WING LEE HOLDINGS LIMITED
永利控股有限公司*

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

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

INTERIM RESULTS 2011

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 2011 together with comparative figures for the same period of last year.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

		Six months ended	
	Notes	**30.6.2011** ***HK$'000*** **(unaudited)**	30.6.2010 *HK$'000* (unaudited)
Turnover	3	**194,922**	196,637
Cost of goods sold		**(126,259)**	(135,122)
Gross profit		**68,663**	61,515
Other income		**713**	629
Selling and distribution costs		**(1,960)**	(2,456)
Administrative expenses		**(29,102)**	(32,606)
Gain arising from fair value changes of investment properties		**106,838**	17,895
Loss arising from fair value changes of investments held for trading		**–**	(1,890)
Finance costs		**(673)**	(239)
Profit before taxation	4	**144,479**	42,848
Taxation charge	5	**(7,768)**	(2,785)
Profit for the period		**136,711**	40,063

* *for identification only*

	Notes	Six months ended **30.6.2011** ***HK$'000*** **(unaudited)**	30.6.2010 *HK$'000* (unaudited)
Other comprehensive income:			
Exchange differences arising from translation of foreign operations		**6,902**	–
Other comprehensive income for the period		**6,902**	–
Total comprehensive income for the period		**143,613**	40,063
Profit (loss) for the period attributable to:			
Owners of the Company		**137,107**	40,706
Non-controlling interests		**(396)**	(643)
		136,711	40,063
Total comprehensive income (expense) attributable to:			
Owners of the Company		**143,902**	40,706
Non-controlling interests		**(289)**	(643)
		143,613	40,063
Earnings per share – Basic	7	**HK39.0 cents**	HK11.4 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Notes	30.6.2011 HK$'000 (unaudited)	31.12.2010 HK$'000 (audited)
Non-current assets			
Investment properties		**603,401**	490,524
Property, plant and equipment		**210,933**	209,570
Prepaid lease payments		**13,870**	13,710
Deposits paid for acquisition of investment properties		**10,202**	500
		838,406	714,304
Current assets			
Inventories		**57,164**	47,866
Trade and other receivables	8	**85,060**	84,112
Time deposits		**4,864**	4,716
Bank balances and cash		**68,987**	72,291
		216,075	208,985
Current liabilities			
Trade and other payables	9	**55,837**	61,348
Rental deposits received		**5,186**	4,512
Deposit received for disposal of investment property		**3,620**	–
Taxation payable		**17,505**	12,066
Bank loans due within one year		**60,452**	142,481
		142,600	220,407
Net current assets (liabilities)		**73,475**	(11,422)
Total assets less current liabilities		**911,881**	702,882
Non-current liabilities			
Bank loans due after one year		**76,197**	–
Deferred tax liabilities		**16,391**	16,010
		92,588	16,010
		819,293	686,872
Capital and reserves			
Share capital		**174,252**	176,692
Share premium and reserves		**645,373**	510,221
Equity attributable to owners of the Company		**819,625**	686,913
Non-controlling interests		**(332)**	(41)
		819,293	686,872

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

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 (the "Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") 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 investment properties and certain financial instruments, which are measured at fair values, as appropriate.

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 2010, except as described below.

In the current interim period, the Group has applied, for the first time, a number of new or revised standards and interpretations ("new or revised HKFRSs") that are effective for accounting periods beginning on 1 January 2011 issued by the HKICPA.

The application of above the new and revised HKFRSs in current interim period has had no material effect on the amounts reported in these condensed consolidated financial information and/or disclosures set out in these condensed consolidated financial information.

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

HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[1]
HKFRS 9	Financial instruments[4]
HKFRS 10	Consolidated financial statements[4]
HKFRS 11	Joint arrangements[4]
HKFRS 12	Disclosures of interests in other entities[4]
HKFRS 13	Fair value measurement[4]
HKAS 1 (Revised in 2011)	Presentation of financial statements - Presentation of items of other comprehensive income[3]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[2]
HKAS 19 (Revised in 2011)	Employee benefits[4]
HKAS 27 (Revised in 2011)	Separate financial statements[4]
HKAS 28 (Revised in 2011)	Investments in associates and joint ventures[4]

[1] Effective for annual periods beginning on or after 1 July 2011.

[2] Effective for annual periods beginning on or after 1 January 2012.

[3] Effective for annual periods beginning on or after 1 July 2012.

[4] Effective for annual periods beginning on or after 1 January 2013.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The application of HKFRS 10 might result in the Group and consolidating investees that were not previously consolidated.

HKFRS 9 "Financial instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows, and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company are in the process of assessing the impact on application of HKFRSs 9 and 10.

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

3. SEGMENT INFORMATION

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$'000* (unaudited)	**Properties investment** *HK$'000* (unaudited)	**Securities investment** *HK$'000* (unaudited)	**Consolidated** *HK$'000* (unaudited)
For the period ended 30 June 2011				
TURNOVER				
External sales	185,396	9,526	–	194,922
RESULTS				
Segment results	32,875	112,873	–	145,748
Finance costs				(673)
Interest income on bank deposits				132
Unallocated expenses				(728)
Profit before taxation				144,479
For the period ended 30 June 2010				
TURNOVER				
External sales	189,822	6,815	–	196,637
RESULTS				
Segment results	21,804	23,652	(1,588)	43,868
Finance costs				(239)
Interest income on bank deposits				31
Unallocated expenses				(812)
Profit before taxation				42,848

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. 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.

4. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2011	30.6.2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**12,207**	11,454
Dividends from equity securities	**–**	(160)
Interest on bank deposits	**(132)**	(31)
Interest on debt securities	**–**	(129)

5. TAXATION

	Six months ended	
	30.6.2011	30.6.2010
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax		
Hong Kong Profits Tax	**3,772**	2,060
Taxation in other jurisdictions	**3,594**	620
	7,366	2,680
Deferred tax	**402**	105
	7,768	2,785

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for the six months ended 30 June 2011. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. DIVIDEND

The Board has resolved to declare an interim dividend of HK2 cents per share (2010: HK1 cent) that will be paid to the shareholders of the Company whose names appear in the Register of Members on 16 September 2011.

7. EARNINGS PER SHARE – BASIC

The calculation of the basic earnings per share for the six months ended 30 June 2011 is based on the profit for the period attributable to owners of the Company of HK$137,107,000 (2010: HK$40,706,000) and on the weighted average number of ordinary shares of 351,955,315 shares in issue during the period (2010: 356,023,072 shares).

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

8. TRADE AND OTHER RECEIVABLES

At 30 June 2011, included in trade and other receivables are trade receivables of HK$74,179,000 (31.12.2010: HK$75,165,000). Payment terms with customers are largely on credit. Invoices are normally payable 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 at the reporting date:

	30.6.2011	31.12.2010
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 3 months	**71,392**	71,184
4 – 6 months	**2,068**	3,981
> 6 months	**719**	–
	74,179	75,165

9. TRADE AND OTHER PAYABLES

At 30 June 2011, included in trade and other payables are trade payables of HK$16,424,000 (31.12.2010: HK$17,757,000).

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

	30.6.2011	31.12.2010
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 3 months	**16,349**	17,751
4 – 6 months	**75**	6
	16,424	17,757

10. CAPITAL COMMITMENTS

	30.6.2011	31.12.2010
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of:		
– property, plant and equipment	**1,199**	838
– investment properties	**64,962**	4,500
	66,161	5,338

BUSINESS REVIEW

For the six months ended 30 June 2011 (the "Period"), the Group's revenue amounted to HK$195 million (2010: HK$197 million), representing a decrease of 1% as compared with the same period of last year. The unaudited profit amounted to HK$137 million (2010: HK$40 million), representing an increase of 241% as compared with the same period of last year. Earnings per share were HK39.0 cents (2010: HK11.4 cents).

Manufacture of Electronic Components

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, 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.

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. However, in the first half of 2011, the Japan's tragic earthquake and tsunami resulted in a substantial interruption in the supply chain of electronic consumer products in the world, which affected the number of orders received by the Group during the year so was the sales volume of electronics component manufacturing sector. 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 fortunately.

Take a sweeping view of 2011, the management hold a wait-and-see attitude towards the global market. The market is dragged by the US economy and the uncertainty of European debt crisis. The Japanese customers also changed the previous business operating model and outsourced the production procedures in means of OEM and ODM in the light of the elements such as decrease in the prices of electronic consuming products and appreciation of Japanese Yen. All these moves will just give a rise to the order loss for the Group and it is expected the turnover for the second half of the year will decline.

However, the Group is still full of confidence of its prospects and will exert more efforts in developing Korean market in 2011 and 2012. The first-tier customers have given great response to the production delivery and the management predicts Korean market will be another major source of income of the Group. In addition, the Group is committed to developing digital products and will increase investment in purchasing additional plant and equipment. New products are anticipated to be launched in 2012 for helping compensate the order loss mentioned above and maintain the Group's competitiveness.

Properties Investment

Regarding the properties investment segment, the Group acquired a total of four properties in 2011, including three residential properties located in Hong Kong and a single building property located in Mong Kok for long-term holding and leasing purposes, of which two acquisitions will be completed in the second half of the year. In addition, the Group disposed of two commercial shops located in Wan Chai in 2011 and the disposals will be completed in the second half of the year.

At the reporting date, as the commercial property market was blooming in Hong Kong, the aggregate market value of property investment porfolio, being appraised by independent valuers, amounted to HK$603 million (31.12.2010: HK$491 million). A fair value gain of approximately HK$107 million (2010: 18 million) on investment properties and a half-year rental income of approximately HK$9.5 million (2010: 6.8 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 with a portfolio of eighteen commercial shops, 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.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 30 June 2011, the net current assets of the Group amounted to HK$73 million (31.12.2010: net current liabilities of HK$11 million). The current and quick ratio were 1.5 and 1.1 (31.12.2010: 0.9 and 0.7) respectively. Shareholders' funds rose to the level of HK$820 million (31.12.2010: HK$687 million).

Moreover, as at 30 June 2011, the bank deposits and cash of the Group were HK$74 million (31.12.2010: HK$77 million).

The Group continued to adopt a prudent financial management policy, which operated generally with internal resources. The bank borrowing ratio was 16.7% (31.12.2010: 20.7%), represents a lower borrowing exposure as compared to other companies in the similar industry. As at 30 June 2011, the total bank borrowings of the Group were HK$137 million (31.12.2010: HK$142 million), of which HK$60 million was repayable within one year (31.12.2010: HK$142 million). The loans were principally used as working capital and to finance the acquisition of investment properties.

Capital Expenditure

The total capital expenditure incurred for the Period was HK$23 million (2010: HK$78 million), out of which, approximately HK$8 million (2010: HK$6 million) was expended on the Heyuan plant, whereas approximately HK$15 million (2010: HK$72 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 2011 did not materially affect the costs and operations 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 2011, the Group employed a total of 2,250 employees (31.12.2010: 2,400 employees) in Hong Kong and Mainland China. The total salaries and wages for the Period amounted to HK$34 million (2010: HK$37 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.

PROSPECT

As compared with the same period of last year, the Group has made remarkable improvement in its overall performance in the first half of 2011. The management is optimistic about the operation conditions. The Group has sufficient cash reserve and low borrowing rate. Our properties investment depends on long-term rentals, and our customer base for electronic components manufacturing sector 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 more certainties about global economic condition.

DIVIDEND

The Board has resolved to declare an interim dividend for the six months ended 30 June 2011 of HK2 cents (2010: HK1 cent) per share to the shareholders whose names appear on the register of members of the Company on 16 September 2011. The dividend warrants will be dispatched on or about 26 September 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 September 2011 to 16 September 2011, both days inclusive, during which no transfer of shares will be effected. To qualify for entitlement to the interim dividend, all transfer documents accompanied by the relevant share certificates must be logged with the Company's share registrar in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 14 September 2011.

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 RESULTS

The Audit Committee of the Company has reviewed the unaudited interim results and 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, the Company repurchased certain of its own shares through The Stock Exchange of Hong Kong Limited. The aggregate price paid for the repurchases amounted to HK$4,170,000.

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

The 2011 interim report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the websites of the Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.wingleeholdings.com) in due course.

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 of
Chow Tak Hung
Chairman

Hong Kong, 26 August 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.