WO KEE HONG (HOLDINGS) LIMITED
和 記 行 (集 團) 有 限 公 司 *

(Incorporated in Bermuda with limited liability)
(Stock Code: 720)

ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2011

The directors of Wo Kee Hong (Holdings) Limited (the "Company") (the "Director") announce that the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended December 31, 2011 were as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	3	**1,761,357**	1,604,161
Cost of sales		**(1,466,231)**	(1,331,869)
Gross profit		**295,126**	272,292
Other operating income	5	**24,810**	26,126
Distribution costs		**(152,616)**	(91,432)
Administrative expenses		**(168,171)**	(165,507)
Fair value gains on investment properties		**1,000**	320
Reversal of properties held for sale to net realisable value		**4,600**	3,710
Profit from operations	6	**4,749**	45,509
Finance costs		**(14,098)**	(10,228)
Legal and professional fees in relation to voluntary cash offers		**(6,826)**	–
Impairment on available-for-sale financial assets		**–**	(5,700)
Net gain on disposal of subsidiaries		**–**	9,273
Share of result of a jointly controlled entity		**313**	(335)
(Loss)/profit before tax		**(15,862)**	38,519
Income tax expenses	7	**(2,706)**	(3,034)
(Loss)/profit for the year		**(18,568)**	35,485
(Loss)/profit attributable to:			
Owners of the Company		**(23,115)**	27,879
Non-controlling interests		**4,547**	7,606
		(18,568)	35,485
(Loss)/earnings per share attributable to the owners of the Company			
– Basic	8	**(0.99) cents**	1.22 cents
– Diluted	8	**(0.99) cents**	1.20 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2011

	2011 *HK$'000*	2010 *HK$'000*
(Loss)/profit for the year	**(18,568)**	35,485
Exchange differences on translation of foreign operations	**371**	3,011
Total comprehensive (loss)/income for the year	**(18,197)**	38,496
Total comprehensive (loss)/income attributable to:		
Owners of the Company	**(22,789)**	30,545
Non-controlling interests	**4,592**	7,951
	(18,197)	38,496

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Investment properties		**4,000**	3,000
Property, plant and equipment		**129,178**	125,804
Prepaid lease payments		**–**	1,486
Goodwill		**30,111**	30,044
Intangible assets		**5,400**	–
Interests in associates		**–**	–
Interest in a jointly controlled entity		**–**	3,520
Available-for-sale financial assets		**9,552**	9,552
Deferred tax assets		**118**	–
		178,359	173,406
Current assets			
Inventories		**300,995**	192,730
Properties held for sale, at net realisable value		**30,070**	25,470
Trade and other receivables	*9*	**223,671**	213,807
Amounts due from associates		**66,311**	64,045
Other financial assets at fair value through profit or loss		**–**	17
Cash and cash equivalents		**205,754**	189,322
		826,801	685,391
Current liabilities			
Trade and other payables	*10*	**375,496**	347,691
Bills payables		**25,545**	25,588
Tax payables		**52**	2,542
Amount due to a jointly controlled entity		**–**	2,585
Amount due to a related company		**441**	441
Obligations under finance leases		**148**	96
Borrowings	*11*	**309,758**	201,332
		711,440	580,275
Net current assets		**115,361**	105,116
Total assets less current liabilities		**293,720**	278,522

	Note	**2011**	2010
		HK$'000	*HK$'000*
Non-current liabilities			
Obligations under finance leases		**423**	240
Borrowings	*11*	**23,251**	–
Convertible loan note		**–**	11,612
Deferred tax liabilities		**13**	245
		23,687	12,097
Net assets		**270,033**	266,425
Capital and reserves			
Share capital		**49,178**	45,838
Reserves		**200,275**	204,599
Equity attributable to owners of the Company		**249,453**	250,437
Non-controlling interests		**20,580**	15,988
Total equity		**270,033**	266,425

Notes:

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

The following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") have been applied by the Group in the current year and have affected the presentations and disclosures set out in these consolidated financial statements. The application of these new and revised HKFRSs has had no impact on the Group's financial performance and positions for the current and prior years but may affect the accounting for future transactions or arrangement.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the consolidated statement of changes in equity. Such amendments have been applied retrospectively, and hence the disclosures in these consolidated financial statements have been modified to reflect the change (see the consolidated statement of changes in equity).

HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) has been revised on the following two aspects: (a) HKAS 24 (as revised in 2009) has changed the definition of a related party and (b) HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The Company and its subsidiaries are not government-related entities. The application of the revised definition of related party set out in HKAS 24 (as revised in 2009) in the current year has resulted in the identification of related parties that were not identified as related parties under the previous standard. Specifically, associates of the ultimate holding company of the Company are treated as related parties of the Group under the revised standard whilst such entities were not treated as related parties of the Group under the previous standard.

Amendments to HKAS 32 Classification of Rights Issues

The amendments address the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. Under the amendments, rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments. Before the amendments to HKAS 32, rights, options or warrants to acquire a fixed number of an entity's equity instruments for a fixed amount in foreign currency were classified as derivatives. The amendments require retrospective application.

Amendments to HKFRS 3 Business Combinations

As part of Improvements to HKFRSs issued in 2010, HKFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other standards. In addition, HKFRS 3 was amended to provide more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with HKFRS 2 Share-based Payment at the acquisition date ("market-based measure").

Amendments to HK(IFRIC) – Int 14 Prepayments of a Minimum Funding Requirement

The Interpretation addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of HKAS 19; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions.

HK(IFRIC) – Int 19 Extinguishing Financial Liabilities with Equity Instruments

The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under HK (IFRIC) – Int 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognised in profit or loss.

Improvements to HKFRSs issued in 2010

Except for the amendments to HKAS 1 described earlier, the application of Improvements to HKFRSs issued in 2010 has not had any material effect on amounts reported in the consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 1 Amendments	First time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 Amendments	Disclosures – Transfers of Financial Assets[1]
HKFRS 7 Amendments	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosures of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 Amendments	Presentation of items in Other Comprehensive Income[3]
HKAS 12 Amendments	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 Amendments	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – Int 20	Stripping Costs in Production Phase of Surface Mine[2]

1 Effective for annual periods beginning on or after July 1, 2011.
2 Effective for annual periods beginning on or after January 1, 2013.
3 Effective for annual periods beginning on or after July 1, 2012.
4 Effective for annual periods beginning on or after January 1, 2012.
5 Effective for annual periods beginning on or after January 1, 2014.
6 Effective for annual periods beginning on or after January 1, 2015.

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that 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 reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below:

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation – Special Purpose Entities. 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) the 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.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC)-Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated (e.g. the Group's investment in associates may become the Group's subsidiaries based on the new definition of control and the related guidance in HKFRS 10). In addition, the application of HKFRS 11 may result in changes in the accounting of the Group's jointly controlled entities that are currently accounted for using proportionate consolidation. Under HKFRS 11, those jointly controlled entities will be classified as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement. However, the directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after July 1, 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after January 1, 2012. The directors anticipate that the application of the amendments to HKAS 12 in future reporting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to HKAS 19 are effective for annual periods beginning on or after January 1, 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to HKAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2013 and that the application of the amendments to HKAS 19 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss (including derivative financial instruments) and investment properties, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

3. TURNOVER

	2011	2010
	HK$'000	*HK$'000*
Sales of goods to customers, less returns and discounts	**1,629,268**	1,504,832
Maintenance service income	**131,860**	98,995
Rental income	**229**	334
	1,761,357	1,604,161

4. SEGMENT INFORMATION

The Group has reporting segments into three operating divisions: cars, electrical appliances and fashion apparels and accessories. These divisions are the basis on which the Group reports its segment information. The segmentations are based on the information about the operation of the Group that management uses to make decisions and regularly review by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

The three operating and reportable segments are as follows:

Cars	Trading of cars and related accessories and provision of car repairing services
Electrical appliances	Distribution of air-conditioning products, audio-visual equipment, car audio and other electrical appliances
Fashion apparels and accessories	Distribution and retail of fashion apparels and accessories

In addition, other unreportable segment (motor yachts and property investment) are aggregated and presented as "Others".

Segment revenue and results

2011

	Cars *HK$'000*	Electrical appliances *HK$'000*	Fashion apparels and accessories *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Turnover						
External sales	1,459,547	256,311	38,270	7,229	–	1,761,357
Inter-segment sales	83	1,263	4	–	(1,350)	–
Total turnover	1,459,630	257,574	38,274	7,229	(1,350)	1,761,357
Inter-segment sales are charged at arm's length						
Results						
Segment results	28,424	9,127	(1,868)	1,466	–	37,149
Interest income						1,433
Unallocated corporate expenses						(33,833)
Profit from operations						4,749
Finance costs						(14,098)
Legal and professional fees in relation to voluntary cash offers						(6,826)
Share of result of a jointly controlled entity	–	–	313	–	–	313
Loss before tax						(15,862)
Income tax expenses						(2,706)
Loss for the year						(18,568)

Segment assets and liabilities

2011

	Cars	Electrical appliances	Fashion apparels and accessories	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Consolidated statement of financial position					
Assets					
Segment assets	**549,497**	**105,842**	**86,837**	**47,819**	**789,995**
Unallocated corporate assets					**215,165**
Consolidated total assets					**1,005,160**
Liabilities					
Segment liabilities	**308,359**	**51,612**	**28,635**	**785**	**389,391**
Unallocated corporate liabilities					**345,736**
Consolidated total liabilities					**735,127**

Other segment information

2011

	Cars	Electrical appliances	Fashion apparels and accessories	Others	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other information						
Capital expenditures	**26,467**	**809**	**1,428**	**–**	**4,172**	**32,876**
Depreciation	**15,574**	**696**	**1,322**	**183**	**3,964**	**21,739**
Amortisation of prepaid lease payments	**–**	**–**	**–**	**19**	**10**	**29**
Fair value gains on investment properties	**–**	**–**	**–**	**1,000**	**–**	**1,000**
Reversal of properties held for sale to net realisable value	**–**	**–**	**–**	**4,600**	**–**	**4,600**
Gain/(loss) on disposal of property, plant and equipment	**719**	**(49)**	**26**	**745**	**(402)**	**1,039**
Gain on disposal of prepaid lease payments	**–**	**–**	**–**	**1,339**	**122**	**1,461**
Impairment on trade and other receivables	**–**	**60**	**–**	**–**	**6,238**	**6,298**
Written-off of other receivables	**–**	**–**	**–**	**–**	**721**	**721**

Segment revenue and results

2010

	Cars HK$'000	Electrical appliances HK$'000	Fashion apparels and accessories HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Turnover						
External sales	1,239,043	246,662	53,839	64,617	–	1,604,161
Inter-segment sales	155	122	–	–	(277)	–
Total turnover	1,239,198	246,784	53,839	64,617	(277)	1,604,161
Inter-segment sales are charged at arm's length						
Results						
Segment results	35,637	13,398	271	4,243	–	53,549
Interest income						2,094
Unallocated other operating income						16,085
Unallocated corporate expenses						(26,219)
Profit from operations						45,509
Finance costs						(10,228)
Impairment on available-for-sale financial assets						(5,700)
Net gain on disposal of subsidiaries						9,273
Share of result of a jointly controlled entity	–	–	(335)	–	–	(335)
Profit before tax						38,519
Income tax expenses						(3,034)
Profit for the year						35,485

Segment assets and liabilities

2010

	Cars HK$'000	Electrical appliances HK$'000	Fashion apparels and accessories HK$'000	Others HK$'000	Consolidated HK$'000
Consolidated statement of financial position					
Assets					
Segment assets	408,382	95,812	62,289	43,954	610,437
Unallocated corporate assets					248,360
Consolidated total assets					858,797
Liabilities					
Segment liabilities	302,913	52,092	15,430	3,747	374,182
Unallocated corporate liabilities					218,190
Consolidated total liabilities					592,372

Other segment information

2010

	Cars HK$'000	Electrical appliances HK$'000	Fashion apparels and accessories HK$'000	Others HK$'000	Unallocated HK$'000	Consolidated HK$'000
Other information						
Capital expenditures	24,691	729	2,269	–	30,408	58,097
Depreciation	11,954	536	1,271	213	3,650	17,624
Amortisation of prepaid lease payments	–	–	–	25	13	38
Fair value gains on investment properties	–	–	–	320	–	320
Reversal of properties held for sale to net realisable value	–	–	–	3,710	–	3,710
Gain/(loss) on disposal of property, plant and equipment	11	(2)	(106)	–	1,693	1,596
Impairment on available-for-sale financial assets	–	–	–	–	5,700	5,700

Segment results represent the profit/(loss) generated by each segment without allocation of finance costs, legal and professional fees in relations to voluntary cash offers, impairment on available-for-sale financial assets, net gain on disposal of subsidiaries, share of result of a jointly controlled entity and income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment measurement.

For the purpose of monitoring segment performance and allocating resource between segment:

– all assets are allocated to reportable segment other than corporate assets and available-for-sale financial assets;

– all liabilities are allocated to reportable segment other than corporate liabilities.

Information about major customers

No turnover from customers contributing over 10% of total sales of the Group for both years.

Geographical information

The Group's operations are mainly located in Hong Kong, Singapore, Malaysia, Mainland China and Macau. The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods/services:

	Turnover by geographical market	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**1,203,643**	1,174,696
Singapore	**105,035**	95,563
Malaysia	**58,644**	51,697
Mainland China	**385,123**	273,658
Macau	**8,912**	8,547
	1,761,357	1,604,161

The following is an analysis of the carrying amount of non-current assets (excluding deferred tax assets and financial instruments) analysed by the geographical area in which the assets are located:

	Carrying amount of non-current assets	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong	**116,083**	112,539
Singapore	**790**	1,048
Malaysia	**727**	518
Mainland China	**51,075**	49,749
Macau	**14**	–
	168,689	163,854

5. OTHER OPERATING INCOME

	2011 *HK$'000*	2010 *HK$'000*
Commission income	**3,569**	5,990
Customers' deposits forfeited	**992**	–
Dividend income	**2,244**	–
Exchange gain, net	**1,730**	–
Gain on disposal of property, plant and equipment	**1,039**	1,596
Gain on disposal of prepaid lease payments	**1,461**	–
Interest income	**1,433**	2,094
Service fee income	**2,527**	–
Subsidies from suppliers	**5,374**	–
Waiver of other payable	**–**	16,085
Warranty and insurance claims received	**3,431**	–
Sundry income	**1,010**	361
	24,810	26,126

6. PROFIT FROM OPERATIONS

	2011 *HK$'000*	2010 *HK$'000*
Profit from operations has been arrived at after charging:		
Auditors' remuneration	**873**	780
Cost of inventories recognised as expenses (included reversal of inventories to net realisable value of HK$2,259,000 (2010: write-down of inventories to net realisable value of HK$2,855,000))	**1,466,231**	1,331,869
Amortisation of prepaid lease payments	**29**	38
Depreciation of:		
Owned assets	**21,545**	17,447
Assets held under finance leases	**194**	177
Staff costs, including directors' emoluments	**114,048**	105,358
Operating lease rental in respect of land and buildings:		
Minimum lease payments	**43,417**	36,815
Contingent rentals	**454**	554
Share-based payment expenses	**–**	793
Exchange loss, net	**–**	687
Loss on disposal of financial assets at fair value through profit or loss	**17**	–
Impairment of trade and other receivables	**6,298**	509
Written-off of other receivables	**721**	–

7. INCOME TAX EXPENSES

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit arising in Hong Kong for the year.

Outside Hong Kong taxation is calculated at the rates prevailing in the respective jurisdictions.

	2011	2010
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**2,043**	2,461
Outside Hong Kong	**787**	622
	2,830	3,083
Deferred tax:		
Hong Kong	**–**	(49)
Outside Hong Kong	**(124)**	–
	(124)	(49)
Income tax expenses attributable to the Company and its subsidiaries	**2,706**	3,034

8. (LOSS)/EARNINGS PER SHARE

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

	2011	2010
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share	**(23,115)**	27,879

	2011 *Number of shares*	2010 *Number of shares*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**2,341,621,208**	2,281,284,495
Effect of dilutive potential ordinary shares:		
Share options granted by the Company	**–**	34,269,923
Weighted average number of ordinary shares for the purpose of (loss)/earnings per share	**2,341,621,208**	2,315,554,418

Diluted loss per share for the year ended December 31, 2011 were the same as the basic loss per share. The Company's outstanding share options were not included in the calculation of diluted loss per share because the effects of the Company's outstanding share options were anti-dilutive.

9. TRADE AND OTHER RECEIVABLES

	2011 *HK$'000*	2010 *HK$'000*
Trade receivables	**99,665**	114,136
Less: allowance for doubtful debts	**(1,009)**	(1,229)
Total trade receivables, net of allowance for doubtful debts	**98,656**	112,907
Deposits, prepayments and other receivables	**131,253**	100,900
Less: Impairment loss recognised	**(6,238)**	–
	223,671	213,807

The following is an aged analysis of trade receivables net for allowance of doubtful debts at the end of the reporting period:

	2011 *HK$'000*	2010 *HK$'000*
Within 30 days	**63,869**	74,835
31 to 60 days	**25,332**	24,004
61 to 90 days	**3,163**	9,301
91 days to 1 year	**2,556**	2,987
Over 1 year	**3,736**	1,780
Total	**98,656**	112,907

The Group allows an average credit period of 7 to 90 days to its customers.

10. TRADE AND OTHER PAYABLES

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

	2011 *HK$'000*	2010 *HK$'000*
Within 30 days	**33,745**	58,495
31 to 60 days	**20,159**	21,784
61 to 90 days	**12,391**	10,607
91 days to 1 year	**1,229**	5,760
Over 1 year	**586**	979
Total trade payables	**68,110**	97,625
Customers' deposits, accruals and other payables	**307,386**	250,066
	375,496	347,691

11. BORROWINGS

	2011 *HK$'000*	2010 *HK$'000*
Bank overdrafts	**31,816**	8,380
Bank loans	**281,430**	180,041
Other loans	**19,763**	12,911
	333,009	201,332
Secured	**302,105**	173,290
Unsecured	**30,904**	28,042
	333,009	201,332
Carrying amount repayable:		
Within one year	**309,199**	169,756
More than one year, but not exceeding two years	**3,011**	7,764
More than two years, but not exceeding five years	**7,654**	8,073
More than five years	**13,145**	15,739
	333,009	201,332
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**(559)**	(31,576)
	332,450	169,756
Less: Amounts due within one year (shown under current liabilities)	**(309,199)**	(169,756)
Amounts due after one year (shown under non-current liabilities)	**23,251**	–

DIVIDENDS

The Directors do not recommend the payment of a final dividend (2010: nil) for the year ended December 31, 2011. No interim dividend was paid during the year (2010: nil).

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

FINANCIAL REVIEW

Results of Operations

For the year ended December 31, 2011, the Group's turnover increased from HK$1,604.2 million to HK$1,761.4 million, representing a growth of 9.8%. Our car segment, being the major business segment operating in both Hong Kong and Mainland China (Dalian and Nanjing), had a satisfactory year in terms of turnover and profit. We remain cautiously optimistic that this momentum can be maintained for the years to come, providing a solid platform for the Group to grow with the market.

Gross profit margin for 2011 recorded a slight decrease from 17% in 2010 to 16.8%. Despite the decreased margin, however, our gross profit figure grew from HK$272.3 million in 2010 to HK$295.1 million in 2011, representing a rise of 8.4%.

For the year ended 2011, our other operating income amounted to HK$24.8 million (2010: HK$26.1 million), of which HK$17.2 million was derived from our car segment.

Our two core expense items of distribution costs and administrative expenses in 2011 aggregated to HK$320.8 million (2010: HK$256.9 million), representing 18.2% of turnover (2010:16.0%). This increase of HK$63.9 million in 2011 was mainly due to: 1. distribution costs – increase of direct cost following augmented sales as well as increased costs of rental by HK$8.8 million and increased marketing expenses by HK$16.1 million in our car segment and 2. administrative expenses – increased depreciation by HK4.1 million and increase of impairment loss on receivables by HK$5.8 million.

Finance costs of HK$14.1 million were recorded in 2011 (2010: HK$10.2 million), representing a cost of 0.8% of sales (2010: 0.6%) whilst a profit of HK$0.3 million (2010: loss of HK$0.3 million) was booked being our share of result of a jointly controlled entity.

During the year, the Group recorded an aggregate amount of HK$6.8 million being non-recurring expenses incurred as a result of the voluntary cash offers received in the second half of 2011.

The board of Directors (the "Board") regrets to report that the consolidated loss for the year amounted to HK$18.6 million (2010: profit of HK$35.5 million).

Financial Condition and Capital Structure

The Group was financed by a combination of its equity capital base, cash flow generated from operations and bank borrowings. As usual, bank and other liabilities were being met upon their maturities in the normal course of business.

Cash and cash equivalents at December 31, 2011 were HK$205.8 million (2010: HK$189.3 million). A net cash outflow of HK$7.4 million (2010: net cash inflow of HK$24.9 million) was recorded, representing in aggregate funds used in operating, investing and financing activities in the year.

The Group had total borrowings at December 31, 2011 amounting to HK$333.1 million (2010: HK$201.3 million). The Group's long term gearing ratio stood at 9.5% (2010: 4.8%), based on long term liabilities (excluding deferred tax) of HK$23.7 million (2010: HK$11.9 million) and shareholders' equity of HK$249.5 million (2010: HK$250.4 million). The current ratio was 1.2 (2010: 1.2), based on current assets of HK$826.8 million (2010: HK$685.4 million) and current liabilities of HK$711.4 million (2010: HK$580.3 million).

The Group had trading facilities at December 31, 2011 amounting to HK$494.1 million (2010: HK$324.6 million) of which HK$402.5 million (2010: HK$237.0 million) was utilized.

Foreign Exchange Exposure

The Group's purchases are mainly conducted in HK Dollar, Renminbi and US Dollar whilst sales are mainly conducted in HK Dollar and Renminbi. During the year, the Group had entered into several forward exchange contracts with bankers to hedge foreign currency transactions with the objective to stabilize the cost. There were no outstanding foreign exchange contracts at both years ended 2011 and 2010.

Pledge of Assets

Certain of the Group's properties, inventories, cash deposits, a motor yacht and all assets of certain subsidiaries were pledged at year ended 2011 in an aggregate amount of HK$384.3 million (2010: HK$272.9 million) to secure loans and facilities granted.

Capital Commitments and Contingent Liabilities

The Group had capital commitments of HK$5.4 million at December 31, 2011 (2010: HK$12.6 million). The Group had no material contingent liabilities at December 31, 2011 and 2010.

BUSINESS REVIEW

Cars

The business consists mainly of the import, distribution and after-sales service of Italian “Ferrari” and “Maserati” cars and spare parts in Hong Kong and Macau. In Mainland China, we operate “Ferrari” and “Maserati” car dealerships in Dalian and Nanjing.

Compared to 2010, turnover increased by 17.8% to HK$1,459.5 million. Car sales continued to rise in both Hong Kong and Mainland China whilst revenue from maintenance service also recorded an encouraging upsurge.

In Hong Kong, as 2011 represented the first full year of production of the 458 Italia, a record number of cars were delivered with an outstanding order book of close to two years.

Deliveries of Ferrari’s 12-cylinder Berlinettas, the 599 GTB Fiorano and 599 GTO, continued. In March 2011, Ferrari announced the successor of the 612 Scaglietti, the FF. A total of 25 orders were received during the year. In summary, the Group delivered 170 new Ferraris in Hong Kong and Macau in 2011.

Demand for Maserati’s GranTurismo, GranTurismo S and GranTurismo S Automatic, GranCabrio convertible and Quattroporte four-door executive saloon remained relatively high.

Total workshop service turnover for the full year grew by 34% to HK$109.9 million as compared with 2010. This was primarily due to further expansion and streamlining of our service facilities in Hong Kong and an increase in the Ferrari/Maserati pre-delivery inspection business which we operate in Shanghai.

In Mainland China, turnover recorded by our dealership business in Dalian and Nanjing increased by 61.2% to HK$335.8 million. Meanwhile, we are proud to announce that our Nanjing dealership was awarded the “Best Dealership of 2011” by Ferrari Greater China.

Electrical Appliances

The business consists of distribution of consumer and commercial air-conditioning and home appliances products, namely “MHI” (Mitsubishi Heavy Industries of Japan), “Bodysonic” and “GREE”, audio-visual products of “Rogers” and “Alpine” car electronics.

Turnover in this segment recorded a growth of 3.9%, from HK$246.7 million in 2010 to HK$256.3 million.

In Hong Kong, demand and sales of air-conditioning products and audio-visual products remained steady throughout the year.

In Singapore and Malaysia, we also recorded a growth in both turnover and profit in 2011. The success was mainly due to the OEM car audio business and the continuous steady growth of air-conditioning markets in these regions.

Fashion Apparels and Accessories

2011 was a challenging year for our men's wear brand "V-one" in China. Due to the austerity measures adopted by the central government, local consumption was weakened and our apparel business was under great pressure. Unusually warm winter temperatures until November further affected our sales in the last quarter of 2011. Accordingly, we decided to slow down our plan of opening new shops and reduced our operating cost instead.

In December 2011, we started to run our watch business completely on our own by acquiring the 50% equity of our watch company from the Italian Binda Group. We are currently selling our watches at about 200 POS in Hong Kong, Mainland China and Macau.

Other Business

The performance of our yacht business was unsatisfactory for the year under review with only one new Numarine 55 yacht sold and delivered.

HUMAN RESOURCES

At the end of 2011, the total number of employees of the Group, excluding associates, was 464 (2010: 467).

The management is committed to staff motivation, training and development to ensure that the standard of our employees remains competitive in the marketplace. Leadership training seminars for our managerial and supervisory staff were conducted during the year to enhance their skills and spirits of co-operation. We are confident that our employees will continue to grow with the business and contribute their best to the Group.

PROSPECTS

Looking forward, the Group will increase its focus on the premium car distribution in Greater China. More resources will be utilized to support this expanding business, as we have seen a substantial growth in 2011. This growth momentum of the premium car distribution business is set to continue in 2012.

Our order portfolio for "Ferrari" continues to grow healthily with a lead time of up to two years, whilst the profile of "Maserati" will continue to broaden in 2012. Both brands are expected to introduce exciting new models in the coming years to further expand their market dominance and reach for new clients.

Our electrical appliances business will work closely with our major suppliers such as "MHI" and "Alpine" in order to improve our market share and market positioning through effective marketing and sales programs.

The Company was awarded the Caring Company Logo 2011/12, launched by the Hong Kong Council of Social Service. This is the second consecutive year the Company awarded this logo. The Caring Company Logo is awarded to companies which demonstrate good corporate citizenship. It aims to promote corporate social responsibility through caring for community, employees and the environment. Both the Company and our staff are very proud to receive the honor.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended December 31, 2011, the Company and its subsidiaries have not repurchased, sold or redeemed any of the Company's securities.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") during the year ended December 31, 2011, except in relation to the separation of the roles of chairman and chief executive officer under the Code Provision A.2.1.

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. Dr. Richard Man Fai LEE is the Executive Chairman and Chief Executive Officer of the Company. Dr. LEE has extensive experience in marketing consumer products and is responsible for the overall strategic planning and business development of the Group. The Board considers that vesting the roles of Chairman and Chief Executive Officer simultaneously by Dr. LEE is beneficial to the business prospects and management of the Group. The Board also considers that this structure will not impair the balance of power and authority between the Board and the management. This is because the Board has adopted clear guidelines as to the power and authority of the Board and the management. There are guidelines as to the power and duties of Chief Executive Officer. The details were set out fully in the corporate governance report in the Company's 2005 annual report.

In addition, the Board which comprises experienced and high caliber individuals meets regularly to discuss issues and operation of the Group. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted a code of conduct for transactions in the Company's securities by the Directors that complies with the Model Code as set out in Appendix 10 to the Listing Rules. Followed specific enquiries by the Company, all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended December 31, 2011.

AUDIT COMMITTEE REVIEW

The audit committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2011 including the accounting principles and practices adopted by the Group, and discussed the internal control and financial reporting matters during the review.

ANNUAL GENERAL MEETING

The annual general meeting of the Company ("Annual General Meeting") will be held on May 28, 2012. For details of the Annual General Meeting, please refer to the notice of Annual General Meeting (the "AGM Notice"), which will be despatched to the shareholders of the Company (the "Shareholders") in due course.

PROPOSED AMENDMENTS TO THE BYE-LAWS AND ADOPTION OF THE AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION AND BYE-LAWS

It is proposed to amend the existing bye-laws of the Company (the "Bye-laws") so as to bring the constitution of the Company in line with certain amendments made to the Listing Rules which came into effect on January 1, 2012 and some other amendments which will come into effect on April 1, 2012 and to adopt the amended and restated memorandum of association and Bye-laws which consolidates all such proposed amendments and all previous amendments made pursuant to resolutions passed by the Shareholders at previous general meetings.

Details of the proposed amendments to the Bye-laws will be set out in a circular and the AGM Notice, which will be despatched to the Shareholders in due course. The proposed amendments and the adoption of the amended and restated memorandum of association and Bye-laws will be subject to the approval of the Shareholders by way of passing special resolutions at the Annual General Meeting.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.wokeehong.com.hk). The annual report will be despatched to the Shareholders and available on the above websites in due course.

By order of the Board
WO KEE HONG (HOLDINGS) LIMITED
Dr. Richard Man Fai LEE
Executive Chairman & CEO

Hong Kong, March 28, 2012

At the date of this announcement, the Board comprises of Dr. Richard Man Fai LEE (Executive Chairman and Chief Executive Officer), Mr. Jeff Man Bun LEE, Mr. Tik Tung WONG, Mr. William Keith JACOBSEN and Mr. Kei Wah CHUA, all of whom are Executive Directors, Ms. Kam Har YUE, who is a Non-executive Director, Mr. Boon Seng TAN, Mr. Ying Kwan CHEUNG and Mr. Peter Pi Tak YIN, all of whom are Independent Non-executive Directors.

* *for identification purposes only*