WONG'S 王氏

WONG'S INTERNATIONAL (HOLDINGS) LIMITED
王氏國際(集團)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 99)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

The Directors announce that the unaudited consolidated results of the Group for the six months ended 30th June, 2008 were as follows:

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

	NOTES	**Six months ended 30th June, 2008** *HK$'000* **(Unaudited)**	2007 *HK$'000* (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		**(8,087)**	(12,690)
Share of results of associates		**2,711**	393
Profit before taxation		**34,755**	32,111
Taxation	*5*	**(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		**4,669**	4,669
Earnings per share	*6*		
Basic		**HK$0.06**	HK$0.05
Diluted		**N/A**	N/A

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET
AT 30TH JUNE, 2008

	At 30/6/2008 *HK$'000* (Unaudited)	At 31/12/2007 *HK$'000* (Audited)
Non-current assets		
Investment properties	**63,440**	58,710
Property, plant and equipment	**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	**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	**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	**6,001**	6,001
	1,475,258	1,187,427
Current liabilities		
Trade and other payables	**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	**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	**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

Notes:

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 31st 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 31st 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 1st 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 1st January, 2009.
2 Effective for annual periods beginning on or after 1st July, 2009.
3 Effective for annual periods beginning on or after 1st July, 2008.
4 Effective for annual periods beginning on or after 1st 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 30th June, 2008 and 2007 is as follows:

Business segments

	For the six months ended 30th June, 2008					
	EMS division *HK$'000* (Unaudited)	ODM division *HK$'000* (Unaudited)	Other divisions[#] *HK$'000* (Unaudited)	Unallocated *HK$'000* (Unaudited)	Eliminations *HK$'000* (Unaudited)	Consolidated *HK$'000* (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 30th 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 30th 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. TAXATION

	Six months ended 30th 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.

6. 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 30th June, 2007: HK$24,851,000) and the number of ordinary shares of 466,921,794 (six months ended 30th 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.

INTERIM DIVIDEND

The Directors have resolved to pay an interim dividend of HK$0.01 per share (2007: HK$0.01 per share) on Friday, 24th October, 2008 to the shareholders as recorded on the Register of Members on Friday, 17th October, 2008.

The Register of Members will be closed from Monday, 13th October, 2008 to Friday, 17th October, 2008, both days inclusive, during which period no transfer of shares will be effected. To qualify for the above dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrars, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 10th October, 2008.

REVIEW OF BUSINESS ACTIVITIES

For the first six months ended 30th 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 our 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 our 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 our existing customers as a result of deteriorating global economies in the U.S. and the world.

We have 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 our 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 our operating expenses. Over the last six months, our costs in salaries and wages and indirect material have both experienced double digits increases but at the same, our 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 our future profit margin. To compact these soaring costs, we will continue to focus on streamlining our operation efficiency and managing our 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, we will only sell the unsold residential units and car-parks at the prices which will maximise our returns.

FINANCE

As at 30th 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 30th 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 30th 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 our customers, the Company expects that sales with the EMS Division will continue to be soft in the second half of 2008. We 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 our future sales and profit. We will rigorously improve our competitiveness and profitability by increasing production efficiency and reducing manufacturing costs through an aggressive control of labor and overhead costs.

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

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

During the six months ended 30th June, 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30th June, 2008, the Company has complied with the code provisions of the "Code on Corporate Governance Practices" (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for the following deviations:

1. Code provision A.2.1

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

(a) Both positions require in-depth knowledge and considerable experience of the Group's business. Candidates with the suitable knowledge, experience and leadership are difficult to find both within and outside the Group. If either of the positions is occupied by an unqualified person, the Group's performance could be gravely compromised.

(b) The Company believes that the supervision of the Board and its Independent Non-executive Directors can provide an effective check and balance mechanism and ensures that the interests of the shareholders are adequately represented.

2. Code provision A.4.1

None of the existing Non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, every Director of the Company is now subject to retirement by rotation under Bye-law 112 of the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

AUDIT COMMITTEE

The Audit Committee, which comprises all Independent Non-executive Directors, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30th June, 2008.

By Order of the Board
WONG CHUNG MAT, BEN
Chairman and Chief Executive Officer

Hong Kong, 22nd September, 2008

As at the date of this announcement, 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.