



WING LEE HOLDINGS LIMITED

永利控股有限公司

STOCK CODE : 876

2011 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

INDEPENDENT AUDITOR

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
Dah Sing Bank, 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

**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

	Notes	Six months ended	
		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



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(CONTINUED)

For the six months ended 30 June 2011

	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		<u>6,902</u>	<u>-</u>
Total comprehensive income for the period		<u>143,613</u>	<u>40,063</u>
Profit (loss) for the period attributable to:			
Owners of the Company		137,107	40,706
Non-controlling interests		(396)	(643)
		<u>136,711</u>	<u>40,063</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		143,902	40,706
Non-controlling interests		(289)	(643)
		<u>143,613</u>	<u>40,063</u>
Earnings per share – Basic	7	<u>HK39.0 cents</u>	<u>HK11.4 cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 June 2011

		30.6.2011	31.12.2010
		HK\$'000	HK\$'000
	Notes	(unaudited)	(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
		<hr/> 838,406	<hr/> 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
		<hr/> 216,075	<hr/> 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
		<hr/> 142,600	<hr/> 220,407
Net current assets (liabilities)		73,475	(11,422)
Total assets less current liabilities		911,881	702,882



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2011

	30.6.2011 HK\$'000 (unaudited)	31.12.2010 HK\$'000 (audited)
Notes		
Non-current liabilities		
Bank loans due after one year	76,197	–
Deferred tax liabilities	16,391	16,010
	<u>92,588</u>	<u>16,010</u>
	<u>819,293</u>	<u>686,872</u>
Capital and reserves		
Share capital	174,252	176,692
Share premium and reserves	645,373	510,221
	<u>819,625</u>	<u>686,913</u>
Equity attributable to owners of the Company	<u>819,625</u>	<u>686,913</u>
Non-controlling interests	<u>(332)</u>	<u>(41)</u>
	<u>819,293</u>	<u>686,872</u>



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the Company										
	Share capital	Share premium	Special reserve	Property revaluation reserve	PRC statutory reserve	Translation reserve	Capital redemption reserve	Retained profits	Total	Non-controlling interests	Total
	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)
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
Arising on acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	(695)	(695)	(358)	(1,053)
Share repurchased and cancelled	(1,720)	-	-	-	-	-	1,720	(2,065)	(2,065)	-	(2,065)
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>318,640</u>	<u>643,722</u>	<u>179</u>	<u>643,901</u>
At 1 January 2011	176,692	78,815	1,545	10,141	4,574	42,997	14,361	357,788	686,913	(41)	686,872
Exchange differences arising from translation of overseas operation	-	-	-	-	-	6,797	-	-	6,797	105	6,902
Profit (loss) for the period	-	-	-	-	-	-	-	137,107	137,107	(396)	136,711
2010 Final dividend paid	-	-	-	-	-	-	-	(7,020)	(7,020)	-	(7,020)
Share repurchased and cancelled	(2,440)	-	-	-	-	-	2,440	(4,172)	(4,172)	-	(4,172)
At 30 June 2011	<u>174,252</u>	<u>78,815</u>	<u>1,545</u>	<u>10,141</u>	<u>4,574</u>	<u>49,794</u>	<u>16,801</u>	<u>483,703</u>	<u>819,625</u>	<u>(332)</u>	<u>819,293</u>



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	Six months ended	
	30.6.2011 HK\$'000 (unaudited)	30.6.2010 HK\$'000 (unaudited)
Net cash from operating activities	33,102	23,036
Net cash used in investing activities	(19,636)	(70,208)
Net cash (used in) from financing activities	(17,697)	79,018
	<hr/>	<hr/>
Net (decrease) increase in cash and cash equivalents	(4,231)	31,846
Cash and cash equivalents at beginning of period	72,291	27,917
Effect of foreign exchange rate changes	927	-
	<hr/>	<hr/>
Cash and cash equivalents at end of period	68,987	59,763
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents		
Bank balances and cash	68,987	59,763
	<hr/> <hr/>	<hr/> <hr/>



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
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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2011

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2011

3. SEGMENT INFORMATION (CONTINUED)

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				<u>144,479</u>
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				<u>42,848</u>

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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2011

4. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2011 HK\$'000 (unaudited)	30.6.2010 HK\$'000 (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)
	<u>12,075</u>	<u>10,934</u>

5. TAXATION

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

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.

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

For the six months ended 30 June 2011

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	–
	<hr/> 74,179 <hr/>	<hr/> 75,165 <hr/>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2011

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 HK\$'000 (unaudited)	31.12.2010 HK\$'000 (audited)
0 – 3 months	16,349	17,751
4 – 6 months	75	6
	<u>16,424</u>	<u>17,757</u>

10. CAPITAL COMMITMENTS

	30.6.2011 HK\$'000 (unaudited)	31.12.2010 HK\$'000 (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
	<u>66,161</u>	<u>5,338</u>



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 consists of the design, manufacture and sale of electronic jacks and connectors, all of which are basic components used in electronic, communication and computer products. The major customer groups who account for the larger proportion in the Group's products sales are 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.

Taking a sweeping view of 2011, the management holds a wait-and-see attitude towards the global market. The uncertainties surrounding the US economy and the extent of a European debt crisis act as drags on the market. The Japanese customers have also changed their previous business operating model and outsourced the production procedures by way of OEM and ODM in the light of factors such as decrease in the prices of electronic consuming products and appreciation of Japanese Yen. All these factors are expected to give a rise to a loss in orders for the Group and it is expected that the turnover for the second half of the year will decline.

However, the Group is still full of confidence in its prospects and will exert more effort in developing Korean market in 2011 and 2012. The first-tier customers there have responded well to the production and delivery by the Group and the management predicts that the 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 to help compensate for the loss in order mentioned above and maintain the Group's competitiveness.



BUSINESS REVIEW (CONTINUED)

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 portfolio, 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.



FINANCIAL REVIEW (CONTINUED)

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.

PROSPECTS

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.

DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVES

As at 30 June 2011, the Directors and the chief executive of the Company had the following interests and short positions 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 were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

(a) Shares:

Name of director	Family interest	Corporate interest	Total number of Shares	Percentage of the Company's share capital
Mr. Chow Tak Hung (<i>note(ii)</i>)	–	222,374,255	222,374,255	63.81%
Ms. Chau Choi Fa (<i>note (iii)</i>)	222,374,255	–	222,374,255	63.81%

Notes:

- (i) All interests of the Directors in the Shares were long positions. None of the Directors held any short positions in the Shares.
- (ii) 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 Shares.
- (iii) 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.



DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVES (CONTINUED)

(b) Interests in associated corporations – shares in Bright Asia Holdings Limited:

Name of director	Capacity	Total number of shares in Bright Asia Holdings Limited	Percentage of the share capital of Bright Asia Holdings Limited
Mr. Chow Tak Hung	Beneficial owner	6,000	60%
Ms. Chow Woon Yin	Beneficial owner	2,000	20%
Ms. Wong Siu Wah	Beneficial owner	2,000	20%

Note:

- (i) All interests of the Directors in the shares of Bright Asia Holdings Limited were long positions. None of the Directors held any short positions in the shares of Bright Asia Holdings Limited.

Save as disclosed above, as at 30 June 2011, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

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 2011, there were no outstanding share options under the Scheme.



SUBSTANTIAL SHAREHOLDERS

As at 30 June 2011, so far as was known to the Directors or chief executive of the Company, the persons (“Substantial Shareholders”) (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% 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 or had any options in respect of such capital are set out below:

Long position in the Shares:

Name of substantial 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	63.81%

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. Mr. Chow Tak Hung, Ms. Chow Woon Yin, Ms. Wong Siu Wah and Ms. Chau Choi Fa are also directors of Bright Asia Holdings Limited.

Save as disclosed above, as at 30 June 2011, the Directors and chief executive of the Company were not aware of any other persons who had an interest or short position in the Shares or 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 were, directly or indirectly interested in 10% 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 or had any options in respect of such capital.



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\$4,170,000.

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.

CHOW TAK HUNG

Chairman

Hong Kong, 26 August 2011