

# **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**  
**2015**

*\* For identification purposes only*

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# WING LEE PROPERTY INVESTMENTS LIMITED

## 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

### 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 J, 11/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  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### STOCK CODE

Stock Code on The Stock Exchange of  
Hong Kong Limited: 864

### CORPORATE WEBSITE

[www.wingleeproperties.com](http://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 2015.

### **BUSINESS REVIEW**

The Group continues to focus its investments on Hong Kong properties and the leasing of completed commercial and residential properties in Hong Kong.

As at 31 December 2015, the aggregate market value of the Group's investment properties amounted to approximately HK\$1,072.5 million, representing an increase of approximately 3.4% as compared to 2014. Despite the relatively lower net increase in fair values of the Group's investment properties due to market uncertainties, the rental income for the year ended 31 December 2015 was approximately HK\$29.7 million, representing an increase of approximately 7.0% as compared to 2014. The increase was attributable to a moderate increase in rental rates upon renewal. The increase was partially offset by certain vacancies at the beginning of the year.

The Group's profit and total comprehensive income attributable to the owners of the Company for 2015 was approximately HK\$26.0 million. There was a relatively smaller increase in the fair value of the Group's investment properties in 2015, resulting in a decrease of approximately 68.7% in the profit and total comprehensive income attributable to the owners of the Company as compared to 2014. Despite a moderate increase in rental rates, the profit and total comprehensive income attributable to the owners of the Company (excluding net changes in fair value of the Group's investment properties) for 2015 was approximately HK\$12.0 million, representing a decrease of approximately 5.8% in comparison to 2014, which was mainly attributable to an one-off compensation for early termination received from a tenant in 2014.

During the year, the Group expanded its investment property portfolio and acquired four investment properties located within close proximity to the Group's existing investment properties, three of which were located in Wanchai and one in Ma Tau Kok.

### **PROSPECTS**

The Hong Kong property market continues to undergo price correction due to various market uncertainties including but not limited to a decrease in tourism from the mainland market, adverse fluctuations in the China stock markets and the interest rate increase as announced by the US Federal Reserve.

Although decrease in tourism during the past year has led to a decrease in rental rates of prime retail properties, properties in decentralized areas were less drastically affected and maintained steady growth in rent due to stable local consumption.

As the tenants of the Group's commercial properties offer various goods and services mainly for local consumption and are less tourist oriented, the adverse effects of a decrease in tourism, though not entirely non-existent, has not had a significant impact on the Group's rental rates.

## CHAIRPERSON'S STATEMENT

It is expected that sales momentum for the retail sector will remain slow in 2016 and rental rates on renewal may taper to a more conservative increase.

Notwithstanding, it is anticipated that the properties will continue to provide the Group with stable rental income as the Group's portfolio of rental properties continues to maintain high occupancy rates.

Most of the Group's current bank borrowings will be fully paid off within the next five years which will result in an increased cash flow thereby enhancing the Group's liquidity and further strengthening the Group's investment power.

Currently, the Group does not have plans for any material investments or acquisitions of capital assets. Due to market uncertainties, the Group will continue to maintain a conservative treasury policy and will monitor the property market and cautiously explore opportunities to further expand its investment portfolio.

### APPRECIATION

On behalf of the Board, I would like to thank all of our shareholders, tenants and professional parties for their continued support.

I would also like to extend my gratitude to all of our colleagues for their efforts and contributions to the Company.

**Chau Choi Fa**

*Chairperson*

Hong Kong, 5 February 2016

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATIONS

The Group continues to engage in the business of property investment, principally the leasing of completed commercial and residential properties in Hong Kong. As at 31 December 2015, the Group held an investment property portfolio of 36 properties located in Hong Kong and one property located in the People's Republic of China ("the PRC").

During the year ended 31 December 2015, the Group expanded its investment property portfolio and completed the acquisition of four investment properties, three of which are located in Wanchai and one in Ma Tau Kok, at an aggregate consideration of approximately HK\$21.7 million. These properties are located within close proximity to the Group's existing investment properties. In an effort to maintain a low level of borrowing, the consideration paid for these acquisitions was financed by internal funds.

The Group did not introduce or announce any new business or services for the year ended 31 December 2015.

### RESULTS

Our profit and total comprehensive income for the year attributable to owners of the Company for 2015 was approximately HK\$26.0 million (2014: approximately HK\$83.0 million), representing a decrease of approximately 68.7% as compared to 2014. Such decrease was mainly attributable to a relatively smaller increase in fair value of the Group's investment properties.

Earnings per share for 2015 was HK\$0.067 (2014: HK\$0.215), representing a decrease of HK\$0.148 from last year.

### FINANCIAL REVIEW

#### **Liquidity and Capital Resources**

As at 31 December 2015, the net current liabilities of the Group amounted to approximately HK\$7.6 million. As at 31 December 2014, the net current assets of the Group amounted to approximately HK\$20.3 million. The current ratio, expressed as current assets over current liabilities, was approximately 0.80 (31 December 2014: approximately 1.5).

Net current liabilities was generated as the Group expanded its investment property portfolio during the year ended 2015. Purchases for these investment properties resulted in an additional cash outflow from operations as consideration paid for these acquisitions was financed by internal funds in efforts to maintain a low level of borrowing. After taking into account the available banking facilities as at the reporting date, and the estimated cash flows generated from the Group's operations, the directors of the Company are satisfied that the Group will have sufficient working capital for its present requirements for the foreseeable future. As such, the management believes that the Group is well positioned with sufficient operating funds to manage its existing operations and investment plans.

Total equity of the Group was approximately HK\$1,022.2 million (31 December 2014: approximately HK\$1,000.1 million), representing an increase of approximately HK\$22.1 million from the previous year-end.

Bank deposits and cash of the Group as at 31 December 2015 were approximately HK\$27.8 million (2014: approximately HK\$56.6 million), which included fixed deposits of approximately HK\$24.0 million (2014: approximately HK\$49.4 million). The decrease in the Group's bank deposits and cash and current ratio was mainly attributable to the use of funds in connection with the acquisition of four investment properties during the year.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2015, the carrying amount of our bank loans was approximately HK\$80.1 million (2014: approximately HK\$97.8 million). As at 31 December 2015, all of the bank loans were secured by mortgages over certain investment properties and property, plant and equipment of the Group with carrying amounts of approximately HK\$521.5 million (2014: approximately HK\$515.0 million) and carry interest at HIBOR plus 0.70% to 2.25% per annum (2014: HIBOR plus 0.70% to 2.25% per annum). As at 31 December 2015 and 2014, our Group had no available unutilized bank loan facilities.

Of the total bank loans at 31 December 2015, approximately HK\$25.9 million (or approximately 32.3%) was repayable within one year or on demand. Approximately HK\$15.6 million (or approximately 19.6%) was repayable after one year but within two years. Approximately HK\$34.7 million (or approximately 43.3%) was repayable after two years but within five years. Approximately HK\$3.9 million (or approximately 4.8%) was repayable after five years.

Of the total bank loans at 31 December 2014, approximately HK\$28.1 million (or approximately 28.7%) was repayable within one year or on demand. Approximately HK\$15.5 million (or approximately 15.8%) was repayable after one year but within two years. Approximately HK\$42.6 million (or approximately 43.6%) was repayable after two years but within five years. Approximately HK\$11.6 million (or approximately 11.9%) was repayable after five years.

The Group's total debt to equity ratio, calculated as total borrowings of approximately HK\$80.1 million (31 December 2014: approximately HK\$97.8 million) divided by shareholder's equity of the Group of approximately HK\$1,022.2 million (31 December 2014: approximately HK\$1,000.1 million) was approximately 0.08 as at 31 December 2015 (31 December 2014: approximately 0.10). The decrease was mainly due to repayment of bank loans in 2015.

### Capital Expenditure

Capital expenditure incurred by our Group (representing acquisition of investment properties and property, plant and equipment) for the year ended 31 December 2015 was approximately HK\$21.7 million (2014: nil). 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 2015 and 31 December 2014.

### Contingent liabilities

The Group had no significant contingent liabilities as at 31 December 2015 and 31 December 2014.

### Pledge of assets

As at 31 December 2015, certain of the Group's investment properties with a carrying value of approximately HK\$505.7 million (2014: approximately HK\$498.7 million) have been pledged to secure banking facilities of the Group.

As at 31 December 2015, one of the Group's leasehold land and buildings with a carrying value of approximately HK\$15.8 million (2014: approximately HK\$16.3 million) has been pledged to secure banking facilities of the Group.

As at 31 December 2015, the Group has one motor vehicle held under a finance lease, with a carrying value of approximately HK\$467,000 (2014: nil).

**MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

There was no material acquisition or disposal of subsidiaries and associated companies by the Company during the year ended 31 December 2015.

**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 in the best interest of the Group and its shareholders.

**HUMAN RESOURCES**

As at 31 December 2015, the Group had 8 employees (2014: 8 employees) in Hong Kong. The Group recorded staff costs of approximately HK\$8.2 million for the year ended 31 December 2015 (2014: approximately HK\$8.0 million).

All of our employees have employment contracts that 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.

**FINAL DIVIDEND**

A final dividend for the year ended 31 December 2014 of HK\$0.01 per share was paid in May 2015, totalling HK\$3,861,757.58. The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: HK\$0.01).

## DIRECTORS AND SENIOR MANAGEMENT PROFILE

### EXECUTIVE DIRECTORS

Ms. Chau Choi Fa ("Ms. Chau"), aged 47, 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, an executive director of the Company. Ms. Chau has been responsible for overseeing the property division of the Group since 2007. Ms. Chau has over 20 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 68, 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 of the Company. 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 34, is the daughter of Ms. Wong and an executive director of the Company. Ms. Vivien Wong joined the Group in 2011 and has over five years of experience in property and rental management. She holds a Bachelor of Laws degree from the University of Manchester, United Kingdom, and a Bachelor of Science degree from the University of Waterloo, Canada and 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. She is responsible for the overall management and corporate policy of the Group.

Mr. Lui Siu Fung ("Mr. Lui"), aged 34, 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 five years of work experience 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 and also holds a certificate in computer programming. 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 61, 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 Holdings 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 21 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 59, joined the Group in 2013. He is currently Associate Professor of Finance of the School of Economics and Finance 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 of Hong Kong Limited (the "Stock Exchange") (stock code: 435) in 2006 and is also an independent non-executive director of Addchance Holdings Limited which is also listed on the Stock Exchange (stock code: 3344). Dr. Tse was also a Member of The Hong Kong Institute of Directors.

Mr. Chui Chi Yun Robert ("Mr. Chui") M.H., aged 59, 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 and a member of the Road Safety Campaign Committee of the Road Safety Council. Mr. Chui is an independent non-executive director of Tse Sui Luen Jewellery (International) Limited (stock code: 417), National Arts Entertainment and Culture Group Limited (stock code: 8228), Aurum Pacific (China) Group Limited (stock code: 8148) and PPS International (Holdings) Limited (stock code: 8201) and a non-executive director of Addchance Holdings Limited (stock code: 3344), all of which are companies listed on the Stock Exchange.

## DIRECTORS AND SENIOR MANAGEMENT PROFILE

### SENIOR MANAGEMENT

Mr. Ng Ho Yin Owen ("Mr. Ng"), aged 35, joined the Group in 2012. Mr. Ng is the company secretary and financial controller of the Company. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a certified practising accountant of CPA Australia. Mr. Ng is responsible for the financial and company secretarial matters of the Company. Mr. Ng has over 10 years of experience in auditing, financial management and taxation. Mr. Ng holds a Bachelor of Business (Accountancy) degree and Bachelor of Information Technology degree from the Queensland University of Technology, Australia.

The Board considers effective corporate governance a key component in the Group's sustainable 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.

The Company has 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") 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.

### **(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 review of the effectiveness of such systems, monitoring of the performance of the senior management and determining the policy for corporate governance. 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)  
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

Their biographical details and relationships 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 by rotation at least once every three years 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 one year.

#### **Number of Meetings and Directors’ Attendance**

Code Provision A.1.1 of the CG Code 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.

During the year ended 31 December 2015, the Board has held four meetings. The Board will schedule to have at least four regular meetings in a year.

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

**Number of Meetings and Directors' Attendance – continued**

Name of Director	Board Meeting	Attendance/Number of Meetings		
		Nomination Committee	Remuneration Committee	Audit Committee
Executive Directors:				
Ms. Chau Choi Fa	4/4	1/1	N/A	N/A
Ms. Wong Siu Wah	4/4	N/A	1/1	N/A
Ms. Wong Vivien Man-Li	4/4	N/A	N/A	N/A
Mr. Lui Siu Fung	4/4	N/A	N/A	N/A
Independent Non-executive Directors:				
Mr. Lam John Cheung-wah	4/4	1/1	1/1	3/3
Mr. Tse Kwok Sang	4/4	1/1	1/1	3/3
Mr. Chui Chi Yun Robert	4/4	1/1	1/1	3/3

**Training and Support for Directors**

In accordance with Code Provision A.6.5 of the CG Code with regards to continuous professional development, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills.

To further ensure that all Directors are adequately informed about the Company's business and operations as well as his/her responsibilities under relevant laws, rules and regulations, the Company Secretary provides all Directors with regular updates regarding the Company's performance as well as updates on latest amendments and developments to the Listing Rules and other relevant legal and regulatory requirements from time to time.

The Directors received the following training for the year ended 31 December 2015 according to the records provided by the Directors:

Directors	Training on corporate governance, regulatory development and other relevant topics
<i>Executive Directors</i>	
Ms. Chau Choi Fa (Chairperson)	✓
Ms. Wong Siu Wah (Chief Executive Officer)	✓
Ms. Wong Vivien Man-Li	✓
Mr. Lui Siu Fung	✓
<i>Independent Non-executive Directors</i>	
Mr. Lam John Cheung-wah	✓
Dr. Tse Kwok Sang	✓
Mr. Chui Chi Yun Robert	✓

## CORPORATE GOVERNANCE REPORT

### (A) THE BOARD OF DIRECTORS – continued

#### **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**

The Company has 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") as its model code for securities transactions by Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code during the year ended 31 December 2015.

#### **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.

#### *Audit Committee*

The Audit Committee's 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, a copy of which is posted on the website of the Company and the Stock Exchange, are in line with the provisions of the CG Code.

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 additional meetings if they consider necessary.

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

**Board Committees – continued**

*Audit Committee – continued*

During the year ended 31 December 2015, the Audit Committee held three meetings. The attendance records are set out under the section headed, “Number of Meetings and Directors’ Attendance” in this report. The Audit Committee performed the following work during the year:

- (a) reviewed the Group’s annual audited financial statements for the year ended 31 December 2014, and reviewed the unaudited interim financial statements for the six months ended 30 June 2015 including the accounting principles and accounting standards adopted with recommendations made to the Board for approval;
- (b) reviewed the changes in accounting standards and assessed their potential impacts on the Group’s financial statements;
- (c) reviewed the Group’s internal control system and related matters; and
- (d) considered and made recommendations on the re-appointment of the independent auditor of the Group, and the terms of engagement.

*Remuneration Committee*

The Remuneration Committee’s 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 determines the policy for remuneration of executive Directors, assessing performance of executive Directors, approving the terms of executive Directors’ service contracts, 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, a copy of which is posted on the website of the Company and the Stock Exchange, are in line with the provisions of the CG Code.

The Remuneration Committee met once during the financial year. During the meeting, the Remuneration Committee reviewed the remuneration packages of the executive Directors, independent non-executive Directors and senior management.

## CORPORATE GOVERNANCE REPORT

### **(A) THE BOARD OF DIRECTORS – continued**

#### **Board Committees – continued**

##### *Nomination Committee*

The Nomination Committee's 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 determine the policy of nomination of Directors and identify and nominate suitable candidates for appointment as Directors and make recommendations to the Board.

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

The Nomination Committee has a policy concerning diversity of Board members which aims to maintain the Board with a diversity of Directors in terms of skills, experience, knowledge, expertise, culture, independence, age and gender, with a view to enhancing the quality of performance of the Board.

The Nomination Committee met once during the financial year. During the meeting, the Nomination Committee reviewed the structure and composition (including the skills, knowledge and experience) of the Board.

#### **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.

#### **Company Secretary**

Mr. Ng Ho Yin Owen, the company secretary and financial controller of the Company, is a full time employee of the Group and has day-to-day knowledge of the Company's affairs. The company secretary has duly complied 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 2015, the Directors have reviewed and applied suitable accounting policies, 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. 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 2015 is set out below:

Type of services provided by the external auditor	Amount of fees HK\$'000
Audit services	520
Non-audit services	—
Total	520

**Internal Control**

The Group conducts an annual review on whether there is a need for an internal audit department. Given the Group's simple operating structure, as opposed to a separate internal audit department, the Board is directly responsible for internal control of the Group and for reviewing its effectiveness.

The Board conducts a review on the internal control system of the Group on an annual basis and has the responsibility to maintain an effective internal control system in order to safeguard the Group's assets and shareholders' interests. The Board also reviews and monitors 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 an external independent consultant to conduct a review on the internal control system of the Group in order to maintain high standards of corporate governance. The Board has also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. Based on the above, the Board is of the view that the Company has established a proper internal control system which is effective and adequate.

## CORPORATE GOVERNANCE REPORT

### **(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.

In accordance with disclosure requirements for inside information, details of any inside information will be provided via formal public announcements as required by the Listing Rules and under Part XIV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### **(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 not less than one-tenth (10%) of the paid up capital of the Company may send a written request to the Board for requisition of 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 any expenses incurred in giving effect thereto will be payable in accordance with the requirements of Section 74 of the Companies Act 1981 of Bermuda (the "Companies Act") once a valid requisition is received.

**(D) SHAREHOLDERS' RIGHTS – continued**

**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 of 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.

**(E) CONSTITUTIONAL DOCUMENTS**

There was no change in the Company's constitutional documents during the year under review.

## 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, the spouse of Ms. Chau Choi Fa, an executive director and the chairperson of our company. Save as set out below, Bright Asia has no interest in investment properties other than those held via the Company.

#### **Properties held by Bright Asia**

As at 31 December 2015, Bright Asia and its subsidiaries held 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.) (*Note 1*);
- (ii) an industrial complex located at Second Industrial Zone, Sijia Management Area, Qingfeng Road West, Shijie Town, Dongguan City, Guangdong Province, PRC. This property has a total gross floor area of approximately 30,537.05 sq.m. (approximately 328,700.83 sq.ft.) (*Note 2*); and
- (iii) an industrial complex located east of Xinggong 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.) (*Note 3*).

#### *Note:*

- 1. The property had not been leased out during the year ended 31 December 2015.
- 2. The rental income for the year ended 31 December 2015 was approximately HK\$1.8 million and the fair value as at 31 December 2015 was approximately HK\$32 million.
- 3. Bright Asia has an indirect ownership of 22% in this property.

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

As at 31 December 2015, Ms. Wong Siu Wah (“Ms. Wong”) and Ms. Chau Choi Fa (“Ms. Chau”) both of whom are executive directors of the Company were, in addition to their personal residences, interested in the following properties in Hong Kong and the PRC (being the territories in which the Group owns properties) (the “Personal Investments”):

- (i) a commercial property located at G/F and cockloft (otherwise called mezzanine floor), No. 99 Queen’s Road East, Hong Kong with a saleable floor area of approximately 610 sq. ft. (with yard: 50 sq. ft. and cockloft: 400 sq. ft.) (*Note 1*);
- (ii) a commercial property located at Shop B5 on G/F and Cockloft, Tai Wong Building, Nos. 3-5 Tai Wong Street East, Hong Kong with a saleable floor area of approximately 1,090 sq. ft. (with yard: 35 sq. ft. and cockloft: 440 sq. ft.) (*Note 1*);
- (iii) a commercial and residential property located at No. 22 Man On Street (whole building), Tai Kok Tsui, Kowloon with a saleable floor area of approximately 870 sq. ft (commercial space) and 3,130 sq. ft. (residential space) (*Note 1*);
- (iv) a commercial property located at Shop No. 3, G/F, Rialto Building, No. 2 Landale Street, Hong Kong with a saleable floor area of approximately 670 sq. ft. (*Note 1*);
- (v) a commercial property located at 2/F, No. 61 Wellington Street, Hong Kong with a saleable floor area of approximately 470 sq. ft. (*Note 1*);
- (vi) a commercial property located at G/F and cockloft, No. 299 Portland Street, Kowloon with a saleable floor area of approximately 620 sq. ft. (with cockloft: 460 sq. ft.) (*Note 1*);
- (vii) a residential property located at Levels 3-7, Block E, Shangyi Village, Shijie Town, Dongguan, Guangdong Province, PRC with a gross floor area of approximately 1,553 sq. m. (approximately 16,716 sq. ft.) (*Note 2*);
- (viii) a residential property located at Levels 3-7, Block D, Shangyi Village, Shijie Town, Dongguan, Guangdong Province, PRC with a gross floor area of approximately 1,890 sq. m. (approximately 20,344 sq. ft.) (*Note 2*).

## OTHER INFORMATION

### **PROPERTIES HELD BY THE DIRECTORS AND OUR CONTROLLING SHAREHOLDERS – continued**

#### **Personal Investments – continued**

*Notes:*

1. This property is held by Ms. Chau and Ms. Wong or companies jointly owned by Ms. Chau and Ms. Wong.
2. This property is held by a company in which Mr. Chow Tak Hung, Ms. Chow Woon Yin and Ms. Wong are interested.

Ms. Chau and Ms. Wong also hold one property in Tai Tam and two properties in Jardine's Lookout Garden Mansion, which are used as personal residences of Ms. Chau, Ms. Wong and/or their respective family members.

The aggregate rental income of the Personal Investments for the year ended 31 December 2015 was approximately HK\$6.7 million and the aggregate fair value of the Personal Investments as at 31 December 2015 was approximately HK\$276.7 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 from the holding of properties by the controlling shareholders and Directors as set out above with the business of the Group is not extreme.

In addition, given the independence of the Group from the controlling shareholders in terms of boards and management, operation, finance and administrative capability and clear delineation of business amongst them as detailed in the listing document of the company dated 28 February 2013 (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).

#### **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 (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 (the "Deed of Non-competition") entered into by them in favour of the Company.

**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 5 February 2016, being the latest date for ascertaining information in relation to these building orders and warning notices.

<b>Property/ Building concerned</b>	<b>Subject of legal compliance issue</b>	<b>Status as at 5 February 2016</b>
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 will continue to cooperate with the incorporated owners in rectification of the subject matters in these orders.
Wah Fung Building, Nos. 296-298 Lockhart Road, Wanchai, Hong Kong (in which four 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.	We will continue to cooperate with the incorporated owners in rectification of the subject matters in these orders.

Following the relaxation of our property acquisition policy as stated in the Company's announcement dated 30 April 2015, during the year, we purchased a property located at Flat A, 1/F, Kam Tak Mansion, 88-90 Queen's Road East, Wanchai, Hong Kong with a pre-existing warning notice, and prior to its purchase had come to the view that, based upon confirmation by an authorised person (as permitted under the Buildings Ordinance) the costs of rectification or compliance with such warning notice were acceptable to the Group, or if the warning notice was not complied with, it would not result in material liability to the Group.

# WING LEE PROPERTY INVESTMENTS LIMITED

## 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 2015.

### 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 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 34.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: HK\$0.01).

### 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 16 March 2016 (Wednesday) to 18 March 2016 (Friday), 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 15 March 2016 (Tuesday).

### SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 85. The summary does not form part of the audited consolidated financial statements.

### INVESTMENT PROPERTIES

The Group acquired four investment properties at an aggregate consideration of approximately HK\$21.7 million during the year. Details of the movements in investment properties of the Group during the year are set out in note 16 to the consolidated financial statements.

**PROPERTY, PLANT AND EQUIPMENT**

During the year ended 31 December 2015, the Group acquired property, plant and equipment at a consideration of approximately HK\$549,000 (2014: nil). Details are set out in note 17 to the consolidated financial statements.

**SHARE CAPITAL**

Details of movements in the Company's share capital during the year are set out in note 25 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 2015. As at 31 December 2015, 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 31 to the consolidated financial statements and in the consolidated statement of changes in equity on page 37 respectively.

**DISTRIBUTABLE RESERVES**

At 31 December 2015, the distributable reserves of the Company amounted to approximately HK\$4.0 million, calculated in accordance with the Companies Act 1981 of Bermuda (as amended) (2014: nil).

**MAJOR CUSTOMERS AND SUPPLIERS**

In relation to the Group's property leasing business, the percentages of gross rental income for the year ended 31 December 2015 attributable to the largest tenant and the five largest tenants in aggregate were approximately 7.5% and 34.9% respectively.

Taking into account the nature of the Group's business and operations, the Group did not have any major suppliers in relation to its property investment business during the year.

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.

## 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*)

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

In accordance with the provisions of the Company's bye-laws, Ms. Wong Vivien Man-Li, Mr. Lui Siu Fung and Mr. Lam John Cheung-wah 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 letter of appointment with the Company for a term of three years commencing on 6 February 2016 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.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year commencing from 6 February 2016 and either the independent non-executive Director or the Company may terminate the agreement by giving the other party not less than three months' notice in writing.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract or letter of appointment 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.

Under the letters of appointment, each of the Directors is entitled to an indemnity in his/her favour to the extent such indemnity applies pursuant to the bye-laws of the Company.

**DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

There were no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, which subsisted at the end of the year or at any time during the year ended 31 December 2015.

**CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS OF SIGNIFICANCE**

There was no contract of significance between any members of the Group and the Company's controlling shareholders subsisting at the end of the year or at any time during the year.

**TAX RELIEF**

The Company is not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's securities.

**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.

# WING LEE PROPERTY INVESTMENTS LIMITED

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2015, the interests or short positions of the Directors and the chief executive 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 Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") ) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which were 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, were as follows:

#### *Long positions in the Shares*

Name of Director	Capacity/Nature of Interest	Number of Shares	Approximate percentage of interest in the Company's issued Shares
Ms. Chau Choi Fa	Interest of spouse ( <i>Note</i> )	268,443,324	69.51%
Ms. Wong Vivien Man-Li	Beneficial interest	9,638	0.002%
Mr. Lui Siu Fung	Beneficial interest	9,638	0.002%

#### *Note:*

Ms. Chau Choi Fa is the spouse of Mr. Chow Tak Hung. Mr. Chow Tak Hung holds 60% interest in Bright Asia Holdings Limited ("Bright Asia"). Bright Asia held 268,443,324 Shares (representing approximately 69.51% of the issued Shares). 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 268,443,324 Shares.

*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%

Notes:

- Bright Asia is interested in 268,443,324 Shares (representing approximately 69.51% of the issued Shares). 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.

## SHARE OPTION SCHEME

The shareholders of the Company ("Shareholders") approved the adoption of a share option scheme (the "Scheme") at the Company's annual general meeting held on 31 March 2015, pursuant to the which the Board may, at its absolute discretion be entitled to make an offer of the grant of an option to any eligible persons to subscribe for Shares, subject to the terms and conditions of the Scheme. The purpose of the Scheme is to reward eligible participants who have contributed or will contribute to the Group and to provide incentive for the eligible participants to work towards enhancing the value of the Company, and to maintain or attract business relationships with eligible participants whose contributions are or may be beneficial to the growth of the Group.

Eligible participants (the "Participants") of the Scheme comprise (a) Directors; (b) employees of the Group; and (c) any advisors, consultants, business partners, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

The maximum number of Shares which may be issued upon exercise of all options granted or to be granted under the Scheme ("Options") and any other share option schemes of the Company shall not in aggregate exceed 10% in nominal amount of the Shares in issue on the date the Scheme was adopted, unless approval is obtained from the Shareholders. As at the date of this Annual Report, there were 38,617,575 Shares available for issue under the Scheme, representing 10% of the issued Shares as at the date of this Annual Report.

## DIRECTORS' REPORT

The maximum number of Shares issued and to be issued upon exercise of the Options granted to each grantee under the Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company) exceed 1% of the Shares in issue for the time being. Any further grant of share Options in excess of this limit is subject to Shareholders' approval in a general meeting.

Any grant of Options to any Director, chief executive or substantial shareholder (as such term as defined in the Listing Rules) of the Company, or any of their respective associates under the Scheme is subject to the prior approval of the independent non-executive Directors (excluding independent non-executive Directors who are the proposed grantees of the Options in question). Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5 million, such grant will be subject to prior approval of the Shareholders.

An offer shall remain open for acceptance by the Participant concerned for a period of five business days from the date of grant provided that no offer shall be open for acceptance after the expiry of the period as notified by the Board to the grantee at the time of making the grant but which shall not expire later than 10 years from the date of grant (the "Option Period"), or after the Scheme is terminated or after the Participant has ceased to be a Participant. HK\$1.00 is payable as consideration for acceptance of the Option.

The Board may, at its discretion, determine the minimum period for which an Option must be held before it can be exercised, but subject to the aforesaid, an Option may be exercised in accordance with the terms of the Scheme at any time during the Option Period.

The exercise price of the Option is determined by the Board, and will not be less than the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant and (iii) the nominal value of the Shares.

The Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption, 31 March 2015. No Options were granted, exercised, cancelled or lapsed under the Scheme from the date of adoption of the scheme to 31 December 2015.

### SUBSTANTIAL SHAREHOLDERS

As at 31 December 2015, so far as was known to the Directors or chief executive of the Company, the following persons (not being a Director or the chief executive officer of the Company) had 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 were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

<b>Name</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of interest in Company's issued Shares</b>
Bright Asia	Beneficial interest	268,443,324	69.51%
Mr. Chow Tak Hung	Interest in controlled corporation ( <i>Note 1</i> )	268,443,324	69.51%

*Note:*

1. 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 268,443,324 Shares by Bright Asia.

### CONNECTED TRANSACTIONS

The Group was not party to any connected transactions during the year.

### 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.

### 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, 5 February 2016

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 34 to 84, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other 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 financial position of the Group as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

5 February 2016

# WING LEE PROPERTY INVESTMENTS LIMITED

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 HK\$'000	2014 HK\$'000
Turnover	8	29,704	27,751
Direct operating expenses		(1,151)	(1,299)
<hr/>			
Other income	9	28,553	26,452
Other gains or losses		584	3,316
		(616)	432
Net changes in fair value of investment properties	16	13,945	70,168
Administrative expenses		(12,272)	(12,556)
Finance costs	10	(1,312)	(1,540)
<hr/>			
Profit before taxation	11	28,882	86,272
Taxation	13	(2,891)	(3,317)
<hr/>			
Profit and total comprehensive income for the year attributable to owners of the Company		25,991	82,955
<hr/>			
Earnings per share – basic	15	HK\$0.067	HK\$0.215
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# WING LEE PROPERTY INVESTMENTS LIMITED

AT 31 DECEMBER 2015

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Investment properties	16	1,072,493	1,036,860
Property, plant and equipment	17	17,476	17,610
		1,089,969	1,054,470
Current assets			
Rental and other receivables	18	1,030	784
Held for trading investments	19	1,321	1,495
Tax recoverable		377	–
Fixed deposits	20	24,000	49,441
Bank balances and cash	20	3,824	7,177
		30,552	58,897
Current liabilities			
Other payables and rental deposits received	21	11,955	10,007
Taxation payable		187	552
Bank loans – due within one year	22	25,873	28,082
Obligations under a finance lease	23	107	–
		38,122	38,641
Net current (liabilities) assets		(7,570)	20,256
Total assets less current liabilities		1,082,399	1,074,726
Non-current liabilities			
Bank loans – due after one year	22	54,234	69,717
Obligations under a finance lease	23	339	–
Deferred tax liabilities	24	5,633	4,945
		60,206	74,662
Net assets		1,022,193	1,000,064

# WING LEE PROPERTY INVESTMENTS LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	NOTE	2015 HK\$'000	2014 HK\$'000
Capital and reserves			
Share capital	25	3,862	3,862
Reserves		1,018,331	996,202
		<hr/>	
Total equity		1,022,193	1,000,064
		<hr/>	

The consolidated financial statements on pages 34 to 84 were approved and authorised for issue by the Board of Directors on 5 February 2016 and are signed on its behalf by:

**Chau Choi Fa**  
*DIRECTOR*

**Wong Siu Wah**  
*DIRECTOR*

# WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 2014	3,862	705,280	(382,929)	7,314	583,582	917,109
Profit and total comprehensive income for the year	–	–	–	–	82,955	82,955
At 31 December 2014	3,862	705,280	(382,929)	7,314	666,537	1,000,064
Profit and total comprehensive income for the year	–	–	–	–	25,991	25,991
Dividend paid (Note 14)	–	–	–	–	(3,862)	(3,862)
At 31 December 2015	3,862	705,280	(382,929)	7,314	688,666	1,022,193

Notes:

- (a) The special reserve represents the difference between the aggregate share capital of the subsidiaries acquired by the Company and the Company's investment cost in Tierra Development Limited pursuant to a group reorganisation in 2012.
- (b) The capital reserve represents deemed contribution from a then fellow subsidiary in prior years.

# WING LEE PROPERTY INVESTMENTS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 HK\$'000	2014 HK\$'000
Operating activities		
Profit before taxation	28,882	86,272
Adjustments for:		
Interest income	(453)	(897)
Interest expenses	1,312	1,540
Depreciation of property, plant and equipment	684	696
Dividend income from held for trading investments	(76)	–
Gain on disposal of property, plant and equipment	–	(435)
Gain on disposal of held for trading investments	–	(96)
Unrealised fair value loss of held for trading investments	250	99
Net changes in fair value of investment properties	(13,945)	(70,168)
Operating cash flows before movements in working capital	16,654	17,011
Increase in rental and other receivables	(246)	(102)
Increase in held for trading investments	–	(1,498)
Increase in other payables and rental deposits received	1,948	1,127
Net cash generated from operations	18,356	16,538
Hong Kong Profits Tax paid	(2,901)	(3,071)
The People's Republic of China (the "PRC") Enterprise Income Tax paid	(44)	(42)
Net cash from operating activities	15,411	13,425
Investing activities		
Purchase of investment properties	(21,688)	–
Purchase of property, plant and equipment	(57)	–
Interest received	453	897
Proceeds from disposal of property, plant and equipment	–	720
Net cash from (used in) investing activities	(21,292)	1,617
Financing activities		
Repayment of bank loans	(17,692)	(17,510)
Dividend paid	(3,862)	–
Interest paid	(1,312)	(1,540)
Repayment of obligations under a finance lease	(47)	–
Cash used in financing activities	(22,913)	(19,050)
Net decrease in cash and cash equivalents	(28,794)	(4,008)
Cash and cash equivalents at beginning of the year	56,618	60,626
Cash and cash equivalents at the end of the year	27,824	56,618
Cash and cash equivalents at the end of the year, represented by		
Bank balances and cash	3,824	7,177
Fixed deposits	24,000	49,441
	27,824	56,618

**1. GENERAL**

The Company was incorporated and registered as an exempted company with limited liability in Bermuda under the Companies Act 1981 of Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate holding company and ultimate holding company is Bright Asia Holdings Limited, a company which was incorporated in the British Virgin Islands. The address of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company and its subsidiaries are principally engaged in property investment. The consolidated financial statements are presented in Hong Kong Dollars (“HK\$”) which is also the functional currency of the Company.

On 19 March 2013, the Company was successfully spun-off from Mega Medical Technology Limited (“Mega Medical”) (formerly known as Wing Tai Investment Holdings Limited) through distribution in specie of 83% of the issued share capital of the Company to the shareholders of Mega Medical. The shares of the Company were listed on the Stock Exchange on the same date. On 9 June 2014, the remaining 17% of the issued share capital of the Company was distributed, through distribution in specie, to the shareholders of Mega Medical. The Company ceased to be an associate of Mega Medical thereafter.

**2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

In preparing the consolidated financial statements, the directors of the Company have given due and careful consideration to the future liquidity of the Group in light of the Group’s net current liabilities position of HK\$7,570,000 as at 31 December 2015. Subsequent to the end of the reporting period, the Group entered into a facility letter with a bank in respect of a new bank facility of HK\$30 million.

Having considered the new bank facility of HK\$30 million obtained subsequent to the end of the reporting period and the estimated cash flows generated from the Group’s operations, the directors of the Company are satisfied that the Group will have sufficient working capital for its present requirements for the foreseeable future. On this basis, the consolidated financial statements have been prepared on a going concern basis.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 - 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 - 2013 cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

HKFRS 9	Financial instruments <sup>2</sup>
HKFRS 15	Revenue from contracts with customers <sup>2</sup>
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations <sup>1</sup>
Amendments to HKAS 1	Disclosure initiative <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception <sup>1</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company do not anticipate that the application of the new and revised HKFRSs will have a material impact on the Group’s consolidated financial statements.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and held for trading investments which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2015

**4. SIGNIFICANT ACCOUNTING POLICIES – continued**

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**4. SIGNIFICANT ACCOUNTING POLICIES – continued****Revenue recognition**

Rental income from operating leases is recognised 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 recognised as an expense on a straight line basis over the lease term.

Dividend income from held for trading investments is recognised when the shareholder's rights to receive payment have been established.

Interest income from a financial asset is recognised 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.

**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. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. 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 derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. 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 property is derecognised.

**4. SIGNIFICANT ACCOUNTING POLICIES – continued****Property, plant and equipment**

Property, plant and equipment including leasehold land and building held for use in production or supply of goods and services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised 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 each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised 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 recognised in profit or loss.

**Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*The Group as lessee*

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised 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. Contingent rentals arising under operating leases are recognised as an expense in the period of which they are incurred.

**4. 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 recognised immediately in profit or loss.

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 recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**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 capitalisation.

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

**Retirement benefit costs**

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

**4. SIGNIFICANT ACCOUNTING POLICIES – continued****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 profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with 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 recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise 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 each 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.

**4. SIGNIFICANT ACCOUNTING POLICIES – continued****Taxation – continued**

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 realised, 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.

**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 recognised 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 recognised 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.

**4. SIGNIFICANT ACCOUNTING POLICIES – continued****Financial instruments**

Financial assets and financial liabilities are recognised 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 (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

*Financial assets*

Financial assets are classified into financial assets at fair value through profit or loss (“FVTPL”) and 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 recognised and derecognised 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 convention in the marketplace.

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

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

#### **4. SIGNIFICANT ACCOUNTING POLICIES – continued**

##### *Financial assets – continued*

##### *Financial assets at fair value through profit or loss*

Financial assets at FVTPL represent financial assets that are held for trading. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition, it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividends or interest earned on the financial assets and is included in other income in the consolidated statement of profit or loss and other comprehensive income.

##### *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 measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

##### *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each 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 asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, 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-organisation.

**4. SIGNIFICANT ACCOUNTING POLICIES – continued***Financial assets – continued**Impairment of financial assets – continued*

For certain categories of financial assets, 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 amortised cost, the amount of the impairment loss recognised 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.

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 recognised 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 amortised 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 was recognised, the previously recognised 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 amortised cost would have been had the impairment not been recognised.

**4. SIGNIFICANT ACCOUNTING POLICIES – continued***Financial liabilities and equity instruments*

Debt 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 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 an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

*Effective interest method*

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis.

*Financial liabilities*

Financial liabilities (including other payables and bank loans) are subsequently measured at amortised cost, using the effective interest method.

*Derecognition*

The Group derecognises 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 recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**5. 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 and fair value measurements and valuation processes**

Investment properties are carried in the consolidated statement of financial position at their fair values at the end of each reporting period as disclosed in note 16. 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.

In estimating the fair value of the Group's investment properties, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be derived observable quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs.

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. Information about the valuation techniques and inputs used in determining the fair value of the Group's investment properties are disclosed in note 16.

## 6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank loans as disclosed in note 22, 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 directors of the Company review the capital structure regularly. As part of this review, the directors consider 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-backs as well as the issue of new debt or the redemption of existing debt.

## 7. FINANCIAL INSTRUMENTS

### Categories of financial instruments

	2015 HK\$'000	2014 HK\$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	28,324	57,066
Held for trading investments	1,321	1,495
Financial liabilities		
At amortised cost	80,140	97,836
Obligations under a finance lease	446	–

### Financial risk management objectives and policies

The Group's major financial instruments include rental and other receivables, fixed deposits, bank balances and cash, held for trading investments, other payables, obligations under a finance lease 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.

**7. FINANCIAL INSTRUMENTS – continued****Financial risk management objectives and policies – continued***Currency risk*

The functional currency of the Company and its subsidiaries is HK\$ in which most of their transactions are denominated. The Group does not have any foreign currency transactions during the year which expose the Group to foreign currency risk. However, the Group has certain foreign currency denominated bank balances and fixed deposits at the end of the reporting period and details of which are disclosed in note 20. The Group mainly exposed to currency risk of Renminbi.

The sensitivity analysis below has been determined based on a 8% (2014: 5%) possible appreciation or depreciation in Renminbi against Hong Kong Dollars. The Group currently does not have any foreign currency hedging policy and will consider hedging its foreign currency exposure should the need arise. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust its translation at the end of the reporting period for a 8% (2014: 5%) change in the foreign currency rates. The sensitivity rate used is the rate when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates.

If the Renminbi appreciates 8% (2014: 5%) against Hong Kong Dollars and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2015 would increase by HK\$28,000 (2014: HK\$561,000). There would be an equal and opposite impact on post-tax profit for the year if Renminbi depreciates 8% (2014: 5%) against Hong Kong dollars.

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

*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 22 for details of these loans). It is the Group's policy to keep its loans at floating rates of interest so as to minimise 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.

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

The sensitivity analysis 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.

For variable-rate bank balances, if the interest rates had been 50 basis points (2014: 50 basis points) higher and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2015 would increase by HK\$19,000 (2014: HK\$36,000). 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 (2014: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2015 would decrease/increase by HK\$401,000 (2014: HK\$489,000).

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

*Other price risk*

The Group is exposed to equity price risk through its held for trading investments. The Group's equity price risk is mainly concentrated on equity instruments operating in the banking industry sector quoted in the Stock Exchange. The directors of the Company will monitor the price risk and will consider hedging the risk exposures should the need arise. If the market prices of the held for trading investments had been 10% higher/lower, the Group's post-tax profit for the year ended 31 December 2015 would increase/decrease by HK\$110,000 (2014: HK\$125,000).

**7. FINANCIAL INSTRUMENTS – continued****Financial risk management objectives and policies – continued***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 recognised 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 minimise 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.

*Liquidity risk*

The Group had net current liabilities of HK\$7,570,000 as at 31 December 2015. In order to mitigate the liquidity risk, as disclosed in note 2, the Group obtained a new bank facility of HK\$30 million subsequent to the end of the reporting period. Together with estimated cash flows generated from the Group's operations, the directors of the Company consider that the Group has sufficient working capital for its present requirements. The directors of the Company will continue to closely monitor the liquidity of the Group in order to maintain a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative 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 non-derivative financial liabilities are based on the agreed repayment dates.

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 curve at the end of the reporting period.

# WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7. FINANCIAL INSTRUMENTS – continued

#### Financial risk management objectives and policies – continued

##### Liquidity risk – continued

	Weighted average effective interest rate %	On demand or less than 1 month HK\$'000	1 - 3 months HK\$'000	3 months to 1 year HK\$'000	1 - 5 years HK\$'000	Total Over undiscounted cash flows 5 years HK\$'000	Total carrying amount HK\$'000
<b>At 31 December 2015</b>							
<b>Non-derivative financial liabilities</b>							
Other payables	–	33	–	–	–	–	33
Variable-rate bank loans (Note)	1.49	11,764	2,722	12,244	51,787	3,959	80,107
Obligations under a finance lease	1.80	10	21	93	361	–	446
		11,807	2,743	12,337	52,148	3,959	80,586
<b>At 31 December 2014</b>							
<b>Non-derivative financial liabilities</b>							
Other payables	–	37	–	–	–	–	37
Variable-rate bank loans (Note)	1.51	14,169	2,759	12,399	60,821	11,796	97,799
		14,206	2,759	12,399	60,821	11,796	97,836

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

**7. 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 recognised by the Group at the end of the reporting period is set out in note 22. 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:

	<b>Total undiscounted cashflow HK\$'000</b>	<b>Total carrying amount HK\$'000</b>
<b>At 31 December 2015</b>		
Bank loans to be repaid:		
Within one year	18,816	17,880
In more than one year but not more than five years	60,906	58,356
Over five years	3,959	3,871
	<hr/> 83,681	<hr/> 80,107
<b>At 31 December 2014</b>		
Bank loans to be repaid:		
Within one year	19,065	17,691
In more than one year but not more than five years	70,733	67,740
Over five years	12,597	12,368
	<hr/> 102,395	<hr/> 97,799

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. FINANCIAL INSTRUMENTS – continued

### Fair value

(i) *Fair value of the Group's financial assets that are measured at fair value on a recurring basis*

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial assets	Fair value		Fair value hierarchy	Valuation techniques and key inputs
	2015 HK\$'000	2014 HK\$'000		
Held for trading investments	1,321	1,495	Level 1	Quoted bid prices in an active market

There were no transfers between Levels 1, 2 and 3 in both years.

(ii) *Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis*

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

## 8. 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.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

**8. SEGMENT INFORMATION – continued**

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	
	2015 HK\$'000	2014 HK\$'000
<b>Hong Kong</b>		
Hong Kong Island:		
Commercial	18,409	17,774
Residential	997	677
Kowloon:		
Commercial	4,790	4,426
Residential	2,672	2,435
Industrial	2,406	2,023
<b>Mainland China</b>		
Shenzhen:		
Commercial	430	416
	29,704	27,751

During the years ended 31 December 2015 and 2014, no individual customer contributed over 10% of the total turnover of the Group.

# WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 8. SEGMENT INFORMATION – continued

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

	2015 HK\$'000	2014 HK\$'000
Hong Kong	1,081,616	1,046,720
Mainland China	8,353	7,750
	<hr/>	<hr/>
	1,089,969	1,054,470

### 9. OTHER INCOME

	2015 HK\$'000	2014 HK\$'000
Interest income	453	897
Dividend income from held for trading investments (Note 1)	76	–
Others (Note 2)	55	2,419
	<hr/>	<hr/>
	584	3,316

Note 1: The amount represents dividend income received as scrip dividend during the year ended 31 December 2015.

Note 2: At 31 December 2014, included in the balance is an amount of HK\$2,339,000 (2015: HK\$nil) representing compensation received from a tenant in respect of the early termination of leases and compensation on demolishing installations and fixtures on the rented properties.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2015**
**10. FINANCE COSTS**

	2015 HK\$'000	2014 HK\$'000
Interests on bank loans	1,300	1,540
Interests on a finance lease	12	–
	<hr/> 1,312	<hr/> 1,540

**11. PROFIT BEFORE TAXATION**

	2015 HK\$'000	2014 HK\$'000
Profit before taxation has been arrived at after charging:		
Directors' emoluments (note 12)	6,434	6,482
Other staff's retirement contributions benefits scheme	55	43
Other staff costs	1,662	1,448
	<hr/> 8,151	<hr/> 7,973
Auditor's remuneration	520	480
Depreciation of property, plant and equipment	684	696
Net exchange loss (included in other gains and losses)	366	–
Unrealised fair value loss of held for trading investments (included in other gains and losses)	250	99
and after crediting:		
Dividend income from held for trading investments (included in other income)	76	–
Gain on disposal of property, plant and equipment (included in other gains and losses)	–	435
Gain on disposal of held for trading investments (included in other gains and losses)	–	96
Interest income (included in other income)	453	897
	<hr/>	<hr/>

# WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 12. 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
<b>Year ended 31 December 2015</b>					
<i>Executive directors</i>					
Ms. Chau Choi Fa (note b)	–	1,254	500	18	1,772
Ms. Wong Siu Wah (note b)	–	1,254	500	–	1,754
Ms. Wong Vivien Man-Li	–	1,674	500	18	2,192
Mr. Lui Siu Fung	–	293	50	13	356
<i>Independent non-executive directors</i>					
Mr. Lam John Cheung-Wah	120	–	–	–	120
Dr. Tse Kwok Sang	120	–	–	–	120
Mr. Chui Chi Yun Robert	120	–	–	–	120
	360	4,475	1,550	49	6,434
<b>Year ended 31 December 2014</b>					
<i>Executive directors</i>					
Ms. Chau Choi Fa (note b)	–	1,254	500	17	1,771
Ms. Wong Siu Wah (note b)	–	1,254	500	–	1,754
Ms. Wong Vivien Man-Li	–	1,674	550	17	2,241
Mr. Lui Siu Fung	–	293	50	13	356
<i>Independent non-executive directors</i>					
Mr. Lam John Cheung-Wah	120	–	–	–	120
Dr. Tse Kwok Sang	120	–	–	–	120
Mr. Chui Chi Yun Robert	120	–	–	–	120
	360	4,475	1,600	47	6,482

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

**12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS – continued**

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, and their emoluments disclose above include those services rendered by them as Chairperson and CEO of the Company, respectively.

The five highest paid individuals for the year ended 31 December 2015 included four (2014: four) directors. The aggregate emoluments of the remaining one (2014: one) highest paid individual for the year ended 31 December 2015 were as follows:

	2015 HK\$'000	2014 HK\$'000
Basic salary, bonus and allowances	865	810
Retirement benefits scheme contributions	18	17
	883	827

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

During the years ended 31 December 2015 and 2014, 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.

# WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. TAXATION

	2015 HK\$'000	2014 HK\$'000
The charge comprises:		
Hong Kong Profits Tax:		
Current year	2,453	2,880
(Over) underprovision in prior years	(294)	29
	2,159	2,909
PRC income tax	44	42
	2,203	2,951
Deferred taxation charge (note 24)	688	366
	2,891	3,317

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

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 Mainland China deriving income sourced in Mainland 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 Mainland China and is subject to PRC income tax calculated at 10% of the gross rental income received in Mainland China.

**NOTES TO THE CONSOLIDATED  
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**FOR THE YEAR ENDED 31 DECEMBER 2015**
**13. TAXATION – continued**

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

	2015 HK\$'000	2014 HK\$'000
Profit before taxation	28,882	86,272
Tax charge at applicable tax rate of 16.5%	4,766	14,235
Tax effect of income not taxable for tax purpose	(3,436)	(11,880)
Tax effect of expenses not deductible for tax purpose	1,503	902
Tax effect of tax losses not recognised	45	–
Utilisation of tax losses previously not recognised	–	(40)
(Over) underprovision in prior years	(294)	29
Effect of different applicable tax rate for operations in Mainland China	(27)	(27)
Land appreciation tax and capital gain tax	337	–
Others	(3)	98
Taxation for the year	2,891	3,317

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 Mainland China 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.

# WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14. DIVIDENDS

	2015 HK\$'000	2014 HK\$'000
Dividends for ordinary shareholders of the Group recognised as distribution during the year:		
2014 Final - HK\$0.01 cents (2014: nil) per share	3,862	—

No dividend was paid or proposed for ordinary shareholders of the Company for the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (2014: HK\$3,862,000).

### 15. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2015 HK\$'000	2014 HK\$'000
Earnings		
Profit for year attributable to the owners of the Company for the purpose of basic earnings per share	25,991	82,955
Number of shares		
Weight average number of ordinary shares for the purpose of basic earnings per share	386,175,758	386,175,758

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

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

**16. INVESTMENT PROPERTIES**

	2015 HK\$'000	2014 HK\$'000
FAIR VALUE		
At beginning of the year	1,036,860	966,692
Additions	21,688	–
Net increase in fair value	13,945	70,168
At end of the year	1,072,493	1,036,860

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.

The fair value of the Group's investment properties at 31 December 2015 and 31 December 2014 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. The direct comparison method is based on market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject property. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

**16. INVESTMENT PROPERTIES – continued**

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. There has been no change in the valuation technique used in both years.

	Carrying value of investment properties		Fair value hierarchy	Valuation technique(s) and significant unobservable inputs	Relationship of unobservable inputs to fair value
	31.12.2015 HK\$'000	31.12.2014 HK\$'000			
Industrial properties in Kowloon	74,650	68,100	Level 3	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK\$5,551 to HK\$5,791 (2014: HK\$4,667 to HK\$5,495) per sq.ft, and adjusted taking into account of locations and other individual factors such as floor level, building age, size and conditions of the properties.	The higher the price, the higher the fair value.
Residential properties in Hong Kong Island	33,590	21,700	Level 3	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK\$9,867 to HK\$21,216 (2014: HK\$8,756 to HK\$25,478) per sq.ft, and adjusted taking into account of locations and other individual factors such as floor level, building age, view, size and conditions of the properties.	The higher the price, the higher the fair value.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

**16. INVESTMENT PROPERTIES – continued**

	Carrying value of investment properties		Fair value	Valuation technique(s)	Relationship of
	31.12.2015	31.12.2014	hierarchy	and significant	unobservable
	HK\$'000	HK\$'000		unobservable inputs	inputs to fair value
Residential properties in Kowloon	63,950	57,420	Level 3	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK\$5,470 to HK\$6,996 (2014: HK\$4,975 to HK\$6,667) per sq.ft, and adjusted taking into account of locations and other individual factors such as floor level, building age, view, size and conditions of the properties.	The higher the price, the higher the fair value.
Commercial retail properties in Hong Kong Island	685,500	676,440	Level 3	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK\$30,123 to HK\$147,912 (2014: HK\$11,411 to HK\$139,600) per sq.ft, and adjusted taking into account of locations and other individual factors such as shop frontage, size, layout, and conditions of the properties.	The higher the price, the higher the fair value.

# WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16. INVESTMENT PROPERTIES – continued

	Carrying value of investment properties		Fair value hierarchy	Valuation technique(s) and significant unobservable inputs	Relationship of unobservable inputs to fair value
	31.12.2015 HK\$'000	31.12.2014 HK\$'000			
Commercial office properties in Hong Kong Island	40,150	40,750	Level 3	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK\$8,619 to HK\$23,764 (2014: HK\$8,730 to HK\$24,045) per sq.ft, and adjusted taking into account of locations and other individual factors such as floor level, building age, size and conditions of the properties.	The higher the price, the higher the fair value.
Commercial retail properties in Kowloon	166,300	164,700	Level 3	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK\$50,038 to HK\$86,629 (2014: HK\$41,299 to HK\$73,944) per sq.ft, and adjusted taking into account of locations and other individual factors such as shop frontage, size, layout and conditions of the properties.	The higher the price, the higher the fair value.
Commercial property in Mainland China	8,353	7,750	Level 3	Direct comparison method – based on price per square metre, using market observable asking prices of similar properties ranging from HK\$29,200 to HK\$34,100 (2014: HK\$28,136 to HK\$30,634) per sq.m, and adjusted taking into account of locations and other individual factors such as floor level, building age, size and conditions of the properties.	The higher the price, the higher the fair value.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2015**
**16. INVESTMENT PROPERTIES – continued**

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 recognised 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 2014 and 2015 as the Group is not subject to any income taxes on disposal of these investment properties. The Group has recognised deferred tax liabilities on changes in fair value of the investment property that is situated in Mainland China as the property in Mainland China is subject to LAT and capital gain tax upon disposal.

**17. PROPERTY, PLANT AND EQUIPMENT**

	<b>Leasehold land and building</b>	<b>Leasehold improvement</b>	<b>Motor vehicles</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>COST</b>				
At 1 January 2014	18,167	334	950	19,451
Disposals	–	–	(950)	(950)
At 31 December 2014	18,167	334	–	18,501
Additions	–	–	550	550
At 31 December 2015	18,167	334	550	19,051
<b>DEPRECIATION</b>				
At 1 January 2014	256	34	570	860
Provided for the year	534	67	95	696
Elimination on disposal	–	–	(665)	(665)
At 31 December 2014	790	101	–	891
Provided for the year	534	67	83	684
At 31 December 2015	1,324	168	83	1,575
<b>CARRYING VALUES</b>				
At 31 December 2015	16,843	166	467	17,476
At 31 December 2014	17,377	233	–	17,610

# WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 17. PROPERTY, PLANT AND EQUIPMENT – continued

The above items of property, plant and equipment are depreciated on a straight line basis at the following rates per annum:

Leasehold land and building	Over the shorter of the term of the lease, or 50 years
Leasehold improvement	20%
Motor vehicles	20%

The net book value of motor vehicles includes an amount of HK\$467,000 (31 December 2014: HK\$nil) in respect of asset held under finance lease.

### 18. RENTAL AND OTHER RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Rental receivables	440	241
Other receivables, deposits and prepayments	590	543
	1,030	784

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:

	2015 HK\$'000	2014 HK\$'000
Age		
0 - 90 days	303	241
91 - 180 days	137	–
	440	241

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 180 days. Based on historical experiences of the Group, these rental receivables past due but not impaired are generally recoverable. The Group does not hold any collateral over these balances.

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**19. HELD FOR TRADING INVESTMENTS**

	2015 HK\$'000	2014 HK\$'000
Equity securities listed in Hong Kong at market value	1,321	1,495

**20. BANK BALANCES AND CASH/FIXED DEPOSITS**

The fixed deposits are short-term fixed deposits with an original maturity of three months or less and carry fixed interest rate ranging from 0.45% to 0.56% per annum at 31 December 2015 (2014: 0.68% to 3.28% per annum). At 31 December 2015, bank balances carry interest at prevailing market rates which ranges from 0.00% to 0.001% (2014: 0.00% to 0.001%) per annum.

At 31 December 2015, included in bank balances and cash and fixed deposits is an amount of HK\$352,000 (2014: HK\$10,316,000) which is denominated in Renminbi, being amount denominated in currency other than the functional currency of the relevant group entity.

**21. OTHER PAYABLES AND RENTAL DEPOSITS RECEIVED**

	2015 HK\$'000	2014 HK\$'000
Accrued expenses	3,435	2,915
Rental deposits received	8,487	7,055
Other payables	33	37
	11,955	10,007

# WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 22. BANK LOANS

	2015 HK\$'000	2014 HK\$'000
The bank loans are repayable as follows*:		
Within one year	17,880	17,691
More than one year, but not exceeding two years	15,676	15,481
More than two years, but not more than five years	34,687	42,667
More than five years	3,871	11,569
	72,114	87,408
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)	7,993	10,391
	80,107	97,799
Less: Amounts due within one year shown under current liabilities	(25,873)	(28,082)
Amounts shown under non-current liabilities	54,234	69,717

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

At 31 December 2015, the bank loans carry interest at HIBOR plus 0.70% to 2.25% per annum (2014: HIBOR plus 0.70% to 2.25% per annum). During the year ended 31 December 2015, the effective interest rates of the bank loans range from 0.88% to 2.51% per annum (2014: 0.90% to 2.97% per annum).

At 31 December 2015, bank loans of HK\$75,393,000 (2014: HK\$92,526,000) are secured by mortgages over the Group's investment properties with carrying amount of HK\$505,730,000 (2014: HK\$498,720,000).

At 31 December 2015, a bank loan of HK\$4,714,000 (2014: HK\$5,273,000) is secured by a mortgage over the Group's leasehold land and building with carrying amount of HK\$15,786,000 (2014: HK\$16,287,000).

**NOTES TO THE CONSOLIDATED  
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**FOR THE YEAR ENDED 31 DECEMBER 2015**
**23. OBLIGATIONS UNDER A FINANCE LEASE**

	2015 HK\$'000	2014 HK\$'000
Analysed for reporting purposes as:		
Current liabilities	107	–
Non-current liabilities	339	–
	446	–

The Group has one motor vehicle held under a finance lease. The lease term is 5 years (2014: nil). Interest rates underlying is fixed at contract date at 1.8% (2014: nil) per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Obligations under finance leases payable:</b>				
Within one year	124	–	107	–
Within a period of more than one year but not more than two years	124	–	112	–
Within a period of more than two years but not more than five years	237	–	227	–
	485	–	446	–
Less: future finance charges	(39)	–	N/A	N/A
Present value of lease obligations	446	–	446	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			(107)	–
Amount due for settlement after 12 months			339	–

## 24. DEFERRED TAXATION

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

	Accelerated tax depreciation HK\$'000	Land appreciation tax and capital gains tax HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 January 2014	2,033	2,603	(57)	4,579
Charge to profit or loss (note 13)	336	–	30	366
At 31 December 2014	2,369	2,603	(27)	4,945
Charge (credit) to profit or loss (note 13)	417	337	(66)	688
At 31 December 2015	2,786	2,940	(93)	5,633

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

At 31 December 2015, the Group has unused tax losses of HK\$834,000 (2014: HK\$164,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$564,000 (2014: HK\$164,000) of such losses at 31 December 2015. No deferred tax asset had been recognised at 31 December 2015 in respect of the remaining tax losses of HK\$270,000 (2014: nil) due to the unpredictability of future profit streams.

NOTES TO THE CONSOLIDATED  
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**25. SHARE CAPITAL**

	Number of shares	Amount in HK\$	Shown in the consolidated financial statements HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 January 2014, 31 December 2014 and 2015	1,000,000,000	10,000,000	
Issued and fully paid:			
At 1 January 2014, 31 December 2014 and 2015	386,175,758	3,861,757	3,862

**26. OPERATING LEASE ARRANGEMENT**

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:

	2015 HK\$'000	2014 HK\$'000
Within one year	28,293	20,315
In the second to fifth year inclusive	24,196	10,948
	52,489	31,263

The properties held have committed tenants for periods ranging from 1 year to 5 years.

**27. 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 profit or loss and other comprehensive income represent contributions payable to the Scheme by the Group at rates specified in the rules of the Scheme.

**28. SHARE-BASED PAYMENT TRANSACTIONS**

The Company's share option scheme (the “Scheme”) was adopted for a period of 10 years commencing 31 March 2015 pursuant to an Ordinary Resolution passed at the annual general meeting of the Shareholders held on 31 March 2015 for the purpose of providing incentives or rewards to selected eligible participants for their contribution to the Group.

Under the Scheme, the Company may grant options to selected employees and directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to eligible advisors, consultants, business partners and service providers of the Company and its subsidiaries at the discretion of the Board.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point of time, without prior approval from the Company's shareholders.

The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Any grant of share options to any Director, chief executive or substantial shareholder (as such term as defined in the Listing Rules) of the Company, or any of their respective associates under the Scheme is subject to the prior approval of the independent non-executive Directors (excluding independent non-executive Directors who are the proposed grantees of the share options in question). Where any grant of share options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all share options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5,000,000 must be also approved by the Company's shareholders.

**28. SHARE-BASED PAYMENT TRANSACTIONS – continued**

The offer of a grant of share options may be accepted within 5 business days from the date of the offer, upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period for the share options granted is determined by the Board, which period may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of the grant of the option subject to the provisions for early termination under the Scheme. The exercise price of the share options is determinable by the Directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Shares on the date of the offer of the share options which must be a business day; (ii) the average Stock Exchange closing price of the Shares for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the Shares.

No share options were granted since the date of adoption of the Scheme.

**29. RELATED PARTIES TRANSACTIONS**

Other than the transactions and balances with related parties disclosed in respective notes, the Group had the following related party transactions during the year ended 31 December 2014:

The Group entered into a lease agreement with Morning Star Digital Connector Company Limited ("MS Digital Connector"), a wholly-owned subsidiary of Mega Medical on 2 December 2013, whereby the Group rented a property to MS Digital Connector starting from 1 January 2014.

Pursuant to a notice of early termination given by MS Digital Connector to the Group, the lease was early terminated on 30 June 2014. The Group received compensation in respect of the early termination amounted to HK\$1,319,400 (2015: HK\$nil) and compensation on demolishing installations and fixtures amounted to HK\$1,005,000 (2015: HK\$nil) from MS Digital Connector during the year ended 31 December 2014.

During the year ended 31 December 2014, the Group received rental income of HK\$439,800 (2015: HK\$nil) from MS Digital Connector.

# WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015 HK\$'000	2014 HK\$'000
Non-current asset		
Investment in a subsidiary	703,798	703,798
Current assets		
Prepayments	227	145
Amounts due from subsidiaries	30,024	–
Bank balances	191	227
	30,442	372
Current liabilities		
Amount due to a subsidiary	21,127	15,687
Net current assets (liabilities)	9,315	(15,315)
Net assets	713,113	688,483
Capital and reserves		
Share capital	3,862	3,862
Reserves	709,251	684,621
Total equity	713,113	688,483

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

**31. RESERVES OF THE COMPANY**

	<b>Share premium</b> HK\$'000	<b>(Accumulated losses) retained profit</b> HK\$'000	<b>Total</b> HK\$'000
At 1 January 2014	705,280	(18,261)	687,019
Loss and total comprehensive expense for the year	–	(2,398)	(2,398)
At 31 December 2014	705,280	(20,659)	684,621
Profit and total comprehensive income for the year	–	28,492	28,492
Dividend	–	(3,862)	(3,862)
At 31 December 2015	705,280	3,971	709,251

# WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 32. PRINCIPAL SUBSIDIARIES

Details of the Company's principal 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
			2015	2014	
Tierra Development Limited*	British Virgin Islands 8 May 2012	US\$2,000	100%	100%	Investment holding
Extra Rich Development Limited** 碧豪發展有限公司	Hong Kong 17 January 1989	HK\$10,000	100%	100%	Property investment
Fast Silver Development Limited** 銀迅發展有限公司	Hong Kong 22 July 2010	HK\$10,000	100%	100%	Property investment
Fortune Source Limited** 貫源有限公司	Hong Kong 28 June 2013	HK\$10,000	100%	100%	Property investment
Good Ocean Development Limited** 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	Hong Kong 27 June 2012	HK\$10,000	100%	100%	Property investment

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FOR THE YEAR ENDED 31 DECEMBER 2015

**32. PRINCIPAL SUBSIDIARIES – continued**

Name of company	Place and date of incorporation	Issued and fully paid share capital	Equity interest attributable to the Company		Principal activity
			2015	2014	
Good Harvest Capital Investment Limited** 益豐創富有限公司	Hong Kong 9 September 2013	HK\$10,000	100%	100%	Investment holding
Joy Smart Properties Limited ** 欣俊置業有限公司	Hong Kong 22 September 2014	HK\$1	100%	100%	Property investment

\* Directly held by the Company.

\*\* Directly held by Tierra Development.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

# WING LEE PROPERTY INVESTMENTS LIMITED

## FINANCIAL SUMMARY

	Year ended 31 December				
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
<b>RESULTS</b>					
Turnover	20,428	24,213	25,237	27,751	29,704
Profit before taxation	161,763	308,063	43,461	86,272	28,882
Taxation	(2,974)	(1,774)	(2,496)	(3,317)	(2,891)
Profit for the year	158,789	306,289	40,965	82,955	25,991

	At 31 December				
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
<b>ASSET AND LIABILITIES</b>					
Total Assets	703,412	1,018,738	1,046,591	1,113,367	1,120,521
Total Liabilities	459,740	468,777	129,482	113,303	98,328
Net Assets	243,672	549,961	917,109	1,000,064	1,022,193

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

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

# WING LEE PROPERTY INVESTMENTS LIMITED

## SUMMARY OF INVESTMENT PROPERTIES HELD BY THE GROUP

AT 31 DECEMBER 2015

Particulars of the Group's investment properties at 31 December 2015 are as follows:

Location	Usage	Group's Interest
Shop No. C2A, C2B and C2D on G/F, 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%
Shop No. 7 on G/F, Rialto Building, No. 2 Landale Street, Wanchai, Hong Kong	Commercial	100%
G/F & Cockloft, No. 61 Wellington Street, Central, Hong Kong	Commercial	100%
2/F, No. 59 Wellington Street, Central, Hong Kong	Commercial	100%
G/F, Flat C on 1/F and Flat A on 3/F of Wah Fung Building, No. 296-298 Lockhart Road, Hong Kong	Commercial & Residential	100%
Flat B on G/F (Shop B on Ground Floor), Hung Fook Mansion, No. 360 Lockhart Road, Hong Kong	Commercial	100%
Shop A, B and C on G/F and 1/F, Kam Tak Mansion, Nos. 88-90 Queen's Road East, Hong Kong	Commercial	100%
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%
G/F & M/F, Mandarin Commercial House, No. 38 Morrison Hill Road, Hong Kong	Commercial	100%
G/F and 1/F, Wayson Commercial House, Nos. 68-70 Lockhart Road, Hong Kong	Commercial	100%
Flat No. 3 on 7/F of Block A and Car Park Space No. 4 Jardine's Lookout Garden Mansion, Nos. 148-150 Tai Hang Road, Hong Kong	Residential	100%
No. 656 Shanghai Street, Kowloon	Residential & Commercial	100%
4/F, No. 658 Shanghai Street, Kowloon	Residential	100%
G/F-3/F, No. 3 Ma Tau Kok Road, Kowloon	Residential & Commercial	100%
2/F, No. 5 Ma Tau Kok Road, Kowloon	Residential	100%
No. 347 Portland Street, Kowloon	Residential & Commercial	100%
Unit No. 201, 207 and 208 on 2/F, Sunbeam Centre, No. 27 Shing Yip Street, Kowloon	Industrial	100%
P14 on 3/F, King Palace Plaza, 55 King Yip Street, Kowloon	Carpark	100%
Unit 1409, Level 14, Shenhua Commercial Building, No. 2018 Jiabin Road, Luohu District, Shenzhen, PRC	Commercial	100%