

WING LEE

PROPERTY INVESTMENTS LIMITED

永利地產發展有限公司*

(Incorporated in Bermuda with limited liability)

Stock code: 864

2020

 Annual Report

** For identification purposes only*

Corporate Information	2
Chairperson's Statement	3
Management Discussion and Analysis	6
Directors and Senior Management Profile	12
Corporate Governance Report	15
Environmental, Social & Governance Report	27
Other Information	33
Directors' Report	36
Independent Auditor's Report	47
Consolidated Statement of Profit or Loss and Other Comprehensive Income	52
Consolidated Statement of Financial Position	53
Consolidated Statement of Changes in Equity	55
Consolidated Statement of Cash Flows	56
Notes to the Financial Statements	57
Financial Summary	115
Summary of Investment Properties held by the Group	116

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
Ms. Chow Woon Yin

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

Crowe (HK) CPA Limited
*Certified Public Accountants and Registered Public
Interest Entity Auditor
(appointed on 18 September 2020)*

Deloitte Touche Tohmatsu
*Certified Public Accountants and Registered Public
Interest Entity Auditor
(resigned on 18 September 2020)*

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
Bank of China (Hong Kong) 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 54, 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

WING LEE PROPERTY INVESTMENTS LIMITED

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 2020 (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. As at 31 December 2020, the aggregate market value of the Group's investment properties was approximately HK\$904,505,000, representing a decrease of approximately HK\$111,110,000 as compared to 2019. This decrease was due to net decrease in fair value of the investment properties of approximately HK\$111,110,000, which reflects the general market conditions and disruptions caused by COVID-19 of the commercial retail and residential investment property market in Hong Kong for the period under review.

The Group's main source of income is rental generated from the Group's investment properties. The rental income was approximately HK\$30,331,000 for the year ended 31 December 2020, representing a slight decrease of approximately 8.7% as compared to 2019. The slight decrease was mainly due to negative rental reversions and certain rental concessions granted to tenants.

The Group's total comprehensive expense attributable to the owners of the Company for 2020 was approximately HK\$109,526,000, as compared to 2019 of approximately HK\$96,473,000. This was mainly attributable to a net decrease in fair value of the Group's investment properties in 2020 of approximately HK\$111,110,000 and the net movement in fair value reserves from the Fund (as defined below). As the net decrease in fair values of the Group's investment properties is a non-cash item and the business of the Group is long-term investment and leasing of properties, they do not have any material adverse effect on the operations of the Group. In addition, there was a share option expense of approximately HK\$2,250,000 during the year ended 31 December 2020, whilst there was no such expense in 2019. Without taking into account the impact of the aforesaid net decrease in fair values of the Group's investment properties and the granting of share options, the Group recorded a net profit for the year ended 31 December 2020 of approximately HK\$16,760,000 which is in line with that for 2019 of approximately HK\$17,131,000.

WING LEE PROPERTY INVESTMENTS LIMITED

CHAIRPERSON'S STATEMENT

PROSPECTS

Since the outbreak of the COVID-19 pandemic in 2020, Hong Kong's overall economic activities and the property market have been severely affected with Hong Kong gross domestic product (GDP) having contracted year-on-year. Unemployment rates in Hong Kong have increased and all walks of life have been affected to a certain extent in 2020. Businesses such as retail shops, and food and beverage industries have been severely disrupted by the COVID-19 outbreak and some businesses were forced to shut down during this difficult period. The Group was inevitably affected, with the Group's revenue slightly decreasing as compared to the previous year. Despite the above challenging unfavorable economic environment, the Group remains cautiously optimistic about the Hong Kong property market due to Hong Kong's firm economic base.

Looking head to 2021, it is anticipated that rental income of the Group in the coming year is likely to be affected by the continuing disruption caused by COVID-19. On the other hand, Hong Kong local economy has already shown improving signs as the year-on-year decline in GDP narrowed in the fourth quarter of 2020. Up to now, the Group's portfolio of properties continue to maintain high occupancy rates. To maintain occupancy rates, the Group will closely monitor economic developments and property market changes and make appropriate rental policy adjustments accordingly. The pace and degree of Hong Kong retail market recovery in 2021 will very much depend on the duration of the effect of COVID-19, which will in turn be impacted to a certain extent by the efficiency of the roll-out of COVID-19 vaccines.

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 hopes to gain property redevelopment experience from its investment back in 2018 in a fund that is engaged in a property redevelopment project in Kwun Tong, Kowloon. The Group is optimistic about the potential redevelopment and appreciation in value of the relevant property following the redevelopment and believes that the investment in the aforesaid fund 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 in evaluating potential investment opportunities.

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.

WING LEE PROPERTY INVESTMENTS LIMITED

CHAIRPERSON'S STATEMENT

APPRECIATION

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

Chau Choi Fa

Chairperson

Hong Kong, 26 March 2021

WING LEE PROPERTY INVESTMENTS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

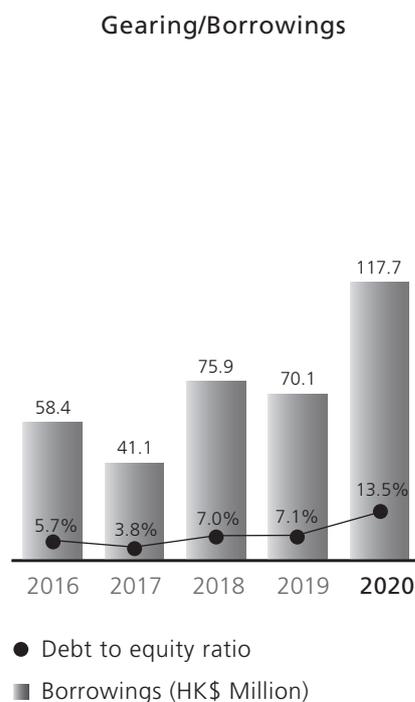
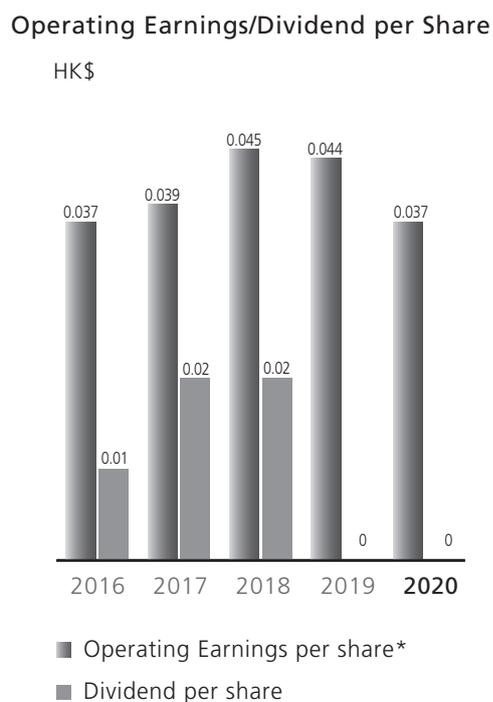
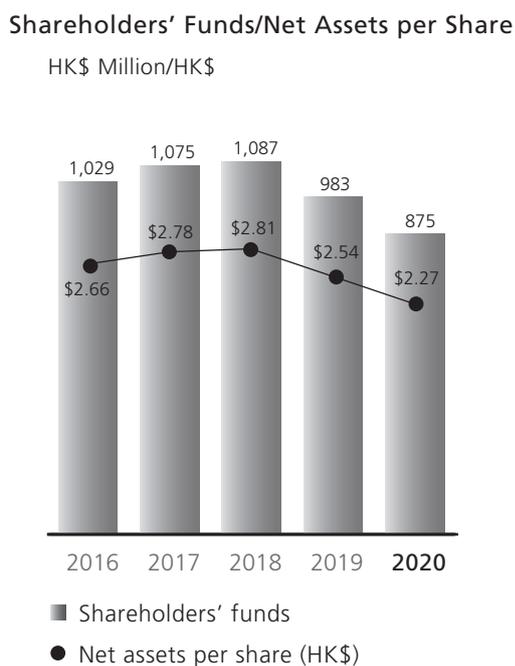
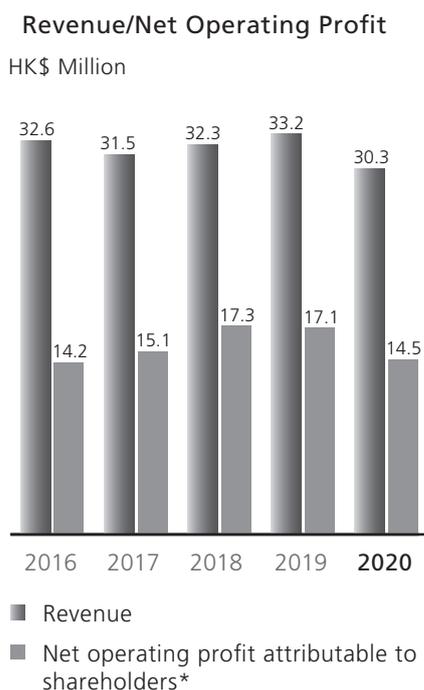
In millions of Hong Kong dollars except where specified

		2020	2019
For the year	Revenue	30.3	33.2
	Decrease in net changes in fair value of investment properties	(111.1)	(107.2)
	Loss for the year attributable to owners of the Company	(96.6)	(90.1)
<hr/>			
As at 31 December	Capital & reserves attributable to owners of the Company	875.5	982.7
	Shares in issue (thousands)	386,176	386,176
<hr/>			
Ratio	Return before the net changes in fair value of investment properties on capital & reserves attributable to owners of the Company (%)	1.7	1.7
<hr/>			
Per Share	Net worth per share (HK\$)	2.27	2.54
	Loss per share (HK cents)	(25.01)	(23.33)
<hr/>			

WING LEE PROPERTY INVESTMENTS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS



* Excluding the impacts of net changes in fair value of investment properties (net of taxation)

WING LEE PROPERTY INVESTMENTS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS

The Group is engaged in the business of property investment, principally the leasing of completed commercial and residential properties in Hong Kong. As at 31 December 2020, the Group held an investment property portfolio of 38 properties located in Hong Kong and one property located in Mainland China.

During the year ended 31 December 2020, the Group continued to hold an investment portfolio, 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 this investment 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 2020.

RESULTS

Our total comprehensive expense for the year attributable to owners of the Company for 2020 was approximately HK\$109,526,000 (2019: approximately HK\$96,473,000 total comprehensive expense). Current year total comprehensive expense was mainly attributable to a decrease in the net changes in fair value of the Group's investment properties and the net movement in fair value reserves from the Fund.

Loss per share for 2020 was approximately HK\$0.2501 (2019: loss per share of approximately HK\$0.2333), representing an increase of loss of approximately HK\$0.0168 per share from last year.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 31 December 2020, the net current liabilities of the Group amounted to approximately HK\$7,104,000 (31 December 2019: approximately HK\$27,788,000). The current ratio, expressed as current assets over current liabilities, was approximately 0.91 (31 December 2019: approximately 0.26).

Net current liabilities resulted from the continuing effect of the Group's expansion of its investment property portfolio in 2019 involving the purchase of one investment property. The aforesaid purchase resulted in an additional cash outflow from investing activities as consideration paid for this acquisition was financed by the Group's internal funds. 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 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 for the foreseeable future.

As at 31 December 2020, the total equity of the Group was approximately HK\$875,450,000 (31 December 2019: approximately HK\$982,726,000), representing a decrease of approximately HK\$107,276,000 from the previous year-end.

WING LEE PROPERTY INVESTMENTS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Bank deposits and cash of the Group as at 31 December 2020 were approximately HK\$66,265,000 (31 December 2019: approximately HK\$8,473,000). As at 31 December 2020, the Group had non-pledged time deposits with maturity of less than three months of HK\$41,123,000 (31 December 2019: nil). The increase in the Group's bank deposits and cash and current ratio were mainly attributable to new bank loans of HK\$75,000,000 raised together with the cash received from the rental income during the year, which were netted off with repayment of bank loans made in 2020.

As at 31 December 2020, the carrying amount of our bank loans was approximately HK\$117,747,000 (31 December 2019: approximately HK\$70,131,000). As at 31 December 2020, 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\$307,881,000 (31 December 2019: approximately HK\$498,882,000). As at 31 December 2020, the bank loans bear interest rates ranging from 1.88% to 2.50% per annum (31 December 2019: ranging from 2.25% to 4.62% per annum). As at 31 December 2020, the Group had unutilised bank loan facilities of HK\$20,000,000 (31 December 2019: HK\$40,000,000).

Of the total bank loans as at 31 December 2020, approximately HK\$60,694,000 (or approximately 51.6%) was repayable within one year or on demand. Approximately HK\$2,964,000 (or approximately 2.5%) was repayable after one year but within two years. Approximately HK\$54,089,000 (or approximately 45.9%) was repayable after two years but within five years. None was repayable after five years.

Of the total bank loans as at 31 December 2019, approximately HK\$19,777,000 (or approximately 28.2%) was repayable within one year or on demand. Approximately HK\$29,733,000 (or approximately 42.4%) was repayable after one year but within two years. Approximately HK\$20,621,000 (or approximately 29.4%) was repayable after two years but within five years. None was repayable after five years.

The Group's total debt to equity ratio, calculated as total borrowings of approximately HK\$117,747,000 (31 December 2019: approximately HK\$70,131,000) divided by shareholder's equity of the Group of approximately HK\$875,450,000 (31 December 2019: approximately HK\$982,726,000) was approximately 0.13 as at 31 December 2020 (31 December 2019: approximately 0.07). The increase in the Group's total debt to equity ratio was attributable to the new bank loans of HK\$75,000,000 (2019: HK\$10,000,000) raised for the purpose of financing the Group's future working capital needs, thus increasing the Group's total debt to equity ratio.

Capital Expenditure

Capital expenditure incurred by the Group (representing acquisition of investment properties and property, plant and equipment) for the year ended 31 December 2020 was nil (2019: approximately HK\$5,466,000). 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.

WING LEE PROPERTY INVESTMENTS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Capital commitments

As at 31 December 2020 and 31 December 2019, the Group had a total capital commitment of approximately HK\$40,000,000, contracted for but not provided for in the financial statements in respect of its investment in the Fund.

Contingent liabilities

The Group had no significant contingent liabilities as at 31 December 2020 and 31 December 2019.

Pledge of assets

As at 31 December 2020, certain of the Group's investment properties with a carrying value of approximately HK\$294,600,000 (31 December 2019: approximately HK\$485,100,000) have been pledged to secure bank loans of the Group.

As at 31 December 2020, one of the Group's leasehold land and buildings with a carrying value of approximately HK\$13,281,000 (31 December 2019: approximately HK\$13,782,000) has been pledged to secure a bank loan of the Group.

As at 31 December 2019 and 31 December 2020, the Group did not have any finance lease.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Company during the year ended 31 December 2020.

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 2020, the Group had 7 employees (31 December 2019: 7 employees) in Hong Kong. The Group recorded staff costs of approximately HK\$7,864,000 for the year ended 31 December 2020 (2019: approximately HK\$5,605,000).

WING LEE PROPERTY INVESTMENTS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Share options were granted in 2020 resulting in recording of share-based payment expenses of approximately HK\$2,250,000 whilst no such expenses were recorded in 2019 as no share options were granted in that year.

ENVIRONMENTAL POLICY AND PERFORMANCE

The environmental policy of the Group include minimizing consumption of paper and electricity, reducing waste and promoting the use of electronic communication and storage.

As the Group has not directly engaged in construction of property during the year, it considers that it has not operated in environmentally sensitive business during the year.

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. Disclosure relating to the Group's environment policy and performance is set out in the section headed "Environment" of the Environmental, Social and Governance Report on pages 27 to 32 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group continues to commit to comply with the relevant laws and regulations in Hong Kong, such as the Companies Ordinance, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and other local laws and regulations implemented by the Hong Kong Government. The Group believes the existing laws and regulations do not have any significant effect on the Group's activities. There were no confirmed non-compliance incidents resulting in fines or prosecution during the year ended 31 December 2020.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Group fully understands that staff, tenants and suppliers are the key to our sustainable and stable development.

We are committed to establishing a close relationship with our staffs, enhancing cooperation with our suppliers and our tenants so as to ensure the Group's sustainable development.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: nil).

WING LEE PROPERTY INVESTMENTS LIMITED

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Ms. Chau Choi Fa (“Ms. Chau”), aged 53, 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. 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. She is also a director of all subsidiaries of the Company and a director of Bright Asia Holdings Limited, the controlling shareholder of the Company.

Ms. Wong Siu Wah (“Ms. Wong”), aged 73, 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 25 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. She is also a director of all subsidiaries of the Company and a director of Bright Asia Holdings Limited, the controlling shareholder of the Company.

Ms. Wong Vivien Man-Li (“Ms. Vivien Wong”), aged 39, is the daughter of Ms. Wong and an executive director of the Company. Ms. Vivien Wong joined the Group in 2011 and has over ten 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. She is also a director of all subsidiaries of the Company.

Ms. Chow Woon Yin (“Ms. Chow”), aged 64, 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 joined the Group in 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. She is also a director of all subsidiaries of the Company and a director of Bright Asia Holdings Limited, the controlling shareholder of the Company.

WING LEE PROPERTY INVESTMENTS LIMITED

DIRECTORS AND SENIOR MANAGEMENT PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam John Cheung-wah (“Mr. Lam”), aged 66, 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 64, 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 widely on the subject of real estate finance and economics, financial regulations and capital markets and investments. Currently, Dr. Tse is a Councillor of the New Territories Heung Yee Kuk. He was appointed by the HKSAR Government as a Justice of the Peace in 2010 and later in 2018 as N.T. Justice of the Peace.

Dr. Tse has been an independent non-executive director of Sunlight Real Estate Investment Trust (stock code: 435) since its listing on the Stock Exchange of Hong Kong in 2006. Dr. Tse was appointed as an independent non-executive director of GTI Holdings Limited (formerly known as Addchance Holdings Limited), a company listed on the Stock Exchange (stock code: 3344) in July 2015. Dr. Tse resigned from his directorship in GTI Holdings Limited on 2 November 2020 and was appointed as an independent non-executive director of China Bozza Development Holdings Limited (stock code: 1069) on 8 December 2020. Dr. Tse obtained a Ph.D. degree in Finance from Michigan State University in the United States in June 1990. He is also an Associate Member of the Society of Actuaries.

WING LEE PROPERTY INVESTMENTS LIMITED

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. Chui Chi Yun Robert (“Mr. Chui”) M.H., aged 64, 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. In addition to his current role as 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), F8 Enterprises (Holdings) Group Limited (stock code: 8347) and Asia Cassava Resources Holdings Limited (stock code: 841), all of which are companies listed on the Stock Exchange, during the year, Mr. Chui was also appointed as an independent non-executive director of Huiyin Holdings Group Limited (stock code: 1178) on 29 October 2020. Mr Chui served as an independent non-executive director of PPS International (Holdings) Limited (stock code: 8201) and a non-executive director of Addchance Holdings Limited (currently known as GTI Holdings Limited, stock code: 3344), both of which are listed on the Stock Exchange, until 31 July 2018 and 23 May 2017 respectively.

SENIOR MANAGEMENT

Mr. Ng Ho Yin Owen (“Mr. Ng”), aged 41, 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 15 years of experience in auditing, financial management and taxation. Mr. Ng holds a Bachelor of Business (Accountancy) degree and Bachelor of Information Technology degree from the Queensland University of Technology, Australia.

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

The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of corporate governance. The Board considers that the Company was in compliance with all applicable code provisions set out in the CG Code during the year ended 31 December 2020.

(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.

CORPORATE GOVERNANCE REPORT

(A) THE BOARD OF DIRECTORS – continued

Chairperson and Chief Executive Officer

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

Appointments, Re-election and Removal of Directors

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

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

Independent Non-Executive Directors

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

Board Diversity Policy

The Company has adopted a board diversity policy which sets out the approach to achieve and maintain diversity on the Board. The Board recognises the benefits of a diverse Board with members possessing a balance of skills, experience, knowledge and expertise which complement the effectiveness and business success of the Group.

Pursuant to the Company’s board diversity policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge, expertise and length of service. All Board appointments will continue to be made on a merit basis and candidates will be considered against objective criteria, having regard to the benefits of diversity of the Board.

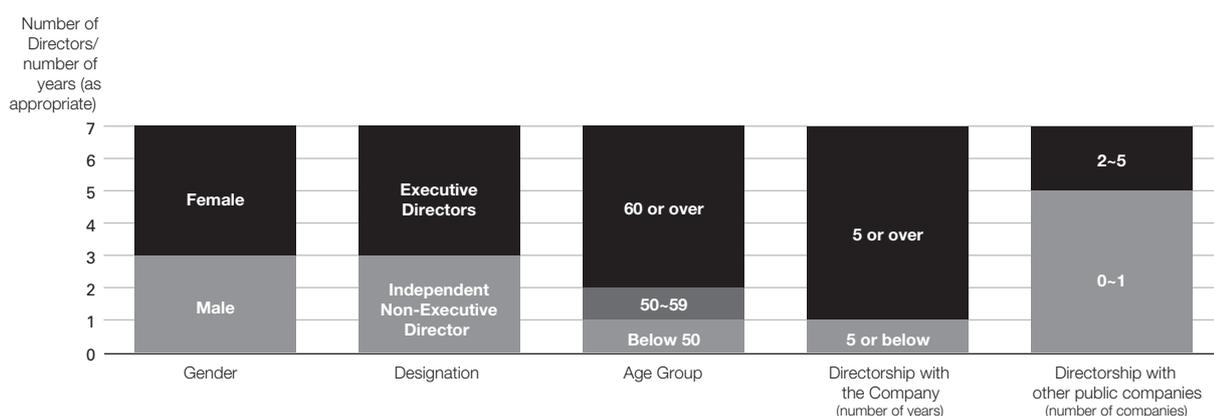
(A) THE BOARD OF DIRECTORS – continued

Board Diversity Policy – continued

The Board will consider setting measurable objectives to implement the policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. At present, the Board has not set any measurable objectives.

The Nomination Committee will review the policy from time to time to ensure its continued effectiveness.

An analysis of the board diversity based on a range of diversity perspectives is set out below:



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 2020, the Board has held four Board meetings. The Board will schedule to have at least four regular meetings in a year.

Attendance/Number of Meetings

Name of Director	Board Meeting	Nomination Committee	Remuneration Committee	Audit Committee	Annual General Meeting (including 1 adjourned Annual General Meeting)
Executive Directors:					
Ms. Chau Choi Fa	4/4	1/1	N/A	N/A	2/2
Ms. Wong Siu Wah	4/4	N/A	2/2	N/A	1/2
Ms. Wong Vivien Man-Li	4/4	N/A	N/A	N/A	1/2
Ms. Chow Woon Yin	4/4	N/A	N/A	N/A	1/2
Independent Non-executive Directors:					
Mr. Lam John Cheung-wah	4/4	1/1	2/2	3/3	1/2
Dr. Tse Kwok Sang	4/4	1/1	2/2	3/3	1/2
Mr. Chui Chi Yun Robert	4/4	1/1	2/2	3/3	1/2

WING LEE PROPERTY INVESTMENTS LIMITED

CORPORATE GOVERNANCE REPORT

(A) THE BOARD OF DIRECTORS – continued

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 2020 according to the records provided by the Directors:

	Training on corporate governance, regulatory development and other relevant topics
Directors	
<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	✓
Ms. Chow Woon Yin	✓
<i>Independent Non-executive Directors</i>	
Mr. Lam John Cheung-wah	✓
Dr. Tse Kwok Sang	✓
Mr. Chui Chi Yun Robert	✓

Directors' and Officers' Insurance

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

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its model code for securities transactions by Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code during the year ended 31 December 2020.

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.

(A) THE BOARD OF DIRECTORS – continued

Board Committees – continued

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.

During the year ended 31 December 2020, 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 2019, and reviewed the unaudited interim financial statements for the six months ended 30 June 2020 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.

CORPORATE GOVERNANCE REPORT

(A) THE BOARD OF DIRECTORS – continued

Board Committees – continued

Remuneration Committee

The Remuneration Committee's current members include:

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

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

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

The Remuneration Committee met once during the financial year. 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 policy and structure of the Group and remuneration policy indicators, and the remuneration packages of the executive Directors, independent non-executive Directors and senior management. Findings and recommendations of the Remuneration Committee were reported to the Board.

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 will review the board diversity policy from time to time to ensure its effectiveness. For details of the board diversity policy of the Company, please refer to the paragraph headed "Board diversity policy" in this Corporate Governance Report.

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, size and composition (including the skills, knowledge, experience and length of service) of the Board, the independence of the independent non-executive Directors and the re-appointment of the Directors standing for re-election at the upcoming annual general meeting of the Company. Findings and recommendations of the Nomination Committee were reported to the Board.

(A) THE BOARD OF DIRECTORS – continued

Nomination Policy

The Board has adopted a nomination policy which sets out the selection criteria and nomination procedures for the appointment and re-appointment of Directors. A summary of the nomination policy is disclosed below:

Selection Criteria

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- Reputation for integrity
- Accomplishment and experience in the areas of the Company's business and public board experience
- Commitment in respect of available time and relevant interest
- Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge, expertise and length of service

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Nomination Procedures

(i) Appointment by the Board

The Nomination Committee has been delegated authority to identify and recommend potential candidates to the Board on the selection of individuals nominated for directorship through different means, including recommendations from existing directors or any other means that it deems appropriate.

Once a candidate has been identified, the Company Secretary, on behalf of the Nomination Committee, will request the candidate to provide his/her biographical information and other additional information and documents deemed necessary, including but not limited to (i) information on his/her interests in the securities of the Company (if any); (ii) his/her consent to act as a Director and disclosure of information relating to his/her proposed appointment; and (iii) for an independent non-executive Director candidate, his/her declaration of independence in accordance with the criteria under the Listing Rules.

The Nomination Committee will review and take reasonable steps to verify the information obtained from the candidate and seek clarification, where required. The Nomination Committee may, at its discretion, invite the candidate to meet with the Nomination Committee members in order to assist them in their consideration of the proposed nomination or recommendation. The Nomination Committee will then make recommendations for the Board's consideration and approval.

CORPORATE GOVERNANCE REPORT

(A) THE BOARD OF DIRECTORS – continued

Nomination Policy – continued

Nomination Procedures – continued

(ii) Appointment by the Shareholders at a general meeting

For the procedures of shareholders' nomination of any proposed candidate for election as a Director, please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director", which is available on the Company's website.

(iii) Re-Appointment at a general meeting

The Nomination Committee will review the profile of the existing Directors who have offered themselves for re-appointment to consider their suitability in the light of the Group's corporate strategy, the structure, size and composition of the Board at that time. The Nomination Committee will then make recommendations for the Board's consideration and the Board will, at its discretion, make recommendations to the Shareholders.

For those existing independent non-executive Directors, who have offered themselves for re-appointment and serve the Company more than 9 years, the Nomination Committee shall consider the reason why they are still independent and therefore eligible for re-election. The Nomination Committee will then make recommendations for the Board's consideration and the Board will make recommendations to the Shareholders.

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.

(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 2020, 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 ("Deloitte") has been appointed as the Company's external auditor since the Company's incorporation. Deloitte resigned as the auditor of the Group with effect from 18 September 2020. Deloitte confirmed in its resignation letter that there were no matters that needed to be brought to the attention of the Shareholders. Crowe (HK) CPA Limited was appointed as the auditor of the Group with effect from 18 September 2020. 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, Crowe (HK) CPA Limited, in respect of audit services and non-audit services for the year ended 31 December 2020 is set out below:

Type of services provided by the external auditor	Amount of fees HK\$'000
Audit services	500
Non-audit services	–
Total	500

CORPORATE GOVERNANCE REPORT

(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.

(C) COMMUNICATION WITH SHAREHOLDERS AND INVESTORS – continued

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.

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) DIVIDEND POLICY

The dividend policy aims to allow shareholders of the Company to participate in the Company's profits whilst allowing the Company to retain adequate reserves for future growth.

Pursuant to the Company's dividend policy, the Company may consider paying final dividends in an aggregate amount subject to the Company's capacity to pay from accumulated and future earnings, liquidity position, fund reserve for growth and future commitments at the time of declaration of dividend. The Company may also consider paying interim dividends from time to time in addition to the final dividends.

The Company's ability to pay dividends will depend upon, among other things, the Company's current and future operations, liquidity position and capital requirements, as well as dividends received from the Company's subsidiaries. The payment of dividends is also subject to any restrictions under the laws of Bermuda, the bye-laws of the Company and any other applicable laws, rules and regulations.

A decision to declare and pay any dividend requires the approval of the Board at its discretion, subject to the laws of Bermuda, the bye-laws of the Company and any other applicable laws, rules and regulations, and any final dividends declared by the Company must also be approved by an ordinary resolution of the Shareholders at an annual general meeting and must not exceed the amount recommended by the Board.

The Board may from time to time review the dividend policy and may exercise its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

WING LEE PROPERTY INVESTMENTS LIMITED

CORPORATE GOVERNANCE REPORT

(E) 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.

(F) CONSTITUTIONAL DOCUMENTS

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

WING LEE PROPERTY INVESTMENTS LIMITED

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

This is the Group's Environmental, Social and Governance (the "ESG") report which focuses 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 2020.

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">• Shareholders' meetings• Financial reports and other disclosure documents• Corporate website
Customers	<ul style="list-style-type: none">• Feedback from front-line employees• Designated customer hotline• Corporate website
Suppliers	<ul style="list-style-type: none">• Suppliers' evaluation procedure

WING LEE PROPERTY INVESTMENTS LIMITED

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Stakeholder	Engagement Activities
Employees	<ul style="list-style-type: none">• Training, seminars, briefing sessions• Regular review on remuneration package and occupational safety• Face-to-face meetings• Independent focus groups and interviews
Communities	<ul style="list-style-type: none">• Sponsorship and donation
Government and regulators	<ul style="list-style-type: none">• Compliance with laws and regulations

The Group welcomes stakeholders' feedback on our ESG approach and performance. Suggestions can be sent to us via e-mail at 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. Further, as the Group is not engaged in producing finished goods, the Group does not produce any waste as a result of use of packaging materials for finished goods in its operation.

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.

WING LEE PROPERTY INVESTMENTS LIMITED

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 18,935 kWh (2019: 18,577 kWh), producing CO₂ equivalent emissions of approximately 9,656.58 kg (2019: 9,474.27 kg) and an energy consumption intensity of approximately 141.84 kWh per square meter (2019: 139.15 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 0.97 m³ (2019: 0.72 m³) of drinking water with a water consumption intensity of approximately 0.14 m³ per employee (2019: 0.10 m³ 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 limiting 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 449.66 kg (2019: 436.50 kg) of print paper in its normal business operations of which approximately 339.66 kg (2019: 324.00 kg) were attributable to printed materials distributed to shareholders. The increase in paper consumption for printed material distributed to shareholders was due to the increase in the weight and size of annual report. The total CO₂ equivalent emissions for the paper used was approximately 2,158.37 kg (2019: 2,095.20 kg) of which approximately 1,630.37 kg (2019: 1,555.20 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.

The Group did not own any private motor vehicle in 2019 and 2020. There was no emissions data related to unleaded petrol consumption in 2019 and 2020.

WING LEE PROPERTY INVESTMENTS LIMITED

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

SOCIAL

Employment

As at 31 December 2020, the Group had 7 employees (2019: 7 employees) in Hong Kong. In 2020, the employee turnover rate was 0%. 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 when possible. 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.

Work force by Gender

	2020 Percentage (%)	2019 Percentage (%)
Male	28.6	28.6
Female	71.4	71.4

Workforce by Age Group

	18-25	26-35	36-45	46-55	56 and above
2020	0%	0%	42.8%	28.6%	28.6%
2019	0%	0%	42.8%	28.6%	28.6%

WING LEE PROPERTY INVESTMENTS LIMITED

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

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.

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.

WING LEE PROPERTY INVESTMENTS LIMITED

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

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, Wing Lee Entrance Scholarship during 2020 in efforts to encourage youths to achieve their personal goals. The scholarship is awarded to those students on the basis of academic performance from the public examination for admission to the University.

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 2020.

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 2020, 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.) (*Notes 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.) (*Notes 2 & 3*).

Notes:

- 1. The property had not been leased out during the year ended 31 December 2020.
- 2. The rental income for the year ended 31 December 2020 was approximately HK\$1.6 million and the fair value as at 31 December 2020 was approximately HK\$45.3 million.
- 3. This property is held by a company in which Mr. Chow Tak Hung, Ms. Chow Woon Yin and Ms. Wong Siu Wah are interested.

WING LEE PROPERTY INVESTMENTS LIMITED

OTHER INFORMATION

PROPERTIES HELD BY THE DIRECTORS AND OUR CONTROLLING SHAREHOLDERS – continued

Personal Investments

As at 31 December 2020, 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*); and
- (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*).

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.

PROPERTIES HELD BY THE DIRECTORS AND OUR CONTROLLING SHAREHOLDERS – continued

Personal Investments – continued

The aggregate rental income of the Personal Investments for the year ended 31 December 2020 was approximately HK\$5.6 million and the aggregate fair value of the Personal Investments as at 31 December 2020 was approximately HK\$201.1 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.

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 26 March 2021, being the latest date for ascertaining information in relation to these building orders and warning notices.

Property/ Building concerned	Subject of legal compliance issue	Status as at 26 March 2021
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 continue to liaise with the incorporated owners of the building to rectify the subject matter in this order.
27 Man On Street, 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.	We will liaise with the incorporated owners of the building to satisfy the subject matter in this order.

WING LEE PROPERTY INVESTMENTS LIMITED

DIRECTORS' REPORT

The Directors are pleased to present the annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2020.

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 5, 6 to 11 and 27 to 32 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 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 52.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 and 2020.

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 24 May 2021 (Monday) to 27 May 2021 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 21 May 2021 (Friday).

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

INVESTMENT PROPERTIES

The Group did not acquire any investment property during the year. Details of the movements in investment properties of the Group during the year are set out in note 11 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 12 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 22(c) 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 2020. As at 31 December 2020, 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 22(a) to the consolidated financial statements and in the consolidated statement of changes in equity on page 55 respectively.

DISTRIBUTABLE RESERVES

At 31 December 2020, the distributable reserves of the Company amounted to approximately HK\$1,648,000 million, calculated in accordance with the Companies Act 1981 of Bermuda (as amended) (2019: HK\$4,770,000).

WING LEE PROPERTY INVESTMENTS LIMITED

DIRECTORS' REPORT

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 2020 attributable to the largest tenant and the five largest tenants in aggregate were approximately 10.5% and 35.2% 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.

None of the Directors, their close 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

Ms. Chow Woon Yin

Independent non-executive directors:

Mr. Lam John Cheung-wah

Dr. Tse Kwok Sang

Mr. Chui Chi Yun Robert

In accordance with the provisions of the Company's bye-laws, Ms. Wong Vivien Man-Li, Ms. Chow Woon Yin and Mr. Lam John Cheung-wah will retire at the forthcoming annual general meeting of the Company and being eligible, offer themselves for election. All other Directors will continue in office.

The Company has received, from each of the independent non-executive Directors, 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 letter of appointment 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 2021 and either the independent non-executive Director or the Company may terminate the letter of appointment by giving the other party not less than three months' notice in writing.

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

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

DIRECTORS' INTERESTS IN 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 or an entity connected with 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 2020.

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 or their subsidiaries subsisting at the end of the year or at any time during the year ended 31 December 2020.

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.

WING LEE PROPERTY INVESTMENTS LIMITED

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2020, 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	Number of underlying shares held under equity derivatives	Total	Approximate percentage of interest in the Company's issued share capital
			(Note 1)		(Note 2)
Ms. Chau Choi Fa	Interest of spouse (Note 3)	278,355,324	-	279,127,674	72.28%
	Beneficial interest (Note 4)	-	772,350		
Ms. Wong Siu Wah	Beneficial interest	-	7,723,514	7,723,514	1.999%
Ms. Wong Vivien Man-Li	Beneficial interest	9,638	7,723,514	7,733,152	2.002%
Ms. Chow Woon Yin	Beneficial interest	-	3,861,757	3,861,757	0.999%

Notes:

- These underlying shares of the Company held under equity derivatives represented the share options granted by the Company under the share option scheme. Particulars of these share options and their movements during the year ended 31 December 2020 are set out in the section headed "Share Option Scheme" in this Directors' Report.
- The percentage of the Company's issued share capital is based on the 386,175,758 Shares issued as at 31 December 2020.
- 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 278,355,324 Shares (representing approximately 70.66% 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 272,883,324 Shares.
- These underlying shares of the Company held under equity derivatives represented the share options granted by the Company under the share option scheme. Particulars of these share options and their movements during the year ended 31 December 2020 are set out in the section headed "Share Option Scheme" in this Directors' Report.

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 278,355,324 Shares (representing approximately 72.08% 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.

WING LEE PROPERTY INVESTMENTS LIMITED

DIRECTORS' REPORT

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

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

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

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

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

The Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption, 31 March 2015.

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 3,861,757 of which were granted to a former director who resigned on 19 September 2018 and lapsed in 2018. A total of 11,971,446 share options (none of which is subject to any vesting period) were granted under the Scheme on 8 December 2020. No options were granted during the year ended 31 December 2019. Details of the outstanding share options and 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 as at 1 January 2020	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding as at 31 December 2020				
Executive Directors									
Ms. Chau Choi Fa	386,175	-	-	-	386,175	16/12/2016	16/12/2016-15/12/2026	1.254 (Note 1)	250,507
	-	386,175	-	-	386,175	8/12/2020	8/12/2020-7/12/2030	0.385 (Note 2)	72,589
Ms. Wong Siu Wah	3,861,757	-	-	-	3,861,757	16/12/2016	16/12/2016-15/12/2026	1.254 (Note 1)	2,505,070
	-	3,861,757	-	-	3,861,757	8/12/2020	8/12/2020-7/12/2030	0.385 (Note 2)	725,899
Ms. Wong Vivien Man-Li	3,861,757	-	-	-	3,861,757	16/12/2016	16/12/2016-15/12/2026	1.254 (Note 1)	2,505,070
	-	3,861,757	-	-	3,861,757	8/12/2020	8/12/2020-7/12/2030	0.385 (Note 2)	725,899
Ms. Chow Woon Yin	-	3,861,757	-	-	3,861,757	8/12/2020	8/12/2020-7/12/2030	0.385 (Note 2)	725,899
	8,109,689	11,971,446	-	-	20,081,135				7,510,933

Notes:

- The Company's Shares closed at HK\$1.24 on 15 December 2016, being the date immediately before the date of grant.
- The Company's Shares closed at HK\$0.385 on 7 December 2020, being the date immediately before the date of grant.

No other share options were granted by the Company during the year ended 31 December 2020. Save as disclosed herein, no share options granted under the Scheme were exercised, cancelled or lapsed during the year ended 31 December 2020 (2019: No share options were exercised, cancelled or lapsed).

WING LEE PROPERTY INVESTMENTS LIMITED

DIRECTORS' REPORT

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

The fair value of the equity-settled share options granted on 8 December 2020 was HK\$2,250,286 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\$0.385
Exercise multiple	2.8
Expected volatility	44.6%
Risk-free interest rate	0.592%
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 and 2020 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 and of the 11,971,446 options granted on 8 December 2020 under the Scheme was 23,942,892 Shares, which represented approximately 6.2% 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 23,942,892 additional ordinary shares and an additional share capital of HK\$239,428.92 in the Company.

There were 20,081,135 share options outstanding under the Scheme as at the date of this annual report, and the total number of Shares available for issue is 20,081,135 which represents approximately 5.2% of the total issued share capital of the Company as at the date of this annual report.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, 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	278,355,324 (Note 2)	72.08%
Mr. Chow Tak Hung	Interest in controlled corporation (Note 1)	278,355,324 (Note 2)	72.08%
	Interest in spouse (Note 3)	772,350 (Note 3)	0.20%

Notes:

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 278,355,324 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 772,350 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

The related party transactions as mentioned in note 25(b) to the consolidated financial statements constitute connected transaction or continuing connected transaction of the Company (as the case may be) under Chapter 14A of the Listing Rules. However, such transactions are fully exempt from the reporting, annual review, shareholders' approval and disclosure requirements under Chapter 14A of the Listing Rules as they fall within the de minimis exemption under Rule 14A.76(1). 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.

WING LEE PROPERTY INVESTMENTS LIMITED

DIRECTORS' REPORT

SUFFICIENCY OF PUBLIC FLOAT

As at the latest practicable date prior to the issue 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

Following the resignation of Deloitte Touche Tohmatsu as the auditors of the Company on 18 September 2020, Crowe (HK) CPA Limited was appointed as the auditor of the Company on the same day to fill in the vacancy. Save as disclosed above, there were no other changes in auditors of the Company during the past three years. The consolidated financial statements of the Company for the year ended 31 December 2020 were audited by Crowe (HK) CPA Limited, whose term of office will retire at the close of the upcoming annual general meeting.

A resolution will be submitted to the annual general meeting to re-appoint Crowe (HK) CPA Limited as auditor of the Company.

On behalf of the Board

Chau Choi Fa

Chairperson

Hong Kong, 26 March 2021



國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

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 52 to 114, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 2020 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.

Material uncertainty related to going concern

We draw attention to Note 2(c) to the financial statements which indicates that the Group incurred a net loss of HK\$96,600,000 for the year ended 31 December 2020 and, as of that date, the Group is in net current liabilities position of HK\$7,104,000.

These conditions, along with other matters as set forth in Note 2(c) to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. The directors, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified audit opinion on those statements on 21 February 2020.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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. In addition to the matter described in the section headed "Material uncertainty related to going concern", we have determined the matter described below to be the key audit matter to be communicated in our report.

Valuation of investment properties

Refer to the accounting policy in Note 2(g) and Notes 3 and 11 to the consolidated financial statements

The key audit matter

The aggregate fair values of the Group's investment properties as at 31 December 2020 amounted to HK\$904.5 million, representing 89% of the Group's total assets as at that date.

The net decrease in fair values of the Group's investment properties recorded in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020 amounted to HK\$111.1 million.

The Group's investment properties, which are located in Hong Kong and Mainland China, mainly comprise office premises, retail shops, industrial premises, residential premises and car parking bays.

The fair values of the Group's investment properties were assessed by the directors of the Company based on independent valuations prepared by qualified external property valuers in accordance with recognised industry standards.

We identified valuation of the Group's investment properties as a key audit matter because of the significance of investment properties to the Group's consolidated financial statements and because the determination of the fair values involves significant judgement and estimation which could be subject to management bias.

How the matter was addressed in our audit

Our audit procedures to assess the valuation of the investment properties included the following:

- obtaining and inspecting the valuation reports prepared by the external property valuers engaged by the Group and on which the directors' assessment of the fair values of investment properties was based;
- assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity and independence;
- discussing with the external property valuers, without the presence of management, their valuation methodology and challenging the key estimates and assumptions adopted in the valuations by comparing comparable market transactions with available market data.
- 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

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than 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 for the consolidated financial statements

The directors 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 requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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.

The directors are assisted by the Audit Committee in discharging their responsibilities 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 contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, 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 the Audit Committee 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.

WING LEE PROPERTY INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

Auditor's responsibilities for the audit of the consolidated financial statements – continued

We also provide the Audit Committee 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, 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.

Crowe (HK) CPA Limited

Certified Public Accountants

Hong Kong, 26 March 2021

Yau Hok Hung

Practising Certificate Number P04911

WING LEE PROPERTY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 HK\$'000	2019 HK\$'000
Revenue	4	30,331	33,209
Direct operating expenses		(731)	(974)
		29,600	32,235
Other income	5	1,204	346
Other gains or losses		–	(20)
Net changes in fair value of investment properties	11	(111,110)	(107,212)
Impairment loss on lease receivables		(338)	–
Administrative expenses		(10,937)	(9,561)
Finance costs	6(a)	(2,368)	(2,641)
Loss before taxation	6	(93,949)	(86,853)
Taxation – income tax	7	(2,651)	(3,228)
Loss for the year		(96,600)	(90,081)
Other comprehensive expense for the year			
Item that will not be reclassified subsequently to profit or loss:			
Equity investments at FVOCI-net movement in fair value reserves (non-recycling)	23(f)(i)	(12,926)	(6,392)
Total comprehensive expense for the year		(109,526)	(96,473)
Loss per share – basic and diluted	10	HK cents (25.01)	HK cents (23.33)

The notes on pages 57 to 114 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the loss for the year are set out in Note 22(b).

WING LEE PROPERTY INVESTMENTS LIMITED

AT 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Investment properties	11	904,505	1,015,120
Other property, plant and equipment	12	13,281	13,782
Deferred lease receivables	15	142	–
Other financial assets	14	27,067	38,755
		944,995	1,067,657
Current assets			
Lease and other receivables	15	1,500	1,165
Cash and cash equivalents	16	66,265	8,473
		67,765	9,638
Current liabilities			
Deposits received and other payables	17	13,005	14,130
Bank loans – due within one year	18	60,694	19,777
Income tax payable	19(a)	1,170	3,519
		74,869	37,426
Net current liabilities		(7,104)	(27,788)
Total assets less current liabilities		937,891	1,039,869

WING LEE PROPERTY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	NOTE	2020 HK\$'000	2019 HK\$'000
Non-current liabilities			
Bank loans – due after one year	18	57,053	50,354
Deferred tax liabilities	19(b)	5,388	6,789
		<hr/>	<hr/>
		62,441	57,143
		<hr/>	<hr/>
NET ASSETS		875,450	982,726
		<hr/>	<hr/>
CAPITAL AND RESERVES			
	22		
Share capital		3,862	3,862
Reserves		871,588	978,864
		<hr/>	<hr/>
TOTAL EQUITY		875,450	982,726
		<hr/>	<hr/>

The consolidated financial statements on pages 52 to 114 were approved and authorised for issue by the board of directors on 26 March 2021 and are signed on its behalf by:

Chau Choi Fa
DIRECTOR

Wong Siu Wah
DIRECTOR

The notes on pages 57 to 114 form part of these financial statements.

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to owners of the Company									
	Share capital	Share premium	Share options reserve	Special reserve	Capital reserve	Fair value reserve (non- recycling)	Property revaluation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2019	3,862	705,280	5,261	(382,929)	7,314	147	462	747,526	1,086,923
Changes in equity for 2019									
Loss for the year	-	-	-	-	-	-	-	(90,081)	(90,081)
Other comprehensive expense for the year	-	-	-	-	-	(6,392)	-	-	(6,392)
Total comprehensive expense for the year	-	-	-	-	-	(6,392)	-	(90,081)	(96,473)
Dividend paid (Note 22(b))	-	-	-	-	-	-	-	(7,724)	(7,724)
Balance at 31 December 2019 and 1 January 2020	3,862	705,280	5,261	(382,929)	7,314	(6,245)	462	649,721	982,726
Changes in equity for 2020:									
Loss for the year	-	-	-	-	-	-	-	(96,600)	(96,600)
Other comprehensive expense for the year	-	-	-	-	-	(12,926)	-	-	(12,926)
Total comprehensive expense for the year	-	-	-	-	-	(12,926)	-	(96,600)	(109,526)
Equity settled share-based transactions	-	-	2,250	-	-	-	-	-	2,250
Balance at 31 December 2020	3,862	705,280	7,511	(382,929)	7,314	(19,171)	462	553,121	875,450

The notes on pages 57 to 114 form part of these financial statements.

WING LEE PROPERTY INVESTMENTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 HK\$'000	2019 HK\$'000
Operating activities			
Cash generated from operations	16(b)	19,960	22,825
Hong Kong Profits Tax paid		(6,353)	–
The People's Republic of China Enterprise Income Tax paid		(48)	(37)
Net cash generated from operating activities		13,559	22,788
Investing activities			
Withdrawal of short-term bank deposit		–	348
Proceed from disposal of investment in equity instruments at fair value through profit or loss		–	343
Interest received		223	68
Acquisition of investment properties		–	(5,466)
Acquisition of other financial assets		(1,238)	–
Net cash used in investing activities		(1,015)	(4,707)
Financing activities			
Proceeds from new bank loans	16(c)	75,000	10,000
Repayment of bank loans	16(c)	(27,384)	(15,759)
Interest paid	16(c)	(2,368)	(2,641)
Dividends paid	22(b)	–	(7,724)
Net cash generated from/(used in) financing activities		45,248	(16,124)
Net increase in cash and cash equivalents		57,792	1,957
Cash and cash equivalents at 1 January	16(a)	8,473	6,516
Cash and cash equivalents at 31 December	16(a)	66,265	8,473

The notes on pages 57 to 114 form part of these financial statements.

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

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**”). The addresses 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. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(d) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(b) Basis of preparation of the financial statements**

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the “**Group**”).

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investment property, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest (see Note 2(g));
- investment in equity instruments at FVOCI (see Note 2(f)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(c) Going concern basis**

The Group incurred a net loss of approximately HK\$96,600,000 for the year ended 31 December 2020 (2019: HK\$90,081,000) and as of that date, the Group had net current liabilities of approximately HK\$7,104,000 (2019: HK\$27,788,000).

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 of HK\$7,104,000 and capital commitments of HK\$40,000,000 as at 31 December 2020. As at 31 December 2020, the Group has an unutilised amount of approximately HK\$20,000,000 (2019: HK\$40,000,000) under the Group's banking facilities. In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to finance its future working capital, financial requirements and capital commitments. Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which include, but are not limited to, the following:

- The Group will continue to pay close attention to its operations and make good use of its resources with an aim to attain positive and sustainable cash flow from operations;
- The Group is in discussions with its lenders to timely renew or extend its existing bank loan facilities; and
- The Group will actively and regularly review its capital structure and source additional capital by raising new debt financing or issuing new shares, where appropriate.

Having considered the future liquidity and performance of the Group and its available sources of financing, the directors 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. Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(d) Changes in accounting policies**

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

None of the amendments to HKFRSs have had material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not effective for the current accounting period except for the amendment to HKFRS 16 *Covid-19-Related Rent Concessions*, which provides a practical expedient that allows lessees not assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, account for those concessions as if they were not lease modifications.

(e) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)(iii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(f) Investments in equity instruments**

Investments in equity instruments are classified and measured at fair value through profit or loss (“**FVPL**”) except when the equity investment is not held for trading and an election is made to present the fair value changes in other comprehensive income (“**FVOCI**”). This election is made on an investment-by-investment basis on initial recognition and is irrevocable. The gains or losses (both on subsequent measurement and derecognition) of investments that are measured at FVPL are recognised in profit or loss. If the equity investment is designated as at FVOCI, all gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, except for dividend income that is generally recognised in profit or loss in accordance with the policy set out in Note 2(r)(iv).

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments.

(g) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see Note 2(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 2(r)(i).

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(h) Other property, plant and equipment**

Other properties and plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(iii)). Where other properties are transferred from investment properties when there is a change in use as evidenced by commencement of owner-occupation, their fair value at the date of change in use is deemed to be the cost of the properties.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Leasehold land is depreciated over the unexpired term of lease.
- The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and the buildings' estimated useful lives, being no more than 50 years after the date of completion.
- Leasehold improvements 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(i) Leased assets**

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(r)(i).

(j) Credit losses and impairment of assets*(i) Credit losses from financial instruments and lease receivables*

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, lease receivables and other receivables). Other financial assets measured at fair value, including equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable.

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(j) Credit losses and impairment of assets – continued***(i) Credit losses from financial instruments and lease receivables – continued*

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(j) Credit losses and impairment of assets – continued***(i) Credit losses from financial instruments and lease receivables – continued*

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. 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 since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(j) Credit losses and impairment of assets – continued***(i) Credit losses from financial instruments and lease receivables – continued*

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(r)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(j) Credit losses and impairment of assets – continued***(ii) Credit losses from financial guarantees issued*

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “**holder**”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within “other payables” at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in “other payables” in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in Note 2(j)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(j) Credit losses and impairment of assets – continued***(iii) Impairment of other non-current assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount
The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).
- Recognition of impairment losses
An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).
- Reversals of impairment losses
In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(j) Credit losses and impairment of assets – continued***(iv) Interim financial reporting and impairment*

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 2(j)(i) and (ii)).

(k) Receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(j)(i)).

(l) Payables

Payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with Note 2(j)(ii), payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(j)(i).

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(n) Interest-bearing borrowings**

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(t)).

(o) Employee benefits*(i) Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a share options reserve within equity. The fair value is measured at grant date using the binomial model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share options reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share options reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(p) Income tax**

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(p) Income tax – continued**

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(q) Provisions and contingent liabilities**

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(ii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(j)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(r) Revenue and other income – continued***(iii) Government grants*

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(iv) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(u) Related parties**

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

2. SIGNIFICANT ACCOUNTING POLICIES – continued**(v) Segment reporting – continued**

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the financial statements. The principal accounting policies are set forth in Note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

Notes 11, 21 and 23 contain information about the assumptions and their risk factors relating to the valuation of investment properties, fair value of share options granted and financial instruments. Other key sources of estimation uncertainty are as follows:

(a) 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 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.

3. ACCOUNTING JUDGEMENTS AND ESTIMATES – continued**(b) Valuation of investment properties**

The fair value of each investment property is individually determined at end of each reporting period by independent valuers on a market value assessment. The fair value is based on the direct comparison method with reference to current sale prices in an active market for properties of similar nature, condition or location. In the absence of such information, the valuer determines the amount within a range of reasonable fair value estimates. In making its judgement, the valuer considers information from a variety of sources including current sale prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences.

(c) Fair value of financial assets at FVOCI

The fair value of financial asset at FVOCI that is not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a method (i.e. adjusted net asset method) and make assumptions that are mainly based on market conditions at the end of each reporting period.

The Group assesses the fair value of these financial assets based on valuations determined by an independent and professional qualified valuer. Significant judgement and assumptions used in the assessment of the fair value of financial asset at FVOCI are disclosed in Note 23.

4. REVENUE AND SEGMENT REPORTING**(a) Revenue**

The principal activities of the Group are property investment.

Revenue represents the rentals from investment properties.

(b) Segment reporting

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.

4. REVENUE AND SEGMENT REPORTING – continued

(b) Segment reporting – continued

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	
	2020 HK\$'000	2019 HK\$'000
Hong Kong		
Hong Kong Island:		
Commercial	16,844	19,673
Kowloon:		
Commercial	6,766	6,952
Residential	3,382	3,341
Industrial	2,829	2,700
Mainland China		
Shenzhen:		
Commercial	510	543
	<hr/>	<hr/>
	30,331	33,209
	<hr/>	<hr/>

During the year ended 31 December 2020, one (2019: Nil) individual customer contributed over 10% of the total revenue of the Group.

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

	2020 HK\$'000	2019 HK\$'000
Hong Kong	936,650	1,059,107
Mainland China	8,345	8,550
	<hr/>	<hr/>
	944,995	1,067,657
	<hr/>	<hr/>

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

5. OTHER INCOME

	2020 HK\$'000	2019 HK\$'000
Interest income	223	68
Dividend income from investment in equity instruments at FVPL	–	8
Gain on disposal of investment in equity instruments at FVPL	–	10
Government grants (see note below)	324	–
Others	657	260
	1,204	346

Note: In 2020, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of the Hong Kong Special Administrative Region. The purpose of the funding was to provide financial support to enterprises to retain their employees who would otherwise be at risk of being made redundant. Under the terms of the grant, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

6. LOSS BEFORE TAXATION

	2020 HK\$'000	2019 HK\$'000
(a) Finance costs		
Interests on bank loans	2,368	2,641
(b) Staff costs		
Directors' emoluments (Note 8)		
– Salaries, wages and other benefits	3,916	3,916
– Contributions to defined contribution retirement plan	25	27
	3,941	3,943
– Equity-settled share-based payment expenses (Note 21)	2,250	–
	6,191	3,943
Other staff costs		
– Salaries, wages and other benefits	1,624	1,614
– Contributions to defined contribution retirement plan	49	48
	1,673	1,662
	7,864	5,605
(c) Other items		
Auditors' remuneration-audit services	500	820
Depreciation of other property, plant and equipment	501	501
Net exchange (gain)/loss	(476)	20
Rentals receivable from investment properties less direct outgoings of HK\$731,000 (2019: HK\$974,000)	29,600	32,235

7. TAXATION – INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

	2020 HK\$'000	2019 HK\$'000
Current tax – Hong Kong Profits Tax:		
Provision for the year	4,070	3,121
Over-provision in respect of prior years	(66)	(158)
	4,004	2,963
Current tax – Mainland China Enterprise Income Tax:		
Provision for the year	48	49
	4,052	3,012
Deferred tax:		
Origination and reversal of temporary differences	(1,401)	216
	2,651	3,228

Pursuant to the rules and regulations of Bermuda, the Group is not subject to any income tax in the jurisdiction.

Pursuant to the rules and regulations of the British Virgin Islands, the Group is not subject to any income tax in the jurisdiction.

The provision for Hong Kong Profits Tax for 2020 is calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2019.

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

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

7. TAXATION – INCOME TAX – continued

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2020 HK\$'000	2019 HK\$'000
Loss before taxation	(93,949)	(86,853)
Notional tax on loss before taxation, calculated at applicable tax rates	(15,168)	(14,331)
Effect of different applicable tax rate for operations in Mainland China	–	(40)
Tax effect of non-taxable income	(350)	(205)
Tax effect of non-deductible expenses	18,792	18,257
Over-provision in prior years	(66)	(158)
LAT and capital gains tax	(387)	(113)
Statutory tax concession	(120)	(185)
Tax effect of unused tax losses not recognised	1	13
Tax effect of utilisation of unused tax losses	(7)	–
Others	(44)	(10)
Taxation for the year	2,651	3,228

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 Mainland China is provided at 10% of the estimated net gain upon disposal of the property, representing the estimated sales proceeds from sale of property less its relevant costs including business tax and LAT.

WING LEE PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

8. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to the directors of the Company are as follows:

	Directors' fee	Basic salaries and allowances	Performance related incentive bonus	Retirement scheme contributions	Share-based payments	Total directors' emoluments
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000	HK\$'000 (Note c)	HK\$'000
Year ended 31 December 2020						
<i>Executive directors</i>						
Ms. Chau Choi Fa (Note b)	–	139	1,000	9	72	1,220
Ms. Wong Siu Wah (Note b)	–	139	1,000	–	726	1,865
Ms. Wong Vivien Man-Li	–	139	1,000	9	726	1,874
Ms. Chow Woon Yin	–	139	–	7	726	872
<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	556	3,000	25	2,250	6,191
Year ended 31 December 2019						
<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
Ms. Chow Woon Yin	–	139	–	9	–	148
<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	556	3,000	27	–	3,943

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

8. DIRECTORS' EMOLUMENTS – continued

Notes:

- a. The performance related incentive bonus payment is determined with reference to the operating results and individual performance during the years ended 31 December 2020 and 2019.
- 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. Details of the share-based payments to directors of the Company are set out in Note 21.

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.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals for the year ended 31 December 2020 included four (2019: three) directors. The emolument of the remaining one (2019: two) highest paid individual for the year ended 31 December 2020 was as follows:

	2020 HK\$'000	2019 HK\$'000
Salaries, allowances and benefits in kind	723	1,092
Performance related incentive bonus	200	213
Retirement scheme contributions	18	34
	941	1,339

The emoluments of the one (2019: two) individual with the highest emolument, who is the Group's senior management member, was within the band of nil to HK\$1,000,000.

During the years ended 31 December 2020 and 2019, 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.

WING LEE PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

10. LOSS PER SHARE

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

	2020 HK\$'000	2019 HK\$'000
Loss		
Loss for the year attributable to the owners of the Company for the purpose of calculating basic and diluted loss per share	(96,600)	(90,081)
	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	386,175,758	386,175,758

For the years ended 31 December 2020 and 2019, the diluted loss per share is same as basic loss per share because the exercise price of Company's share options was higher than or same as the average market price for shares.

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

11. INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount

	2020 HK\$'000	2019 HK\$'000
FAIR VALUE		
At beginning of the year	1,015,120	1,116,866
Additions	–	5,466
Fair value adjustment		
– Exchange component	495	–
– Fair value change component	(111,110)	(107,212)
	<hr/>	<hr/>
At end of the year	904,505	1,015,120

The carrying value of the investment properties
shown above situated on:

Land in Hong Kong	896,160	1,006,570
Land in Mainland China	8,345	8,550
	<hr/>	<hr/>
	904,505	1,015,120

Tenure of title to investment properties

	2020 HK\$'000	2019 HK\$'000
Held in Hong Kong		
– Long leases	630,090	725,230
– Medium term leases	266,070	281,340
	<hr/>	<hr/>
	896,160	1,006,570
Held in Mainland China		
– Medium term leases	8,345	8,550
	<hr/>	<hr/>
	904,505	1,015,120

11. INVESTMENT PROPERTIES – continued**(b) Fair value measurement of properties***(i) Fair value hierarchy*

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

At 31 December 2020 and 2019, the fair value measurements of the Group's investment properties fall into Level 3 of the fair value hierarchy described above.

During the year ended 31 December 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2019: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2020. The valuations were carried out by an independent firm of professional property valuer, RHL Appraisal Limited ("**RHL**"). The Group's directors and financial controller have discussion with the valuer on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

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 2019 and 2020 as the Group is not subject to any income taxes on disposal of these investment properties. The Group has recognised deferred tax liabilities on changes in fair value of the investment property that is situated in Mainland China as the property in Mainland China is subject to LAT and capital gain tax upon disposal.

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

11. INVESTMENT PROPERTIES – continued

(b) Fair value measurement of properties – continued

(ii) Information about Level 3 fair value measurements

	Fair value at		Fair value hierarchy	Valuation technique(s) and significant unobservable inputs	Relationship of unobservable inputs to fair value
	31 December 2020	31 December 2019			
	HK\$'000	HK\$'000			
Industrial properties in Kowloon	81,500	86,090	Level 3	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK\$4,447 to HK\$7,924 (2019: HK\$5,060 to HK\$8,657) 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 Kowloon	75,070	74,750	Level 3	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK\$5,627 to HK\$8,508 (2019: HK\$5,837 to HK\$8,302) 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.

11. INVESTMENT PROPERTIES – continued

(b) Fair value measurement of properties – continued

(ii) Information about Level 3 fair value measurements – continued

	Fair value at		Fair value	Valuation technique(s) and	Relationship of
	31	31	hierarchy	significant unobservable	unobservable
	December	December		inputs	inputs to fair
	2020	2019			value
	HK\$'000	HK\$'000			
Commercial properties in Hong Kong Island	578,590	668,830	Level 3	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK\$7,732 to HK\$116,190 (2019: HK\$8,559 to HK\$101,429) 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.

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

11. INVESTMENT PROPERTIES – continued

(b) Fair value measurement of properties – continued

(ii) Information about Level 3 fair value measurements – continued

	Fair value at		Fair value hierarchy	Valuation technique(s) and significant unobservable inputs	Relationship of unobservable inputs to fair value
	31 December 2020	31 December 2019			
	HK\$'000	HK\$'000			
Commercial properties in Kowloon	161,000	176,900	Level 3	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK\$22,748 to HK\$73,059 (2019: HK\$25,882 to HK\$81,395) 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.
Commercial property in Mainland China	8,345	8,550	Level 3	Direct comparison method – based on price per square metre, using market observable comparable prices of similar properties ranging from HK\$24,802 to HK\$29,791 (2019: HK\$27,065 to HK\$31,973) 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.

11. INVESTMENT PROPERTIES – continued

(b) Fair value measurement of properties – continued

(ii) Information about Level 3 fair value measurements – continued

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2020 HK\$'000	2019 HK\$'000
Investment properties – Hong Kong		
At 1 January	1,006,570	1,108,280
Additions	–	5,466
Fair value adjustment		
– Fair value change component	(110,410)	(107,176)
<u>At 31 December</u>	<u>896,160</u>	<u>1,006,570</u>
Investment properties – Mainland China		
At 1 January	8,550	8,586
Fair value adjustment		
– Exchange component	495	–
– Fair value change component	(700)	(36)
<u>At 31 December</u>	<u>8,345</u>	<u>8,550</u>
Exchange component	495	–
Fair value change component	(111,110)	(107,212)
Total gains or losses for the period included in profit or loss	(110,615)	(107,212)

Fair value change component of that loss of approximately HK\$111,110,000 (2019: approximately HK\$107,212,000) are presented in the “Net changes in fair value of investment properties” and the exchange component of that loss of approximately HK\$495,000 (2019: HK\$Nil) is included in the “Administrative expenses” on the face of the consolidated statement of profit or loss and other comprehensive income.

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

11. INVESTMENT PROPERTIES – continued

(c) Investment properties leased out under operating leases

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew the lease after that date at which time all terms are renegotiated.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2020 HK\$'000	2019 HK\$'000
Within 1 year	25,180	24,821
After 1 year but within 2 years	11,491	11,852
After 2 year but within 3 years	156	3,713
	<u>36,827</u>	<u>40,386</u>

12. OTHER PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
Cost:			
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	17,039	334	17,373
Accumulated depreciation:			
At 1 January 2019	2,756	334	3,090
Charged for the year	501	–	501
At 31 December 2019	3,257	334	3,591
Charged for the year	501	–	501
At 31 December 2020	3,758	334	4,092
Net book value:			
At 31 December 2020	13,281	–	13,281
At 31 December 2019	13,782	–	13,782

The above leasehold land and buildings comprise a property situated in Hong Kong which is under medium term lease.

13. INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place and date of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Tierra Development Limited	British Virgin Islands 8 May 2012	US\$2,000	100%	100%	–	Investment holding
City Harvest Holdings Limited	British Virgin Islands 21 June 2018	US\$1,000	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%	–	100%	Property investment
Habitat Two Development Limited 景義發展有限公司	Hong Kong 10 August 2019	HK\$10,000	100%	–	100%	Property investment

Principal place of business of the above subsidiaries is located in Hong Kong. None of the subsidiaries had issued any debt securities at the end of the year.

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

14. OTHER NON-CURRENT FINANCIAL ASSETS

	2020 HK\$'000	2019 HK\$'000
Equity instrument designated at FVOCI (non-recycling)		
Unlisted partnership investment	27,067	38,755

The balance represents 10% equity interest in Epic Capital Development Fund I, L.P. ("**Epic Fund**"), a private limited partnership entity established in the Cayman Islands. The principal activity of Epic Fund is redevelopment of properties located in Hong Kong. The directors of the Company have elected to designate the investment in equity instrument as at FVOCI (non-recycling) 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. No dividends were received on this investment during the year ended 31 December 2020 (2019: Nil).

15. LEASE AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Lease receivables, net of loss allowance of HK\$338,000 (2019: HK\$Nil)	6	419
Deferred lease receivables (see note below)	870	–
Other receivables, deposits and prepayments	766	746
	1,642	1,165
Less: non-current portion of deferred lease receivables	(142)	–
	1,500	1,165

Note:

Deferred lease receivables represent the accumulated difference between effective rental revenue and actual invoiced rental amount.

Included in lease and other receivables, deferred lease receivables of approximately HK\$142,000 are expected to be recovered over one year and classified as non-current assets, the other lease and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

As of the end of the reporting period, the ageing analysis of lease receivables, based on rental demand notices issued on the first calendar day of each month and net of loss allowance, is as follows:

	2020 HK\$'000	2019 HK\$'000
Age		
0 – 90 days	6	419

WING LEE PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

16. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2020 HK\$'000	2019 HK\$'000
Non-pledged time deposits with original maturity of less than three months when acquired	41,123	–
Cash at bank and on hand	25,142	8,473
	<hr/>	<hr/>
Cash and cash equivalents in the consolidated statements of financial position and cash flows	66,265	8,473

(b) Reconciliation of loss before taxation to cash generated from operations:

	NOTE	2020 HK\$'000	2019 HK\$'000
Loss before taxation		(93,949)	(86,853)
Adjustments for:			
Interest income	5	(223)	(68)
Finance costs	6(a)	2,368	2,641
Depreciation of other property, plant and equipment	6(c)	501	501
Dividend income from investment in equity instruments at fair value through profit or loss		–	(8)
Fair value changes of investment in equity instruments at fair value through profit or loss		–	–
Gain on disposal of investment in equity instruments at fair value through profit or loss		–	(10)
Equity-settled share-based payment expenses	6(b)	2,250	–
Net changes in fair value of investment properties	11(a)	111,110	107,212
Foreign exchange gain		(495)	–
		<hr/>	<hr/>
Changes in working capital		21,562	23,415
Increase in lease and other receivables		(477)	(359)
Decrease in other payables and rental deposits received		(1,125)	(231)
		<hr/>	<hr/>
Cash generated from operations		19,960	22,825

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

16. CASH AND CASH EQUIVALENTS – continued

(c) Reconciliation of liabilities arising from financing activities:

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

	Bank Loans (Note 18)	
	2020 HK\$'000	2019 HK\$'000
At 1 January	70,131	75,890
Changes from financing cash flows:		
Proceeds from new bank loans	75,000	10,000
Repayment of bank loans	(27,384)	(15,759)
Bank loan interest paid	(2,368)	(2,641)
Total changes from financing cash flows	45,248	(8,400)
Other change:		
Interest expenses (Note 6(a))	2,368	2,641
At 31 December	117,747	70,131

WING LEE PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

17. DEPOSITS RECEIVED AND OTHER PAYABLES

	2020 HK\$'000	2019 HK\$'000
Rental deposits received	8,475	8,799
Accrued expenses	4,012	5,298
Other payables	518	33
	<u>13,005</u>	<u>14,130</u>

The amount of accrued expenses, rental deposits received and other payables expected to be recognised as income after more than one year is HK\$5,346,000 (2019: HK\$4,366,000). All of the other accrued expenses, rental deposits received and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

18. BANK LOANS

	2020 HK\$'000	2019 HK\$'000
At 31 December 2020, the bank loans were repayable as follows*:		
Within one year	30,694	19,777
Within a period of more than one year but not exceeding two years	2,964	29,733
Within a period of more than two years but not more than five years	54,089	20,621
	<u>87,747</u>	<u>70,131</u>
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)	30,000	–
	<u>117,747</u>	<u>70,131</u>
Less: Amounts due within one year shown under current liabilities	(60,694)	(19,777)
	<u>57,053</u>	<u>50,354</u>
Amounts shown under non-current liabilities	57,053	50,354

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

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

18. BANK LOANS – continued

- (i) At 31 December 2020, the bank loans were secured as follows:

	2020 HK\$'000	2019 HK\$'000
Bank loans – secured	117,747	70,131

- (ii) At 31 December 2020, the bank loans were secured by the following assets of the Group:

	2020 HK\$'000	2019 HK\$'000
Investment properties (Note 11)	294,600	485,100
Other property, plant and equipment (Note 12)	13,281	13,782
	<u>307,881</u>	<u>498,882</u>

In addition to the above, certain bank loans were secured by the assignment of rental proceeds of the Group's properties situated in Hong Kong and corporate guarantee provided by the Company.

At the end of the reporting period, the directors of the Company do not consider it is probable that a claim will be made against the Company under the corporate guarantee given by the Company, no liability is provided for in the financial statements of the Company. The Company has not recognised any deferred income in respect of this financial guarantee given by the Company as its fair value is insignificant.

- (iii) Bank loans bear interest ranging from 1.88% to 2.50% per annum as at 31 December 2020 (2019: 2.25% to 4.62%).
- (iv) All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in Note 23(b). As at 31 December 2020, none of the covenants relating to drawn down facilities had been breached (2019: HK\$Nil).

19. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2020 HK\$'000	2019 HK\$'000
Provision for Hong Kong Profits Tax for the year	1,143	3,121
Balance of Profits Tax provision relating to prior years	15	386
	1,158	3,507
PRC Enterprise Income Tax	12	12
	1,170	3,519

(b) Deferred tax (assets)/liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Accelerated tax depreciation HK\$'000	LAT and capital gains tax HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 January 2019	3,505	3,078	(10)	6,573
Charged/(credited) to profit or loss (Note 7)	358	(113)	(29)	216
	3,863	2,965	(39)	6,789
At 31 December 2019	3,863	2,965	(39)	6,789
(Credited)/charged to profit or loss (Note 7)	(1,030)	(386)	15	(1,401)
	2,833	2,579	(24)	5,388
At 31 December 2020	2,833	2,579	(24)	5,388

(ii) Reconciliation to the consolidated statement of financial position

	2020 HK\$'000	2019 HK\$'000
Net deferred tax liability recognised in the consolidated statement of financial position	5,388	6,789

(c) Deferred tax assets not recognised

At 31 December 2020, the Group has not recognised deferred tax assets in respect of cumulative tax losses of HK\$358,000 (2019: HK\$402,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

20. EMPLOYEE RETIREMENT BENEFITS**Defined contribution retirement plan**

The Group operates a Mandatory Provident Fund Scheme (the “**MPF scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

21. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company’s share option scheme (the “**2015 Share Option 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 2015 Share Option Scheme, the Company may grant options to selected employees and directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to eligible advisors, consultants, business partners and service providers of the Company and its subsidiaries at the discretion of the Board.

The total number of shares in respect of which options may be granted under the 2015 Share Option 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 2015 Share Option 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.

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 2015 Share Option 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.

WING LEE PROPERTY INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

21. EQUITY SETTLED SHARE-BASED TRANSACTIONS – continued

(a) *The terms and conditions of the share options outstanding as at end of the reporting period are as follows:*

	Number of instruments	Exercise price	Contractual life of options
Options granted to directors			
– on 16 December 2016	8,109,689	HK\$1.254	10 years
– on 8 December 2020	11,971,446	HK\$0.385	10 years
	<hr/>		
Total share options outstanding	20,081,135		

The above share options granted are not subject to any vesting periods and may be exercised from the date of grant during the validity period.

(b) *The number and weighted average exercise prices of share options are as follows:*

	2020		2019	
	Weighted average exercise price	Number of options '000	Weighted average exercise price	Number of options '000
Outstanding at the beginning of the period	HK\$1.254	8,109,689	HK\$1.254	8,109,689
Granted during the period	HK\$0.385	11,971,446	–	–
		<hr/>		
Outstanding at the end of the period	HK\$0.736	20,081,135	HK\$1.254	8,109,689
		<hr/>		
Exercisable at the end of the period	HK\$0.736	20,081,135	HK\$1.254	8,109,689

The options outstanding at 31 December 2020 had an exercise price of HK\$0.385 or HK\$1.254 (2019: HK\$1.254) and a weighted average remaining contractual life of 8.3 years (2019: 6.9 years).

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

21. EQUITY SETTLED SHARE-BASED TRANSACTIONS – continued

(c) *Fair value of share options and assumptions*

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial option pricing model ("Binomial Model"). The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions

	December 2020 Batch	December 2016 Batch
Fair value of the options at measurement date	HK\$2,250,000	HK\$7,766,000
Share price	HK\$0.385	HK\$1.254
Exercise price	HK\$0.385	HK\$1.254
Exercise multiple	2.8	2.8
Expected volatility	44.62%	48.9%
Option life	10 years	10 years
Expected dividends	N/A	N/A
Risk-free interest rate	0.592%	1.813%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Changes in the subjective input assumptions could materially affect the fair value estimate.

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

22. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity:

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company	Share premium	Share options reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2019	705,280	5,261	13,345	723,886
Changes in equity for 2019:				
Loss and total comprehensive expense for the year	–	–	(851)	(851)
Dividend paid	–	–	(7,724)	(7,724)
Balance at 31 December 2019 and 1 January 2020	705,280	5,261	4,770	715,311
Changes in equity for 2020:				
Loss and total comprehensive expense for the year	–	–	(3,122)	(3,122)
Equity settled share-based transactions	–	2,250	–	2,250
At 31 December 2020	705,280	7,511	1,648	714,439

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

22. CAPITAL, RESERVES AND DIVIDENDS – continued

(b) Dividends

During the year ended 31 December 2020, no dividends were paid, declared or proposed.

During the year ended 31 December 2019, a final dividend in respect of the year ended 31 December 2018 of HK\$0.02 per ordinary share in an aggregate amount of HK\$7,724,000 was proposed and paid.

There is no dividend proposed by the directors of the Company subsequent to the end of the reporting period.

(c) 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 2019, 31 December 2019, 1 January 2020 and 31 December 2020	1,000,000,000	10,000,000	
<hr/>			
Issued and fully paid:			
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	386,175,758	3,861,757	3,862
<hr/>			

22. CAPITAL, RESERVES AND DIVIDENDS – continued**(d) Nature and purpose of reserves***(i) Share options reserve*

Share options reserve comprises the grant date fair value of unexercised share options granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for the share-based payment in Note 2(o).

(ii) Special reserve

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.

(iii) Capital reserve

The capital reserve represents deemed contribution from a then fellow subsidiary in prior years.

(iv) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see Note 2(f)).

(e) Capital 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 18 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.

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to lease and other receivables and cash and cash equivalents. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks with sound credit rating, for which the Group considers to have low credit risk.

There is no significant concentration of credit risk within the Group.

Except for the financial guarantees given by the Company as set out in Note 18(ii), the Group does not provide any other guarantees which expose the Group to credit risk.

Lease receivables and deferred lease receivables

In order to minimise the credit risk, the management of the Group internally assesses the credit quality of the potential tenants before accepting any new tenants, no credit period is granted to tenants. The Group maintains a defined credit policy including stringent credit evaluation on and payment of a rental deposit from tenants. In addition to the payment of rental deposits, tenants are required to pay monthly rents in respect of leased properties in advance. Receivables are regularly reviewed and closely monitored to minimise any associated credit risk.

The Group measures loss allowance for lease receivables in accordance with accounting policy in Note 2(j)(i). Allowance for expected credit losses is assessed and adequately made on a case-by-case basis, based on the historical default experience and forward-looking information that may impact the tenants' ability to repay the outstanding balances.

Movement in the loss allowance account in respect of lease receivables during the year is as follows:

	2020 HK\$'000	2019 HK\$'000
At 1 January	–	–
Impairment loss recognised during the year	338	–
At 31 December	338	–

The following change in the gross lease receivables contributed to the increase in the loss allowance:

- increase in days past due over 90 days resulted in an increase in loss allowance of HK\$338,000 (2019: HK\$Nil).

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS – continued**(a) Credit risk – 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.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS – continued

(b) Liquidity risk – continued

For bank loans subject to a repayment on demand clause which can be exercised at the bank's sole discretion, the maturity analysis shows the cash outflow based on the expected repayment dates with reference to the schedule of repayments set out in specific repayment term and, separately, the impact to the timing of cash outflow if the lender was to invoke its unconditional rights to call the loan with immediate effect.

	Contracted undiscounted cash outflow					Total carrying amount HK\$'000
	On demand or less than 1 month HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 5 years HK\$'000	Total HK\$'000	
	At 31 December 2020					
Other payables	518	–	–	–	518	518
Bank loans	34,821	867	29,696	58,223	123,607	117,747
	35,339	867	29,696	58,223	124,125	118,265
Adjustments to present cash flows on bank loans based on the lender's right to demand repayment	30,000	(146)	(447)	(32,175)	(2,768)	–
	65,339	721	29,249	26,048	121,357	118,265
At 31 December 2019						
Other payables	33	–	–	–	33	33
Bank loans	2,049	12,574	7,321	52,946	74,890	70,131
	2,082	12,574	7,321	52,946	74,923	70,164

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS – continued**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank borrowings. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate arising from the Group's HK\$ denominated bank loans.

The Group does not anticipate significant impact to cash at bank and bank deposits because the interest rates of cash at bank and bank deposits are not expected to change significantly.

The Group will constantly assess the interest rate risk it encounters to decide whether it is required to hedge against the possible interest rate risk that may arise.

At 31 December 2020, the Group had HK\$117,747,000 (2019: HK\$70,131,000) variable interest rate borrowings which expose the Group to cash flow interest rate risk. The interest rates and terms of repayment of the Group's bank borrowings are disclosed in Note 18 to the consolidated financial statements.

At 31 December 2020, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all variables held constant, would have increased/decreased the Group's loss after taxation and decreased/increased total equity by approximately HK\$492,000 (2019: HK\$293,000).

The sensitivity analysis above indicates the instantaneous change in the Group's loss after taxation and total equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and the impact on the Group's loss after taxation and total equity is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis as 2019.

(d) 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.

The Group currently does not have a policy on foreign currency risk as it had minimal transactions denominated in foreign currencies during the years ended 31 December 2020 and 2019. As the impact of foreign currency risk on the Group's operation is minimal, no sensitivity analysis is performed.

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS –
continued

(e) **Equity price risk**

The Group is exposed to equity price risk on investment in equity instrument designated at FVOCI as the Group invested in an unquoted equity instrument during the years ended 31 December 2020 and 2019 for an investee operating in property development industry sector for long term strategic purposes which had been designated as FVOCI. The Group will consider hedging the risk exposure should the need arise. The Group's investment revaluation reserve would increase/decrease by HK\$2,707,000 (2019: HK\$3,876,000) if the price of the equity instrument had been 10% higher/lower.

(f) **Fair value measurement**

(i) *Financial instruments measured at fair value*

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices inactive markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the financial controller performing valuations for the financial instruments, including unlisted equity instruments which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the financial controller and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the financial controller. Discussion of the valuation process and results with the financial controller and the audit committee is held twice a year, to coincide with the reporting dates.

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS – continued

(f) Fair value measurement – continued

(i) Financial instruments measured at fair value – continued

Fair value hierarchy – continued

During the years ended 31 December 2019 and 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group’s policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

At 31 December 2020 and 2019, the only financial instrument of the Group carried at fair value was equity instrument designated at FVOCI of HK\$27,067,000 (2019: HK\$38,755,000). This instrument is measured at fair value on a recurring basis and their fair value measurements fall into Level 3 of the fair value hierarchy described above.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range/weighted average of input	Relationship of unobservable inputs to fair value
Unlisted equity instrument	Adjusted net asset approach	Gross development value (HK\$/sq.m)	10,500	note 1
		Developer’s profit margin	15%-20%	note 2
		Construction cost (Unit Rate) (HK\$/sq.m)	2,025	note 3

The fair value of unlisted equity instrument is determined by adjusted net asset method with reference to fair value of the related property under development assessed by an independent professional valuer. The fair value of the related property under development is based on residual method, which is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developers profit and risk associated with the estimated capital value of the proposed development assuming completed as at the date of valuation.

Notes:

1. The higher the gross development value, the higher the fair value.
2. The higher the developer’s profit margin, the lower the fair value.
3. The higher the construction cost, the lower the fair value.

Note: The property under development held by Epic Fund is restricted to industrial and/or godown purposes excluding any offensive noxious noisome or unhealthy trade business or manufacture. A lease modification application was submitted to the Lands Department to allow non-industrial development. As at 31 December 2020, the application is pending approval and premium assessment. The above valuation was performed based on redevelopment basis under existing lease condition.

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS – continued

(f) Fair value measurement – continued

(i) Financial instruments measured at fair value – continued

The movements during the period in the balance of this Level 3 fair value measurement are as follows:

	2020 HK\$'000	2019 HK\$'000
Unlisted equity instrument:		
At 1 January	38,755	45,147
Payment for capital injection	1,238	–
Net unrealised gains or losses recognised in other comprehensive income during the period	(12,926)	(6,392)
<u>At 31 December</u>	<u>27,067</u>	<u>38,755</u>

Any gain or loss arising from the remeasurement of the Group's unlisted equity instrument held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity instrument, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

(ii) Fair value of financial instruments carried at other than fair value

The directors of the Company consider that the carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2020 and 2019.

24. CAPITAL COMMITMENTS

Capital commitments outstanding at 31 December 2020 not provided for in the financial statements were as follows:

	2020 HK\$'000	2019 HK\$'000
Capital expenditure contracted for		
– investment in equity instrument designated at FVOCI	40,000	40,000
	<u>40,000</u>	<u>40,000</u>

25. MATERIAL RELATED PARTIES TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year.

(a) Key management personnel remuneration

Directors and the highest paid individual are key management personnel of the Group whose remuneration are disclosed in Notes 8 and 9. The remuneration of the directors of the Company during the year was determined by the remuneration committee having regard to the performance of the individuals and market trends.

(b) Transaction with a related party

In October 2020, the Group entered into a lease agreement with Morning Star Industrial Company Limited (“**MSI**”), a company wholly owned by Mr. Chow Tak Hung (spouse of Ms. Chau Choi Fa, the chairperson and executive director of the Company), Ms. Wong Siu Wah (the chief executive officer and executive director of the Company), and Ms. Chow Woon Yin (an executive director of the Company), whereby the Group rented a property to MSI for a term of two years commencing from 1 November 2020. The amount of rent receivable by the Group under the lease is HK\$108,000 per month, which was determined with reference to amounts charged by the Group to third parties. During the year ended 31 December 2020, the Group received rental income of HK\$216,000 (2019: HK\$Nil) from MSI.

During the year ended 31 December 2019, the Group acquired an investment property of which a daughter of an executive director has interest in the property. The aggregate consideration of the property of approximately HK\$5,466,000 comprises acquisition cost of the property of HK\$4,200,000 and other directly attributable costs of approximately HK\$1,266,000.

WING LEE PROPERTY INVESTMENTS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

26. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	NOTE	31 December 2020 HK\$'000	31 December 2019 HK\$'000
Non-current asset			
Investments in subsidiaries	13	703,806	703,798
Current assets			
Prepayments		303	300
Amounts due from subsidiaries		90,002	60,002
Bank balances		193	197
		90,498	60,499
Current liabilities			
Other payables		25	25
Amount due to a subsidiary		75,978	45,099
		76,003	45,124
Net current assets		14,495	15,375
NET ASSETS		718,301	719,173
CAPITAL AND RESERVES			
Share capital	22	3,862	3,862
Reserves		714,439	715,311
TOTAL EQUITY		718,301	719,173

27. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2020, the directors consider the immediate parent and ultimate controlling party of the Group to be Bright Asia Holdings Limited and Mr. Chow Tak Hung, respectively. Bright Asia Holdings Limited is incorporated in the British Virgin Islands and does not produce financial statements available for public use. Mr. Chow Tak Hung is the spouse of Ms. Chau Choi Fa, who is the chairperson and executive director of the Company.

28. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, and new standards and interpretations, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, <i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to HKFRS 3, <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to HKAS 16, <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to HKAS 37, <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i>	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

29. IMPACT OF COVID-19 PANDEMIC

The COVID-19 pandemic since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position.

The Group has been closely monitoring the impact of the developments on the Group's business and has put in place contingency measures. The management has implemented a series of operating cost and capital expenditure control measures in order to lower the breakeven point of operations, and preserve liquidity to weather the current economic crisis. The COVID-19 pandemic did have a significant impact on the Group's operation and capital position, but did not change the fundamentals of the Group's ability to continue as a going concern. The Group now has strengthened the recovery of receivables and negotiated with its bankers to renew its existing banking facilities. The Group will keep the contingency measures under review as the situation evolves.

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

WING LEE PROPERTY INVESTMENTS LIMITED

FINANCIAL SUMMARY

	Year ended 31 December				
	2016	2017	2018	2019	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RESULTS					
Revenue	32,585	31,516	32,335	33,209	30,331
Profit (loss) before taxation	2,469	52,453	22,878	(86,853)	(93,949)
Taxation	(3,527)	(2,901)	(3,431)	(3,228)	(2,651)
Profit (loss) for the year	(1,058)	49,552	19,447	(90,081)	(96,600)
	At 31 December				
	2016	2017	2018	2019	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS AND LIABILITIES					
Total Assets	1,105,757	1,136,867	1,184,297	1,077,295	1,012,760
Total Liabilities	76,856	62,276	97,374	94,569	137,310
Net Assets	1,028,901	1,074,591	1,086,923	982,726	875,450

WING LEE PROPERTY INVESTMENTS LIMITED

SUMMARY OF INVESTMENT PROPERTIES HELD BY THE GROUP

AT 31 DECEMBER 2020

Particulars of the Group's investment properties at 31 December 2020 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 and 6/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