, HK dollars, Japanese Yen and Renminbi. Forward exchange contracts are used to hedge foreign exchange exposures where necessary or practicable.

Capital Structure

There has been no change in the capital structure of the Group since 31 December 2004.

Employees

As at 31 December 2005, the Group employed approximately 5,600 employees, out of which approximately 4,000 are production workers. In addition to the provision of annual bonuses, medical and life insurances, discretionary bonuses are also available to employees on a performance basis. The remuneration policy and packages of the Group are reviewed from time to time.

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

2006

Review Of Business Activities

Sales revenue and profit before taxation of the Group for 2006 increased by 34.4% and 55.8%, respectively, compared with 2005. This was primarily because of strong growth in the Electronic Manufacturing Service Division (the "EMS Division").

Sales revenue in the EMS Division increased by 33.8% overall compared with 2005. The sales revenue of its factory in Shajing, Shenzhen grew by 34.2% and the factory in Suzhou also increased in sales revenue of 13.7%. The profitability of the two factories increased significantly for 2006 because of economies of scale being achieved on some major items of expenditures such as payroll costs.

Whilst the results of the EMS Division showed satisfactory growth for 2006, the operating environment remains very unfavourable. It appears that wages and other costs, especially in Shenzhen, will continue to rise rapidly in the next few years and the Renminbi is likely to carry on appreciating in value. There is also insufficient space in the current factory in Shajing.

In order to counter these expected increases in operating costs and help improve profit margins, the EMS Division will endeavour to strengthen its budgetary control systems and improve the productivity and efficiency in its manufacturing processes. It will also focus on providing more value-added engineering services to the customers.

The EMS Division is also exploring whether it is feasible to transfer some production to lower cost areas.

The Original Design and Marketing Division (the "ODM Division") continued to focus on the development and marketing of mobile RFID (radio frequency identification) reader, writer and storage terminals with SD (secure digital) slots. During 2006, hundreds of samples and more than 100 development kits were sold to system integrators, developers and OEMs for evaluation and application development, and the ODM Division also entered into trial run and/or development agreements with a number of large companies. The Division expects third parties will place orders in volume once they have completed their application development. The initial shipment of the compact vehicle tracking device using GPS (global positioning system) and GSM (global system for mobile communications) technologies ("BOX GPSM") was delayed to the last quarter of 2006.

The BOX GPSM delay and the delay in receiving volume orders for the mobile RFID terminals contributed to an overall loss for the ODM Division. However, the loss was significantly reduced compared with 2005.

As for the residential development in the Mid-levels (the "Project"), as at 31 December 2006, 19 apartments and 4 shops remained unsold. Whilst there was no sale of apartments in the second half of 2006, 4 apartments were sold at satisfactory prices in January 2007. The Directors decided not to make any further adjustment on the provision previously made against the Project at the end of 2005.

Finance

As at 31 December 2006, the Group had net bank borrowings of about HK$219.8 million (2005: HK$317.0 million), representing 32.6% (2005: 50.4%) of the shareholders' equity at that date.

Most of the Group's sales are conducted in US dollars and costs and expenses are mainly in US dollars, Hong Kong dollars, Japanese Yen and Reminbi. Forward contracts are used to hedge foreign exchange exposures where necessary or practicable.

Capital Structure

There has been no change in the capital structure of the Group since 31 December 2005.

Employees

As at 31 December 2006, the Group employed approximately 6,800 employees of whom approximately 5,300 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.

2007

Review Of Business Activities

The Group

Sales revenue of the Group decreased 9.4% from HK$3.71 billion in 2006 to HK$3.36 billion in 2007. The decrease in sales revenue was primarily due to reduced demand from existing customers in the Electronic Manufacturing Service Division (the "EMS Division").

Profit before taxation of the Group increased 4.7% from HK$78.26 million in 2006 to HK$81.95 million in 2007. However, excluding the gain from the increase in fair value of investment properties, profit before taxation would have decreased 32.6% to HK$50.5 million in 2007. The decrease in profit was primarily due to a decline in sales revenue and the increases in staff costs for the EMS Division in 2007.

The EMS Division

The sales revenue of our factory in Shajing, Shenzhen fell 10.4% compared with 2006. Sales revenue in our factory in Suzhou increased by 18.9% in 2007 compared with 2006. To cope with the growth of the customer base for our Suzhou factory, the Group are building a new extension to our Suzhou factory, which is expected to be completed in the second half of 2008. The new extension will add 13,000 square meters to our Suzhou factory, with a combined area of 25,000 square meters.

Competition for the EMS business remains intense. The Group have continued to experience pricing pressure from our customers. In addition, the operating expenses related to salaries and wages, solder and chemical consumption, and continued appreciation of the Renminbi have made the operating environment of the EMS Division increasingly difficult. In order to maintain satisfactory operating income, the EMS Division will continue to streamline the production and implement costs control in both manufacturing and administration. In 2007, the Group has committed to purchase an industrial land in Hanoi, Vietnam which the Group expect to build a new factory and start production in early 2009.

The ODM Division

The Original Design and Marketing Division (the "ODM Division") continued its focus on the development and marketing of RFID (radio frequency identification) products during 2007. Total sales revenue of the ODM Division increased by 50% from HK$3.4 million in 2006 to HK$5.1 million in 2007 and it is expected that the sales revenue will continue to increase in 2008.

In 2007, the ODM Division continued to sign up with new customers to develop RFID products for new areas of application such as payment terminals, oil refinery, on-field service for vending machines and smart card payment systems. It has become one of the leading companies in the world to provide a low cost, flexible and wireless reader solution to the RFID industry. The Group believed that it would be a valuable asset to the Group in the long term.

Property development

With respect to the residential development in the mid-levels ("the Project"), the Project has sold 14 residential units in 2007, realising total gross sales proceeds of HK$126 million. As at 31 December 2007, 5 residential units (including 4 duplexes and 1 combined unit) and 65 parking spaces remain unsold. If the current high demand in the high-end residential property market persists, the Group expect to sell all remaining residential units in 2008.

Finance

As at 31 December 2007, the Group had net bank borrowings of about HK$20.6 million (2006: HK$219.8 million), representing 2.8% (2006: 32.5%) of the shareholders' equity at that date.

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

Capital Structure

The capital structure of the Group 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 31 December 2007, the Group employed approximately 6,700 employees of whom approximately 5,700 were production workers. In addition to the provision of annual bonuses, medical and life insurance, 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.

The following is the text of a letter, summary of valuations and valuation certificate on Site 1 and Site 2 as at 3 October 2008 prepared by DTZ Debenham Tie Leung Limited for the purpose of inclusion in this circular.

DTZ 戴德梁行

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

27 November 2008

The Directors
Wong's International (Holdings) Limited
11th Floor, Wong's Industrial Centre
180A Wai Yip Street
Kwun Tong, Kowloon
Hong Kong

Dear Sirs,

We refer to your instruction for us to carry out market valuations of the properties as set out in the attached Summary of Valuations. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 3 October 2008 (the "date of valuation").

Our valuation of each of the properties represents its market value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

In valuing Property No.1, we have valued the property by direct comparison method by making reference to comparable sales evidence as available in the relevant market, or where appropriate by investment method by capitalising the current rent passing derived from the existing tenancies with due provisions for reversionary income potential.

In valuing Property No.2, we have valued the property by residual method of valuation in which construction costs, interests, developer's profit, demolition costs and other relevant costs are deducted from the estimated gross development value of the proposed development upon a series of assumptions.

We have not been provided with copies of the title documents of the properties but we have caused searches to be made at the Land Registry in respect of the properties. However, we have not searched the original documents to verify ownership or to verify any lease amendments which may not appear on the copies handed to us. All documents and leases have been used for reference only.

In the course of our valuations, we have relied to a very considerable extent on the information given by you and have accepted advices given to us on such matters as planning approvals or statutory notices, easements, tenure, completion date of buildings, identification of buildings, particulars of occupancy, lettings, rental incomes, floor areas and all relevant matters.

Dimension, measurements and areas are based on the information provided to us and are therefore only approximations. We have no reason to doubt the truth and accuracy of the information provided to us by you which is material to the valuations. We were also advised by you that no material facts have been omitted from the information provided.

We have inspected the exterior and, wherever possible, the interior of the properties. However, no structural surveys have been made, but in the course of our inspections, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

We enclose herewith a summary of valuations and our valuation certificates for your attention.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
K.B. Wong
Registered Professional Surveyor
(General Practice Division)
M.R.I.C.S., M.H.K.I.S.
Director

Note: Mr. K.B. Wong is a Registered Professional Surveyor who has over 20 years' extensive experience in valuation of properties in Hong Kong.

Summary of Valuations

	Properties	Capital value in existing state as at 3 October 2008
1.	No. 180 Wai Yip Street (Kwun Tong Inland Lot No. 174), Kwun Tong, Kowloon	HK$536,000,000
2.	No. 181 Hoi Bun Road (Kwun Tong Inland Lot No. 173), Kwun Tong, Kowloon	HK$367,000,000
	Total:	HK$903,000,000

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of Occupancy	Capital value in existing state as at 3 October 2008
1.	No. 180 Wai Yip Street, Kwun Tong, Kowloon Kwun Tong Inland Lot No. 174	The property comprises two 12-storey industrial buildings completed in 1974. The property has a site area of approximately 37,820 sq.ft. (3,513.56 sq.m.). The property comprises two blocks, namely Block A and Block B. Block A of the property has a saleable area of approximately 205,375 sq.ft. (19,079.80 sq.m.) and a roof area of approximately 16,024 sq.ft. (1,488.67 sq.m.) whilst Block B of the property has a saleable area of approximately 127,443 sq.ft. (11,839.74 sq.m.) and a roof area of approximately 9,018 sq.ft. (837.79 sq.m.). The subject property is held from the Government under Government lease for a term of 21 years renewed for a further term of 17 years. The lease term is statutorily extended to 30 June 2047 without premium and the current Government Rent payable for the property is an amount equivalent to 3% of the Rateable Value for the time being of the property.	The 7th and 10th floors of Block B with the leased area of approximately 14,013 sq.ft. (1,301.84 sq.m.) is currently leased to two independent third parties on monthly basis at a total monthly rent of HK$39,265. Besides, the leased area of approximately 73,175 sq.ft. (6,798.12 sq.m.) is currently leased to the wholly owned subsidiary on monthly basis at a total monthly rent of HK$365,875. The remaining portion of the property is currently vacant and owner-occupied.	HK$536,000,000

Note: The registered owner of the property is Gladton Investments Limited which is a wholly owned subsidiary of the Company.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of Occupancy	Capital value in existing state as at 3 October 2008
2.	No. 181 Hoi Bun Road, Kwun Tong, Kowloon Kwun Tong Inland Lot No. 173	The property comprises a vacant site with a registered site area of 25,750 sq.ft. (2,392.20 sq.m.). The subject property is held from the Government under Government lease for a term of 21 years renewed for a further term of 16 years. The lease term is statutorily extended to 30 June 2047 without premium and the current Government Rent payable for the property is an amount equivalent to 3% of the Rateable Value for the time being of the property.	As at the date of valuation, the property was vacant.	HK$367,000,000

Note: The registered owner of the property is Easywise Limited.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the Directors and the chief executive of the Company had the following interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of Part XV of the SFO, to be entered in the register of the Company referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange:

(A) Interests in the Company

Long Positions

Name of Executive Directors	Capacity	Number of ordinary shares	Percentage interests
Wong Chung Mat, Ben	Beneficial owner and founder of discretionary trust *(Note 1)*	75,810,699	16.24%
Wong Chung Ah, Johnny	Beneficial owner, interest of child or spouse and founder of discretionary trust *(Note 2)*	40,693,487	8.72%
Chan Tsze Wah, Gabriel	Beneficial owner	1,237,500	0.27%
Tan Chang On, Lawrence	Beneficial owner	10,000	0.00%
Wong Yin Man, Ada	Beneficiary of a trust *(Note 3)*	74,810,699	16.02%

Notes:

1. Mr. Wong Chung Mat, Ben was deemed (by virtue of the SFO) to be interested in 75,810,699 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) 74,810,699 shares were held by Salop Investment Limited (which was in turn wholly owned by Batsford Limited) under a discretionary trust, of which Mr. Wong Chung Mat, Ben was regarded as the founder and Ms. Wong Yin Man, Ada was regarded as one of the beneficiaries (by virtue of the SFO). The references to 74,810,699 shares deemed to be interested by Mr. Wong Chung Mat, Ben (as disclosed herein), Salop Investment Limited (as disclosed in the section headed " Substantial shareholders' interests"), Ms. Wong Yin Man, Ada (as disclosed in Note 3 below) and Batsford Limited (as disclosed in Note 4(a) under the section headed "Substantial shareholders' interests") relate to the same block of shares.

2. Mr. Wong Chung Ah, Johnny was deemed (by virtue of the 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 (formerly known as "Bermuda Trust (Cook Islands) Limited"). The references to 38,458,487 shares deemed to be interested by 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 "Substantial shareholders' interests") relate to the same block of shares.

3. Ms. Wong Yin Man, Ada was deemed (by virtue of the SFO) to be interested in 74,810,699 shares in the Company, which were held by Salop Investment Limited (which was in turn wholly owned by Batsford Limited) under a discretionary trust, of which Ms. Wong Yin Man, Ada was regarded as one of the beneficiaries and Mr. Wong Chung Mat, Ben was regarded as the founder (by virtue of the SFO). Please see Note 1(b) above.

(B) Interests in associated corporations

Long Positions

Name of Executive Directors	Associated corporation	Capacity	Number of ordinary shares	Percentage interests
Wong Chung Ah, Johnny	Wong's Properties Limited	Interest of controlled corporations *(Note)*	2	50%

Note: Mr. Wong Chung Ah, Johnny was deemed (by virtue of the SFO) to be interested in 2 shares in Wong's Properties Limited. These shares were held by Blessea Investment Limited, which was 50% owned by Glorious Glow Limited, which in turn was wholly owned by Mr. Wong Chung Ah, Johnny.

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 above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company 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) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of Part XV of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, persons (other than a Director 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	Percentage interests
W. S. Wong & Sons Company Limited	Beneficial owner *(Note 1)*	195,338,803	41.84%
Salop Investment Limited	Beneficial owner *(Note 2)*	74,810,699	16.02%
HSBC International Trustee Limited	Trustee *(Note 3)*	40,957,546	8.77%
Batsford Limited	Trustee *(Note 4)*	270,949,502	58.03%

Name of other persons	Capacity	Number of ordinary shares	Percentage interests
Kong King International Limited	Beneficial owner *(Note 5)*	38,458,487	8.24%
Mountainview International Limited	Trustee *(Note 5)*	38,458,487	8.24%
HSBC Trustee (Cook Islands) Limited (formerly known as "Bermuda Trust (Cook Islands) Limited")	Trustee *(Note 5)*	38,458,487	8.24%
Wong Chung Yin, Michael	Founder of discretionary trust *(Note 6)*	29,683,960	6.36%

Notes:

1. W. S. Wong & Sons Company Limited was a company controlled by the Wong family and was interested in 195,338,803 shares in the Company.

   Each of Levy Investment Limited and Salop Investment Limited owned 19% of W. S. Wong & Sons Company Limited, and was in turn wholly owned by Batsford Limited. Accordingly, W. S. Wong & Sons Company Limited was regarded as a controlled corporation of Batsford Limited (by virtue of the SFO). The references to 195,338,803 shares interested by W. S. Wong & Sons Company Limited (as disclosed herein) and deemed to be interested by Batsford Limited (as disclosed in Note 4(c) below) relate to the same block of shares.

2. Please see Note 1(b) under the section headed "Disclosure of interests by Directors and chief executive".

3. 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 (by virtue of the SFO) and HSBC International Trustee Limited was the trustee (by virtue of the SFO). The references to 17,584,960 shares deemed to be interested by HSBC International Trustee Limited (as disclosed herein) and Mr. Wong Chung Yin, Michael (as disclosed in Note 6(b) below) relate to the same block of shares.

   (b) 11,357,150 shares were held by Floral Inc. (which was wholly owned by HSBC International Trustee Limited) under a discretionary trust of which HSBC International Trustee Limited was the trustee (by virtue of the SFO).

   (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 (by virtue of the SFO).

4. Batsford Limited was deemed (by virtue of the SFO) to be interested in 270,949,502 shares in the Company. These shares were held in the following capacity:

    (a) 74,810,699 shares were held by Salop Investment Limited (which was in turn wholly owned by Batsford Limited) under a discretionary trust, of which Mr. Wong Chung Mat, Ben was regarded as the founder and Ms. Wong Yin Man, Ada was regarded as one of the beneficiaries (by virtue of the SFO). Please see Note 1(b) under the section headed "Disclosure of interests by Directors and chief executive".

    (b) 800,000 shares were held by Levy Investment Limited (which was in turn wholly owned by Batsford Limited) under a discretionary trust, of which Mr. Wong Chung Yin, Michael was regarded as the founder (by virtue of the SFO). The references to 800,000 shares deemed to be interested by Batsford Limited (as disclosed herein) and Mr. Wong Chung Yin, Michael (as disclosed in Note 6(a) below) relate to the same block of shares.

    (c) 195,338,803 shares were interested by W. S. Wong & Sons Company Limited, which was regarded as a controlled corporation of Batsford Limited (by virtue of the SFO). Please see Note 1 above.

5. Please see Note 2(c) under the section headed "Disclosure of interests by Directors and chief executive".

6. Mr. Wong Chung Yin, Michael was deemed (by virtue of the SFO) to be interested in 29,683,960 shares in the Company. These shares were held in the following capacity:

    (a) 800,000 shares were held by Levy Investment Limited (which was in turn wholly owned by Batsford Limited) under a discretionary trust, of which Mr. Wong Chung Yin, Michael was regarded as the founder (by virtue of the SFO). Please see Note 4(b) above.

    (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 (by virtue of the SFO). Please see Note 3(a) above.

    (c) 11,299,000 shares were held for The Pacific Way Unit Trust. Mr. Wong Chung Yin, Michael was regarded as the founder of the discretionary trust (by virtue of the SFO) in relation to the same block of shares.

Save as disclosed, the Directors are not aware of any other persons who, as at the Latest Practicable Date, 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.

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into any service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment or any compensation other than statutory compensation).

6. INTERESTS IN COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates (as defined in the Listing Rules) had any interest in a business which compete or may compete with the business of the Group.

7. DIRECTORS' INTERESTS IN ASSETS OF THE GROUP OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest in any assets which have been, since 31 December 2007 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CONTRACTS

None of the members of the Group has entered into any contracts within the two years immediately preceding the Latest Practicable Date which are not in the ordinary course of business and which are or may be material.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinions or advice, which are contained in this circular:

Name	Qualification
SHINEWING (HK) CPA Limited ("SHINEWING")	Certified public accountants
DTZ Debenham Tie Leung Limited ("DTZ")	Property valuer, chartered surveyor

Each of SHINEWING and DTZ has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or report or references to its names in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of SHINEWING and DTZ has any shareholding interest in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of SHINEWING and DTZ has any interest, direct or indirect, in any assets which have been, since 31 December 2007 (being the date to which latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. PROCEDURE BY WHICH SHAREHOLDERS MAY DEMAND A POLL

Pursuant to the Bye-law 76 of the Bye-laws, at any general meeting a resolution put to the vote of the meeting of the Company shall be decided on a show of hands, but a poll may be demanded before or on the declaration of the result of the show of hands:

(i) by the chairman or any Director; or

(ii) by at least three members present in person or by proxy or by representative for the time being entitled to vote at the meeting; or

(iii) by any member or members present in person or by proxy or by representative and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iv) by a member or members present in person or by proxy or by representative and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

11. GENERAL

(a) The registered office of the Company is at Clarendon House, Church Street, Hamilton HM 11, Bermuda and the Company's branch share registrar and transfer office in Hong Kong is Tricor Standard Limited, which is situated at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.

(b) The Company Secretary of the Company is Ms. Chu Kam Lin, who is an associate member of Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

(c) The Qualified Accountant of the Company is Mr. Chan Tsze Wah, Gabriel, who is a fellow member of The Association of Chartered Certified Accountants. He obtained a Bachelor degree in Social Sciences from the University of Hong Kong. Before joining the Group, he had approximately 10 years' experience with a major international firm of accountants.

(d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and principal place of business of the Company in Hong Kong at the principle office of the Company at Wong's Industrial Centre, 180A Wai Yip Street, Kwun Tong, Kowloon, Hong Kong during normal business hours on weekdays other than public holidays from the date of this circular up to and including the date of the SGM:

(a) the memorandum of association and the Bye-laws of the Company;

(b) the accountant's report on JVCO 1 and its subsidiary, the text of each of which is set out in Appendix II to this circular;

(c) the accountant's report on JVCO 2 and its subsidiary, the text of each of which is set out in Appendix III to this circular;

(d) the annual reports of the Group for the years 2005, 2006 and 2007;

(e) the unaudited pro forma financial information and the letter thereon from SHINEWING, the text of each of which is set out in Appendix V to this circular;

(f) the property valuation report prepared by DTZ, the text of which is set out in Appendix VII to this circular; and

(g) the written consents as referred to in the paragraph headed "Experts and Consents" in this appendix.

WONG'S INTERNATIONAL (HOLDINGS) LIMITED
王氏國際（集團）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 99)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting ("**SGM**") of Wong's International (Holdings) Limited (the "**Company**") will be held at The Four Seasons Ballroom, 2/F., Renaissance Kowloon Hotel Hong Kong, 22 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 12 December 2008 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution as an ordinary resolution of the Company:

1. "**THAT** (a) the share subscription agreement dated 3 October 2008 entered into between the Company, Ubiquitous International Limited (a wholly-owned subsidiary of the Company, "**WIH-Sub**"), Sun Hung Kai Properties Limited ("**SHK**"), Data Giant Limited (a wholly-owned subsidiary of SHK, "**SHK-Sub**") and Bollardbay Limited ("**JVCO 1**") relating to the subscription of new shares in JVCO 1 ("**Subscription Agreement 1**") (copy of which has been produced to the meeting marked "A" and signed by the chairman of the meeting for the purpose of identification); (b) the share subscription agreement dated 3 October 2008 entered into between the Company, WIH-Sub, SHK, SHK-Sub and Talent Chain Investments Limited ("**JVCO 2**") relating to the subscription of new shares in JVCO 2 ("**Subscription Agreement 2**") (copy of which has been produced to the meeting marked "B" and signed by the chairman of the meeting for the purpose of identification); (c) the shareholders' agreement to be entered into between the Company, SHK, WIH-Sub, SHK-Sub, JVCO 1 and Easywise Limited ("**Shareholders' Agreement 1**") (copy of which has been produced to the meeting marked "C" and signed by the chairman of the meeting for the purpose of identification); and (d) the shareholders' agreement to be entered into between the Company, SHK, WIH-Sub, SHK-Sub, JVCO 2 and Crown Opal Investment Limited ("**Shareholders' Agreement 2**") (copy of which has been produced to the meeting marked "D" and signed by the chairman of the meeting for the purpose of identification) (Subscription Agreement 1, Subscription Agreement 2, Shareholders' Agreement 1 and Shareholders' Agreement 2 are collectively referred to as "**Development Agreements**") and all the transactions contemplated thereunder be and are hereby approved, confirmed and ratified."

By Order of the Board
WONG CHUNG MAT, BEN
Chairman and Chief Executive Officer

Hong Kong, 27 November 2008

Notes:

1. Any member entitled to attend and vote at the SGM is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

2. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto but if more than one such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members in respect of such share shall alone be entitled to vote in respect thereof.

3. The form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the principal office of the Company at Wong's Industrial Centre, 180A Wai Yip Street, Kwun Tong, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting.

4. The Register of Members will be closed on Friday, 12 December 2008 during which period no transfer of shares will be effected. Shareholders, who intend to attend the SGM, must deliver their instruments of transfer accompanied by the relevant share certificates to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Thursday, 11 December 2008.

5. Delivery of the form of proxy will not preclude a member from attending and voting in person at the SGM convened and in such event, the form of proxy shall be deemed to be revoked.

As at the date of this notice, the Executive Directors of the Company are Mr. Wong Chung Mat, Ben, Mr. Wong Chung Ah, Johnny, Mr. Chan Tsze Wah, Gabriel, Mr. Tan Chang On, Lawrence, Mr. Wan Man Keung and Ms. Wong Yin Man, Ada; and the Independent Non-executive Directors are Dr. Li Ka Cheung, Eric, G.B.S., O.B.E., J.P., Dr. Yu Sun Say, G.B.S., J.P. and Mr. Alfred Donald Yap, J.P.

** For identification purpose only*