WING LEE HOLDINGS LIMITED

永利控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 876)

INTERIM RESULTS 2008

The board of directors (the "Board") of Wing Lee Holdings Limited (the "Company") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively as the "Group") for the six months ended 30 June 2008 together with the comparative figures for the corresponding period ended 30 June 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	**Unaudited Six months ended 30 June 2008** *HK$'000*	Unaudited Six months ended 30 June 2007 *HK$'000*
Turnover	2	**204,439**	168,449
Cost of goods sold		**(153,796)**	(119,524)
Gross profit		**50,643**	48,925
Other income		**6,568**	6,704
Selling and distribution costs		**(4,353)**	(3,385)
Administrative expenses		**(26,638)**	(26,443)
Gain arising from fair value changes of investment properties		**8,043**	8,494
Loss arising from fair value changes of available-for-sale investments		**(2,412)**	–
Loss (gain) arising from fair value changes of investments held for trading		**(6,297)**	1,524
Finance costs		**(1,650)**	(1,423)
Profit before taxation		**23,904**	34,396
Taxation	3	**(986)**	(1,028)
Profit for the period	4	**22,918**	33,368
Attributable to:			
Equity holders of the Company		**23,137**	33,497
Minority interests		**(219)**	(129)
		22,918	33,368
Interim dividend	5	**–**	6,391
Basic earnings per share	6	**6.6 cents**	9.1 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 30 June 2008 HK$'000	Audited 31 December 2007 HK$'000
Non-current assets			
Investment properties		**194,120**	131,895
Property, plant and equipment		**170,395**	162,228
Prepaid lease payments		**13,640**	13,262
Available-for-sale investments		**104,821**	157,068
Deferred tax assets		**462**	462
Deposit paid for acquisition of property, plant and equipment		**22,930**	15,708
Deposit paid for acquisition of investment properties		**9,320**	3,002
		515,688	483,625
Current assets			
Inventories		**59,537**	48,865
Trade and other receivables	7	**85,701**	88,857
Investments held for trading		**42,261**	44,399
Fixed deposits with original maturity of more than three months		**44,340**	17,726
Bank balances and cash		**37,586**	95,140
		269,425	294,987
Current liabilities			
Trade and other payables	8	**41,926**	56,332
Dividend payable		**4,218**	4
Taxation payable		**10,425**	10,389
Bank loans due within one year		**53,718**	51,993
		110,287	118,718
Net current assets		**159,138**	176,269
Total assets less current liabilities		**674,826**	659,894
Non-current liabilities			
Bank loans due after one year		**55,001**	68,455
Deferred tax liabilities		**3,247**	3,283
		58,248	71,738
Net assets		**616,578**	588,156
Capital and reserves			
Share capital		**174,229**	174,229
Reserves		**439,651**	412,006
Equity attributable to equity holders of the Company		**613,880**	586,235
Minority interests		**2,698**	1,921
Total equity		**616,578**	588,156

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited interim results of the Group are prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2007, except for the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations ("Int")) that the Group adopted for the current period's financial statements:

HK(IFRIC)-Int 11	HKFRS 2 – Group and treasury share transactions
HK(IFRIC)-Int 12	Service concession arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the above new HKFRSs did not result in substantial changes on the accounting policies of the Group and the methods of computation of the Group's condensed consolidated financial statements.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The management anticipates the application of these new HKFRSs will have no material impact on how its results of operations and financial position are prepared and presented.

	Effective for accounting periods beginning on or after
Amendments to HKAS 32 and HKAS 1	
Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
HKAS 1 (Revised)	
Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised)	
Borrowing Costs	1 January 2009
HKAS 27 (Revised)	
Consolidated and Separate Financial Statements	1 July 2009
HKFRS 2 Amendment	
Share-based Payment – Vesting Conditions and Cancellations	1 January 2009
HKFRS 3 (Revised)	
Business Combinations	1 July 2009
HKFRS 8	
Operating Segments	1 January 2009
HK(IFRIC) – Int 13	
Customer Loyalty Programmes	1 July 2008
HK(IFRIC) – Int 15	
Agreements for the Construction of Real Estate	1 January 2009
HK(IFRIC) – Int 16	
Hedges of a Net Investment in a Foreign Operation	1 October 2008

2. TURNOVER AND SEGMENT INFORMATION

Business segments

For management purposes, the Group's operations are organised into three operating divisions namely electronic components, properties investment and securities investment. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Electronic components	–	manufacture of and trading in electronic jacks and connectors, flexible flat cables and scrap sale
Properties investment	–	investments in properties in Mainland China (the "PRC") and Hong Kong
Securities investment	–	investments in debt securities and equity securities of Hong Kong and overseas markets

Business segments for the period are as follows:

	Turnover		Results	
	(Unaudited) Six months ended 30 June 2008	(Unaudited) Six months ended 30 June 2007	**(Unaudited) Six months ended 30 June 2008**	(Unaudited) Six months ended 30 June 2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Manufacture of and trading in electronic components	**200,583**	165,567	**18,274**	18,790
Properties investment	**3,856**	2,882	**10,446**	9,760
Securities investment	**–**	–	**(2,896)**	7,482
	204,439	168,449	**25,824**	36,032
Unallocated income			**356**	605
Unallocated corporate expenses			**(626)**	(818)
Finance costs			**(1,650)**	(1,423)
Profit before taxation			**23,904**	34,396
Taxation			**(986)**	(1,028)
Profit for the period			**22,918**	33,368

In previous periods, rental income from investment properties was classified under other income in the consolidated income statement. In the current period, the director considered that the reclassification of rental income from other income to turnover can better reflect the financial performance of the properties investment segment. Accordingly, the presentation of prior period's consolidated income statement had been revised and rental income from investment properties of HK$2,882,000 had been reclassified from other income to turnover.

Geographical segments

The Group's operations are mainly situated in Hong Kong and PRC. The following table provides an analysis of the Group's turnover by the location of customers:

	Turnover	
	Unaudited Six months ended 30 June 2008	Unaudited Six months ended 30 June 2007
	HK$'000	*HK$'000*
Hong Kong	**101,998**	84,005
The People's Republic of China ("PRC")	**35,253**	19,210
Asia (excluding Hong Kong and PRC)	**45,979**	42,969
Europe	**16,077**	11,121
America	**5,132**	11,144
	204,439	168,449

3. TAXATION

	Unaudited Six months ended 30 June 2008	Unaudited Six months ended 30 June 2007
	HK$'000	*HK$'000*
The charge/(credit) for the period comprises:		
Hong Kong Profits Tax	**850**	642
Taxation in other jurisdiction	**172**	462
	1,022	1,104
Deferred taxation	**(36)**	(76)
	986	1,028

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profit for the six months ended 30 June 2008. Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

4. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after crediting/(charging) the following:

	Unaudited Six months ended 30 June 2008	Unaudited Six months ended 30 June 2007
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**(8,622)**	(6,605)
Dividend income from investments held for trading	**1,322**	1,150
Interest income from bank balances and deposits	**356**	605
Interest income from available-for-sale investments	**4,458**	4,802

5. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2008 (30 June 2007: HK1.8 cents).

6. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share for the period is based on the following data:

	Unaudited Six months ended 30 June 2008 *HK$'000*	Unaudited Six months ended 30 June 2007 *HK$'000*
Profit for the period attributable to shareholders and earnings for the purpose of basic earnings per share	**23,137**	33,497

	Number of shares 30 June 2008	Number of shares 30 June 2007
Weighted average number of shares for the purpose of basic earnings per share	**348,460,058**	367,826,522

7. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of approximately HK$76,468,000 (31 December 2007: HK$76,023,000). The aging analysis of trade receivables at the balance sheet date is as follows:

	Unaudited 30 June 2008 *HK$'000*	Audited 31 December 2007 *HK$'000*
Age:		
0 – 3 months	**71,524**	70,742
4 – 6 months	**3,545**	5,060
7 – 12 months	**1,399**	221
	76,468	76,023

Payment terms with customers are largely on credit. Invoices are normally payable within 90 days of issue, except for certain well established customers, where the terms are extended to 120 days. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balance are regularly reviewed by senior management.

8. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$14,396,000 (31 December 2007: HK$11,414,000). The aging analysis of trade payables at the balance sheet date is as follows:

	Unaudited 30 June 2008 *HK$'000*	Audited 31 December 2007 *HK$'000*
Age:		
0 – 3 months	**14,337**	11,389
4 – 6 months	**59**	25
	14,396	11,414

9. CAPITAL COMMITMENTS

	Unaudited 30 June 2008 *HK$'000*	Audited 31 December 2007 *HK$'000*
Capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of:		
– property, plant and equipment	**15,074**	20,769
– investment properties	**83,880**	25,650
	98,954	46,419

10. POST BALANCE SHEET EVENTS

In August 2008, the Group completed the acquisition of investment property as disclosed by the Company in its circular dated 5 June 2008. The property was acquired for a total consideration of HK$60,000,000. Deposits of HK$6,000,000 was paid to the vendor as at the balance sheet date. The balance of the consideration, HK$54,000,000, was paid upon completion.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with the presentation of current period.

BUSINESS REVIEW

For the six months ended 30 June 2008 (the "Period"), the Group's turnover was HK$204 million (30 June 2007: HK$168 million), representing an increase of 21% as compared with the same period of last year. Unaudited net profit amounted to HK$23 million (30 June 2007: HK$33 million), representing a decrease of 30% as compared with the same period of last year. Basic earnings per share was HK6.6 cents (30 June 2007: HK9.1 cents).

Principal Businesses

The core business of the Group consisted of the design, manufacture and sale of electronic jacks and connectors, all of which were basic components used in electronic, telecommunication and computer products. The major customer groups who accounted for the larger proportion in the Group's products sales were reputable brand named owners from Japan, Europe and USA.

During the Period, while the overall sales of the Group had registered an increase as production capacity improved, however, the major operating factors in China remained harsh, including soaring prices of raw materials and energy, upward adjustment of minimum wages, Renminbi appreciation, lowered export tariff rebates, etc. They directly increased production and transportation costs, and severely impacted all export-oriented enterprises. Added to that, the hike in production costs had not been able to transfer fully to customers, resulted to a drop in profit ratio. The gross profit was unable to follow the pattern of the overall sales to surmount that of last year as well.

Despite the persisting hardships and challenges in 2008, the Group is still fully confident in its prospect and has taken a series of actions, including: a) after the relocation of plant from Dongguan to Heyuan, the new factory has shown its advantages with regular power supply and sufficient human resources. The floorage of factory buildings has multiplied, allowing a new layout to increase efficiency and manufacture scale, which enables for further order execution; b) the deteriorating business environment for electronics components manufacturing sector has imposed no less pressure on our competitors. We believe small, poorly managed and less-equipped manufacturers will be eliminated. Meanwhile, integration of the industry is expected to accelerate and the Group's market share will continue to rise; and c) based on excellent product quality and well-established relationships, the Group has secured the world's leading manufacturers of electronic consumer products as customers, which guarantees a sufficient product demand. Moreover, the Group's products are highly competitive, and therefore we have begun to raise product prices to maintain a better profitability.

Regarding the property investment sector, the Group acquired four properties whose value and rent were underestimated, and as a result at the end of the Period the fair value of investment properties recorded a gain while the rental yield marked an increment. In the securities investment sector, the Group's consistent policy is to invest excess capital in quality bonds and stocks on a long-term basis, thereby collecting stable interests and dividends. The bond portfolio is free from bonds relating to US subordinated mortgage loans, and all bonds issued by US debtors have been disposed of during the Period. The aggregate sales proceed was slightly lower than the respective fair value on the opening date but higher than the respective initial purchase price. All remaining bonds we hold are issued by Asian debtors.

Properties Investment

The Group acquired four additional investment properties during the Period, of which two acquisitions with considerations of HK$28.5 million and HK$23 million were completed as at 30 June 2008. For the other two properties with purchase considerations of HK$60 million and HK$33.2 million, deposits were paid to the vendors as at 30 June 2008 and the acquisitions are expected to complete in second half of the year. All the above investment properties are commercial shops located in Wanchai District, and are held for long-term investment and leasing purposes.

On the other hand, the Group did not dispose any investment properties during the Period, while an investment property was disposed during the same period of last year and resulted to a gain of HK$7.4 million (recorded as gain arising from fair value changes of investment properties).

As at 30 June 2008, the aggregate market value of investment properties, being appraised by independent property valuers, amounted to HK$194 million (31 December 2007: HK$132 million). An appreciation of HK$8 million (30 June 2007: HK$1.1 million) was recorded, which was reflected as gain arising from fair value changes of investment properties.

The investment properties generated a total rental income of HK$3.9 million (30 June 2007: HK$2.9 million) with a nearly 100% occupancy rate and an average return of 4.7% per annum (30 June 2007: 4.7%). As newly acquired properties were only recorded in the accounts during the middle of the Period, the rental income return is expected to rise in future.

Securities Investment

The Group invested in both debt and equity securities for long-term investment purpose. The debt securities were mainly overseas listed bonds, whereas the equity securities were mainly Hong Kong listed stocks, which, as at 30 June 2008, had market values of HK$105 million and HK$42 million respectively (31 December 2007: HK$157 million and HK$44 million). During the Period, the Group sold bond investments for a total of HK$58 million, and recorded for a loss of HK$2.4 million (30 June 2007: Nil), which was reflected as loss arising from fair value changes of available-for-sale investments. For stock investments, a depreciation of HK$6.3 million was recorded as at 30 June 2008 (30 June 2007: appreciation of HK$1.5 million), and was reflected as loss arising from fair value changes of investments held for trading.

The interest income received from debt securities was HK$4.5 million (30 June 2007: HK$4.8 million), with an average interest return of 6.9% per annum (30 June 2007: 5.4%). The dividend income received from equity securities was HK$1.3 million (30 June 2007: 1.1 million), which consisted of cash and scrip dividend.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 30 June 2008, the net current assets of the Group amounted to HK$159 million (31 December 2007: HK$176 million). The current and quick ratio were 2.4 and 1.9 (31 December 2007: 2.5 and 2.1) respectively. Shareholders' funds increased to the level of HK$614 million (31 December 2007: HK$586 million).

Moreover, as at 30 June 2008, the cash and bank deposits of the Group were HK$82 million (31 December 2007: HK$113 million), which included fixed deposits with original maturity of more than three months of HK$44 million (31 December 2007: HK$18 million).

The Group continued to adopt a prudent financial management policy, which operated generally with internal resources. The bank borrowing ratio of 17.6% (31 December 2007: 20.5%), represents a lower borrowing exposure as compared to other companies in the similar industry. As at 30 June 2008, the total bank borrowings of the Group were HK$109 million (31 December 2007: HK$120 million), of which HK$54 million was repayable within one year (31 December 2007: HK$52 million). The loans were principally used to finance the construction of the Heyuan plant, the development of the Shanghang project and the acquisition of investment properties.

Capital Expenditure

The total capital expenditure incurred for the Period was HK$69 million (30 June 2007: HK$58 million), out of which, HK$18 million was expended on the Heyuan plant, whereas HK$51 million was paid to acquire investment properties.

In addition, as at 30 June 2008, deposits of HK$23 million and HK$9 million were paid for purchase of equipment for the Shanghang project and acquisition of investment properties respectively.

Treasury Policy

The Group's sales were principally denominated in US dollars and Hong Kong dollars while purchases were transacted mainly in US dollars, Renminbi and Hong Kong dollars. The appreciation of Renminbi in 2008 did not materially affect the cost and operation of the Group in the Period and the directors do not foresee significant risk in exchange rate fluctuation. Currently, the Group has not entered into any financial instrument for hedging purposes. However, the Group will closely monitor its overall foreign exchange exposures and interest rate exposures, and consider hedging against the exposures should the need arise.

HUMAN RESOURCES

As at 30 June 2008, the Group employed a total of 3,100 employees (31 December 2007: 3,100 employees) in Hong Kong and PRC. The total salaries and wages for the Period amounted to HK$32 million (30 June 2007: HK$26 million).

Employees are remunerated based on their performances, experience and prevailing industry practice. The Group's remuneration policies and packages were reviewed by its management on a regular basis. In addition to offering competitive salary packages, the Group also grants discretionary bonuses and share options to subscribe shares of the Company to qualified employees based on operation conditions and individual performance.

PROSPECTS

Soaring costs and appreciating Renminbi are certain to be the business conditions in 2008 and 2009. Under these adverse factors, the Group will continue to implement the following plans and projects:

- We will raise the turnover by increasing production volume, in order to offset the losses resulting from lower profit margin. Further, we will transfer excess costs to customers through the raise of product prices;

- Installation of the electroplating production line of Heyuan plant was completed and is expected to integrate with other work procedures in second half of the year, which allows better control over electroplating quality, and saves considerable subcontracting costs;

- Installation of the copper strip plant in Shanghang County, Fujian Province was also completed and is expected to begin formal operations at end of 2008. This will expand the Group's business upstream into copper production so as to better secure the supply of raw materials and reduce the cost. The products to be manufactured will also be sold on open market in order to broaden the Group's revenue base;

- Following a prudence investment strategy, the Group will continue to invest in low-risk assets (e.g. quality properties in Hong Kong) with reasonable returns, and cautiously consider new investment projects at the same time.

In conclusion, the Group is eager to improve in all directions: internally through the enhancement of new plants; horizontally through the development of new products and markets; vertically through the integration of electroplating production and copper strip production. The result of the plans will override the rising costs, promote a better profit margin, and bring us to further business prospects. The Board is highly optimistic to the future.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2008.

CORPORATE GOVERNANCE

During the Period, the Company has complied with the provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules, except for the following deviations:

Code Provision A.2.1

The code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual so that power is not concentrated in one individual.

Mr. Chow Tak Hung currently holds the offices of Chairman and Chief Executive Officer of the Company. Mr. Chow is the founder of the Group and has extensive experience in the electronics industry. He has the appropriate standing, management skills and business acumen that are essential prerequisites for assuming the two roles. The Board believes that vesting both roles in Mr. Chow provides the Group with strong and consistent leadership and, at the same time, allows for the continuous effective operations and development of the Group's business. As such, the structure is beneficial to the Group and the shareholders as a whole.

As other Board members are keeping abreast of the conduct, business activities and development of the Group and as the day-to-day business operations of the Group are delegated to the management, the Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority.

Code Provision A.4.2

The code provision A.4.2 of the CG Code requires that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Bye-laws provides that any new director appointed by the Board shall be subject to election by shareholders of the Company at the Company's next following annual general meeting, instead of the first general meeting, after appointment. The reason for keeping such Bye-laws provision is to ensure the Company's compliance with paragraph 4(2) of Appendix 3 to the Listing Rules and also to facilitate the Company's process of re-election of directors since it enables the Company and the shareholders to consider the re-election of those new directors appointed by the Board during the year and of those directors retiring by rotation at the same general meeting.

The Bye-laws has not stated that directors should be subject to retirement by rotation at least once every three years and besides, it provides that the Chairman of the Board and/or the Managing Director shall not be subject to retirement by rotation. Notwithstanding the foregoing Bye-laws provisions, in practice, Ms. Chau Choi Fa, the Managing Director of the Company, has voluntarily submitted herself for re-election by shareholders before and will continue to do so; and Mr. Chow Tak Hung, the Chairman of the Board, will also voluntarily submit himself for re-election by shareholders in the Company's annual general meeting, such that all directors of the Company are subject to retirement by rotation at least once every three years.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the Period, including the accounting principles and accounting standards adopted, and discussed matters relating to internal controls and financial reporting.

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 for directors' securities transactions. Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code for the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.com.hk under "Listed Company Information" and the website of the Company at www.wingleeholdings.com.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to our shareholders, customers, banks and employees for their support to the Group.

By order of the Board
Chow Tak Hung
Chairman

Hong Kong, 22 September 2008

As at the date of this announcement, the Board comprises of four executive directors, namely Mr. Chow Tak Hung, Ms. Chow Woon Yin, Ms. Wong Siu Wah and Ms. Chau Choi Fa and three independent non-executive directors, namely Dr. Lau Yue Sun, Mr. Yip Tai Him and Mr. Lam Kwok Cheong.

* *For identification only*