WING LEE HOLDINGS LIMITED
永利控股有限公司*

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

		Six months ended	
	Notes	**30.6.2014** *HK$'000* **(unaudited)**	30.6.2013 *HK$'000* (unaudited)
Continuing operation			
Turnover	3	**174,588**	139,386
Cost of goods sold		**(137,998)**	(105,262)
Gross profit		**36,590**	34,124
Other income		**4,168**	2,801
Selling and distribution costs		**(6,283)**	(3,517)
Administrative expenses		**(45,779)**	(35,616)
Other expenses		**(5,878)**	(863)
Gain on disposal of subsidiaries	17	**52,033**	–
Impairment loss recognised in respect of property, plant and equipment	10	**(36,375)**	(9,034)
Changes in fair value of investment properties		**164**	(533)
Finance costs		**(196)**	(116)
Share of profit of an associate		**3,331**	3,065
Profit (loss) before taxation	4	**1,775**	(9,689)
Taxation	5	**(2,777)**	(1,097)
Loss for the period from continuing operation		**(1,002)**	(10,786)
Discontinued operation			
Profit for the period from discontinued operation	7	**–**	8,136
Loss for the period		**(1,002)**	(2,650)

* *for identification only*

	Note	Six months ended 30.6.2014 HK$'000 (unaudited)	30.6.2013 HK$'000 (unaudited)
Other comprehensive expense			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operation:			
Exchange differences arising during the period		**(9,412)**	–
Reclassification of exchange differences upon disposal of subsidiaries		**(28,049)**	–
Total comprehensive expense for the period		**(38,463)**	(2,650)
Profit (loss) for the period attributable to owners of the Company:			
– from continuing operation		**10,296**	(10,455)
– from discontinued operation		**–**	8,136
		10,296	(2,319)
Loss for the period attributable to non-controlling interests:			
– from continuing operation		**(11,298)**	(331)
– from discontinued operation		**–**	–
		(11,298)	(331)
Loss for the period		**(1,002)**	(2,650)
Total comprehensive expense attributable to:			
Owners of the Company		**(26,187)**	(2,319)
Non-controlling interest		**(12,276)**	(331)
		(38,463)	(2,650)
Earnings (loss) per share	8		
From continuing and discontinued operations			
– Basic		**3.21 HK cents**	(0.72) HK cents
From continuing operation			
– Basic		**3.21 HK cents**	(3.26) HK cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2014

	Notes	**30.6.2014** *HK$'000* **(unaudited)**	31.12.2013 *HK$'000* (audited)
Non-current assets			
Investment properties	9	**–**	33,276
Property, plant and equipment	10	**102,603**	146,991
Prepaid lease payments		**8,586**	13,028
Interest in an associate	11	**–**	67,363
Deposits paid for acquisition of property, plant and equipment		**–**	543
		111,189	261,201
Current assets			
Inventories		**32,419**	44,121
Trade and other receivables	12	**79,188**	65,289
Taxation recoverable		**11,114**	8,924
Bank balances and cash		**35,305**	72,962
		158,026	191,296
Current liabilities			
Trade and other payables	13	**71,570**	66,684
Amount due to a director	14	**10,000**	–
Amount due to non-controlling shareholder of a subsidiary	15	**17,897**	–
Taxation payable		**15,613**	16,402
Bank loans		**–**	20,000
		115,080	103,086
Net current assets		**42,946**	88,210
Total assets less current liabilities		**154,135**	349,411
Non-current liabilities			
Deferred tax liabilities		**14**	13,997
		154,121	335,414
Capital and reserves			
Share capital	16	**3,205**	160,263
Reserves		**144,302**	175,151
Equity attributable to owners of the Company		**147,507**	335,414
Non-controlling interest		**6,614**	–
		154,121	335,414

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated in Bermuda as an exempted company with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). On 28 March 2014, Bright Asia Holdings Limited ("Bright Asia"), the then immediate and ultimate holding company of the Company, has entered into a sales and purchase agreement with an independent third party to the Group, Weltrade Group Limited ("Weltrade"), a company incorporated in the British Virgin Islands, pursuant to which Weltrade acquire 70.11% of the total number of issued share capital of the Company from Bright Asia (the "Share Transfer"). The Share Transfer was completed on 27 May 2014, as a result, Weltrade has become the immediate and ultimate holding company of the Company.

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

During the six months ended 30 June 2013, the Group completed an exercise for distribution of its properties investment operation through the separate listing of Wing Lee Property Investments Limited ("Wing Lee Property") and its subsidiaries (collectively referred to as the "Property Group") on the Main Board of the Stock Exchange, which principally carries the Group's properties investment operation in Hong Kong and the People's Republic of China (the "PRC"), by way of introduction through a special dividend distribution satisfied by distribution in specie of approximately 83.0% of the issued share capital of Wing Lee Property to the Company's shareholders, the details of which are set out in the listing document of Wing Lee Property dated 28 February 2013 (the "Listing Document"). The spin-off exercise completed on 19 March 2013. The Property Group's results for the six months ended 30 June 2013 was presented as a discontinued operation in the Group's 2013 interim report.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair value.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and Interpretations issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – Int 21	Levies

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

3. TURNOVER AND SEGMENT INFORMATION

The Group's operating activities are currently attributable to a single operating segment focusing on the manufacture of and trading in electronic components in the PRC and Hong Kong (continuing operation). This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, that are regularly reviewed by the executive directors of the Company (the "Executive Directors") (being the chief operating decision maker of the Company). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources.

The Property Group engages in properties investment business, principally the leasing of completed commercial and residential properties in Hong Kong and the PRC. As discussed in note 7, after the spin-off and separate listing of Wing Lee Property on the Stock Exchange on 19 March 2013, the Group no longer carried on the business of properties investment and the properties investment division of the Group is classified a discontinued operation of the Group in the prior interim period.

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

Segment revenues and results

	Continuing operation – Manufacture of and trading in electronic components *HK$'000*
For the six months ended 30 June 2014	
TURNOVER	
External sales	**174,588**
RESULTS	
Segment results	**(48,409)**
Unallocated income	**4,168**
Unallocated expenses	**(9,152)**
Finance costs	**(196)**
Gain on disposal of subsidiaries	**52,033**
Share of profit of an associate	**3,331**
Profit before taxation	**1,775**

	Continuing operation – Manufacture of and trading in electronic components *HK$'000*	Discontinued operation – Properties investment *HK$'000*
For the six months ended 30 June 2013		
TURNOVER		
External sales	139,386	4,948
Inter-segment sales	–	634
Eliminations	–	(634)
	139,386	4,948
RESULTS		
Segment results	(8,113)	13,897
Unallocated income	2,801	86
Unallocated expenses	(7,326)	(4,956)
Finance costs	(116)	(400)
Share of profit of an associate	3,065	–
(Loss) profit before taxation	(9,689)	8,627

Segment results represents the profit earned/(loss) incurred by each segment without allocation of central administration costs and other income/expenses, finance costs, gain on disposal of subsidiaries and share of profit of an associate. This is the measure reported to the Executive Directors for the purposes of resource allocation and performance assessment.

4. PROFIT (LOSS) BEFORE TAXATION

	Continuing operation Six months ended		**Discontinued operation Six months ended**	
	30.6.2014	30.6.2013	**30.6.2014**	30.6.2013
	HK$000	*HK$000*	***HK$000***	*HK$000*
Profit (loss) before taxation has been arrived at after charging (crediting):				
Amortisation of prepaid lease payments	**109**	177	**–**	–
Depreciation of property, plant and equipment	**10,570**	13,678	**–**	379
Expenses in relation to the listing of Wing Lee Property (included in other expenses)	**–**	–	**–**	3,993
Bad debts recovered (included in other income)	**–**	(10)	**–**	–
Gain on disposal of property, plant and equipment (included in other income)	**(604)**	(1,461)	**–**	–
Interest on bank deposits	**(181)**	(162)	**–**	(82)
Net exchange (gains) losses (included in other income/expenses)	**(2,271)**	873	**–**	(17)
Reversal of allowance for inventories (included in cost of goods sold)	**–**	(341)	**–**	–

5. TAXATION

	Continuing operation Six months ended		**Discontinued operation Six months ended**	
	30.6.2014	30.6.2013	**30.6.2014**	30.6.2013
	HK$000	*HK$000*	***HK$000***	*HK$000*
Current tax:				
Hong Kong Profits Tax	**261**	–	**–**	439
Overprovision of Hong Kong Profits Tax in prior periods	**–**	–	**–**	(20)
PRC Enterprise Income Tax	**2,456**	1,247	**–**	8
	2,717	1,247	**–**	427
Deferred tax charge (credit)	**60**	(150)	**–**	64
	2,777	1,097	**–**	491

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

The Hong Kong Inland Revenue Department ("IRD") has been conducting a tax audit to the Group for the years of assessment back from 2004/05 since 2011. During 2012, the IRD issued additional assessments for the years from 2004/05 to 2006/07 demanding for an aggregate of approximately HK$18,375,000 (the "2012 Assessments") to one of the Company's subsidiaries in connection with the pricing policy of its intergroup transactions of the trading and manufacturing operations in these years.

In 2012, the Group lodged objections to the IRD against the 2012 Assessments and had made partial payments in aggregate of HK$9,100,000 with respect of the years of assessment 2004/05 and 2005/06 to the IRD temporarily (part of which was in the form of tax reserve certificate). The directors of the Company proposed to the IRD to adjust the pricing of the intercompany transactions, thus, the assessable profits of its subsidiaries in Hong Kong and the PRC will be adjusted based on the proposal in these years (the "Proposal"). In the opinion of the directors of the Company, it should be a valid case to pursue, and the Group had made further provisions of HK$11,276,000 (together with related potential tax penalty which has been charged as administration expense) for the years of assessment from 2004/05 to 2010/11 during the year ended 31 December 2012.

During the year ended 31 December 2013, the Group paid tax of HK$9,275,000 with respect to the year of assessment 2006/07 and paid a late payment surcharge of approximately HK$464,000 which had been charged as administrative expense. In 2013, further to the latest discussions with the IRD, the directors of the Company have revised its Proposal to further adjust the pricing of the intercompany transaction and the assessable profits of its subsidiaries in Hong Kong and the PRC in order to expedite the settlement with the IRD (the "Revised Proposal"). Based on the Revised Proposal, the Group had made further tax provisions of HK$19,886,000 (together with related tax potential penalty which has been charged as administrative expense) for the years of assessment from 2004/2005 to 2012/2013 during the year ended 31 December 2013.

During the current interim period, the Group has further paid tax of HK$2,000,000 with respect to the year of assessment 2007/08 upon receiving the additional assessment from the IRD. Up to the date of these condensed consolidated financial statements, the negotiations for tax assessments were not yet concluded and the Group is still in the process of negotiating with the IRD in respect of the Revised Proposal. The directors of the Company are of the view that the Revised Proposal would be accepted by the IRD, thus no additional tax provision in respect of the prior years' assessments was made in the current interim period.

In the event where the Revised Proposal is accepted by the IRD, final settlement of the tax audit in respect of the 2012 Assessments could be less than the amount aforementioned, the excess balance should be refundable to the Group. On the other hand, the tax recoverable including the tax reserve certificate purchased by the Group would be charged to profit or loss, if the IRD disagrees with the above mentioned basis and the Group failed the objection.

The provision for PRC Enterprise Income Tax ("EIT") is based on the estimated taxable income for PRC taxation purpose at the rate of taxation applicable for the period. Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

6. DIVIDENDS

	Six months ended	
	30.6.2014	30.6.2013
	HK$'000	*HK$'000*
Dividends recognised as distribution during the period:		
– Special dividend of 30 HK cents (six months ended 30 June 2013: nil) per ordinary share	**96,158**	–
– Special dividend, by way of a distribution in specie of shares of Wing Lee Property *(notes a and b)*	**70,694**	756,677
	166,852	756,677

Notes:

(a) On 8 April 2014, the board of directors of the Company declared a conditional special dividend by way of a distribution in respect of Wing Lee Property shares held by the Company in proportion of 0.2048 share for every one share held by the shareholders of the Company, representing approximately 17% of the issued share capital of Wing Lee Property. On 9 June 2014, a total of 65,649,879 Wing Lee Property shares, representing approximately 17% of the shares of Wing Lee Property were distributed to the owners of the Company, whose names appear on the register of members of the Company at the close of business on 26 May 2014, pursuant to the fulfillment of all conditions to this distribution.

(b) On 19 February 2013, the board of directors of the Company declared a conditional special interim dividend by way of a distribution in respect of Wing Lee Property shares held by the Company in proportion of one Wing Lee Property share for every one share held by the shareholders of the Company, representing approximately 83.0% of the issued share capital of Wing Lee Property after the Capitalisation Issue, subject to the Spin-Off Condition (both Capitalisation Issue and Spin-Off Condition are defined in the Listing Document). On 19 March 2013, a total of 320,525,879 Wing Lee Property shares, representing approximately 83.0% of the shares of Wing Lee Property were distributed to the owners of the Company pursuant to the Distribution (as defined in note 7).

Other than the special dividend and the distribution in specie indicated above, no dividend were paid, declared or proposed for the six months ended 30 June 2014.

7. DISCONTINUED OPERATION

On 19 March 2013, the Group spun off its properties investment business through the separate listing of the Property Group on the Stock Exchange by way of introduction, through a special interim dividend distribution satisfied by distribution in specie of approximately 83.0% of the issue share capital of Wing Lee Property to the Company's shareholders (the "Distribution").

Profit for the six months ended 30 June 2013 from the discontinued operation is analysed as follows:

	1.1.2013 to 18.3.2013 *HK$'000*
Turnover	4,948
Direct operating expenses	(337)
Other income	86
Net changes in fair value of investment properties	10,976
Administrative expenses	(2,653)
Other expenses	(3,993)
Finance costs	(400)
Profit before taxation	8,627
Taxation	(491)
Profit for the period	8,136

During the six months ended 30 June 2013, the discontinued operation contributed cash flows of HK$69,000 in respect of the Group's net operating activities, contributed HK$53,000 in respect of investing activities and paid HK$4,002,000 in respect of financing activities.

8. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	Six months ended	
	30.6.2014	30.6.2013
	HK$'000	*HK$'000*
Earnings (loss)		
Profit (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) earnings per share	**10,296**	(2,319)

Number of shares

	30.6.2014 & 30.6.2013
Number of ordinary shares for the purpose of basic earnings (loss) per share	320,525,879

From continuing operation

The calculation of the basic earnings (loss) per share from continuing operation attributable to owners of the Company is based on the following data:

	Six months ended	
	30.6.2014	30.6.2013
	HK$'000	*HK$'000*
Profit (loss) for the period attributable to owners of the Company	**10,296**	(2,319)
Less: Loss for the period from the discontinued operation attributable to owners of the Company	**–**	(8,136)
Earnings (loss) for the purpose of basic earnings (loss) earnings per share from the continuing operation	**10,296**	(10,455)

The denominators used are the same as those above for basic earnings (loss) per share.

From discontinued operation

During the six months ended 30 June 2013, basic earnings per share for discontinued operation was 2.54 HK cents per share based on the profit for the period from discontinued operation of HK$8,136,000 and the denominator set out above for basic earnings (loss) per share.

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

9. MOVEMENTS IN INVESTMENT PROPERTIES

During the current interim period, the Group disposed of its entire investment properties portfolio through disposal of China King Group (as defined in note 17(b)) and disposal of an investment property to an independent third party. The Group recognised an increase in fair value of HK$164,000 to profit or loss (six months ended 30 June 2013: decrease in fair value of HK$533,000) in the current interim period.

The fair value of the Group's investment properties at 31 December 2013 had been arrived at on the basis of a valuation carried out on that date by RHL Appraisal Limited ("RHL"), an independent firm of professional property valuers not related to the Group. The valuation was arrived at by using direct comparison method by making reference to the prices realised on actual sales and/or asking prices of comparable properties and where comparable market prices were not available, depreciated replacement cost approach was used and was based on an estimation of the market value for the existing use of the land, plus the current cost of replacement of the improvements less allowance for physical deterioration and all relevant forms of obsolescence and optimisation.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of HK$11,876,000 (six months ended 30 June 2013: HK$2,277,000).

In addition, the Group disposed of certain property, plant and equipment with carrying amount of HK$85,000 for proceeds of HK$689,000 (six months ended 30 June 2013: zero carrying amount for proceeds of HK$1,461,000), resulting in a gain on disposal of HK$604,000 (six months ended 30 June 2013: HK$1,461,000) recognised in profit or loss.

During the current interim period, the Group has made impairment loss on certain property, plant and equipment of HK$36,375,000 (six months ended 30 June 2013: HK$9,034,000) due to cessation of certain production lines in the PRC and in the opinion of the directors of the Company, these production lines were not part of the Group's core production facility and were closed down due to non-performance and continuation of weak demand of the products of these production lines.

At 30 June 2014, the directors of the Company also carried out a review of Group's remaining property, plant and equipment for impairment and whether any events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and concluded that there is no indicator for impairment for the remaining assets.

11. INTEREST IN AN ASSOCIATE

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
Cost of investment in an associate	**62,696**	62,696
Share of post-acquisition profit and other comprehensive income, net of dividend received	**7,998**	4,667
Special dividend, by way of a distribution in specie of Wing Lee Property *(Note 6)*	**(70,694)**	–
	–	67,363

12. TRADE AND OTHER RECEIVABLES

At 30 June 2014, included in trade and other receivables were trade receivables of HK$69,937,000 (31 December 2013: HK$59,609,000). Payment terms with customers are mainly 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, presented based on invoice dates (also approximates to revenue recognition date) at the end of the reporting period:

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
0 – 90 days	**68,768**	58,463
91 – 180 days	**1,169**	1,146
	69,937	59,609

13. TRADE AND OTHER PAYABLES

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
Trade payables	**13,402**	9,711
Accrued expenses	**26,922**	18,999
Other tax payables	**11,767**	14,761
Other payables	**1,979**	5,713
Tax penalty	**17,500**	17,500
	71,570	66,684

The following is an aged analysis of trade payables, presented based on the invoice date at the end of the reporting period.

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
0 – 90 days	**13,253**	9,649
91 – 180 days	**149**	62
	13,402	9,711

14. AMOUNT DUE TO A DIRECTOR

The amount represents balance due to Mr. Chow Tak Hung, a non-executive director of the Company, which carries interest rate at 3% per annum. The amount is unsecured and repayable within one year.

15. AMOUNT DUE TO NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The amount is unsecured, interest-free and repayable on demand.

16. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Authorised:		
At 1 January 2013 and 31 December 2013 (HK$0.50 each)	400,000,000	200,000
Increased in authorised share capital by sub-dividing each of the unissued existing shares of HK$0.50 into 50 new shares of HK$0.01 each *(Note)*	19,600,000,000	–
At 30 June 2014 (HK$0.01 each)	20,000,000,000	200,000
Issued and fully paid:		
At 1 January 2013 and 31 December 2013 (HK$0.50 each)	320,525,879	160,263
Reduction of par value of each share from HK$0.50 to HK$0.01 *(Note)*	–	(157,058)
At 30 June 2014 (HK$0.01 each)	320,525,879	3,205

Note: Pursuant to a special resolution passed in a special general meeting of the Company, the Company effected a capital reduction on 20 May 2014 which involved: (i) cancelling paid-up capital in the amount of HK$0.49 on each of the issued existing shares in the issued share capital of the Company and applying the credit arising from such reduction to the contributed surplus account of the Company or other account of the Company which may be utilised by the board of directors of the Company as a distributable reserve in accordance with the bye-laws of the Company and applicable laws in Bermuda; (ii) sub-dividing each of the unissued existing shares of HK$0.50 in the authorised share capital of the Company into 50 new shares of HK$0.01 each; and (iii) reducing the entire amount of approximately HK$78.8 million standing to the credit of the Company's share premium account and applying the credit arising from such reduction to the contributed surplus account of the Company or other account of the Company which may be utilised by the board of directors of the Company as a distributable reserve in accordance with the bye-laws of the Company and applicable laws in Bermuda. Details of the capital reduction were set out in the circular of the Company dated 17 April 2014.

17. DISPOSAL OF SUBSIDIARIES

(a) Disposals of Wing Lee (Switch & Jack) Limited and its subsidiaries (collectively referred to as the "Wing Lee Switch & Jack Group")

In May 2014, the Group disposed of its entire equity interest in Wing Lee (Switch & Jack) Group, principally engaged in manufacturing of electronic components, to Bright Asia for a cash consideration of HK$27,024,000. Bright Asia is an investment holding company (formerly the immediate and ultimate holding company of the Company), with 60% of its issued share capital owned by Mr. Chow Tak Hung, and hence a connected person of the Company.

	HK$'000
Analysis of assets and liabilities of Wing Lee Switch & Jack Group at the date of disposal were as follows:	
Property, plant and equipment	6,345
Prepaid lease payments	1,521
Other receivables and prepayments	8,489
Bank balances and cash	5,949
Other payables	(13,384)
Amount due to a fellow subsidiary	(4,738)
Taxation payable	(390)
Net assets disposed of	3,792
Gain on disposal of subsidiaries:	
Consideration received	27,024
Net assets disposed of	(3,792)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss upon disposal	10,003
Gain on disposal	33,235
Net cash inflow arising on disposal:	
Cash consideration received	27,024
Bank balances and cash disposed of	(5,949)
	21,075

(b) Disposals of China King Holdings Limited and its subsidiaries (collectively referred to as the "China King Group")

In May 2014, the Group disposed of its entire equity interest in China King Group, principally engaged in manufacturing of electronic components, to Bright Asia for a cash consideration of HK$30,118,000.

	HK$'000
Analysis of assets and liabilities of China King Group at the date of disposal were as follows:	
Investment properties	31,750
Prepaid lease payments	2,548
Amounts due from fellow subsidiaries	4,738
Other receivables and prepayments	722
Bank balances and cash	10,692
Other payables	(5,330)
Rental deposits received	(310)
Taxation payable	(1,865)
Deferred tax liabilities	(13,579)
Net assets disposed of	29,366
Gain on disposal of subsidiaries:	
Consideration received	30,118
Net assets disposed of	(29,366)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss upon disposal	18,046
Gain on disposal	18,798
Net cash inflow arising on disposal:	
Cash consideration received	30,118
Cash and cash equivalents disposed of	(10,692)
	19,426

(c) Spin-off listing of Wing Lee Property in 2013

As detailed in notes 1 and 7, the Company's shareholding in Property Group has decreased from 100% to 17.0% following the distribution on 19 March 2013. The Group has lost control in Wing Lee Property upon completion of the spin-off exercise, but retained the power to exercise significant influence over the Property Group. Wing Lee Property is therefore regarded as an associate of the Company and is accounted for by equity method. The net assets of the Property Group at the date of spin-off were as follows:

	19.3.2013
	HK$'000
Investment properties	895,130
Property, plant and equipment	6,549
Rental and other receivables	484
Taxation recoverable	19
Fixed deposits	30,079
Bank balances and cash	28,043
Other payables and rental deposits received	(13,187)
Taxation payable	(730)
Bank loans	(122,594)
Deferred tax liabilities	(4,420)
Net assets disposed of	819,373
Transferred to interest in an associate *(note 11)*	(62,696)
Total consideration	756,677
Satisfied by:	
Special interim dividend in species	756,677
Net cash outflow on distribution	(28,043)

The fair value of the Property Group's investment properties was arrived at on the basis of a valuation carried out on 19 March 2013 by RHL at the date of spin-off.

18. CAPITAL COMMITMENTS

	30.6.2014	31.12.2013
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of property, plant and equipment	**529**	1,265

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

20. RELATED PARTIES TRANSACTIONS

Other than the transactions and balances with related parties disclosed in the respective notes, the Group had the following related party transactions:

(a) During the six months ended 30 June 2014, the Group disposed of part of its shareholding in a PRC subsidiary to Bright Asia without losing control over that subsidiary. As a result of the partial disposal, the difference of HK$13,097,000, representing the difference between the net consideration received of HK$24,022,000, the recognition of non-controlling interest of HK$18,890,000 and derecognition of translation reserve of HK$6,959,000 and PRC statutory reserve of HK$1,006,000 was directly recognised in equity.

(b) During the six months ended 30 June 2014, the Group has rented certain properties from Extra Rich Development Limited, a wholly-owned subsidiary of Wing Lee Property, rentals of approximately HK$439,800 has been paid and recognised as an expense (rentals of HK$829,600 has been paid during the period from 19 March 2013 (the date of which Wing Lee Property became an associate of the Company) to 30 June 2013).

(c) During the six months ended 30 June 2013, the Group sold a property to a related company which was owned by certain former directors of the Company at a cash consideration of HK$850,000. The consideration was determined based on a valuation carried out by RHL with reference to market evidence of transaction prices for similar properties in similar location.

(d) During the six months ended 30 June 2013, the Group has rented a property at prevailing market rent to Mr. Lui Siu Fung, a director of Wing Lee Property and a rental income of HK$34,000 has been received during the period from 1 January 2013 to 19 March 2013 (date of which Wing Lee Property became an associate of the Company).

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 3 July 2014, the Company issued 6% coupon convertible notes at a principal amount of HK$99,840,000 maturing on the first anniversary of the date of issue of the convertible notes. The convertible notes entitle the holders to convert at any time between the date of issue of the notes and their maturity date into 64,000,000 new ordinary shares of the Company at a conversion price of HK$1.56 per share. The convertible notes carries interest of 6% per annum and would be payable at the maturity date. Details of the convertible notes are set out in the Company's announcement dated 23 June 2014 and 3 July 2014. The proceed from the convertible notes will be used for general operation of the Group. At the date of this interim report, the directors of the Company are still in the process of quantifying the financial impact of the convertible notes.

DIVIDEND

Except as disclosed in note 6 to the Announcement, the Board does not recommend an interim dividend for the six months ended 30 June 2014 (2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board of directors (the "Board"), I would like to present to shareholders the interim results of the Group for the six months ended 30 June 2014 (the "Period").

RESULTS AND DIVIDEND

For the six months ended 30 June 2014, the Group's turnover was approximately HK$175 million (2013: HK$139 million), representing a increase of approximately 26% as compared to the corresponding period of 2013.

The earnings before interest, tax, amortisation and depreciation (EBITDA) of the continuing operation was approximately HK$12 million (2013: earnings of HK$4 million), representing an increase of HK$8 million as compared to the corresponding period of 2013.

Basic earnings per share (from continuing operation) was 3.21 HK cents (2013: loss of (3.26) HK cents).

The Board has resolved not to declare an interim dividend.

BUSINESS REVIEW

Electronic Manufacturing Services Business (the "EMS Business")

The global demand on home electronic entertainment product increased, which in turn raised the overall sales of the electronic and electrical component manufacturing sector. The sales of the EMS Business increased by approximately 26% to HK$175 million, as compared to the corresponding period of 2013.

While the increase in sales turnover of the EMS business of the Group, it has recorded a decrease of gross profit margin for the six months ended 30 June 2014.

Material cost increased as compared to the corresponding period of 2013. Several fixed overhead expenses were higher as compared to the corresponding period of 2013, depreciation and repairing expenditure on plant and equipments increased although the sale turnover of the Group increased by 26%. Labour cost and local provincial government duties charged to the factory increased year by year and under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law since 2008, the 50% tax concession given to our factory expired by end of 2012. These are detrimental factors to the operating environment of the factory in the PRC.

The Directors have cautiously carried out a review assessing the commercial value of certain plant and equipments. Given the ever-changing advancement of home electronic entertainment products, it directly affects the demand of traditional electronic and electrical components, equipments.

DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June, 2014, the Group disposed of Wing Lee (Switch & Jack) Limited and its subsidiaries (collectively referred to as the "Wing Lee Switch & Jack Group), and China King Holdings Limited and its subsidiaries (collectively referred to as the China King Group) to facilitate the Group restructuring.

Details of the disposals were set out in note 17 to the Announcement.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2014, the net current assets of the Group amounted to approximately HK$43 million (31 December 2013: HK$88 million). The current and quick ratio was 1.4 and 1.1 (31 December 2013: 1.9 and 1.4) respectively, the decrease was mainly owing to the reduction in cash and bank balance.

As at 30 June 2014, the bank deposits and cash of the Group were approximately HK$35 million (31 December 2013: HK$73 million).

The Group continued to adopt a prudent financial management policy, which heavily relies on cash generated from internal resources. The gearing ratio, calculated by dividing total bank borrowings by equity attributable to owners of the Company, was Nil (31 December 2013: 6%).

Capital and Reserves

Shareholders' funds were to approximately HK$154 million (31 December 2013: HK$335 million). During the six months ended 30 June 2014, special dividend of 30 HK cents per ordinary share was recognised and on 9 June 2014, a total of 65,649,879 Wing Lee Property shares, representing approximately 17% of the shares of Wing Lee Property were distributed to the owners of the Company. Accordingly, there were approximately HK$96 million and HK$71 million reduced from the retained profits, respectively.

Capital Expenditure

During the six months ended 30 June 2014, the EMS Business has invested approximately HK$12 million (31 December 2013: HK$11 million), mainly on automatic machineries to further improve the quality and production efficiency of our core products. As at 30 June 2014, there was capital expenditure commitment of approximately HK$529,000.

Treasury Policy

The Group's sales were principally denominated in US dollars and Hong Kong dollars while purchases were transacted mainly in Renminbi and Hong Kong dollars. The fluctuation of Renminbi in 2014 did not materially affect the costs and operations of the Group for the six months ended 30 June 2014 and the Directors do not foresee significant risk in exchange rate fluctuation. Currently, the Group has not entered into any financial instruments 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.

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2014.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2014, the Group employed a total of approximately 840 employees (31 December 2013: 1,690 employees) in Hong Kong and the PRC. The total salaries and wages for the six months ended 30 June 2014 amounted to approximately HK$61 million (2013: HK$35 million)

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

PROSPECTS

With the spin-off of the Property Investment Business of the Company completed during the six months ended 30 June 2013, the Group focuses on its EMS Business.

Our customer base comprises continuously a majority of internationally renowned electronic consumer product brands. Their manufacturing plants located globally. Our management maintains direct contact with the production people there in order to provide the best quality services to our customers. As Apple Inc. will launch a model device (iPhone 6) together with many new telecommunication products at the end of 2014, there will be a positive impact on the demand of electronic device and home entertainment product and a slight recovery on the global sentiment is anticipated.

Experiencing the pressure of increasing production costs, the Group will further look into the market trend on material prices, strengthen inventory control and procurement process in order to capture low market rates; further consolidate different back-office functions in the factory so as to save indirect costs; improve the efficiency and quality in production engineering so as to shorten lead time on delivery and maintain our product in high standard. The Group cautiously monitors the manufacturing and trading business. The Group has sufficient cash reserves and no external borrowing. We will seek to lay a solid foundation for the future through expanding customer and product diversity.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the Corporate Governance Code (the "Code") as contained in Appendix 14 of the Listing Rules, except the following deviation:

Code Provision A.2.1

Code Provision A.2.1 – this Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Chow Tak Hung held both positions of Chairman and Chief Executive Officer (the "CEO") from 1 January 2014 to 2 June 2014. On 3 June 2014, he has relinquished his position as the Chairman and was re-designated as non-executive Director of the Company on 20 June 2014. Mr. Wen Jialong was appointed as executive Director and Chairman of the Company on 3 June 2014, and was appointed as the CEO on 20 June 2014. The Board considers that vesting the roles of Chairman and CEO in the same person facilitates the execution of the Company's business strategies and maximizes the effectiveness of its operation. With the present Board structure and scope of business, the Board considers that there is no imminent need to separate the roles into two individuals. However, the Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether the separation of the position of the Chairman and CEO is necessary.

Code Provision A.6.7

Code Provision A.6.7 – this Code stipulates that independent non-executive directors should attend general meetings.

Due to other business engagements, Mr. Zeng Zhaolin and Mr. Lung Chee Ming, George did not attend the annual general meeting held on 27 June 2014.

SHARE OPTION SCHEME AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The share option scheme adopted by the Company in 2003 (the "Scheme") expired on 31 January 2013.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of conduct regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2014.

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 Shares.

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee previously comprised three independent non-executive Directors, Mr. Yip Tai Him, Dr. Lau Yue Sun and Mr. Lam Kwok Cheong. Mr. Yip Tai Him and Dr. Lau Yue Sun resigned from the Audit Committee with effect from 20 June 2014. Mr. Lam Kwok Cheong was re-designated from independent non-executive director to non-executive director from 20 June 2014 and still be the member of the Audit Committee. Dr. Loke Yu alias Lok Hoi Lam was appointed as Chairman and member of the Audit Committee and Mr. Zheng Zhaolin and Mr. Lung Chee Ming, George were appointed as members of the Audit Committee with effect from 20 June 2014. Dr. Loke Yu alias, Loke Hoi Lam, Mr. Zheng Zhaolin and Mr. Lung Chee Ming, George are the independent non-executive Directors of the Company.

REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Company for the six months ended 30 June 2014 have been reviewed by the Audit Committee and the Company's auditor, Messrs. Deloitte Touche Tohmatsu, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

APPRECIATION

On behalf of the Board, I would like to extend my heartfelt gratitude to the full trust and enormous support of our shareholders, customers, banks, partners and employees, which set the Company on course for long-term success.

This announcement will be published on the website of the Stock Exchange of Hong Kong Limited at www.hkex.com.hk and on the Company's website at www.wingleeholdings.com.

By order of the Board
Wen Jialong
Chairman

Hong Kong, 29 August 2014

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Wen Jialong * *(Chairman) and Mr. Wu Xiaolin* * *(Vice-Chairman), two non-executive directors, namely Mr. Chow Tak Hung* # *and Mr. Lam Kwok Cheong* ^ *and three independent non-executive directors, namely Mr. Zeng Zhaolin* *, *Dr. Loke Yu alias Loke Hoi Lam* * *and Mr. Lung Chee Ming George* *.

* *Newly appointed*

\# *former executive director, now non-executive director*

^ *former independent non-executive director, now non-executive director*