



WING LEE HOLDINGS LIMITED  
永利控股有限公司

STOCK CODE : 876

2010 Interim Report



## DIRECTORS

### Executive Directors

Mr. Chow Tak Hung (*Chairman*)  
Ms. Chow Woon Yin (*Deputy Chairman*)  
Ms. Wong Siu Wah  
Ms. Chau Choi Fa (*Managing Director*)

### Independent Non-executive Directors

Dr. Lau Yue Sun  
Mr. Yip Tai Him  
Mr. Lam Kwok Cheong

## COMPANY SECRETARY

Mr. Tam Chak Chi

## AUDITORS

Deloitte Touche Tohmatsu

## LEGAL ADVISERS

### Bermuda

Conyers Dill & Pearman

### Hong Kong

Richards Butler

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited  
Hang Seng Bank Limited  
Standard Chartered Bank (Hong Kong)  
Limited

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 201 & 206-208, 2nd Floor  
Sunbeam Centre  
27 Shing Yip Street  
Kwun Tong, Kowloon  
Hong Kong

## SHARE REGISTRARS

### Bermuda Principal

HSBC Bank Bermuda Limited  
6 Front Street  
Hamilton HM11  
Bermuda

### Hong Kong Branch

Tricor Tengis Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Wanchai, Hong Kong

## STOCK CODE

Stock Code on the Stock Exchange of  
Hong Kong Limited: 876

## COMPANY WEBSITE

[www.wingleeholdings.com](http://www.wingleeholdings.com)

**INTERIM RESULTS 2010**

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 2010 together with comparative figures for the same period of last year.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2010*

		<b>Six months ended</b>	
		<b>30.6.2010</b>	<b>30.6.2009</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>Notes</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Turnover	3	<b>196,637</b>	140,466
Cost of sales		<b>(135,122)</b>	(106,479)
Gross profit		<b>61,515</b>	33,987
Other income		<b>629</b>	1,668
Selling and distribution costs		<b>(2,456)</b>	(1,495)
Administrative expenses		<b>(32,606)</b>	(28,071)
Gain arising from fair value changes of investment properties		<b>17,895</b>	6,314
(Loss) gain arising from fair value changes of investments held for trading		<b>(1,890)</b>	3,172
Finance costs		<b>(239)</b>	(677)
Profit before taxation	4	<b>42,848</b>	14,898
Taxation	5	<b>(2,785)</b>	(455)
Profit for the period		<b>40,063</b>	14,443



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2010

	Notes	Six months ended	
		30.6.2010 HK\$'000 (unaudited)	30.6.2009 HK\$'000 (unaudited)
<b>Other comprehensive income</b>			
Other comprehensive income for the period		—	—
Total comprehensive income for the period		<b>40,063</b>	14,443
Profit (loss) for the period attributable to:			
Owners of the Company		40,706	14,942
Minority interests		(643)	(499)
		<b>40,063</b>	14,443
Total comprehensive income (expense) attributable to:			
Owners of the Company		40,706	14,942
Minority interests		(643)	(499)
		<b>40,063</b>	14,443
Earnings per share – Basic	7	<b>HK11.4 cents</b>	HK4.2 cents

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 June 2010

		<b>30.6.2010</b>	31.12.2009
		<b>HK\$'000</b>	HK\$'000
	Notes	<b>(unaudited)</b>	(audited)
<b>Non-current assets</b>			
Investment properties		<b>399,039</b>	308,477
Property, plant and equipment		<b>201,250</b>	209,688
Prepaid lease payments		<b>13,403</b>	13,564
Available-for-sale investments		<b>2,213</b>	2,357
Deferred tax assets		<b>235</b>	235
Deposit paid for acquisition of investment property		<b>5,700</b>	–
		<hr/> <b>621,840</b> <hr/>	<hr/> 534,321 <hr/>
<b>Current assets</b>			
Inventories		<b>41,483</b>	41,559
Trade and other receivables	8	<b>96,763</b>	77,345
Investments held for trading		<b>8,324</b>	10,058
Fixed deposits with original maturity of more than three months		–	11,460
Bank balances and cash		<b>59,763</b>	27,917
		<hr/> <b>206,333</b> <hr/>	<hr/> 168,339 <hr/>
<b>Current liabilities</b>			
Trade and other payables	9	<b>57,954</b>	55,061
Dividend payable		<b>3,538</b>	4
Taxation payable		<b>13,756</b>	10,559
Bank loans due within one year		<b>32,888</b>	7,500
		<hr/> <b>108,136</b> <hr/>	<hr/> 73,124 <hr/>
<b>Net current assets</b>		<b>98,197</b>	95,215
<b>Total assets less current liabilities</b>		<b>720,037</b>	629,536



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(CONTINUED)

At 30 June 2010

	30.6.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (audited)
	Notes	
<b>Non-current liabilities</b>		
Bank loans due after one year	69,485	12,500
Deferred tax liabilities	10,185	10,080
	<hr/>	<hr/>
	79,670	22,580
	<hr/>	<hr/>
	640,367	606,956
	<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>		
Share capital	176,692	178,412
Reserves	463,496	427,364
	<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>	640,188	605,776
<b>Minority interests</b>	179	1,180
	<hr/>	<hr/>
<b>Total equity</b>	640,367	606,956
	<hr/> <hr/>	<hr/> <hr/>



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 June 2010

	Attributable to the owners of the Company											
	Share capital	Share premium	Special reserve	Property revaluation reserve	PRC statutory reserve	Translation reserve	Capital redemption reserve	Other reserve	Retained profits	Total	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 January 2009	178,412	78,815	1,545	19,016	4,574	30,079	12,641	-	226,975	552,057	2,205	554,262
Profit (loss) for the period	-	-	-	-	-	-	-	-	14,942	14,942	(499)	14,443
At 30 June 2009	<u>178,412</u>	<u>78,815</u>	<u>1,545</u>	<u>19,016</u>	<u>4,574</u>	<u>30,079</u>	<u>12,641</u>	-	<u>241,917</u>	<u>566,998</u>	<u>1,706</u>	<u>568,704</u>
At 1 January 2010	178,412	78,815	1,545	19,016	4,574	30,079	12,641	-	280,694	605,776	1,180	606,956
Profit (loss) for the period	-	-	-	-	-	-	-	-	40,706	40,706	(643)	40,063
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(695)	-	(695)	(358)	(1,053)
Repurchase and cancellation of shares	(1,720)	-	-	-	-	-	1,720	-	(2,065)	(2,065)	-	(2,065)
Interim dividend declared	-	-	-	-	-	-	-	-	(3,534)	(3,534)	-	(3,534)
At 30 June 2010	<u>176,692</u>	<u>78,815</u>	<u>1,545</u>	<u>19,016</u>	<u>4,574</u>	<u>30,079</u>	<u>14,361</u>	<u>(695)</u>	<u>315,801</u>	<u>640,188</u>	<u>179</u>	<u>640,367</u>



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	Six months ended	
	30.6.2010 HK\$'000 (unaudited)	30.6.2009 HK\$'000 (unaudited)
Net cash from operating activities	23,036	8,606
Net cash (used in) from investing activities	(70,208)	1,285
Net cash from (used in) financing activities	79,018	(33,528)
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	31,846	(23,637)
Cash and cash equivalents at beginning of period	27,917	56,954
	<hr/>	<hr/>
Cash and cash equivalents at end of period	<b>59,763</b>	33,317
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents		
Bank balances and cash	<b>59,763</b>	33,317
	<hr/> <hr/>	<hr/> <hr/>





## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2010

### 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 2009, except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

Except as described below, the application of these new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group. 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 where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under HKAS 27 (Revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2010

### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>1</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>4</sup>
HKAS 32 (Amendment)	Classification of Rights Issues <sup>2</sup>
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters <sup>3</sup>
HKFRS 9	Financial Instruments <sup>5</sup>
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement <sup>4</sup>
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

<sup>2</sup> Effective for annual periods beginning on or after 1 February 2010

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2010

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2013

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. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2010

### 3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker for the purposes of resource allocation and performance assessment are as follows:

- Electronic components – manufacture of and trading in electronic jacks and connectors
- Properties investment – investments in properties in Hong Kong and Mainland China
- Securities investment – investments in debt securities and equity securities of Hong Kong and overseas markets

Segment information is presented as follows:

	Turnover		Results	
	Six months ended		Six months ended	
	30.6.2010	30.6.2009	30.6.2010	30.6.2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Manufacture of and trading in electronic components	189,822	135,383	21,804	1,786
Properties investment	6,815	5,083	23,652	9,910
Securities investment	–	–	(1,588)	4,649
	<u>196,637</u>	<u>140,466</u>	<u>43,868</u>	16,345
Unallocated income			31	79
Unallocated corporate expenses			(812)	(849)
Finance costs			(239)	(677)
Profit before taxation			<u>42,848</u>	14,898
Taxation			(2,785)	(455)
Profit for the period			<u>40,063</u>	<u>14,443</u>

Segment profit represents the profit earned by each segment without allocation of interest on bank deposits, central administration costs and finance costs. This is the measure reported to the Chief Executive Officer of the Group for the purposes of resources allocation and performance assessment.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2010

### 4. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2010	30.6.2009
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	11,454	10,928
Dividends from equity securities	(160)	(656)
Interest on bank deposits	(31)	(79)
Interest on debt securities	(129)	(586)
	<u>11,134</u>	<u>9,507</u>

### 5. TAXATION

	Six months ended	
	30.6.2010	30.6.2009
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
Hong Kong Profits Tax	2,060	404
Taxation in other jurisdictions	620	96
	<u>2,680</u>	<u>500</u>
Deferred tax	105	(45)
	<u>2,785</u>	<u>455</u>

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profit for the six months ended 30 June 2010. 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 HK1 cent per share (2009: Nil) that will be paid to the shareholders of the Company whose names appear in the Register of Members on 17 September 2010.



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(CONTINUED)

For the six months ended 30 June 2010

**7. EARNINGS PER SHARE – BASIC**

The calculation of the basic earnings per share for the six months ended 30 June 2010 is based on the profit for the period attributable to owners of the Company of HK\$40,706,000 (2009: HK\$14,942,000) and on the weighted average number of ordinary shares of 356,023,072 shares in issue during the period (2009: 356,823,879 shares).

**8. TRADE AND OTHER RECEIVABLES**

At 30 June 2010, included in trade and other receivables are trade receivables of HK\$84,403,000 (31.12.2009: HK\$66,905,000). 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:

	<b>30.6.2010</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2009 HK\$'000 (audited)
0 – 3 months	<b>81,067</b>	63,892
4 – 6 months	<b>3,179</b>	3,013
> 6 months	<b>157</b>	–
	<u><b>84,403</b></u>	<u>66,905</u>

**9. TRADE AND OTHER PAYABLES**

At 30 June 2010, included in trade and other payables are trade payables of HK\$9,776,000 (31.12.2009: HK\$10,145,000).

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

	<b>30.6.2010</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2009 HK\$'000 (audited)
0 – 3 months	<b>9,211</b>	9,967
4 – 6 months	<b>461</b>	178
> 6 months	<b>104</b>	–
	<u><b>9,776</b></u>	<u>10,145</u>

**10. COMMITMENTS**

Capital expenditure contracted for but not provided  
in the financial statements in respect of the acquisition of:

– investment property	<b>36,000</b>	–
– property, plant and equipment	<b>547</b>	386
	<u><b>36,547</b></u>	<u>386</u>



## BUSINESS REVIEW

For the six months ended 30 June 2010 (the "Period"), the Group's turnover was HK\$197 million (2009: HK\$140 million), representing an increase of 40% as compared with the same period of last year. Unaudited profit amounted to HK\$40 million (2009: HK\$14 million), representing an increase of 178% as compared with the same period of last year. Earnings per share were HK11.4 cents (2009: HK4.2 cents).

### Manufacturing 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.

During the first half of 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 electronics 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;
- 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;



## BUSINESS REVIEW (CONTINUED)

- iii) more resources will be deployed to develop automatic assembly production lines, so as to reduce reliance on labor and to avert effects of issues like wage hikes and labor shortages;
- 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) 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, we considered the Group's products competitive ones in the market that we have raised product prices from the beginning of 2010 to maintain profit margin, which was in turn accepted by major customers.

### Properties Investment

Regarding the properties investment segment, the Group acquired two additional properties respectively in the first half and the second half of 2010 which were commercial shops located in Hong Kong 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.

As at 30 June 2010, the aggregate market value of investment properties, being appraised by independent property valuers, amounted to HK\$399 million (31.12.2009: HK\$308 million). An appreciation of HK\$17.9 million (2009: HK\$6.3 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\$6.8 million (2009: HK\$5.1 million) with a nearly 100% occupancy rate and an average return of 3.9% per annum (2009: 3.7%).

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.



## FINANCIAL REVIEW

### Liquidity and Capital Resources

As at 30 June 2010, the net current assets of the Group amounted to HK\$98 million (31.12.2009: HK\$95 million). The current and quick ratio were 1.9 and 1.5 (31.12.2009: 2.3 and 1.7) respectively. Shareholders' funds rose to the level of HK\$640 million (31.12.2009: HK\$606 million).

Moreover, as at 30 June 2010, the bank deposits and cash of the Group were HK\$60 million (31.12.2009: HK\$39 million).

The Group continued to adopt a prudent financial management policy, which operated generally with internal resources. The bank borrowing ratio was 16% (31.12.2009: 3%), represents a lower borrowing exposure as compared to other companies in the similar industry. As at 30 June 2010, the total bank borrowings of the Group were HK\$102 million (31.12.2009: HK\$20 million), of which HK\$33 million was repayable within one year (31.12.2009: HK\$7.5 million). The loans were principally used to finance the acquisition of investment properties.

### Capital Expenditure

The total capital expenditure incurred for the Period was HK\$78 million (2009: HK\$31 million), out of which, approximately HK\$6 million (2009: HK\$6 million) was expended on the Heyuan plant, whereas approximately HK\$72 million (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 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 2010, the Group employed a total of 3,000 employees (31.12.2009: 2,600 employees) in Hong Kong and Mainland China. The total salaries and wages for the Period amounted to HK\$37 million (2009: HK\$31 million).

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

## PROSPECTS

As compared with the same period of last year, the Group has made remarkable improvement in its overall performance. The management is optimistic about the operation conditions and believes that the worst times have passed away, and orders in 2010 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 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, such as quality properties, 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 again along with the general economic recovery.

## DIVIDEND

The Board has resolved to declare an interim dividend for the six months ended 30 June 2010 of HK1 cent (2009: Nil) per share to the shareholders whose names appear on the register of members of the Company on 17 September 2010. The dividend warrants will be dispatched on or about 28 September 2010.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 September 2010 to 17 September 2010, 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 15 September 2010.



## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

Save as disclosed below, as at 30 June 2010, none of the directors and chief executive had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they would be deemed to taken to have under Sections 344 and 345 of the SFO) or which would be required to be disclosed pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the register referred therein pursuant to Section 352 of the SFO.

Long positions in ordinary shares of HK\$0.50 each of the Company:

Name of director	Family interest	Corporate interest	Total number of shares	Percentage of the Company's issued share capital
Mr. Chow Tak Hung ( <i>note a</i> )	–	222,374,255	222,374,255	62.93%
Ms. Chau Choi Fa ( <i>note b</i> )	222,374,255	–	222,374,255	62.93%

Notes:

- (a) Mr. Chow Tak Hung, Ms. Chow Woon Yin and Ms. Wong Siu Wah are beneficial owners of 60%, 20% and 20% respectively of the issued share capital of Bright Asia Holdings Limited, which beneficially owns 222,374,255 ordinary shares of the Company.
- (b) Mr. Chow Tak Hung is the husband of Ms. Chau Choi Fa whose personal interests are therefore also the family interests of Ms. Chau Choi Fa.



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

Pursuant to an ordinary resolution passed in the Company's special general meeting held on 1 February 2003, the Company approved and adopted a share option scheme (the "Scheme") which will expire on 31 January 2013.

The purpose of the Scheme is to recognize and motivate the participants and to provide incentives and rewards to eligible participants who contribute to the success of the operations of the Group. Under the Scheme, the directors may grant options to any eligible participants, including the Company's shareholders, all directors and any full-time employees of the Company or any subsidiaries and any suppliers, consultants or advisors who will provide or have provided services to the Group.

During the Period, no share options were granted under the Scheme by the Company. In addition, as of 30 June 2010, there were no outstanding share options under the Scheme.

## SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 30 June 2010, none of the directors or chief executive are aware of any other person who had an interest or short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in ten per cent, or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Long position in ordinary shares of HK\$0.50 each of the Company:

Name of shareholder	Capacity	Number of shares held	Percentage of the Company's issued share capital
Bright Asia Holdings Limited ( <i>note</i> )	Beneficial owner	222,374,255	62.93%

*Note:* Mr. Chow Tak Hung, Ms. Chow Woon Yin and Ms. Wong Siu Wah are beneficial owners of 60%, 20% and 20% respectively of the issued share capital of Bright Asia Holdings Limited.



## 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.



## CORPORATE GOVERNANCE (CONTINUED)

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.

## 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\$2,065,120.

## APPRECIATION

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

By Order of the Board  
**Chow Tak Hung**  
*Chairman*

Hong Kong, 20 August 2010