

WING LEE

PROPERTY INVESTMENTS LIMITED

永利地產發展有限公司*

(Incorporated in Bermuda with limited liability)

Stock code: 864

ANNUAL REPORT
2012

** For identification purposes only*

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Ms. Chau Choi Fa (*Chairperson*)
Ms. Wong Siu Wah (*Chief Executive Officer*)
Ms. Wong Vivien Man-Li
Mr. Lui Siu Fung

Independent Non-executive Directors

Mr. Lam John Cheung-wah
Dr. Tse Kwok Sang
Mr. Chui Chi Yun Robert

COMPANY SECRETARY

Mr. Ng Ho Yin Owen

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

LEGAL ADVISORS

Bermuda

Conyers Dill & Pearman

Hong Kong

Reed Smith Richards Butler

COMPLIANCE ADVISOR

Optima Capital Limited

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, HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL

PLACE OF BUSINESS

Office E, 9/F, King Palace Plaza,
55 King Yip Street,
Kwun Tong, Kowloon
Hong Kong

SHARE REGISTRARS

Bermuda Principal

Codan Services Limited
Clarendon House, 2 Church Street,
Hamilton, HM 11
Bermuda

Hong Kong Branch

Tricor Investor Services 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: 864

CORPORATE WEBSITE

www.wingleeproperties.com

CHAIRPERSON'S STATEMENT

On behalf of the board of directors (the "Board") of Wing Lee Property Investments Limited (the "Company"), I am pleased to present the audited financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2012.

BUSINESS REVIEW

The Company became listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of introduction on 19 March 2013.

The spin-off of the Company from Wing Lee Holdings Limited ("Wing Lee Holdings") and the restructuring and separation of the management enabled the Group to focus on the property investment business and further enabled investors and financiers to appraise the strategies, functional exposure, risks and returns of the Group separate from its pre-spin-off parent company.

As at 31 December 2012, the aggregate market value of investment properties held, as appraised by RHL Appraisal Limited ("RHL"), an independent property valuer, amounted to approximately HK\$956.1 million (2011: approximately HK\$638.1 million).

For the year ended 31 December 2012, the investment properties held by the Group generated a total rental income of approximately HK\$24.2 million (2011: approximately HK\$20.4 million), representing an increase of approximately 18.5% as compared to 2011. The Group's profit and total comprehensive income for the period attributable to owners of the Company for 2012 was approximately HK\$306.3 million (2011: approximately HK\$158.8 million), representing an increase of approximately 92.9% as compared to 2011. Such increase was mainly attributable to net changes in fair values of our investment properties of approximately HK\$307.8 million (2011: approximately HK\$152.9 million). Save for the investment properties held by the Group, there was no significant investment held during the year.

Most of our properties recorded an upward adjustment in rental rates and our properties located at 296 Lockhart Road, 38 Morrison Hill Road and 656 Shanghai Street recorded the highest increases in fair value during the year.

CHAIRPERSON'S STATEMENT

PROSPECTS

In recent months, the Hong Kong government has reacted to the sharp rise in capital value of properties by introducing measures with a view to quenching speculative activities in the property market. Such measures include proposals for the upward adjustments to the rates of special stamp duty and an additional "buyer's stamp duty" on top of the existing stamp duty and special stamp duty (where applicable) in respect of acquisitions of residential properties in Hong Kong and proposals regarding increases in the rates of ad valorem stamp duty applicable to the sale and purchase of residential and non-residential properties. The Hong Kong Monetary Authority has also adjusted the availability of mortgages for new applicants. These measures are expected to dampen transaction volume for properties in Hong Kong. Notwithstanding the introduction of the regulatory measures outlined above, the Company's business strategy, being the holding of commercial and residential properties with an increasing focus on opportunities for commercial retail properties and whole blocks of flats or buildings, remains unchanged. We also consider that, given that the business of the Group is in long-term investment and leasing of properties and taking into account the financial position of the Group, the regulatory measures outlined above would not have any material adverse effect on the business of the Group in the near term and we do not foresee that there would be any material impact on the Group's current business strategy.

The Board also expects that the Group's investment properties will continue to provide the Group with stable rental income and maintain high occupancy rates. The Group will continue to explore further expansion of its investment portfolio should suitable opportunities arise. However, the Group does not currently have any plans for material investments or acquisition of capital assets.

APPRECIATION

On behalf of the Board, I would like to sincerely thank all of our shareholders, tenants and professional parties for their support throughout the year and look forward to continued support and cooperation going forward.

I would also like to extend my appreciation and thanks to all of our hardworking colleagues and professional parties for their assistance in making our listing a success.

Chau Choi Fa

Chairperson

Hong Kong, 28 March 2013

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS

The Group is engaged in the business of property investment, principally the leasing of completed commercial and residential properties in Hong Kong. As at 31 December 2012, the Group had a property portfolio of 34 properties located in Hong Kong and one property located in the People's Republic of China (the "PRC").

During the year ended 31 December 2012, the Group completed (i) the acquisition of a commercial unit located in Wanchai at the consideration of HK\$26.8 million; and (ii) the disposal of one car park and five residential properties. An aggregate fair value gain of approximately HK\$2.2 million was recognised by the Group as a result of such disposals.

The Hong Kong property market has been robust in 2012 and this is reflected in the general increasing trend in the Group's rental rates and fair values of the properties held by the Group during the year.

The Group did not introduce or announce any new business or services for the year ended 31 December 2012.

RESULTS

Our profit and total comprehensive income for the year attributable to owners of the Company for 2012 was approximately HK\$306.3 million (2011: approximately HK\$158.8 million), representing an increase of approximately 92.9% as compared to 2011. Such increase was mainly attributable to the increase in turnover and net changes in fair value of the Group's investment properties, offset by the increase in administrative expenses and other expenses.

On the assumption that the Group Reorganization details of which are set out in the listing document dated 28 February 2013 ("Listing Document") had been effective on 1 January 2011 and adjusted retrospectively for the sub-division of shares in the Company, the Capitalization Issue as defined in the Listing Document and the bonus effect arising from the Capitalization Issue, earnings per share for 2012 was HK\$0.85 (2011: HK\$0.44), representing an increase of HK\$0.41 from last year.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 31 December 2012, the net current liabilities of the Group amounted to approximately HK\$308.1 million (2011: approximately HK\$294.3 million). The current ratio, expressed as current assets over current liabilities, was approximately 0.17 (2011: approximately 0.17). Total equity of the Group rose to approximately HK\$550.0 million (2011: approximately HK\$243.7 million) due to the net increase in fair values of our investment properties.

Moreover, as at 31 December 2012, the bank deposits and cash of the Group were approximately HK\$61.3 million (2011: approximately HK\$60.8 million), which included fixed deposits of approximately HK\$30.1 million (2011: approximately HK\$57.0 million).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2012, the carrying amount of our bank loans were approximately HK\$126.2 million (2011: approximately HK\$132.4 million). As at 31 December 2012, all of the bank loans were secured by mortgages over certain investment properties of the Group with carrying amounts of approximately HK\$466.8 million (2011: approximately HK\$285.2 million) and carry interest at HIBOR plus 0.70% to 2.75% per annum (2011: HIBOR plus 0.70% to 2.75% per annum). Our Group had no available unutilised bank loan facilities as at 31 December 2012 and 2011.

Of the total bank loans at 31 December 2012, approximately HK\$32.0 million (or approximately 25.3%) was repayable within one year or on demand. Approximately HK\$14.6 million (or approximately 11.6%) was repayable after one year but within two years. Approximately HK\$45.0 million (or approximately 35.7%) was repayable after two years but within five years. Approximately HK\$34.6 million (or approximately 27.4%) was repayable after five years.

Of the total bank loans at 31 December 2011, approximately HK\$33.1 million (or approximately 25.0%) was repayable within one year or on demand. Approximately HK\$13.2 million (or approximately 9.9%) was repayable after one year but within two years. Approximately HK\$41.0 million (or approximately 31.0%) was repayable after two years but within five years. Approximately HK\$45.1 million (or approximately 34.1%) was repayable after five years.

As at 31 December 2012, the aggregate amount due to M S C Holdings Limited ("MSC") and Wing Lee Holdings was approximately HK\$326.2 million (2011: approximately HK\$317.4 million). Pursuant to the Capitalization Issue, the amounts due to MSC and Wing Lee Holdings of approximately HK\$326.2 million have been capitalized and recognised as equity as at 19 March 2013. Without taking into account the Capitalization Issue, the total debt to equity ratio calculated as total borrowings (being the aggregate of total bank borrowings and amounts due to MSC and Wing Lee Holdings) divided by shareholder's equity of the Group as at 31 December 2012 was approximately 0.82 (2011: approximately 1.85).

Capital Expenditure

Capital expenditure incurred by our Group (representing acquisition of investment properties and property, plant and equipment in the financial period) for the year ended 31 December 2012 was approximately HK\$27.3 million (2011: approximately HK\$81.9 million). The Group anticipates that the funding required for future capital expenditure will be principally financed by cash generated from operations and bank borrowings, although the Group may consider raising additional funds as and when appropriate.

Capital commitments

The Group had no material capital commitments as at 31 December 2012 (2011: approximately HK\$23.1 million).

Contingent liabilities

The Group had no significant contingent liabilities as at 31 December 2012 and 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of assets

Certain of the Group's investment properties with a carrying value of approximately HK\$466.8 million as at 31 December 2012 (2011: approximately HK\$285.2 million) have been pledged to secure banking facilities of the Group.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Save for the Group Reorganization as described in note 1 to the consolidated financial statements and those described in the Listing Document, there was no material acquisition or disposal of subsidiaries and associated companies by the Company during the year under review.

TREASURY POLICIES

The Group principally operates in Hong Kong and the revenue, operating cost and borrowings were mainly denominated in Hong Kong dollars. As a result, the Group has minimal exposure to exchange rate fluctuation.

The Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in short-term deposits mostly denominated in Hong Kong dollars. The Group does not use any financial instruments for hedging purpose.

RISK MANAGEMENT

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk within the organisation and the external environment with active management participation and effective internal control procedures for the best interest of the Group and its shareholders.

HUMAN RESOURCES

As at 31 December 2012, the Group had 11 employees (2011: 8 employees) in Hong Kong. The Group recorded staff costs of approximately HK\$8.5 million (2011: approximately HK\$5.3 million).

The Group has entered into employment contracts with all our employees to cover matters such as wages, benefits and grounds for termination. The Group's remuneration policies and packages are reviewed by the management on a regular basis. The Group grants discretionary bonuses to qualified employees based on operation results and individual performance.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Ms. Chau Choi Fa (“Ms. Chau”), aged 45, is an executive director and the chairperson of the Company. Ms. Chau is the spouse of Mr. Chow Tak Hung, the controlling shareholder of the Company, and an aunt of Mr. Lui Siu Fung. Ms. Chau is also a non-executive director of Wing Lee Holdings. Prior to this, she was an executive director of Wing Lee Holdings. Ms. Chau has been responsible for overseeing the property division of the Group since 2007. Ms. Chau has over 18 years of experience in property investments and related activities in Hong Kong and overseas. She is responsible for the overall strategic planning of the Group.

Ms. Wong Siu Wah (“Ms. Wong”), aged 66, is an executive director and the chief executive officer of the Company. Ms. Wong is the mother of Ms. Wong Vivien Man-Li, an executive director. Ms. Wong is also a non-executive director of Wing Lee Holdings. Prior to this, she was an executive director of Wing Lee Holdings. Ms. Wong has been responsible for overseeing the property business of the Group since 2001. She has over 20 years of management experience in the electronics industry as well over 20 years of experience in property investments and related activities in Hong Kong, as well as overseas. She is responsible for the overall strategic planning of the Group as well as overall administration of the Group.

Ms. Wong Vivien Man-Li (“Ms. Vivien Wong”), aged 31, is the daughter of Ms. Wong and an executive director of the Company. Ms. Vivien Wong joined the Group in 2011. Prior to joining the Group, she practiced law in Ontario, Canada. She is licensed to practice law as a solicitor and barrister in Ontario, Canada (currently non-practising) and is a member of the Law Society of Upper Canada. Ms. Vivien Wong has over three years of experience in property and rental management. Ms. Vivien Wong obtained in June 2007 a Bachelor of Laws degree from the University of Manchester, United Kingdom, and in June 2003 a Bachelor of Science degree from the University of Waterloo, Canada. She is responsible for the overall management and corporate policy of the Group.

Mr. Lui Siu Fung (“Mr. Lui”), aged 31, is the nephew of Mr. Chow Tak Hung, the controlling shareholder of the Company, and Ms. Chau, and is an executive director of the Company. Mr. Lui joined the Group in 2008 and has over four years of work experience in Extra Rich Development Limited (“Extra Rich”) performing duties including in-house technical support and property maintenance. He graduated from the University of Windsor, Ontario, Canada with a Bachelor of Business degree in June 2004 and he obtained a certificate in computer programming in June 2006. He is responsible for heading property maintenance and internal information technology support of the Group.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam John Cheung-wah ("Mr. Lam"), aged 58, joined the Group in 2013. Mr. Lam worked in the banking industry for more than 30 years. He is the vice chairman and an executive director of Nan Fung Property Consolidated Limited which is engaged in property investments and development. Prior to this, he was an executive director of Dah Sing Bank, Limited and a director of Dah Sing Securities Limited, Dah Sing Life Assurance Co. Limited and Dah Sing Bank (China) Limited. Mr. Lam was employed by Hang Seng Bank Limited as an assistant general manager from 2003 to 2005. Prior to joining Hang Seng Bank Limited, Mr. Lam worked in various senior positions in The Hongkong and Shanghai Banking Corporation Limited and the Royal Bank of Canada for over 20 years. Mr. Lam obtained in June 1988 and June 1977, respectively, a Bachelor Degree in Business Management and a Marketing Diploma from Ryerson Polytechnical Institute, now Ryerson University in Toronto, Canada, and was designated as a Fellow of the Institute of Canadian Bankers in 1980.

Dr. Tse Kwok Sang ("Dr. Tse"), aged 56, joined the Group in 2013. He is currently the Associate Dean and Associate Professor of Finance, Faculty of Business and Economics of The University of Hong Kong. Dr. Tse has published articles and other publications on the subject of real estate finance and economics, financial regulations and capital markets and investments. He served on the examination panel of the Estate Agents Authority of Hong Kong from 1999 to 2010. Currently, Dr. Tse is a Co-Opted Councillor and Co-Opted Member of the Executive Committee of the 33rd term of the Heung Yee Kuk New Territories and he was appointed by the Government of Hong Kong as a Justice of the Peace in 2010. He is also an independent non-executive director of Ajia Partners Asia Absolute Return Fund Limited which is listed on the Irish Stock Exchange. Dr. Tse obtained in June 1990 a Ph.D. in Business Administration from Michigan State University in the United States. He is an Associate Member of the Society of Actuaries. Dr. Tse has been an independent non-executive director of Sunlight Real Estate Investment Trust since its listing on the Stock Exchange (stock code: 435) in 2006. Dr. Tse was also a Member of The Hong Kong Institute of Directors.

Mr. Chui Chi Yun Robert ("Mr. Chui"), aged 56, joined the Group in 2013. He obtained a Bachelor Degree in Commerce in June 1978 and is a practising Certified Public Accountant in Hong Kong. Mr. Chui was admitted as a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom in June 1991 and May 1989, respectively. He is currently the Commissioner of the Hong Kong Road Safety Patrol. He is also a member of the Transport Advisory Committee, Road Safety and Traffic Management Sub-committee, and the Chairman of the Transport Complaint Unit Sub-committee, all of which are committees within the Transport and Housing Bureau of the Government of Hong Kong. Mr. Chui is also an independent non-executive director of two companies which are listed on the Stock Exchange, namely Tse Sui Luen Jewellery (International) Limited (stock code: 417) and National Arts Holdings Limited (stock code: 8228). He was an independent non-executive director of 21 Holdings Limited (stock code: 1003) until his resignation in September 2011 due to personal business engagement at that time.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

SENIOR MANAGEMENT

Mr. Ng Ho Yin Owen (“Mr. Ng”), aged 33, joined the Group in 2012. Mr. Ng is the company secretary and financial controller of the Company. He was admitted as a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants in January 2006 and a Certified Practising Accountant of CPA Australia in September 2005 after being admitted as its member in April 2002. Mr. Ng is responsible for the financial and company secretarial matters of the Company. Prior to joining the Group, he worked at Onric CPA Limited from November 2005 to November 2009 first as a senior audit associate and was later promoted to the position of audit manager. He has been a director of Onric CPA Limited since November 2009, and still holds the position as a director (but without participating in its day-to-day business operations) notwithstanding his cessation to be a full-time employee in March 2012. He also worked in the Audit Department of PricewaterhouseCoopers Hong Kong from September 2002 to October 2005. Mr. Ng has over nine years of experience in auditing, financial management and taxation. Mr. Ng obtained the degrees of Bachelor of Business (Accountancy) and Bachelor of Information Technology of the Queensland University of Technology, Australia in March 2002.

CORPORATE GOVERNANCE REPORT

The Board considers effective corporate governance a key component in the Group's sustained development and believes that good corporate governance practices are increasingly important for maintaining and promoting shareholder value and investor confidence. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

As the Company was listed on 19 March 2013, the Company had not yet adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year ended 31 December 2012.

The Company has adopted the code provisions in the CG Code as its own code of corporate governance. The Board considers that the Company was in compliance with all applicable code provisions set out in the CG Code from 19 March 2013, being the date of listing of the Company, to the date of this report.

(A) THE BOARD OF DIRECTORS

The overall management of the Company's operation is vested in the Board.

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitoring of the performance of the senior management. The directors of the Company ("Directors") make decisions objectively in the interests of the Company. Currently, the Board comprises seven Directors, including four executive directors and three independent non-executive directors:

Executive Directors

Ms. Chau Choi Fa (Chairperson) (appointed on 30 March 2012)
Ms. Wong Siu Wah (Chief Executive Officer) (appointed on 30 March 2012)
Ms. Wong Vivien Man-Li (appointed on 30 March 2012)
Mr. Lui Siu Fung (appointed on 30 March 2012)

Independent Non-Executive Directors

Mr. Lam John Cheung-wah (appointed on 6 February 2013)
Dr. Tse Kwok Sang (appointed on 6 February 2013)
Mr. Chui Chi Yun Robert (appointed on 6 February 2013)

Their biographical details and relationships (some of the Directors are related to each other) are set out in the section entitled "Directors and Senior Management Profile" in the annual report. Ms. Chau Choi Fa and Ms. Wong Siu Wah are interested in certain properties in Hong Kong and the PRC (being the territories in which the Group owns properties), the details of which are set out in the paragraph "Properties Held by the Directors and our Controlling Shareholders" in the section entitled "Other information" in the annual report.

The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's businesses to the executive Directors, senior management and certain specific responsibilities to the Board committees.

CORPORATE GOVERNANCE REPORT

(A) THE BOARD OF DIRECTORS – continued

Chairperson and Chief Executive Officer

Ms. Chau Choi Fa is the chairperson of the Company and Ms. Wong Siu Wah is the chief executive officer (“CEO”). The roles of the chairperson and CEO are served by different individuals to achieve a balance of authority and power, which is in compliance with the Code Provision A.2.1 of the CG Code. The main responsibility of the chairperson is to lead the Board and manage its work to ensure that it effectively operates and fully discharges its responsibilities. Supported by the members of committees of the Board, the CEO is responsible for the day-to-day management of the Group’s business, recommending strategies to the Board, and determining and implementing operational decisions.

Appointments, Re-election and Removal of Directors

Each of the executive Directors and independent non-executive Directors has entered into a service contract or letter of appointment with the Company for a specific term. Such term is subject to her/his re-appointment by the Company at an annual general meeting upon such Director’s retirement and offering herself/himself for re-election.

The bye-laws of the Company provide that any Director appointed by the Board, (i) to fill a casual vacancy in the Board, shall hold office only until the next following general meeting of the Company and shall be subject to re-election at such meeting and (ii) as an addition to the Board shall hold office until the next annual general meeting of the Company and shall then be eligible for re-election.

Independent Non-Executive Directors

In compliance with Rule 3.10 of the Listing Rules, the Company has appointed three independent non-executive Directors, one of whom namely Mr. Chui Chi Yun Robert possesses the appropriate professional qualifications in accounting and financial management. Each of the three independent non-executive Directors has confirmed his independence of the Company and the Company considers each of them to be independent in accordance with the guidelines of assessing independence as set out in Rule 3.13 of the Listing Rules. Each of the three independent non-executive Directors has signed a letter of appointment with the Company for a specific term of three years.

Number of Meetings and Directors’ Attendance

CG Code provision A.1.1 prescribes that at least four regular Board meetings should be held each year at approximately quarterly intervals with active participation of a majority of the Directors, either in person or through other electronic means of communication.

Since the Company was listed on 19 March 2013 and up to the date of this annual report, the Board has held one meeting. All executive Directors, Dr. Tse Kwok Sang and Mr. Chui Chi Yun Robert attended the meeting. The Board will schedule to have at least four regular meetings in a year.

CORPORATE GOVERNANCE REPORT

(A) THE BOARD OF DIRECTORS – continued**Training and Support for Directors**

The Company encourages the Directors to participate in professional development courses and seminars to develop and refresh their knowledge and skills.

Effective from 19 March 2013, the date of listing of the Company, up to the date of this report, regulatory updates and relevant materials on amendments of the Listing Rules have been sent to the Directors for their awareness of the latest development on regulatory requirements. Training records of each Director will also be kept.

Directors' and Officers' Insurance

The Company has arranged for appropriate liability insurance for the Directors to cover their liabilities arising out of corporate activities.

Compliance with the Model Code for Directors' Securities Transactions

As the Company was listed on 19 March 2013, the Company had not yet adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") during the year ended 31 December 2012.

The Company has adopted the Model Code as its model code for securities transactions by Directors. Having made specific inquiries, all the Directors confirmed that they have complied with the Model Code from 19 March 2013, being the date of listing of the Company, up to the date of this report.

Board Committees

The Board has established an Audit Committee, Remuneration Committee and Nomination Committee (collectively "Board Committees") with defined terms of reference. The terms of reference of the Board Committees are posted on the websites of the Company and the Stock Exchange. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

CORPORATE GOVERNANCE REPORT

(A) THE BOARD OF DIRECTORS – continued

Board Committees – continued

Audit Committee

The Audit Committee was established in February 2013 and its current members include:

Mr. Chui Chi Yun Robert (*Chairperson*)

Mr. Lam John Cheung-wah

Dr. Tse Kwok Sang

All of the committee members are independent non-executive Directors. The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The terms of reference of the Audit Committee were adopted in February 2013 and are in line with the provisions of the CG Code, a copy of which is posted on the website of the Company and the Stock Exchange.

The Audit Committee shall hold at least two regular meetings in a year to review and discuss the interim and annual financial statements of the Company. Additional meetings of the Audit Committee may be held as and when required.

The Audit Committee shall meet with the external auditor at least twice a year. The external auditor may request a meeting if they consider necessary.

Since the Company was listed on 19 March 2013 and up to the date of this report, the Audit Committee held one meeting, at which the members of the Audit Committee has reviewed and approved the preliminary results announcement and the audited consolidated financial statements of the Group for the year ended 31 December 2012. Dr. Tse Kwok Sang and Mr. Chui Chi Yun Robert attended the meeting.

CORPORATE GOVERNANCE REPORT

(A) THE BOARD OF DIRECTORS – continued**Board Committees – continued***Remuneration Committee*

The Remuneration Committee was established in February 2013 and its current members include:

Mr. Lam John Cheung-wah (*Chairman*)
 Dr. Tse Kwok Sang
 Mr. Chui Chi Yun Robert
 Ms. Wong Siu Wah

The majority of the members are independent non-executive Directors. The Remuneration Committee reviews the remuneration package of the executive Directors, independent non-executive Directors and senior management, and makes appropriate recommendations to the Board. Staff remuneration is determined by the Group's management by reference to the individual staff's qualifications, work experience, performance and prevailing market conditions.

The terms of reference of the Remuneration Committee were adopted in February 2013 and are in line with the provisions of the CG Code, a copy of which is posted on the website of the Company and the Stock Exchange.

The Remuneration Committee shall meet once during the financial year. During the meeting, the Remuneration Committee will review the remuneration packages of the executive Directors, independent non-executive Directors and senior management. As the Company was listed on 19 March 2013, the Remuneration Committee has not held any meeting up to the date of this report.

Nomination Committee

The Nomination Committee was established in February 2013 and its current members include :

Dr. Tse Kwok Sang (*Chairman*)
 Mr. Chui Chi Yun Robert
 Mr. Lam John Cheung-wah
 Ms. Chau Choi Fa

The majority of the members are independent non-executive Directors. The principal duties of the Nomination Committee are to identify and nominate suitable candidates for appointment as Directors and make recommendations to the Board.

The terms of reference of the Nomination Committee were adopted in February 2013 and are in line with the provisions of the CG Code, a copy of which is posted on the website of the Company and the Stock Exchange.

The Nomination Committee shall meet once during the financial year. During the meeting, the Nomination Committee will review the structure and composition (including the skills, knowledge and experience) of the Board.

As the Company was listed on 19 March 2013, nomination and selection processes of current Directors were performed by the shareholders/Board at the material time.

Since the Company was listed on 19 March 2013 and up to the date of this report, the Nomination Committee has held one meeting. Dr. Tse Kwok Sang and Mr. Chui Chi Yun Robert and Ms. Chau Choi Fa attended the meeting.

Conflict of Interest

If a Director has a conflict of interest in relation to a transaction or proposal to be considered by the Board, the individual is required to declare such interest and to abstain from voting. The matter is considered at a Board meeting attended by Directors who have no material interest in the transaction. The Group also adopted certain internal control policies to manage potential conflicts of interest.

CORPORATE GOVERNANCE REPORT

(A) THE BOARD OF DIRECTORS – continued**Company Secretary**

Mr. Ng Ho Yin Owen, the company secretary of the Company, is a full time employee of the Group and has day-to-day knowledge of the Company's affairs. The Company was listed on 19 March 2013. Going forward, the company secretary will duly comply with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of the company secretary is set out in the section entitled "Directors and Senior Management Profile" in the annual report.

(B) FINANCIAL REPORTING AND INTERNAL CONTROL**Financial Reporting**

The Board, supported by the financial controller and the finance and accounts department of the Company are responsible for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group. In preparing the accounts for the year ended 31 December 2012, the Directors have selected suitable accounting policies and applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, made adjustments and estimates that are prudent and reasonable, and have prepared the accounts on a going concern basis. The Directors are also responsible for keeping proper accounting records which reflect the financial information of the Group with reasonable accuracy.

External Auditor's Remuneration

Deloitte Touche Tohmatsu has been appointed as the Company's external auditor since the Company's incorporation. The Audit Committee has been notified of the nature and the service charges of non-audit services performed by Deloitte Touche Tohmatsu and considered that these non-audit services have no adverse effect on the independence of the auditor. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

The remuneration paid to the Company's external auditor, Deloitte Touche Tohmatsu, in respect of audit services and non-audit services for the year ended 31 December 2012 is set out below:

Type of services provided by the external auditor**Amount of fees**

HK\$'000

Audit services	480
Non-audit services:	
Act as reporting accountants in respect of the listing of the Company on the Stock Exchange (the nature of services include audit of the financial information for each of the three years ended 31 December 2011 and eight months ended 31 August 2012 (the "Track Record Period"), preparation of accountants' report for the Track Record Period, issue of various comfort letters and other listing related work)	2,876
Total	3,356

CORPORATE GOVERNANCE REPORT

(B) FINANCIAL REPORTING AND INTERNAL CONTROL – continued**Internal Control**

The Board has the responsibility to maintain an effective internal control system in order to safeguard the Group's assets and shareholders' interests, and review and monitor the effectiveness of the internal control and risk management systems on a regular basis to ensure that the systems in place are adequate.

During the year under review, the Company engaged external independent consultants to conduct a review of the internal control system of the Group in order to maintain high standards of corporate governance. The Board has also itself conducted a review of the effectiveness of the internal control system of the Group and is of the view that the Company has taken all reasonable steps to establish a proper internal control system.

(C) COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of corporate information, which enable shareholders and investors to make appropriate investment decisions.

The members of the Board and Board Committees and the external auditor are present to answer shareholders' questions in the annual general meetings of the Company. Meeting circulars are distributed to all shareholders before the annual general meeting and special general meetings in accordance with the timeline requirement as laid down in the Listing Rules and the bye-laws of the Company. All the resolutions proposed to be approved at the general meetings will be taken by poll and poll voting results will be published on the websites of the Stock Exchange and the Company after the meetings.

As a channel to promote effective communication, the Group maintains a website where information on the Company's announcements, financial information and other information are posted. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong with any inquiries.

CORPORATE GOVERNANCE REPORT

(D) SHAREHOLDERS' RIGHTS

Convening of Special General Meetings and Requisition by Shareholders

Shareholders shall have the right to request the Board to convene a special general meeting ("SGM"). Shareholders holding in aggregate of not less than one-tenth (10%) of the paid up capital of the Company may send a written request to the Board to requisition an SGM.

The written requisition, duly signed by the shareholders concerned, must state the purpose of the meeting and must be deposited at the registered office of the Company.

The Company will take appropriate actions and make necessary arrangements and the shareholders concerned will be responsible for any expenses incurred in giving effect thereto in accordance with the requirements under Section 74 of the Companies Act 1981 of Bermuda (the "Companies Act") once a valid requisition is received.

Procedures for Making Proposals at General Meetings by Shareholders

The following shareholders are entitled to put forward a proposal (which may properly be put to the meeting) for consideration at a general meeting of the Company:

- (a) any members representing not less than one-twentieth (5%) of the total voting rights of the Company on the date of the requisition; or
- (b) not less than 100 members holding shares in the Company.

The requisition specifying the proposal, duly signed by the shareholders concerned, together with a statement with respect to the matter referred to in the proposal must be deposited at the registered office of the Company. The Company will take appropriate actions and make necessary arrangements and the shareholders concerned will be responsible for any expenses incurred in giving effect thereto in accordance with the requirements under Sections 79 and 80 of the Companies Act once valid documents are received.

As regards to proposing a person other than the retiring Director for election as a Director in a general meeting, please refer to the procedures available on the website of the Company.

Shareholders may write directly to the Company at its principal place of business in Hong Kong with any inquiries.

CORPORATE GOVERNANCE REPORT

(E) CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents since incorporation on 26 March 2012 and up to 31 December 2012.

In anticipation of the Company's listing on 19 March 2013, the Company adopted the current bye-laws of the Company on 6 February 2013.

OTHER INFORMATION

PROPERTIES HELD BY THE DIRECTORS AND OUR CONTROLLING SHAREHOLDERS

References to “controlling shareholders” in this section mean Bright Asia Holdings Limited (“Bright Asia”) and Mr. Chow Tak Hung. Bright Asia has no interest in investment properties other than those held via Wing Lee Holdings and the Company.

Properties held by Wing Lee Holdings

Wing Lee Holdings is a subsidiary of Bright Asia, our controlling shareholder. Wing Lee Holdings and its subsidiaries currently hold the following properties (the “Retained Properties”):

- (i) an industrial complex located at Xinling Road, Sulong Town, Luoding Village, Yunfu City, Guangdong Province, the PRC. This property has a total gross floor area of approximately 11,719.51 sq.m. (approximately 126,148.81 sq.ft.);
- (ii) an industrial complex located east of Xingong Road and south of Keliu Road, Heyuan Hi-Tech Development Area, Heyuan City, Guangdong Province, PRC. This property has a total gross floor area of approximately 94,030.94 sq.m. (approximately 1,012,149.04 sq.ft.);
- (iii) an industrial complex located at Nangang Industrial Zone, Lincheng Town, Sha County, Longyan City, Fujian Province, PRC. This property has a total gross floor area of approximately 6,632 sq.m. (approximately 71,386.85 sq.ft.);
- (iv) a property at Unit B, Level 32, Block 7, Donghu Garden, Dongzong Avenue, Guancheng District, Dongguan City, Guangdong Province, PRC (“Retained Property 1”), comprising a residential unit with a total gross floor area of approximately 133.00 sq.m. (approximately 1,431.61 sq.ft.);
- (v) an industrial complex located at Second Industrial Zone, Sijia Management Area, Qingfeng Road West, Shijie Town, Dongguan City, Guangdong Province, PRC (“Retained Property 2”). This property has a total gross floor area of approximately 30,537.05 sq.m. (approximately 328,700.83 sq.ft.); and
- (vi) a residential unit located at Flat 1B on 1/F., (front portion of 1/F., of No. 298 Lockhart Road) including flat roof of Wah Fung Building, Nos. 296-298 Lockhart Road, Hong Kong (“Retained Property 3”), comprising a residential unit with a saleable area of approximately 365 sq.ft. (including balcony over government land), and a flat roof having an area of approximately 156 sq.ft..

The aggregate rental income of Retained Properties 1, 2 and 3 for the year ended 31 December 2012 was approximately HK\$1.9 million. The other Retained Properties were occupied by Wing Lee Holdings and its subsidiaries for industrial uses for the year ended 31 December 2012.

Set out below are the fair values of Retained Properties 1, 2 and 3 as at 31 December 2012:

Property	Fair Value As at 31 December 2012 <i>HK\$'000</i>
Retained Property 1	691
Retained Property 2	33,333
Retained Property 3	3,050
Total	37,074

OTHER INFORMATION

PROPERTIES HELD BY THE DIRECTORS AND OUR CONTROLLING SHAREHOLDERS – continued**Hong Kong Personal Investments**

Ms. Wong Siu Wah (“Ms. Wong”) and Ms. Chau Choi Fa (“Ms. Chau”) are interested in the following properties in Hong Kong and the PRC (being the territories in which the Group owns properties) (the “Personal Investments”):

Owner of property	Location of property	Saleable floor area approximate sq. ft.	Type of property	Fair Value as at 31 December 2012 HK\$'000
A company in which Ms. Chau, Mr. Chow Tak Hung, Ms. Wong and Ms. Chow Woon Yin are interested	Block C, 4/F., Flat 1, Park Place, No. 7 Tai Tam Reservoir Rd, Hong Kong and car park no. 32 & 33 (“Personal Property 1”)	2,070	Residential	71,000
Ms. Chau and Ms. Wong/ companies jointly owned by Ms. Chau and Ms. Wong	Flat 3, 8/F., Block A, Jardine’s Lookout Garden Mansion, Nos. 148-150 Tai Hang Road, Hong Kong (“Personal Property 2”)	840	Residential	18,500
	Flat 4, 8/F., Block A, Jardine’s Lookout Garden Mansion, Nos. 148-150 Tai Hang Road, Hong Kong (“Personal Property 3”)	1,196	Residential	28,000
	G/F and cockloft (otherwise called mezzanine floor), No. 99 Queen’s Road East, Hong Kong	610 (with yard: 50 and cockloft: 400)	Commercial	49,500
	Shop B5 on G/F and Cockloft, Tai Wong Building, Nos. 3-5 Tai Wong Street East, Hong Kong	1,090 (with yard: 35 and cockloft: 440)	Commercial	40,000
	No. 22 Man On Street (whole building), Tai Kok Tsui, Kowloon	Commercial: 870 Residential: 3,130	Commercial/ Residential	Commercial: 17,000 Residential: 15,000
	Shop No. 3, G/F, Rialto Building, No. 2 Landale Street, Hong Kong	670	Commercial	28,500
	2/F, No. 61 Wellington Street, Hong Kong	470	Commercial	4,700
	Flat C on 2/F (rear portion on 2/F) Wah Fung Building, Nos. 296-298 Lockhart Road, Hong Kong	350	Residential	2,720
	G/F and cockloft, No. 299 Portland Street, Kowloon	620 (with cockloft: 460)	Commercial	77,600
Owner of property	Location of property	Gross floor area approximate sq. m.	Type of property	Fair Value as at 31 December 2012 HK\$'000
Companies in which Mr. Chow Tak Hung, Ms. Chow Woon Yin and Ms. Wong are interested	Levels 3-7, Block E, Shangyi Village, Shijie Town, Dongguan, Guangdong Province, PRC	1,553 (i.e. approximately 16,716 sq.ft.)	Residential	3,827
	Levels 3-7, Block D, Shangyi Village, Shijie Town, Dongguan Guangdong Province, PRC	1,890 (i.e. approximately 20,344 sq.ft.)	Residential	4,691

OTHER INFORMATION

PROPERTIES HELD BY THE DIRECTORS AND OUR CONTROLLING SHAREHOLDERS – continued

The aggregate rental income of the Personal Properties 1, 2 and 3 (currently used as personal residences of Ms. Chau, Ms. Wong and/or their respective family members), for the year ended 31 December 2012 was approximately HK\$1.1 million.

The aggregate rental income of the Personal Investments (excluding Personal Properties 1, 2 and 3) for the year ended 31 December 2012 was approximately HK\$5.0 million.

Taking into account the number and availability of alternative units in the Hong Kong property market, and given that the size of the Group's property portfolio in Hong Kong is significantly larger than that of the Personal Investments and Retained Properties in Hong Kong, and properties located in the PRC are not the Company's investment focus, the Board is of the view that competition with the business of the Group is not extreme.

In addition, given the independence of the Group from the controlling shareholders and Wing Lee Holdings in terms of boards and management, operation, finance and administrative capability and clear delineation of business amongst them as detailed in the Listing Document, the Board is satisfied that the Group is capable of carrying on its business independently from the controlling shareholders (including their respective associates) and Wing Lee Holdings.

Confirmation of compliance with internal policy and deed of non-competition

The Directors confirmed that they have complied with the Company's internal policy on property transactions. Our controlling shareholders (namely Mr. Chow Tak Hung and Bright Asia), Ms. Chow Woon Yin and Ms. Wong Siu Wah (collectively the "Covenantors"), both of whom are also shareholders of Bright Asia, have also confirmed that they have complied with the provisions of the deed of non-competition dated 6 February 2013 entered into by them in favour of the Company. Since 19 March 2013, being the date of listing of the Company, there was no proposal in relation to dealings in property by the executive Directors or the Covenantors which required the approval from the Board pursuant to the relevant internal control policies of the Group.

OTHER INFORMATION

PROPERTIES WITH BUILDING ORDERS AND/OR WARNING NOTICES REGISTERED AGAINST THEIR TITLE

Certain of our properties are encumbered with building orders and/or warning notices, details of which have been disclosed in the Listing Document. Set out below is a summary of the latest progress of rectification of such building orders and warning notices as at 28 March 2013 for ascertaining information in relation to these building orders and warning notices.

Property/ Building concerned	Subject of legal compliance issue	Status as at 28 March 2013
Jardine's Lookout Garden Mansion, Nos. 148-150 Tai Hang Road Hong Kong (in which one of our properties is located)	Two building orders were issued to the incorporated owners of the building in May 2010 in relation to, among other things, the removal of a number of doors in the common areas.	We have written to the incorporated owners proposing a meeting with all the owners of the building to discuss the rectification works for the subject matters referred. We will continue to follow up on this matter.
Wah Fung Building, Nos. 296-298 Lockhart Road, Wanchai, Hong Kong (in which five of our properties are located)	Two building orders were issued to the incorporated owners of the building in 2010 in relation to the rectification of the defective parts of the exterior and common area.	A meeting was held by the incorporated owners of the building on 29 March 2013 in connection with "Operation Building Bright (樓宇更新大行動)" to further consider the tender bids received for appointment of the consultant in respect of the required rectification work under the two building orders. We will cooperate with the incorporated owners in rectification of the subject matters in these orders.
Cheong Hong Mansion, Nos. 25-33 Johnston Road, Nos. 1-3 Thomson Road, No. 2 Fenwick Street, Hong Kong (in which two of our properties are located)	A building order was issued to the incorporated owners of the building in 2011 in relation to the rectification of the defective parts of the exterior and common areas of the building.	A letter dated 5 February 2013 certifying compliance from the Buildings Department has been issued. Registration of discharge of the building order at the Hong Kong Land Registry is pending.
G/F, No. 3 Ma Tau Kok Road, Kowloon	A warning notice was issued to a previous owner of the property in relation to a concrete structure enclosing the back yard of the property.	The rectification work for the subject matter of the warning notice was completed in October 2012 and is pending issuance of a certificate of compliance by the Building Authority.
Shop A on G/F, Kam Tak Mansion, Nos. 88-90 Queen's Road East, Hong Kong	A warning notice was issued to a previous owner of the property in relation to a concrete structure enclosing the back yard of the property.	A letter dated 26 March 2013 certifying compliance from the Buildings Department has been issued. Registration of discharge for the warning notice at the Hong Kong Land Registry is pending.
G/F, No. 347 Portland Street, Kowloon	A warning notice was issued to a previous owner of the property in relation to a concrete structure enclosing the back yard of the property.	The rectification work for the subject matter of the warning notice was completed in January 2013 and is pending issuance of a certificate of compliance by the Building Authority.

DIRECTORS' REPORT

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are property investments, principally, the leasing of completed commercial and residential properties in Hong Kong.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2012 are set out in the consolidated statement of comprehensive income on page 35.

The Board does not recommend the payment of any final dividend for the year ended 31 December 2012.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the shareholders' entitlement to attend and vote at the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from Thursday, 13 June 2013 to Tuesday, 18 June 2013, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, all transfers of shares, accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 11 June 2013.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last four financial years, as extracted from the audited consolidated financial statements, is set out on page 76. The summary does not form part of the audited consolidated financial statements.

INVESTMENT PROPERTIES

The Group acquired an investment property at a cost of HK\$27,306,000 during the year. Details of the movements in investment properties of the Group during the year are set out in note 13 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

The Group did not invest in any property, plant and equipment during the year. Details are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 22 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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

Neither the Company nor any of its subsidiaries redeemed, purchased or cancelled any redeemable securities during the year ended 31 December 2012. As at 31 December 2012, there were no outstanding redeemable securities of the Company.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 29 to the consolidated financial statements and in the consolidated statement of changes in equity on page 38 respectively.

DISTRIBUTABLE RESERVES

At 31 December 2012, the Company had no reserve available for distribution, calculated in accordance with the Companies Act.

MAJOR CUSTOMERS

In relation to the group's property leasing business, the percentages of gross rental income for the year ended 31 December 2012 attributable to the largest tenant and the five largest tenants in aggregate were 10.9% and 39.5% respectively.

Morning Star Industrial Company Limited ("MSI"), a wholly-owned subsidiary of Wing Lee Holdings, has been one of our five largest tenants in terms of rental income for 2012. Our Controlling Shareholders, Bright Asia and Mr. Chow Tak Hung, are interested in MSI through their respective interests in Wing Lee Holdings. Wing Lee Holdings holds approximately 17.0% of the Company's issued share capital at the date of this report.

Mr. Chow Tak Hung is the spouse of Ms. Chau Choi Fa, an executive director of the Company. In addition, Ms. Wong Siu Wah, our executive Director, is interested in MSI through her 20.0% shareholding in Bright Asia.

Save as disclosed above, none of the Directors, their associates or any shareholders, which to the knowledge of the Directors own more than 5% of the Company's issued share capital, had any interest in the share capital of the five largest tenants of the Group.

The group had no significant purchases during the year.

DIRECTORS' REPORT

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Ms. Chau Choi Fa (*Chairperson*) (appointed on 30 March 2012)

Ms. Wong Siu Wah (*Chief Executive Officer*) (appointed on 30 March 2012)

Ms. Wong Vivien Man-Li (appointed on 30 March 2012)

Mr. Lui Siu Fung (appointed on 30 March 2012)

Independent non-executive directors:

Mr. Lam John Cheung-wah (appointed on 6 February 2013)

Dr. Tse Kwok Sang (appointed on 6 February 2013)

Mr. Chui Chi Yun Robert (appointed on 6 February 2013)

In accordance with the provisions of the Company's bye-laws, Ms. Wong Siu Wah, Mr. Lui Siu Fung, Mr. Lam John Cheung-wah, Dr. Tse Kwok Sang and Mr. Chui Chi Yun Robert will retire at the forthcoming annual general meeting of the Company and being eligible, offer themselves for election. All other Directors will continue in office.

The Company has received, from each of the independent non-executive Directors, a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors of the Company has entered into a service contract with the Company for a term of three years commencing on 6 February 2013 and either the executive Director or the Company may terminate the agreement by giving the other party not less than three months' notice in writing or by making a payment of three months' salary in lieu of the notice.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from 6 February 2013 and either the executive Director or the Company may terminate the agreement by giving the other party not less than three months' notice in writing or by making a payment of three months' salary in lieu of the notice.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the tenancy agreements in relation to the connected transactions as detailed below, no contract of significance to which the Company, its holding company or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

REMUNERATION POLICY

The remuneration policy of the employees of the Group is set up by the Remuneration Committee and is based on merit, qualifications and competence of employees.

The remuneration policy of the Directors are decided by the Remuneration Committee having regard to the Group's operating results, individual performance and comparable market statistics.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2012, the Company was wholly owned by Wing Lee Holdings. As the shares of the Company were not yet listed on the Stock Exchange, Section 352 of the Securities and Futures Ordinance (Cap 571, laws of Hong Kong) ("SFO") was then not applicable to the Company and the Directors.

Immediately following the listing of the Company on 19 March 2013, the interests or short positions of the Directors and the chief executives of the Company in the shares of the Company ("Shares"), underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

DIRECTORS' REPORT

Long positions in the Shares of the Company

Name of Director	Capacity/Nature of Interest	Number of Shares	Approximate percentage of interest in the Company's issued share capital
Ms. Chau Choi Fa	Interest of spouse (<i>Note</i>)	288,024,134	74.6%
Ms. Wong Vivien Man-Li	Beneficial interest	8,000	0.0025%
Mr. Lui Siu Fung	Beneficial interest	8,000	0.0025%

Note:

Ms. Chau Choi Fa is the spouse of Mr. Chow Tak Hung. Mr. Chow Tak Hung holds 60% interest in Bright Asia, which, in turn held approximately 69.4% of the issued shares of Wing Lee Holdings ("WLH Shares"). Bright Asia held 222,374,255 Shares (representing approximately 57.6% of the issued Shares). By virtue of the SFO, Bright Asia is also deemed to be interested, through its interests in a controlled corporation, in the 65,649,879 Shares (representing approximately 17.0% of the issued shares of the Company), which is held by Wing Lee Holdings through Merry Event Limited ("Merry Event") (an indirectly wholly owned subsidiary of Wing Lee Holdings). Mr. Chow Tak Hung is deemed to be interested in all those 288,024,134 Shares (representing in aggregate approximately 74.6% of the issued share capital of the Company). By virtue of Part XV of the SFO, Ms. Chau Choi Fa (being the spouse of Mr. Chow Tak Hung) is deemed to be interested in those 288,024,134 Shares.

DIRECTORS' REPORT

Long positions in the issued share capital of the Company's associated corporations (as defined in the SFO)

Name of Director	Name of associated corporation	Capacity/Nature of Interest	Number of shares (description)	Percentage of such associated corporation's issued share capital
Ms. Wong Siu Wah	Bright Asia (Note 1)	Beneficial interest	2,000 (ordinary shares)	20%
Ms. Chau Choi Fa	Bright Asia (Note 1)	Interest of spouse (Note 2)	6,000 (ordinary shares)	60%
	Wing Lee Holdings (Note 3)	Interest of spouse (Note 2)	222,374,255 (ordinary shares)	69.4%
Ms. Wong Vivien Man-Li	Wing Lee Holdings (Note 4)	Beneficial interest	8,000 (ordinary shares)	0.002%
Mr. Lui Siu Fung	Wing Lee Holdings (Note 4)	Beneficial interest	8,000 (ordinary shares)	0.002%

Notes:

- Bright Asia is interested in 288,024,134 Shares (representing approximately 74.6% of the issued share capital of the Company). Bright Asia is therefore a holding company of the Company, and an associated corporation of the Company for the purposes of the SFO.
- Ms. Chau Choi Fa is the spouse of Mr. Chow Tak Hung, who holds 60% interest in Bright Asia.
- Bright Asia held 222,374,255 WLH Shares (representing approximately 69.4% of the issued WLH Shares). Wing Lee Holdings is therefore a subsidiary of Bright Asia, the holding company of the Company, and an associated corporation of the Company for the purposes of the SFO. Mr. Chow Tak Hung holds 60% of the issued share capital of Bright Asia and is therefore, by virtue of the SFO, deemed to be interested in the 222,374,255 WLH Shares held by Bright Asia, through his interests in a controlled corporation. Ms. Chau Choi Fa, being the spouse of Mr. Chow Tak Hung, is therefore deemed to be interested in the 222,374,255 WLH Shares by virtue of the SFO.
- Bright Asia held 222,374,255 WLH Shares (representing approximately 69.4% of the issued WLH Shares). Wing Lee Holdings is therefore a subsidiary of Bright Asia, the holding company of the Company, and an associated corporation of the Company for the purposes of the SFO.

DIRECTORS' REPORT

SHARE OPTION SCHEME

The Company does not have a share option scheme.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2012, the Company was wholly owned by Wing Lee Holdings. Since the shares of the Company were not yet listed on the Stock Exchange, Divisions 2, 3 and 4 of Part XV of the SFO and section 336 of the SFO were then not applicable to the Company and the substantial shareholders.

Immediately following the Listing on 19 March 2013, the following persons (not being a Director or the chief executive officer of the Company) will have an interest or a short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, 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:

Name	Capacity/ Nature of interest	Number of Shares	Approximate percentage of interest in Company's issued share capital
Bright Asia	Beneficial interest	222,374,255	57.6%
	Interest in controlled corporation (<i>Note 1</i>)	65,649,879	17.0%
Mr. Chow Tak Hung	Interest in controlled corporation (<i>Note 2</i>)	288,024,134	74.6%
Wing Lee Holdings	Interest in controlled corporation (<i>Note 3</i>)	65,649,879	17.0%
MSC	Interest in controlled corporation (<i>Note 4</i>)	65,649,879	17.0%
Merry Event	Beneficial interest	65,649,879	17.0%

DIRECTORS' REPORT

Notes:

1. Bright Asia held 222,374,255 WLH Shares (representing approximately 69.4% of the issued WLH Shares). By virtue of the SFO, Bright Asia is therefore deemed to be interested in the 65,649,879 Shares held by Wing Lee Holdings, through its interests in a controlled corporation.
2. Mr. Chow Tak Hung held 60% of the issued share capital of Bright Asia. Mr. Chow Tak Hung is therefore deemed under the SFO to be interested in the 222,374,255 Shares Bright Asia held and the 65,649,879 Shares in which Bright Asia is interested through its controlled corporation, Wing Lee Holdings.
3. Wing Lee Holdings is interested in the 65,649,879 Shares through its controlled corporations, MSC and Merry Event, both of which are its wholly-owned subsidiaries.
4. MSC, a direct wholly-owned subsidiary of Wing Lee Holdings, is interested in the 65,649,879 Shares through its controlled corporation, Merry Event.
5. Ms. Chau Choi Fa and Ms. Wong Siu Wah are directors of Bright Asia and Wing Lee Holdings.

CONTINUING CONNECTED TRANSACTIONS

The Group had entered into a number of transactions with connected parties which, upon the listing of the Shares on the Stock Exchange, became connected persons of the Company under the Listing Rules. These transactions are continuing connected transactions exempt from the independent shareholder's approval requirements under the Listing Rules. Details of the continuing connected transactions are as follows:

MSI Tenancies

Extra Rich, a wholly-owned subsidiary of the Company, entered into a tenancy agreement on 1 January 2012 for a term of two years at a monthly rent of HK\$180,000 from 1 January 2012 to 31 December 2013 and a tenancy agreement on 31 July 2012 for a term of 17 months at a monthly rent of HK\$64,000 from 1 August 2012 to 31 December 2013 with MSI, a subsidiary of Wing Lee Holdings, at an aggregated monthly rental of HK\$244,000 (exclusive of property tax, government rent, government rates, management fees and utilities expenses). Wing Lee Holdings is a substantial shareholder of the Company under the Listing Rules and MSI is an associate of Wing Lee Holdings, and therefore a connected person of the Company.

The annual cap for the Group's total transaction amount with MSI contemplated under the tenancy agreements is HK\$2,928,000 for the year ending 31 December 2013. The tenancy is for the property located at Unit 201, 207 and 208, and Unit 206, 2/F, Sunbeam Centre, 27 Shing Yip Street, Kowloon. During the year ended 31 December 2012, the Group received rental income of HK\$2,480,000 in respect of the above mentioned tenancies.

DIRECTORS' REPORT

Director Tenancy

Extra Rich entered into a tenancy agreement for a term of two years from 1 July 2012 to 30 June 2014 with Mr. Lui Siu Fung, an executive director of the Company, and an independent third party (as co-tenants) at a monthly rental of HK\$13,000 (inclusive of property tax, government rent, government rates, management fees). The tenancy is for a unit located at Telford Gardens, 33 Wai Yip Street, Kowloon. The annual cap for the Group's transaction amount with Mr. Lui Sui Fung and an independent third party (as co-tenants) contemplated under the tenancy agreement is HK\$156,000 for the year ending 31 December 2013. During the year ended 31 December 2012, the Group received rental income of HK\$78,000 in respect of the above mentioned tenancy.

The MSI Tenancy and the Director Tenancy have been entered into in the ordinary and usual course of business of the Group. The monthly rental was based on prevailing market value at the time. The annual caps and the terms of the agreements are fair and reasonable, on normal commercial terms and in the interests of the Company.

Details of these continuing connected transactions are contained in the announcement of the Company dated 19 March 2013. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. These continuing connected transactions will be reviewed and reported on in accordance with the Listing Rules in the annual report of the Company for the year ending 31 December 2013.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report and based on publicly available information and the best knowledge of the Directors, the Company has sufficient public float as required under Rule 8.08 of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 27 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Chau Choi Fa

Chairperson

Hong Kong, 28 March 2013

INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS OF

WING LEE PROPERTY INVESTMENTS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Wing Lee Property Investments Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 75, which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2012 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

28 March 2013

FOR THE YEAR ENDED 31 DECEMBER 2012

CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME

	NOTES	2012 HK\$'000	2011 HK\$'000
Turnover	7	24,213	20,428
Direct operating expenses		(1,308)	(3,025)
<hr/>			
Other income		22,905	17,403
Net changes in fair value of investment properties	13	710	62
Administrative expenses		307,834	152,914
Other expenses		(10,196)	(7,322)
Finance costs	8	(11,184)	–
<hr/>			
Profit before taxation	9	(2,006)	(1,294)
Taxation	10	308,063	161,763
<hr/>			
Profit and total comprehensive income for the year attributable to owners of the Company		306,289	158,789
<hr/>			
Earnings per share	12	HK\$0.852	HK\$0.442
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2012

	NOTES	2012 HK\$'000	2011 HK\$'000
Non-current assets			
Investment properties	13	956,054	638,064
Property, plant and equipment	14	570	760
Deposits paid for acquisition of investment properties		–	2,562
		956,624	641,386
Current assets			
Rental and other receivables	15	772	615
Taxation recoverable		–	604
Fixed deposits	16	30,053	57,000
Bank balances and cash	16	31,289	3,807
		62,114	62,026
Current liabilities			
Other payables and rental deposits received	17	11,549	5,740
Amount due to MSC	18	320,839	317,382
Amount due to Wing Lee Holdings	19	5,344	–
Taxation payable		455	92
Bank loans – due within one year	20	32,007	33,145
		370,194	356,359
Net current liabilities		(308,080)	(294,333)
Total assets less current liabilities		648,544	347,053
Non-current liabilities			
Bank loans – due after one year	20	94,227	99,266
Deferred tax liabilities	21	4,356	4,115
		98,583	103,381
		549,961	243,672

AT 31 DECEMBER 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	2012 HK\$'000	2011 HK\$'000
Capital and reserves			
Share capital	22	30	30
Reserves		549,931	243,642
		<hr/>	<hr/>
		549,961	243,672
		<hr/>	<hr/>

The consolidated financial statements on pages 35 to 75 were approved and authorized for issue by the Board of Directors on 28 March 2013 and are signed on its behalf by:

CHAU CHOI FA
CHAIRPERSON

WONG SIU WAH
CHIEF EXECUTIVE OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

	Equity attributable to owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note a)	Capital reserve HK\$'000 (Note b)	Retained profits HK\$'000	
At 1 January 2011	10	–	–	7,314	77,539	84,863
Profit and total comprehensive income for the year	–	–	–	–	158,789	158,789
Issue of shares of subsidiaries	20	–	–	–	–	20
At 31 December 2011	30	–	–	7,314	236,328	243,672
Profit and total comprehensive income for the year	–	–	–	–	306,289	306,289
Issue of shares by the Company on Group Reorganization	–	382,929	(382,929)	–	–	–
At 31 December 2012	30	382,929	(382,929)	7,314	542,617	549,961

Notes:

- (a) The special reserve represents the difference between the aggregate share capital of Extra Rich Development Limited, Fast Silver Development Limited and Good Ocean Development Limited acquired by the Company and the Company's investment cost in Tierra Development Limited pursuant to the Group Reorganization as more fully disclosed in note 1.
- (b) The capital reserve represents deemed contribution from a fellow subsidiary in prior years.

FOR THE YEAR ENDED 31 DECEMBER 2012

CONSOLIDATED STATEMENT OF CASH FLOWS

	2012 HK\$'000	2011 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	308,063	161,763
Adjustments for:		
Depreciation of property, plant and equipment	190	190
Net fair value changes in investment properties	(307,834)	(152,914)
Interest income	(654)	(62)
Interest expenses	2,006	1,294
Operating cash flows before movements in working capital	1,771	10,271
Increase in rental and other receivables	(203)	(68)
Increase in other payables and rental deposits received	5,735	887
Net cash generated from operations	7,303	11,090
Hong Kong Profits Tax paid	(530)	(2,173)
PRC Enterprise Income Tax paid	(36)	(30)
NET CASH FROM OPERATING ACTIVITIES	6,737	8,887
INVESTING ACTIVITIES		
Interest received	700	–
Purchase of investment properties	(24,744)	(73,273)
Proceeds from disposal of investment properties	17,150	101,000
Deposits paid for acquisition of investment properties	–	(9,780)
Purchase of property, plant and equipment	–	(950)
Withdrawal of fixed deposits	167,222	–
Placement of fixed deposits	(140,275)	(57,000)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	20,053	(40,003)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 HK\$'000	2011 HK\$'000
FINANCING ACTIVITIES		
Interest paid	(1,932)	(1,294)
New bank loans raised	10,000	32,636
Repayment of bank loans	(16,177)	(12,706)
Advance from MSC	3,550	48,425
Repayment to MSC	(93)	(33,802)
Advances from Wing Lee Holdings	5,344	–
Proceeds from issue of shares of subsidiaries	–	20
<hr/>		
NET CASH FROM FINANCING ACTIVITIES	692	33,279
<hr/>		
NET INCREASE IN CASH AND CASH EQUIVALENTS	27,482	2,163
<hr/>		
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,807	1,644
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CASH AND CASH EQUIVALENTS AT END OF THE YEAR	31,289	3,807
<hr/>		
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS, REPRESENTING BANK BALANCES AND CASH	31,289	3,807
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1. GENERAL AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company, formerly known as Wing Lee Properties Limited, was incorporated and registered as an exempted company with limited liability in Bermuda on 23 March 2012 under the Companies Act 1981 of Bermuda. Pursuant to a written resolution passed by the sole shareholder of the Company, on 1 August 2012, the name of the Company was changed from Wing Lee Properties Limited to Wing Lee Property Investments Limited.

The addresses of the registered office and the principle place of business of the Company are disclosed in the corporate information of the annual report. The Company acts as an investment holding company and its subsidiaries are principally engaged in property investment.

During the year ended 31 December 2012, the ultimate holding company and immediate holding company of the Company are Bright Asia Holdings Limited, a company which was incorporated in the British Virgin Islands ("BVI") and Wing Lee Holdings Limited ("Wing Lee Holdings"), a company incorporated in Bermuda with limited liability and whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), respectively. At the date of these financial statements, the ultimate holding company of the Company is Bright Asia Holdings Limited.

To effect the reorganization (the "Group Reorganization") as more fully explained in the listing document of the Company dated 28 February 2013 (the "Listing Document"), for the purpose of applying the listing of the shares of the Company on the Stock Exchange (the "Listing"), the Company incorporated Tierra Development Limited ("Tierra Development") on 8 May 2012 and the entire issued share capital of Extra Rich Development Limited ("Extra Rich"), Fast Silver Development Limited ("Fast Silver") and Good Ocean Development Limited ("Good Ocean") was transferred from Wing Lee Land Company Limited ("Wing Lee Land") to Tierra Development. The consideration of the transfer was the issue of an aggregate of 1,998 shares in Tierra Development to Wing Lee Land, and the novation from Wing Lee Land to Tierra Development of an existing shareholder's loan of HK\$14,400 owed from Wing Lee Land to M S C Holdings Limited ("MSC") (both Wing Lee Land and MSC are wholly owned subsidiaries of Wing Lee Holdings). The novated loan was in turn settled by capitalization, resulting in the issue of one share in Tierra Development to MSC. On the same date, MSC and Wing Lee Land, respectively, directed that the one and 1,998 shares in Tierra Development to be issued to the Company, with resultant loans in aggregate of HK\$30,000 due from the Company to MSC and Wing Lee Land capitalized with the issue of shares by the Company. On 28 June 2012, the Company issued and allotted in aggregate of 300,000 shares to Wing Lee Holdings credited as fully paid as directed by MSC and Wing Lee Land.

Upon completion of the Group Reorganization, Wing Lee Land in substance transferred its entire equity interests in the companies now comprising the Group to the Company and the Company became the holding company of the Group on 28 June 2012. The Group comprising the Company and its subsidiaries resulting from the Group Reorganization is regarded as a continuing entity.

1. GENERAL AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS – continued

The consolidated financial statements has been prepared as if the Company has been the holding company of Tierra Development and its subsidiaries throughout the years ended 31 December 2011 and 2012.

The shares of the Company were listed on the Stock Exchange on 19 March 2013.

The consolidated financial statements is presented in Hong Kong Dollars (“HK\$”) which is the same as the functional currency of the Company.

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

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) issued a number of new and revised Hong Kong Accounting Standards (“HKASs”), HKFRSs, amendments and interpretations (hereinafter collectively referred to as the “new and revised HKFRSs”) which are effective for the Group’s accounting period beginning on 1 January 2012. The Group has already applied all these new and revised HKFRSs in the prior year in advance of its effective date.

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

Amendments to HKFRSs	Annual improvement to HKFRSs 2009-2011 cycle ¹
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities ¹
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures ²
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interest in other entities: Transition guidance ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities ⁴
HKFRS 9	Financial instruments ²
HKFRS 10	Consolidated financial statements ¹
HKFRS 11	Joint arrangements ¹
HKFRS 12	Disclosure of interests in other entities ¹
HKFRS 13	Fair value measurement ¹
Amendments to HKAS 1	Presentation of items of other comprehensive income ³
HKAS 19 (as revised in 2011)	Employee benefits ¹
HKAS 27 (as revised in 2011)	Separate financial statements ¹
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures ¹
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ⁴
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine ¹

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

- ¹ Effective for annual periods beginning on or after 1 January 2013.
- ² Effective for annual periods beginning on or after 1 January 2015.
- ³ Effective for annual periods beginning on or after 1 July 2012.
- ⁴ Effective for annual periods beginning on or after 1 January 2014.

The Group has not early adopted these new and revised standards, amendments or interpretations in the preparation of the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. 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 items of other comprehensive income to be 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 do not change the option to present items of other comprehensive income either before tax or net of tax.

The directors of the Company anticipate that the amendments to HKAS 1 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and the application of the amendments will have no material impact on the results and presentation in the consolidated financial statements in the future accounting periods.

HKFRS 13 Fair value measurement

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 1 January 2013, with earlier application permitted.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – continued

HKFRS 13 Fair value measurement – continued

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

New and revised standards on consolidation and disclosures

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 standards are described below.

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and separate financial statements” that deal with consolidated financial statements. HK(SIC) – INT 12 “Consolidation – Special purpose entities” will be withdrawn upon the effective date of HKFRS 10. 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) 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 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time. These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

("HKFRSs") – continued

New and revised standards on consolidation and disclosures – continued

The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The directors of the Company have assessed the control in respect of its subsidiaries under the new definition in the new and revised HKFRSs. The directors of the Company anticipate that the application of these five standards is unlikely to have significant impact on amounts in connection to subsidiaries of the Company currently reported in the consolidated financial statements.

The directors of the Company anticipate that application of the other new or revised HKFRSs will have no material impact on the results and financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair values in accordance with the accounting policies set out below which conform with HKFRSs issued by the HKICPA. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Rental income from operating leases is recognized in profit or loss on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense on a straight line basis over the lease term.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognized.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leasing

The Group as lessee

Operating lease payments are recognized as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefits scheme, the Mandatory Provident Fund Scheme are recognized as an expense when employees have rendered services entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before taxation” as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Taxation – continued

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that requires delivery of assets within the time frame established by regulation or connection in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial assets – continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including rental and other receivables, fixed deposits and bank balances and cash) are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial asset, such as rental receivables, that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets – continued

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of rental receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a rental receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entity after deducting all of its liabilities. Equity instruments issued by the group entity are recognized at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis.

Financial liabilities

Financial liabilities (including other payables, amounts due to MSC and Wing Lee Holdings and bank loans) are subsequently measured at amortized cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

The Group derecognizes a financial liability when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 December 2012 and 31 December 2011 at their fair values as disclosed in note 13. The fair values were based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Changes to these assumptions and inputs would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in profit or loss.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group entities will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes the amounts due to MSC and Wing Lee Holdings and bank loans disclosed in notes 18, 19 and 20, respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, share premium, special reserve, capital reserve and retained profits.

The management of the Group reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, new share issues and share buy-back as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged during the year.

6. FINANCIAL INSTRUMENTS**Categories of financial instruments**

	2012 HK\$'000	2011 HK\$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	61,700	61,072
Financial liabilities		
At amortized cost	452,495	449,815

Financial risk management objectives and policies

The Group's major financial instruments include rental and other receivables, fixed deposits, bank balances and cash, other payables, amounts due to MSC and Wing Lee Holdings and bank loans. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Interest rate risk

The Group is mainly exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank loans (see note 20 for details of these loans). It is the Group's policy to keep its loans at floating rates of interest so as to minimize the fair value interest rate risk.

The Group is also exposed to fair value interest rate risk in relation to its fixed-rate short-term bank deposits at the end of the reporting period. The directors of the Company consider that the Group's exposure to these short-term fixed deposits to interest rate risk is not significant as these deposits are within short maturity period of three months or less.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offer Rate ("HIBOR") arising from the Group's Hong Kong dollar denominated bank loans.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank balances and bank loans. The analysis is prepared assuming the bank balances and bank loans at the end of the reporting period were outstanding for the whole year. The basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

6. FINANCIAL INSTRUMENTS – continued**Financial risk management objectives and policies – continued***Interest rate risk – continued**Sensitivity analysis – continued*

For variable-rate bank balances, if the interest rates had been 50 basis points (2011: 50 basis points) higher and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2012 would increase by HK\$156,000 (2011: HK\$19,000). The directors of the Company are of the opinion that there is no downside exposure on interest rate movement to the Group's variable-rate bank balances at the end of the reporting period as these bank balances already bears close to zero interest.

For variable-rate bank loans, if the interest rates had been 50 basis points (2011: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2012 would decrease/increase by HK\$631,000 (2011: HK\$662,000).

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the exposures at the end of the reporting period do not reflect the exposure during the year.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its rental receivables. In order to minimize the credit risk, the management of the Group will internally assess the credit quality of the potential tenants before accepting any new tenants, no credit period is granted to tenants. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balances and fixed deposits are limited because the majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no other significant concentration of credit risk.

6. FINANCIAL INSTRUMENTS – continued**Financial risk management objectives and policies – continued***Liquidity risk*

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank loans and ensures compliance with loan covenants.

The Group had no available unutilized bank loan facilities at 31 December 2012 and 31 December 2011.

At 31 December 2012, the Group had net current liabilities which exceeded its current assets by HK\$308,080,000, of which amount due to MSC amounted to HK\$320,839,000 and amount due to Wing Lee Holdings amounted to HK\$5,344,000, which are repayable on demand from the end of the reporting period. MSC and Wing Lee Holdings have agreed not to demand for repayment of the amounts due to them until the Group has the financial ability to do so at the end of the reporting period. In addition, subsequent to 31 December 2012, the amounts due to MSC and Wing Lee Holdings have been capitalized prior to the Listing pursuant to the Capitalization Issue (as detailed under paragraphs headed "Reorganization" in section headed "History, Reorganization and Spin-off" to the Listing Document). In the opinion of the directors of the Company, the financial position of the Group has significantly improved and the Group will have sufficient resources to meet in full its financial obligation as and when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates.

6. FINANCIAL INSTRUMENTS – continued**Financial risk management objectives and policies – continued***Liquidity risk – continued*

The table includes both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from the interest rate at the end of the reporting period.

	Weighted average effective interest rate	On demand or less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Total Over undiscounted 5 years cash flows	Total Total carrying amount
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2012							
Non-derivative financial liabilities							
Other payables	-	78	-	-	-	-	78
Amount due to Wing Lee Holdings	-	5,344	-	-	-	-	5,344
Amount due to MSC	-	320,839	-	-	-	-	320,839
Variable-rate bank loans (Note)	1.54	18,779	2,683	12,066	63,833	35,355	126,234
		345,040	2,683	12,066	63,833	35,355	452,495
At 31 December 2011							
Non-derivative financial liabilities							
Other payables	-	22	-	-	-	-	22
Amount due to MSC	-	317,382	-	-	-	-	317,382
Variable-rate bank loans (Note)	1.12	21,079	2,462	11,121	58,753	46,383	132,411
		338,483	2,462	11,121	58,753	46,383	449,815

6. FINANCIAL INSTRUMENTS – continued**Financial risk management objectives and policies – continued***Liquidity risk – continued*

Note: Pursuant to Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains Repayment on Demand Clause, term loans include a clause that gives the lender the unconditional right to call the loans at any time should be classified by the borrower as current liabilities. Bank loans with a repayment on demand clause are included in the “repayable on demand” time band in the above maturity analysis and the carrying amount recognized by the Group at the end of the reporting period is set out in note 20. The directors of the Company believe that such bank loans will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements as follows:

	Total undiscounted cashflow HK\$'000	Total carrying amount HK\$'000
At 31 December 2012		
Bank loans to be repaid		
Within one year	18,485	16,821
In more than one year but not more than five years	73,827	69,220
Over five years	41,015	40,193
	133,327	126,234
At 31 December 2011		
Bank loans to be repaid		
Within one year	17,383	15,560
In more than one year but not more than five years	68,652	63,728
Over five years	54,726	53,123
	140,761	132,411

The amounts included above for variable rate bank loans are subject to change if changes in variable interest rates differ to those estimates of interest rate determined at the end of the reporting period.

7. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on properties investment. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, that are regularly reviewed by the executive directors of the Company (the "Executive Directors"). The Executive Directors regularly review revenue analysis by locations of the investment properties and relevant types of properties which generate rental income as presented below, and hence no analysis of this single operating segment is presented. Other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective locations. The Executive Directors review the overall results of the Group as a whole to make decisions about resources allocation.

Turnover represents the rental income received from operating leases.

An analysis of the Group's turnover by geographical locations of the investment properties and relevant types of properties which generate rental income are as follows:

	Turnover from external customers	
	2012 HK\$'000	2011 HK\$'000
Hong Kong		
Hong Kong Island:		
Commercial	15,985	14,159
Residential	397	578
Kowloon:		
Commercial	3,185	2,404
Residential	1,805	1,425
Industrial	2,480	1,560
The People's Republic of China (the "PRC")		
Shenzhen:		
Commercial	361	302
	24,213	20,428

7. SEGMENT INFORMATION – continued

For the year ended 31 December 2012, there was no individual customer contributing over 10% of the total turnover of the Group, except that rental income received from a fellow subsidiary which accounts for approximately 10.9% of the total turnover (details of which are set out in note 26). For the year ended 31 December 2011, there was no individual customer contributing over 10% of the total turnover of the Group.

Information about the Group's non-current assets presented base on the geographic location of the asset is as follows:

	2012 HK\$'000	2011 HK\$'000
Hong Kong	948,970	633,732
PRC	7,654	7,654
	956,624	641,386

8. FINANCE COSTS

	2012 HK\$'000	2011 HK\$'000
Interests on bank borrowings wholly repayable:		
– within five years	1,488	852
– over five years	518	442
	2,006	1,294

9. PROFIT BEFORE TAXATION

	2012 HK\$'000	2011 HK\$'000
Profit before taxation has been arrived at after charging:		
Directors' emoluments (note 11)	5,858	4,272
Other staff's retirement contributions benefits scheme	75	34
Other staff costs	2,533	993
<hr/>		
Total staff costs	8,466	5,299
<hr/>		
Auditor's remuneration	480	363
Depreciation of property, plant and equipment	190	190
Expenses in relation to Listing (included in other expenses)	11,184	–
and after crediting:		
Interest income (included in other income)	654	62
<hr/>		

10. TAXATION

	2012 HK\$'000	2011 HK\$'000
The charge comprises:		
Hong Kong Profits Tax:		
Current year	1,568	1,351
Overprovision in prior year	(71)	–
<hr/>		
	1,497	1,351
PRC income tax	36	30
Deferred taxation charge (note 21)	241	1,593
<hr/>		
	1,774	2,974
<hr/>		

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

10. TAXATION – continued

According to Article 3 of the Enterprise Income Tax Law (中華人民共和國企業所得稅) and Article 91 of the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例), a non-resident enterprise without any establishment in China deriving income sourced in China is liable to Enterprise Income Tax on such income, at 10% of the gross amount. A group entity earns rental income derived from a property located in the PRC and is subject to PRC income tax calculated at 10% of the gross rental income received in the PRC.

Taxation for the year is reconciled to profit before taxation per the consolidated statement of comprehensive income as follows:

	2012 HK\$'000	2011 HK\$'000
Profit before taxation	308,063	161,763
Tax charge at applicable tax rate of 16.5%	50,830	26,691
Tax effect of income not taxable for tax purpose	(50,901)	(28,025)
Tax effect of expenses not deductible for tax purpose	1,877	3,083
Tax effect of tax losses not recognized	43	–
Overprovision in prior years	(71)	–
Effect of different applicable tax rate for operations in the PRC	(23)	(20)
Land appreciation tax and capital gain tax	–	1,326
Others	19	(81)
Taxation for the year	1,774	2,974

Deferred tax on Land Appreciation Tax (“LAT”) is provided for according to the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) and its implementing rules which stipulate that LAT shall be chargeable on the appreciation in value, representing the excess balance of the proceeds from sales of real estates over the relevant direct costs, at rates progressing from 30% to 60%.

Deferred tax on Enterprise Income Tax for capital gain of a property held by the Group in the PRC is provided at 10% of the estimated net gain upon disposal of the property, representing the estimated sales proceeds from sale of property less its relevant costs including business tax and LAT.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Details of emoluments paid by the Group to the directors of the Company are as follows:

	Directors' fee	Basic salaries and allowances	Performance related incentive bonus	Retirement benefits scheme contributions	Total directors' emoluments
	HK\$'000	HK\$'000	HK\$'000 (note a)	HK\$'000	HK\$'000
Year ended 31 December 2012					
<i>Executive directors</i>					
Ms. Chau Choi Fa (note b)	–	1,158	755	14	1,927
Ms. Wong Siu Wah (note b)	–	1,158	1,105	6	2,269
Ms. Wong Vivien Man-Li (note c)	–	1,309	–	15	1,324
Mr. Lui Siu Fung	–	326	–	12	338
	–	3,951	1,860	47	5,858
Year ended 31 December 2011					
<i>Executive directors</i>					
Ms. Chau Choi Fa (note b)	–	1,248	550	12	1,810
Ms. Wong Siu Wah (note b)	–	1,248	800	21	2,069
Ms. Wong Vivien Man-Li (note c)	–	144	–	3	147
Mr. Lui Siu Fung	–	237	–	9	246
	–	2,877	1,350	45	4,272

Notes:

- a. The performance related incentive bonus payment is determined with reference to the operating results and individual performance during both years.
- b. Ms. Chan Choi Fa and Ms. Wong Siu Wah are also the chairperson and chief executive officer ("CEO") of the Company, respectively, who their emoluments disclose above include those services rendered by them as chairperson and CEO of the Company.
- c. Ms. Wong Vivien Man-Li was employed by the Group in October 2011 and appointed as director of the Company on 30 March 2012.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS – continued

The five highest paid individuals for the year ended 31 December 2012 included three (2011: three) directors. The aggregate emoluments of the remaining two (2011: two) highest paid individuals for the year ended 31 December 2012 were as follows:

	2012 HK\$'000	2011 HK\$'000
Basic salary, bonus and allowances	897	695
Retirement benefits scheme contributions	25	21

The emoluments of these employee were within the band of HK\$ nil to HK\$1,000,000.

During the years ended 31 December 2012 and 2011, no emoluments were paid by the Group to the five highest paid individuals, including directors and employees, as an inducement to join or upon joining the Group or as compensation for loss of office. No directors waived any emoluments during both years.

12. EARNINGS PER SHARE

On the assumption that the Group Reorganization has been effective on 1 January 2011 and adjusted for retrospectively the sub-division of shares in the Company, the Capitalization Issue and the bonus effect arising from the Capitalization Issue, the basic earnings per share is based on the following data:

	2012 HK\$'000	2011 HK\$'000
Earnings		
Profit for year attributable to the owners of the Company for the purpose of basic earnings per share	306,289	158,789
Number of shares		
Weight average number of ordinary shares for the purpose of basic earnings per share	359,600,705	359,600,705

No dilutive earnings per share is presented as there were no dilutive potential ordinary shares during both years.

13. INVESTMENT PROPERTIES

	2012 HK\$'000	2011 HK\$'000
FAIR VALUE		
At beginning of the year	638,064	505,159
Additions	27,306	80,991
Net increase in fair value	307,834	152,914
Disposals	(17,150)	(101,000)
	<hr/>	<hr/>
At end of the year	956,054	638,064
	<hr/>	<hr/>
The carrying value of the investment properties shown above situated on:		
Land in Hong Kong		
– long lease	832,000	536,360
– medium-term lease	116,400	94,050
Land in the PRC		
– medium-term lease	7,654	7,654
	<hr/>	<hr/>
	956,054	638,064
	<hr/>	<hr/>

The fair value of the Group's investment properties at 31 December 2012 and 31 December 2011 have been arrived at on the basis of a valuation carried out on those dates by RHL Appraisal Limited ("RHL"), an independent firm of professional property valuers not related to the Group whose address is Room 1010, Star House, Tsimshatsui, Kowloon, Hong Kong. The valuation was arrived at by using direct comparison method by making reference to the comparable market transactions as available.

All of the Group's investment properties were assumed to be recovered through sales and deferred tax liabilities in respect of fair value changes on investment properties have been estimated taking into account this assumption. The Group has not recognized deferred tax liabilities in relation to changes in fair value of the investment properties that are situated in Hong Kong during the years ended 31 December 2012 and 2011 as the Group is not subject to any income taxes on disposal of its investment properties. The Group has recognized deferred tax liabilities on changes in fair value of the investment property that is situated in the PRC as the property in the PRC is subject to LAT and capital gain tax upon disposal.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

14. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles HK\$'000
COST	
At 1 January 2011	1,585
Additions	950
<hr/>	
At 31 December 2011	2,535
Transfer to a fellow subsidiary	(1,585)
<hr/>	
At 31 December 2012	950
<hr/>	
DEPRECIATION	
At 1 January 2011	1,585
Provided for the year	190
<hr/>	
At 31 December 2011	1,775
Provided for the year	190
Transfer to a fellow subsidiary	(1,585)
<hr/>	
At 31 December 2012	380
<hr/>	
CARRYING VALUES	
At 31 December 2012	570
<hr/>	
At 31 December 2011	760
<hr/>	

The above items of property, plant and equipment are depreciated on a straight line basis at 20% per annum for the years ended 31 December 2012 and 2011.

During the year ended 31 December 2012, the Group transferred a motor vehicle of nil carrying amount to a fellow subsidiary of the Group at nil consideration, resulting in no gain or loss on this transaction.

15. RENTAL AND OTHER RECEIVABLES

	2012 HK\$'000	2011 HK\$'000
Rental receivables	302	187
Other receivables, deposits and prepayments	470	428
	772	615

The following is an aged analysis of rental receivables (presented based on rental demand notices issued on the first calendar day of each month) at the end of the reporting period:

	2012 HK\$'000	2011 HK\$'000
Age		
0 – 90 days	302	187

No credit period was granted to tenants of rental of premises. Before accepting any new tenants, the Group will internally assess the credit quality of the potential tenants. All the rental receivables at the end of the reporting period were past due for which the Group has not provided for impairment loss and all aged within 90 days. The Group does not hold any collateral over these balances.

16. BANK BALANCES AND CASH/FIXED DEPOSITS

At 31 December 2012, bank balances carry interest at prevailing market rates which ranges from 0.00% to 0.001% (2011: 0.00% to 0.001%) per annum. The fixed deposits are short-term fixed deposits with an original maturity of three months or less and carry fixed interest rate ranging from 1.0% to 2.0% per annum at 31 December 2012 (2011: 2.0% per annum).

17. OTHER PAYABLES AND RENTAL DEPOSITS RECEIVED

	2012 HK\$'000	2011 HK\$'000
Accrued expenses	4,835	658
Rental deposits received	6,636	5,060
Other payables	78	22
	<hr/>	<hr/>
	11,549	5,740
	<hr/>	<hr/>

18. AMOUNT DUE TO MSC

The amount represents amount due to MSC, a former intermediate holding company of Extra Rich, Fast Silver and Good Ocean. The amount is unsecured, interest-free and repayable on demand. Pursuant to the Capitalization Issue, the amount has been capitalized prior to the Listing.

19. AMOUNT DUE TO WING LEE HOLDINGS

The amount is unsecured, interest-free and repayable on demand. The amount represents certain expenses in connection with the Listing but paid by Wing Lee Holdings on behalf of the Group. Pursuant to the Capitalization Issue, the amount has been capitalized prior to the Listing.

20. BANK LOANS

	2012 HK\$'000	2011 HK\$'000
The bank loans are repayable as follows*:		
Within one year	16,821	15,560
More than one year, but not exceeding two years	14,612	13,162
More than two years, but not more than five years	45,017	40,974
More than five years	34,598	45,130
	111,048	114,826
Carrying amounts 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)	15,186	17,585
	126,234	132,411
Less: Amounts due within one year (shown under current liabilities)	(32,007)	(33,145)
Amounts shown under non-current liabilities	94,227	99,266

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

At 31 December 2012, all of the bank loans are secured by mortgages over the Group's investment properties with carrying amount of HK\$466,800,000 (2011: HK\$285,200,000) and carry interest at HIBOR plus 0.70% to 2.75% per annum (2011: HIBOR plus 0.70% to 2.75% per annum). During the year ended 31 December 2012, the effective interest rates of the bank loans range from 0.98% to 3.11% per annum (2011: 0.81% to 3.04% per annum).

21. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognized and movements thereon during the year:

	Accelerated tax depreciation	Land appreciation tax and capital gains tax	Tax losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2011	1,321	1,201	–	2,522
Charge to profit or loss (note 10)	267	1,326	–	1,593
<hr/>				
At 31 December 2011	1,588	2,527	–	4,115
Charge (credit) to profit or loss (note 10)	252	–	(11)	241
<hr/>				
At 31 December 2012	1,840	2,527	(11)	4,356

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset.

At 31 December 2012, the Group has unused tax losses of HK\$326,000 (2011: nil) available for offset against future profits. A deferred tax asset has been recognized in respect of HK\$64,000 of such losses at 31 December 2012. No deferred tax asset has been recognized in respect of the remaining HK\$262,000 at 31 December 2012 due to the unpredictability of future profit streams. The tax losses of the Group may be carried forward indefinitely.

22. SHARE CAPITAL

The share capital at 31 December 2011 represented the then issued and fully paid share capital of Extra Rich, Fast Silver and Good Ocean.

The share capital at 31 December 2012 represented the share capital of the Company.

	Number of shares	Amount in HK\$	Shown in the consolidated financial statements HK\$'000
Ordinary shares at HK\$0.10 each			
Authorized:			
On 23 March 2012 (date of incorporation) and 31 December 2012	1,000,000	100,000	
Issued and fully paid:			
Issue of share on 23 March 2012 (date of incorporation)	1	–	–
Issue of shares pursuant to the Group Reorganization	300,000	30,000	30
At 31 December 2012	300,001	30,000	30

The movements in the Company's authorized and issued share capital during the period from 23 March 2012 (date of incorporation) to 31 December 2012 are as follows:

- (a) The Company was incorporated on 23 March 2012 with an authorized share capital of HK\$100,000 divided into 1,000,000 shares of HK\$0.10 each and on the same date, one subscriber share of HK\$0.10 each was issued at nil paid to Wing Lee Holdings.
- (b) On 28 June 2012, the Company allotted and issued, credited as fully paid, 300,000 ordinary shares at HK\$0.10 each to Wing Lee Holdings (details of which are set out in note 1).

All ordinary shares of the Company issued since its date of incorporation to 31 December 2012 rank pari passu with the then existing ordinary shares in all respects.

23. OPERATING LEASE ARRANGEMENT**The Group as lessor**

At the end of the reporting period, the Group, as lessor, has contracted with tenants for the following future minimum lease payments in respect of investment properties rented:

	2012 HK\$'000	2011 HK\$'000
Within one year	19,648	20,548
In the second to fifth year inclusive	8,552	13,400
Over five years	360	–
	28,560	33,948

The properties held have committed tenants for periods ranging from 2 years to 6 years.

The Group as lessee

At the end of the reporting period, the Group, as lessee, had commitment for future minimum lease payments under non-cancellable operating lease in respect of office premise rented:

	2012 HK\$'000	2011 HK\$'000
Within one year	105	–

The lease is negotiated for a term of 2 years and rentals are fixed for 2 years.

24. CAPITAL COMMITMENTS

	2012 HK\$'000	2011 HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of investment properties	–	23,058

25. RETIREMENT BENEFITS SCHEMES

The Group participates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees in Hong Kong. The assets of the Scheme are held separately from those of the Group in funds under the control of trustee. Under the rules of the Scheme, the employer and its employees are each required to make contributions to the Scheme at rates specified in the rules. The only obligation of the Group with respect of the Scheme is to make the required contributions under the Scheme. The retirement benefits scheme contributions arising from the Scheme charged to the consolidated statement of comprehensive income represent contributions payable to the Scheme by the Group at rates specified in the rules of the Scheme.

26. RELATED PARTIES TRANSACTIONS

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

- (a) During the year ended 31 December 2012, the Group has rented certain of its properties to Morning Star Industrial Company Limited ("MSI"), a wholly-owned subsidiary of Wing Lee Holdings and a rental income of HK\$2,636,000 (2011: HK\$1,860,000) has been received during the year. At 31 December 2012, the Group has rental deposits of HK\$488,000 received from MSI and the amount is included in rental deposits received as set out in note 17.

(b) Corporate guarantee

	2012 HK\$'000	2011 HK\$'000
Corporate guarantee given to banks by Wing Lee Holdings for bank loans drawn down by the Group	162,350	157,350

The guarantee has been released prior to the Listing.

- (c) During the year ended 31 December 2012, the Group transferred a motor vehicle of nil carrying amount to a fellow subsidiary of the Company at nil consideration.
- (d) During the year ended 31 December 2012, the Group sold two investment properties to a related company which is owned by certain directors of Wing Lee Holdings and a fellow subsidiary of the Company at a cash consideration of HK\$850,000 and HK\$2,700,000, respectively. The consideration was determined based on a valuation carried out by RHL with reference to market evidence of transaction prices for similar properties in similar location.
- (e) During the year ended 31 December 2012, the Group entered into a lease agreement to let a property at prevailing market rent to Mr. Lui Siu Fung, the director of the Company and a rental income of HK\$78,000 has been received during the year. At 31 December 2012, the Group has rental deposit of HK\$26,000 received from Mr. Lui Siu Fung and the amount is included in rental deposits received as set out in note 17.
- (f) During the year ended 31 December 2012, the Group entered into a lease agreement to let a property at prevailing market rent to Ms. Wong Lai Lee, the daughter of Ms. Wong Siu Wah who is the director of the Company and a rental income of HK\$26,000 has been received during the year. The lease was terminated on 31 August 2012, and the property was disposed in November 2012.

27. EVENT AFTER THE REPORTING PERIOD

The following events took place subsequent to 31 December 2012:

- (a) On 6 February 2013, written resolutions were passed by the sole shareholder of the Company, Wing Lee Holdings, to approve the matters set out in the paragraphs headed "Written resolutions of the sole shareholder dated 6 February 2013" in Appendix VI to the Listing Document, which mainly includes:
- (i) Subject to the Spin-off Condition (as defined in the Listing Document), the sub-division of each of the then existing issued and unissued shares of HK\$0.10 each in the share capital of the Company into ten shares of HK\$0.01 each and the increase of the authorized share capital of the Company from HK\$100,000 to HK\$10,000,000 so that thereafter, the authorized share capital of the Company comprises 1,000,000,000 shares of HK\$0.01 each of which 3,000,010 shares are in issue, and 996,999,990 shares are unissued was approved.
 - (ii) Further subject to the Spin-off Condition (as defined in the Listing Document), the directors of the Company were authorized to allot and issue 383,175,748 new shares of the Company fully credited as fully paid to Wing Lee Holdings (or as it may direct) pursuant to the Capitalization Issue (as defined in the Listing Document). Pursuant to the Capitalization Issue, 383,175,748 new shares will be issued to Wing Lee Holdings, conditional upon the Listing becoming unconditional and to be effected immediately prior to Listing, by way of capitalization of loans as at the date of the Capitalization Issue due from the Group to MSC and Wing Lee Holdings.
- (b) On 18 March 2013, the Stock Exchange granted the listing of, and permission to deal in, the Company's share on the Main Board of the Stock Exchange, and has satisfied the Spin-off Condition (as defined in the Listing Document). Pursuant to the Capitalization Issue, the Company capitalized the amounts due to MSC and Wing Lee Holdings in aggregate of HK\$326,183,000 and allotted and issued 383,175,748 ordinary shares of the Company, credited as fully paid, to Wing Lee Holdings.
- (c) The board of directors of the Company does not recommend payment of any dividend for the year ended 31 December 2012.

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31.12.2012
	HK\$'000
Non-current asset	
Investment in a subsidiary	382,959
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Current asset	
Prepayments	82
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Current liabilities	
Accrued expenses	2,529
Amount due to Wing Lee Holdings	5,344
Amount due to a subsidiary	3,090
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	10,963
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Net current liabilities	(10,881)
<hr/>	
Total assets less current liabilities	372,078
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Capital and reserves	
Share capital	30
Reserves	372,048
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	372,078
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Investment cost represents the deemed investment in Tierra Development representing the carrying amount of the total equity of Tierra Development on the date of which the Company issued new shares to Wing Lee Holdings on 28 June 2012 (see note 22 for details).

The amount due to a subsidiary is unsecured, non-interest bearing and repayable on demand. The amount represents certain expenses in connection with the Listing but paid by a subsidiary on behalf of the Company.

29. RESERVES OF THE COMPANY

	Share premium	Accumulated loss	Total
	HK\$'000	HK\$'000	HK\$'000
At 23 March 2012 (date of incorporation)	–	–	–
Loss and total comprehensive expense for the period	–	(10,881)	(10,881)
Arising from issue of shares pursuant to the Group Reorganization (Note)	382,929	–	382,929
At 31 December 2012	382,929	(10,881)	372,048

Note: The share premium represents the difference between nominal value of the shares issued by the Company and the carrying amount of the total equity of Tierra Development as at 28 June 2012 pursuant to the Group Reorganization.

30. SUBSIDIARIES

Details of the Company's subsidiaries at the end of the reporting period are as follows:

Name of company	Place and date of incorporation	Issued and fully paid share capital	Equity interest attributable to the Company		Principal activity
			2012	2011	
Tierra Development*	British Virgin Islands 8 May 2012	US\$2,000	100%	N/A	Investment holding
Extra Rich** 碧豪發展有限公司	Hong Kong 17 January 1989	HK\$10,000	100%	100%	Property Investment
Fast Silver** 銀迅發展有限公司	Hong Kong 22 July 2010	HK\$10,000	100%	100%	Property Investment
Good Ocean** 海佳發展有限公司	Hong Kong 25 November 2010	HK\$10,000	100%	100%	Property Investment
Habitat One Development Limited** 景逸發展有限公司 (Formerly known as Wing Lee Property Investments Limited)	Hong Kong 27 June 2012	HK\$10,000	100%	N/A	Inactive

* Directly held by the Company.

** Directly held by Tierra Development.

FINANCIAL SUMMARY

	Year ended 31 December			
	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000
RESULTS				
Turnover	12,219	16,030	20,428	24,213
Profit before taxation	44,246	51,769	161,763	308,063
Taxation	(1,853)	(2,857)	(2,974)	(1,774)
Profit for the year	42,393	48,912	158,789	306,289

	At 31 December			
	2009 HK\$'000	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000
ASSET AND LIABILITIES				
Total Assets	317,952	507,788	703,412	1,018,738
Total Liabilities	265,830	422,925	459,740	468,777
Net Assets	52,122	84,863	243,672	549,961

Note: The Company was incorporated in Bermuda on 23 March 2012 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 December 2009, 2010, 2011 and 2012 have been prepared as if the current group structure had been in existence throughout the period.

The financial results of the Group for the years ended 31 December 2009, 2010 and 2011 and information as to its financial position as at 31 December 2009, 2010 and 2011 are extracted from the Company's listing document dated 28 February 2013.

AT 31 DECEMBER 2012

SUMMARY OF INVESTMENT PROPERTIES
HELD BY THE GROUP

Particulars of the Group's investment properties at 31 December 2012 are as follows:

Location	Usage	Group's Interest	Lease Term
Shop No. C2A, C2B and C2D on Ground Floor, China Insurance Group Building, No. 141 Des Voeux Road Central, No. 73 Connaught Road Central and Nos. 61-65 Gilman Street, Central, Hong Kong	Commercial	100%	Long
Shop No. 7 on Ground Floor, Rialto Building, No. 2 Landale Street, Wanchai, Hong Kong	Commercial	100%	Long
Ground Floor & Cockloft, No. 61 Wellington Street, Central, Hong Kong	Commercial	100%	Long
Ground Floor and Flat C on 1st Floor of Wah Fung Building, No. 296-298 Lockhart Road, Hong Kong	Commercial	100%	Long
Flat B on Ground Floor (Shop B on Ground Floor), Hung Fook Mansion, No. 360 Lockhart Road, Hong Kong	Commercial	100%	Long
Shop A, B and C on G/F, Kam Tak Mansion, Nos. 88-90 Queen's Road East, Hong Kong	Commercial	100%	Long
Shop E on G/F and Mezzanine Floor, Cheong Hong Mansions, Nos. 25-33 Johnston Road, Nos. 1-3 Thomson Road, No. 2 Fenwick Street, Hong Kong	Commercial	100%	Long
G/F & M/F, Mandarin Commercial House, No. 38 Morrison Hill Road, Hong Kong	Commercial	100%	Long
G/F and 1/F, Wayson Commercial House, Nos. 68-70 Lockhart Road, Hong Kong	Commercial	100%	Long
No. 656 Shanghai Street, Kowloon	Residential & Commercial	100%	Long
G/F-3/F, No. 3 Ma Tau Kok Road, Kowloon	Commercial	100%	Medium

SUMMARY OF INVESTMENT PROPERTIES
HELD BY THE GROUP

AT 31 DECEMBER 2012

Location	Usage	Group's Interest	Lease Term
No. 347 Portland Street, Kowloon	Residential & Commercial	100%	Long
Unit No. 201 on 2nd Floor, Sunbeam Centre, No. 27 Shing Yip Street, Kowloon	Industrial	100%	Medium
Unit No. 207 on 2nd Floor, Sunbeam Centre, No. 27 Shing Yip Street, Kowloon	Industrial	100%	Medium
Unit No. 208 on 2nd Floor, Sunbeam Centre, No. 27 Shing Yip Street, Kowloon	Industrial	100%	Medium
Unit No. 206 on 2nd Floor, Sunbeam Centre, No. 27 Shing Yip Street, Kowloon	Industrial	100%	Medium
Unit 1409, Level 14, Shenhua Commercial Building, No. 2018 Jiabin Road, Luohu District, Shenzhen, PRC	Commercial	100%	Medium