WO KEE HONG (HOLDINGS) LIMITED

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2010

The Directors of Wo Kee Hong (Holdings) Limited (the "Company") are pleased to announce that the unaudited condensed consolidated results of the Company and its subsidiaries (together the "Group") for the six months ended June 30, 2010 were as follows:

Condensed Consolidated Income Statement

For the six months ended June 30

	Notes	**2010** **HK$'000** **(Unaudited)**	2009 HK$'000 (Unaudited)
Turnover	3	**676,934**	558,501
Cost of sales		**(557,528)**	(480,654)
Gross profit		**119,406**	77,847
Other operating income		**20,681**	3,319
Distribution costs		**(39,892)**	(49,158)
Administrative expenses		**(73,884)**	(94,268)
Fair value gains on investment properties		**–**	2,470
Reversal of properties held for sale to net realisable value		**–**	880
Profit/(loss) from operations	4	**26,311**	(58,910)
Finance costs		**(4,207)**	(4,646)
Share of results of associates		**–**	(95)
Share of result of a jointly controlled entity		**88**	–
Net gain on disposal of subsidiaries		**9,273**	–
Profit/(loss) before tax		**31,465**	(63,651)
Income tax expenses	5	**(68)**	(258)
Profit/(loss) for the period		**31,397**	(63,909)
Profit/(loss) for the period attributable to:			
Owners of the Company		**29,601**	(59,384)
Non-controlling interests		**1,796**	(4,525)
		31,397	(63,909)
Earnings/(loss) per share attributable to the owners of the Company during the period			
– Basic (restated)	6	**1.30 cents**	(4.04) cents
– Diluted (restated)	6	**1.28 cents**	(4.04) cents
Dividend		**Nil**	Nil

Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30

	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit/(loss) for the period	**31,397**	(63,909)
Exchange differences arising on translation of foreign operations	**508**	(95)
Total comprehensive income for the period	**31,905**	(64,004)
Total comprehensive income attributable to:		
Owners of the Company	**29,997**	(59,521)
Non-controlling interests	**1,908**	(4,483)
	31,905	(64,004)

Condensed Consolidated Statement of Financial Position

	Notes	June 30, 2010 HK$'000 (Unaudited)	December 31, 2009 HK$'000 (Audited)
Non-current assets			
Investment properties		**2,680**	17,740
Property, plant and equipment		**63,952**	60,125
Prepaid lease payments		**25,679**	26,023
Goodwill		**30,044**	30,189
Interest in associates		**–**	–
Interest in a jointly controlled entity		**3,943**	–
Available-for-sale financial assets		**15,252**	15,252
		141,550	149,329
Current assets			
Inventories		**213,580**	221,825
Properties held for sale, at net realisable value		**21,760**	21,760
Trade and other receivables	*7*	**178,195**	183,529
Amounts due from associates		**60,001**	49,451
Other financial assets at fair value through profit or loss		**10**	10
Cash and cash equivalents		**188,440**	151,973
		661,986	628,548
Current liabilities			
Trade and other payables	*8*	**343,207**	345,340
Bills payables		**49,828**	32,080
Tax payables		**195**	205
Amounts due to related companies		**959**	959
Obligations under finance leases – due within one year		**88**	88
Borrowings – due within one year	*9*	**128,790**	145,384
		523,067	524,056
Net current assets		**138,919**	104,492
Total assets less current liabilities		**280,469**	253,821

	Note	**June 30, 2010** *HK$'000* **(Unaudited)**	December 31, 2009 *HK$'000* (Audited)
Non-current liabilities			
Obligations under finance leases			
– due after one year		**267**	308
Borrowings – due after one year	*9*	**24,581**	34,165
Deferred tax liabilities		**15**	15
		24,863	34,488
Net assets		**255,606**	219,333
Capital and reserves			
Share capital		**45,648**	45,013
Reserves		**190,907**	163,685
Equity attributable to owners of the Company		**236,555**	208,698
Non-controlling interests		**19,051**	10,635
Total equity		**255,606**	219,333

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 Reporting 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 interim financial information has been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies used in the interim financial information is consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2009.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on January 1, 2010.

HKFRSs (Amendments)	Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRS 1 (Amendments)	Amendment to HKFRS 1 First-time Adoption of HKFRSs – Additional Exemptions for First-time Adopters
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosure For the First-time Adopter
HKFRS 2 (Amendments)	Amendment to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combination
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners

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

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

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

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

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from January 1, 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might not affect the classification and measurement of the Group's financial assets.

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

3. SEGMENT INFORMATION

In current period, the Group organised 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.

Segment information about these businesses is presented below.

Segment revenue and results

Six months ended June 30, 2010

	Cars *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	**469,191**	**122,098**	**27,281**	**58,364**	**–**	**676,934**
Inter-segment sales	**–**	**101**	**–**	**–**	**(101)**	**–**
Total turnover	**469,191**	**122,199**	**27,281**	**58,364**	**(101)**	**676,934**
Results						
Segment results	**6,347**	**7,076**	**502**	**6,332**	**–**	**20,257**
Interest income						**1,196**
Unallocated other operating income						**16,085**
Unallocated corporate expenses						**(11,227)**
Profit from operations						**26,311**
Finance costs						**(4,207)**
Share of results of associates	**–**	**–**	**–**	**–**	**–**	**–**
Share of result of a jointly controlled entity	**–**	**–**	**88**	**–**	**–**	**88**
Net gain on disposal of subsidiaries						**9,273**
Profit before tax						**31,465**
Income tax expenses						**(68)**
Profit for the period						**31,397**

Segment assets and liabilities

June 30, 2010

	Cars *HK$'000* (Unaudited)	Electrical appliances *HK$'000* (Unaudited)	Fashion apparels and accessories *HK$'000* (Unaudited)	Others *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Consolidated statement of financial position					
Assets					
Segment assets	390,695	102,029	54,380	32,079	579,183
Interests in associates	–	–	–	–	–
Interest in a jointly controlled entity	–	–	3,943	–	3,943
Unallocated corporate assets					220,410
Consolidated total assets					803,536
Liabilities					
Segment liabilities	307,025	61,476	11,356	12,847	392,704
Unallocated corporate liabilities					155,226
Consolidated total liabilities					547,930

Segment revenue and results

Six months ended June 30, 2009

	Cars	Electrical appliances	Fashion apparels and accessories	Others	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(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)
Interest income						1,351
Unallocated corporate expenses						(14,587)
Loss from operations						(58,910)
Finance costs						(4,646)
Share of results of associates	–	–	–	(95)	–	(95)
Loss before tax						(63,651)
Income tax expenses						(258)
Loss for the period						(63,909)

Segment assets and liabilities

December 31, 2009

	Cars	Electrical appliances	Fashion apparels and accessories	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
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

4. PROFIT/(LOSS) FROM OPERATIONS

	Six months ended June 30	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit/(loss) from operations has been arrived at after charging:		
Cost of inventories recognised as expenses (included in cost of sales)	**557,528**	480,654
Amortisation of prepaid lease payments	**345**	343
Depreciation of:		
Owned assets	**8,244**	7,798
Assets held under finance leases	**87**	–
Staff costs, including directors' emoluments	**47,075**	55,387
Loss on disposal of property, plant and equipment	**61**	596
Share-based payment expenses	**–**	1,493
Net exchange loss	**94**	–
and crediting:		
Interest income	**1,196**	1,351
Waiver of other payable	**16,085**	–

5. INCOME TAX EXPENSES

No provision for Hong Kong Profits Tax has been made for both periods as the Group has no assessable profits arising in Hong Kong.

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

	Six months ended June 30	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	**–**	–
Outside Hong Kong	**68**	258
	68	258
Deferred tax:		
Hong Kong	**–**	–
Outside Hong Kong	**–**	–
Income tax expenses attributable to the Company and its subsidiaries	**68**	258

6. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	June 30, 2010	June 30, 2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	**29,601**	(59,384)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**2,271,302,141**	1,470,138,550
Effect of dilutive potential ordinary shares:		
Share options granted by the Company	**40,597,889**	–
	2,311,900,030	1,470,138,550

Weighted average number for the period ended June 30, 2009 was restated after adjusting for the effects of share subdivision approved on February 12, 2010.

Diluted loss per share for the period ended June 30, 2009 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.

7. TRADE AND OTHER RECEIVABLES

The Group generally allows an average credit period of 7 to 90 days to its trade customers. The aged analysis of the Group's trade receivables at the end of the reporting period is as follows:

	June 30, 2010	December 31, 2009
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**47,741**	56,834
31 to 60 days	**11,734**	10,000
61 to 90 days	**4,951**	2,752
91 days to 1 year	**3,034**	4,815
Over 1 year	**1,604**	2,012
Total trade receivables, net of allowance for doubtful debts	**69,064**	76,413
Deposits, prepayments and other receivables	**109,131**	107,116
	178,195	183,529

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

8. TRADE AND OTHER PAYABLES

The aged analysis of the Group's trade payables at the end of the reporting period is as follows:

	June 30, 2010	December 31, 2009
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**60,550**	28,575
31 to 60 days	**4,593**	9,790
61 to 90 days	**2,313**	5,748
91 days to 1 year	**3,173**	9,468
Over 1 year	**206**	4,596
Total trade payables	**70,835**	58,177
Customers' deposits, accruals and other payables	**272,372**	287,163
	343,207	345,340

9. BORROWINGS

	June 30, 2010 *HK$'000* (Unaudited)	December 31, 2009 *HK$'000* (Audited)
Bank overdrafts	**319**	–
Bank loans	**139,892**	166,192
Other loans	**13,160**	13,357
	153,371	179,549
Secured *(note 11)*	**123,056**	148,913
Unsecured	**30,315**	30,636
	153,371	179,549

The maturities of the above loans are as follows:

Within one year	**128,790**	145,384
More than one year, but not exceeding two years	**7,789**	7,752
More than two years, but not exceeding five years	**5,968**	11,031
More than five years	**10,824**	15,382
	153,371	179,549
Less: Amounts due within one year shown under current liabilities	**(128,790)**	(145,384)
Amounts due after one year	**24,581**	34,165

The fair values of the Group's borrowings at June 30, 2010 approximate to the corresponding carrying amounts.

10. CONTINGENT LIABILITIES

(a) The Company had provided guarantees for banking facilities made available to subsidiaries in the amount of approximately HK$361,118,000 (December 31, 2009: HK$375,628,000).

(b) The Company had provided other guarantees issued for subsidiaries in the amount of approximately HK$27,187,000 (December 31, 2009: HK$25,318,000).

11. PLEDGE OF ASSETS

	June 30, 2010	December 31, 2009
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Deposits in bank	**104,086**	114,565
Inventories	**21,856**	48,440
Investment properties	**–**	15,060
Properties held for sale	**21,760**	21,760
Property, plant and equipment:		
Land and buildings	**1,957**	1,983
Motor yacht	**14,549**	14,990
Prepaid lease payments	**24,840**	25,166
Floating charges on all assets of a subsidiary	**20,430**	16,905
	209,478	258,869

The amount represents assets pledged to secure loans and 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 (2009: nil).

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

For the six months ended June 30, 2010, the Group's turnover amounted to HK$676.9 million, a 21.2% increase compared to the turnover of HK$558.5 million for the same period last year. As the financial tsunami began to fade away towards the end of 2009, we witnessed the onset of a broad-based recovery of the consumer market in general, resulting in an upsurge of our turnover for the period under review.

Gross profit margin for the first half improved by 3.7% from 13.9% in 2009 to 17.6% in 2010, representing a marked increase of gross profit earning by HK$41.6 million to HK$119.4 million (2009: HK$77.8 million). As a result of the termination of certain non-performing businesses in 2009, along with a continuous weakening of the Euro in the period, we managed to deliver a relatively higher margin for the period under review.

For the first half of 2010, other operating income of HK$20.7 million (2009: HK$3.3 million) was recorded, including a gain of HK$16.1 million arising from a waiver of debt granted from a creditor.

Distribution costs were reduced by 18.9% to HK$39.9 million (2009: HK$49.2 million) while administrative expenses were down by HK$20.4 million, a 21.6% decrease to HK$73.9 million from HK$94.3 million in the same period last year, representing in aggregate a total saving of HK$29.7 million in these two core expense categories. The newly-initiated monthly review of business performance and variance analyses provided an interactive and powerful instrument for the top management, together with the front-line executives, to fine-tune our operational strategies in the fast-changing market so as to enhance revenue and sharpen cost control in all business aspects. Strong management discipline will be sustained to ensure that continued cost savings be made timely across the Group.

For the six months under review, finance costs were down to HK$4.2 million (2009: HK$4.6 million). For the same period, the net gain of HK$9.3 million (2009: nil) on disposal of subsidiaries was mainly due to a gain on disposal of a non-core subsidiary of the Company.

We are pleased to report that the net profit attributable to the owners of the Company for the first half of 2010 was HK$29.6 million (2009: net loss of HK$59.4 million). Going forward, we are confident that the adopted policy of conducting monthly review and variance analyses of our business performance jointly by our top and front-line management will enable us to build up a healthy business model benefiting the future development of the Group.

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 cash inflow of HK$35.2 million (2009: net outflow of HK$43.0 million) was recorded, representing the aggregate of funds generated from operating, investing and financing activities in the reporting period. At June 30, 2010, the Group was at a net cash position of HK$35.1 million (December 31, 2009: net debt of HK$27.6 million).

At June 30, 2010, the Group had total borrowings amounting to HK$153.4 million (December 31, 2009: HK$179.5 million). The Group's long term gearing ratio stood at 10.4% (December 31, 2009: 16.4%), based on long term borrowings of HK$24.6 million (December 31, 2009: HK$34.2 million) and owners' equity of HK$236.6 million (December 31, 2009: HK$208.7 million). The current ratio was 1.3 (December 31, 2009: 1.2), based on current assets of HK$662.0 million (December 31, 2009: HK$628.5 million) and current liabilities of HK$523.1 million (December 31, 2009: HK$524.1 million).

The Group had trading facilities at June 30, 2010 amounting to HK$304.7 million (December 31, 2009: HK$326.4 million) of which HK$227.5 million (December 31, 2009: HK$226.2 million) were utilized.

Foreign Exchange Exposure

The Group's purchases were mainly conducted in Euro and US Dollar while 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. At June 30, 2010, the outstanding foreign exchange contracts purchased with banks amounted to HK$75.3 million (December 31, 2009: nil).

Pledge of Assets

Certain of the Group's properties, a motor yacht, inventories, cash deposits and all assets of a subsidiary were pledged at June 30, 2010 in an aggregate amount of HK$209.5 million (December 31, 2009: HK$258.9 million) to secure loans and facilities granted.

Capital Commitments and Contingent Liabilities

The Group had capital commitments of HK$2.2 million at June 30, 2010 (December 31, 2009: HK$0.8 million). At June 30, 2010 and December 31, 2009, the Group had no material contingent liabilities.

BUSINESS REVIEW

Cars

After the discontinuation of the “Alfa Romeo” and “Fiat” sales operations, we continued to focus solely on our “Ferrari” and “Maserati” operations; the overall performance of which was satisfactory for the first half of 2010. Turnover in this segment was HK$469.2 million, representing a periodical growth of 5.7% (2009: HK$444.0 million).

In Hong Kong, with the successful Ferrari “California GT” in its first full year of production, we delivered a total of 65 units of that model by the end of June. While sales of the 12 cylinder “599 GTB Fiorano” were satisfactory, the new 8 cylinder “458 Italia”, with first deliveries made in this August, had received an unprecedented advance order booking of close to 350 units including derivatives.

Awareness of the “Maserati” brand achieved another boost in Hong Kong in April due to the launch of its new two-door convertible model, the “GranCabrio”. Demand for Maserati’s two-door “GranTurismo S” and “GranTurismo S automatic” remained relatively high. The 4-door sports sedan “Quattroporte” had proved to be successful in the Hong Kong luxury sedan market.

Workshop service turnover for the first half grew by a solid 71.6% to HK$34.5 million (2009: HK$20.1 million). This was primarily due to an increase in service activity and the introduction of effective workshop management practices, driven by the new ADP system.

In Dalian and Nanjing, which covers the territories of the provinces of Liaoning, Jilin, Heilongjiang, Jiangsu and Anhui, our turnover, represented by the sales of left-hand-drive-cars of “Ferrari” and “Maserati”, continued to increase at a satisfactory growth rate.

Electrical Appliances

Turnover escalated sharply from HK$80.7 million to HK$122.1 million, representing a 51.3% increase with a turnaround of segment result from loss of HK$1.1 million for the same period last year to profit of HK$7.1 million, evidencing a robust rebound of demand and sales performance in this segment.

In Hong Kong, sales of air-conditioning products in the name of “Mitsubishi Heavy Industries” (MHI) continued to be one of the dominant market players since the recovery of the general economic climate in 2010.

The performance of our subsidiaries in Singapore and Malaysia remained profitable and in line with the growth of economy in this region. The successful results were attributed mainly to the concentrated sales and marketing efforts and extensive dealer network established over the years.

Fashion Apparels and Accessories

As a result of the implementation of operational efficiency and cost optimization programs, the financial performance of “V-one”, our self-owned men’s wear brand, was improved for the period under review. Our restructuring program including cost control is still in process and further improvement is expected during the remaining months.

Since the formation of a jointly controlled entity (JCE) with Italian Binda Group in February 2010, this JCE was set up with good progress and in the right direction in Hong Kong, Macau and the PRC. Pre-set budgets were achieved so far and we expect that this JCE will continue to contribute profit for the coming years.

Other Business

The Group also engages in the distribution of luxury motor yachts in Hong Kong and the PRC. This operation includes the Italian brand “Pershing” and Taiwanese brand “Horizon”.

In the wake of the financial crisis in 2009, we continued to work hard in the yacht business to maintain its market position when we entered into 2010. During the first half, we were proud to have sold and delivered one “Pershing P50” as well as one “Horizon 97”. Continued sales efforts will be put into this division in 2010 to conclude further sales of “Pershing” and “Horizon” yachts for the rest of the year.

HUMAN RESOURCES

As a result of streamlining of operations during the period, number of employees was reduced by 112 to a headcount of 471 at June 30, 2010 (2009: 583). Accordingly, staff costs for the six months ended June 30, 2010 were reduced by 15.0% to HK$47.1 million as compared to HK$55.4 million for the same period last year.

The Group offers competitive remuneration packages to staff, with discretionary bonus and share options granted to eligible staff based on individual and company performance.

EVENTS AFTER THE REPORTING PERIOD

(a) On June 4, 2010, the Company entered into a placing agreement with Tanrich Capital Limited (the "Placing Agent"), pursuant to which the Placing Agent has conditionally agreed to act as placing agent, on a best effort basis, for the purpose of arranging subscribers who are third parties independent of the Company and its connected persons to subscribe for the convertible bonds to be issued by the Company with an aggregate principal amount of up to HK$25,000,000. The convertible bonds bear interest at 4% per annum, mature on the second anniversary of the date of issue and are convertible into new ordinary shares of HK$0.02 at the initial conversion price of HK$0.16 each. On August 6, 2010, the Company and the Placing Agent agreed to place the convertible bonds in the aggregate principal amount of HK$13,000,000 to Mr. Kwok Chung SIU, an independent third party of the Company, and the Company would not proceed with the placing of the remaining aggregate principal amount of the convertible bonds. The placing was completed on August 12, 2010. For more details of the placing, please refer to the announcements dated June 4, August 3, August 6 and August 12, 2010.

(b) On July 7, 2010, the Company has granted 17,000,000 share options to subscribe for ordinary shares of HK$0.02 each in the Company under the 2002 Share Option Scheme adopted on May 30, 2002. For more details, please refer to the announcement dated July 7, 2010.

(c) On July 28, 2010, Rise Champ Limited, a wholly owned subsidiary of the Company, entered into a preliminary agreement with Trinity Elite International Limited, an independent third party, pursuant to which Rise Champ Limited agreed to purchase and Trinity Elite International Limited agreed to sell the property located at Units 1 to 7, 28th Floor together with car parking space LGV-05, Podium Level 2, King Palace Plaza, No. 52A Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong at a consideration of HK$27,736,620. For more details, please refer to the announcement dated July 28, 2010.

PROSPECTS

As the financial tsunami faded away during the 4th quarter of 2009, we welcomed the broad-based recovery of the consumer market and are confident that the Group's business performance in 2010 will out-perform substantially over that of 2009.

In addition to acquiring an office unit in Bank of America Tower as our CEO Office in April 2008, we have signed an agreement on July 28, 2010 to purchase the whole 28th Floor of King Palace Plaza in Tsuen Wan which will be used as our Group's new head office. This acquisition represents the Group's strong confidence in continuing to develop and base our central business management in Hong Kong.

Our order portfolio for "Ferrari" continues to grow healthily with a lead time of up to four years. "Maserati"'s profile continues to increase in 2010. As part of the process of cost optimization and office automation, we have successfully implemented the ADP Car Dealer management System in June 2010.

For our electrical appliances business, whilst the "MHI" air-conditioning business increases significantly, new products of air-conditioners equipped with environmental protection coolant has recently been launched under our own brand "Bodysonic" with good responses.

In August 2010, the Group was awarded "Character Company Award 2010" organised by Happyman Lifestyle Magazine. The award was aimed to recognize the outstanding performance of corporations in 6 dimensions including staff benefits, social responsibility, integrity etc.. The Group and our staff were proud to receive this honor.

While the Group will continue to grow as an important lifestyle products distribution company, our business in 2010 is now moving forward steadily and healthily with great confidence of continuous improvement in the uprising of the Asian economies for the years to come.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended June 30, 2010, 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 ("Listing Rules") during the six months ended June 30, 2010 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. 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, 2010.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the unaudited condensed consolidated financial statements for the six months ended June 30, 2010 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 changes in information of directors of the Company subsequent to the date of 2009 Annual Report are set out below:

Mr. Tik Tung WONG, the Executive Director, Chief Financial Officer, Company Secretary, authorised representative and a member of the Remuneration Committee of the Company resigned as an independent non-executive director and chairman of each of the audit committee and the remuneration committee of China Energy Development Holdings Limited with effective from July 30, 2010.

Mr. Ying Kwan CHEUNG, the Independent Non-executive Director, the chairman of the Audit Committee and a member of Remuneration Committee of the Company, was appointed as an independent non-executive director, chairman of the audit committee and member of each of the remuneration committee and nomination committee of Tian Shan Development (Holding) Limited with effective from July 15, 2010.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The results announcement is published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.wokeehong.com.hk). The interim report will be despatched to the shareholders and available on the above websites in due course.

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

Hong Kong, August 25, 2010

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.