WING LEE HOLDINGS LIMITED
永利控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 876)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

The board of directors (the "Board") of Wing Lee Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010 together with the comparative figures for the corresponding year ended 31 December 2009.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTES	**2010** ***HK$'000***	2009 *HK$'000* (Restated)
Turnover	2	**424,657**	331,563
Cost of goods sold		**(289,276)**	(237,204)
Gross profit		**135,381**	94,359
Other income	3	**903**	3,983
Selling and distribution costs		**(6,665)**	(4,746)
Administrative expenses		**(74,262)**	(70,201)
Other expenses		**(4,062)**	(1,671)
(Loss) gain arising from fair value changes of investments held for trading		**(896)**	11,874
Gain on disposal of available-for-sale investments		**88**	571
Gain arising from fair value changes of investment properties		**35,860**	26,864
Impairment loss on available-for-sale investments		**–**	(24)
Finance costs	4	**(892)**	(1,168)
Profit before taxation		**85,455**	59,841
Taxation charge	5	**(6,994)**	(2,787)
Profit for the year		**78,461**	57,054

* *for identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*
FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTES	**2010** ***HK$'000***	2009 *HK$'000* (Restated)
Other comprehensive income:			
Exchange differences arising from translation of foreign operations		**13,090**	–
Available-for-sale investments:			
Fair value changes during the year		**–**	(24)
Impairment loss recognised		**–**	24
Other comprehensive income for the year		**13,090**	–
Total comprehensive income for the year		**91,551**	57,054
Profit (loss) for the year attributable to:			
Owners of the Company		**79,502**	58,079
Non-controlling interests		**(1,041)**	(1,025)
		78,461	57,054
Total comprehensive income (expense) attributable to:			
Owners of the Company		**92,420**	58,079
Non-controlling interests		**(869)**	(1,025)
		91,551	57,054
Earnings per share	7		
– Basic		**22.41 cents**	16.28 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2010

	NOTES	**31.12.2010** *HK$'000*	31.12.2009 *HK$'000* (Restated)	1.1.2009 *HK$'000* (Restated)
Non-current assets				
Investment properties		**490,524**	308,477	257,059
Property, plant and equipment		**209,570**	209,688	221,647
Prepaid lease payments		**13,710**	13,564	13,886
Available-for-sale investments		**–**	2,357	30,823
Deferred tax assets		**–**	235	297
Deposits paid for acquisition of investment properties		**500**	–	–
		714,304	534,321	523,712
Current assets				
Inventories		**47,866**	41,559	48,802
Trade and other receivables	8	**84,112**	77,345	66,773
Investments held for trading		**–**	10,058	26,950
Time deposits		**4,716**	11,460	15,987
Bank balances and cash		**72,291**	27,917	56,954
		208,985	168,339	215,466
Current liabilities				
Trade and other payables	9	**61,344**	51,691	50,914
Rental deposits received		**4,512**	3,370	2,465
Dividend payable		**4**	4	4
Taxation payable		**12,066**	10,559	7,386
Bank loans	10	**142,481**	20,000	117,217
		220,407	85,624	177,986
Net current (liabilities) assets		**(11,422)**	82,715	37,480
Total assets less current liabilities		**702,882**	617,036	561,192
Non-current liabilities				
Deferred tax liabilities		**16,010**	15,063	16,273
		686,872	601,973	544,919
Capital and reserves				
Share capital	11	**176,692**	178,412	178,412
Share premium and reserves		**510,221**	422,381	364,302
Equity attributable to owners of the Company		**686,913**	600,793	542,714
Non-controlling interests		**(41)**	1,180	2,205
		686,872	601,973	544,919

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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

In the current year, the Group has applied the following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners
HK – INT 5	Presentation of financial statements - Classification by the borrower of a term loan that contains a repayment on demand clause

Except as described below, the application of the new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

HKAS 27 (as revised in 2008) Consolidated and separate financial statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27(as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss. Also, in prior years, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses. Under HKAS 27(as revised in 2008), total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

The application of the revised Standard has affected the accounting for the acquisition of additional interest in Morning Star (Shanghang) Copper Company Limited in the current year. The change in policy has resulted in the difference of HK$700,000 between the consideration paid of HK$1,052,000 and the non-controlling interests recognised of HK$352,000 being recognised directly in equity, instead of recognised as goodwill, and the cash consideration paid in the current year of HK$1,052,000 has been included in cash flows from financing activities instead of investing activities. Also, a loss of HK$41,000 applicable to the non-controlling interests in excess of the non-controlling interests in a subsidiary is allocated against the non-controlling interest as a result of the application of the revised Standard. The application of HKAS 27 (as revised in 2008) had resulted in profit for the year attributable to owners of the Company being increased by HK$41,000 (please refer to the summary below for details).

Hong Kong Interpretation 5 "Presentation of financial statements - Classification by the borrower of a term loan that contains a repayment on demand clause"

Hong Kong Interpretation 5 "Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause" ("HK INT 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ('repayment on demand clause') should be classified by the borrower as current liabilities. The Group has applied HK INT 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

In order to comply with the requirements set out in HK INT 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK INT 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK$12,500,000 and HK$60,490,000 have been reclassified from non-current liabilities to current liabilities as at 31 December 2009 and 1 January 2009 respectively. As at 31 December 2010, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$142,481,000 have been classified as current liabilities. The application of HK INT 5 has had no impact on the reported profit or loss nor the required earning per share for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities (please see note 10 for details).

HKAS 12 amendments Deferred tax: Recovery of underlying assets

Amendments to HKAS 12 titled "Deferred tax: Recovery of underlying assets" have been applied in advance of their effective date (annual periods beginning on or after 1 January 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property" are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances.

As a result, the Group's investment properties that are measured using the fair value model have been presumed to be recovered through sale for the purpose of measuring deferred tax liabilities and deferred tax assets in respect of such properties. This resulted in deferred tax liabilities being increased by HK$9,343,000 and HK$4,983,000 as at 1 January 2009 and 31 December 2009 respectively, with the corresponding adjustment being recognised in retained profits and property revaluation reserves (please refer to the summary below for details).

In the current year, no deferred tax has been provided for in respect of changes in fair value of such investment properties located in Hong Kong, whereas previously deferred tax liabilities were provided for in relation to the changes in fair value of such investment properties. The application of the amendments has resulted in profit for the year being increased by HK$4,102,000.

Summary of the effects of the above changes in accounting policies

(a) The effects of changes in accounting policies described above on the results for the current and prior years by line items are as follows:

	2010	2009
	HK$'000	*HK$'000*
Decrease in taxation and increase in profit for the year	**4,102**	4,360
Increase in profit attributable to the owners of the Company as a result of the adoption of HKAS27 (as revised in 2008)	**41**	–
Total increase in profit attributable to the owners of the Company	**4,143**	4,360

(b) The effects of the above changes in accounting policies on the financial positions of the Group as at 1 January 2009 and 31 December 2009 is as follows:

	At 31 December 2009				**At 1 January 2009**			
	Originally stated	**Amendments to HKAS 12**	**HK INT 5**	**Restated**	**Originally stated**	**Amendments to HKAS 12**	**HK INT 5**	**Restated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans classified as current liabilities	(7,500)	–	(12,500)	(20,000)	(56,727)	–	(60,490)	(117,217)
Bank loans classified as non-current liabilities	(12,500)	–	12,500	–	(60,490)	–	60,490	–
Deferred taxation (net)	(9,845)	(4,983)	–	(14,828)	(6,633)	(9,343)	–	(15,976)
Total effects on net assets	(29,845)	(4,983)	–	(34,828)	(123,850)	(9,343)	–	(133,193)
Property revaluation reserve	(19,016)	8,875	–	(10,141)	(19,016)	8,875	–	(10,141)
Retained profits	(280,694)	(3,892)	–	(284,586)	(226,975)	468	–	(226,507)
	(299,710)	4,983	–	(294,727)	(245,991)	9,343	–	(236,648)

(c) The effects of the above changes in accounting policies on the Group's basic earnings per share for the current and prior years are as follows:

	2010	2009
	HK cents	*HK cents*
Figures before adjustments	**21.24**	15.05
Adjustments arising from changes in the Group's accounting policies in relation to:		
Deferred tax for investment properties	**1.16**	1.23
Increase in profit attributable to the owners of the Company as a result of the adoption of HKAS 27 (as revised in 2008)	**0.01**	–
Figures after adjustments	**22.41**	16.28

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures - Transfers of financial assets[3]
HKFRS 9	Financial instruments[4]
HKAS 24 (as revised in 2009)	Related party disclosures[5]
HKAS 32 (Amendments)	Classification of rights issues[6]
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement[5]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[2]

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

The directors of the Company anticipate that the application of the new or revised Standards and Interpretations will have no material impact on the consolidated financial statements.

2. SEGMENT INFORMATION

The Group's operations are organised into three operating divisions namely manufacture of and trading in electronic components, properties investment and securities investment. These divisions are based on the information reported to the chief operating decision maker.

The executive directors of the Company (the "Executive Directors") have been identified as the chief operating decision maker. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources.

Manufacture of and trading in electronic components	–	manufacture of and trading in electronic jacks and connectors in Mainland China (the "PRC") and Hong Kong
Properties investment	–	investments in properties in PRC and Hong Kong
Securities investment	–	investments in debt securities and equity securities of Hong Kong and overseas markets

The following is an analysis of the Group's revenue and results by operating segment.

Segment revenues and results

	Manufacture of and trading in electronic components *HK$'000*	**Properties investment** *HK$'000*	**Securities investment** *HK$'000*	**Consolidated** *HK$'000*
For the year ended 31 December 2010				
TURNOVER				
External sales	**409,466**	**15,191**	**–**	**424,657**
RESULTS				
Segment results	**42,643**	**45,687**	**(453)**	**87,877**
Finance costs				**(892)**
Interest income on bank deposits				**134**
Unallocated expenses				**(1,664)**
Profit before taxation				**85,455**
For the year ended 31 December 2009				
TURNOVER				
External sales	320,282	11,281	–	331,563
RESULTS				
Segment results	13,773	34,406	14,063	62,242
Finance costs				(1,168)
Interest income on bank deposits				132
Unallocated expenses				(1,365)
Profit before taxation				59,841

Segment profit (loss) represents the profit earned by or loss from each segment without allocation of central administration costs, interest income from bank deposits and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Geographical information

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 and the Group's non-current assets by geographical location of assets:

	Turnover from external customers		**Non-current assets**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**153,306**	141,864	**471,687**	292,636
PRC	**104,732**	71,105	**242,617**	239,093
Malaysia	**58,891**	33,184	**N/A**	N/A
Europe	**48,446**	51,913	**N/A**	N/A
America	**7,419**	3,805	**N/A**	N/A
Others	**51,863**	29,692	**N/A**	N/A
	424,657	331,563	**714,304**	531,729

Note: Non-current assets excluded deferred tax assets and available-for-sale investments.

3. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Interest on bank deposits	**134**	132
Interest on debt securities	**164**	717
Total interest income	**298**	849
Dividends from equity securities	**236**	1,200
Others	**369**	1,934
	903	3,983

4. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on bank loans	**892**	1,168

5. TAXATION

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
The charge (credit) comprises:		
Hong Kong Profits Tax calculated at 16.5% on the estimated assessable profit for the year	**5,991**	2,394
PRC income tax	**–**	1,643
Under(over)provision of Hong Kong Profits Tax in prior years	**299**	(102)
	6,290	3,935
Deferred taxation charge (credit)	**704**	(1,148)
	6,994	2,787

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

6. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year		
2010 interim dividend of HK1.0 cent per share (2009: Nil)	**3,534**	–

Subsequent to end of the reporting period, final dividend of HK2.0 cents per share in respect of the year ended 31 December 2010 has been proposed by the directors and is subject to approval by the shareholders in general meeting. No dividend was paid or proposed for the year ended 31 December 2009.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year ended 31 December 2010 is based on the profit for the year attributable to owners of the Company of HK$79,502,000 (2009: HK$58,079,000) and on the weighted average number of ordinary shares of 354,793,589 shares in issue during the year (2009: 356,823,879 shares).

No diluted earnings per share is presented as there were no potential dilutive shares in issue for both years.

8. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**75,165**	66,905
Other receivables	**8,947**	10,440
	84,112	77,345

Payment terms with customers are mainly on credit. Invoices are normally due for payment within 30 to 90 days after issuance, except for certain well-established customers, where the terms are extended to 120 days. The following is an aged analysis of trade receivables, net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
Age		
0 - 3 months	**71,184**	63,892
4 - 6 months	**3,981**	3,013
	75,165	66,905

9. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables	**17,757**	10,145
Accrued expenses	**20,911**	22,893
Other payables	**22,676**	18,653
	61,344	51,691

The following is an aged analysis of the Group's trade payables presented based on the invoice date as at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
Age		
0 - 3 months	**17,751**	9,967
4 - 6 months	**6**	178
	17,757	10,145

The average credit period on purchases of goods is 90 days.

10. BANK LOANS

	31.12.2010	31.12.2009	31.1.2009
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Carrying amounts of bank loans:			
– repayable within one year*	**41,657**	7,500	56,727
– not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**100,824**	12,500	60,490
	142,481	20,000	117,217

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Subsequent to the end of the reporting period, the Group entered into revised banking facilities with banks to remove the repayable on demand clause for certain bank loans. As a result, as at the date of this report, bank loans amounting to HK$80,842,000 as at 31 December 2010 which are repayable after one year and without a repayable on demand clause are reclassified from current liabilities to non-current liabilities.

11. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.50 each		
Authorised:		
At 1 January 2009, 31 December 2009 and 31 December 2010	400,000,000	200,000
Issued and fully paid:		
At 1 January 2009 and 31 December 2009	356,823,879	178,412
Share repurchased and cancelled	(3,440,000)	(1,720)
At 31 December 2010	353,383,879	176,692

12. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group entered into revised banking facilities with banks to remove the repayable on demand clause for certain bank loans. As a result, as at the date of this report, bank loans amounting to HK$80,842,000 as at 31 December 2010 which are repayable after one year and without a repayable on demand clause are reclassified from current liabilities to non-current liabilities.

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Wing Lee Holdings Limited (the "Company"), I am pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010.

For the year, the Group achieved a revenue of HK$425 million (for the year ended 31 December 2009: HK$332 million), representing an increase of 28% as compared with the same period of last year. Profit for the year attributable to owners of the Company was approximately HK$80 million (for the year ended 31 December 2009: restated as HK$58 million), representing an increase of 38% as compared with the same period of last year. Earnings per share were HK22.41 cents (for the year ended 31 December 2009: restated as HK16.28 cents).

Business Review

During 2009, the impact brought by the financial tsunami had once caused global economic panic which led to substantial contraction in the electronic consumer product market. As a result, the number of orders received by the Group for the same period of last year was severely affected, so was the sales of electronic components manufacturing sector. Fortunately, the global economy stabilized and revitalized gradually in 2010 and customers enlarged their production volume, such that the Group maintained a high level of sales. In addition to a marked improvement in overall sales as compared with the same period of 2009, through operating with caution and stringent cost control, the Group has also recorded growth in terms of gross profit, gross profit margin, profit and profit margin as raw material and peripheral costs were relatively stable.

In spite of improvement in global market conditions when it came to year 2010, there are a number of uncertainties lurking in the economy of major consumption countries like Europe, the US and Japan, coupled with soar of domestic inflation and production costs. Therefore, as a manufacturing enterprise, the Group has to act cautiously though it remained fully confident of the prospects and continued implementing a series of policies as follows:

i) as the overall production has realized effect of scale when it came to the third year after the relocation of plant to Heyuan, the management will continue to develop with full effort to unceasingly enhance efficiency and enlarge production capacity for additional order execution, and will focus on optimizing products design and overall quality management to control quality cost;

ii) the electroplating production line of Heyuan plant will have its production scale enlarged to synchronize other processes, which allows better control over electroplating quality, and saves considerable subcontracting costs of electroplating for the Group;

iii) more resources will be deployed to automatic assembly production lines, and new products allow assembly on automatic equipments will be developed with clients, in addition, orders relied on manual assembly in the past will be lessened, so as to reduce reliance on labor and to avert effects of issues like wage hikes and labor shortages, and then to secure profit;

iv) deteriorating business environment for electronics component manufacturing sector, fluctuating raw material and energy prices from time to time, severe labor shortage and concern over RMB appreciation, all impose no less pressure on our competitors, so we believe that small, poorly managed and less-equipped manufacturers will be eliminated. Meanwhile, integration of the industry is expected to be accelerate and the Group's market share will continue to rise; and

v) The Group's main customer base is dominated by Japanese brands. Affected by the high value yen, the cost of these customers has sharply risen in recent years. If the customers change the company operations, outsourcing part of production process by OEM and ODM, may cause a loss of order to the Group. As such, the Group will increase efforts to expand in Korean market in 2011 and 2012, where the leading customers have made orders and the products were well delivered. The management expects Korean market will become another important revenue source of the Group, and will contribute twenty percent of total sales; and

vi) based on excellent product quality and well-established cooperation relationships, the Group has secured the world's leading manufacturers of electronic consumer products as major customers, which guarantees a sufficient product demand. Moreover, the Group is striving to expand into other product markets for these manufacturers. Meanwhile, for products the price of which is too low and unprofitable, we will gradually raise the sales price or even waive them, in order to maintain profitability and effective ultilization of production capacity.

Regarding the properties investment segment, the Group acquired a total of four properties located in Hong Kong in 2010, including two commercial shops located in Wan chai, a single building property located in Mong Kok and a single building property located in To Kwa Wan for long-term holding and leasing purposes, making a total of seventeen groups of properties in the portfolio with fourteen in Hong Kong (including a total of eighteen commercial shops) and the other three in the PRC.

At the reporting date, the aggregate market value of property investment porfolio, being appraised by independent valuers, amounted to HK$491 million. A fair value gain of approximately HK$36 million on investment properties and an annual rental income of approximately HK$15 million were recorded by the Group. The management is of the opinion that the Group's commercial shops properties primarily invested in Hong Kong, have relatively lower risk as compared to other investment instruments. The value of investment properties and the rental yield are expected to pick up continuously when the market conditions take a turn for the better.

In light of the continued expansion of property investment business, the management has established a property department to handle lease matters with directors assigned for direct participation, and will keep on identifying quality properties for investment with an aim to enrich the Group's investment property portfolio and to generate a steady income source for the Group.

Prospects

As compared with last year, the Group has made remarkable improvement in its overall performance in 2010. The management is optimistic about the operation conditions and believes that the worst times have passed away, and orders in 2011 will maintain a high level. The Group has sufficient cash reserve and low borrowing rate, and its customer base comprises a majority of internationally renowned electronic consumer product brands. We will seek to lay a solid foundation for the future through expanding customer and product coverage. At the same time, we will adhere to sound investment strategies in identifying low-risk assets for investment so as to reap a reasonable return, and will exercise caution in considering new investment projects.

In the long run, we have full confidence in the future and believe that our various segments and investments will surely be able to generate considerable and stable income along with the general economic recovery.

MANAGEMENT DISCUSSION AND ANALYSIS

CORE BUSINESSES

Manufacturing of Electronic Components

The first 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, communication 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, Korea, Europe and USA.

Properties Investment

The second core business of the Group is the investment of properties in Hong Kong and the PRC for long-term holding and leasing purposes, that generates a stable income source.

The Group acquired four additional investment properties during 2010 with a total consideration of HK$145 million. The said properties comprise of two commercial shops located in Wanchai, a single building property located in Mongkok and a single building property located in Tokwawan, making a total of seventeen groups of properties in the portfolio with fourteen in Hong Kong (including a total of eighteen commercial shops) and the other three in the PRC. The Group did not dispose any investment properties during 2010.

As at 31 December 2010, the aggregate market value of investment properties, being appraised by independent property valuers, amounted to HK$491 million (31 December 2009: HK$308 million). Due to the continue market boom, an appreciation of HK$36 million (for the year ended 31 December 2009: HK$27 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$15 million (for the year ended 31 December 2009: HK$11 million) with a nearly 100% occupancy rate and an average return of 3.8% per annum (for the year ended 31 December 2009: 4.0%).

FINANCIAL REVIEW

Liquidity and Capital Resources

In order to comply with the requirements set out in HK INT 5 (please see note 1 to the Financial Statements for details), the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK INT 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amount of HK$12.5 million have been reclassified from non-current liabilities to current liabilities as at 31 December 2009. As at 31 December 2010, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$142.5 million have been classified as current liabilities. The application of HK INT 5 has brought to a net current liabilities of HK$11 million (31 December 2009: net current assets of HK$83 million) to the Group. It has had no impact on the reported profit or loss nor the required earning per share for the current and prior years.

Subsequent to the end of the reporting period, the Group entered into revised banking facilities with banks to remove the repayable on demand clause for certain bank loans. As a result, as at the date of this report, bank loans amounting to HK$80.8 million as at 31 December 2010 which are repayable after one year and without a repayable on demand clause are reclassified from current liabilities to non-current liabilities.

The Group continued to adopt a prudent financial management policy, which operated generally with internal resources. The bank borrowing ratio was 20.7% (31 December 2009: 3.3%), represents a lower borrowing exposure as compared to other companies in the similar industry. The loans were principally used to finance the acquisition of investment properties.

Moreover, as at 31 December 2010, the bank deposits and cash of the Group were HK$77 million (31 December 2009: HK$39 million), which included time deposits of HK$4.7 million (31 December 2009: HK$11.5 million). Shareholders' funds rose to the level of HK$687 million (31 December 2009: HK$601 million).

Capital Expenditure

The total capital expenditure incurred for 2010 was HK$160 million (for the year ended 31 December 2009: HK$37 million), out of which, approximately HK$15 million (for the year ended 31 December 2009: HK$12 million) was expended on the Heyuan plant, whereas approximately HK$145 million (for the year ended 31 December 2009: HK$25 million) was paid to acquire investment properties.

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 fluctuation of Renminbi in 2010 did not materially affect the costs and operations of the Group during the year 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 31 December 2010, the Group employed a total of 2,400 employees (31 December 2009: 2,600 employees) in Hong Kong and Mainland China. The total salaries and wages for 2010 amounted to HK$96 million (for the year ended 31 December 2009: HK$80 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.

FINAL DIVIDEND

The recent tragic earthquake and tsunami disasters in Japan are expected to bring the world economy into a turmoil again, as such, the Directors believe that the Group should hold on to excess cash to encounter any kinds of market fluctuations and uncertainties. After careful consideration, the Board has resolved to recommend a final dividend of HK2.0 cents per share for the financial year ended 31 December 2010 to be payable on or around 16 May 2011 to the Company's shareholders whose names appear on the register of members of the Company on 6 May 2011 subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 4 May 2011 to Friday, 6 May 2011 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for receiving the final dividend, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 3 May 2011.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

During the year, the Company repurchased its own shares through The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as follows:

Month of repurchase	**No. of ordinary shares of HK$0.5 each**	**Price per share**		**Aggregate consideration paid**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$'000*
May	1,366,000	0.63	0.62	860
Jun	2,074,000	0.60	0.58	1,206

The above shares were cancelled upon repurchase.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2010, 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.

The Board will consider in due course whether amendments on the Company's Bye-laws are necessary.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2010, including the accounting principles and accounting standards adopted, and discussed matters relating to audit, internal controls and financial reporting.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2010, as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank all our beloved shareholders, respectable customers, dedicated vendors and professional bankers for their support over the year and look forward to a closer cooperation in coming years.

I would also like to personally thank all management and staff for their hard work and commitment to the Group and cheer them as we tackle future challenges successfully.

On behalf of the Board
Wing Lee Holdings Limited
Chow Tak Hung
Chairman

Hong Kong, 25 March 2011

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.