WO KEE HONG (HOLDINGS) LIMITED

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

ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2009

The Directors of Wo Kee Hong (Holdings) Limited (the "Company") announce that the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended December 31, 2009 were as follows:

Consolidated Income Statement
For the year ended December 31, 2009

	Notes	**2009** *HK$'000*	2008 *HK$'000*
Turnover	*3*	**1,240,716**	1,308,229
Cost of sales		**(1,078,437)**	(1,059,901)
Gross profit		**162,279**	248,328
Other operating income	*5*	**5,932**	16,863
Distribution costs		**(102,596)**	(103,520)
Administrative expenses		**(187,439)**	(182,479)
Fair value gains/(losses) on investment properties		**740**	(641)
Reversal/(write-down) of properties held for sale to net realisable value		**610**	(2,250)
Loss from operations	*6*	**(120,474)**	(23,699)
Finance costs		**(9,236)**	(8,298)
Restructuring costs		**(10,081)**	–
Impairment on available-for-sale financial assets		**(6,000)**	(9,000)
Impairment on goodwill		**(3,176)**	–
Provision for guarantee		**–**	(950)
Transaction costs for a terminated acquisition		**–**	(6,008)
Share of results of associates		**(95)**	(18)
Share of result of a jointly controlled entity		**(1,729)**	(3,000)
Loss before tax		**(150,791)**	(50,973)
Income tax expenses	*7*	**(399)**	(8,079)
Loss for the year		**(151,190)**	(59,052)
Loss attributable to:			
Equity holders of the Company		**(141,225)**	(68,869)
Minority interests		**(9,965)**	9,817
		(151,190)	(59,052)
Loss per share attributable to equity holders of the Company			
– Basic and diluted (restated)	*8*	**HK$(0.09)**	HK$(0.05)

Consolidated Statement of Comprehensive Income
For the year ended December 31, 2009

	2009 HK$'000	2008 HK$'000
Loss for the year	**(151,190)**	(59,052)
Exchange differences on translation of foreign operations	**487**	215
Total comprehensive income for the year	**(150,703)**	(58,837)
Total comprehensive income attributable to:		
Equity holders of the Company	**(140,530)**	(68,884)
Minority interests	**(10,173)**	10,047
	(150,703)	(58,837)

Consolidated Statement of Financial Position

At December 31, 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Investment properties		**17,740**	17,000
Property, plant and equipment		**60,125**	56,415
Prepaid lease payments		**26,023**	26,712
Goodwill		**30,189**	31,611
Interests in associates		**–**	95
Available-for-sale financial assets		**15,252**	21,527
Deferred tax assets		**–**	10
		149,329	153,370
Current assets			
Inventories		**221,825**	234,664
Properties held for sale, at net realisable value		**21,760**	21,150
Trade and other receivables	*9*	**183,529**	249,504
Derivative financial instruments		**–**	98
Amounts due from associates		**49,451**	39,834
Amount due from a jointly controlled entity		**–**	2,119
Other financial assets at fair value through profit or loss		**10**	6
Cash and cash equivalents		**151,973**	164,030
		628,548	711,405
Current liabilities			
Trade and other payables	*10*	**345,340**	330,489
Bills payables		**32,080**	14,383
Tax payables		**205**	2,418
Obligations under finance leases – due within one year		**88**	–
Amounts due to related companies		**959**	944
Borrowings – due within one year		**145,384**	152,919
		524,056	501,153
Net current assets		**104,492**	210,252
Total assets less current liabilities		**253,821**	363,622
Non-current liabilities			
Obligations under finance leases – due after one year		**308**	–
Borrowings – due after one year		**34,165**	37,709
Deferred tax liabilities		**15**	12
		34,488	37,721
Net assets		**219,333**	325,901
Capital and reserves			
Share capital		**45,013**	29,403
Reserves		**163,685**	275,690
Equity attributable to equity holders of the Company		**208,698**	305,093
Minority interests		**10,635**	20,808
Total equity		**219,333**	325,901

NOTES:

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

In the current year, the Group has applied all of the new and revised standards, amendments and interpretations (the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 20 (Amendment)	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligation Arising on Liquidation
HKAS 38 (Amendment)	Intangible Assets
HKAS 40 (Amendment)	Investment Properties
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfer of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRS issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRS issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior years.

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments.

Improving Disclosures about Financial Instruments
(Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements and liquidity risk. The Group has not presented comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 28 (Amendment)	Investments in Associates[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets)[7]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Equity holders[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

[1] Effective for annual periods beginning on or after July 1, 2009
[2] Effective for annual periods beginning on or after July 1, 2009 and January 1, 2010, as appropriate
[3] Effective for annual periods beginning on or after January 1, 2010
[4] Effective for annual periods beginning on or after February 1, 2010
[5] Effective for annual periods beginning on or after July 1, 2010
[6] Effective for annual periods beginning on or after January 1, 2011
[7] Effective for annual periods beginning on or after January 1, 2013

The application 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 July 1, 2009. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which term collectively included Hong Kong Accounting Standards ("HKASs") and Interpretations (the "Interpretations") issued by the HKICPA, accounting principles generally accepted in Hong Kong 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 (the "Listing Rules").

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

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

3. TURNOVER

	2009	2008
	HK$'000	*HK$'000*
Sales of goods to customers, less returns and discounts	**1,162,548**	1,232,657
Maintenance service income	**77,431**	74,589
Rental income	**737**	983
	1,240,716	1,308,229

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure standard that 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 for the purposes of allocating resources to segments and assessing their 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 returns approach. In the past, the Group's primary reporting segment was business segment. The adoption of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

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

The three operating and reportable segments are as follows:

Cars	Trading of cars and related accessories and provision of car repairing services
Electrical appliances	Distribution of air-conditioning products, audio-visual equipment, including car audio, home appliances and installation of air-conditioning products
Fashion apparels and accessories	Distribution and retail of fashion apparels and accessories

Segment revenue and results

2009

	Cars	Electrical appliances	Fashion apparels and accessories	Others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover						
External sales	**976,356**	**177,193**	**70,598**	**16,569**	**–**	**1,240,716**
Inter-segment sales	**–**	**2,184**	**32**	**–**	**(2,216)**	**–**
Total turnover	**976,356**	**179,377**	**70,630**	**16,569**	**(2,216)**	**1,240,716**
Inter-segment sales are charged at arm's length						
Results						
Segment results	**(48,461)**	**(2,017)**	**(24,959)**	**(20,882)**	**–**	**(96,319)**
Interest income						**2,575**
Unallocated corporate expenses						**(26,730)**
Loss from operations						**(120,474)**
Finance costs						**(9,236)**
Restructuring costs						**(10,081)**
Impairment on available-for-sale financial assets						**(6,000)**
Impairment on goodwill	**–**	**–**	**(3,176)**	**–**	**–**	**(3,176)**
Share of results of associates	**–**	**–**	**–**	**(95)**	**–**	**(95)**
Share of result of a jointly controlled entity	**–**	**–**	**(1,729)**	**–**	**–**	**(1,729)**
Loss before tax						**(150,791)**
Income tax expenses						**(399)**
Loss for the year						**(151,190)**

Segment assets and liabilities

2009

	Cars HK$'000	Electrical appliances HK$'000	Fashion apparels and accessories HK$'000	Others HK$'000	Consolidated HK$'000
Consolidated statement of financial position					
Assets					
Segment assets	**341,693**	**74,891**	**79,249**	**81,410**	**577,243**
Interests in associates	**–**	**–**	**–**	**–**	**-**
Unallocated corporate assets					**200,634**
Consolidated total assets					**777,877**
Liabilities					
Segment liabilities	**260,019**	**39,877**	**32,328**	**22,507**	**354,731**
Unallocated corporate liabilities					**203,813**
Consolidated total liabilities					**558,544**

Other segment information

	Cars HK$'000	Electrical appliances HK$'000	Fashion apparels and accessories HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
Other information						
Capital expenditures	**23,429**	**1,218**	**1,579**	**81**	**2,354**	**28,661**
Depreciation	**10,620**	**482**	**2,334**	**257**	**2,756**	**16,449**
Amortisation of prepaid lease payments	**–**	**–**	**12**	**27**	**652**	**691**
Fair value losses on investment properties	**–**	**–**	**–**	**740**	**–**	**740**
Reversal of properties held for sale to net realisable value	**–**	**–**	**–**	**610**	**–**	**610**
Gain/(loss) on disposal of property, plant and equipment	**(2,433)**	**159**	**(3,834)**	**(93)**	**115**	**(6,086)**
Impairment on available-for-sale financial assets	**–**	**–**	**–**	**–**	**6,000**	**6,000**

Segment revenue and results

2008

	Cars HK$'000	Electrical appliances HK$'000	Fashion apparels and accessories HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Turnover						
External sales	1,004,038	196,120	48,725	59,346	–	1,308,229
Inter-segment sales	–	149	25	–	(174)	–
Total turnover	1,004,038	196,269	48,750	59,346	(174)	1,308,229
Inter-segment sales are charged at arm's length						
Results						
Segment results	36,858	(405)	(20,740)	(11,006)	–	4,707
Interest income						8,812
Unallocated corporate expenses						(37,218)
Loss from operations						(23,699)
Finance costs						(8,298)
Impairment on available-for-sale financial assets						(9,000)
Provision for guarantee						(950)
Transaction costs for a terminated acquisition						(6,008)
Share of results of associates	–	–	–	(18)	–	(18)
Share of result of a jointly controlled entity	–	–	(3,000)	–	–	(3,000)
Loss before tax						(50,973)
Income tax expenses						(8,079)
Loss for the year						(59,052)

Segment assets and liabilities

2008

	Cars *HK$'000*	Electrical appliances *HK$'000*	Fashion apparels and accessories *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Consolidated statement of financial position					
Assets					
Segment assets	384,660	79,793	93,742	91,858	650,053
Interests in associates	–	–	–	95	95
Interests in a jointly controlled entity	–	–	–	–	–
Unallocated corporate assets					214,627
Consolidated total assets					864,775
Liabilities					
Segment liabilities	250,268	24,101	36,886	15,805	327,060
Unallocated corporate liabilities					211,814
Consolidated total liabilities					538,874

Other segment information

	Cars *HK$'000*	Electrical appliances *HK$'000*	Fashion apparels and accessories *HK$'000*	Others *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Other information						
Capital expenditures	12,657	269	6,243	276	30,616	50,061
Depreciation	7,174	478	2,307	244	2,591	12,794
Amortisation of prepaid lease payments	–	–	9	25	272	306
Fair value losses on investment properties	–	–	–	641	–	641
Write-down of properties held for sale to net realisable value	–	–	–	2,250	–	2,250
Fair value losses on other financial assets at fair value through profit or loss	–	–	–	–	11	11
Gain/(loss) on disposal of property, plant and equipment	1,028	1	(86)	–	103	1,046
Impairment on available-for-sale financial assets	–	–	–	–	9,000	9,000
Provision for guarantee	–	–	–	–	950	950

Segment results represent the profit/(loss) generated by each segment without allocation of finance costs, restructuring costs, impairment on available-for-sale financial assets, impairment on goodwill, share of results of associates, share of result of a jointly controlled entity, provision for guarantee, transaction costs for a terminated transaction and income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment measurement.

Geographical information

The Group's operations are mainly located in Hong Kong, Singapore, Malaysia, PRC and Macau. The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods/services:

	Turnover by geographical market	
	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**957,668**	1,030,466
Singapore	**72,828**	81,395
Malaysia	**31,294**	35,804
PRC	**170,663**	153,566
Macau	**8,263**	6,998
	1,240,716	1,308,229

The following is an analysis of the carrying amount of non-current assets (excluding deferred tax assets and derivative financial instrument) analysed by the geographical area in which the assets are located:

	Carrying amount of non-current assets*	
	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**70,765**	64,967
Singapore	**1,002**	359
Malaysia	**249**	239
PRC	**62,013**	66,268
Macau	**48**	–
	134,077	131,833

* *Non-current assets excluding financial instruments and deferred tax assets.*

5. OTHER OPERATING INCOME

	2009	2008
	HK$'000	*HK$'000*
Commission income	**2,808**	3,297
Licence fee income for the right of distribution of products	**–**	2,000
Management fee refunded	**–**	580
Interest income	**2,575**	8,812
Exchange gain, net	**266**	769
Fair value gains on derivative financial instruments	**–**	98
Gain on disposal of property, plant and equipment	**–**	1,046
Sundry income	**283**	261
	5,932	16,863

6. LOSS FROM OPERATIONS

	2009	2008
	HK$'000	*HK$'000*
Loss from operations has been arrived at after charging:		
Auditors' remuneration	**867**	948
Cost of inventories recognised as expenses (included write-down of inventories to net realisable value of approximately HK$8,070,000 (2008: HK$460,000))	**1,078,437**	1,059,901
Amortisation of prepaid lease payments	**691**	306
Depreciation of:		
Owned assets	**16,391**	12,493
Assets held under finance leases	**58**	301
Fair value losses on other financial assets at fair value through profit or loss	**–**	11
Staff costs, including directors' emoluments	**107,681**	118,454
Operating lease rental in respect of land and buildings:		
Minimum lease payments	**51,635**	39,800
Contingent rentals	**1,202**	2,224
Share-based payment expenses	**1,671**	–

7. INCOME TAX EXPENSES

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profit arising in Hong Kong for the year.

Outside Hong Kong taxation is calculated at the rates prevailing in the respective jurisdictions.

	2009	2008
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**–**	6,953
Outside Hong Kong	**386**	1,116
	386	8,069
Deferred tax:		
Hong Kong	**–**	–
Outside Hong Kong	**13**	10
	13	10
Income tax expenses attributable to the Company and its subsidiaries	**399**	8,079

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to equity holders of the Company of approximately HK$141,225,000 (2008: loss of HK$68,869,000) and on the weighted average number of 1,603,184,015 (2008: 1,525,254,170 (restated)) after adjusting for the effects of share subdivision approved on February 12, 2010. The basic loss per share for 2008 had been adjusted accordingly.

Diluted loss per share for the years ended December 31, 2009 and 2008 were the same as the basic loss per share. The Company's outstanding share options were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options were anti-dilutive.

9. TRADE AND OTHER RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**78,878**	128,366
Less: allowance for doubtful debts	**(2,465)**	(1,604)
Total trade receivables, net of allowance for doubtful debts	**76,413**	126,762
Deposits, prepayments and other receivables	**107,116**	122,742
	183,529	249,504

The following is an aged analysis of trade receivables net for allowance of doubtful debts at the end of the reporting period:

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**56,834**	100,630
31 to 60 days	**10,000**	10,547
61 to 90 days	**2,752**	3,911
91 days to 1 year	**4,815**	8,075
Over 1 year	**2,012**	3,599
Total	**76,413**	126,762

The Group allows an average credit period of 7 to 90 days to its customers.

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the end of the reporting period:

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**28,575**	26,627
31 to 60 days	**9,790**	12,575
61 to 90 days	**5,748**	7,740
91 days to 1 year	**9,468**	6,928
Over 1 year	**4,596**	528
Total trade payables	**58,177**	54,398
Customers' deposits, accruals and other payables	**287,163**	276,091
	345,340	330,489

DIVIDENDS

The Directors do not recommend the payment of a final dividend (2008: nil) for the year ended December 31, 2009. No interim dividend was paid during the year (2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

FINANCIAL REVIEW

Results of Operations

As a result of the financial tsunami, which was rampant throughout the material time of 2009, our sales performance was unsatisfactory. A two-fold restructuring was launched in the second quarter of 2009. The first part was to promptly discontinue all loss-making operations even at the cost of various one-off losses arising from termination arrangements; the second part was to freeze all further expansion of our existing businesses in order to preserve liquid cash level. This rationalization has proved to help in the generation of more cash flow and the reduction of operating expenses and has laid a healthy foundation for our recovery in the coming year.

For the year ended December 31, 2009, Group turnover decreased 5.2% to HK$1,240.7 million from HK$1,308.2 million last year. Our gross profit margin decreased from 19.0% last year to 13.1% this year, resulting in a contraction of margin by HK$86.0 million to HK$162.3 million (2008: HK$248.3 million). The weak economic situation led to a general price cut of many of our consumer products. In order to boost sales and clear all inventories, those discontinued brands of the fashion segment, together with "Alfa Romeo" and "Fiat" of the car segment inevitably resulted in a gross loss.

The Group's operating costs were considered to be high and unsatisfactory. Distribution and administrative costs increased by 1.4% to HK$290.0 million (2008: HK$286.0 million), representing 23.4% (2008: 21.9%) of the turnover. The high costs were mainly due to the unfavorable exchange rate of Euro and the high distribution and administrative costs of discontinued businesses. The non-performing "Alfa Romeo" car, "Fiat" car and the motor yacht businesses were at all material times suffering from relatively heavy payroll and overheads. Secondly, those discontinued brands under the fashion segment recorded low sales and high fixed costs.

We have made due impairment of HK$6.0 million (2008: HK$9.0 million) on our 10% investment in Digital Outdoor Television (Hong Kong) Limited as well as HK$3.2 million (2008: Nil) impairment on goodwill respectively, basing on professional valuation. A restructuring cost of HK$10.1 million (2008: Nil) was related to termination expenses in respect of payroll and overhead for all discontinued business units.

The board regrets to deliver a loss attributable to shareholders of HK$141.2 million (2008: HK$68.9 million), carrying a further loss of HK$72.3 million as compared with last year. As the global financial situation deteriorated, our business encountered a severe downturn, particularly during the first three quarters of 2009. We would conclude that 2009 was a very bad year for us, being affected by a cluster of negative elements. With the various appropriate corrective actions initiated in the second quarter, we are now beginning our strong recovery process.

Starting from 2010, we have implemented a comprehensive budget control management model by which, inter alia, all business units and cost centers are closely monitored with timely reports including variance analysis. Accordingly, any unreasonable or unapproved expenses are rigorously challenged or disallowed.

Our financial performance for the first quarter of 2010 was really encouraging. All major business units managed to achieve their pre-set budgets. Management will continue to monitor business across all segments on a monthly basis to ensure major business operations are on the right track with satisfactory financial performance.

Financial Condition and Capital Structure

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.

Cash and cash equivalents at December 31, 2009 were HK$152.0 million (2008: HK$164.0 million). The cash used in operating activities was approximately HK$9.5 million compared with the cash inflow of HK$188.5 million for year 2008. The cash used in operations activities was mainly for purchase of inventories, especially in the motor car and motor yacht business.

The Group had total borrowings at December 31, 2009 amounting to HK$179.5 million (2008: HK$190.6 million). The Group's long term gearing ratio stood at 16.5% (2008: 12.4%), based on long term liabilities (excluding deferred tax) of HK$34.5 million (2008: HK$37.7 million) and shareholders' equity of HK$208.7 million (2008: HK$305.1 million). The current ratio was 1.2 (2008: 1.4), based on current assets of HK$628.5 million (2008: HK$711.4 million) and current liabilities of HK$524.1 million (2008: HK$501.2 million).

The Group had trading facilities at December 31, 2009 amounting to HK$326.4 million (2008: HK$298.6 million) of which HK$226.2 million (2008: HK$214.5 million) was utilized.

Foreign Exchange Exposure

The Group's purchases were mainly conducted in Euro and US Dollar while the sales are mainly conducted in HK Dollar and RMB. It is the Group's management practice to hedge foreign currency transactions with the objective to stabilize the cost via the pegging of the exchange rates with bankers. Due to the sustained strong Euro throughout 2009, we unavoidably suffered from a higher exchange rate and purchase cost, particularly for our car division. At December 31, 2009, there was no outstanding foreign exchange contracts purchased with banks (2008: HK$4.8 million).

Pledge of Assets

Certain of the Group's properties, a motor yacht, inventories, cash deposits and all assets of a subsidiary were pledged at year ended 2009 in an aggregate amount of HK$258.9 million (2008: HK$216.8 million) to secure loans and facilities granted.

Capital Commitments and Contingent Liabilities

The Group had capital commitments of HK$0.8 million at December 31, 2009 (2008: HK$14.8 million). At December 31, 2009, the Group had no material contingent liabilities (2008: HK$4.0 million in respect of a bank guarantee issued to the purchaser of the disposed associate.)

BUSINESS REVIEW

Cars

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. In the PRC, we operate "Ferrari" and "Maserati" car dealerships in Dalian and Nanjing.

Compared to 2008, there was a slight decrease of turnover of 2.7% to HK$976.4 million as a result of the economic downturn. Profit margins suffered from increased costs of cars and an untimely switch of "Ferrari" purchase payment from US Dollar to Euro from the beginning of year; a strong Euro during the year caused higher purchase cost of cars.

Sales of "Ferrari's" remained stable with uninterrupted deliveries of F430 Berlinettas, Spiders, Scuderias and limited series Scuderia Spider 16Ms. California GTs had been delivered and the year closed with an outstanding order portfolio quoting a delivery time of approximately two years.

In September 2009, "Ferrari" launched the new 8 cylinder 458 Italia sports car. First deliveries are due to commence in Hong Kong in mid-2010 but this new model has already obtained exceptionally positive reviews and prestigious awards all around the world. By the end of 2009, the Group had secured an encouraging number of orders for the 458 Italia.

Awareness of the “Maserati” brand achieved another boost in Hong Kong due to the launch of the revised Quattroporte Sport GT S. Demand for “Maserati’s” GranTurismo and GranTurismo S remained relatively high. Deliveries of the first examples of the GranTurismo S Automatic began in June 2009. Despite this, “Maserati” was exposed to the reduction in demand for all cars throughout 2009 and recorded a drop in the Group’s sales performance compared with 2008.

Our dealership business in Dalian and Nanjing has developed well and both turnover and financial performance continued to improve in these two regions.

The PDI (Pre-Delivery Inspection) work being carried out by the Group on behalf of Ferrari Maserati Cars International Trading (Shanghai) Co., Limited generated good additional income.

The “Alfa Romeo” and “Fiat” businesses were badly hit in 2009 due to the economic downturn. In view of market conditions, a rationalisation program took effect in the fourth quarter of 2009 with the closing of the “Alfa Romeo” and “Fiat” sales operations.

In order to improve the overall performance and profitability of our car division, an operation efficiency improvement and cost reduction program was introduced in the last quarter of 2009. Satisfactory results were achieved since its introduction.

Electrical Appliances

The business consists of the marketing and distribution of a wide range of consumer and commercial air-conditioning and home appliance products from major brands, namely “MHI” (Mitsubishi Heavy Industries of Japan) and “GREE”, audio-visual products of our own “Rogers” and “Bodysonic” brands, “Marantz” and “Denon” and “Alpine” car electronics.

The product ranges are well-placed in the market to suit the needs of different market segments. Facing extreme challenges during the economic downturn, turnover of the electrical appliance business was decreased by 9.6% as compared to 2008.

In Hong Kong, most of the air conditioning projects in the private sector came to a halt in the first half of 2009. Meanwhile, however, projects from the public sectors recorded a growth due to the increase of the public expenditures. Whilst demand for car audio and audio visual equipment in Hong Kong was affected seriously due to the sluggish market in the first half of 2009, the market sentiment started to recover during the last quarter of the year.

Despite the economic downturn pressures, our subsidiaries in Singapore and Malaysia still recorded a slight increase in profit. The successes were contributed mainly to the successful sales and marketing activities and our extensive dealer network.

Fashion Apparels and Accessories

The business consists of the distribution, sub-licensing and retailing of several fashion brands including the Italian “John Richmond”, “Marina Yachting” and “Sweet Years” brands in Hong Kong and the PRC. The Group is also licensed to manufacture and sell American “Playboy” lingerie and ladies’ swim wears in the PRC and Hong Kong and the “Playboy” ladies’ apparels in the PRC and Taiwan. The group also engages in the business of design, trading and sale of men’s apparels in the PRC under the self-owned brand of “V-one”.

Due to the economic recession and unsatisfactory performance, a substantial restructuring was undertaken from the middle of 2009. We terminated the distribution activities and the retail outlets of “John Richmond”, “Marina Yachting” and “Sweet Years” in Hong Kong and the PRC. As for the “Playboy” licensing, we decided to refocus our activities only in the PRC and reached a termination agreement with “Playboy” for the licenses of ladies’ apparels in Taiwan, lingerie and ladies’ swim wear in Hong Kong, Macau, Taiwan, Malaysia and Singapore.

Extensive operation efficiency improvement and cost optimization measures were implemented in the business unit of “V-one” men’s wear. For the past couple of months, financial performance has seen marked improvement as a result.

In addition to the fashion business, in July 2008, our Group was appointed by the Italian Binda Group as its sole and exclusive distributor of fashion watches and jewellery under the Italian brands of “D&G”, “Moschino” and “Breil Milano” in the PRC, Hong Kong, Macau and Taiwan.

In 2009, satisfactory results were achieved in our watches and jewellery wholesales activities while retail performances were below our expectation. In the last quarter of 2009, we closed our own retail stores in Hong Kong and Shanghai and focused on the profit-making wholesales activities. Along with such strategic change, we introduced a new program that would improve our overall business performance, supply chain collaboration and customer satisfaction. A cost effective advertising and promotion program, with a funding of over HK$17 million supported by Binda Group, will be launched in the highly lucrative China market in 2010.

Other Business

In addition to the above key businesses, the Group also engages in the distribution of motor yachts in Hong Kong and the PRC. This included the Italian brands “Pershing” and “Ferretti” and Taiwanese brand “Horizon”.

At the end of 2009, the Group’s distribution agreement with “Ferretti” expired and the management decided not to continue this line of business due to severe market difficulties in China and in order to eliminate the extensive cost structure of the yacht network in China.

HUMAN RESOURCES

At the end of 2009, the total number of employees of the Group, excluding associates, was 561 (2008: 659), representing a 14.9% decrease in headcount. This is mainly due to the restructuring program which took place in the fashion and electrical appliances divisions.

The management is committed to staff motivation, training and development to ensure that our employees remain stable as well as competitive and dynamic in the marketplace. Several leadership training seminars for our managerial staff were conducted during the year to strengthen their skills and teamwork amidst the difficult market situation. Together with the continuous organizational improvements led by our committed management team, we are confident that our business and our employees will grow together for the benefit of the Group in the years to come.

SUBSEQUENT EVENTS

Establishment of Joint Venture With Italian Fashion Accessories Distributor

On January 25, 2010, Trendy Move International Limited (the "Trendy Move"), a wholly-owned subsidiary of the Company, entered into a share subscription agreement (the "Subscription Agreement") with Binda S.p.A. ("Binda"), an Italian fashion accessories distributor, pursuant to which Binda agreed to subscribe for new shares in Grow Bright Limited ("Grow Bright"). The Subscription Agreement was completed on February 1, 2010 and Grow Bright is owned as to 50% by Trendy Move and as to 50% by Binda. For more details, please refer to the Company's announcement dated January 25, 2010.

Share Subdivision and Change in Board Lot Size

Pursuant to a resolution passed by the shareholders of the Company at a special general meeting held on February 12, 2010, each of the existing issued and unissued shares of HK$0.10 each in the share capital of the Company was subdivided into 5 new ordinary shares (the "Subdivided Shares") of HK$0.02 each (the "Share Subdivision"). With the Share Subdivision became effective on February 17, 2010, the Subdivided Shares were traded in board lots of 12,500 Subdivided Shares. For more details, please refer to the Company's announcement dated February 12, 2010.

PROSPECTS

As the global financial situation continues to recover, we are confident that the Group's business performance in 2010 will also recover substantially over 2009.

The Group's order portfolio for "Ferrari" continues to grow healthily with a lead-time of between two and four years for the renewed range. Overall interest and demand is strong and the launch of the new 8 cylinder 458 Italia sports car in September 2009 added further impetus. "Maserati's" profile continues to increase in 2010. A significant development in our after-sales business and used car sales will help to improve the profitability of our car business.

For our electrical appliances business, we will work closely with our major suppliers such as “MHI” and “Alpine” in order to improve our market shares and market positioning through effective marketing and sales programs. We will continue to explore development opportunities of our own “Rogers” brand in the PRC.

Capitalising on the continuous growth of the China economy and consumption, the Group formed a joint venture with Binda Group of Italy in February 2010 for the distribution of watches and jewellery under the Italian brands of “Breil Milano”, “D&G” and “Moschino” in the PRC, Hong Kong, Macau and Taiwan. With the strong support from Binda Group, we are confident that we can expand our watch and jewellery businesses rapidly in the Greater China area. After the restructuring in the middle of 2009, our own “V-one” branded men’s wear business outperformed its budget. We are confident that our fashion business is ready to expand with good growth momentum.

In order to maintain our competiveness in the market, we have introduced an extensive business process redesign and automation program throughout the entire organization. We are currently entering into the testing stage of the ADP Car Dealer Management System in our car division which is due to go live in the middle of 2010. Simultaneously, an optimization program of our Baan Enterprise Resources Planning System is taking place in order to improve our internal and supply chain efficiency.

Resources saved by the cost optimization programmes will be utilised in the front end marketing and sales activities in order to improve revenues and profit. Smaller profit centres are being created within different business segments. This will ensure the objectives of employees and the Group are seamlessly aligned.

Whilst the Group will continue to grow into an important lifestyle products distribution company, our business in 2010 will be moving forward with a prudent but optimistic approach.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company and its subsidiaries have not repurchased, sold or redeemed any of the Company’s securities during the year.

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 year ended December 31, 2009, except in relation to the separation of the role 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. 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.

AUDIT COMMITTEE REVIEW

The audit committee has reviewed the audited financial statements of the Group for the year ended December 31, 2009 including the accounting principles and practices adopted by the Group, and discussed the internal control and financial reporting matters during the review.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on June 1, 2010. For details of the annual general meeting, please refer to the notice of annual general meeting, which is expected to be despatched on or about April 27, 2010.

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

Hong Kong, April 9, 2010

As at the date of this announcement, the Board comprises of 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, PRC excludes Hong Kong and Macau Special Administrative Regions and Taiwan.