WO KEE HONG (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 720)

2009 INTERIM RESULTS (UNAUDITED)

WO KEE HONG (HOLDINGS) LIMITED is an investment holding company with major subsidiaries engaged in the import, marketing, distribution and after-sales service of high quality, brand-name products serving customers in the Asian region, in particular, the markets of The People's Republic of China ("PRC"*(Note)*), Hong Kong, Macau, Singapore and Malaysia. The products include principally cars and car accessories, motor yachts, fashion apparels and accessories, air-conditioning and refrigeration products, audio-visual equipment, car audio and electronic products.

RESULTS

The Directors of Wo Kee Hong (Holdings) Limited (the "Company") announce that the unaudited consolidated results of the Company and its subsidiaries (together the "Group") for the six months ended June 30, 2009 were as follows:

Condensed Consolidated Statement of Comprehensive Income
For the six months ended June 30

	Notes	**2009** *HK$'000* **(Unaudited)**	2008 *HK$'000* (Unaudited)
Turnover	*3*	**558,501**	540,921
Cost of sales		**(480,654)**	(437,954)
Gross profit		**77,847**	102,967
Other operating income		**3,319**	2,807
Distribution costs		**(49,158)**	(41,335)
Administrative expenses		**(94,268)**	(72,517)
Fair value gains on investment properties		**2,470**	–
Reversal of write-down of properties held for sale to net realisable value		**880**	–
Loss from operations	*4*	**(58,910)**	(8,078)
Finance costs		**(4,646)**	(3,812)
Provision for guarantee		**–**	(950)
Share of results of associates		**(95)**	–
Loss before tax		**(63,651)**	(12,840)
Income tax expenses	*5*	**(258)**	(473)
Loss for the period		**(63,909)**	(13,313)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**(95)**	2,848
Other comprehensive income for the period (net of tax)		**(95)**	2,848
Total comprehensive income for the period		**(64,004)**	(10,465)
Loss for the period attributable to:			
Equity holders of the Company		**(59,384)**	(17,825)
Minority interests		**(4,525)**	4,512
		(63,909)	(13,313)
Total comprehensive income attributable to:			
Equity holders of the Company		**(59,521)**	(15,264)
Minority interests		**(4,483)**	4,799
		(64,004)	(10,465)
Losses per share for loss attributable to the equity holders of the Company during the period			
– Basic and diluted	*6*	**(20.20) cents**	(5.82) cents
Dividends		**NIL**	NIL

Condensed Consolidated Statement of Financial Position

	Note	**June 30, 2009** *HK$'000* **(Unaudited)**	December 31, 2008 *HK$'000* (Audited)
Non-current assets			
Investment properties		**19,470**	17,000
Property, plant and equipment		**51,892**	56,415
Prepaid lease payments		**26,371**	26,712
Goodwill		**31,611**	31,611
Interests in associates		**–**	95
Interest in a jointly controlled entity		**–**	–
Available-for-sale financial assets		**21,252**	21,527
Deferred tax assets		**10**	10
		150,606	153,370
Current assets			
Inventories		**255,974**	234,664
Properties held for sale, at net realisable value		**22,030**	21,150
Trade and other receivables		**191,700**	249,504
Bills receivable		**405**	–
Derivative financial instruments		**60**	98
Amounts due from associates		**43,858**	39,834
Amount due from a jointly controlled entity		**2,980**	2,119
Other financial assets at fair value through profit or loss		**6**	6
Cash and cash equivalents		**139,878**	164,030
		656,891	711,405
Current liabilities			
Trade and other payables		**325,918**	330,489
Bills payables		**18,289**	14,383
Tax payables		**1,031**	2,418
Amounts due to related companies		**940**	944
Borrowings – due within one year	*7*	**162,592**	152,919
		508,770	501,153
Net current assets		**148,121**	210,252
Total assets less current liabilities		**298,727**	363,622

	Note	**June 30, 2009** *HK$'000* **(Unaudited)**	December 31, 2008 *HK$'000* (Audited)
Non-current liabilities			
Borrowings – due after one year	*7*	**35,326**	37,709
Deferred tax liabilities		**11**	12
		35,337	37,721
Net assets		**263,390**	325,901
Capital and reserves			
Share capital		**29,403**	29,403
Reserves		**217,662**	275,690
Equity attributable to equity holders of the Company		**247,065**	305,093
Minority interests		**16,325**	20,808
Total equity		**263,390**	325,901

Notes:

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", other relevant Hong Kong Accounting Standards ("HKASs"), Interpretations and the Hong Kong Financial Report Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. APPLICATION OF NEW AND REVISED HKFRSs

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments and investment properties that are measured at fair values.

A number of new or revised Standards and interpretations are effective for the financial year beginning on January 1, 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these unaudited condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended December 31, 2008.

HKFRS 8 "Operating Segments"
(effective for annual periods beginning on or after January 1, 2009)

HKFRS 8 is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments (note 3), but has had no impact on the reported results or financial position of the Group.

HKAS 1 (revised 2007) "Presentation of Financial Statements"
(effective for annual periods beginning on or after January 1, 2009)

HKAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning January 1, 2009 and have not been early adopted:

- Amendment to HKAS 39, "Financial instruments: Recognition and measurement" on eligible hedged items, effective for annual periods beginning on or after July 1, 2009. The Group will apply HKAS 39 (amendment) from January 1, 2010.

- HKFRS 3 (revised), "Business combinations" and consequential amendments to HKAS 27, "Consolidated and separate financial statements", HKAS 28, "Investments in associates" and HKAS 31, "Interests in joint ventures", effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation, associates and jointly controlled entity on the Group.

  The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) to all business combinations from January 1, 2010.

- HK(IFRIC) 17, "Distributions of non-cash assets to owners", effective for annual periods beginning on or after July 1, 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

- HK(IFRIC) 18, "Transfers of assets from customers", effective for transfer of assets received on or after July 1, 2009. This is not relevant to the Group, as it has not received any assets from customers.

HKICPA's improvements to HKFRS have been published in May 2009, which have introduced certain amendments to those standards set out below. These amendments are not effective for the financial year beginning January 1, 2009 and have not been early adopted. The Group is assessing the impact of these amendments and will apply these amendments from January 1, 2010.

- HKFRS 2 "Share-based payments"
- HKFRS 5 "Non-current assets held for sale and discontinued operations"
- HKFRS 8 "Operating segments"
- HKAS 1 "Presentation of financial statements"
- HKAS 7 "Statement of cash flows"
- HKAS 17 "Leases"
- HKAS 36 "Impairment of assets"
- HKAS 38 "Intangible assets"
- HKAS 39 "Financial instruments: Recognition and measurement"
- HK(IFRIC) 9 "Reassessment of embedded derivatives"
- HK(IFRIC) 16 "Hedges of a net investment in a foreign operation"

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from January 1, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. The adoption of HKFRS 8 has resulted in a redesignation of the Group's reportable segments.

In prior period, the Group organised into four operating divisions: cars and car accessories, electrical appliances, property investment and fashion apparels and accessories. In current period, the Group has reclassified its previously reporting segments into three operating divisions: cars and car accessories, electrical appliances and fashion apparels and accessories. These divisions are the basis on which the Group reports its segment information.

Segment information about these businesses is presented below.

Six months ended June 30, 2009

	Cars and car accessories *HK$'000* (Unaudited)	Electrical appliances *HK$'000* (Unaudited)	Fashion apparels and accessories *HK$'000* (Unaudited)	Others *HK$'000* (Unaudited)	Eliminations *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Turnover						
External sales	444,041	80,722	33,263	475	–	558,501
Inter-segment sales	–	2,184	19	–	(2,203)	–
Total turnover	444,041	82,906	33,282	475	(2,203)	558,501
Results						
Segment results	(23,825)	(1,110)	(18,650)	(2,089)	–	(45,674)
Unallocated corporate income						1,351
Unallocated corporate expenses						(14,587)
Loss from operations						(58,910)
Finance costs						(4,646)
Share of results of associates						(95)
Loss before tax						(63,651)
Income tax expenses						(258)
Loss for the period						(63,909)

Six months ended June 30, 2008

	Cars and car accessories *HK$'000* (Unaudited)	Electrical appliances *HK$'000* (Unaudited)	Fashion apparels and accessories *HK$'000* (Unaudited)	Others *HK$'000* (Unaudited)	Eliminations *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Turnover						
External sales	428,437	103,512	1,957	7,015	–	540,921
Inter-segment sales	–	–	–	–	–	–
Total turnover	428,437	103,512	1,957	7,015	–	540,921
Results						
Segment results	13,915	2,073	(5,241)	(6,919)	–	3,828
Unallocated corporate income						4,815
Unallocated corporate expenses						(16,721)
Loss from operations						(8,078)
Finance costs						(3,812)
Provision for guarantee						(950)
Loss before tax						(12,840)
Income tax expenses						(473)
Loss for the period						(13,313)

4. LOSS FROM OPERATIONS

	Six months ended June 30	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss from operations has been arrived at after charging:		
Cost of inventories recognised as expenses (included in cost of sales)	**480,654**	437,954
Amortisation of prepaid lease payments	**343**	17
Depreciation of:		
– owned assets	**7,798**	4,908
– assets held under finance leases	**–**	376
Staff costs, including directors' emoluments	**55,387**	55,500
Loss on disposal of property, plant and equipment	**596**	–
Share-based payment expenses	**1,493**	–
and crediting:		
Interest income	**1,351**	4,815
Gain on disposal of property, plant and equipment	**–**	985

5. INCOME TAX EXPENSES

No provision for Hong Kong Profits Tax has been provided during the period as the Group did not have assessable profits during the period (2008: 16.5%).

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

	Six months ended June 30	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	**–**	–
Outside Hong Kong	**258**	475
	258	475
Deferred tax:		
Hong Kong	**–**	–
Outside Hong Kong	**–**	(2)
Income tax expenses attributable to the Company and its subsidiaries	**258**	473

6. LOSSES PER SHARE

The calculation of the basic losses per share is based on the loss for the period attributable to equity holders of the Company of approximately HK$59,384,000 (2008: HK$17,825,000) and on the weighted average number of ordinary shares in issue during the period of 294,027,710 (2008: 306,377,710).

Diluted losses per share for the periods ended June 30, 2009 and 2008 were the same as the basic losses per share. The Company's outstanding share options were not included in the calculation of diluted losses per share because the effects of the Company's outstanding share options were anti-dilutive.

7. BORROWINGS

	June 30, 2009	December 31, 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bank overdrafts	**26,066**	6,908
Bank loans	**159,382**	180,336
Other loans	**12,470**	3,384
	197,918	190,628
Secured (note 9)	**178,158**	176,885
Unsecured	**19,760**	13,743
	197,918	190,628
The maturities of the above loans are as follows:		
Within one year	**162,592**	152,919
More than one year, but not exceeding two years	**5,047**	4,921
More than two years, but not exceeding five years	**11,801**	12,641
More than five years	**18,478**	20,147
	197,918	190,628
Less: Amounts due within one year shown under current liabilities	**(162,592)**	(152,919)
Amounts due after one year	**35,326**	37,709

The fair values of the Group's borrowings at June 30, 2009 approximate to the corresponding carrying amounts.

8. CONTINGENT LIABILITIES

(a) The Company had provided guarantees for banking facilities made available to subsidiaries in the amount of approximately HK$346,675,000 (December 31, 2008: HK$327,447,000).

(b) The Company had provided other guarantees issued for subsidiaries in the amount of approximately HK$11,360,000 (December 31, 2008: HK$32,626,000).

9. PLEDGE OF ASSETS

	June 30, 2009 *HK$'000* **(Unaudited)**	December 31, 2008 *HK$'000* (Audited)
Deposits in bank	**104,439**	106,565
Inventories	**32,906**	11,944
Investment properties	**16,930**	14,610
Properties held for sale	**22,030**	21,150
Property, plant and equipment:		
Land and buildings	**2,009**	2,035
Motor yacht	**15,431**	15,872
Prepaid lease payments	**25,492**	25,818
Floating charges on all assets of a subsidiary	**14,726**	18,848
	233,963	216,842

The amounts represent assets pledged to banks, other licensed financial institution and independent third party to secure facilities granted to the Group. The pledged assets will be released upon the settlement of relevant borrowings.

INTERIM DIVIDEND

The Directors have resolved not to declare the payment of an interim dividend (2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Financial Review

Results

For the first half of 2009, Group turnover recorded a slight increase of 3.3% to HK$558.5 million, compared to HK$540.9 million for the same period last year. Due to the sudden attack of the global financial tsunami, we faced the dilemma of having to re-design our originally-planned business strategy and developments some of which could not be stopped immediately whilst others could be cancelled promptly. In this fragile market sentiment, our sales performance failed to achieve the results expected earlier.

Gross profit margin for the first half decreased by 5.1% from 19.0% in 2008 to 13.9% in 2009 whilst gross profit decreased by HK$25.2 million to HK$77.8 million (2008: HK$103.0 million). The weak economic situation caused by the financial tsunami had led to a general price reduction of many of our consumer products, resulting on average in a slimmer gross profit margin in the first half. The most affected segments were our car and fashion businesses. In order to boost sales, “Alfa Romeo” and “Fiat” cars were forced to exercise price-cut campaigns. Meanwhile, similar “sale” campaigns were made in most of our fashion retail shops.

Distribution costs were up by 19.1% to HK$49.2 million (2008: HK$41.3 million), due mainly to relatively high operational costs in our fashion business represented by, inter alia, rental and direct wages. A complete overhaul of our fashion business was started in March with the appointment of a new Chief Operating Officer and by replacing the fashion management team. Non-performing retail shops were closed to stop the outflow of cash and headcounts were cut significantly. Brands with unsatisfactory performance were discontinued as detailed in “Business Review” section below.

The 30.1% increase in administrative expenses of HK$21.8 million from HK$72.5 million of last period to HK$94.3 million in this period were attributed to three main reasons: Firstly, the unsatisfactory “Alfa Romeo” car, “Fiat” car and motor yacht businesses with poor revenue but still being operating with relatively high cost of rental and overheads; secondly, the fashion business which, whilst operating with heavy costs at all levels of operation, failed to capture better sales; thirdly, the necessary expansion of our car business facilities, as a result of our long term business plan, by relocating to the new Shatin base in the second quarter of 2009, required new capital spending and cost, with the reward of increasing efficiency and sales performance to be seen in due course.

In reviewing the overall costs incurred by the Group, it is worth to note that, apart from the car, yacht and fashion segments, all other segments and operations had achieved de facto cost savings in the reporting period, including the central management overheads and the Singapore/Malaysia operations.

In addition to the surgerical overhaul being undertaken in our fashion operation, in order to prioritize our strategy of focusing our resources on profitable segments and preserving cash, decisions were made to dispose of our non-performing businesses immediately, including, but not limited to, “Alfa Romeo” car, “Fiat” car and our motor yacht business in PRC. This has to be completed before the end of 2009. Meanwhile, the respective managers of these segments have to take every possible step to cut overheads and headcount as a paramount priority.

The Board regrets to report a loss from operations of HK$58.9 million (2008: HK$8.1 million) and a loss attributable to shareholders of HK$59.4 million (2008: HK$17.8 million) for the first half of 2009, the reasons of which were highlighted above. However, we are confident that with all the cost-cutting measures and strategic decisions made as outlined above, we will be able to achieve a comparatively healthier financial result for the second half of the year.

Cash Flow, Liquidity and Financial Resources

The Group was financed by a combination of its equity capital base, cash flow generated from operations and bank borrowings. As usual, bank and other liabilities were being met upon their maturities in the normal course of business.

A net outflow of cash of HK$43.0 million (2008: HK$118.3 million) was recorded, representing the aggregate of funds used in operating, investing and financing activities in the reporting period.

At June 30, 2009, the Group had total borrowings amounting to HK$197.9 million (December 31, 2008: HK$190.6 million). The Group's long term gearing ratio stood at 14.3% (December 31, 2008: 12.4%), based on non-current liabilities (excluding deferred tax) of HK$35.3 million (December 31, 2008: HK$37.7 million) and shareholders' equity of HK$247.1 million (December 31, 2008: HK$305.1 million). The current ratio was 1.3 (December 31, 2008: 1.4), based on current assets of HK$656.9 million (December 31, 2008: HK$711.4 million) and current liabilities of HK$508.8 million (December 31, 2008: HK$501.2 million).

It is the Group's management practice to hedge foreign currency transactions with the objective to substantially stabilize costs via the pegging of the exchange rates with bankers. Accordingly, the Group was not exposed to material fluctuations in exchange rates and related hedges during the period under review. At June 30, 2009 the total outstanding foreign exchange contracts purchased with banks amounted to HK$5.7 million (December 31, 2008: HK$4.8 million).

The Group had trading facilities at June 30, 2009 amounting to HK$290.5 million (December 31, 2008: HK$298.6 million) of which HK$220.1 million (December 31, 2008: HK$214.5 million) were utilized. Certain of the Group's properties, motor yachts, inventories, cash deposits and all assets of a subsidiary were pledged at this period's end in an aggregate amount of HK$234.0 million (December 31, 2008: HK$216.8 million) to secure loans and facilities granted.

The Group had capital commitments at June 30, 2009 amounting to HK$10.8 million (December 31, 2008: HK$14.8 million). At June 30, 2009 the Group had no material contingent liabilities (December 31, 2008: HK$4.0 million in respect of a bank guarantee issued to the purchaser of the disposed associate in Jiangmen by a subsidiary).

BUSINESS REVIEW

Cars and Car Accessories

The business consists mainly of the import, distribution and after-sales service of Italian "Ferrari", "Maserati", "Alfa Romeo" and "Fiat" cars and spare parts in Hong Kong and Macau. We also operate "Ferrari" and "Maserati" car dealerships in Dalian, Northern China and since end of 2008 in Nanjing, Eastern China.

Compared to the same period last year, turnover increased by 3.6% to HK$444.0 million. Due to the severe blow to market sentiment, caused by the global market down turn, coupled with price adjustments and exchange rate hikes, the profit margin during the first quarter of the year were unsatisfactory and sales of both new and used cars were affected. We had to make special concessions to stimulate the used car business in particular. This strategy effectively lowered the used car stock to an acceptable level and increased sales over the same period of last year.

Despite the poor market sentiment during the first quarter, business began to recover in May and June as the local stock and property markets improved. Total sales of "Ferrari" new car sales increased by 7.3% in the first half over the same period of last year.

"Ferrari's" new limited edition 8-cylinder 16M convertible was launched and we sold out all of our allocations, whilst we continued to deliver the very successful F430 and the 430 Scuderia, with all allocations pre-sold. The newly launched California has proved to be a great success and we currently have an order portfolio extending over two years.

We also hold a healthy order portfolio of our 12 cylinder cars, which includes the 599 GTB Fiorano. We were very proud to deliver the 1000th "Ferrari" in Hong Kong early this year. "Ferrari" holds a dominant 68% market share in luxury sport and GT car segment in Hong Kong.

The segment of "Maserati" cars was seriously affected in the first quarter of 2009, but sales began to pick up again in the second quarter. We launched the new Quattroporte Sports GTS and also the GranTurismo S Automatic. The two door GranTurismo models achieved satisfactory sales in the first half of 2009 and we maintain a healthy order portfolio.

In the midst of the financial tsunami, the Group made a prudent decision to sell off the stocks of "Alfa Romeo" and "Fiat" cars as quickly as possible by lowering the prices. They are now at very low level. Costs cutting was also carried out simultaneously.

The "Ferrari" and "Maserati" dealerships in both Dalian and Nanjing suffered low sales due to a depressed market for luxury sports cars and sedans in the first half of 2009.

The workshop service income increased over last year. Construction work on our newest 3S Centre in Shatin, Hong Kong is being done and will be completed soon.

Electrical Appliances

The business consists of marketing and distribution of a wide range of consumer and commercial air-conditioning and home appliance products from "MHI" (Mitsubishi Heavy Industries of Japan), audio-visual products of our own "Rogers" and "Bodysonic" brands, "Steinway Lyngdorf" premium audio systems and products, "Marantz" and "Denon" audio-visual products of Japan and "Alpine" car entertainment products of Japan. The product ranges are well placed in the market to suit the needs of different market segments. They include high quality residential and commercial air-conditioning equipment, wine coolers and car entertainment products like car CD, iPod and DVD players, TV monitors and GPS navigation systems. Distribution of "Frigidaire" refrigerators and wine coolers was discontinued.

Turnover for the first half of 2009 was HK$80.7 million, representing a 22% decrease compared with the same period of last year.

Market demand for these products was very soft in the first half of 2009 due to the global financial crisis. A lot of the commercial air-conditioning projects were put on hold. Demand improved, however, towards the second quarter of the year. During the period, we launched the new "MHI" FD air conditioner series into the government and public utility sectors including hospitals, power stations and subway station lobbies. This may serve as our important job reference for future business developments. We also held commercial air-conditioning product seminars for engineering firms and professionals, and good feedbacks were received. Meanwhile, cost savings were implemented in this operation.

Efforts were also made to expand the distribution network of "Rogers" and "Bodysonic" audio visual brands in Eastern and Northern China. Responses were good in our launch of the "Rogers 60th Anniversary Edition" tube amplifiers.

The innovative "Alpine" head unit was launched successfully into Hong Kong and Macau car audio market. The image of "Alpine" as the leading car audio manufacturer in the market was enhanced.

Overseas Business

The Group's overseas businesses are mainly generated from our subsidiaries in Singapore and Malaysia.

The business of "MHI" air-conditioning products was profitable in Singapore despite weak market conditions. The multi-split system air-conditioners sold very well due to their strong application in the local Housing and Development Board market. All of the "MHI" room air-conditioner models attained the highest rating from the National Environmental Agency.

The "Alpine" car entertainment businesses in Singapore suffered with weak OEM sales due to the financial tsunami, yet we were able to achieve the budget with profit.

Sales also suffered in Malaysia, yet we were able to make a small profit for the first half of 2009. The drop in sales was mainly due to poor car sales which affected the OEM car entertainment products.

Motor Yachts

The business consists of the import and distribution of the luxurious Italian "Ferretti" motor yachts in the PRC, the leading Taiwanese "Horizon" motor yachts in Hong Kong, Macau and the PRC and also the famous Italian "Pershing" motor yachts in Hong Kong and Macau.

The market of luxury motor yachts suffered as one of the hardest hit by the financial tsunami. Though there were a number of prospective sales, no sales were made during the first half of 2009.

Fashion and Accessories

The business consists of the import, distribution, sub-licensing and retailing of several fashion brands including the Italian "John Richmond", "Richmond 'X'", "Richmond Denim", "Marina Yachting" and "Sweet Years".

The Group is also licensed to make and distribute "Playboy" branded female intimate, swim wears and ladies fashion lines. Sales were made through direct counters at department stores and wholesaling. We also own the fashion brand "V-one" which comprises seven clothing lines with different styles. The brand is distributed throughout a network of retails sales points in the main cities of the PRC.

The Group is also in the process of setting up a joint venture with the Italian Binda Group to distribute exclusively up-market and lifestyle watch brands like "Breil Milano", "D&G", "Moschino" and "Ducati" in Hong Kong, Macau and the PRC.

Losses were incurred by the fashion group as the fashion retail business remained very depressed during the first half of 2009. We therefore made a prudent decision to terminate the distribution agreements of "John Richmond", "Richmond X", "Richmond Denim", "Marina Yachting" and "Sweet Years". The management considered it very crucial to terminate such distribution agreements to avoid incurring further operational losses so that cash on hand would not be further impaired.

Headcount reductions were made and the management team of this business sector was completely replaced. Focus was placed on overhauling our own "V-one" and licensed "Playboy" brands. Terminations of loss-making shops were made to reduce overheads.

PERSONNEL

At June 30, 2009, the total number of employees of the Group, excluding Associates, stood at 583 (2008: 426), representing a 37% increase in headcount. This is mainly due to the acquisition of "V-one" in the PRC during the year 2008, the set-up of a new subsidiary in Nanjing since September 2008 for car business and the expansion of our car business group, motor yacht business and the set-up of retail shops in Hong Kong & the PRC for our fashion apparels and accessories business. Headcount reduction was subsequently made as a result of terminations of several fashion brands and of scaling back of operations.

The management is committed to staff motivation, training and development to ensure that our employees remain focused as well as competitive and dynamic in this challenging marketplace. Together with the innovative organisational improvements, led by our committed management team, we are confident that the business and our employees will grow together for the benefit of the Group in the years to come.

SUBSEQUENT EVENTS

Pursuant to a resolution passed by the independent shareholders of the Company at the special general meeting held on August 6, 2009 ("SGM"), the placing agreement (the "Placing Agreement") dated July 1, 2009 entered into between the Company and Tanrich Capital Limited (the "Placing Agent") was approved. Pursuant to the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 100,000,000 new shares of the Company ("Placing Shares") in three tranches of not less than 30,000,000 Placing Shares each (except where the tranche comprised of the remaining number of the Placing Shares), to not less than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons at a price of HK$0.28 per Placing Share. The Placing Agent will during the period between the date immediately following the date of the SGM and 12:00 midnight on the date falling three (3) months from such date (or such date as the parties may agree), both days inclusive, place the Placing Shares on a best effort basis.

Pursuant to a resolution passed by the independent shareholders of the Company at the SGM, the subscription agreement (the "Subscription Agreement") dated July 1, 2009 entered into between the Company and Dr. Richard Man Fai Lee, the Executive Chairman and the Chief Executive Officer of the Company (the "Subscriber") was approved. Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for up to 50,000,000 new shares of the Company ("Subscription Shares") in three tranches of not less than 15,000,000 Subscription Shares each (except where the tranche comprised of the remaining number of the Subscription Shares) at a price of HK$0.28 per Subscription Share.

With effect from September 2, 2009, Mr. Peter Pi Tak YIN has been appointed as an independent non-executive Director and a member of the Audit Committee of the Company; and Mr. Ying Kwan CHEUNG has been appointed as the Chairman of the Audit Committee of the Company.

PROSPECTS

As the global financial tsunami unfolded, our key markets in Asia were also badly hit. It came at a very bad time as the Group had just begun to invest in the development of luxury product lines in fashion and motor yachts. Prudent decision was immediately made by our management to curtail such planned expansion, even at the cost of a substantial short term loss in the first half; we see it absolutely necessary to sustain our well-being into the future. The resulting cash flow generation, lowering of inventory, liabilities and overheads lay a healthy foundation of recovery.

It is resolved that all of the loss-making operations will be disposed of within this year; whilst resources are being focused to maximize return on our profitable businesses. Specifically, the distributions of "John Richmond", "Richmond X", "Richmond Denim", "Sweet Years" and "Marina Yachting" fashion in Greater China had just been disposed of. Furthermore, the distribution of "Alfa Romeo" and "Fiat" cars in Hong Kong and motor yachts in the PRC will also be disposed of within this year.

Substantial savings will be achieved as a result of the above disposals; coupled with focus on profit maximization on the remaining profitable businesses, we are confident to return to operational profit soon.

We expect continuous profits to be generated by our “Ferrari” and “Maserati” car business as we continue to increase their sales; especially with a very healthy order portfolio over two years of “Ferrari” cars of the hugely successful California and newly launched 458 Italia models. The recently launched “Maserati” GranCabrio and GranTourismo GT S will also generate good sales increase for this segment.

Our own “V-One” fashion and licensed “Playboy” ladies lines are being overhauled. The watch distribution business of especially “D&G” and “Moschino” is generating profit in Hong Kong and the PRC; whilst our traditional electrical appliance business remains viable.

On July 1, 2009, we had entered into a placing agreement and a subscription agreement to which the Company has agreed to place through a placing agent on a best effort basis a maximum of 100,000,000 shares and to a subscriber a maximum of 50,000,000 shares. The maximum aggregate proceeds will amount to HK$42 million. The subscriber, being the major shareholder of the Company, had demonstrated support to the Company by the subscription and will enable us to raise additional funding for business development. The placing and subscription is still in progress and the results will be notified in due course to the shareholders.

In the meanwhile, with the worst time behind us, we are seeing continuous recovery in our business sectors since May this year as a result of market stimulation across the Asian region, especially in Hong Kong and the PRC. We expect our luxury sports car business to achieve a year-on-year growth and positive developments in all of our remaining businesses. The Group will focus on our growth as an important lifestyle products distribution company. Our perseverance through the past challenges has shown our strong character as a leading company with growth potential in the 21st century Asia.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended June 30, 2009, the Company and its subsidiaries have not repurchased, sold or redeemed any of the Company’s securities.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) during the six-months ended June 30, 2009 except in relation to the separation of the roles of Chairman and chief executive officer under the code provision A.2.1.

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Dr. Richard Man Fai LEE is the Executive Chairman and Chief Executive Officer. The Board considers that this structure will not impair the balance of power and authority between the Board and the management. This is because the Board has adopted clear guideline as to the power and authority of the Board and the management. There is a guideline as to the power and duties of Chief Executive Officer. The details are set out fully in the corporate governance report in 2005 annual report.

In addition, the Board which comprises experienced and high caliber individuals meets regularly to discuss issues and operation of the Group. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted a code of conduct for transactions in the Company's securities by the Directors that complies with the Model Code as set out in Appendix 10 of the Listing Rules. Followed specific enquiries by the Company, all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the six–months ended June 30, 2009.

AUDIT COMMITTEE

The Company set up an Audit Committee comprising, Mr. Boon Seng TAN, Mr. Ying Kwan CHEUNG and Mr. Peter Pi Tak YIN, all of whom are Independent Non-executive Directors of the Company. In establishing the terms of reference for this Committee, the Directors have had regard to "A Guide for Effective Audit Committee" issued by the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified Public Accountants) in February 2002 and the Code on Corporate Governance Practices.

The Audit Committee of the Company has reviewed the interim accounts and the Interim Report 2009, and was content that the accounting policies of the Group are in accordance with the current best practice in Hong Kong.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B) of the Listing Rules, the change in information of directors of the Company subsequent to the date of the 2008 Annual Report is set out below:

The length of service of Mr. Tik Tung WONG as the executive Director and Chief Financial Officer of the Company was extended from 1 year to 2 years commencing from July 1, 2009 and terminating on June 30, 2011 pursuant to a service agreement entered into between Mr. WONG and the Company on July 1, 2009.

By order of the Board
WO KEE HONG (HOLDINGS) LIMITED
Dr. Richard Man Fai LEE
Executive Chairman & CEO

Hong Kong, September 18, 2009

As at the date of this announcement, the Board comprises Dr. Richard Man Fai LEE (Executive Chairman and Chief Executive Officer), Mr. Jeff Man Bun LEE and Mr. Tik Tung WONG, all of whom are Executive Directors, Ms. Kam Har YUE, who is a Non-executive Director, Mr. Boon Seng TAN, Mr. Ying Kwan CHEUNG, and Mr. Peter Pi Tak YIN, all of whom are Independent Non-executive Directors.

Note: For the sole purpose of this announcement, the PRC excludes Hong Kong and Macau Special Administrative Regions.