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**WING LEE HOLDINGS LIMITED**  
**永利控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 876)

**ANNUAL RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

The board of directors (the “Board”) of Wing Lee Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2009 together with the comparative figures for the corresponding year ended 31 December 2008.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*FOR THE YEAR ENDED 31 DECEMBER 2009*

	<i>NOTES</i>	<b>2009</b> <i>HK\$'000</i>	<b>2008</b> <i>HK\$'000</i>
Turnover	2	<b>331,563</b>	421,334
Cost of goods sold		<b>(237,204)</b>	(329,996)
Gross profit		<b>94,359</b>	91,338
Other income	3	<b>3,983</b>	10,076
Selling and distribution costs		<b>(4,746)</b>	(7,797)
Administrative expenses		<b>(70,201)</b>	(63,284)
Other expenses		<b>(1,671)</b>	(12,670)
Gain (loss) arising from fair value changes of investments held for trading		<b>7,186</b>	(21,990)
Gain (loss) on disposal of available-for-sale investments		<b>571</b>	(5,604)
Gain on disposal of investments held for trading		<b>4,688</b>	–
Gain (loss) arising from fair value changes of investment properties		<b>26,864</b>	(58,411)
Impairment loss on available-for-sale investments		<b>(24)</b>	(1,693)
Finance costs	4	<b>(1,168)</b>	(3,334)
Profit (loss) before taxation		<b>59,841</b>	(73,369)
Taxation (charge) credit	5	<b>(7,147)</b>	2,190
Profit (loss) for the year		<b>52,694</b>	(71,179)

\* for identification purposes only

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** *(Continued)*  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	<i>NOTES</i>	<b>2009</b> <b>HK\$'000</b>	2008 <i>HK\$'000</i>
Other comprehensive income:			
Exchange differences arising from translation of foreign operations		–	19,240
Available-for-sale investments:			
Fair value changes during the year		<b>(24)</b>	(4,054)
Impairment loss recognised		<b>24</b>	1,693
Reclassification to profit or loss upon disposal		–	5,604
Leasehold properties upon transfer to investment properties:			
Revaluation gain		–	25,355
Deferred tax on revaluation gain		–	(6,339)
Other comprehensive income for the year (net of tax)		–	41,499
Total comprehensive income (expense) for the year		<b>52,694</b>	(29,680)
Profit (loss) for the year attributable to:			
Owners of the Company		<b>53,719</b>	(70,824)
Minority interests		<b>(1,025)</b>	(355)
		<b>52,694</b>	(71,179)
Total comprehensive income (expense) attributable to:			
Owners of the Company		<b>53,719</b>	(29,964)
Minority interests		<b>(1,025)</b>	284
		<b>52,694</b>	(29,680)
Earnings (loss) per share	7		
– Basic		<b>15.05 cents</b>	(20.09) cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2009

	NOTES	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Investment properties		308,477	257,059
Property, plant and equipment		209,688	221,647
Prepaid lease payments		13,564	13,886
Available-for-sale investments		2,357	30,823
Deferred tax assets		235	297
		<b>534,321</b>	523,712
Current assets			
Inventories		41,559	48,802
Trade and other receivables	8	77,345	66,773
Investments held for trading		10,058	26,950
Fixed deposits		11,460	15,987
Bank balances and cash		27,917	56,954
		<b>168,339</b>	215,466
Current liabilities			
Trade and other payables	9	55,061	53,379
Dividend payable		4	4
Taxation payable		10,559	7,386
Bank loans due within one year		7,500	56,727
		<b>73,124</b>	117,496
Net current assets		<b>95,215</b>	97,970
Total assets less current liabilities		<b>629,536</b>	621,682
Non-current liabilities			
Bank loans due after one year		12,500	60,490
Deferred tax liabilities		10,080	6,930
		<b>22,580</b>	67,420
		<b>606,956</b>	554,262
Capital and reserves			
Share capital	10	178,412	178,412
Share premiums and reserves		427,364	373,645
Equity attributable to owners of the Company		<b>605,776</b>	552,057
Minority interests		1,180	2,205
		<b>606,956</b>	554,262

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

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

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – Int 13	Customer loyalty programmes
HK(IFRIC) – Int 15	Agreements for the construction of real estate
HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – Int 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

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

*HKAS 1 (Revised 2007) Presentation of financial statements*

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

*HKFRS 8 Operating segments*

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group’s reportable segments (see note 2).

*Improving disclosures about financial instruments  
(Amendments to HKFRS 7 Financial instruments: Disclosures)*

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>2</sup>
HKAS 24 (Revised)	Related party disclosure <sup>6</sup>
HKAS 27 (Revised)	Consolidated and separate financial statements <sup>1</sup>
HKAS 32 (Amendment)	Classification of right issues <sup>4</sup>
HKAS 39 (Amendment)	Eligible hedged items <sup>1</sup>
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters <sup>3</sup>
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS7 disclosures for first-time adopters <sup>5</sup>
HKFRS 2 (Amendments)	Group cash-settled share-based payments transactions <sup>3</sup>
HKFRS 3 (Revised)	Business combinations <sup>1</sup>
HKFRS 9	Financial instruments <sup>7</sup>
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a minimum funding requirement <sup>6</sup>
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners <sup>1</sup>
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2009.

<sup>2</sup> Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

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

<sup>4</sup> Effective for annual periods beginning on or after 1 February 2010.

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2010.

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2011.

<sup>7</sup> Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for the Group's business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

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 the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

## 2. SEGMENT INFORMATION

The Group has adopted HKFRS 8 “Operating segments” with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 “Segment reporting”) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group’s primary reporting format was business segments by operating divisions.

The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group’s operations are organised into three operating divisions namely manufacturing 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.

Manufacturing of and trading in electronic components	–	manufacturing of and trading in electronic jacks and connectors in Mainland China (the “PRC”) and Hong Kong
Properties investment	–	investments in properties in the PRC and Hong Kong
Securities investment	–	investments in debt securities and equity securities of Hong Kong and overseas markets

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

### Segment revenues and results

	<b>Manufacturing of and trading in electronic components</b>	<b>Properties investment</b>	<b>Securities investment</b>	<b>Consolidated</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
<i>For the year ended 31 December 2009</i>				
<b>TURNOVER</b>				
External sales	<b>320,282</b>	<b>11,281</b>	–	<b>331,563</b>
<b>RESULTS</b>				
Segment results	<b>13,773</b>	<b>34,406</b>	<b>14,063</b>	<b>62,242</b>
Finance costs				<b>(1,168)</b>
Unallocated income				<b>132</b>
Unallocated expenses				<b>(1,365)</b>
Profit before taxation				<b>59,841</b>

	Manufacturing of and trading in electronic components <i>HK\$'000</i>	Properties investment <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>For the year ended 31 December 2008</i>				
<b>TURNOVER</b>				
External sales	411,814	9,520	–	421,334
<b>RESULTS</b>				
Segment results	3,005	(51,900)	(20,814)	(69,709)
Finance costs				(3,334)
Unallocated income				1,144
Unallocated expenses				(1,470)
Loss before taxation				<u>(73,369)</u>

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.

### 3. OTHER INCOME

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest on bank deposits	132	1,144
Interest on debt securities	717	6,178
Total interest income	<u>849</u>	<u>7,322</u>
Dividends from equity securities	1,200	2,353
Others	1,934	401
	<u>3,983</u>	<u>10,076</u>

### 4. FINANCE COSTS

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest on bank borrowings wholly repayable within five years	<u>1,168</u>	<u>3,334</u>

## 5. TAXATION

	<b>2009</b> <i>HK\$'000</i>	2008 HK\$'000
The charge (credit) comprises:		
Hong Kong Profits Tax calculated at 16.5% on the estimated assessable profit for the year	<b>2,394</b>	897
PRC income tax	<b>1,643</b>	344
	<u><b>4,037</b></u>	<u>1,241</u>
Overprovision in prior years		
– Hong Kong Profits Tax	<b>(102)</b>	(549)
– PRC income tax	–	(355)
	<u><b>(102)</b></u>	<u>(904)</u>
	<u><b>3,935</b></u>	<u>337</u>
Deferred taxation		
– current year	<b>3,212</b>	(2,335)
– attributable to a change in tax rate	–	(192)
	<u><b>3,212</b></u>	<u>(2,527)</u>
	<u><b>7,147</b></u>	<u>(2,190)</u>

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

## 6. DIVIDENDS

	<b>2009</b> <i>HK\$'000</i>	2008 HK\$'000
<b>Dividends recognised as distribution</b>		
2007 final dividend of HK3.0 cents per share paid	–	10,454
	<u>–</u>	<u>10,454</u>

In 2008, share scrip alternatives were offered in respect of the 2007 final dividends. These share scrip alternatives were accepted by certain shareholders, as follows:

	<i>HK\$'000</i>
<b>Dividends</b>	
Cash	4,214
Share alternative	6,240
	10,454
	10,454

No dividend was paid or proposed during 2009, nor has any dividend been proposed since the end of the reporting period.

#### **7. EARNINGS (LOSS) PER SHARE**

The calculation of the basic earnings per share for the year ended 31 December 2009 is based on the profit for the year attributable to owners of the Company of HK\$53,719,000 (2008: loss per share based on loss for the year attributable to owners of the Company of HK\$70,824,000) and on the weighted average number of ordinary shares of 356,823,879 shares in issue during the year (2008: 352,515,938 shares).

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

#### **8. TRADE AND OTHER RECEIVABLES**

	<b>2009</b>	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	<b>66,905</b>	58,251
Less: Allowance for doubtful debts	–	(810)
	<b>66,905</b>	57,441
Other receivables	<b>10,440</b>	9,332
	<b>77,345</b>	66,773
	<b>77,345</b>	66,773

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

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 - 3 months	<b>63,892</b>	51,783
4 - 6 months	<b>3,013</b>	5,658
	<u><b>66,905</b></u>	<u>57,441</u>

#### 9. TRADE AND OTHER PAYABLES

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade payables	<b>10,145</b>	5,982
Other payables	<b>44,916</b>	47,397
	<u><b>55,061</b></u>	<u>53,379</u>

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

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Age		
0 - 3 months	<b>9,967</b>	5,720
4 - 6 months	<b>178</b>	262
	<u><b>10,145</b></u>	<u>5,982</u>

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

## 10. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.50 each		
Authorised:		
At 1 January 2008, 31 December 2008 and 31 December 2009	400,000,000	200,000
Issued and fully paid		
– at 1 January 2008	348,460,058	174,229
– issue in lieu of cash in respect of 2007 final dividends	8,363,821	4,183
– at 31 December 2008 and 31 December 2009	356,823,879	178,412

### CHAIRMAN'S STATEMENT

On behalf of the board of directors (the “Board”) of Wing Lee Holdings Limited (the “Company”), I am pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2009.

For the year, the Group achieved a revenue of approximately HK\$332 million (for the year ended 31 December 2008: HK\$421 million), representing a decrease of 21.3% as compared with the same period of last year. Profit for the year attributable to owners of the Company was approximately HK\$54 million (for the year ended 31 December 2008: loss of HK\$71 million), representing an increase of 175.8% as compared with the same period of last year. Earnings per share were HK15.05 cents (for the year ended 31 December 2008: loss per share of HK20.09 cents).

### Business Review

Starting from 2009, the financial tsunami had once caused global economic panic which led to substantial contraction in the electronic consumer products market. As a result, the number of orders received by the Group in the first quarter of 2009 was severely affected, so was the sales of electronics component manufacturing sector. Fortunately, starting from the second quarter, as the global economy stabilized and revitalized gradually, customers that had once trimmed production also made orders and some even supplemented orders to accomplish their scheduled annual production volume, such that the Group maintained a high level of sales. Despite that the overall sales dropped as compared with 2008, the Group operated with caution and stringent cost control, and managed to recorded growth in terms of gross profit, gross profit margin, profit and profit margin as raw material and peripheral costs were relatively stable.

Year 2009 in review was a year of market adjustment and economic recovery, but the Group remained fully confident of the prospects and continued implementing a series of policies, which included: i) after the relocation of plant to Heyuan, the new factory has shown its advantages with regular power supply and more sufficient and stable human resources. The floorage of factory buildings has multiplied, allowing a new layout to enhance efficiency and realize manufacture scale expansion, which will enable 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; iii) the copper strip plant in Shanghang County, Fujian Province secured supply of raw materials and reduced subcontracting costs for copper processing of the Group; iv) deteriorating business environment for electronics component manufacturing sector, fluctuating raw material and energy prices, severe labor shortage and concern over RMB appreciation, all imposed no less pressure on our competitors. We believe that small, poorly managed and less-equipped manufacturers will be eliminated. Meanwhile, integration of the industry is expected to accelerate and the Group's market share will continue to rise; and v) based on excellent product quality and well-established 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 the 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, and the price rise was accepted by major customers.

Regarding the property investment segment, the Group acquired one and two additional properties respectively during the 2009 and 2010 which were commercial shops located in Hong Kong for long-term holding and leasing purposes, making a total of fifteen properties in the portfolio including twelve in Hong Kong and the other three in the PRC. The subsequent financial tsunami, however, caused substantial decrease in market prices as at the end of 2008 and consequently, the Group recorded a marked fair value loss on investment properties. However, along with the gradual recovery of this exceptional economic situation, the Group recorded a fair value gain of approximately HK\$27 million on investment properties and an annual rental income of approximately HK\$11 million at the reporting date. The management is of the opinion that the Group's investment properties, which consisted primarily of commercial shops 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 respect of securities investment, the Group's consistent policy is to invest excess capital in quality bonds and stocks on a long-term basis, thereby collecting stable interests and dividends. Likewise, affected by the financial tsunami, securities investment experienced drastic drop in their market prices as at the end of 2008 and consequently, the Group recorded a significant fair value loss of equity investment. Nevertheless, along with the rebound of the stock market since 2009, the Group

recorded a fair value gain of approximately HK\$7.2 million on equity investment as at the reporting date, and a further gain of approximately HK\$4.7 million as the Group disposed of part of its securities investment portfolio during the year. The management was of the opinion that the securities investments held by the Group are quality securities with relatively lower risks. The securities prices are expected to rise steadily when the economy takes a turn for the better. The Group had no investment in any financial derivatives as at 31 December 2009.

### **Prospects**

In the year of 2009, the Group's electronics component manufacturing segment, properties investment segment and securities investment segment were all affected by the financial tsunami to various extents. However, as compared with 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 kept 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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Our Business**

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, telecommunication and computer products. The major customer groups who accounted for the larger proportion in the Group's product sales were reputable brand named owners from Japan, Europe and USA.

### **Properties Investment**

The Group acquired one additional investment property during 2009 with a total consideration of HK\$25 million. In addition, two more acquisitions were made during 2010 with a consideration of HK\$33 million and 37 million respectively. The said properties are commercial shops located in Wanchai District of Hong Kong, and are held for long-term investment and leasing purposes. The Group did not dispose any investment properties during 2009.

As at 31 December 2009, the aggregate market value of investment properties, being appraised by independent property valuers, amounted to HK\$308 million (31 December 2008: HK\$257 million). Due to gradual market recovery, an appreciation of HK\$27 million (for the year ended 31 December 2008: an impairment of HK\$58 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\$11 million (for the year ended 31 December 2008: HK\$9.5 million) with a nearly 100% occupancy rate and an average return of 4.0% per annum (for the year ended 31 December 2008: 4.9%).

### **Securities Investment**

The Group invested in both debt and equity securities for long-term investment purpose. The debt securities were mainly overseas listed bonds, whereas the equity securities were mainly Hong Kong listed stocks, which, as at 31 December 2009, had market values of HK\$2.4 million and HK\$10 million respectively (31 December 2008: HK\$31 million and HK\$27 million).

During 2009, the Group had sold bond investments of HK\$31 million and stock investments of HK\$33 million and recorded a gain of HK\$571,000 and HK\$4.7 million respectively (for the year ended 31 December 2008: loss of HK\$5.6 million from disposal of bond investments and no sale of stock investments), which were reflected as gain arising from disposal of available-for-sale investments and gain arising from disposal of investments held for trading respectively. Further, affected by the recovery of the global financial market, an appreciation of HK\$7.2 million was recorded for stock investments as at 31 December 2009 (for the year ended 31 December 2008: an impairment of HK\$22 million), and was reflected as gain arising from fair value changes of investments held for trading.

The interest income received from debt securities was HK\$717,000 (for the year ended 31 December 2008: HK\$6.2 million), with an average interest return of 4.3% per annum (for the year ended 31 December 2008: 6.6%). The dividend income received from equity securities was HK\$1.2 million (for the year ended 31 December 2008: HK\$2.4 million) in total, which consisted of cash and scrip dividend.

## **FINANCIAL REVIEW**

### **Liquidity and Capital Resources**

As at 31 December 2009, the net current assets of the Group amounted to HK\$95 million (31 December 2008: HK\$98 million). The current and quick ratio were 2.3 and 1.7 (31 December 2008: 1.8 and 1.4) respectively. Shareholders' funds rose to the level of HK\$606 million (31 December 2008: HK\$552 million).

Moreover, as at 31 December 2009, the bank deposits and cash of the Group were HK\$39 million (31 December 2008: HK\$73 million), which included fixed deposits with original maturity of more than three months of HK\$11 million (31 December 2008: HK\$16 million).

The Group continued to adopt a prudent financial management policy, which operated generally with internal resources. The bank borrowing ratio was 3.3% (31 December 2008: 21.1%), represents a lower borrowing exposure as compared to other companies in the similar industry. As at 31 December 2009, the total bank borrowings of the Group were HK\$20 million (31 December 2008: HK\$117 million), of which HK\$7.5 million was repayable within one year (31 December 2008: HK\$57 million). The loans were principally used to finance the acquisition of investment properties.

### **Capital Expenditure**

The total capital expenditure incurred for 2009 was HK\$37 million (for the year ended 31 December 2008: HK\$233 million), out of which, approximately HK\$12 million (for the year ended 31 December 2008: HK\$82 million) was expended on the Heyuan plant and the Shanghang project, whereas approximately HK\$25 million (for the year ended 31 December 2008: HK\$151 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 2009 did not materially affect the costs and operations of the Group in the year and the directors do not foresee significant risk in exchange rate fluctuation. Currently, the Group has not entered into any financial instrument for hedging purposes. However, the Group will closely monitor its overall foreign exchange exposures and interest rate exposures, and consider hedging against the exposures should the need arise.

### **HUMAN RESOURCES**

As at 31 December 2009, the Group employed a total of 2,600 employees (31 December 2008: 2,500 employees) in Hong Kong and Mainland China. The total salaries and wages for 2009 amounted to HK\$80 million (for the year ended 31 December 2008: HK\$74 million).

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

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the financial year ended 31 December 2009.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2009.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

During the year ended 31 December 2009, the Company has complied with the provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules, except for the following deviations:

### **Code Provision A.2.1**

The code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual so that power is not concentrated in one individual.

Mr. Chow Tak Hung currently holds the offices of Chairman and Chief Executive Officer of the Company. Mr. Chow is the founder of the Group and has extensive experience in the electronics industry. He has the appropriate standing, management skills and business acumen that are essential prerequisites for assuming the two roles. The Board believes that vesting both roles in Mr. Chow provides the Group with strong and consistent leadership and, at the same time, allows for the continuous effective operations and development of the Group's business. As such, the structure is beneficial to the Group and the shareholders as a whole.

As other Board members are keeping abreast of the conduct, business activities and development of the Group and as the day-to-day business operations of the Group are delegated to the management, the Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority.

### **Code Provision A.4.2**

The code provision A.4.2 of the CG Code requires that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Bye-laws provides that any new director appointed by the Board shall be subject to election by shareholders of the Company at the Company's next following annual general meeting, instead of the first general meeting, after appointment. The reason for keeping such Bye-laws provision is to ensure the Company's compliance with paragraph 4(2) of Appendix 3 to the Listing Rules and also to facilitate the Company's process of re-election of directors since it enables the Company and the shareholders to consider the re-election of those new directors appointed by the Board during the year and of those directors retiring by rotation at the same general meeting.

The Bye-laws has not stated that directors should be subject to retirement by rotation at least once every three years and besides, it provides that the Chairman of the Board and/or the Managing Director shall not be subject to retirement by rotation. Notwithstanding the foregoing Bye-laws provisions, in practice, Ms. Chau Choi Fa, the Managing Director of the Company, has voluntarily submitted herself for re-election by shareholders before and will continue to do so; and Mr. Chow Tak Hung, the Chairman of the Board, will also voluntarily submit himself for re-election by shareholders in the Company's annual general meeting, such that all directors of the Company are subject to retirement by rotation at least once every three years.

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

#### **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2009, including the accounting principles and accounting standards adopted, and discussed matters relating to audit, internal controls and financial reporting.

#### **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2009, as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **APPRECIATION**

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

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

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

Hong Kong, 19 April 2010

*As at the date of this announcement, the Board comprises of four executive directors, namely Mr. Chow Tak Hung, Ms. Chow Woon Yin, Ms. Wong Siu Wah and Ms. Chau Choi Fa and three independent non-executive directors, namely Dr. Lau Yue Sun, Mr. Yip Tai Him and Mr. Lam Kwok Cheong.*