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

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

INTERIM RESULTS

The board of directors (the "Board") of Wing Lee Property Investments Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2020, together with comparative figures for the corresponding period ended 30 June 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended	
	Notes	**30.6.2020** ***HK$'000*** **(unaudited)**	30.6.2019 *HK$'000* (unaudited)
Revenue	*3*	**14,780**	16,717
Direct operating expenses		**(336)**	(424)
		14,444	16,293
Other income		**266**	213
Other gains or losses		**–**	10
Net changes in fair value of investment properties	*9*	**(32,904)**	4,327
Administrative expenses		**(2,954)**	(2,955)
Finance costs	*4*	**(1,222)**	(1,253)
(Loss) profit before taxation	*5*	**(22,370)**	16,635
Taxation	*6*	**(1,630)**	(1,900)
(Loss) profit for the period		**(24,000)**	14,735
Other comprehensive (expense) income for the period			
Item that will not be reclassified subsequently to profit or loss:			
Fair value (loss) gain of investment in equity instrument designated at fair value through other comprehensive (expense) income		**(5,231)**	–
Total comprehensive (expense) income for the period		**(29,231)**	14,735
(Loss) earnings per share – basic and diluted	*7*	**(HK$0.076)**	HK$0.038

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Notes	**30.6.2020**	31.12.2019
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Non-current assets			
Investment properties	*9*	**982,216**	1,015,120
Property, plant and equipment	*10*	**13,531**	13,782
Investment in equity instrument designated at fair value through other comprehensive income	*11*	**33,524**	38,755
		1,029,271	1,067,657
Current assets			
Rental and other receivables	*12*	**1,442**	1,165
Fixed bank deposits		**33,000**	–
Bank balances and cash		**7,015**	8,473
		41,457	9,638
Current liabilities			
Other payables and rental deposits received	*13*	**11,141**	14,130
Taxation payable		**1,416**	3,519
Bank loans – due within one year		**47,081**	19,777
		59,638	37,426
Net current liabilities		**(18,181)**	(27,788)
Total assets less current liabilities		**1,011,090**	1,039,869
Non-current liabilities			
Bank loans – due after one year		**50,632**	50,354
Deferred taxation		**6,963**	6,789
		57,595	57,143
Net assets		**953,495**	982,726
Capital and reserves			
Share capital	*14*	**3,862**	3,862
Reserves		**949,633**	978,864
Total equity		**953,495**	982,726

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

The outbreak of coronavirus disease (COVID-19) and the subsequent quarantine measures as well as the travel restrictions imposed by various countries have had negative impacts on the economic environment and directly and indirectly affect the operations of the Group. Under these circumstances, the Group provided rent concessions to certain lessees. As such, the financial positions and performance of the Group were affected in different aspects, including a reduction of revenue.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, investment in equity instrument designated at fair value through other comprehensive income ("FVTOCI") and investment in equity instrument at fair value through profit or loss that are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2019.

In the current interim period, the Group have applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to the Group for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements. The Group has not applied any new standard or amendment that is not effective for the current accounting period.

3. SEGMENT INFORMATION

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

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 Six months ended	
	30.6.2020	30.6.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong		
Hong Kong Island:		
Commercial	**8,225**	9,836
Kowloon:		
Commercial	**3,249**	3,533
Residential	**1,687**	1,644
Industrial	**1,395**	1,433
Mainland China		
Shenzhen:		
Commercial	**224**	271
	14,780	16,717

4. FINANCE COSTS

	Six months ended	
	30.6.2020	30.6.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interests on bank loans	**1,222**	1,253

5. (LOSS) PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2020	30.6.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss) profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**251**	251
and after crediting:		
Interest income (included in other income)	**43**	40

6. TAXATION

	Six months ended	
	30.6.2020	30.6.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The charge comprises:		
Hong Kong Profits Tax		
– Current period	**1,432**	1,702
Mainland China Enterprise Income Tax	**24**	25
Deferred taxation charge	**174**	173
	1,630	1,900

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2019: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

According to Article 3 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) 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. An entity of the Group earns rental income derived from a property located in Mainland China and is subject to Enterprise Income Tax calculated at 10% of the gross rental income received in Mainland China.

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

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

7. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the following data:

	Six months ended	
	30.6.2020	30.6.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss) earnings		
(Loss) profit for period attributable to owners of the Company for the purpose of basic (loss) earnings per share	**(24,000)**	14,735

	Six months ended	
	30.6.2020	30.6.2019
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**386,175,758**	386,175,758

For the six months ended 30 June 2020 and 30 June 2019, the computation of diluted (loss) 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 the shares.

8. DIVIDEND

A final dividend of HK$0.02 per share in respect of the year ended 31 December 2018, totalling approximately HK$7,724,000, was paid to shareholders of the Company during the six months ended 30 June 2019. No final dividend was declared in respect of the year ended 31 December 2019. The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: Nil).

9. INVESTMENT PROPERTIES

	30.6.2020	31.12.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
FAIR VALUE		
At beginning of the period	**1,015,120**	1,116,866
Additions	**–**	5,466
Net decrease in fair value	**(32,904)**	(107,212)
At end of the period	**982,216**	1,015,120

The carrying value of investment properties shown above situated on:

	30.6.2020	31.12.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Land in Hong Kong	**973,760**	1,006,570
Land in Mainland China	**8,456**	8,550
	982,216	1,015,120

The fair value of the Group's investment properties at 30 June 2020 and at 31 December 2019 have been arrived at on the basis of a valuation carried out by RHL Appraisal Limited ("RHL"), an independent firm of professional valuers not related to the Group whose address is at Room 1010, Star House, Tsimshatsui, Kowloon, Hong Kong.

The valuations as at 30 June 2020 and 31 December 2019 have been arrived at by using direct comparison method by making reference to comparable market transactions as available.

All of the Group's investment properties were assumed to be recovered through sales and deferred tax liabilities in respect of fair value changes on investment properties have been estimated taking into account this assumption. The Group has not recognized deferred tax liabilities in relation to changes in fair value of the investment properties that are situated in Hong Kong during the six months ended 30 June 2020 and 2019 as the Group is not subject to any income taxes on disposal of its investment properties. The Group has recognized deferred tax liabilities on changes in fair value of the investment property that is situated in Mainland China as the property in Mainland China is subject to LAT and capital gains tax upon disposal.

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

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, there was no new addition of property, plant and equipment (2019: nil).

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

	30.6.2020	31.12.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Unlisted partnership investment:		
Equity instrument	**33,524**	38,755

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

The fair value of the Group's investment in equity instrument at 30 June 2020 has been arrived at on the basis of a valuation carried out on those dates by Valor Appraisal & Advisory Limited, an independent firm of professional property valuer not related to the Group whose address is Unit C, 4/F, China Insurance Building, 48 Cameron Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The fair value of the Group's investment in equity instrument at 31 December 2019 has been arrived at on the basis of a valuation carried out on those dates by Chung Hin Appraisal Limited, an independent firm of professional property valuer not related to the Group whose address is Unit 1102, 11/F, Pacific Plaza, 418 Des Voeux Road West, Hong Kong.

12. RENTAL AND OTHER RECEIVABLES

	30.6.2020	31.12.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Rental receivables	**968**	419
Other receivables, deposits and prepayments	**474**	746
	1,442	1,165

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:

	30.6.2020	31.12.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Age		
0 – 90 days	**320**	419
91 – 180 days	**324**	–
over 180 days	**324**	–
	968	419

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.

As at 30 June 2020, included in balance of the Group's rental receivables are receivables with an aggregate carrying amount of HK$968,000 (31 December 2019: HK$419,000), which is past due at the end of the reporting period. The Group has not provided for impairment loss on the past due rental receivables either because the Group has received rental deposits from the relevant tenants and the amount of which exceeds the amount of the relevant rental receivables past due, or because the rental receivables past due relate to tenants who do not have a history of payment defaults. The Group does not hold any collateral over these balances.

13. OTHER PAYABLES AND RENTAL DEPOSITS RECEIVED

	30.6.2020	31.12.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accrued expenses	**2,171**	5,298
Rental deposits received	**8,935**	8,799
Other payables	**35**	33
	11,141	14,130

14. SHARE CAPITAL

	Number of shares	Amount in	Shown in the condensed financial statements
		HK$	*HK$'000*
Issued and fully paid:			
At 30 June 2019, 31 December 2019 and 30 June 2020	386,175,758	3,861,757	3,862
Ordinary shares			
Authorized:			
At 30 June 2019, 31 December 2019 and 30 June 2020 (HK$0.01 each)	1,000,000,000	10,000,000	

There were no movements in the share capital of the Company for the six months ended 30 June 2020.

15. RELATED PARTIES TRANSACTIONS

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

During the six months ended 30 June 2020, the Group has leased one of its industrial properties to a company which is controlled by a son of a director of the Company, and rental income of approximately HK$648,000 (six months ended 30 June 2019: HK$648,000) has been received. At 30 June 2020, the Group has rental deposit from this lease in the amount of HK$324,000 (31 December 2019: HK$324,000) and the amount is included in rental deposits received as set out in note 13.

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Other than the financial assets carried at fair value as detailed in the following table, the directors of the Company consider that the carrying amounts of other financial instruments that are recorded at amortised cost in these condensed consolidated financial statements approximate their fair values.

Financial assets	**Fair value as at 30 June 2020** *HK$'000* **(Unaudited)**	Fair value as at 31 December 2019 *HK$'000* (Audited)	**Fair value hierarchy**	**Valuation techniques and key inputs**
Investment in equity instrument designated at fair value through profit or loss	**33,524**	38,755	Level 3	Net asset approach: The valuation by Valor Appraisal & Advisory Limited and Chung Hin Appraisal Limited were arrived at by evaluating the net asset value of the unlisted partnership investment, which are the deemed resale price of the investment's underlying net assets, with key unobservable inputs of (i) Gross development value on completion basis, mainly taking into account the time, location, building age and size between the comparables and the properties; and (ii) level adjustment on individual floor of the properties at 50%. The directors have determined that the reported net asset values represent fair value of the investment.

There were no transfers between Levels 1, 2 and 3 during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is engaged in the business of property investment and leasing of commercial and residential properties in Hong Kong. As at 30 June 2020, the Group held an investment property portfolio consisting of one property located in Mainland China and 38 properties located in Hong Kong.

The aggregate market value of the Group's investment properties amounted to approximately HK$982.2 million as at 30 June 2020 (31 December 2019: approximately HK$1,015.1 million). This decrease was due to a net decrease in fair value of the investment properties of approximately HK$32.9 million.

For the six months ended 30 June 2020 (the "Period"), the Group's revenue, mainly consisting of gross rental income from the Group's investment properties, amounted to approximately HK$14.8 million (2019: approximately HK$16.7 million), representing a decrease of approximately 11.6% in comparison to the corresponding period in 2019 which reflected the impact of the outbreak of the coronavirus disease (COVID-19) on the commercial retail property market in Hong Kong during the Period. The Group's investment properties were 99.9% occupied as at 30 June 2020.

The Group 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. As at 30 June 2020, the fair value of the investment in the Fund was approximately HK$33.5 million (31 December 2019: approximately HK$38.8 million). This decrease was also due to unfavorable economic conditions in Hong Kong caused by the recent COVID-19 outbreak.

Save for the investment properties held by the Group and the investment in the Fund, there was no other significant investment held during the Period. The Group did not introduce or announce any new business or services during the Period.

PROSPECTS

The worldwide outbreak of COVID-19 has continued to weaken the global economy and consumer spending. Business activities in Hong Kong have generally slowed down and unemployment rates have increased in the first half of 2020. A large number of businesses including retail and food and beverage industries have been severely affected by the COVID-19 outbreak and some businesses were forced to shut down during the Period. The above unprecedented uncertainties have contributed to a downward trend in the Hong Kong retail property market. Despite the above challenges, the Group remains cautiously optimistic about the Hong Kong property market given Hong Kong's firm economic base.

Looking ahead, overall economic conditions and growth in Hong Kong are unlikely to see significant recovery for the rest of 2020. In view of the above, reduction in rental income of the Group is expected for the second half of 2020. Fortunately, up to now, the Group's portfolio continues to maintain high occupancy rates as our Group has a diverse tenant mix with tenants from different industries. To maintain the occupancy rates, the Group will closely monitor the economic developments and property market changes and make rental policy adjustments accordingly.

In the Group's efforts to maintain its competitiveness and ensure shareholder returns, the Group has been cautiously exploring opportunities to diversify its business beyond the rental property market. The Group continues to gain property redevelopment experience from its investment in the Fund which engaged in a property redevelopment project in Kwun Tong, Kowloon back in 2018. 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 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.

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 its competitiveness.

RESULTS

The Group's total comprehensive expense for the Period attributable to owners of the Company amounted to approximately HK$29.2 million (2019: approximately HK$14.7 million total comprehensive income attributable to owners of the Company), representing a change from profit to loss as compared to 2019. Such decrease was mainly attributable to a net decrease in fair value of the Group's investment properties which reflects the general market conditions of the commercial retail and residential investment property market in Hong Kong during the Period.

Loss per share for the six months ended 30 June 2020 was HK$0.076 (2019: earnings per share of HK$0.038), representing a decrease of HK$0.114 from the corresponding period last year.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 30 June 2020, the net current liabilities of the Group amounted to approximately HK$18.2 million (31 December 2019: approximately HK$27.8 million). The current ratio, expressed as current assets over current liabilities, was approximately 0.70 (31 December 2019: approximately 0.26). Continuing from prior years, net current liabilities was generated as the Group expanded its investment property portfolio in 2019 and fund portfolio in 2018. Purchases for these investment properties and fund investment resulted in an additional cash outflow from operations as consideration paid for these acquisitions was financed by internal funds and bank borrowing. After taking into account the available banking facilities as at 30 June 2020, and the estimated cash flows generated from the Group's operations, the directors of the Company ("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. The management will continue to implement all necessary measures to ensure that the Group maintains adequate cash and appropriate credit facilities to meet its future operating expenditure and loan repayment obligations.

Total equity of the Group decreased to approximately HK$953.5 million (31 December 2019: approximately HK$982.7 million). Moreover, as at 30 June 2020, the bank deposits and cash of the Group were approximately HK$40.0 million (31 December 2019: approximately HK$8.5 million), which included fixed deposits of approximately HK$33.0 million (31 December 2019: nil). The increase in bank deposits and cash of the Group was mainly due to new bank loans raised during the Period.

As at 30 June 2020, the carrying amount of our bank loans was approximately HK$97.7 million (31 December 2019: approximately HK$70.1 million). As at 30 June 2020, all of the bank loans were secured by mortgages over certain investment properties, leasehold land and buildings of the Group with an aggregate carrying amount of approximately HK$312.9 million (31 December 2019: approximately HK$498.9 million) and carry interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 1.00% to 1.95% per annum (31 December 2019: HIBOR plus 0.70% to 1.95% per annum). As at 30 June 2020, the Group had available unutilized bank loan facilities of approximately HK$45 million (31 December 2019: HK$40 million).

Of the total bank loans as at 30 June 2020, approximately HK$47.1 million (or approximately 48.2%) was repayable within one year or on demand. Approximately HK$3.8 million (or approximately 3.9%) was repayable after one year but within two years. Approximately HK$46.8 million (or approximately 47.9%) 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$19.8 million (or approximately 28.2%) was repayable within one year or on demand. Approximately HK$29.7 million (or approximately 42.4%) was repayable after one year but within two years. Approximately HK$20.6 million (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 (being the aggregate of total bank borrowings) of approximately HK$97.7 million (31 December 2019: approximately HK$70.1 million) divided by shareholder's equity of the Group of approximately HK$953.5 million (31 December 2019: approximately HK$982.7 million) was approximately 10.2% as at 30 June 2020 (31 December 2019: approximately 7.1%).

Capital Expenditure

The Group did not incur any material capital expenditure during the Period. It is anticipated 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 30 June 2020 and 31 December 2019, 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.

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2020 and 31 December 2019.

Pledge of assets

Certain of the Group's investment properties with an aggregate carrying value of approximately HK$299.4 million as at 30 June 2020 (31 December 2019: approximately HK$485.1 million) have been pledged to secure banking facilities of the Group.

As at 30 June 2020, one of the Group's leasehold land and buildings with a carrying value of approximately HK$13.5 million (31 December 2019: HK$13.8 million) has been pledged to secure banking facilities of the Group.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There was no material acquisition or disposal of subsidiaries and associated companies by the Company during the Period under review.

TREASURY POLICY

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. Should the Board consider it appropriate, it may consider investing in debt securities and equity securities. The Group does not use any financial instruments for hedging purposes.

RISK MANAGEMENT

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

HUMAN RESOURCES

As at 30 June 2020, the Group employed a total of seven employees (31 December 2019: seven employees) in Hong Kong. The Group recorded staff costs of approximately HK$1.1 million for the six months ended 30 June 2020 as compared to approximately HK$1.4 million for the corresponding period in 2019.

The Group has entered into employment contracts with all our employees to cover matters such as wages, benefits and grounds for termination. The Group's remuneration policies and packages are reviewed by the management on a regular basis. The Group grants discretionary bonuses to qualified employees based on operation results and individual performance. The Board may also make an offer of the grant of an option to subscribe for share(s) in the capital of the Company to any of our employees under our share option scheme.

INTERIM DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: Nil).

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 of 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 six months ended 30 June 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 the directors of the Company. Having made specific enquiry, all of the directors of the Company confirmed that they have complied with the Model Code during the six months ended 30 June 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries redeemed, purchased or sold any of the Company's listed securities during the six months ended 30 June 2020. As at 30 June 2020, there were no outstanding redeemable securities of the Company.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises of three independent non-executive directors of the Company.

The audit committee has reviewed the unaudited interim results for the six months ended 30 June 2020 with the management of the Company.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all of our shareholders, tenants, professional parties and employees for their continuous support.

By Order of the Board
Chau Choi Fa
Chairperson

Hong Kong, 17 August 2020

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.