



WONSON INTERNATIONAL HOLDINGS LIMITED

(和成國際集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 651)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

The board of directors (the “Board”) of Wonson International Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2007 together with comparative figures as follows:-

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

	NOTES	Six months ended 30 June	
		2007	2006
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	3,905	5,760
Cost of sales		<u>(3,396)</u>	<u>(4,501)</u>
		509	1,259
Other income		1,269	1,628
Net gain on disposal of investments held for trading		7,914	—
Administrative expenses		(6,732)	(8,903)
Fair value changes on investments held for trading		20,652	(16,983)
Impairment loss on available-for-sale investment		—	(13,489)
Gain on disposal of a subsidiary		—	6,204
Share of losses of jointly controlled entities		—	(57)
Finance costs	4	<u>(1,411)</u>	<u>(2)</u>
Profit (loss) for the period	5	<u>22,201</u>	<u>(30,343)</u>
Earnings (loss) per share - basic	6	<u>HK0.32 cents</u>	<u>(HK0.57) cents</u>
Earnings (loss) per share - diluted	6	<u>HK0.26 cents</u>	<u>N/A</u>

**CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2007**

	<i>NOTES</i>	30 June 2007 <i>HK\$'000</i> (Unaudited)	31 December 2006 <i>HK\$'000</i> (Audited)
Non-current Asset			
Property, plant and equipment		<u>636</u>	<u>148</u>
Current Assets			
Inventories		1,133	846
Other receivables		586	773
Loan receivables	8	36,894	—
Investments held for trading		190,563	136,432
Deposits placed with brokers		32,158	224
Pledged bank deposit		300	—
Bank balances and cash		<u>148,180</u>	<u>10,200</u>
		<u>409,814</u>	<u>148,475</u>
Current Liabilities			
Other payables		<u>306</u>	<u>2,960</u>
Net Current Assets		<u>409,508</u>	<u>145,515</u>
Total Assets less Current Liabilities		<u>410,144</u>	<u>145,663</u>
Non-current Liability			
Convertible notes	9	<u>137,918</u>	<u>—</u>
		<u>272,226</u>	<u>145,663</u>
Capital and Reserves			
Share capital	10	11,316	5,316
Reserves		<u>260,910</u>	<u>140,347</u>
		<u>272,226</u>	<u>145,663</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2006. In addition, the Group has applied the following accounting policy for convertible notes issued during the period:

Convertible notes issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company’s own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible notes reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes equity reserve until the embedded option is exercised will be transferred to share premium. Where the option remains unexercised at the expiry date, the balance stated in convertible notes equity reserve will be released to the retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendment and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2007.

The adoption of these new HKFRSs has had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) - Int 11	HKFRS 2: Group and Treasury Share Transactions ²
HK(IFRIC) - Int 12	Service Concession Arrangements ³

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

² Effective for annual periods beginning on or after 1 March 2007

³ Effective for annual periods beginning on or after 1 January 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into two operating divisions - metals trading and investments in securities. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

	Six months ended 30 June 2007		
	Metals trading	Investments in securities	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross proceeds	<u>3,905</u>	<u>99,205</u>	<u>103,110</u>
Revenue	<u>3,905</u>	<u>—</u>	<u>3,905</u>
Segment result	<u>387</u>	<u>28,566</u>	28,953
Interest income			990
Unallocated corporate expenses			(6,331)
Finance costs			<u>(1,411)</u>
Profit for the period			<u>22,201</u>

	Six months ended 30 June 2006		
	Metals trading	Investments in securities	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross proceeds	<u>4,619</u>	<u>60,664</u>	<u>65,283</u>
Revenue	<u>4,619</u>	<u>1,141</u>	<u>5,760</u>
Segment result	<u>118</u>	<u>(15,842)</u>	(15,724)
Interest income			1,628
Unallocated corporate expenses			(8,903)
Impairment loss on available-for-sale investment			(13,489)
Gain on disposal of a subsidiary			6,204
Share of losses of jointly controlled entities			(57)
Finance costs			<u>(2)</u>
Loss for the period			<u>(30,343)</u>

4. FINANCE COSTS

	Six months ended 30 June	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on borrowings wholly repayable within five years:		
Convertible notes	(1,280)	—
Other borrowings	<u>(131)</u>	<u>(2)</u>
	<u>(1,411)</u>	<u>(2)</u>

5. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit (loss) for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	78	23
and after crediting:		
Dividend income from investments held for trading	—	1,141
Gain on disposal of property, plant and equipment	280	—
Interest income on loan and other receivables	383	—
Interest on bank deposits	607	989
Imputed interest on loan to an investee company	<u>—</u>	<u>639</u>

6. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 June	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Earnings (loss)		
Profit (loss) for the period attributable to equity holders of the Company	22,201	(30,343)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	<u>1,280</u>	<u>N/A</u>
Earnings (loss) for the purposes of diluted earnings (loss) per share	<u>23,481</u>	<u>(30,343)</u>
	Six months ended 30 June	
	2007	2006
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share (note)	6,857,890	5,316,453
Effect of dilutive potential ordinary shares:		
Convertible notes	<u>2,096,197</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share	<u>8,954,087</u>	<u>N/A</u>

There were no dilutive potential ordinary shares in existence for the period ended 30 June 2006. Accordingly, no diluted loss per share is presented.

Note: The weighted average number of ordinary shares for the purposes of calculating basic earnings (loss) per share for the period ended 30 June 2007 and 2006 has been retrospectively adjusted for the effect of the share subdivision approved by the shareholders of the Company at a special general meeting on 29 June 2007 and became effective on 3 July 2007.

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2007 (2006: Nil).

8. LOAN RECEIVABLES

Loan receivables are unsecured, interest bearing at Hong Kong Prime Rate plus 1% per annum and repayable on demand.

9. CONVERTIBLE NOTES

On 18 May 2007, the Company issued convertible notes with principal amount of HK\$150,000,000. The fair value of the liability component at the date of issue is HK\$139,426,909. The convertible notes carry a coupon rate of 4% per annum and will be matured on 17 May 2009. The convertible notes are denominated in Hong Kong dollars. The initial conversion price is HK\$0.17 per share and subject to anti-dilutive adjustments. The effective interest rate of the liability component is 7.95% per annum.

Unless the notes have been converted by the noteholders, the Company will redeem the convertible notes on the maturity date at the principal amount of the convertible notes then outstanding.

The convertible notes contain liability and equity components. The equity component is presented in equity under the heading of "Convertible Notes Reserve". The fair value of the liability component of the convertible note payable, determined based on the present value of the estimated future cash outflows discounted at the effective interest rates of 7.95% per annum at the balance sheet date, approximate their corresponding carrying amount. At the balance sheet date, no conversion of the convertible notes has been made.

10. SHARE CAPITAL

	Number of shares (Unaudited)	Amount (Unaudited) HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each as at 1 January 2007 and 30 June 2007	<u>25,000,000,000</u>	<u>250,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 January 2007	531,645,319	5,316
Issue of shares (Note (i) & (ii) below)	<u>600,000,000</u>	<u>6,000</u>
At 30 June 2007	<u>1,131,645,319</u>	<u>11,316</u>

Notes:

- (i) On 15 March 2007, the Company entered into an underwriting agreement with a placing agent for placement of 100,000,000 new shares on a fully-underwritten basis at the price of HK\$0.16 per share to independent third parties.
- (ii) On 15 March 2007, the Company also entered into a placing agreement with a placing agent for placement of 500,000,000 new shares on a best-efforts basis at the price of HK\$0.16 per share to independent third parties.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL BUSINESS

During the first half of the financial year ending 31 December 2007, the Group continues to engage in metals trading and investments in securities. These divisions are the basis on which the Group reports its primary segment information.

FINANCIAL RESULTS

The Group generated revenue of approximately HK\$3.9 million, representing a decrease of approximately 32% as compared to approximately HK\$5.8 million in the corresponding period of last year. During the current period, the business of metals trading represents the revenue of the Group.

Although the global economy continues to thrive in 2007, the Group's metals trading business has remained difficult as the profit margin was still slim. The Group will continue to exercise caution when conducting its metals trading business.

For the six months period ended 30 June 2007, the net profit was approximately HK\$22.2 million, compared to a loss of approximately HK\$30.3 million in the corresponding period of last year. The upturn was achieved by a net gain on disposal of investments held for trading of approximately HK\$7.9 million and a fair value changes on investments held for trading of approximately HK\$20.7 million. The fair value changes on investments held for trading has no cash flow effect and represent the unrealised gain on holding the investments held for trading as at 30 June 2007. It arose from the difference between the carrying amount of investments held for trading and the market value as at 30 June 2007.

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2007 (2006: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2007, the Group had cash and bank balances of approximately HK\$148.2 million (31 December 2006: HK\$10.2 million) and is denominated in HK dollars. The current ratio (defined as a ratio of current assets to current liabilities) as at 30 June 2007 was approximately 1,339.3 (31 December 2006: 50.2). Other than the convertible notes amounted to approximately HK\$137.9 million, the Group has no

other loans or borrowings outstanding. Hence, the gearing ratio (defined as total long-term bank loans and other borrowings divided by total shareholders' equity) was 50.7% as at 30 June 2007 (31 December 2006: Nil). As at 30 June 2007, the Group had no significant contingent liabilities and capital commitment.

On 15 March 2007, the Company entered into the following agreements with a placing agent:

- (a) The underwriting agreement pursuant to which the placing agent agreed to place up to 100,000,000 new shares of a nominal value of HK\$0.01 each (the "Shares") on a fully-underwritten basis at the price of HK\$0.16 per Share (the "Underwriting Agreement"). The placing of Shares pursuant to the Underwriting Agreement was completed on 12 April 2007.
- (b) The placing agreement pursuant to which the placing agent agreed to place up to a maximum of 500,000,000 new Shares on a best-efforts basis at the price of HK\$0.16 per Share (the "Placing Agreement"). The placing of Shares pursuant to the Placing Agreement was completed on 21 May 2007.
- (c) The convertible notes placing agreement pursuant to which the placing agent would place the convertible notes (the "Convertible Notes") with principal amount of not more than HK\$150,000,000 with an initial conversion price of HK\$0.17 per conversion share (subject to adjustment) on a best-efforts basis (collectively refer as the "Convertible Notes Placing Agreement"). The coupon rate of Convertible Notes was 4% per annum. The Convertible Notes Placing Agreement was completed on 18 May 2007 and the maturity date of the Convertible Notes is two years from the date of completion.

Details of the Underwriting Agreement, the Placing Agreement and the Convertible Notes Placing Agreement were disclosed in the Company's announcement dated 22 March 2007 and circular dated 11 April 2007.

After the completions of the Underwriting Agreement, the Placing Agreement and the Convertible Notes Placing Agreement, the net proceeds of approximately HK\$241 million was received.

During the period under review, the Group was not exposed to significant interest rate and exchange rate fluctuation. As a result, the Group did not enter into any foreign exchange contracts, currency swaps or other financial derivatives.

PROSPECTS

In the first half of 2007, the Mainland's economy remains robust, with the gross domestic product (GDP) continuing to grow at a buoyant 11.5%. With a solid market and economic fundamentals, we expect the economy of Hong Kong will continue to be fuelled up and sustained by the strong economic growth in the Mainland China. We also foresee positive impact to the capital market of Hong Kong following the gradual widening in the scope of Qualified Domestic Institutional Investor (QDII) scheme.

The management remains consciously optimistic towards its overall performance in the second half of the current financial year as we are still alert to risks posed to the global investment market associated with the subprime mortgage crisis and uncertainties in interest rate movements in the United States of America. With a well established platform and following the completion of the various placements, the Group is well placed to capture any new investment opportunities that come forth locally and overseas to gradually expand and diversify our existing portfolio. To ensure the further growth of the Group, our management and staff will keep up their efforts to locate and explore new investment opportunities that will bring satisfactory returns to our shareholders on the one hand, while continuing to exercise more proactive and prudent risk management when assessing those opportunities on the other.

HUMAN RESOURCES

As at 30 June 2007, the Group had around 10 employees. Competitive remuneration packages are structured to commensurate with individual job duties, qualification, performance and years of experience. Other staff benefits include a mandatory provident fund scheme, insurance and medical benefits. During the current period, no share options were granted or exercised.

PLEDGE OF ASSETS

As at 30 June 2007, the Group has pledged a bank deposit of HK\$300,000 (2006: Nil) for the general banking facilities granted by a bank to the Company.

POST BALANCE SHEET EVENT

Pursuant to an announcement dated 12 June 2007 and a circular dated 13 June 2007, the board of directors proposed that each of the existing issued and unissued shares of HK\$0.01 each in the share capital of the Company be subdivided (the “Share Subdivision”) into ten shares of HK\$0.001 each in the share capital of the Company. The Share Subdivision was approved by shareholders of the Company at a special general meeting on 29 June 2007 and became effective on 3 July 2007.

CORPORATE GOVERNANCE

The Company has, during the six months ended 30 June 2007 (the “Period”), met the Code Provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for the following deviations:

(a) Code Provision A.2.1

The Company had been deviated from the Code Provision A.2.1 as the roles of Chairman and Chief Executive Officer were not separate. Mr. Chiu Kong had been acting in the capacity as Chairman and Chief Executive Officer of the Company as this would allow the Company to have more effective planning and execution of business strategies. Mr. Chiu retired on 29 June 2007.

(b) Code Provision A.4.1

The Company has deviated from Code Provision A.4.1. Although the Independent Non-Executive Directors are subject to retirement by rotation at the Company’s Annual General Meeting as specified by the Company’s bye-laws, they are not appointed for a specific term.

(c) Code Provision B.1.1

Code Provision B.1.1 requires setting up of the remuneration committee. The Company has deviated from the requirement and the remuneration committee has not yet been set up during the Period. Subsequent to the Period, the remuneration committee has been set up and comprises Ms. Chan Ling, Eva, Mr. Sin Chi Fai and Mr. Chan Sek Nin, Jackey.

(d) Code Provision E.1.2

Code Provision E.1.2 requires the Chairman of the Board to attend the Annual General Meeting of the Company. Mr. Chiu Kong did not attend the 2007 Annual General Meeting of the Company as he was not in Hong Kong on that day.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its code of conduct regarding Directors’ securities transaction. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the Period.

PURCHASE, SALE OR REDEMPTION ON LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Period.

REVIEW BY AUDIT COMMITTEE

Having been reviewed by the Company’s Auditors, Deloitte Touche Tohmatsu, the 2007 interim report has been reviewed by audit committee which comprises three Independent Non-Executive Directors of the Company, namely Ms. Chan Ling, Eva, Mr. Sin Chi Fai and Mr. Chan Sek Nin, Jackey.

PUBLICATION OF INTERIM REPORT

This announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkex.com.hk>) and the Company (<http://www.wonsonintl.com>).

The 2007 Interim Report of the Company will be dispatched to the shareholders of the Company as well as published on the aforesaid websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of the Company comprises Mr. Chau On Tai Yuen, Mr. Tang Chi Ming, Ms. Cheung Sze Man and Mr. Chen Zhong Min as Executive Directors, and Ms. Chan Ling, Eva, Mr. Sin Chi Fai and Mr. Chan Sek Nin, Jackey as Independent Non-Executive Directors.

By order of the Board
Cheung Sze Man
Director

Hong Kong, 21 September 2007

* *For identification purpose only*