# WING LEE PROPERTY INVESTMENTS LIMITED
# 永利地產發展有限公司*

*(Incorporated in Bermuda with limited liability)*
(Stock Code: 864)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

### RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Wing Lee Property Investments Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2018 as follows:

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

*FOR THE YEAR ENDED 31 DECEMBER 2018*

| | *NOTES* | **2018** *HK$'000* | 2017 *HK$'000* |
|---|---|---|---|
| Revenue | 3 | **32,335** | 31,516 |
| Direct operating expenses | | **(922)** | (3,012) |
| | | **31,413** | 28,504 |
| Other income | 4 | **450** | 550 |
| Other gains or losses | | **133** | (32) |
| Net changes in fair value of investment properties | 10 | **2,150** | 34,413 |
| Administrative expenses | | **(9,599)** | (10,133) |
| Finance costs | 5 | **(1,669)** | (849) |
| Profit before taxation | 6 | **22,878** | 52,453 |
| Taxation | 7 | **(3,431)** | (2,901) |
| Profit for the year | | **19,447** | 49,552 |
| Other comprehensive income for the year | | | |
| Item that will not be reclassified subsequently to profit or loss: | | | |
| Fair value gain of investment in equity instrument designated at fair value through other comprehensive income | | **147** | – |
| Total comprehensive income for the year | | **19,594** | 49,552 |
| Earnings per share – basic and diluted | 9 | **HK cents 5.04** | HK cents 12.83 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AT 31 DECEMBER 2018*

| | *NOTES* | **2018** **HK$'000** | 2017 *HK$'000* |
|---|---|---|---|
| Non-current assets | | | |
| Investment properties | 10 | **1,116,866** | 1,077,399 |
| Property, plant and equipment | | **14,283** | 15,805 |
| Deposit paid for acquisition of an investment property | | **–** | 2,555 |
| Investment in equity instrument designated at fair value through other comprehensive income | | **45,147** | – |
| | | **1,176,296** | 1,095,759 |
| Current assets | | | |
| Rental and other receivables | 11 | **806** | 870 |
| Investment in equity instruments at fair value through profit or loss | | **325** | – |
| Held for trading investments | | **–** | 382 |
| Tax recoverable | | **6** | 117 |
| Short-term bank deposit | | **348** | – |
| Fixed bank deposits | | **246** | 35,014 |
| Bank balances and cash | | **6,270** | 4,725 |
| | | **8,001** | 41,108 |
| Current liabilities | | | |
| Other payables and rental deposits received | 12 | **14,361** | 14,722 |
| Taxation payable | | **550** | 31 |
| Bank loans – due within one year | | **16,552** | 19,648 |
| | | **31,463** | 34,401 |
| Net current (liabilities) assets | | **(23,462)** | 6,707 |
| Total assets less current liabilities | | **1,152,834** | 1,102,466 |
| Non-current liabilities | | | |
| Bank loans – due after one year | | **59,338** | 21,491 |
| Deferred tax liabilities | | **6,573** | 6,384 |
| | | **65,911** | 27,875 |
| Net assets | | **1,086,923** | 1,074,591 |
| Capital and reserves | | | |
| Share capital | | **3,862** | 3,862 |
| Reserves | | **1,083,061** | 1,070,729 |
| Total equity | | **1,086,923** | 1,074,591 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*FOR THE YEAR ENDED 31 DECEMBER 2018*

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

### General Information

The Company was incorporated and registered as an exempted company with limited liability in Bermuda under the Companies Act 1981 of Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its immediate holding company and ultimate holding company is Bright Asia Holdings Limited, a company incorporated in the British Virgin Islands. The ultimate controlling party is Mr. Chow Tak Hung, who is the spouse of Ms. Chau Choi Fa (an executive director of the Company). The address of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and office J, 11/F, King Palace Plaza, 55 King Yip Street, Kwun Tong, Kowloon, Hong Kong respectively.

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.

### Basis of preparation

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

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and investment in equity instrument designated at fair value through other comprehensive income, investment in equity instruments at fair value through profit or loss ("FVTPL") and held for trading investments which are measured at fair values at the end of each reporting period.

In preparing the consolidated financial statements, the directors of the Company have given due and careful consideration to the future liquidity of the Group in light of the Group's net current liabilities position of HK$23,462,000 as at 31 December 2018. In December 2018, the Group entered into a facility letter with a bank in respect of a new bank facility of HK$50 million.

Having considered the new bank facility of HK$50 million obtained and the estimated cash flows generated from the Group's operations, the directors of the Company are satisfied that the Group will have sufficient working capital for its present requirements for the foreseeable future. On this basis, the consolidated financial statements have been prepared on a going concern basis.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

**New and Amendments to HKFRSs that are mandatory effective for the current year**

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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

Except for the application of HKFRS 9, the application of other new and amendments to HKFRSs and an interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

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

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

| | |
|---|---|
| HKFRS 16 | Leases[1] |
| HKFRS 17 | Insurance Contracts[2] |
| HK(IFRIC) – Int 23 | Uncertainty over Income Tax Treatments[1] |
| Amendments to HKFRS 3 | Definition of a Business[4] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3] |
| Amendments to HKAS 1 and HKAS 8 | Definition of Material[5] |
| Amendments to HKAS 19 | Plan Amendment, Curtailment or Settlement[1] |
| Amendments to HKAS 28 | Long-term Interests in Associates and Joint Ventures[1] |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2015 – 2017 Cycle[1] |

[1] Effective for annual periods beginning on or after 1 January 2019

[2] Effective for annual periods beginning on or after 1 January 2021

[3] Effective for annual periods beginning on or after a date to be determined

[4] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

[5] Effective for annual periods beginning on or after 1 January 2020

The directors of the Company anticipate that the application of some of these new and amendments to HKFRSs may have effect on the Group's financial performance and positions and/or the disclosures set out in the consolidated financial statements.

## 3. SEGMENT INFORMATION

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

Revenue represents the rental income received from operating leases.

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

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

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

## 4. OTHER INCOME

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest income | **203** | 385 |
| Dividend income from investment in equity instruments at FVTPL | **18** | – |
| Dividend income from held for trading investments | **–** | 92 |
| Others | **229** | 73 |
| | **450** | 550 |

## 5. FINANCE COSTS

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interests on bank loans | **1,669** | 830 |
| Interests on obligations under a finance lease | **–** | 19 |
| | **1,669** | 849 |

## 6. PROFIT BEFORE TAXATION

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

## 7. TAXATION

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

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

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

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

## 8. DIVIDENDS

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

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

## 9. EARNINGS PER SHARE

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

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Earnings | | |
| Profit for year attributable to the owners of the Company for the purpose of calculating basic earnings per share | **19,447** | 49,552 |

| | **2018** | 2017 |
|---|---|---|
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share | **386,175,758** | 386,175,758 |

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

## 10. INVESTMENT PROPERTIES

| | 2018 | 2017 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| FAIR VALUE | | |
| At beginning of the year | **1,077,399** | 1,047,366 |
| Additions | **35,867** | – |
| Transfer from property, plant and equipment (note) | **1,450** | – |
| Disposal | **–** | (4,380) |
| Net increase in fair value | **2,150** | 34,413 |
| At end of the year | **1,116,866** | 1,077,399 |

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

## 11. RENTAL AND OTHER RECEIVABLES

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

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

| | 2018 | 2017 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Age | | |
| 0 – 90 days | **162** | 100 |

No credit period was granted to tenants of rental of premises. Before accepting any new tenants, the Group will internally assess the credit quality of the potential tenants. Based on historical experiences of the Group, these rental receivables past due but not impaired are generally recoverable. The Group does not hold any collateral over these balances.

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

## 12. OTHER PAYABLES AND RENTAL DEPOSITS RECEIVED

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

## 13. RELATED PARTIES TRANSACTIONS

The remuneration of the directors during the year was determined by the remuneration committee having regard to the performance of the individuals and market trends.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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

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

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

### PROSPECTS

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

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

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

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

Currently, the Group does not have plans for any material investments or acquisitions of capital assets. Due to market uncertainties, the Group will continue to maintain a conservative treasury policy.

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

## OPERATIONS

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

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

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

## RESULTS

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

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

## FINANCIAL REVIEW

### Liquidity and Capital Resources

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

Net current liabilities was generated as the Group expanded its investment property portfolio during the year ended 31 December 2018. Purchases for these investment properties and the new investment made in the Fund resulted in an additional cash outflow from operations as consideration paid for these acquisitions was financed by the Group's internal funds and bank borrowings. After taking into account the available banking facilities as at the reporting date, and the estimated cash flows generated from the Group's operations, the directors of the Company are satisfied that the Group will have sufficient working capital for its present requirements for the foreseeable future. As such, the management believes that the Group is well positioned with sufficient operating funds to manage its existing operations and investment plans.

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

Bank deposits and cash of the Group as at 31 December 2018 were approximately HK$6.9 million (31 December 2017: approximately HK$39.7 million), which included fixed deposits of approximately HK$0.6 million (31 December 2017: approximately HK$35.0 million). The decrease in the Group's bank deposits and cash and current ratio was mainly attributable to the use of funds in connection with the acquisition of two investment properties and investment made in the Fund during the year.

As at 31 December 2018, the carrying amount of our bank loans was approximately HK$75.9 million (31 December 2017: approximately HK$41.1 million). As at 31 December 2018, all of the bank loans were secured by mortgages over certain investment properties and property, plant and equipment of the Group with carrying amounts of approximately HK$486.3 million (31 December 2017: approximately HK$512.0 million) and carry interest at HIBOR plus 0.70% to 1.95% per annum (31 December 2017: HIBOR plus 0.70% to 2.25% per annum). As at 31 December 2018, the Group had unutilised bank loan facilities of HK$50 million (31 December 2017: nil).

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

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

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

**Capital Expenditure**

Capital expenditure incurred by our Group (representing acquisition of investment properties and investment in equity instrument designated at fair value through other comprehensive income) for the year ended 31 December 2018 was HK$80.9 million (2017: nill). In 2018, the Group expanded its investment property portfolio and completed the acquisition of two investment properties located at Ground Floor, No. 20 Lok Kwan Street, Kowloon and Ground Floor, No. 27 Man On Street, Kowloon at an aggregate consideration of approximately HK$35.9 million. In addition, the Group made an investment in the Fund at a consideration of approximately HK$45.0 million. In 2017, the Group paid deposit of HK$2.6 million for the acquisition of Ground Floor, No. 20 Lok Kwan Street, Kowloon, the property was subsequently acquired in 2018. The Group anticipates that the funding required for future capital expenditure will be principally financed by cash generated from operations and bank borrowings, although the Group may consider raising additional funds as and when appropriate.

### Capital commitments

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

### Contingent liabilities

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

### Pledge of assets

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

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

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

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There was no material acquisition or disposal of subsidiaries and associated companies by the Company during the year ended 31 December 2018.

## TREASURY POLICIES

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

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

## RISK MANAGEMENT

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

## HUMAN RESOURCES

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

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

No new share options were granted in 2018 and 2017.

## FINAL DIVIDEND

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

## CLOSURE OF REGISTER OF MEMBERS

To ascertain the shareholders' entitlement to attend and vote at the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from 3 April 2019 (Wednesday) to 11 April 2019 (Thursday), both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, all transfers of shares, accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 2 April 2019 (Tuesday).

Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, the proposed final dividend will be payable to the shareholders whose names appear on the register of members of the Company on 24 April 2019 (Wednesday). To ascertain the entitlement of the shareholders to the proposed final dividend, the register of members of the Company will be closed from 19 April 2019 (Friday) to 24 April 2019 (Wednesday) both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 18 April 2019 (Thursday). The ex-dividend date will be 17 April 2019 (Wednesday).

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

Neither the Company nor any of its subsidiaries redeemed, purchased or cancelled any redeemable securities or listed securities during the year ended 31 December 2018. As at 31 December 2018, there were no outstanding redeemable securities of the Company.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions in 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 2018.

## COMPLIANCE WITH MODEL CODE

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 2018.

## AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management and discussed auditing, internal control and financial reporting matters including the financial results of the Group for the year ended 31 December 2018.

## SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website (http://www.wingleeproperties.com) and the Stock Exchange's website (http://www.hkexnews.hk). The 2018 annual report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course in accordance with the Listing Rules.

## APPRECIATION

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

By Order of the Board of
**Wing Lee Property Investments Limited**
**Chau Choi Fa**
*Chairperson*

Hong Kong, 1 March 2019

*As at the date of this announcement, the Board comprises four executive Directors, namely Ms. Chau Choi Fa, Ms. Wong Siu Wah, Ms. Wong, Vivien Man-Li and Ms. Chow Woon Yin, and three independent non-executive Directors, namely Mr. Lam John Cheung-wah, Dr. Tse Kwok Sang and Mr. Chui Chi Yun Robert.*

* *for identification purposes only*