



# **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

# **2018**

*\* For identification purposes only*

Corporate Information	2
Chairperson's Statement	3
Management Discussion and Analysis	5
Directors and Senior Management Profile	9
Corporate Governance Report	12
Environmental, Social & Governance Report	21
Other Information	27
Directors' Report	31
Independent Auditor's Report	41
Consolidated Statement of Profit or Loss and Other Comprehensive Income	46
Consolidated Statement of Financial Position	47
Consolidated Statement of Changes in Equity	49
Consolidated Statement of Cash Flows	50
Notes to the Consolidated Financial Statements	51
Financial Summary	113
Summary of Investment Properties held by the Group	114

# 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 (resigned on 19 September 2018)  
Ms. Chow Woon Yin  
(appointed on 19 September 2018)

#### **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**

Conyers Corporate Services (Bermuda) 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 2018 (the "year" or "reporting period").

### BUSINESS REVIEW

The Group continued to engage in its business of leasing completed commercial and residential properties in Hong Kong. There was an increase of approximately HK\$39.5 million in the aggregate market value of the Group's investment properties portfolio compared to 2017, bringing the aggregate market value of the Group's investment properties to approximately HK\$1,116.9 million as at 31 December 2018. This increase was mainly due to the Group's expansion of its investment property portfolio through the acquisition of two investment properties located in Tai Kok Tsui, at an aggregate consideration of approximately HK\$35.9 million and an increase in net changes in fair value of the investment properties of approximately HK\$2.2 million.

The Group's main source of income is rental generated from the Group's investment properties. The rental income was approximately HK\$32.3 million for the year ended 31 December 2018, representing a slight increase of approximately 2.6% as compared to 2017. The slight increase was mainly due to rent received from the two new properties acquired in 2018.

The Group's profit and total comprehensive income attributable to the owners of the Company for 2018 was approximately HK\$19.6 million. There was a relatively smaller increase in the fair value of the Group's investment properties in 2018, resulting in a decrease of approximately 60.5% in the profit and total comprehensive income attributable to the owners of the Company as compared to 2017. 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 2018 was approximately HK\$17.4 million, representing an increase of approximately 15.2% in comparison to 2017. The increase was mainly attributable to a slight increase in rental rates and a decrease in direct operating expenses in 2018.

### PROSPECTS

The likelihood of the reappearance of interest hikes along with the continuing trade disputes between the US and China continue to affect the market in general, posing a risk to the Hong Kong property market. These factors contribute to a downward trend in the Hong Kong property market. Despite the above uncertainties, the Group remains cautiously optimistic about the Hong Kong property market due to Hong Kong's firm economic base.

## CHAIRPERSON'S STATEMENT

In 2018, local domestic consumption remained steady and supported many of our tenants' businesses. As the Group's commercial properties entails different retail industries, the Group was able to stabilise rent on renewals and new leases of its properties.

The Group will endeavour to maintain current rental levels with our tenants. It is anticipated that the property market will remain stable for the foreseeable future. Subject to market conditions, the Group anticipates that the properties in the Group's portfolio will continue to provide the Group with stable rental income and maintain high occupancy rates.

In the Group's efforts to maintain competitiveness and ensure shareholder returns, the Group has been cautiously exploring opportunities to diversify its business beyond the rental property market. The Group expanded its investment portfolio in 2018, through an investment in a fund that is engaged in a property redevelopment project in Kwun Tong, Kowloon. The Group hopes to gain property redevelopment experience from this project and is optimistic about the potential redevelopment and appreciation in value of the relevant property following the redevelopment and believes that the investment will bring positive returns to the Group in the long run.

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.

The Group will continue to cautiously explore and expand its investment portfolio and may look beyond the Hong Kong region for investment opportunities in efforts to maintain competitiveness.

## APPRECIATION

On behalf of the Board, I would like to thank all of our shareholders, tenants and professional parties for their continued support and I would also like to extend my sincere gratitude to all of our colleagues and my fellow directors for their efforts and contributions to the Company.

**Chau Choi Fa**

*Chairperson*

Hong Kong, 1 March 2019

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL HIGHLIGHTS

In millions of Hong Kong dollars except where specified

		2018	2017
For the year	Revenue	32.3	31.5
	Increase in net changes in fair value of investment properties	2.2	34.4
	Profit for the year attributable to owners of the Company	19.4	49.6
As at 31 December	Capital & reserves attributable to owners of the Company	1,086.9	1,074.6
	Shares in issue (thousands)	386,176	386,176
Ratio	Return before the changes in fair value of investment properties on capital & reserves attributable to owners of the Company (%)	1.6	1.4
Per Share	Net worth per share (HK\$)	2.81	2.78
	Basic earnings per share (HK cents)	5.04	12.83

### OPERATIONS

The Group is engaged in the business of property investment, principally the leasing of completed commercial and residential properties in Hong Kong. As at 31 December 2018, the Group held an investment property portfolio of 37 properties located in Hong Kong and one property located in the People's Republic of China ("the PRC").

During the year ended 31 December 2018, the Group expanded its investment property portfolio and completed the acquisition of two investment properties located in Tai Kok Tsui, at an aggregate consideration of approximately HK\$35.9 million. These properties are located within close proximity to some of the Group's existing investment properties. The Group further expanded its investment portfolio in 2018, through a 10% investment in Epic Capital Development Fund I, L.P. (the "Fund"), an exempted limited partnership established in the Cayman Islands that is engaged in a property redevelopment project in No. 32 Hung To Road, Kwun Tong, Kowloon. The consideration paid for these acquisitions was financed by the Group's internal funds and bank borrowings.

The Group did not introduce or announce any new business or services for the year ended 31 December 2018.



## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

Our profit and total comprehensive income for the year attributable to owners of the Company for 2018 was approximately HK\$19.6 million (2017: approximately HK\$49.6 million), representing a decrease of approximately 60.5% as compared to 2017. Such decrease was mainly attributable to a relatively smaller increase in fair value of the Group's investment properties.

Earnings per share for 2018 was HK\$0.0504 (2017: earning per share of HK\$0.1283), representing an decrease of earnings of HK\$0.0779 from last year.

### FINANCIAL REVIEW

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

As at 31 December 2018, the net current liabilities of the Group amounted to approximately HK\$23.5 million. As at 31 December 2017, the net current asset of the Group amounted to approximately HK\$6.7 million. The current ratio, expressed as current assets over current liabilities, was approximately 0.25 (31 December 2017: approximately 1.20).

Net current liabilities was generated as the Group expanded its investment property portfolio during the year ended 31 December 2018. Purchases for these investment properties and the new investment made in the Fund resulted in an additional cash outflow from operations as consideration paid for these acquisitions was financed by the Group's internal funds and bank borrowings. 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.

As at 31 December 2018, the total equity of the Group was approximately HK\$1,086.9 million (31 December 2017: approximately HK\$1,074.6 million), representing an increase of approximately HK\$12.3 million from the previous year-end.

Bank deposits and cash of the Group as at 31 December 2018 were approximately HK\$6.9 million (31 December 2017: approximately HK\$39.7 million), which included fixed deposits of approximately HK\$0.6 million (31 December 2017: approximately HK\$35.0 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 two investment properties and investment made in the Fund during the year.

As at 31 December 2018, the carrying amount of our bank loans was approximately HK\$75.9 million (31 December 2017: approximately HK\$41.1 million). As at 31 December 2018, 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\$486.3 million (31 December 2017: approximately HK\$512.0 million) and carry interest at HIBOR plus 0.70% to 1.95% per annum (31 December 2017: HIBOR plus 0.70% to 2.25% per annum). As at 31 December 2018, the Group had unutilised bank loan facilities of HK\$50 million (31 December 2017: nil).

Of the total bank loans as at 31 December 2018, approximately HK\$16.6 million (or approximately 21.8%) was repayable within one year or on demand. Approximately HK\$9.0 million (or approximately 11.8%) was repayable after one year but within two years. Approximately HK\$50.3 million (or approximately 66.4%) was repayable after two years but within five years. None was repayable after five years.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Of the total bank loans as at 31 December 2017, approximately HK\$19.6 million (or approximately 47.8%) was repayable within one year or on demand. Approximately HK\$11.3 million (or approximately 27.4%) was repayable after one year but within two years. Approximately HK\$9.8 million (or approximately 23.7%) was repayable after two years but within five years. Approximately HK\$0.4 million (or approximately 1.1%) was repayable after five years.

The Group's total debt to equity ratio, calculated as total borrowings of approximately HK\$75.9 million (31 December 2017: approximately HK\$41.1 million) divided by shareholder's equity of the Group of approximately HK\$1,086.9 million (31 December 2017: approximately HK\$1,074.6 million) was approximately 0.07 as at 31 December 2018 (31 December 2017: approximately 0.04). The increase was mainly due to new bank loans of HK\$52.2 million (2017: nil) raised for the purpose of financing the acquisition of two new investment properties and investment in the Fund during the year.

**Capital Expenditure**

Capital expenditure incurred by our Group (representing acquisition of investment properties and property, plant and equipment) for the year ended 31 December 2018 was HK\$80.9 million (2017: nil). In 2018, the Group expanded its investment property portfolio and completed the acquisition of two investment properties located at Ground Floor, No. 20 Lok Kwan Street, Kowloon and Ground Floor, No. 27 Man On Street, Kowloon at an aggregate consideration of approximately HK\$35.9 million. In addition, the Group made an investment in the Fund at a consideration of approximately HK\$45.0 million. In 2017, the Group paid deposit of HK\$2.6 million for the acquisition of Ground Floor, No. 20 Lok Kwan Street, Kowloon, the transaction was completed in 2018. 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**

As at 31 December 2018, the Group had a total capital commitment of approximately HK\$40.0 million, contracted for but not provided for in the financial statements in respect of its investment in the Fund. As at 31 December 2017, the Group had a total capital commitment of approximately HK\$13.1 million, contracted for but not provided for in the financial statements in respect of acquisition of one investment property.

**Contingent liabilities**

The Group had no significant contingent liabilities as at 31 December 2018 and 31 December 2017.

**Pledge of assets**

As at 31 December 2018, certain of the Group's investment properties with a carrying value of approximately HK\$472.0 million (31 December 2017: approximately HK\$497.2 million) have been pledged to secure bank loans of the Group.

As at 31 December 2018, one of the Group's leasehold land and buildings with a carrying value of approximately HK\$14.3 million (31 December 2017: approximately HK\$14.8 million) has been pledged to secure a bank loan of the Group.

As at 31 December 2017 and 31 December 2018, the Group did not have any finance lease.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 2018.

### 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 2018, the Group had 7 employees (31 December 2017: 7 employees) in Hong Kong. The Group recorded staff costs of approximately HK\$5.8 million for the year ended 31 December 2018 (2017: approximately HK\$6.1 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.

No new share options were granted in 2018 and 2017.

### FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.02 per share for the year ended 31 December 2018 to shareholders whose names appear on the register of members of the Company on 24 April 2019 (Wednesday), subject to shareholders' approval at the forthcoming annual general meeting. The proposed final dividend, if approved, is to be payable on or before 20 May 2019 (Monday).

**DIRECTORS AND SENIOR MANAGEMENT PROFILE**

**EXECUTIVE DIRECTORS**

Ms. Chau Choi Fa (“Ms. Chau”), aged 51, 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, a former executive director of the Company who resigned with effect from 19 September 2018. Ms. Chau is also the sister-in-law of Ms. Chow Woon Yin, 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 71, 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 37, 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 Ontario (formerly known as the Law Society of Upper Canada). She is responsible for the overall management and corporate policy of the Group.

Ms. Chow Woon Yin (“Ms. Chow”), aged 62, is an executive director of the Company, Ms. Chow is the younger sister of Mr. Chow Tak Hung, the controlling shareholder of the Company, and the sister-in-law of Ms. Chau, an executive director and the chairperson of the Company. Ms. Chow is the mother of Lui Siu Fung, a former executive director of the Company who resigned with effect from 19 September 2018. Ms. Chow joined the Group on 19 September 2018 and has over 20 years of experience in property investments and related activities in Hong Kong and overseas. She is responsible for overall strategic planning of the Group together with the other executive directors.

## DIRECTORS AND SENIOR MANAGEMENT PROFILE

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam John Cheung-wah ("Mr. Lam"), aged 64, 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. Mr. Lam is the vice chairman of China Real Estate Chamber of Commerce Hong Kong and International Chapter Limited, and also a member of the Chinese People's Political Consultative Conference Guangzhou Committee.

Dr. Tse Kwok Sang ("Dr. Tse"), aged 62, joined the Group in 2013. He is currently a Principal Lecturer of the Faculty of Business and Economics of The University of Hong Kong. Dr. Tse has published articles and other publications on the subject of real estate finance and economics, financial regulations and capital markets and investments. He served on the examination panel of the Estate Agents Authority of Hong Kong from 1999 to 2010. Currently, Dr. Tse is a Co-Opted Councillor and Co-Opted Member of the Executive Committee of the 33rd term of the Heung Yee Kuk New Territories and he was appointed by the Government of Hong Kong as a Justice of the Peace in 2010. He is also an independent non-executive director of Ajia Partners Asia Absolute Return Fund Limited which is listed on the Irish Stock Exchange. Dr. Tse obtained in June 1990 a Ph.D. in Business Administration from Michigan State University in the United States. He is an Associate Member of the Society of Actuaries. Dr. Tse has been an independent non-executive director of Sunlight Real Estate Investment Trust since its listing on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 435) since May 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 62, 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. 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) and F8 Enterprises (Holdings) Group Limited (stock code: 8347), all of which are companies listed on the Stock Exchange. Mr Chui retired as a non-executive director of Addchance Holdings Limited (stock code: 3344) with effect from 23 May 2017. During the year, Mr. Chui was appointed as an independent non-executive director of Asia Cassava Resources Holdings Limited (stock code: 841) on 14 August 2018 and has resigned as an independent non-executive director of PPS International (Holdings) Limited (stock code: 8201) with effect from 31 July 2018.

**DIRECTORS AND SENIOR MANAGEMENT PROFILE**

**SENIOR MANAGEMENT**

Mr. Ng Ho Yin Owen ("Mr. Ng"), aged 38, 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.

## CORPORATE GOVERNANCE REPORT

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

Ms. Chow Woon Yin

#### **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 this annual report. Ms. Wong and Ms. Vivien Wong are mother and daughter. Ms. Chau and Ms. Chow being sister-in-laws, and Ms. Chau being the wife of and Ms. Chow being the younger sister of Mr. Chow Tak Hung, the ultimate controlling shareholder of the Company. Ms. Chau and Ms. Wong 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 this annual report. Save as aforementioned, there is no relationship, including financial, business, family or other material/relevant relationship between members of the Board.

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.



**(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 2018, the Board has held four meetings. The Board will schedule to have at least four regular meetings in a year.

# CORPORATE GOVERNANCE REPORT

## (A) THE BOARD OF DIRECTORS – continued

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

Name of Director	Attendance/Number of Meetings				Annual General Meeting
	Board Meeting	Nomination Committee	Remuneration Committee	Audit Committee	
<b>Executive Directors:</b>					
Ms. Chau Choi Fa	4/4	1/1	N/A	N/A	1/1
Ms. Wong Siu Wah	4/4	N/A	2/2	N/A	1/1
Ms. Wong Vivien Man-Li	4/4	N/A	N/A	N/A	1/1
Mr. Lui Siu Fung (resigned on 19 September 2018)	4/4	N/A	N/A	N/A	1/1
Ms. Chow Woon Yin (appointed on 19 September 2018)	–	N/A	N/A	N/A	N/A
<b>Independent Non-executive Directors:</b>					
Mr. Lam John Cheung-wah	4/4	1/1	2/2	2/2	0/1
Dr. Tse Kwok Sang	4/4	1/1	2/2	2/2	0/1
Mr. Chui Chi Yun Robert	4/4	1/1	2/2	2/2	1/1

### 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 of the Company 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 2018 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 ( <i>Chairperson</i> )	✓
Ms. Wong Siu Wah ( <i>Chief Executive Officer</i> )	✓
Ms. Wong Vivien Man-Li	✓
Mr. Lui Siu Fung (resigned on 19 September 2018)	✓
Ms. Chow Woon Yin (appointed on 19 September 2018)	✓
<i>Independent Non-executive Directors</i>	
Mr. Lam John Cheung-wah	✓
Dr. Tse Kwok Sang	✓
Mr. Chui Chi Yun Robert	✓

**(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 of all Directors, the Directors confirmed that they have complied with the Model Code during the year ended 31 December 2018.

**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.

## CORPORATE GOVERNANCE REPORT

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

#### **Board Committees – continued**

##### *Audit Committee – continued*

During the year ended 31 December 2018, the Audit Committee held two 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 2018, and reviewed the unaudited interim financial statements for the six months ended 30 June 2018 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 risk management and 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 twice during the financial year. The attendance records are set out under the section headed “Number of Meetings and Directors’ Attendance” in this report. During the meeting, the Remuneration Committee reviewed the remuneration packages of the executive Directors, independent non-executive Directors and senior management.

**(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. The attendance records are set out under the section headed "Number of Meetings and Directors' Attendance" in this report. During the meeting, the Nomination Committee reviewed the structure and composition (including the skills, knowledge and experience) of the Board.

**Corporate Governance Functions**

The Board is responsible for performing the corporate governance duties set out in code provision D.3.1 of the CG Code, namely:

- (i) to develop and review the Company's policies and practices on corporate governance;
- (ii) to review and monitor the training and continuous professional development of Directors and senior management;
- (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) to develop, review and monitor the code of conduct and compliance manual (including in relation to securities trading) applicable to employees and Directors; and
- (v) to review the Company's compliance with the CG Code and disclosure in the corporate governance report in the Company's annual report.

The Board had held one meeting during the year at which the Board reviewed the Company's policies and practice on corporate governance and legal and regulatory compliance, training and continuous professional development participations of the Directors, as well as the Company's compliance with the CG Code.



**CORPORATE GOVERNANCE REPORT****(A) THE BOARD OF DIRECTORS – continued****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 an employee of the Group and has day-to-day knowledge of the Company's affairs. Mr. Ng has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of Mr. Ng is set out in the section entitled "Directors and Senior Management Profile" in this annual report. Pursuant to code provision F.1.1 of the Codes, Mr. Ng confirmed that he had taken not less than 15 hours' relevant professional training during the year.

**(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 2018, 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 2018 is set out below:

<b>Type of services provided by the external auditor</b>	<b>Amount of fees HK\$'000</b>
Audit services	700
Non-audit services	–
<b>Total</b>	<b>700</b>

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

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. 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.

The Group's internal control system is comprised of a system of controlled management wherein various authoritative limits are placed to ensure that the Group is able to supervise, control and assess various functions within Group. The system further permits the Group to safeguard its accounting records to minimize material errors in order to provide as accurate as possible financial information.

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.

The Company has formulated an inside information policy providing guideline on handling inside information. The Company regularly reminds the directors and employees about compliance with all policies adopted by the Company regarding inside information including the Model Code set out in Appendix 10 of the Listing Rules in relation to dealings in securities of the Company.

**(C) COMMUNICATION WITH SHAREHOLDERS AND INVESTORS**

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

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

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

## CORPORATE GOVERNANCE REPORT

### (C) COMMUNICATION WITH SHAREHOLDERS AND INVESTORS – continued

The Company provides guidelines to directors and employees in the handling of inside information. Along with regulatory updates, all directors and employees are reminded of compliance with the Group's policy on Inside Information.

### (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.

#### **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.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

This is the Group's second Environmental, Social and Governance (the "ESG") report focusing on the Group's environmental, social & governance initiatives. When preparing this report, references have been made to Appendix 27 of the Listing Rules (the "ESG Reporting Guide").

The Group has complied with the "Comply or Explain" provisions set out in the ESG Reporting Guide for the year ended 31 December 2018.

The initiatives of the Group in implementing environment and social-related policies are as follows:

- 1) To optimize efficient use of resources in efforts to minimize impact on the environment and natural resources;
- 2) To encourage employees and tenants to be environmentally conscientious; and
- 3) To contribute to the community's well-being.

### STAKEHOLDER ENGAGEMENT AND MATERIALITY

In order to identify the most significant ESG aspects for the Group to report on for this ESG report, key stakeholders such as investors, shareholders and employees have been taken into consideration. As the Group is principally engaged in the leasing of completed properties, the Group did not have any major suppliers, therefore disclosures relating to supply chain management and certain aspects of product responsibility as set forth in the ESG Reporting Guide is not applicable to the Group.

Through our regular engagement activities (as set out below), we are able to keep an ongoing dialogue with our stakeholders, enabling us to make more informed decisions, and better assess and manage any resulting impact.

Stakeholder	Engagement Activities
Investors and shareholders	<ul style="list-style-type: none"><li>• Shareholders' meetings</li><li>• Financial reports and other disclosure documents</li><li>• Corporate website</li></ul>
Customers	<ul style="list-style-type: none"><li>• Feedback from front-line employees</li><li>• Designated customer hotline</li><li>• Corporate website</li></ul>
Suppliers	<ul style="list-style-type: none"><li>• Daily work review</li><li>• Suppliers' evaluation procedure</li></ul>

## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

### Stakeholder

### Engagement Activities

#### Employees

- Training, seminars, briefing sessions
- Regular review on remuneration package and occupational safety
- Face-to-face meetings
- Independent focus groups and interviews

#### Communities

- Sponsorship and donation

#### Government and regulators

- Compliance with laws and regulations
- Ongoing communication with relevant government departments

The Group welcomes stakeholders' feedback on our ESG approach and performance. Suggestions can be sent to us via e-mail at [ESG@wingleproperties.com](mailto:ESG@wingleproperties.com).

### ENVIRONMENTAL:

The Group believes that increased environmental awareness is the key to environmental protection and wellness to the general community. It is the Group's policy to ensure compliance with applicable environmental laws and regulations and minimise our environmental footprint through efficient use of resources and adoption of pro-environmental technologies. The Group endeavours to promote environmental conscientiousness not just to employees but to its tenants as well. As the Group is in the business of leasing completed commercial, residential and industrial space, its business produces minimal environmental emissions and discharges.

The Group's main office headquarters are located in Hong Kong and the main emissions and wastes produced by the Group are primarily attributable to its use of electricity, water and paper. The Group does not produce any hazardous waste in its operations.

Given the nature of the Group's business, the Company believes that its business operations have minimal direct impact on the environment and natural resources. The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the environment and natural resources relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

#### Electricity

The Group endeavors to conserve energy by utilising energy efficient equipment and light fixtures. Employees are encouraged to save energy by turning off lights and equipment when not in use. Heat deflecting films are also used on windows to maintain a lower temperature in the office so as to ensure efficient use of air conditioning.



**ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT**

Electricity consumed by the Group's headquarters in its normal business operations is supplied by China Light & Power (CLP). The electricity consumption by the Group at its office headquarters was approximately 18,906 kWh (2017: 18,878 kWh), producing CO<sub>2</sub> equivalent emissions of approximately 9,642.06 kg (2017: 10,194.12 kg) and an energy consumption intensity of approximately 141.62 kWh per square meter (2017: 141.41 kWh per square meter) during the year. There was no material change in the electricity usage as compared to the previous year. The Group continues to closely monitor the use of resources and reports to the senior management. If necessary, appropriate action will be taken to improve the efficiency of the use of resources.

**Water**

There is no direct water supply to the office apart from water uses/effluent discharges at shared facilities of the office building for which no usage statistics are available. Water consumption by the Group for the year involved mainly bottled drinking water used at its offices premises and the Group's business operations do not require any other water usage. The Group's office headquarters utilised a total of approximately 0.80 m<sup>3</sup> (2017: 0.83 m<sup>3</sup>) of drinking water with a water consumption intensity of approximately 0.11 m<sup>3</sup> per employee (2017: 0.10 m<sup>3</sup> per employee) for domestic consumption during the year. There was no material change in the water usage as compared to the previous year. The Group continues to closely monitor the use of resources and reports to the senior management. If necessary, appropriate action will be taken to improve the efficiency of the use of resources.

**Paper**

The Group encourages employees to go paperless as much as possible by liming print outs as well as communicating via e-mail as opposed to fax. Employees are also encouraged to re-use paper and conserve paper usage by printing double-sided to the extent practicable. The Group has not otherwise adopted any dedicated recycling programme regarding paper uses.

During the year, the Group used a total of approximately 416.03 kg (2017: 503.15 kg) of print paper in its normal business operations of which approximately 303.53 kg (2017: 403.15 kg) were attributable to printed materials distributed to shareholders. The decrease in paper consumption for printed material distributed to shareholders was due to the Group's adoption of more cautious approach in estimating the number of copies of printed materials for distribution. The total CO<sub>2</sub> equivalent emissions for the paper used was approximately 1,996.94 kg (2017: 2,415.12 kg) of which approximately 1,456.94 kg (2017: 1,935.12 kg) was attributable to printed materials distributed to shareholders.

**Gasoline**

The Group encourages employees to always keep the environment in mind when undertaking business activities including use of public transportation to travel to properties. Employees are encouraged to optimize resources to help the Group minimize its impact on the environment and natural resources.

In 2017, the Group owned one private vehicle that ran on unleaded petrol gas. In 2017, a total of approximately 808.00 litres of unleaded petrol was used for the motor vehicle. This vehicle was subsequently disposed in December 2017 and the Group did not own any private motor vehicle in 2018. There was no emissions data related to unleaded petrol consumption in 2018.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Emissions data from the vehicle owned by the Group are set out as follows:

	Nitrogen Oxides (NOx) (g)	Sulphur Oxides (SOx) (g)	Particulate Matters (PM) (g)	Carbon Dioxide (CO <sub>2</sub> ) (kg)
Unleaded petrol used by the private vehicle owned by the Group during the year ended				
31 December 2018	–	–	–	–
31 December 2017	399.57	11.89	29.42	2,189.79

### SOCIAL:

#### **Employment:**

As at 31 December 2018, the Group had 7 employees (2017: 7 employees) in Hong Kong. In 2018, one male employee left the Group and the employee turnover rate for 2018 was 14.3%. 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. The employees are also entitled to medical insurance, participation in the mandatory provident fund (under which a fixed percentage (subject to statutory cap) of an employee's salary will be contributed toward the scheme) and various types of paid leave.

To maintain work-life balance, the Company holds monthly lunch gatherings. The Group also encourages its employees to work and rest in accordance with the working hours and rest periods stipulated by the relevant laws and regulations in Hong Kong.

The Group is not aware of any material non-compliance with any relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare during the reporting period.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

### Work force by Gender

	2018 Percentage (%)	2017 Percentage (%)
Male	28.6	42.9
Female	71.4	57.1

### Workforce by Age Group

	18-25	26-35	36-45	46-55	56 and above
2018	0%	0%	42.8%	28.6%	28.6%
2017	0%	14.3%	42.9%	28.5%	14.3%

### Employee Health and Safety:

The Group endeavours to provide a safe working environment for its employees. As part of the Group's employee health and safety policy, the Group has adopted the Occupational Health for Office Workers guideline published by the Occupational Safety and Health Branch, Labour Department. During the reporting period, no work related fatalities or lost days due to work injury were recorded.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards during the reporting period.

### Development and Training:

All new employees are required to attend orientation training to ensure employees are aware of the Group's values and goals and to ensure employees understand their roles in the Group. Employees are encouraged to attend seminars relevant to their positions to enhance their roles within the Group.

### Labour Standard:

All employees are recruited through the Human Resources Department to ensure they fulfill the job requirements underlying their respective positions.

The Group regularly reviews its employment practice and Group's guidelines on staff recruitment to ensure that it is in full compliance with the Employment Ordinance and other regulations related to, among other things, prevention of child labour and forced labour.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to prevention of child and forced labour.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

### OPERATING PRACTICES:

#### **Property Maintenance, Supply Chain Management and Personal Data Practices:**

The Group endeavours to ensure all properties are kept well maintained. Spot checks as well as annual review by an authorized person is performed on all properties to ensure properties are in line with government rules and regulations.

In ensuring that our investment properties are well maintained, the Group uses a number of suppliers and contractors. It is expected that our suppliers and contractors will adhere to respectable performance standards whilst employing the most pro-environmental methods to do work. We encourage our suppliers and contractors to promote environmental and social conscientiousness.

To further ensure that the Group employs the correct suppliers and contractors for larger projects, tenders are requested and processed through a transparent and fair procedure headed by the maintenance department.

The Group's policy on Privacy of Personal Data provides guidelines for managing different kinds of personal data and the establishment of a privacy framework that secures the personal data of our tenants. Data are stored in a computer server room which is only accessible by authorized personal. Our IT system is periodically reviewed and reported to management to ensure that all networks are well protected from potential intrusion.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.

#### **Anti-Corruption:**

The Group adopts a zero-tolerance policy on bribery, extortion, fraud and money laundering. It is also the responsibility of all employees to maintain ethical behavior. All financials are triple checked through different levels of personnel to ensure compliance with all relevant laws and regulations relating to bribery, extortion, fraud and money laundering. All employees are encouraged to raise any related concerns to the senior management in a strictly confidential manner. Any matters of genuine concern are to be thoroughly investigated and actions will be taken accordingly.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering during the reporting period.

#### **Community:**

##### *Community Investment:*

The Group encourages young minds to reach their potential. The Group donated HK\$50,000 to The University of Hong Kong during 2018 in efforts to encourage youths to achieve their personal goals. The donation is awarded to those students with excellent admission scores. The Group also donated HK\$1,000 to Orbis International during the year. The Group supports Orbis International's endeavours to improve the livelihood of those who are visually impaired.

Consistent with the disclosure requirements stated in the Company's listing document dated 28 February 2013 (the "Listing Document"), the following are the details of the properties held by the controlling shareholders and directors of the Company as at 31 December 2018.

**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 the Company and the older brother of Ms. Chow Woon Yin, an executive director of the Company. Save as set out below, the controlling shareholders have no interest in investment properties other than those held via the Company.

**Properties held by controlling shareholders**

As at 31 December 2018, Mr. Chow Tak Hung was interested in 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 & 3*); and
- (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 & 3*);

Note:

- 1. The property had not been leased out during the year ended 31 December 2018.
- 2. The rental income for the year ended 31 December 2018 was approximately HK\$1.7 million and the fair value as at 31 December 2018 was approximately HK\$39.4 million.
- 3. This property is held by a company in which Mr. Chow Tak Hung, Ms. Chow Woon Yin and Ms. Wong are interested.



## OTHER INFORMATION

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

#### **Personal Investments**

As at 31 December 2018, 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 and save as disclosed under the paragraph headed “Properties held by controlling shareholders”, 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 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*);
- (iv) 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*);
- (v) 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*);
- (vi) 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*);
- (vii) 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*).

**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 2018 was approximately HK\$7.1 million and the aggregate fair value of the Personal Investments as at 31 December 2018 was approximately HK\$254.3 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, 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.

**Dealings in property by the Covenantors**

In 2017, the Board of independent non-executive Directors chose to waive any and all rights of first refusal with regards to the offer and sale of the property located at No. 22 Man On Street, Tai Kok Tsui, Kowloon, which was a Personal Investment held by a company owned by Ms. Chau and Ms. Wong. The Board of independent non-executive Directors did not consider the aforementioned property to be an appropriate investment at the relevant time.

**OTHER INFORMATION****PROPERTIES HELD BY THE DIRECTORS AND OUR CONTROLLING SHAREHOLDERS – continued****Dealings in property by the Convenantors – continued**

By waiving the above rights, the Board of independent non-executive Directors permitted a company owned by Ms. Chau and Ms. Wong to proceed to offer the aforementioned property for sale at a consideration of no less than HK\$58,000,000 and provided also that such disposal shall be on terms which are no more favorable than those offered to the Company. The disposal of the aforementioned property was completed in 2018 at a consideration of no less than HK\$58,000,000 and on terms no more favourable than those offered to 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 building orders and warning notices of the Group's properties as at 1 March 2019, 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 1 March 2019</b>
No. 3-5 Ma Tau Kok Road, Kowloon	Two warning notices was issued to incorporated owners of the building in relation to mandatory building inspection and mandatory window inspection for common areas.	Rectification works have been completed.
27 Man On Street, Kowloon	A pre-existing building order was issued to the incorporated owners of the building in relation to a roof door	We will liaise with the incorporated owners of the building to rectify the subject matter in this order.

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2018.

### **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.

### **BUSINESS REVIEW**

The business review of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) can be found in the Chairperson's Statement, Management Discussion and Analysis, and Environmental, Social and Governance Report set out on pages 3 to 4, 5 to 8 and 21 to 26 of this annual report respectively. Description of the risks and uncertainties facing the Company can be found throughout this annual report.

### **RESULTS AND DIVIDENDS**

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 46.

The Board recommends the payment of a final dividend of HK\$0.02 per share for the year ended 31 December 2018 to shareholders whose names appear on the register of members of the Company on 24 April 2019 (Wednesday), subject to shareholders' approval at the annual general meeting. The proposed final dividend, if approved, is to be payable on or before 20 May 2019 (Monday).

### **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 3 April 2019 (Wednesday) to 11 April 2019 (Thursday), 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 2 April 2019 (Tuesday).

Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, the proposed final dividend will be payable to the shareholders whose names appear on the register of members of the Company on 24 April 2019 (Wednesday). To ascertain the entitlement of the shareholders to the proposed final dividend, the register of members of the Company will be closed from 19 April 2019 (Friday) to 24 April 2019 (Wednesday) both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer of shares, accompanied by the relevant share certificates, 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 no later than 4:30 p.m. on 18 April 2019 (Thursday). The ex-dividend date will be 17 April 2019 (Wednesday).

## DIRECTORS' REPORT

### DONATIONS

Charitable donations made by the Group during the year amounted to HK\$51,000.

### 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 113. The summary does not form part of the audited consolidated financial statements.

### INVESTMENT PROPERTIES

The Group acquired two investment properties at an aggregate consideration of approximately HK\$35.9 million during the year. Details of the movements in investment properties of the Group during the year are set out in note 14 to the consolidated financial statements.

### PROPERTY, PLANT AND EQUIPMENT

The Group did not acquire any property, plant and equipment during the year. Details of the movements in property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

### SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 23 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 or listed securities during the year ended 31 December 2018. As at 31 December 2018, 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 34 to the consolidated financial statements and in the consolidated statement of changes in equity on page 49 respectively.

### DISTRIBUTABLE RESERVES

At 31 December 2018, the distributable reserves of the Company amounted to approximately HK\$13.3 million, calculated in accordance with the Companies Act 1981 of Bermuda (as amended) (2017: HK\$19.7 million).

**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 2018 attributable to the largest tenant and the five largest tenants in aggregate were approximately 9.7% and 37.1% 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**

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 (*resigned on 19 September 2018*)

Ms. Chow Woon Yin (*appointed on 19 September 2018*)

**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. Chow Woon Yin, Ms. Wong Vivien Man-Li and Dr. Tse Kwok Sang 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, an annual 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 2019 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 2019 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.



## DIRECTORS' REPORT

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 TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Other than those disclosed in this report, there were no transactions, arrangements or 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 2018.

### 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 ended 31 December 2018.

### 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.

### MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company (not being a contract of service with any Director or any person in its full-time employment) was entered into or was subsisting during the year.

### DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2018, 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 1</i> )	268,443,324 ( <i>Note 2</i> )	69.51%
	Beneficial Interest	386,175 ( <i>Note 3</i> )	0.10%
Ms. Wong Vivien Man-Li	Beneficial interest	9,638 ( <i>Note 2</i> )	0.002%
		3,861,757 ( <i>Note 3</i> )	1.00%
Mr. Lui Siu Fung (resigned on 19 September 2018)	Beneficial interest	9,638 ( <i>Note 2</i> )	0.002%
		3,861,757 ( <i>Note 3</i> )	1.00%

Notes:

- 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 position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
- Interests in underlying Share pursuant to share options granted pursuant to the share option scheme of the Company, details of which are set out in the section headed "Share Option Scheme" below.

# WING LEE PROPERTY INVESTMENTS LIMITED

## DIRECTORS' REPORT

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

Name of Director	Name of associated corporation	Capacity/Nature of Interest	Number of shares (description)	Percentage of such associated corporation's issued share capital
Ms. Wong Siu Wah	Bright Asia (Note 1)	Beneficial interest	2,000 (ordinary shares)	20%
Ms. Chow Woon Yin	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:

1. 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.
2. 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.

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.

# WING LEE PROPERTY INVESTMENTS LIMITED

## DIRECTORS' REPORT

### THE SCHEME

A total of 11,971,446 share options (none of which is subject to any vesting period) were granted under the Scheme on 16 December 2016 and no options were granted during the year ended 31 December 2018. Details of the movements of the share options granted to the Directors under the Scheme during the year were as follows:

Name or category of the participants	Number of share options					Date of grant of the share options	Exercise period of the share options	Exercise price of the share options HK\$ per share	Fair value of the share options granted to each category of participants as at the date of grant HK\$
	Outstanding	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding as at 31 December 2018				
	as at								
	1 January 2018								
<b>Executive Directors</b>									
Ms. Chau Choi Fa	386,175	-	-	-	386,175	16/12/2016	16/12/2016-15/12/2026	1.254	250,507
Ms. Wong Siu Wah	3,861,757	-	-	-	3,861,757	16/12/2016	16/12/2016-15/12/2026	1.254	2,505,070
Ms. Wong Vivien Man-Li	3,861,757	-	-	-	3,861,757	16/12/2016	16/12/2016-15/12/2026	1.254	2,505,070
Mr. Lui Siu Fung (resigned on 19 September 2018)	3,861,757	-	-	(3,861,757)	-	-	-	-	-
	11,971,446	-	-	(3,861,757)	8,109,689				5,260,647

Note:

The Company's Shares closed at HK\$1.24 on 15 December 2016, being the date immediately before the date of grant.

No other share options were granted by the Company during the year ended 31 December 2018. Save as disclosed herein, no share options were exercised, cancelled or under the Scheme during the year ended 31 December 2018 (2017: No share options were exercised).

The fair value of the equity-settled share options granted on 16 December 2016 was HK\$7,765,717 which was estimated as at the date of grant, using the Binomial option pricing model. The inputs into the model were as follows:

Model	Binomial
Number of share options	11,971,446
Expected/contractual life	10 years
Exercise price per share	HK\$1.254
Exercise multiple	2.8
Expected volatility	48.9%
Risk-free interest rate	1.813%
Expected dividend yield	N/A

As the Binomial models require the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Expected volatility used in the valuation of options was determined by using the historical volatility of the Company's share price since the Company's shares were listed on the Stock Exchange in March 2013. The contractual life used in the Binominal model is the full life of share options from date of grant to expiry date provided by the Company. For estimation of the early exercise behaviour of directors, the management assumed an exercise multiple of 2.8 times for options granted in 2016 based on a research on the exercise behaviour of the Company's directors.

No other feature of the share options granted was incorporated into the measurement of fair value.

The total number of Shares of the Company available for issue upon exercise of the 11,971,446 options granted on 16 December 2016 under the Scheme was 11,971,446 Shares, at which represented approximately 3.10% of the then total issued share capital of the Company. The exercise in full of the share options in the Company would result in the issue of 11,971,446 additional ordinary shares and an additional share capital of HK\$119,714.46 in the Company.

There were 8,109,689 share options outstanding under the Scheme as at the date of this annual report, and the total number of Shares available for issue is 8,109,689 which represented approximately 2.1% of the total issued share capital of the Company as at the date of this Annual Report.

### **SUBSTANTIAL SHAREHOLDERS**

As at 31 December 2018, 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:

Name	Capacity/ Nature of interest	Number of Shares	Approximate percentage of interest in Company's issued Shares
Bright Asia	Beneficial interest	268,443,324 (Note 2)	69.51%
Mr. Chow Tak Hung	Interest in controlled corporation (Note 1)	268,443,324 (Note 2)	69.51%
		386,175 (Note 3)	0.10%



## DIRECTORS' REPORT

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.
2. Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
3. Mr. Chow Tak Hung is the spouse of Ms. Chau Choi Fa, an executive director of the Company. By virtue of Part XV of the SFO, Mr. Chow Tak Hung (being the spouse of Ms. Chau Choi Fa) is deemed to be interested in the 386,175 underlying Shares in which Ms. Chau Choi Fa is interested pursuant to share options granted pursuant to the share option scheme of the Company.

## CONNECTED TRANSACTIONS

During the year, the Group has not entered into any connected transactions that are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

## DISCLOSURE REQUIRED UNDER RULE 13.51B(1) OF THE LISTING RULES

Mr. Chui Chi Yun Robert ("Mr. Chui"), one of our independent non-executive Directors, has been appointed as an independent non-executive director of Asia Cassava Resources Holdings Limited (stock code: 841) with effect from 14 August 2018. Mr Chui retired as an independent non-executive director of PPS International (Holdings) Limited (stock code: 8201) with effect from 31 July 2018. Updated biographical details of Mr. Chui are set out on page 10 of this report.

## 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, 1 March 2019



TO THE SHAREHOLDERS OF  
**WING LEE PROPERTY INVESTMENTS LIMITED**

*(incorporated in Bermuda with limited liability)*

### Opinion

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 46 to 112, which comprise the consolidated statement of financial position as at 31 December 2018, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## INDEPENDENT AUDITOR'S REPORT

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Key audit matter

##### ***Valuation of investment properties***

We identified the valuation of investment properties as a key audit matter due to the key source of estimation uncertainty and the significant assumptions and judgements involved in the valuation.

As disclosed in notes 5 and 14 to the consolidated financial statements, the Group's investment properties amounted to HK\$1,116,866,000 as at 31 December 2018. Gain on net changes in fair value of investment properties of HK\$2,150,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year then ended.

The fair value of the Group's investment properties was determined by adopting the valuation techniques with significant unobservable inputs, assumptions of market conditions and judgements on appropriate valuation techniques and inputs adopted. The Group also worked closely with the independent qualified valuer to establish and determine the appropriate valuation techniques.

#### How our audit addressed the key audit matter

Our procedures in relation to assessing the appropriateness of the carrying values of the investment properties included:

- Reviewing the valuation report from independent qualified valuer and holding discussion with management and independent qualified valuer to understand the valuation basis, methodology used and underlying assumptions applied;
- Evaluating management's process in respect of reviewing the valuation performed by independent qualified valuer;
- Evaluating of the competence, capabilities and objectivity of independent qualified valuer;
- Selecting samples from the Group's investment property portfolio and obtaining the underlying data including comparables of market transactions being used by the independent qualified valuer and assessing whether they are appropriate; and
- Performing market research and analysis to assess whether the changes in fair value of investment properties resulted from the valuation was reasonable and consistent with market trends to our knowledge.

## **INDEPENDENT AUDITOR'S REPORT**

### **Other Information**

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirement 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 content of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements – continued

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT**

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements – continued**

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Ms. Kwok Lai Sheung.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

1 March 2019



# WING LEE PROPERTY INVESTMENTS LIMITED

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

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	2018 HK\$'000	2017 HK\$'000
Revenue	6	32,335	31,516
Direct operating expenses		(922)	(3,012)
		31,413	28,504
Other income	7	450	550
Other gains or losses		133	(32)
Net changes in fair value of investment properties	14	2,150	34,413
Administrative expenses		(9,599)	(10,133)
Finance costs	8	(1,669)	(849)
Profit before taxation	9	22,878	52,453
Taxation	11	(3,431)	(2,901)
Profit for the year		19,447	49,552
Other comprehensive income for the year			
Item that will not be reclassified subsequently to profit or loss:			
Fair value gain of investment in equity instrument designated at fair value through other comprehensive income		147	–
Total comprehensive income for the year		19,594	49,552
Earnings per share – basic and diluted	13	HK cents 5.04	HK cents 12.83

# WING LEE PROPERTY INVESTMENTS LIMITED

AT 31 DECEMBER 2018

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	2018 HK\$'000	2017 HK\$'000
Non-current assets			
Investment properties	14	1,116,866	1,077,399
Property, plant and equipment	15	14,283	15,805
Deposit paid for acquisition of an investment property		–	2,555
Investment in equity instrument designated at fair value through other comprehensive income	16	45,147	–
		1,176,296	1,095,759
Current assets			
Rental and other receivables	17	806	870
Investment in equity instruments at fair value through profit or loss	18	325	–
Held for trading investments	18	–	382
Tax recoverable		6	117
Short-term bank deposit	19	348	–
Fixed bank deposits	19	246	35,014
Bank balances and cash	19	6,270	4,725
		8,001	41,108
Current liabilities			
Other payables and rental deposits received	20	14,361	14,722
Taxation payable		550	31
Bank loans – due within one year	21	16,552	19,648
		31,463	34,401
Net current (liabilities) assets		(23,462)	6,707
Total assets less current liabilities		1,152,834	1,102,466

# WING LEE PROPERTY INVESTMENTS LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2018

	NOTES	2018 HK\$'000	2017 HK\$'000
Non-current liabilities			
Bank loans – due after one year	21	59,338	21,491
Deferred tax liabilities	22	6,573	6,384
		65,911	27,875
Net assets		1,086,923	1,074,591
Capital and reserves			
Share capital	23	3,862	3,862
Reserves		1,083,061	1,070,729
Total equity		1,086,923	1,074,591

The consolidated financial statements on pages 46 to 112 were approved and authorised for issue by the board of directors on 1 March 2019 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 2018

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Special reserve HK\$'000 (note a)	Capital reserve HK\$'000 (note b)	Investment revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2017	3,862	705,280	7,766	(382,929)	7,314	-	-	687,608	1,028,901
Profit and total comprehensive income for the year	-	-	-	-	-	-	-	49,552	49,552
Dividend paid (note 12)	-	-	-	-	-	-	-	(3,862)	(3,862)
At 31 December 2017	3,862	705,280	7,766	(382,929)	7,314	-	-	733,298	1,074,591
Profit for the year	-	-	-	-	-	-	-	19,447	19,447
Other comprehensive income for the year	-	-	-	-	-	147	-	-	147
Total comprehensive income for the year	-	-	-	-	-	147	-	19,447	19,594
Revaluation surplus of property, plant and equipment transferred to investment properties	-	-	-	-	-	-	462	-	462
Release of lapsed equity-settled share-based payments	-	-	(2,505)	-	-	-	-	2,505	-
Dividend paid (note 12)	-	-	-	-	-	-	-	(7,724)	(7,724)
At 31 December 2018	3,862	705,280	5,261	(382,929)	7,314	147	462	747,526	1,086,923

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 2018

	2018 HK\$'000	2017 HK\$'000
Operating activities		
Profit before taxation	22,878	52,453
Adjustments for:		
Interest income	(203)	(385)
Interest expenses	1,669	849
Depreciation of property, plant and equipment	534	712
Dividend income from investment in equity instruments at fair value through profit or loss	(18)	–
Dividend income from held for trading investments	–	(92)
Fair value changes of investment in equity instruments at fair value through profit or loss	75	–
Fair value changes of held for trading investments	–	(411)
Net changes in fair value of investment properties	(2,150)	(34,413)
(Reversal of) allowance for doubtful debts	(245)	487
Operating cash flows before movements in working capital	22,540	19,200
Decrease (increase) in rental and other receivables	309	(97)
(Decrease) increase in other payables and rental deposits received	(361)	3,427
Decrease in held for trading investments	–	1,531
Net cash generated from operations	22,488	24,061
Hong Kong Profits Tax paid	(2,560)	(3,343)
The People's Republic of China Enterprise Income Tax paid	(52)	(46)
Net cash from operating activities	19,876	20,672
Investing activities		
Interest received	203	385
Placement of short-term bank deposit	(348)	–
Acquisitions of investment properties	(33,312)	–
Acquisition of investment in equity instrument designated at fair value through other comprehensive income	(45,000)	–
Proceed from disposal of an investment property	–	4,380
Proceed from disposal of property, plant and equipment	–	247
Deposit paid for acquisition of an investment property	–	(2,555)
Net cash (used in) from investing activities	(78,457)	2,457
Financing activities		
New bank loans raised	52,245	–
Interest paid	(1,669)	(849)
Dividend paid	(7,724)	(3,862)
Repayment of bank loans	(17,494)	(17,260)
Repayment of obligations under a finance lease	–	(340)
Cash from (used in) financing activities	25,358	(22,311)
Net (decrease) increase in cash and cash equivalents	(33,223)	818
Cash and cash equivalents at beginning of the year	39,739	38,921
Cash and cash equivalents at end of the year	6,516	39,739
Cash and cash equivalents at end of the year, represented by bank balances and cash	6,270	4,725
fixed bank deposits	246	35,014
	6,516	39,739

## 1. GENERAL

Wing Lee Property Investments Limited (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 incorporated in the British Virgin Islands. The ultimate controlling party is Mr. Chow Tak Hung, who is the spouse of Ms. Chau Choi Fa (an executive director of the Company). 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.

## 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\$23,462,000 as at 31 December 2018. In December 2018, the Group entered into a facility letter with a bank in respect of a new bank facility of HK\$50 million.

Having considered the new bank facility of HK\$50 million obtained 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.

## 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### New and Amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (collectively referred to as the “Group”) has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property



### 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – continued

#### **New and Amendments to HKFRSs that are mandatorily effective for the current year – continued**

Except as described below, the application of the new and amendments to HKFRSs and an interpretation 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.

#### *3.1 HKFRS 9 Financial Instruments*

In the current year, the Group has applied HKFRS 9 Financial Instruments, Amendments to HKFRS 9 Prepayment Features with Negative Compensation and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, and 2) expected credit losses (“ECL”) for financial assets and other items (for example, rental receivables).

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

#### *Summary of effects arising from initial application of HKFRS 9*

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

**3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING  
STANDARDS (“HKFRSs”) – continued**

**New and Amendments to HKFRSs that are mandatorily effective for the current year –  
continued**

*3.1 HKFRS 9 Financial Instruments – continued*

*Summary of effects arising from initial application of HKFRS 9 – continued*

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

	<b>Held for trading investments</b>	<b>Financial assets designated at fair value through profit or loss ("FVTPL")</b>
	HK\$'000	HK\$'000
<b>Closing balance at 31 December 2017</b>		
– HKAS 39	382	–
<b>Effect arising from initial application of HKFRS 9:</b>		
<b>Reclassification</b>		
From held for trading to FVTPL (note (a))	(382)	382
Opening balance at 1 January 2018	–	382

Notes:

**(a) Investment in equity instruments at FVTPL**

From held for trading to FVTPL

The Group has reassessed its investments in equity instruments classified as held for trading under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the facts and circumstances as at the date of initial application, HK\$382,000 of the Group's investments were held for trading and continued to be measured at FVTPL.

There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

**3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING  
STANDARDS (“HKFRSs”) – continued**

**New and Amendments to HKFRSs that are mandatorily effective for the current year –  
continued**

*3.1 HKFRS 9 Financial Instruments – continued*

*Summary of effects arising from initial application of HKFRS 9 – continued*

Notes: – continued

**(b) Impairment under ECL model**

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all rental receivables. Rental receivables have been assessed individually.

The Group has estimated the expected loss rates for the rental receivables on the same basis.

ECL for other financial assets at amortised cost, including other receivables, short-term bank deposit, fixed bank deposits and bank balances, are assessed on 12 months ECL (“12m ECL”) basis as there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, no additional credit loss allowance has been recognised against retained profits.

*3.2 Amendments to HKFRS 2 Classification and Measurement of Share-based Payment Transactions*

The amendments clarify the following:

- (a) In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions of a cash-settled share-based payment should follow the same approach as for equity-settled share-based payments;
- (b) Where tax law or regulation requires the Group to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, that is, the share-based payment arrangement has a ‘net settlement feature’, such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature; and

### 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – continued

#### **New and Amendments to HKFRSs that are mandatorily effective for the current year – continued**

##### *3.2 Amendments to HKFRS 2 Classification and Measurement of Share-based Payment Transactions – continued*

- (c) A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
  - (i) the original liability is derecognised;
  - (ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
  - (iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The application of this amendments to HKFRSs has had no significant impact on the amounts reported and/or disclosures set out in these consolidated financial statements.

##### *3.3 Amendments to HKAS 40 Transfers of Investment Property*

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existing at that date. There is no impact to the classification at 1 January 2018.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING  
STANDARDS (“HKFRSs”) – continued****New and Amendments to HKFRSs that are mandatorily effective for the current year – continued****3.4 Impacts on opening consolidated statement of financial position arising from the application of all new standards**

As a result of the changes in the Group’s accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	<b>31 December</b>		<b>1 January</b>
	<b>2017</b>	<b>HKFRS 9</b>	<b>2018</b>
	(audited)		(restated)
	HK\$’000	HK\$’000	HK\$’000
<b>Current assets</b>			
Held for trading investments	382	(382)	–
Investment in equity instruments at FVTPL	–	382	382

For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 December 2018, movements in working capital have been computed based on opening statement of financial position as at 1 January 2018 as disclosed above.

**New and amendments to HKFRSs in issue but not yet effective**

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

HKFRS 16	Leases <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>2</sup>
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>4</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 HKAS 1 and HKAS 8	Definition of Material <sup>5</sup>
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement <sup>1</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle <sup>1</sup>

### 3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – continued

#### New and amendments to HKFRSs in issue but not yet effective – continued

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2019
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2021
- <sup>3</sup> Effective for annual periods beginning on or after a date to be determined
- <sup>4</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2020

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

#### HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for lessors. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Other than certain requirements which are applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of HK\$44,540,000 as disclosed in note 26.

In addition, the Group currently considers refundable rental deposits received of HK\$9,066,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost.

Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2018

**4. SIGNIFICANT ACCOUNTING POLICIES**

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

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, investment in equity instrument designated at fair value through other comprehensive income ("FVTOCI"), investment in equity instruments at FVTPL 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 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 Impairment of Assets.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.



**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 in 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**

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Dividend income from investment in equity instruments at FVTPL/held for trading investments is recognised when the rights to receive payment have been established.

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 buildings held for use in provision of 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 assets less their residual values over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method 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.

**Leases**

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 lessor*

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases.

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. Other than investment properties measured under fair value model, such costs are recognised as an expense on a straight line basis over the lease term.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2018

**4. SIGNIFICANT ACCOUNTING POLICIES – continued****Leases – continued***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, including the cost of acquiring land held under operating leases, 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.

**Leasehold land and buildings**

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

**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 these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. 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**

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

**Retirement benefit costs**

Payments to the Mandatory Provident Fund Scheme (the “MPF Scheme”) are recognised as an expense when employees have rendered services entitling them to the contributions.

**Short-term employee benefits**

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

**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 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 deferred tax 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (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.

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

For the purposes of measuring deferred tax 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**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 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****Share-based payments***Equity-settled share-based payment transactions**Share options granted to employees*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of determination of the fair value of equity-settled share-based transactions are set out in note 24.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

**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.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### 4. SIGNIFICANT ACCOUNTING POLICIES – continued

##### **Financial instruments – continued**

##### *Financial assets*

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

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 a part of a portfolio of identified 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.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**4. SIGNIFICANT ACCOUNTING POLICIES – continued**

**Financial instruments – continued**

*Financial assets – continued*

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3) – continued

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend earned on the financial asset and is included in the “other gains and losses” line item.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

*Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3)*

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including rental and other receivables, fixed bank deposits, short-term bank deposit and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

#### 4. SIGNIFICANT ACCOUNTING POLICIES – continued

##### **Financial instruments – continued**

##### *Financial assets – continued*

##### *Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) – continued*

The Group always recognises lifetime ECL for rental receivables under simplified approach. The ECL on these assets are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

##### (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) – continued

(i) Significant increase in credit risk – continued

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### 4. SIGNIFICANT ACCOUNTING POLICIES – continued

##### **Financial instruments – continued**

##### *Financial assets – continued*

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) – continued

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

##### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of rental receivables, when the amounts are over 2 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

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

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 3) – continued

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a rental receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17 Leases.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of rental receivables where the corresponding adjustment is recognised through a loss allowance account.

*Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)*

Financial assets are classified into the following specified categories: financial assets at 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.



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

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018) – continued

*Financial assets at FVTPL*

Financial assets are classified as at FVTPL when the financial asset is 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 gains or losses in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 30.

*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, short-term bank deposit, fixed bank deposits and bank balances) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018) – continued

*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.

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

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.

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 instruments – continued***Financial assets – continued*

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018) – continued

*Derecognition of financial assets*

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 OCI and accumulated in equity is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

*Financial liabilities and equity**Classification as debt or equity*

Debt and equity instruments 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 Company are recognised at the proceeds received, net of direct issue costs.

*Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

*Financial liabilities at amortised cost*

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

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2018

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

The Group derecognises financial liabilities 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. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying accounting policies**

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

*Deferred taxation on investment properties*

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has not recognised any deferred tax on changes in fair value of investment properties in Hong Kong as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal. For investment property located in the People's Republic of China ("PRC"), deferred taxation liabilities are recognised on the increase in fair value of investment properties as the Group is subject to Land Appreciation Tax ("LAT") and capital gains tax upon disposal of the relevant investment property.

**5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION****UNCERTAINTY – continued****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 measurement and valuation processes of investment properties*

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 14. The fair values have been based on a valuation on these properties conducted by an independent firm of professional valuer 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 valuer 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 valuer to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of the Group first considers and adopts Level 2 inputs where inputs can be derived observable quoted prices in the active market. When Level 2 inputs are not available, the Group adopts valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the investment properties, the causes of the fluctuations are reported to the board of directors of the Company. Changes to 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 14.

*Fair value measurement of financial instruments*

The Group's investment in unquoted equity instruments amounting to HK\$45,147,000 as at 31 December 2018 (2017: nil) are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques.

Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. See note 16 for further disclosures.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

6. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on property investment. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that are regularly reviewed by the executive directors of the Company (the "Executive Directors"), being the chief operating decision maker. 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. 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.

Revenue represents the rental income received from operating leases.

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

	Revenue from external customers	
	2018 HK\$'000	2017 HK\$'000
<b>Hong Kong</b>		
Hong Kong Island:		
Commercial	18,776	18,878
Residential	384	536
Kowloon:		
Commercial	6,594	5,888
Residential	3,244	3,002
Industrial	2,796	2,727
<b>PRC</b>		
Shenzhen:		
Commercial	541	485
	32,335	31,516

During the years ended 31 December 2018 and 2017, no individual customer contributed over 10% of the total revenue of the Group.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**6. SEGMENT INFORMATION – continued**

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

	2018 HK\$'000	2017 HK\$'000
Hong Kong	1,167,710	1,086,890
PRC	8,586	8,869
	<hr/>	<hr/>
	1,176,296	1,095,759

**7. OTHER INCOME**

	2018 HK\$'000	2017 HK\$'000
Interest income	203	385
Dividend income from investment in equity instruments at FVTPL	18	–
Dividend income from held for trading investments	–	92
Others	229	73
	<hr/>	<hr/>
	450	550

**8. FINANCE COSTS**

	2018 HK\$'000	2017 HK\$'000
Interests on bank loans	1,669	830
Interests on obligations under a finance lease	–	19
	<hr/>	<hr/>
	1,669	849



NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

9. PROFIT BEFORE TAXATION

	2018 HK\$'000	2017 HK\$'000
Profit before taxation has been arrived at after charging:		
Directors' emoluments (note 10)	4,099	4,208
Other staff costs	1,693	1,869
Other staff's retirement benefits scheme contributions	50	60
<b>Total staff costs</b>	<b>5,842</b>	<b>6,137</b>
Allowance for doubtful debts (included in other gains or losses)	–	487
Auditor's remuneration	700	560
Depreciation of property, plant and equipment	534	712
Net exchange loss (included in other gains or losses)	37	11
Fair value changes for investment in equity instruments at FVTPL (included in other gains or losses)	75	–
and after crediting:		
Fair value changes for held for trading investments (included in other gains or losses)	–	411
Reversal of allowance for doubtful debts (included in other gains or losses)	245	–

# WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2018

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10. 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	Share-based payments	Total directors' emoluments
	HK\$'000	HK\$'000	HK\$'000 (note a)	HK\$'000	HK\$'000 (note d)	HK\$'000
<b>Year ended 31 December 2018</b>						
<i>Executive directors</i>						
Ms. Chau Choi Fa (note b)	–	139	1,000	9	–	1,148
Ms. Wong Siu Wah (note b)	–	139	1,000	–	–	1,139
Ms. Wong Vivien Man-Li	–	139	1,000	9	–	1,148
Mr. Lui Siu Fung (note c)	–	250	–	12	–	262
Ms. Chow Woon Yin (note c)	–	40	–	2	–	42
<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	707	3,000	32	–	4,099

#### Year ended 31 December 2017

##### *Executive directors*

Ms. Chau Choi Fa (note b)	–	139	1,000	8	–	1,147
Ms. Wong Siu Wah (note b)	–	140	1,000	–	–	1,140
Ms. Wong Vivien Man-Li	–	139	1,000	8	–	1,147
Mr. Lui Siu Fung	–	348	50	16	–	414

##### *Independent non-executive directors*

Mr. Lam John Cheung-wah	120	–	–	–	–	120
Dr. Tse Kwok Sang	120	–	–	–	–	120
Mr. Chui Chi Yun Robert	120	–	–	–	–	120
	360	766	3,050	32	–	4,208

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**10. 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. Chau 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.
- c. Ms. Chow Woon Yin was appointed as executive director of the Company on 19 September 2018 and Mr. Lui Siu Fung retired as executive director of the Company on 19 September 2018.
- d. Details of the share-based payments to directors of the Company are set out in note 24.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company or its subsidiaries.

The five highest paid individuals for the year ended 31 December 2018 included three (2017: four) directors. The emoluments of the remaining two (2017: one) highest paid individuals for the year ended 31 December 2018 were as follows:

	2018 HK\$'000	2017 HK\$'000
Basic salaries and allowances	1,060	707
Performance related bonus	212	200
Retirement benefits scheme contributions	34	18
	<hr/> 1,306	<hr/> 925

The emoluments of the two (2017: one) employees, who are the Group's senior management members, were within the band of nil to HK\$1,000,000.

During the years ended 31 December 2018 and 2017, no emoluments were paid by the Group to the five highest paid individuals and directors, as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments during both years.

# 11. TAXATION

	2018 HK\$'000	2017 HK\$'000
The charge comprises:		
Hong Kong Profits Tax:		
Current year	3,233	2,791
Overprovision in prior years	(42)	(54)
	3,191	2,737
PRC Enterprise Income Tax	51	46
	3,242	2,783
Deferred taxation charge (note 22)	189	118
	3,431	2,901

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current year, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000.

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

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

11. 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:

	2018 HK\$'000	2017 HK\$'000
Profit before taxation	22,878	52,453
Tax charge at applicable tax rate of 16.5%	3,775	8,655
Tax effect of income not taxable for tax purpose	(796)	(5,828)
Tax effect of expenses not deductible for tax purpose	774	376
Overprovision in prior years	(42)	(54)
Effect of different applicable tax rate for operations in the PRC	(38)	(23)
LAT and capital gains tax	29	(145)
Income tax at concessionary rate	(185)	–
Tax effect of tax losses not recognised	88	–
Decrease in opening deferred tax liability resulting from a decrease in applicable tax rate	(223)	–
Others	49	(80)
Taxation for the year	3,431	2,901

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

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

## 12. DIVIDENDS

	2018 HK\$'000	2017 HK\$'000
Dividends for ordinary shareholders of the Group recognised as distribution during the year:		
Final dividend paid – HK\$0.02 per share paid for 2017 (2017: HK\$0.01 per share for 2016)	7,724	3,862

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2018 of HK\$0.02 (2017: final dividend in respect of the year ended 31 December 2017 of HK\$0.02) per ordinary share in an aggregate amount of HK\$7,724,000 (2017: HK\$7,724,000) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

## 13. EARNINGS PER SHARE

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

	2018 HK\$'000	2017 HK\$'000
Earnings		
Profit for year attributable to the owners of the Company for the purpose of calculating basic earnings per share	19,447	49,552
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	386,175,758	386,175,758

For the years ended 31 December 2018 and 31 December 2017, the computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

14. INVESTMENT PROPERTIES

	2018 HK\$'000	2017 HK\$'000
FAIR VALUE		
At beginning of the year	1,077,399	1,047,366
Additions	35,867	–
Transfer from property, plant and equipment (note)	1,450	–
Disposal	–	(4,380)
Net increase in fair value	2,150	34,413
At end of the year	1,116,866	1,077,399
The carrying value of the investment properties shown above situated on:		
Land in Hong Kong	1,108,280	1,068,530
Land in the PRC	8,586	8,869
	1,116,866	1,077,399
Unrealised gain on investment properties revaluation included in profit or loss (included in net changes in fair value of investment properties)	2,150	33,803

Note: The amount included a revaluation surplus of HK\$462,000 upon transfer of property, plant and equipment to investment properties which was credited to property revaluation reserve.

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 2018 and 31 December 2017 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 valuer 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.



**14. 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
	31.12.2018 HK\$'000	31.12.2017 HK\$'000			
Industrial properties in Kowloon	90,390	79,850	Level 3	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK\$6,064 to HK\$9,901 (2017: HK\$5,503 to HK\$7,190) per sq.ft, and adjusted taking into account 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	13,350	12,900	Level 3	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK\$10,208 to HK\$11,574 (2017: HK\$9,626 to HK\$12,784) per sq.ft, and adjusted taking into account 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 2018

14. 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
	31.12.2018 HK\$'000	31.12.2017 HK\$'000			
Residential properties in Kowloon	71,380	68,080	Level 3	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK\$6,245 to HK\$7,069 (2017: HK\$6,258 to HK\$6,780) per sq.ft, and adjusted taking into account 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	695,000	699,700	Level 3	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK\$37,349 to HK\$109,589 (2017: HK\$36,341 to HK\$109,589) per sq.ft, and adjusted taking into account 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 2018

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14. 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
	31.12.2018 HK\$'000	31.12.2017 HK\$'000			
Commercial office properties in Hong Kong Island	43,760	42,000	Level 3	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK\$13,067 to HK\$18,381 (2017: HK\$11,086 to HK\$19,901) per sq.ft, and adjusted taking into account 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	194,400	166,000	Level 3	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK\$29,228 to HK\$118,957 (2017: HK\$43,294 to HK\$96,667) per sq.ft, and adjusted taking into account 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.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

14. 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
	31.12.2018 HK\$'000	31.12.2017 HK\$'000			
Commercial property in the PRC	8,586	8,869	Level 3	Direct comparison method – based on price per square metre, using market observable comparable prices of similar properties ranging from HK\$28,161 to HK\$32,759 (2017: HK\$28,333 to HK\$39,286) per sq.m, and adjusted taking into account locations and other individual factors such as road frontage, size and conditions of the properties.	The higher the price, the higher the fair value.

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 2017 and 2018 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 the PRC as the property in the PRC is subject to LAT and capital gain tax upon disposal.

There were no transfers into or out of Level 3 during the year.

# WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2018

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15. PROPERTY, PLANT AND EQUIPMENT

	<b>Leasehold land and buildings</b>	<b>Leasehold improvements</b>	<b>Motor vehicle</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>COST</b>				
At 1 January 2017	18,167	334	550	19,051
Disposal	–	–	(550)	(550)
At 31 December 2017	18,167	334	–	18,501
Transfer to investment properties	(1,128)	–	–	(1,128)
At 31 December 2018	17,039	334	–	17,373
<b>DEPRECIATION</b>				
At 1 January 2017	1,860	234	193	2,287
Provided for the year	535	67	110	712
Eliminated on disposal	–	–	(303)	(303)
At 31 December 2017	2,395	301	–	2,696
Provided for the year	501	33	–	534
Transfer to investment properties	(140)	–	–	(140)
At 31 December 2018	2,756	334	–	3,090
<b>CARRYING VALUES</b>				
At 31 December 2018	14,283	–	–	14,283
At 31 December 2017	15,772	33	–	15,805

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

Leasehold land and buildings	Over the shorter of the term of the lease, or 50 years
Leasehold improvements	20%
Motor vehicle	20%

The above leasehold land and buildings comprise a property situated in Hong Kong.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**16. INVESTMENT IN EQUITY INSTRUMENT DESIGNATED AT FAIR VALUE THROUGH OTHER  
COMPREHENSIVE INCOME**

	2018 HK\$'000	2017 HK\$'000
Unlisted partnership investment:		
Equity instrument	45,147	–

The unlisted equity investment represents the Group's equity interest in a private limited partnership entity established in the Cayman Islands. The directors of the Company have elected to designate the investment in equity instrument as at FVTOCI as they believe that recognising short-term fluctuations in the investment in profit or loss would not be consistent with the Group's strategy of holding the investment for long term investment purpose and realising the performance potential in the long run.

The fair value of the Group's investment in equity instrument at 31 December 2018 has been arrived at on the basis of a valuation carried out on those dates by Chung Hin Appraisal Limited, an independent firm of professional property valuer not related to the Group whose address is Unit 1102, 11/F, Pacific Plaza, 418 Des Voeux Road West, Hong Kong.

The following table gives information about how the fair values of the equity instrument 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 the year.

	Carrying value of investment properties 31.12.2018 HK\$'000	Basis of fair value Fair value measurement/valuation hierarchy technique(s) and key inputs
Investment in equity instrument designated at FVTOCI – Unlisted partnership investment	45,147	Level 3 Net asset approach: The valuation by Chung Hin Appraisal Limited was arrived at by evaluating the net asset value of the unlisted partnership investment, which are the deemed resale price of the investment's underlying net assets, with key unobservable inputs of (i) Gross development value on completion basis, mainly taking into account the time, location, building age and size between the comparables and the properties, which ranged from HK\$13,636 to HK\$15,308 per sq. ft.; and (ii) level adjustment on individual floor of the properties at 50%. The directors have determined that the reported net asset values represent fair value of the investment.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**17. RENTAL AND OTHER RECEIVABLES**

	2018 HK\$'000	2017 HK\$'000
Rental receivables	162	587
Less: Allowance for doubtful debts	–	(487)
	162	100
Other receivables, deposits and prepayments	644	770
	806	870

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:

	2018 HK\$'000	2017 HK\$'000
Age		
0 – 90 days	162	100

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. 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.

At 31 December 2017, the allowance for doubtful debt represented an impaired rental receivable from a tenant amounted to HK\$487,000 since the management considered the recoverability of the outstanding balance from the tenant was in doubt.



NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**17. RENTAL AND OTHER RECEIVABLES – continued**

Movement in the allowance for doubtful debt

	2018 HK\$'000	2017 HK\$'000
At 1 January	487	–
Impairment loss recognised	–	487
Reversal of impairment loss previously recognised	(245)	–
Write-off	(242)	–
At 31 December	–	487

At 31 December 2018, the allowance for credit loss represents lifetime ECL recognised for rental receivables under simplified approach. Details of impairment assessment of rental and other receivables for the year ended 31 December 2018 are set out in note 30.

**18. INVESTMENT IN EQUITY INSTRUMENTS AT FVTPL/HELD FOR TRADING INVESTMENTS**

	2018 HK\$'000	2017 HK\$'000
Equity securities listed in Hong Kong at market value	325	382

**19. SHORT-TERM BANK DEPOSIT/FIXED BANK DEPOSITS/BANK BALANCES AND CASH**

At 31 December 2018, the fixed bank deposits carried fixed interest rates at 2.95% (2017: ranged from 1.08% to 3.00%) per annum with original maturity less than 3 months (2017: 3 months) which are held for the purpose of meeting short-term cash commitments and are subject to an insignificant risk of changes in value.

At 31 December 2018, the short-term bank deposit carried fixed interest rate at 3.70% per annum with original maturity over 3 months (2017: nil).

At 31 December 2018, bank balances carried effective interest rates ranging from 0.00% to 0.001% (2017: 0.00% to 0.001%) per annum.

# WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2018

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20. OTHER PAYABLES AND RENTAL DEPOSITS RECEIVED

	2018 HK\$'000	2017 HK\$'000
Accrued expenses	5,171	6,221
Rental deposits received	9,066	8,467
Other payables	124	34
	14,361	14,722

### 21. BANK LOANS

	2018 HK\$'000	2017 HK\$'000
The bank loans are repayable as follows*:		
Within one year	15,753	16,451
Within a period of more than one year but not exceeding two years	8,979	11,281
Within a period of more than two years but not more than five years	50,359	9,757
Within a period of more than five years	–	453
	75,091	37,942
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)	799	3,197
	75,890	41,139
Less: Amounts due within one year shown under current liabilities	(16,552)	(19,648)
Amounts shown under non-current liabilities	59,338	21,491

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

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**21. BANK LOANS – continued**

At 31 December 2018, the bank loans carry interest at Hong Kong Interbank Offered Rate (“HIBOR”) plus 0.70% to 1.95% per annum (2017: HIBOR plus 0.70% to 2.25% per annum). The effective interest rates of the bank loans range from 2.05% to 3.30% per annum (2017: 1.69% to 3.35% per annum).

At 31 December 2018, bank loans of HK\$72,906,000 (2017: HK\$37,574,000) are secured by mortgages over the Group’s investment properties with carrying amount of HK\$472,020,000 (2017: HK\$497,180,000).

At 31 December 2018, an unutilised bank facility of HK\$50,000,000 (2017: nil) which is secured by a legal charge over the Group’s investment properties with carrying amount of HK\$60,240,000.

At 31 December 2018, a bank loan of HK\$2,984,000 (2017: HK\$3,565,000) was secured by a mortgage over the Group’s leasehold land and buildings with carrying amount of HK\$14,283,000 (2017: HK\$14,784,000).

**22. DEFERRED TAXATION**

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

	<b>Accelerated tax depreciation</b>	<b>Land appreciation tax and capital gains tax</b>	<b>Tax losses</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2017	3,090	3,195	(19)	6,266
Charge (credit) to profit or loss (note 11)	255	(145)	8	118
At 31 December 2017	3,345	3,050	(11)	6,384
Charge to profit or loss (note 11)	160	28	1	189
At 31 December 2018	3,505	3,078	(10)	6,573

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

At 31 December 2018, the Group has unused tax losses of HK\$554,000 (2017: HK\$83,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$60,000 (2017: HK\$66,000) such losses at the end of the reporting period. No deferred tax assets has been recognised in respect of the remaining HK\$494,000 (2017: HK\$17,000) due to unpredictability of future profit streams. All these tax losses may be carried forward indefinitely.

## 23. 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 2017, 31 December 2017 and 2018	1,000,000,000	10,000,000	
Issued and fully paid:			
At 1 January 2017, 31 December 2017 and 2018	386,175,758	3,861,757	3,862

## 24. 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, (the "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 the company's share option 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 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.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**24. 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.

A summary of the movements of the outstanding share options during the year ended 31 December 2018 under the Scheme is as follows:

Type of participant	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options		
				Outstanding at 1.1.2017 and 31.12.2017	Lapsed in 2018	Outstanding at 31.12.2018
Directors	16.12.2016	16.12.2016 to 15.12.2026	1.254	11,971,446	(3,861,757)	8,109,689

At the end of the reporting period, 8,109,689 share options are exercisable (2017: 11,971,446).

These fair value of options at grant date were calculated using the Binomial option pricing model ("Binomial"). The inputs into the model were as follows:

Date of grant	16 December 2016
Model	Binomial
Number of share options	11,971,446
Expected/contractual life	10 years
Exercise price per share	HK\$1.254
Exercise multiple	2.8
Expected volatility	48.9%
Risk-free interest rate	1.813%
Expected dividend yield	N/A

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

As the Binomial models require the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Expected volatility used in the valuation of options was determined by using the historical volatility of the Company's share price since the Company's shares were listed on the Stock Exchange in March 2013. The contractual life used in the Binominal model is the full life of share options from date of grant to expiry date provided by the Company. For estimation of the early exercise behaviour of the directors, the management assumed an exercise multiple of 2.8 times for options granted in 2016 based on a research on the exercise behaviour of the Company's directors.

**25. MAJOR NON-CASH TRANSACTION**

During the year ended 31 December 2018, acquisition of an investment property was settled by utilising deposit paid for acquisition of an investment property of HK\$2,555,000 (2017: nil) during the year.

**26. OPERATING LEASES COMMITMENTS**

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:

	2018 HK\$'000	2017 HK\$'000
Within one year	27,927	29,328
In the second to fifth year inclusive	16,613	30,780
	<hr/>	<hr/>
	44,540	60,108

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

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**27. CAPITAL COMMITMENTS**

	2018 HK\$'000	2017 HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of		
– acquisition of an investment property	–	13,140
– investment in equity instrument designated at FVTOCI	40,000	–
	40,000	13,140

**28. RETIREMENT BENEFITS SCHEME**

The Group participates the MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect of the MPF Scheme is to make the required contributions under the MPF 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 MPF Scheme by the Group at rates specified in the rules of the MPF Scheme.

The total expense recognised in profit or loss of HK\$82,000 (2017: HK\$92,000) represents contributions payable to the MPF Scheme by the Group at rates specified in the rules of the plans.

**29. 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 bank loans as disclosed in note 21 and equity attributable to owners of the Company, comprising issued share capital, share premium, share options reserve, special reserve, capital reserve, investment revaluation reserve, property revaluation 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.



NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**30. FINANCIAL INSTRUMENTS****Categories of financial instruments**

	2018 HK\$'000	2017 HK\$'000
<b>Financial assets</b>		
FVTPL		
– Investment in equity instruments at FVTPL	325	–
– Held for trading investments	–	382
Financial assets at amortised cost	7,188	–
Investment in equity instruments designated at FVTOCI	45,147	–
Loans and receivables (including cash and cash equivalents)	–	40,069
<b>Financial liabilities</b>		
Amortised cost	75,935	41,173

**Financial risk management objectives and policies**

The Group's major financial instruments include rental and other receivables, held for trading investments, investment in equity instruments at FVTPL, investment in equity instrument designated at FVTOCI, fixed bank deposits, short-term bank deposit, bank balances, other payables 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.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**30. 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 has rental income dominated in Renminbi (“RMB”). The management of the Group considers the amount of RMB rental income is insignificant. However, the Group has foreign currency denominated short-term bank deposit, fixed bank deposits and certain bank balances at the end of the reporting period and details of which are disclosed in note 19. The Group mainly exposed to currency risk of RMB.

The sensitivity analysis below has been determined based on a 8% (2017: 8%) possible appreciation or depreciation in RMB against HK\$. 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% (2017: 8%) 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 RMB appreciates 8% (2017: 8%) against HK\$ and all other variables were held constant, the Group’s post-tax profit for the year ended 31 December 2018 would increase by HK\$74,000 (2017: HK\$49,000). There would be an equal and opposite impact on post-tax profit for the year if RMB depreciates 8% (2017: 8%) against HK\$.

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 21 for details of these loans).

The Group aims at keeping bank loans at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of bank loans in floating rates and ensure they are within reasonable range.

The Group’s cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group’s HK\$ denominated bank loans.

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

**30. FINANCIAL INSTRUMENTS – continued****Financial risk management objectives and policies – continued***Interest rate risk – continued*

Interest expenses on financial liabilities not measured at FVTPL:

	2018 HK\$'000	2017 HK\$'000
Financial liabilities at amortised cost	1,669	849

*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 (2017: 50 basis points) higher and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2018 would increase by HK\$31,000 (2017: increase by HK\$24,000). 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 bear close to zero interest.

For variable-rate bank loans, if the interest rates had been 50 basis points (2017: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2018 would decrease/increase by HK\$379,000 (2017: decrease/increase by HK\$206,000).

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.

**30. FINANCIAL INSTRUMENTS – continued****Financial risk management objectives and policies – continued***Other price risk*

The Group is exposed to equity price risk through its investment in equity instruments at FVTPL (2017: 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 for the year ended 31 December 2018 would increase/decrease by HK\$27,000 (2017: increase/decrease by HK\$32,000).

In addition, the Group is also exposed to equity price risk on investment in equity instrument designated at FVTOCI (2017: nil) as the Group invested in certain unquoted equity instrument during the year ended 31 December 2018 for an investee operating in property development industry sector for long term strategic purposes which had been designed as FVTOCI. The Group will consider hedging the risk exposure should the need arise. The Group's investment revaluation reserve would increase/decrease by HK\$4,515,000 (2017: nil) if the price of the equity instrument had been 10% higher/lower.

*Credit risk and impairment assessment*

As at 31 December 2018, the carrying amounts of the financial assets best represent 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.

*Rental receivables*

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.

As part of the Group's credit risk management, the Group assessed the ECL for each of the rental receivable individually. No impairment allowance for the remaining rental receivables was provided since the loss given default and exposure at default are significantly reduced as due to the low probability of default of those receivables based on historical credit loss experience and rental deposits received from those tenants. The directors of the Company have also considered reasonable and supportable best information available without undue cost or effort including historical evidences and forward looking information, such as, but not limited to, subsequent settlement, and concluded that there is no significant increase in credit risk.

Allowance for doubtful debts with an aggregate balance of HK\$nil (31 December 2017: HK\$487,000) represents an individually impaired rental receivable as the directors of the Company considered the outstanding balances from the rental receivable were uncollectible.

**30. FINANCIAL INSTRUMENTS – continued****Financial risk management objectives and policies – continued***Credit risk and impairment assessment – continued**Other receivables*

No allowance for impairment was made for other receivables since the directors of the Company consider the probability of default is minimal after assessing the counter-parties' financial background and creditability.

*Short-term bank deposit/fixed bank deposits/bank balances*

The credit risk on short-term bank deposit, fixed bank deposits and bank balances 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*

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

The Group relies on bank loans as a significant source of liquidity. As at 31 December 2018 and 2017, all short-term bank loan facilities have been utilised. Details of which are set out in note 21.

At 31 December 2018, the Group has net current liabilities of approximately HK\$23,462,000 (2017: N/A). In order to mitigate the liquidity risk, as disclosed in note 2, the Group obtained a new bank facility of HK\$50 million on 24 December 2018. 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.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

	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	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
<b>At 31 December 2018</b>								
<b>Non-derivative financial liabilities</b>								
Other payables	–	45	–	–	–	–	45	45
Variable-rate bank loans (note)	2.87	1,462	2,676	13,997	64,698	–	82,833	75,890
		1,507	2,676	13,997	64,698	–	82,878	75,935
<b>At 31 December 2017</b>								
<b>Non-derivative financial liabilities</b>								
Other payables	–	34	–	–	–	–	34	34
Variable-rate bank loans (note)	2.23	6,873	2,612	10,791	21,495	459	42,230	41,139
		6,907	2,612	10,791	21,495	459	42,264	41,173

**30. 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 “On demand or less than 1 month” 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 21. 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 2018</b>		
Bank loans to be repaid:		
Within one year	18,135	16,552
More than one year but not more than five years	64,698	59,338
	<hr/> 82,833	<hr/> 75,890
<b>At 31 December 2017</b>		
Bank loans to be repaid:		
Within one year	17,183	16,451
More than one year but not more than five years	24,734	24,235
Over five years	459	453
	<hr/> 42,376	<hr/> 41,139

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.



NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

**30. FINANCIAL INSTRUMENTS – continued****Fair value***(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis*

Except for investment in equity instrument designated at FVTOCI disclosed in note 16, certain 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
	2018 HK\$'000	2017 HK\$'000		
Investment in equity instruments at FVTPL	325	–	Level 1	Quoted bid prices in an active market
Held for trading investments	–	382	Level 1	Quoted bid prices in an active market

There were no transfers between level 1 and other Levels during the year.

*(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 their fair values.

### 31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flow were, or future cashflows will be classified in the Group's consolidated statement of cash flows from financing activities.

	<b>Bank loans</b>	<b>Dividend payable</b>	<b>Obligations under a finance lease</b>	<b>Total</b>
	(note 21)	(note 12)		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2017	58,399	–	340	58,739
Dividend declared	–	3,862	–	3,862
Interest accrued	830	–	19	849
Financing cash outflows	(18,090)	(3,862)	(359)	(22,311)
At 1 January 2018	41,139	–	–	41,139
Dividend declared	–	7,724	–	7,724
Interest accrued	1,669	–	–	1,669
Net financing cash inflows (outflows)	33,082	(7,724)	–	25,358
At 31 December 2018	75,890	–	–	75,890

### 32. RELATED PARTIES TRANSACTIONS

Directors and the highest paid individual are key management personnel of the Group whose remuneration are disclosed in note 10. The remuneration of the directors during the year was determined by the remuneration committee having regard to the performance of the individuals and market trends.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2018

**33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY**

	2018 HK\$'000	2017 HK\$'000
Non-current asset		
Investment in a subsidiary	703,798	703,798
Current assets		
Prepayments	231	227
Amounts due from subsidiaries	60,024	60,024
Bank balances	218	226
	60,473	60,477
Current liabilities		
Other payables	26	26
Amount due to a subsidiary	36,497	27,682
	36,523	27,708
Net current assets	23,950	32,769
Net assets	727,748	736,567
Capital and reserves		
Share capital	3,862	3,862
Reserves (note 34)	723,886	732,705
Total equity	727,748	736,567

# WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2018

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 34. RESERVES OF THE COMPANY

	Share premium HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2017	705,280	7,766	24,668	737,714
Loss and total comprehensive expense for the year	–	–	(1,147)	(1,147)
Dividend paid	–	–	(3,862)	(3,862)
At 31 December 2017	705,280	7,766	19,659	732,705
Loss and total comprehensive expense for the year	–	–	(1,095)	(1,095)
Release of lapsed equity-settled share based payments	–	(2,505)	2,505	–
Dividend paid	–	–	(7,724)	(7,724)
At 31 December 2018	705,280	5,261	13,345	723,886

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2018

**35. 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
			2018	2017	
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
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
Joy Bright International Development Limited*** 喜輝國際發展有限公司	Hong Kong 8 March 2018	HK\$1	100%	N/A	Property investment

\* Directly held by the Company.

\*\* Directly held by Tierra Development Limited.

# Principal operation located in Hong Kong.

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.

None of the subsidiaries had issued any debt securities at the end of the year.

# WING LEE PROPERTY INVESTMENTS LIMITED

## FINANCIAL SUMMARY

### Year ended 31 December

	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
<b>RESULTS</b>					
Revenue	27,751	29,704	32,585	31,516	32,335
Profit before taxation	86,272	28,882	2,469	52,453	22,878
Taxation	(3,317)	(2,891)	(3,527)	(2,901)	(3,431)
Profit (loss) for the year	82,955	25,991	(1,058)	49,552	19,447

### At 31 December

	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
<b>ASSETS AND LIABILITIES</b>					
Total Assets	1,113,367	1,120,521	1,105,757	1,136,867	1,184,297
Total Liabilities	113,303	98,328	76,856	62,276	97,374
Net Assets	1,000,064	1,022,193	1,028,901	1,074,591	1,086,923

**SUMMARY OF INVESTMENT PROPERTIES  
HELD BY THE GROUP**

AT 31 DECEMBER 2018

Particulars of the Group's investment properties at 31 December 2018 are as follows:

Location	Usage	Group's Interest	Lease Term
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%	Long
Shop No. 7 on G/F, Rialto Building, No. 2 Landale Street, Wanchai, Hong Kong	Commercial	100%	Long
G/F & Cockloft, No. 61 Wellington Street, Central, Hong Kong	Commercial	100%	Long
2/F, No. 59 Wellington Street, Central, Hong Kong	Commercial	100%	Long
G/F and Flat C on 1/F of Wah Fung Building, No. 296-298 Lockhart Road, Hong Kong	Commercial & Residential	100%	Long
Flat B on G/F (Shop B on Ground Floor), Hung Fook Mansion, No. 360 Lockhart Road, Hong Kong	Commercial	100%	Long
Shop A, B and C on G/F and 1/F, Kam Tak Mansion, Nos. 88-90 Queen's Road East, Hong Kong	Commercial	100%	Long
Shop E on G/F and Mezzanine Floor, Cheong Hong Mansions, Nos. 25-33 Johnston Road, Nos. 1-3 Thomson Road, No. 2 Fenwick Street, Hong Kong	Commercial	100%	Long
G/F & M/F, Mandarin Commercial House, No. 38 Morrison Hill Road, Hong Kong	Commercial	100%	Long
G/F and 1/F, Wayson Commercial House, Nos. 68-70 Lockhart Road, Hong Kong	Commercial	100%	Long
No. 656 Shanghai Street, Kowloon	Residential & Commercial	100%	Medium
4/F, No. 658 Shanghai Street, Kowloon	Residential	100%	Medium
G/F-3/F, No. 3 Ma Tau Kok Road, Kowloon	Residential & Commercial	100%	Medium
2/F, No. 5 Ma Tau Kok Road, Kowloon	Residential	100%	Medium
No. 347 Portland Street, Kowloon	Residential & Commercial	100%	Long
Unit No. 201, 207 and 208 on 2/F, Sunbeam Centre, No. 27 Shing Yip Street, Kowloon	Industrial	100%	Medium
P13 and P14 on 3/F, King Palace Plaza, 55 King Yip Street, Kowloon	Carpark	100%	Medium
G/F, No. 27 Man On Street, Kowloon	Commercial	100%	Medium
G/F, No. 20 Lok Kwan Street, Kowloon	Commercial	100%	Medium
Unit 1409, Level 14, Shenhua Commercial Building, No. 2018 Jiabin Road, Luohu District, Shenzhen, PRC	Commercial	100%	Medium