THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Wing Tai Properties Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

WING TAI PROPERTIES LIMITED
永泰地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 369)

WingTaiAsia

MAJOR TRANSACTION
FORMATION OF JOINT VENTURE WITH
MANHATTAN GARMENTS HOLDINGS LIMITED
FOR THE ACQUISITION OF INTEREST IN A PROPERTY IN LONDON

24 May 2019

CONTENTS

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the meanings set out below:

"Acquisition"	the acquisition of 100% equity interest in the Jersey SPV;
"Agreement"	the shareholders agreement dated 22 November 2018 entered into between the Company, Manhattan, the Wing Tai Subsidiary, the Manhattan Subsidiary and the Joint Venture Company in relation to the formation and the management of the Joint Venture Company;
"Board"	the board of Directors;
"Business Day"	a day, other than a Saturday, Sunday, public holiday and a day on which a typhoon signal no. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 am and 5:00 pm, on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours;
"Company"	Wing Tai Properties Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange;
"connected person"	has the meaning ascribed to it under the Listing Rules;
"Directors"	the directors of the Company;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"HKFRS"	Hong Kong Financial Reporting Standards;
"IFRS"	International Financial Reporting Standards;
"Jersey SPV"	30 Gresham Street (Jersey) Limited, a company incorporated in Jersey;
"Jersey SPV Group"	Jersey SPV and Singapore SPV;
"Joint Venture Company"	Kingswood Edge Limited, a company incorporated in the British Virgin Islands;
"Joint Venture Group"	the Joint Venture Company and its subsidiaries;

"Latest Practicable Date"	16 May 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Major Shareholders"	Brave Dragon Limited, Wing Tai Retail Pte. Ltd., Crossbrook Group Limited, Bestime Resources Limited, Pofung Investments Limited, Broxbourne Assets Limited, Cheng Wai Chee, Christopher and Cheng Wai Sun, Edward;
"Manhattan"	Manhattan Garments Holdings Limited, a company incorporated in the Cayman Islands;
"Manhattan Subsidiary"	Blisspeak Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of Manhattan;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers;
"Property"	the property situated at 30 Gresham Street, London EC2V 7PG;
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
"Share Purchase Agreement"	the agreement dated 22 November 2018 entered into between the Joint Venture Company and the Vendor in relation to the Acquisition;
"Shareholders"	the shareholder(s) of the Company;
"Shares"	ordinary shares of HK$0.50 each in the issued share capital of the Company;
"Singapore SPV"	30 Gresham Street (Singapore) Private Limited, a company incorporated in the Republic of Singapore and a wholly-owned subsidiary of the Jersey SPV;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Transaction"	the entering into of the Agreement;

"Vendor"	Samsung Life Insurance Co., Ltd., a company incorporated in the Republic of Korea;
"Wing Tai Subsidiary"	Speedwell Global Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company;
"£"	British pounds, the lawful currency of the United Kingdom; and
"%"	per cent.

For the purpose of this circular and for illustration purpose only, conversion of British pounds to Hong Kong dollars is based on the exchange rate of £1 = HK$10.07. No representation is made that any amount in Hong Kong dollars have been or could be converted at the above rate or at any other rates.

WING TAI PROPERTIES LIMITED
永泰地產有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 369)

Executive Directors:
Cheng Wai Chee, Christopher GBS OBE JP *(Chairman)*
Cheng Wai Sun, Edward GBS JP
(Deputy Chairman and Chief Executive)
Cheng Man Piu, Francis
Chow Wai Wai, John
Ng Kar Wai, Kenneth

Non-executive Directors:
Kwok Ping Luen, Raymond JP
(Kwok Ho Lai, Edward as his alternate)
Hong Pak Cheung, William
Ng Tak Wai, Frederick
Chen Chou Mei Mei, Vivien

Independent non-executive Directors:
Simon Murray CBE
Yeung Kit Shing, Jackson
Haider Hatam Tyebjee Barma GBS CBE ISO JP
Cheng Hoi Chuen, Vincent GBS OBE JP
Lam Kin Fung, Jeffrey GBS JP

Head office and principal place of business in Hong Kong:
27th Floor, AIA Kowloon Tower
Landmark East
100 How Ming Street
Kwun Tong
Kowloon
Hong Kong

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

24 May 2019

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
FORMATION OF JOINT VENTURE WITH
MANHATTAN GARMENTS HOLDINGS LIMITED
FOR THE ACQUISITION OF INTEREST IN A PROPERTY IN LONDON

1. INTRODUCTION

Reference is made to the announcement of the Company dated 23 November 2018 in relation to the Agreement for the Transaction, pursuant to which the Company, Manhattan, the Wing Tai Subsidiary, the Manhattan Subsidiary and the Joint Venture Company agreed to form a joint venture. The Joint Venture Company is owned as to 50% by each of the Wing Tai Subsidiary and the Manhattan Subsidiary respectively. The Joint Venture Company then entered into the Share Purchase Agreement to acquire 100% equity interest in the Jersey SPV, which indirectly holds the leasehold interests in the Property.

The purpose of this circular is to provide you with the information relating to, among others, details of the Transaction and the Acquisition, and the financial and general information of the Group.

2. DETAILS OF THE TRANSACTION

The Agreement

Date

22 November 2018

Parties

(a) The Company

(b) Manhattan

(c) The Wing Tai Subsidiary

(d) The Manhattan Subsidiary

(e) The Joint Venture Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Manhattan, the Manhattan Subsidiary, and their ultimate beneficial owners are third parties independent of the Group and are not connected persons of the Company.

The Joint Venture Company

The Wing Tai Subsidiary and the Manhattan Subsidiary each holds 50% of the equity interest in the Joint Venture Company. The Joint Venture Company acts as the acquisition vehicle for the Acquisition.

Capital contribution to the Joint Venture Company

Pursuant to the Agreement, the Wing Tai Subsidiary and the Manhattan Subsidiary shall be responsible for the funding requirements of the Joint Venture Company for, among others, the Acquisition, the operation of the Property and external financing costs, in each case in equal proportion.

Each of the Wing Tai Subsidiary and the Manhattan Subsidiary has committed to contribute £230.0 million (equivalent to approximately HK$2,316.1 million) to the Joint Venture Company. The amount of capital contribution was determined after arm's length negotiation between the parties to the Agreement with reference to, among others, the consideration for the Acquisition, the anticipated operational expenses of the Property, the estimated transaction costs relating to the Acquisition and external financing costs. Capital contribution payable by the Wing Tai Subsidiary was funded by the Group's internal resources and/or borrowing.

Guarantees

Pursuant to the Agreement, the obligations of the Wing Tai Subsidiary are guaranteed by the Company and the obligations of the Manhattan Subsidiary are guaranteed by Manhattan.

3. DETAILS OF THE ACQUISITION

The Share Purchase Agreement

Date

22 November 2018

Parties

(a) The Joint Venture Company

(b) The Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and their ultimate beneficial owners are third parties independent of the Group and are not connected persons of the Company.

Subject matter

Pursuant to the Share Purchase Agreement, the Vendor agreed to sell and the Joint Venture Company agreed to purchase 100% equity interest in the Jersey SPV, which indirectly holds the leasehold interests in the Property.

Consideration

The consideration of the Acquisition was approximately £411.3 million (equivalent to approximately HK$4,141.8 million) and was determined with reference to (i) the estimated net asset value of the Jersey SPV Group as adjusted by deducting warranty and liability insurance contribution of approximately £0.1 million (equivalent to approximately HK$1.0 million) and rent top-up amount payable by the Vendor for the outstanding "rent-free" periods for certain tenants of approximately £0.2 million (equivalent to approximately HK$2.0 million), and (ii) amount owed by the Singapore SPV to the Vendor of £200.0 million (equivalent to HK$2,014.0 million). The completion accounts are prepared in accordance with certain agreed accounting principles and were based on the value of the Property of £411.5 million (equivalent to approximately HK$4,143.8 million).

The value of the Property was determined after arm's length negotiation between the Vendor and the Joint Venture Company with reference to rental yield and recent transactions of comparable properties.

Payment of consideration at completion

At completion, the Joint Venture Company paid the Vendor an aggregate amount of £411.3 million (equivalent to approximately HK$4,141.8 million) in cash, in the following manner:

(i) a deposit of £20.6 million (equivalent to approximately HK$207.5 million) was paid to the Vendor on entering into the Share Purchase Agreement; and

(ii) the remaining amount of £390.7 million (equivalent to approximately HK$3,934.3 million) on the date of completion.

Completion

The completion of the Acquisition took place on 20 December 2018.

4. INFORMATION OF THE PROPERTY

The Property is a landmark building situated in the heart of London which provides a total of 403,639 square feet of prime office, retail and ancillary accommodation arranged over two basement levels, lower ground, ground and eight upper floors. There are 48 car parking spaces located on the two basement levels.

Jones Lang LaSalle Limited, an independent valuer, valued the Property as at 31 March 2019. The text of the letter, a summary of valuation and the valuation certificate are set out in Appendix IV to this circular.

The reconciliation between the carrying amount of the Property held by the Jersey SPV Group as at 31 December 2018 and the valuation of the Property as at 31 March 2019 is as follows:

	£
Net book value of the Property as at 31 December 2018	308,280,400
Adjustment to reflect the market value of the Property as at 31 December 2018	103,219,600
Market value of the Property as at 31 December 2018 and 31 March 2019	411,500,000

5. REASONS AND BENEFITS OF THE TRANSACTION AND THE ACQUISITION

One of the principal activities of the Group is property investment. The Directors believe that the Acquisition by the Joint Venture Company provides an opportunity for the Group to expand and diversify its property investment portfolio and generate a steady flow of rental income to the Group.

The Directors consider that the terms of the Transaction and the Acquisition are fair and reasonable and the entering into the Transaction is in the interests of the Company and its Shareholders as a whole.

6. INFORMATION ON THE COMPANY AND THE WING TAI SUBSIDIARY

The Company is an investment holding company. The principal subsidiaries of the Company are engaged in property development, property investment and management and hospitality investment and management. The Wing Tai Subsidiary, a wholly-owned subsidiary of the Company, is principally engaged in investment holding.

7. INFORMATION ON MANHATTAN AND THE MANHATTAN SUBSIDIARY

The Manhattan Subsidiary is an indirect wholly-owned subsidiary of Manhattan. The principal activity of Manhattan and Manhattan Subsidiary is investment holding. Manhattan is a privately held holding company founded in Hong Kong in 1958, its principal businesses are real estate investment holding and property development, dedicated to developing and leasing prestigious residential and commercial properties.

8. INFORMATION ON THE VENDOR

The Vendor is an insurance company listed on the Korea Exchange (KRX) and is a subsidiary of the Samsung Group. Its principal products include life insurance, health insurance and annuities. Samsung Group is a South Korea-based conglomerate which principally engages in the electronics industry.

9. INFORMATION ON THE JERSEY SPV GROUP

The principal activity of the Jersey SPV is investment holding. Its primary asset is 100% equity interest in the Singapore SPV. Prior to the Acquisition, the Vendor owns 100% equity interest in the Jersey SPV.

The principal activity of the Singapore SPV is investment holding. It directly holds the leasehold interests in the Property. It is a wholly-owned subsidiary of the Jersey SPV.

The financial information of the Jersey SPV Group for the three years ended 31 December 2018 are as follows:

	31 December 2016	31 December 2017	31 December 2018
	£	£	£
	(audited)	*(audited)*	*(audited)*
Revenue (net of leaseback expenses)	17,880,979	17,809,703	17,823,320
Net profit before tax	2,746,150	2,201,209	2,612,600
Net profit after tax	2,746,150	2,201,209	2,176,039
Total assets	334,627,714	332,645,017	326,580,126
Total liabilities	212,353,860	212,976,566	268,143,631
Net assets	122,273,854	119,668,451	58,436,495

Net assets above include:

	31 December 2016	31 December 2017	31 December 2018
	£	£	£
	(audited)	*(audited)*	*(audited)*
Investment property	319,059,396	313,669,898	308,280,400
Cash and cash equivalents	6,941,706	10,137,573	5,907,269
Trade and other receivables	554,504	363,039	1,671,033
Lease incentives	6,294,194	6,934,781	8,894,901
Loan from ultimate holding company	200,000,000	200,000,000	256,891,944
Trade and other payables	725,771	974,506	1,003,089
Rent in advance	4,292,783	5,063,883	5,165,264

10. FINANCIAL EFFECT OF THE TRANSACTION AND THE ACQUISITION

The Group's commitment to contribute £230.0 million (equivalent to approximately HK$2,316.1 million) to the Joint Venture Company was met by cash investments and giving proportional and several guarantees, on an as-needed basis, for banking facilities granted to the Joint Venture Group, if any. The cash investment was funded by the internal cash and/or cash-equivalent resources of the Group.

According to the Group's accounting policies, interests in joint ventures are accounted for using the equity method, after initially recognised at cost on the consolidated balance sheet. To the extent that the Group's commitment as aforesaid is financed by internal cash and/or cash-equivalent resources of the Group, the Transaction will not have any significant effect on either the total assets or the net assets of the Group. To the extent that such commitment is met by giving guarantees, the Company's contingent liabilities will increase.

11. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the Transaction exceeds 25% and all applicable percentage ratios are less than 100%, the Transaction constitutes a major transaction of the Company and is therefore subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, (1) no existing Shareholder has any material interest in the Transaction; and (2) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transaction. The Company is permitted to seek, and has obtained written approval from the Major Shareholders (who are a closely allied group of Shareholders who together beneficially own more than 50% in nominal value of the Shares in the capital of the Company giving them the right to attend and vote at the Company's general meetings) in accordance with Rule 14.44 of the Listing Rules in lieu of a general meeting to approve the Transaction.

The Major Shareholders beneficially own the following Shares as at the Latest Practicable Date:

Name of the Major Shareholder	**Number of Shares directly held**	**Approx. percentage of shareholding**
Brave Dragon Limited	141,794,482	10.48%
Crossbrook Group Limited	270,411,036	19.99%
Wing Tai Retail Pte. Ltd.	50,282,667	3.72%
Bestime Resources Limited	93,629,998	6.92%
Pofung Investments Limited	88,930,828	6.58%
Broxbourne Assets Limited	17,323,957	1.28%
Cheng Wai Chee, Christopher	13,568,566	1.00%
Cheng Wai Sun, Edward	11,501,231	0.85%
Total	**687,442,765**	**50.82%**

Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis are beneficiaries of a family trust (the "**Family Trust**") the assets of which include indirect interests in shares in Wing Tai Holdings Limited, which is the parent company of Brave Dragon Limited, Crossbrook Group Limited and Wing Tai Retail Pte. Ltd.. Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis and other beneficiaries of the Family Trust collectively own the entire issued share capital of Wing Tai (Cheng) Holdings Limited. and Pacific Investment Exponents Inc. which, in turn, own a controlling interest in Bestime Resources Limited, Pofung Investments Limited and Broxbourne Assets Limited.

12. WAIVER FROM STRICT COMPLIANCE WITH RULE 14.67(6) OF THE LISTING RULES

Background

Pursuant to Rule 14.67(6)(a)(i) of the Listing Rules, the Company is required to include in this circular an accountants' report on the Jersey SPV Group prepared in accordance with Chapter 4 of the Listing Rules. The accounts on which such report is based must relate to a financial period ended six months or less before this circular is issued, and the financial information on the Jersey SPV Group must be prepared using accounting policies which should be materially consistent with those of the Company. In this regard, the Company is required under Chapter 4 of the Listing Rules to include an accountants' report on the Jersey SPV Group with the financial information of the Jersey SPV Group for the three financial years ended 31 December 2018 prepared under HKFRS.

Further, pursuant to Rule 14.67(6)(a)(ii) of the Listing Rules, a circular issued in relation to an acquisition constituting a major transaction must contain, among other matters, a pro forma statement of the assets and liabilities of the Group combined with the assets and liabilities of the Jersey SPV Group on the same accounting basis and such pro forma financial information must comply with Chapter 4 of the Listing Rules.

Waiver sought

The Company applied to the Stock Exchange and obtained a waiver from strict compliance with Rule 14.67(6) regarding certain disclosures under Chapter 4 of the Listing Rules on the following grounds:

1. It would be unduly burdensome for the Company to engage professional accountants to prepare an accountants' report on the Jersey SPV Group under Chapter 4 of the Listing Rules in light of the substantial time required with reasons below:

   a. The accounts of the Jersey SPV Group are prepared in accordance with IFRS and audited by Deloitte & Touche LLP and the accountants' report in accordance with Chapter 4 of the Listing Rules must be prepared using accounting policies which should be materially consistent with those of the Company. The forming of an opinion on the accountants' report by Deloitte Touche Tohmatsu ("**Deloitte**") is to be made on the basis of the audited accounts of the Jersey SPV and is to include adjustments for major differences between the audited accounts of the Jersey SPV and the accountants' report in accounting policies and additional disclosures. There will be considerable amount of communications among the offices of Deloitte in the United Kingdom, Singapore and Hong Kong in preparing the accountants' report and will incur a substantial amount of time in the planning stage, in the field work stage and upon completion of the audit works.

b. Deloitte & Touche LLP is not registered under the Hong Kong Professional Accountants Ordinance. However, the firm and its accountants are regulated by Singapore's Accounting and Corporate Regulatory Authority and its accountants are members of the Institute of Singapore Chartered Accountants. It is part of Deloitte, which is known as one of "the Big Four" firms that provide audit and other professional services globally.

2. The preparation of the pro forma statement of assets and liabilities of the Group would require the use of the latest accounts of the Company, which are the audited accounts of the Company for the year ended 31 December 2018. As such audited accounts have already accounted for the Company's interest in the Joint Venture Company and have been published in the Company's 2018 annual report before the date of despatch of this circular, the inclusion of the pro forma statement of assets and liabilities of the Group will not be meaningful to the Shareholders.

Alternative disclosure

The Company has included the following information in this circular as alternative disclosure to an accountants' report under Chapter 4 of the Listing Rules:

1. the audited financial statements of the Jersey SPV Group for the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018 audited by Deloitte & Touche LLP in accordance with IFRS, with audit opinions given by Deloitte & Touche LLP, included in Appendix II to this circular; and

2. a reconciliation of the Jersey SPV Group's financial information for the differences between its accounting policies under IFRS and the accounting policies of the Company under HKFRS, with an explanation of the differences. The reconciliation is reported on by Deloitte in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) as stated in Appendix II to this circular.

As alternative disclosure to the pro forma financial information, please refer to Note 18(a)(ii) to the consolidated financial statements of the Company for the year ended 31 December 2018 as set out in the Company's 2018 annual report from page 119 to 121, which includes, among other things, disclosure of the Joint Venture Company, to show the impact of the Transaction.

Based on the information provided by the Company, the Stock Exchange has granted the waiver from strict compliance with Rule 14.67(6) regarding certain disclosures under Chapter 4 of the Listing Rules.

13. RECOMMENDATION

The Directors are of the view that the terms of the Transaction are on normal commercial terms and are fair and reasonable and the entering into the Transaction is in the interests of the Company and the Shareholders as a whole. If a general meeting were to be convened for the approval of the Transaction, the Directors would recommend the Shareholders to vote in favour of the resolution to approve the Transaction at such general meeting.

14. GENERAL

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully
For and on behalf of the Board
WING TAI PROPERTIES LIMITED
Cheng Wai Chee, Christopher
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the three years ended 31 December 2016, 2017 and 2018, and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2017 and 2018 are disclosed in the annual reports of the Company for the years ended 31 December 2016, 2017 and 2018, and the interim reports of the Company for the six months ended 30 June 2017 and 2018. All of which are published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.wingtaiproperties.com).

2. INDEBTEDNESS STATEMENT

Borrowings

As at 31 March 2019 (being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular), the Group had total outstanding borrowings of approximately HK$5,190 million, comprising secured bank loans, unsecured fixed rate bonds and other unsecured long-term loans from non-controlling interests of the Group of approximately HK$3,157 million, HK$1,872 million and HK$161 million, respectively. Those unsecured fixed rate bonds were guaranteed by the Company.

Contingent liabilities

As at 31 March 2019, the Group had contingent liabilities of approximately HK$8,136 million in respect of guarantees given by the Company for banking facilities granted to certain joint ventures. The guarantees were given severally and in proportion to the Group's equity interests in the joint ventures.

Securities and charges

As at 31 March 2019, several investment properties, properties for sale and financial investments at fair value through profit or loss of the Group, with carrying values of approximately HK$3,901 million, HK$3,931 million and HK$328 million, respectively were pledged to secure bank loans and credit facilities for the Group.

Save as disclosed herein and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not as at 31 March 2019, have any other material debt securities, issued or outstanding, or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments, mortgages, charges, contingent liabilities or guarantees.

The Directors have confirmed that there has not been any other material change in the indebtedness and contingent liabilities of the Group since 31 March 2019.

3. WORKING CAPITAL

For the working capital sufficiency of the Group's present requirements for at least the next 12 months from the date of this circular, the Directors have made the assumptions that the total project loan facilities of the Group and its joint venture of approximately HK$2,108 million, which are due for repayment within the next 12 months from the date of this circular, will be duly renewed or otherwise replaced by new financing arrangements of equivalent amounts. As at the Latest Practicable Date, these loan facilities are under negotiation with banks. The Group and its joint venture have not obtained any written confirmation from these banks that such facilities will be renewed, though based on past experience, the Directors are of the opinion that the aforesaid renewal or new financing arrangements will be available to the Group and its joint venture within the next 12 months from the date of this circular.

As at 31 March 2019, the Group has available bank balances of HK$3,104 million and unused committed revolving facilities from various banks of approximately HK$1,790 million. In addition, the Group has various funding options (such as bank borrowings, bond financing or equity). Therefore, the Directors are of the opinion that the Company has sufficient financial capacity to meet the aforesaid renewal or new financing arrangement.

The Directors are of the opinion that after taking into account the present internal financial resources available to the Group, including the internally generated funds and the presently available banking facilities, and based on the assumptions regarding project loan facilities as set out above, the Group has, in the absence of unforeseeable circumstances, sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the six months ended 30 June 2018, the Group reported an unaudited consolidated profit attributable to shareholders of approximately HK$1,036 million, compared with approximately HK$450 million for the six months ended 30 June 2017. The 130% increase in profit was mainly due to a gain on the disposals of subsidiaries of HK$693 million, offset by a lower fair value gain on investment properties and financial instruments and a lower profit from property development. The total unaudited revenue for the Group was approximately HK$470 million for the six months ended 30 June 2018, a decrease of 13.9% compared with approximately HK$546 million for the six months ended 30 June 2017.

For the year ended 31 December 2018, the Group reported an audited consolidated profit attributable to shareholders of approximately HK$1,312 million, compared with approximately HK$1,982 million in 2017. The 34% decrease in profit was mainly due to a lower fair value gain on investment properties and financial instruments of HK$254 million in 2018 compared with HK$883 million in 2017. The total audited revenue for the Group was approximately HK$885 million, a decrease of 17% compared with approximately HK$1,064 million in 2017.

Brexit will cast a shadow over the world economy and Asia remains the engine of global growth amid broader macroeconomic uncertainty. For the remainder of the year, the Directors expect the Hong Kong economy and property market would remain challenging due to uncertainties brought about by the Sino-US trade disputes and a slowing growth in China's economy, in addition to accelerated government cooling measures in the local residential property market.

The Directors consider that upon completion of the Acquisition by the Joint Venture Company, the Group's property investment portfolio will be further expanded and a steady flow of rental income will be generated to the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited financial statements of the Group were made up.

I. CONSOLIDATED FINANCIAL STATEMENTS OF THE JERSEY SPV GROUP FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2016, 2017 AND 2018

(1) The audited consolidated financial statements of the Jersey SPV Group for the year ended 31 December 2018, which were prepared in accordance with IFRS, are set out below. These financial statements were presented in GBP unless otherwise stated.

INDEPENDENT AUDITOR'S REPORT OF DELOITTE & TOUCHE LLP TO THE MEMBER OF 30 GRESHAM STREET (JERSEY) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of 30 Gresham Street (Jersey) Limited (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2018 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the directors' report.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's 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 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.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) 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 directors 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.

DELOITTE & TOUCHE LLP

Public Accountants and
Chartered Accountants Singapore
16 May, 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2018

	Note	2018 GBP	2017 GBP
Rental income	5	21,439,408	21,426,624
Leaseback expenses	6	(3,616,088)	(3,616,921)
Other income		1,470,268	1,354,801
Interest income		970	512
		19,294,558	19,165,016
Property related expenses	6	(1,233,277)	(1,419,663)
General and administrative expenses	7	(1,567,103)	(1,654,299)
Depreciation and amortisation	10	(5,389,498)	(5,389,498)
Finance cost	8	(8,490,812)	(8,500,000)
Loss on foreign exchange transactions		(1,268)	(347)
		(16,681,958)	(16,963,807)
Profit before tax		2,612,600	2,201,209
Income tax	9	(436,561)	–
Net profit for the year representing total comprehensive income for the year		2,176,039	2,201,209

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2018

	Note	2018 GBP	2017 GBP
ASSETS			
Non-current assets			
Lease incentives		7,905,892	6,276,018
Investment property	10	308,280,400	313,669,898
Total non-current assets		316,186,292	319,945,916
Current assets			
Cash and cash equivalents		5,907,269	10,137,573
Trade and other receivables	11	1,671,033	363,039
Prepayment	12	1,567,705	1,539,726
Due from ultimate holding company	20	258,818	–
Lease incentives		989,009	658,763
Total current assets		10,393,834	12,699,101
Total assets		326,580,126	332,645,017
LIABILITIES AND EQUITY			
Capital and reserves			
Share capital	13	1,380,000	1,380,000
Share premium	13	79,728,056	136,620,000
Accumulated losses		(22,671,561)	(18,331,549)
Equity attributable to the owners of the Company		58,436,495	119,668,451
Non-current liabilities			
Rental deposits		37,482	37,543
Leaseback provisions	16	3,487,907	3,889,461
Loan from ultimate holding company	20(a)	–	200,000,000
Total non-current liabilities		3,525,389	203,927,004
Current liabilities			
Rent in advance		5,165,264	5,063,883
Rental deposits		–	37,544
Recharges in advance		309,444	317,856
Leaseback provisions	16	401,554	401,554
Trade and other payables	17	1,003,089	974,506
Due to ultimate holding company	20	270,264	1,746,512
Loan from ultimate holding company	20(a),(b)	256,891,944	–
Accruals	18	140,122	507,707
Income tax payable		436,561	–
Total current liabilities		264,618,242	9,049,562
Total liabilities and equity		326,580,126	332,645,017

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2018

	Note	Share capital GBP	Share premium GBP	Accumulated losses GBP	Total equity GBP
Balance at January 1, 2017		1,380,000	136,620,000	(15,726,146)	122,273,854
Net profit for the year, representing total comprehensive income for the year		–	–	2,201,209	2,201,209
Payments of dividend	15	–	–	(4,806,612)	(4,806,612)
Balance at December 31, 2017		1,380,000	136,620,000	(18,331,549)	119,668,451
Net profit for the year, representing total comprehensive income for the year		–	–	2,176,039	2,176,039
Payments of dividend	15	–	–	(6,516,051)	(6,516,051)
Dividend distributed from share premium	13	–	(56,891,944)	–	(56,891,944)
Balance at December 31, 2018		1,380,000	79,728,056	(22,671,561)	58,436,495

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2018

	Note	2018 GBP	2017 GBP
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from tenants		16,111,869	19,519,471
Cash returned for rent deposits		(37,482)	–
Cash paid to suppliers and other third parties		(3,781,888)	(3,021,601)
Cash generated from operations		12,292,499	16,497,870
Interest paid		(10,223,288)	(8,495,292)
Taxes refunded		216,494	–
Net cash generated from operating activities		2,285,705	8,002,578
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	15	(6,516,051)	(4,806,612)
Net cash used in financing activities		(6,516,051)	(4,806,612)
Net (decrease)/increase in cash and cash equivalents		(4,230,346)	3,195,966
Cash and cash equivalents at beginning of year		10,137,573	6,941,706
Effects of exchange rate changes on the balance of cash held in foreign currencies		42	(99)
Cash and cash equivalents at end of year		5,907,269	10,137,573

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

1. GENERAL INFORMATION

30 Gresham Street (Jersey) Limited ("the Company") was incorporated on June 4, 2013, and is a Jersey registered private company existing and operating under the laws of Jersey. The Company is domiciled in Jersey and its registered office is Second Floor No. 4 The Forum Grenville Street St Helier Jersey JE 24UF, Channel Islands.

Prior to December 20, 2018, the Company was wholly owned by Samsung Life Insurance Co., Ltd., a company incorporated under the laws of the Republic of South Korea whose registered office is at 150 Taepyeongro 2-ga, Jung-Gu, Seoul, Korea, Republic of South Korea.

On December 20, 2018, the shares of the Company were sold to Kingswood Edge Limited, a company incorporated in the British Virgin Islands whose registered address is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands. Kingswood Edge Limited is a joint venture investment holding company established by Wing Tai Properties Limited and Manhattan Garments Holdings Limited. With effect from December 20, 2018, the ultimate holding company of the Company is Kingswood Edge Limited.

The main activity of the Company is to acquire the entire issued share capital of 30 Gresham Street (Singapore) Private Limited and to act as a holding vehicle for further investments in real estate. The Company and its subsidiary comprises the Group. As at December 31, 2018, the Group owns 1 investment property: 30 Gresham Street, London EC2, United Kingdom, title number NGL826330.

As at December 31, 2018, the Group is in a net working capital deficiency position of GBP 254,224,408. The financial statements have been prepared on a going concern basis as the directors are satisfied that financial support from the ultimate holding company will be available if required to enable the Group to pay its debt when they fall due. The ultimate holding company has also given an undertaking to provide continuing financial support, at least through twelve months from the date of these financial statements, to the Group in order for it to continue as a holding vehicle for future investments.

Subsequent to the end of the reporting period, the Group has transferred its investment in real estate to a related company (see Note 22).

2. ADOPTION OF NEW AND REVISED STANDARDS

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39 *Financial Instruments: Recognition and Measurement*. The significant accounting policies for financial instruments under IFRS 9 is disclosed in Note 3.15.

Additionally, the Group adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures*.

IFRS 9 introduced new requirements for:

(1) The classification and measurement of financial assets and financial liabilities,

(2) Impairment of financial assets, and

(3) General hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

Classification and measurement of financial assets

The Group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at January 1, 2018 and has not applied the requirements to instruments that have already been derecognised as at January 1, 2018. The classification of financial assets is based on two criteria: the Group's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. The Group's financial assets that were previously classified as loans and receivables under IAS 39 are now classified as financial assets at amortised cost under IFRS 9.

Impairment of financial assets

IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on i) debt investments subsequently measured at amortised cost or at FVTOCI, ii) lease receivables, iii) contract assets and iv) loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

On the date of application, the Group assessed that the expected credit loss allowance on its in-scope financial assets is not material.

Hedge accounting

There is no impact as the Group does not apply hedge accounting.

2.1. NEW AND REVISED IFRS IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 16	*Leases*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[1]

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

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods except for the following:

IFRS 16 Leases

IFRS 16 *Leases* was issued by the IASB in January 2016. IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

As at December 31, 2018, the Group has non-cancellable operating lease arrangement of GBP 35,248,986 as disclosed in Note 21. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In contrast, in cases where the Group is a lessor, the application of IFRS 16 will not have a significant impact on the amounts recognised in the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

3.2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values at the end of the reporting period, as explained in the accounting policies below.

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3.3. Basis of consolidation

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

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

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

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

3.4. Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. Other types of non-controlling measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9/IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

3.5. Revenue recognition

The Group leases out its real estate under operating leases as described in Note 3.9 below. Rental income (excluding value added tax) is accounted for on a straight line basis over the lease term. Rent in advance is recorded as deferred income and is recognised as income in the period to which it relates.

3.6. Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.7. Interest expense

Interest expense are recognised within 'Finance cost' in the consolidated statement of profit or loss and other comprehensive income using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial liability.

3.8. Expenses

Expenses are recognised in profit or loss in the period in which they are incurred (on an accruals basis).

3.9. Leasing

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

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiation and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

In the event that lease incentives are given to enter into operating leases, such incentives are recognised as an asset. The aggregate benefit of incentives is recognised as a reduction of rental income on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits of the leased asset are diminished.

The Group as lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.10. Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss for the year.

All foreign exchange gains and losses are presented net in the statement of profit or loss and other comprehensive income.

3.11. Borrowing costs

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

3.12. Taxation

Income tax represents the sum of currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profits differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

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

3.13. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost. Subsequent to initial recognition, the Group chooses the cost model and measures all of its investment property at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

	Number of years
Leasehold land	179
Building	40
Building improvement	14.3
Tenant improvement	13.6 and 12.8

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Investment properties are subject to renovations or improvements at regular intervals. The costs of the major renovations and improvements are capitalised as addition and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and improvement are recognised in profit or loss when incurred.

Investment property is derecognised upon disposal or when the investment property is permanently withdrawn from the use and no further economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amounts of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of tangible asset

At the end of each reporting period, the Group reviews the carrying amount of its tangible assets to determine whether there is any indication of those assets suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.14. Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.15. Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group entity becomes a party to the contractual provisions of the instruments.

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

Financial assets (before January 1, 2018)

Financial assets are classified into the category of 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquently in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial assets (from January 1, 2018)

The classification of financial assets is based on two criteria: the Group's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

Financial assets at amortised cost

Debt instruments mainly comprise cash and bank balances, trade and other receivables and due from ultimate holding company that meet the following conditions and are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

The Group's impairment policy has been updated to align with the requirement of the IFRS 9 expected credit loss model. The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses 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, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments measured at amortised cost, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

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

The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

Definition of default

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

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

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.16. Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are initially recognised at their fair values (net of transaction costs) and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

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

3.17. Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks. Cash and cash equivalents are defined as cash in hand, demand deposits and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and deposits with banks.

3.18. Prepayments

Prepayments are carried at cost less any accumulated impairment losses.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an 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.

4.1. Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see Note 4.2 below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Depreciation policy

Depreciation is recognised using the straight-line method based on the useful lives of assets. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The land is depreciated based on the period of leasehold for a term of 179 years and the building is depreciated using a basis of 40 years. Building improvement is depreciated based on the period of leaseback for a term of 14 years and 4 months.

4.2. Key sources of estimation uncertainty

The management is of the opinion that there are no key sources of estimation uncertainty at the end of the financial year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. RENTAL INCOME

This represents rental income from the operating lease of the investment property.

6. LEASEBACK EXPENSES/PROPERTY RELATED EXPENSES

	2018 *GBP*	2017 *GBP*
Leaseback rent expenses	3,616,088	3,616,921
Service charges on leaseback area *(Note A)*	1,057,237	1,267,031
Other property expenses	176,040	152,632
	1,233,277	1,419,663

Note A

Service charges on leaseback area consist of costs directly attributable to buildings exploitation, such as utilities, maintenances, insurance and service charges.

7. GENERAL AND ADMINISTRATIVE EXPENSES

These consist of costs related to administrative fees, accountancy fees, audit fees and external lawyers' fees. The following is the analysis of the general and administrative expenses:

	2018 *GBP*	2017 *GBP*
Management and administrative fees	1,120,157	1,125,500
Legal and professional fees	320,645	449,941
Audit fees	71,680	60,940
Others	54,621	17,918
	1,567,103	1,654,299

8. FINANCE COST

	2018 *GBP*	2017 *GBP*
Interest expense on loan from former ultimate holding company, Samsung Life Insurance Co., Ltd	8,220,548	8,500,000
Interest expense on loan from current ultimate holding company, Kingswood Edge Limited	270,264	–
	8,490,812	8,500,000

9. INCOME TAX EXPENSE

The Group makes provision for the current tax liability, based on the taxable profits of the subsidiary at the tax rate applicable to the entity and its operations. In 2017, there was no income tax provision made due to utilisation of previously unrecognised tax losses and capital allowances from previous tax years.

The Company is subject to income tax at a rate of 0% (2017: 0%) in Jersey.

The subsidiary is subject to non-resident landlord tax at a rate of 20% (2017: 19%) in the United Kingdom.

The total tax for the year can be reconciled to the accounting profit as follows:

	2018 *GBP*	2017 *GBP*
Profit before tax	2,612,600	2,201,209
Tax calculated at a tax rate of 20% (2017: 19%)	522,520	418,230
Effects of:		
– Expenses not deductible for tax purposes	187,366	132,246
– Income not subject to tax	(213,745)	(208,265)
– Utilisation of previously unrecognised tax losses and capital allowances	(20,468)	(342,211)
– Others	(39,112)	–
Tax expense	436,561	–

10. INVESTMENT PROPERTY

The following is the analysis of the changes in the carrying value of investment property:

	Leasehold land *GBP*	Building *GBP*	Improvements and premiums *GBP*	Total *GBP*
Cost:				
At January 1, 2017, December 31, 2017 and December 31, 2018	166,750,000	168,250,000	2,466,224	337,466,224
Accumulated depreciation:				
At January 1, 2017	(3,488,933)	(14,533,299)	(384,596)	(18,406,828)
Additions	(1,009,082)	(4,203,370)	(177,046)	(5,389,498)
At December 31, 2017	(4,498,015)	(18,736,669)	(561,642)	(23,796,326)
Additions	(1,009,082)	(4,203,370)	(177,046)	(5,389,498)
At December 31, 2018	(5,507,097)	(22,940,039)	(738,688)	(29,185,824)
Carrying value:				
At December 31, 2017	162,251,985	149,513,331	1,904,582	313,669,898
At December 31, 2018	161,242,903	145,309,961	1,727,536	308,280,400

The property known as 30 Gresham Street, London EC2 is held on long leasehold from the City of London for a term of 179 years from August 27, 1999 expiring on September 7, 2178.

Improvements and premiums comprise of building improvement, tenant improvement, and lease commissions.

10.1. Fair value measurement of the Group's investment property

The Group's leasehold land and building are stated at their revalued amounts, being fair value at the date of acquisition, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurement of Group's leasehold land and building as at December 31, 2018 and December 31, 2017 have been determined on the basis of valuations carried out at the end of the reporting period by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Company.

Valuations are made annually based on the property's highest-and-best-use using the direct market comparison method and investment capitalisation value method. There has been no change to the valuation technique during the financial year.

Details of the Group's leasehold land and buildings and information about the fair value hierarchy as at December 31, 2018 and December 31, 2017 are as follows:

December 31, 2018

	Level 1 *GBP*	**Level 2** *GBP*	**Level 3** *GBP*	**Fair value as at December 31, 2018** *GBP*
Land and building	–	–	411,500,000	411,500,000

December 31, 2017

	Level 1 *GBP*	**Level 2** *GBP*	**Level 3** *GBP*	**Fair value as at December 31, 2017** *GBP*
Land and building	–	–	423,000,000	423,000,000

There were no transfers between Level 1, 2 and 3 during the year.

11. TRADE AND OTHER RECEIVABLES

The following is the analysis of the trade and other receivables:

	2018	2017
	GBP	*GBP*
Rent receivable	1,338,019	–
Insurance receivable	4,499	–
Service charge receivable	325,415	224,548
Other debtors	3,100	16,764
Non-resident landlord tax receivables	–	121,727
	1,671,033	363,039

The management are of the view that probability of default for trade and other receivables is insignificant based on historical experience indicating all trade receivables are recoverable. Accordingly, the Group has not recognised any expected credit loss ("ECL") for trade and other receivables.

Previous accounting policy for the impairment of trade and other receivables

The trade and other receivable are neither past due nor impaired at the end of the reporting period. The management is of the view that the trade and other receivable are recoverable.

12. PREPAYMENT

	2018	2017
	GBP	*GBP*
Prepaid expenses – Insurance	484,533	86,500
Prepaid expenses – Accounting services	–	18,164
Prepaid expenses – Income taxes	–	90,624
Prepaid expenses – Service charges	–	139,947
Value added tax advances	141,083	230,924
Prepaid expenses – Other	942,089	973,567
	1,567,705	1,539,726

13. SHARE CAPITAL

	Number of shares	Share capital	Share premium
		GBP	*GBP*
Issued and fully paid:			
At beginning and end of year December 31, 2017	1,380,000	1,380,000	136,620,000
Dividend distributed from share premium	–	–	(56,891,944)
At end of year December 31, 2018	1,380,000	1,380,000	79,728,056

Fully paid ordinary shares, which have a par value of GBP 1, carry one vote per share and carry a right to dividends.

Subsequent to the acquisition of the Company by Kingswood Edge Limited (the "ultimate holding company") (Note 1), in December 2018, a dividend of GBP 41.23 per share was declared to the ultimate holding company. The dividend totaling GBP 56,891,944 was distributed from the share premium and was settled as a non-cash set-off against a term loan extended by the ultimate holding company to the Group (Note 20(b)).

14. INVESTMENT IN SUBSIDIARY

Details of the Company's subsidiary as at December 31, 2018 and December 31, 2017 are as follows:

Name of subsidiary	Country of incorporation and operations	Principal activity	Ownership interest and voting power held by the Company	
			December 31, 2018	December 31, 2017
30 Gresham Street (Singapore) Private Limited (Incorporated on March 16, 2005)	Singapore[1]	Investment	100%	100%

[1] Audited by Deloitte & Touche LLP, Singapore

15. DIVIDENDS

Dividend payments during the year:

On January 18, 2018, a dividend of 85.87 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,185,041.

On April 18, 2018, a dividend of 86.83 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,198,208.

On July 18, 2018, a dividend of 87.78 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,211,375.

On October 18, 2018, a dividend of 87.78 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,211,376.

On December 20, 2018, a dividend of 123.92 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,710,051.

On January 18, 2017, a dividend of 86.59 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,194,934. On April 19, 2017, a dividend of 86.59 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,194,935. On July 18, 2017, a dividend of 87.54 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,208,066. On October 18, 2017, a dividend of 87.59 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,208,677.

16. LEASEBACK PROVISIONS

Commerzbank AG, the tenant, exercised a put option according to which Commerzbank AG opted to leaseback to the subsidiary of the Company, floors 1, 7 or 8 (together with 2 car parking spaces per floor) as at September 29, 2013. There is a rent free period of 18 months arising from the exercise of the option in 2013.

17. TRADE AND OTHER PAYABLES

The following is the analysis of the trade and other payables:

	2018 *GBP*	2017 *GBP*
Professional fees payable	26,432	200,725
Value added tax payable – net	976,657	733,349
Amounts payable to the tenants (rent credit notes)	–	29,834
Other creditors	–	10,598
	1,003,089	974,506

18. ACCRUALS

The following is the analysis of the accruals:

	2018 *GBP*	2017 *GBP*
Management fee accrual	–	276,375
Audit fee accrual	53,000	44,000
Other accruals	78,299	178,967
Tax fee accrual	8,823	8,365
	140,122	507,707

19. FINANCIAL INSTRUMENTS

19.1. Capital management

The Group manages its capital in accordance with the requirements of its ultimate holding company via the transfer of assets, settlement of intercompany loans and provision of financial support, to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in Note 20 offset by cash and bank balances) and equity of the Group (comprising share capital, share premium net of accumulated losses as detailed in Note 13). The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratio at the end of the reporting period is as follows:

	2018 *GBP*	**2017** *GBP*
Debt *(Note A)*	257,162,208	201,746,512
Cash and bank balances	(5,907,269)	(10,137,573)
Net debt	251,254,939	191,608,939
Equity *(Note A)*	58,436,495	119,668,451
Net debt to equity ratio	429.96%	160.12%

Note A

Debt is defined as long and short-term borrowings and equity includes all capital and reserves of the Group that are managed as capital.

19.2. Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2018 *GBP*	**2017** *GBP*
Financial assets		
Amortised cost (2017: Loans and receivables (including cash and cash equivalents))	16,731,021	17,313,668
Financial liabilities		
Amortised cost	261,255,705	206,861,478

19.3. Financial risk management objective

The Group's financial instruments comprise cash, trade and other receivables, due from/to ultimate holding company, lease incentives, trade and other payables, loan from ultimate holding company, rental deposits, leaseback provision and accruals that arise directly from its operations such as rental income and any sales or purchases awaiting settlement. The accounting policies in Note 3 include criteria for the recognition and the basis of measurement applied for financial instruments. Note 3 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised and measured.

The Group manages its capital to ensure entities continue as going concerns whilst maximising returns through debt and equity structuring. The capital of the Group consists of debt including loans and equity including capital and net of accumulated losses. The balance of the capital structure is managed through capital calls, capital repayments, payment of distributions and should it be required redemption of existing debt. The Group is not subject to any external capital requirements.

The Group invests in commercial properties for the long-term in order to meet its investment objective, in pursuing this it is exposed to a variety of risks that could result in either a reduction in the Group's net assets or a reduction of the profits available. Those related to financial instruments include market risk, credit risk, interest rate risk and liquidity risk.

The Group has short term loan facilities. The Group is able to meet its interest payments from current rental receipts and meet the current covenant requirements.

19.4. Market risk

The fair value or future cash flows of a financial instrument may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk and arises mainly from the changes in values of the investment properties and rental income.

Rental income and the market's price for properties are generally affected by the overall conditions of the local economy, such as changes in gross domestic product, employment trends, inflation and changes in interest rates.

Changes in gross domestic product may also impact employment levels, which in turn may impact the demand for premises. Furthermore, movements in interest may also affect the cost of financing for real estate companies.

Both rental and market values may also be affected by other factors specific to the real estate market, such as competition from property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of bankruptcy or the insolvency of tenants or otherwise, the periodic need to renovate, repair and release space and the costs thereof, the costs of maintenance and insurance and increased operating costs.

The directors monitor the market value of investment properties by having valuations performed by a third party. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where sales occur shortly after the valuation date.

There has been no change to the Group's exposure to market risk or the manner in which these risks are managed and measured.

19.5. Foreign currency risk

The functional currency of the Company is British Pound ("GBP"). The Company is exposed to foreign currency risk on the transactions that are denominated in a currency other than the functional currency of the Company.

At the end of the reporting period for 2018 and 2017, there are no significant monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency.

No sensitivity analysis is prepared for foreign currency risk arising from monetary items as the Group does not expect any material effect on the Group's profit or loss arising from any reasonable fluctuation in the foreign exchange rates.

19.6. Interest rate risk

The Group's policy is to maintain cash equivalents and borrowings in fixed rate instruments.

The Group's profit and loss and equity are not affected by the changes in interest rates as the interest-bearing instruments carry fixed interest and are measured at amortised cost.

19.7. Other price risk and sensitivity

Other price risk may affect the value of property investments and it is the business of the property manager to manage the property to achieve the best return. If the cost of the investment property fell by 5% at the end of the reporting period, the Group's profit after tax would decrease by GBP 16,454,475 (2017: GBP 16,461,641). Likewise if the value rose by 5% the Group's profit after tax would increase accordingly.

19.8. Credit risk management

Credit risk is the risk that the counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. The Group's principal credit risk arises from the carrying amount of the cash and cash equivalents, trade and other receivables and lease incentives.

The credit risk on cash and cash equivalents is limited because the counterparties are creditworthy financial institutions. Management considers the probability of default to be immaterial. Accordingly, management did not recognise any ECL on the bank balances.

In the event of a rent default the Group will suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property until a new tenant is secured. To mitigate this credit risk, it is managed on a group basis and the Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty. Such risks are subject to an annual and more frequent review. The Group has policies in place to ensure that rental contracts are made with customers with an appropriate credit history. The maximum credit risk from rent and other recharge receivables and lease incentives of the Group at the end of the reporting period is GBP 10,562,834 (2017: GBP 7,159,329). Management considers the probability of default to be immaterial based on historical experience indicating all receivables are recoverable. Accordingly, management did not recognise any ECL on the trade receivables and lease incentive balances.

No provision for impairment loss was made at for amounts due from ultimate holding company as these financial assets were considered to be of low credit risk and the ECL was assessed to be minimal.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

19.9. Liquidity risk management

This is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments. Prudent liquidity risk management involves maintaining sufficient liquidity and short-term investment securities, being able to raise funds based on suitably adapted lines of credit and a capacity to unwind market positions.

At the end of the reporting period, the liquidity of the Group is composed of either bank account, bank deposits or cash held with property managing agent, for a total amount of GBP 5,907,269 (2017: GBP 10,137,573).

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at December 31, 2018 and December 31, 2017, based on the earliest date on which repayment can be required are as follows:

	Weighted average effective rate %	Less than 1 year GBP	More than 1 year GBP	Adjustment GBP	Total GBP
At December 31, 2018					
Current liabilities					
Leaseback provisions	–	401,554	–	–	401,554
Trade and other payables	–	26,432	–	–	26,432
Due to ultimate holding company	–	270,264	–	–	270,264
Loans from ultimate holding company	3.20	260,743,212	–	(3,851,268)	256,891,944
Accruals	–	140,122	–	–	140,122
		261,581,584	–	(3,851,268)	257,730,316
Non-current liabilities					
Rental deposits	–	–	37,482	–	37,482
Leaseback provisions	–	–	3,487,907	–	3,487,907
		–	3,525,389	–	3,525,389
At December 31, 2017					
Current liabilities					
Leaseback provisions	–	401,554	–	–	401,554
Due to ultimate holding company	–	1,746,512	–	–	1,746,512
Trade and other payables	–	241,157	–	–	241,157
Accruals	–	507,707	–	–	507,707
Rental deposits	–	37,544	–	–	37,544
		2,934,474	–	–	2,934,474
Non-current liabilities					
Loan from ultimate holding company	4.25	8,500,000	204,657,534	(13,157,534)	200,000,000
Rental deposits	–	–	37,543	–	37,543
Leaseback provisions	–	–	3,889,461	–	3,889,461
		8,500,000	208,584,538	(13,157,534)	203,927,004

The following table details the Group's expected maturity for the financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability base.

	Weighted average effective rate	Less than 1 year	More than 1 year	Adjustment	Total
	%	*GBP*	*GBP*	*GBP*	*GBP*
At December 31, 2018					
Current assets					
Cash and cash equivalents	–	5,907,269	–	–	5,907,269
Trade and other receivables	–	1,671,033	–	–	1,671,033
Due from ultimate holding company	–	258,818	–	–	258,818
Lease incentives	–	989,009	–	–	989,009
		8,826,129	–	–	8,826,129
Non-current assets					
Lease incentives	–	–	7,905,892	–	7,905,892
		–	7,905,892	–	7,905,892
At December 31, 2017					
Current assets					
Trade and other receivables	–	241,314	–	–	241,314
Lease incentives	–	658,763	–	–	658,763
Cash and cash equivalents	–	10,137,573	–	–	10,137,573
		11,037,650	–	–	11,037,650
Non-current assets					
Lease incentives	–	–	6,276,018	–	6,276,018
		–	6,276,018	–	6,276,018

As at December 31, 2018, the Group is in a net working capital deficiency position of GBP 254,224,408. The financial statements have been prepared on a going concern basis as the directors are satisfied that financial support from the ultimate holding company will be available if required to enable the Group to pay its debt when they fall due. The ultimate holding company has also given an undertaking to provide continuing financial support, at least through twelve months from the date of these financial statements, to the Group in order for it to continue as a holding vehicle for future investments.

19.10. Fair value measurements

The Group determines fair values of various financial assets and financial liabilities in the following manner:

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required).

Except as detailed in the following table, the management considers that the carrying amounts of most of the financial assets and financial liabilities of the Group recorded at amortised cost in the financial statements approximate their fair values due to the relative short-term maturity of these financial instruments or immaterial effect of discounting.

	2018		2017	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	GBP	*GBP*	*GBP*	*GBP*
Financial liabilities				
Loan from ultimate holding company	–	–	200,000,000	186,775,257

The fair value of the above financial liabilities, which the management has classified as Level 2 within the fair value hierarchy, have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties. There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy during the year.

20. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiary, which is a related party of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Loan from ultimate holding company

(a) In 2017, loan from ultimate holding company comprises a senior loan from Samsung Life Insurance Co., Ltd of GBP 200,000,000 to the Group. The senior loan from Samsung Life Insurance Co., Ltd was secured by all rights, titles, benefits and interests, both present and the future, in, to and under all of the properties charged pursuant to the clause 3 of the Debenture agreement entered into by Samsung Life Insurance Co., Ltd and the subsidiary of the Company for this purpose. The senior loan bore a fixed interest of 4.25 percent per annum and was repayable on July 18, 2019.

Subsequent to the acquisition of the Company by Kingswood Edge Limited (the "ultimate holding company") (Note 1), on December 20, 2018, the ultimate holding company extended a term loan of GBP 200,000,000 to the Group for the purpose of repaying the senior loan from Samsung Life Insurance Co., Ltd. Proceeds from this term loan was disbursed directly by the ultimate holding company to Samsung Life Insurance Co., Ltd. and does not involve cash at the Group. This term loan is unsecured, bears interest at 3.2%, and is repayable on June 19, 2019.

(b) In addition to the above-mentioned term loan, the ultimate holding company extended another loan of GBP 58,000,000 to the Group of which GBP 56,891,944 has been drawndown. This term loan was incepted by way of set-off against the dividend payable by the Group to the ultimate holding company (Note 13), and does not involve cash at the Group. This term loan is unsecured, bears interest at 3.2%, and is repayable on June 19, 2019.

The total accrued interest payable on loans is GBP 270,264 (2017: GBP 1,746,512).

Reconciliation of liabilities arising from financing activities

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

			Non cash changes	
	January 1, 2018	**Financing cash flows**	**Term loan incepted via set-off against dividend payable to ultimate holding company (Note 13)**	**December 31, 2018**
	GBP	*GBP*	*GBP*	*GBP*
Loan from ultimate holding company	200,000,000	–	56,891,944	256,891,944

There were no changes in liabilities arising from financing activities in 2017.

Amount due to/from ultimate holding company

The amounts due to/from ultimate holding company are unsecured, interest-free and repayable on demand.

Leasing arrangements with related party

In 2014, a group sharing agreement was signed between the subsidiary (landlord) and Samsung Asset Management (London) Ltd. (tenant), a subsidiary of the former ultimate holding company, for lease of 5,735 square foot area of the first floor for GBP 46 per square foot. The term of the lease was from June 1, 2014 to September 28, 2028 with a rent free period of 6 months. On November 3, 2016 the amendment of the group sharing agreement was signed for additional lease of 1,757 square foot area for GBP 45 per square foot. The term of the additional lease was from August 18, 2016 to September 28, 2028 with a rent free period of 4 months. On September 1, 2017 the subsidiary and Samsung Asset Management (London) Ltd terminated the group sharing agreement and on the same date have entered into a new sub-sub underlease agreement for lease of 7,492 square foot area of the first floor for GBP 62 per square foot. The term of the lease is from September 1, 2017 to August 31, 2022 with a rent free period of 16.5 months. Total accrued rent free incentive as at December 31, 2017 amounted to GBP 112,701 and rental income for 2017 amounted to GBP 225,274.

As mentioned in Note 1, on December 20, 2018, the shares of the Company were sold to Kingswood Edge Limited and the lease with Samsung Asset Management (London) Ltd. is not considered as related party transaction from December 20, 2018.

Prior to December 20, 2018, the Group earned rental income from Samsung Asset Management (London) Ltd. amounting to GBP 326,988.

Compensation of key management personnel

The directors of the Group, Maria Renault, Charles Millard-Beer and Jennifer Ann Perrier, are employees of Citco Jersey Limited who provide administration services to the Group. During the year, no remuneration was paid to the directors.

21. OPERATING LEASE ARRANGEMENTS

21.1. The Group as lessee

Leasing arrangements

Operating lease relates to lease of building space with lease term of 15 years. All operating lease contracts over 15 years contain clauses for 5-yearly market rental reviews. The Group does not have an option to purchase the leased land at the expiry of the lease period (Note 16).

Payment recognised as expenses

	2018 *GBP*	2017 *GBP*
Minimum lease payment	3,616,088	3,613,985

Non-cancellable operating lease commitment

	2018 *GBP*	2017 *GBP*
Not later than 1 year	3,616,088	3,613,985
Later than 1 year and not later than 5 years	14,464,150	14,455,940
Later than 5 years	17,168,748	20,780,415
	35,248,986	38,850,340

Liabilities recognised in respect of non-cancellable operating lease

	2018 *GBP*	2017 *GBP*
Leaseback provisions	3,889,461	4,291,015

21.2. The Group as lessor

The Group rents out its investment properties in U.K. under operating lease terms between 7 to 14 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase a property at the expiry of the lease period.

Rental income earned by the Group from its investment property and direct operating expenses arising on the investment property for the year are set in Notes 5 and 6 respectively.

The Group leases out retail/office space to non-related parties under non-cancellable operating leases except for the group sharing agreement disclosed in Note 20.

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2018 *GBP*	2017 *GBP*
Not later than 1 year	20,274,824	20,506,512
Later than 1 year and not later than 5 years	80,373,233	81,816,145
Later than 5 years	93,831,211	114,922,083
	194,479,268	217,244,740

22. SUBSEQUENT EVENT

On April 4, 2019, the Group's investment property was transferred to another wholly owned subsidiary of the ultimate holding company at a consideration of GBP 411,500,000.

23. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 16 May, 2019.

(2) The audited consolidated financial statements of the Jersey SPV Group for the year ended 31 December 2017, which were prepared in accordance with IFRS, are set out below. These financial statements were presented in GBP unless otherwise stated.

INDEPENDENT AUDITOR'S REPORT OF DELOITTE & TOUCHE LLP TO THE MEMBER OF 30 GRESHAM STREET (JERSEY) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of 30 Gresham Street (Jersey) Limited (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the directors' report.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's 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 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.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate 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 directors 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.

DELOITTE & TOUCHE LLP

Public Accountants and
Chartered Accountants
Singapore
February 23, 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2017

	Note	2017 GBP	2016 GBP
Rental income	5	21,426,624	21,497,756
Leaseback expenses	6	(3,616,921)	(3,616,777)
Other income		1,354,801	1,539,615
Interest income		512	23
		19,165,016	19,420,617
Property related expenses	6	(1,419,663)	(1,485,626)
General and administrative expenses	7	(1,654,299)	(1,284,457)
Depreciation and amortisation	10	(5,389,498)	(5,404,264)
Finance cost	8	(8,500,000)	(8,500,000)
Loss on foreign exchange transactions		(347)	(120)
		(16,963,807)	(16,674,467)
Profit before tax		2,201,209	2,746,150
Income tax	9	–	–
Net profit for the year representing total comprehensive income for the year		2,201,209	2,746,150

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2017

	Note	2017 GBP	2016 GBP
ASSETS			
Non-current assets			
Lease incentives		6,276,018	5,758,518
Investment property	10	313,669,898	319,059,396
Total non-current assets		319,945,916	324,817,914
Current assets			
Cash and cash equivalents		10,137,573	6,941,706
Trade and other receivables	11	363,039	554,504
Prepayment	12	1,539,726	1,777,914
Lease incentives		658,763	535,676
Total current assets		12,699,101	9,809,800
Total assets		332,645,017	334,627,714
LIABILITIES AND EQUITY			
Capital and reserves			
Share capital	13	1,380,000	1,380,000
Share premium	13	136,620,000	136,620,000
Accumulated losses		(18,331,549)	(15,726,146)
Equity attributable to the owners of the Company		119,668,451	122,273,854
Non-current liabilities			
Rental deposits		37,543	75,087
Leaseback provisions	16	3,889,461	4,291,015
Loan from ultimate holding company	20	200,000,000	200,000,000
Total non-current liabilities		203,927,004	204,366,102
Current liabilities			
Rent in advance		5,063,883	4,292,783
Rental deposits		37,544	–
Recharges in advance		317,856	299,693
Leaseback provisions	16	401,554	401,554
Trade and other payables	17	974,506	725,771
Due to ultimate holding company	20	1,746,512	1,741,803
Accruals	18	507,707	526,154
Total current liabilities		9,049,562	7,987,758
Total liabilities and equity		332,645,017	334,627,714

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2017

	Note	Share capital GBP	Share premium GBP	Accumulated losses GBP	Total equity GBP
Balance at January 1, 2016		1,380,000	136,620,000	(13,666,908)	124,333,092
Net profit for the year, representing total comprehensive income for the year		–	–	2,746,150	2,746,150
Payments of dividend	15	–	–	(4,805,388)	(4,805,388)
Balance at December 31, 2016		1,380,000	136,620,000	(15,726,146)	122,273,854
Net profit for the year, representing total comprehensive income for the year		–	–	2,201,209	2,201,209
Payments of dividend	15	–	–	(4,806,612)	(4,806,612)
Balance at December 31, 2017		1,380,000	136,620,000	(18,331,549)	119,668,451

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2017

	Note	2017 GBP	2016 GBP
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from tenants		19,519,471	16,012,414
Cash received for rent deposits		–	75,087
Cash paid to suppliers and other third parties		(3,021,601)	(3,206,846)
Interest paid		(8,495,292)	(8,504,772)
Net cash generated from operating activities		8,002,578	4,375,883
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	15	(4,806,612)	(4,805,388)
Net cash used in financing activities		(4,806,612)	(4,805,388)
Net increase (decrease) in cash and cash equivalents		3,195,966	(429,505)
Cash and cash equivalents at beginning of year		6,941,706	7,371,039
Effects of exchange rate changes on the balance of cash held in foreign currencies		(99)	172
Cash and cash equivalents at end of year		10,137,573	6,941,706

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

1. GENERAL INFORMATION

30 Gresham Street (Jersey) Limited ("the Company") was incorporated on June 4, 2013, and is a Jersey registered private company existing and operating under the laws of Jersey. The Company is domiciled in Jersey and its registered office is Second Floor No. 4 The Forum Grenville Street St Helier Jersey JE 24UF, Channel Islands.

The main activity of the Company is to acquire the entire issued share capital of 30 Gresham Street (Singapore) Private Limited and to act as a holding vehicle for further investments in real estate. The Company and its subsidiary comprise the Group.

The Company is wholly owned by Samsung Life Insurance Co., Ltd. a company incorporated under the laws of the South Korea whose registered office, is at 150 Taepyeongro 2-ga, Jung-Gu, Seoul, Korea, Republic of South Korea.

As at December 31, 2017, the Group currently owns 1 investment property: 30 Gresham Street, London EC2, United Kingdom, title number NGL826330.

2. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2017.

- Amendments to IAS 7 *Disclosure Initiative*
- Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*
- Annual Improvements to IFRSs *2014-2016 Cycle*

Application of the above amendments has had no significant impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

2.1. NEW AND REVISED IFRS IN ISSUE BUT NOT YET EFFECTIVE

The Group has not applied the following new and revised IFRS that have been issued but are not yet effective.

- IFRS 9 *Financial Instruments* [1]
- IFRS 15 *Revenue from contracts with customers (and the related clarifications)* [1]
- IFRS 16 *Leases* [2]

[1] *Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.*

[2] *Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.*

IFRS 9 ***Financial instruments***

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income'(FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- all recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) nor contingent consideration recognized by an acquirer in a business combination in other comprehensive income, with only dividend income generally recognized in profit and loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit and loss, IFRS 9 requires that the amount of change in the fair value of financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit and loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transaction eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The management anticipates that the initial application of the new IFRS will result in changes to the accounting policies relating to the classification and measurement of financial assets, and the impairment of financial assets.

The Group's trade receivables are expected to give rise to cash flows representing solely payments of principal and interest, and the Group expect to collect these contractual cash flows. Accordingly, these trade receivables will continue to be measured at amortised cost at the end of each accounting period. The Group therefore do not expect any significant impact to arise from this change.

IFRS 9 require the Group to record expected credit losses on its debt instruments. The Group expects to apply the simplified approach and record lifetime expected credit losses on its trade receivables. The Group does not expect any significant impact to the loss allowance for trade receivables to arise from the change due to the minimal adjustment for forward-looking estimates required in the current macroeconomic environment.

IFRS 16 Leases

IFRS 16 Leases was issued by the IASB in January 2016. IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the directors are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the directors complete the review.

In contrast, in cases where the Group is a lessor, the directors of the Company do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

3.2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values at the end of the reporting period, as explained in the accounting policies below.

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3.3. Basis of consolidation

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

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

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

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

3.4. Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively.

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. Other types of non-controlling measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

3.5. Revenue recognition

The Group leases out its real estate under operating leases as described in note 3.9 below. Rental income (excluding value added tax) is accounted for on a straight line basis over the lease term. Rent in advance is recorded as deferred income and is recognised as income in the period to which it relates.

3.6. Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.7. Interest expense

Interest expenses are recognised within 'Finance cost' in the consolidated statement of profit or loss and other comprehensive income using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial liability.

3.8. Expenses

Expenses are recognised in profit or loss in the period in which they are incurred (on an accruals basis).

3.9. Leasing

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

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiation and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

In the event that lease incentives are given to enter into operating leases, such incentives are recognised as an asset. The aggregate benefit of incentives is recognised as a reduction of rental income on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits of the leased asset are diminished.

The Group as lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.10. Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss for the year.

All foreign exchange gains and losses are presented net in the statement of profit or loss and other comprehensive income.

3.11. Borrowing costs

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

3.12. Taxation

Income tax represents the sum of currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profits differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductable temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purpose of measuring the deferred tax liabilities and deferred tax assets for investment properties that are measured using fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Current and deferred tax for the year

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

3.13. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost. Subsequent to initial recognition, the Group chooses the cost model and measures all of its investment property at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

	Number of years
Leasehold land	179
Building	40
Building improvements	14.3
Tenant improvement	13.6 and 12.8

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Investment properties are subject to renovations or improvements at regular intervals. The costs of the major renovations and improvements are capitalised as addition and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and improvement are recognised in profit or loss when incurred.

Investment property is derecognised upon disposal or when the investment property is permanently withdrawn from the use and no further economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amounts of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of tangible asset

At the end of each reporting period, the Group reviews the carrying amount of its tangible assets to determine whether there is any indication of those assets suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.14. Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.15. Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

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

Financial assets

Financial assets are classified into the category of 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquently in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3.16. Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are initially recognised at their fair values (net of transaction costs) and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

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

3.17. Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks. Cash and cash equivalents are defined as cash in hand, demand deposits and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and deposits with banks.

3.18. Prepayments

Prepayments are carried at cost less any accumulated impairment losses.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an 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.

4.1. Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see Note 4.2 below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Depreciation policy

Depreciation is recognised using the straight-line method based on the useful lives of assets. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The land is depreciated based on the period of leasehold for a term of 179 years and the building is depreciated using a basis of 40 years. Building improvement is depreciated based on the period of leaseback for a term of 14 years and 4 months.

4.2. Key sources of estimation uncertainty

The management is of the opinion that there are no key sources of estimation uncertainty at the end of the financial year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. RENTAL INCOME

This represents rental income from the operating lease of the investment property.

6. LEASEBACK EXPENSES/PROPERTY RELATED EXPENSES

	2017 *GBP*	**2016** *GBP*
Leaseback rent expenses	3,616,921	3,616,777
Service charges on leaseback area *(Note A)*	1,267,031	1,397,218
Property tax (refund) expense on leaseback area *(Note A)*	–	(35,256)
Other property expenses	152,632	123,664
	1,419,663	1,485,626

Note A

Service charges on leaseback area consist of costs directly attributable to buildings exploitation, such as utilities, maintenances, insurance and service charges.

Property taxes (business rates) are charged on most non-domestic properties. During 2016, there was a property tax refund from the City of London amounting to GBP 130,785 as a result of a specific space leased to the tenant. There was no such property tax refund in 2017.

7. GENERAL AND ADMINISTRATIVE EXPENSES

These consist of costs related to administrative fees, accountancy fees, audit fees and external lawyers' fees. The following is the analysis of the general and administrative expenses:

	2017 *GBP*	2016 *GBP*
Management and administrative fees	1,125,500	1,125,500
Legal and professional fees	449,941	91,349
Audit fees	60,940	54,875
Others	17,918	12,733
	1,654,299	1,284,457

8. FINANCE COST

	2017 *GBP*	2016 *GBP*
Interest expense on loan from ultimate holding company	8,500,000	8,500,000

9. INCOME TAX

The Group makes provision for the current tax liability, based on the taxable profits of the subsidiary at the tax rate applicable to the entity and its operations. In 2017 and 2016, there was no income tax provision made due to utilisation of previously unrecognised tax losses and capital allowances from previous tax years.

The Company is subject to income tax at a rate of 0% (2016: 0%) in Jersey.

The subsidiary is subject to non-resident landlord tax at a rate of 19% (2016: 20%) in the United Kingdom.

The total tax for the year can be reconciled to the accounting profit as follows:

	2017 *GBP*	2016 *GBP*
Profit before tax	2,201,209	2,746,150
Tax calculated at a tax rate of 19% (2016: 20%)	418,230	549,230
Effects of:		
– Expenses not deductible for tax purposes	132,246	136,507
– Income not subject to tax	(208,265)	(209,734)
– Utilisation of previously unrecognised tax losses and capital allowances	(342,211)	(476,003)
Tax expense	–	–

10. INVESTMENT PROPERTY

The following is the analysis of the changes in the carrying value of investment property:

	Leasehold land *GBP*	Building *GBP*	Improvements and premiums *GBP*	Total *GBP*
Cost:				
At January 1, 2016	166,750,000	168,250,000	2,454,224	337,454,224
Additions	–	–	12,000	12,000
At December 31, 2016	166,750,000	168,250,000	2,466,224	337,466,224
Additions	–	–	–	–
At December 31, 2017	166,750,000	168,250,000	2,466,224	337,466,224
Accumulated depreciation:				
At January 1, 2016	(2,477,087)	(10,318,412)	(207,065)	(13,002,564)
Additions	(1,011,846)	(4,214,887)	(177,531)	(5,404,264)
At December 31, 2016	(3,488,933)	(14,533,299)	(384,596)	(18,406,828)
Additions	(1,009,082)	(4,203,370)	(177,046)	(5,389,498)
At December 31, 2017	(4,498,015)	(18,736,669)	(561,642)	(23,796,326)
Carrying value:				
At December 31, 2016	163,261,067	153,716,701	2,081,628	319,059,396
At December 31, 2017	162,251,985	149,513,331	1,904,582	313,669,898

The property known as 30 Gresham Street, London EC2 is held on long leasehold from the City of London for a term of 179 years from August 27, 1999 expiring on September 7, 2178.

In 2017, improvements and premiums comprise of building improvement, tenant improvement, and lease commissions.

10.1. Fair value measurement of the Group's investment property

The Group's leasehold land and building are stated at their revalued amounts, being fair value at the date of acquisition, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurement of Group's leasehold land and building as at December 31, 2017 and December 31, 2016 have been determined on the basis of valuations carried out at the end of the reporting period by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Company.

Valuations are made annually based on the property's highest-and-best-use using the direct market comparison method and investment capitalisation value method. There has been no change to the valuation technique during the financial year.

Details of the Group's leasehold land and buildings and information about the fair value hierarchy as at December 31, 2017 and December 31, 2016 are as follows:

December 31, 2017

	Level 1 GBP	Level 2 GBP	Level 3 GBP	Fair value as at December 31, 2017 GBP
Land and building	–	–	423,000,000	423,000,000

December 31, 2016

	Level 1 GBP	Level 2 GBP	Level 3 GBP	Fair value as at December 31, 2016 GBP
Land and building	–	–	414,300,000	414,300,000

There were no transfers between Level 1, 2 and 3 during the year.

11. TRADE AND OTHER RECEIVABLES

The following is the analysis of the trade and other receivables:

	2017 GBP	2016 GBP
Accrued income	–	305
Insurance receivable	–	2,599
Service charge receivable	224,548	223,905
Other debtors	16,764	205,968
Non-resident landlord tax receivables	121,727	121,727
	363,039	554,504

The trade and other receivable are neither past due nor impaired at the end of the reporting period. The management is of the view that the trade and other receivable are recoverable.

12. PREPAYMENT

	2017 GBP	2016 GBP
Prepaid expenses – Insurance	86,500	66,661
Prepaid expenses – Accounting services	18,164	12,348
Prepaid expenses – Property taxes	–	97,771
Prepaid expenses – Income taxes	90,624	90,624
Prepaid expenses – Service charges	139,947	278,556
Value added tax advances	230,924	258,362
Prepaid expenses – Other	973,567	973,592
	1,539,726	1,777,914

13. SHARE CAPITAL

	Number of shares	Share capital *GBP*	Share premium *GBP*
Issued and fully paid:			
At beginning and end of year December 31, 2016	1,380,000	1,380,000	136,620,000
At beginning and end of year December 31, 2017	1,380,000	1,380,000	136,620,000

Fully paid ordinary shares, which have a par value of GBP 1, carry one vote per share and carry a right to dividends.

14. INVESTMENT IN SUBSIDIARY

Details of the Company's subsidiary as at December 31, 2017 and December 31, 2016 are as follows:

Name of subsidiary	Country of incorporation and operations	Principal activity	Ownership interest and voting power held by the Company December 31, 2017	December 31, 2016
30 Gresham Street (Singapore) Private Limited (Incorporated on March 16, 2005)	Singapore[1]	Investment	100%	100%

[1] Audited by Deloitte & Touche LLP, Singapore

15. DIVIDENDS

Dividend payments during the year:

On January 18, 2017, a dividend of 86.59 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,194,934.

On April 19, 2017, a dividend of 86.59 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,194,935.

On July 18, 2017, a dividend of 87.54 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,208,066.

On October 18, 2017, a dividend of 87.59 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,208,677.

On January 19, 2016, a dividend of 85.87 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,185,041. On April 18, 2016, a dividend of 86.83 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,198,208. On July 18, 2016, a dividend of 87.78 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,211,375. On October 18, 2016, a dividend of 87.84 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,210,764.

16. LEASEBACK PROVISIONS

Commerzbank AG (previously known as Dresdner Kleinwort Wasserstein Limited), the tenant, exercised a put option according to which Commerzbank AG opted to leaseback to the subsidiary, floors 1, 7 or 8 (together with 2 car parking spaces per floor) as at September 29, 2013. There is a rent free period of 18 months arising from the exercise of the option in 2013.

17. TRADE AND OTHER PAYABLES

The following is the analysis of the trade and other payables:

	2017	2016
	GBP	*GBP*
Professional fees payable	200,725	65,113
Value added tax payable – net	733,349	647,593
Amounts payable to the tenants (rent credit notes)	29,834	1,877
Other creditors	10,598	11,188
	974,506	725,771

18. ACCRUALS

The following is the analysis of the accruals:

	2017	2016
	GBP	*GBP*
Management fee accrual	276,375	276,375
Audit fee accrual	44,000	55,570
Other accruals	178,967	179,890
Tax fee accrual	8,365	14,319
	507,707	526,154

19. FINANCIAL INSTRUMENTS

19.1. Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of net debt (borrowings as detailed in Note 20 offset by cash and bank balances) and equity of the Group (comprising share capital, share premium net of accumulated losses as detailed in Note 13). The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratio at the end of the reporting period is as follows:

	2017 *GBP*	**2016** *GBP*
Debt *(Note A)*	201,746,512	201,741,803
Cash and bank balances	(10,137,573)	(6,941,706)
Net debt	191,608,939	194,800,097
Equity *(Note A)*	119,668,451	122,273,854
Net debt to equity ratio	160.12%	159.31%

Note A

Debt is defined as long and short-term borrowings and equity includes all capital and reserves of the Group that are managed as capital.

19.2. Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2017 *GBP*	**2016** *GBP*
Financial assets		
Loans and receivables (including cash and cash equivalents)	17,313,668	13,668,677
Financial liabilities		
Amortised cost	206,861,478	207,113,791

19.3. Financial risk management objective

The Group's financial instruments comprise cash, trade and other receivables, lease incentives, trade and other payables, loan from ultimate holding company, due to related parties, leaseback provision and accruals that arise directly from its operations such as rental income and any sales or purchases awaiting settlement. The accounting policies in Note 3 include criteria for the recognition and the basis of measurement applied for financial instruments. Note 3 also include the basis on which income and expenses arising from financial assets and liabilities are recognised and measured.

The Group manages its capital to ensure entities continue as going concerns whilst maximising returns through debt and equity structuring. The capital of the Group consists of debt including loans and equity including capital and net of accumulated losses. The balance of the capital structure is managed through capital calls, capital repayments, and payment of distributions and should it be required redemption of existing debt. The Group is not subject to any external capital requirements.

The Group invests in commercial properties for the long-term in order to meet its investment objective, in pursuing this it is exposed to a variety of risks that could result in either a reduction in the Group's net assets or a reduction of the profits available. Those related to financial instruments include market risk, credit risk, interest rate risk and liquidity risk.

The Group has long term loan facilities. The Group is able to meet its interest payments from current rental receipts and meet the current covenant requirements.

19.4. Market risk

The fair value or future cash flows of a financial instrument may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk and arises mainly from the changes in values of the investment properties and rental income.

Rental income and the market's price for properties are generally affected by the overall conditions of the local economy, such as changes in gross domestic product, employment trends, inflation and changes in interest rates.

Changes in gross domestic product may also impact employment levels, which in turn may impact the demand for premises. Furthermore, movements in interest may also affect the cost of financing for real estate companies.

Both rental and market values may also be affected by other factors specific to the real estate market, such as competition from property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of bankruptcy or the insolvency of tenants or otherwise, the periodic need to renovate, repair and release space and the costs thereof, the costs of maintenance and insurance and increased operating costs.

The directors monitor the market value of investment properties by having valuations performed by a third party. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where sales occur shortly after the valuation date.

There has been no change to the Group's exposure to market risk or the manner in which these risks are managed and measured.

19.5. Foreign currency risk

The functional currency of the Company is British Pound ("GBP"). The Company is exposed to foreign currency risk on the transactions that are denominated in a currency other than the functional currency of the Company.

At the end of the reporting period for 2017 and 2016, there are no significant monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency.

No sensitivity analysis is prepared for foreign currency risk arising from monetary items as the Group does not expect any material effect on the Group's profit or loss arising from any reasonable fluctuation in the foreign exchange rates.

19.6. Interest rate risk

The Group's policy is to maintain cash equivalents and borrowings in fixed rate instruments.

The Group's profit and loss and equity are not affected by the changes in interest rates as the interest-bearing instruments carry fixed interest and are measured at amortised cost.

19.7. Other price risk and sensitivity

Other price risk may affect the value of property investments and it is the business of the property manager to manage the property to achieve the best return. If the cost of the investment property fell by 5% at the end of the reporting period, the Group's profit after tax would decrease by GBP 16,461,641 (2016: GBP 16,468,429). Likewise if the value rose by 5% the Group's profit after tax would increase accordingly.

19.8. Credit risk management

Credit risk is the risk that the counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. The Group's principal credit risk arises from the carrying amount of the cash and cash equivalents and trade receivables which comprise rents and other recharges due from tenants. Cash and cash equivalents are held with creditworthy financial institutions.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position. The Group's major classes of financial assets are bank deposits and rental income, service charge and insurance recharge receivables.

The Group's credit exposure is concentrated mainly in its tenants. The credit risk on liquid funds is limited because the counterparties are creditworthy financial institutions.

In the event of a rent default the Group will suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property until a new tenant is secured. To mitigate this credit risk, it is managed on a group basis and the Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty. Such risks are subject to an annual and more frequent review. The Group has policies in place to ensure that rental contracts are made with customers with an appropriate credit history. The maximum credit risk from rent and other recharge receivables of the Group at the end of the reporting period is GBP 224,549 (2016: GBP 226,504).

19.9. Liquidity risk management

This is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments. Prudent liquidity risk management involves maintaining sufficient liquidity and short-term investment securities, being able to raise funds based on suitably adapted lines of credit and a capacity to unwind market positions.

At the end of the reporting period, the liquidity of the Group is composed of either bank account, bank deposits or cash held with property managing agent, for a total amount of GBP 10,137,573 (2016: GBP 6,941,706).

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at December 31, 2017 and December 31, 2016, based on the earliest date on which repayment can be required was as follows:

	Weighted average effective rate *%*	Less than 1 year *GBP*	More than 1 year *GBP*	Adjustment *GBP*	Total *GBP*
At December 31, 2017					
Current liabilities					
Leaseback provisions	–	401,554	–	–	401,554
Due to ultimate holding company	–	1,746,512	–	–	1,746,512
Trade and other payables	–	241,157	–	–	241,157
Accruals	–	507,707	–	–	507,707
Rental deposit	–	37,544	–	–	37,544
		2,934,474	–	–	2,934,474
Non-current liabilities					
Loan from ultimate holding company	4.25	8,500,000	204,657,534	(13,157,534)	200,000,000
Rental deposit	–	–	37,543	–	37,543
Leaseback provisions	–	–	3,889,461	–	3,889,461
		8,500,000	208,584,538	(13,157,534)	203,927,004
At December 31, 2016					
Current liabilities					
Leaseback provisions	–	401,554	–	–	401,554
Due to ultimate holding company	–	1,741,803	–	–	1,741,803
Trade and other payables	–	78,178	–	–	78,178
Accruals	–	526,154	–	–	526,154
		2,747,689	–	–	2,747,689
Non-current liabilities					
Loan from ultimate holding company	4.25	8,500,000	213,157,534	(21,657,534)	200,000,000
Rental deposit	–	–	75,087	–	75,087
Leaseback provisions	–	–	4,291,015	–	4,291,015
		8,500,000	217,523,636	(21,657,534)	204,366,102

The following table details the Group's expected maturity for the financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability base.

	Weighted average effective rate	Less than 1 year	More than 1 year	Adjustment	Total
	%	*GBP*	*GBP*	*GBP*	*GBP*
At December 31, 2017					
Current assets					
Trade and other receivables	–	241,314	–	–	241,314
Lease incentives	–	658,763	–	–	658,763
Cash and cash equivalents	–	10,137,573	–	–	10,137,573
		11,037,650	–	–	11,037,650
Non-current assets					
Lease incentives	–	–	6,276,018	–	6,276,018
		–	6,276,018	–	6,276,018
At December 31, 2016					
Current assets					
Trade and other receivables	–	432,777	–	–	432,777
Lease incentives	–	535,676	–	–	535,676
Cash and cash equivalents	–	6,941,706	–	–	6,941,706
		7,910,159	–	–	7,910,159
Non-current assets					
Lease incentives	–	–	5,758,518	–	5,758,518
		–	5,758,518	–	5,758,518

19.10. Fair value measurements

The Group determines fair values of various financial assets and financial liabilities in the following manner:

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required).

Except as detailed in the following table, the management considers that the carrying amounts of most of the financial assets and financial liabilities of the Group recorded at amortised cost in the financial statements approximate their fair values due to the relative short-term maturity of these financial instruments or immaterial effect of discounting.

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	GBP	*GBP*	*GBP*	*GBP*
Financial liabilities				
Loan from ultimate holding company	200,000,000	186,775,257	200,000,000	188,332,849

The fair value of these financial liabilities, which the management has classified as Level 2 within the fair value hierarchy, have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties. There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

20. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiary, which is a related party of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Loan from related party

A loan agreement was entered into between the Company and Samsung Life Insurance Co. Ltd for a maximum senior loan facility of GBP 200,000,000 (2016: GBP 200,000,000). The loan is secured by all rights, titles, benefits and interests, both present and the future, in, to and under all of the properties charged pursuant to the clause 3 of the Debenture agreement entered into by the lender and the Company for this purpose. This loan bears a fixed interest of 4.25 percent per annum. Total accrued interest payable as at December 31, 2017 amounted to GBP 1,746,512 (2016: GBP 1,741,803).

Leasing arrangements with related party

In 2014, a group sharing agreement was signed between the subsidiary (landlord) and Samsung Asset Management (London) Ltd. (tenant, previously named as Samsung Life Investment (U.K.) Ltd), a subsidiary of the ultimate holding company, for lease of 5,735 square foot area of the first floor for GBP 46 per square foot. The term of the lease was from June 1, 2014 to September 28, 2028 with a rent free period of 6 months. On November 3, 2016 the amendment of the group sharing agreement was signed for additional lease of 1,757 square foot area for GBP 45 per square foot. The term of the additional lease was from August 18, 2016 to September 28, 2028 with a rent free period of 4 months. On September 1, 2017 the subsidiary and Samsung Asset Management (London) Ltd terminated the group sharing agreement and on the same date have entered into a new sub-sub underlease agreement for lease of 7,492 square foot area of the first floor for GBP 62 per square foot. The term of the lease is from September 1, 2017 to August 31, 2022 with a rent free period of 16.5 months. Total accrued rent free incentive as at December 31, 2017 amounted to GBP 112,701 (2016: GBP 133,905) and rental income for 2017 amounted to GBP 225,274 (2016: GBP 265,606).

Compensation of key management personnel

The directors of the Group, Maria Renault and Charles Millard-Beer, are both employees of Citco Jersey Limited who provide administration services to the Group. During the year, no remuneration was paid to the directors.

21. OPERATING LEASE ARRANGEMENTS

21.1. The Group as lessee

Leasing arrangements

Operating lease relates to lease of building space with lease term of 15 years. All operating lease contracts over 15 years contain clauses for 5-yearly market rental reviews. The Group does not have an option to purchase the leased land at the expiry of the lease period (Note 16).

Payment recognised as expenses

	2017 *GBP*	**2016** *GBP*
Minimum lease payment	3,613,985	3,613,985

Non-cancellable operating lease commitment

	2017 *GBP*	**2016** *GBP*
Not later than 1 year	3,613,985	3,613,985
Later than 1 year and not later than 5 years	14,455,940	14,455,940
Later than 5 years	20,780,415	24,394,400

Liabilities recognised in respect of non-cancellable operating lease

	2017 *GBP*	**2016** *GBP*
Leaseback provisions	4,291,015	4,692,569

21.2. The Group as lessor

The Group rents out its investment properties in U. K. under operating lease terms between 7 to 14 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase a property at the expiry of the lease period.

Rental income earned by the Group from its investment property and direct operating expenses arising on the investment property for the year are set in Notes 5 and 6 respectively.

The Group leases out retail/office space to non-related parties under non-cancellable operating leases except for the group sharing agreement disclosed in Note 20.

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2017 *GBP*	**2016** *GBP*
Not later than 1 year	20,506,512	20,500,404
Later than 1 year and not later than 5 years	81,816,145	82,001,616
Later than 5 years	114,922,083	137,234,258

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 23 February 2018.

(3) The audited consolidated financial statements of the Jersey SPV Group for the year ended 31 December 2016, which were prepared in accordance with IFRS, are set out below. These financial statements were presented in GBP unless otherwise stated.

INDEPENDENT AUDITOR'S REPORT OF DELOITTE & TOUCHE LLP TO THE MEMBER OF 30 GRESHAM STREET (JERSEY) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of 30 Gresham Street (Jersey) Limited (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's 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 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.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate 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 directors 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.

DELOITTE & TOUCHE LLP

Public Accountants and
Chartered Accountants
Singapore
February 24, 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2016

	Note	2016 GBP	2015 GBP
Rental income	5	21,497,756	20,074,132
Leaseback expenses	6	(3,616,777)	(3,618,762)
Other income		1,539,615	771,846
Interest income		23	460
		19,420,617	17,227,676
Property related expenses	6	(1,485,626)	(2,169,870)
General and administrative expenses	7	(1,284,457)	(1,387,181)
Depreciation and amortisation		(5,404,264)	(5,371,030)
Finance cost	8	(8,500,000)	(8,500,000)
Loss on foreign exchange transactions		(120)	(814)
Profit/(Loss) before tax		2,746,150	(201,219)
Income tax credit	9	–	1,376,928
Net profit for the year representing total comprehensive income for the year		2,746,150	1,175,709

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

	Note	2016 GBP	2015 GBP
ASSETS			
Non-current assets			
Lease incentives		5,758,518	2,545,420
Investment property	10	319,059,396	324,451,659
Total non-current assets		324,817,914	326,997,079
Current assets			
Cash and cash equivalents		6,941,706	7,371,039
Trade and other receivables	11	554,504	362,960
Prepayment	12	1,777,914	1,488,798
Lease incentives		535,676	216,518
Total current assets		9,809,800	9,439,315
Total assets		334,627,714	336,436,394
LIABILITIES AND EQUITY			
Capital and reserves			
Share capital	13	1,380,000	1,380,000
Share premium	13	136,620,000	136,620,000
Accumulated losses		(15,726,146)	(13,666,908)
Equity attributable to the owners of the Company		122,273,854	124,333,092
Non-current liabilities			
Rental deposits		75,087	–
Leaseback provisions	16	4,291,015	4,692,569
Loan from ultimate holding company	20	200,000,000	200,000,000
Total non-current liabilities		204,366,102	204,692,569
Current liabilities			
Rent in advance		4,292,783	4,036,009
Recharges in advance		299,693	220,163
Leaseback provisions	16	401,554	401,554
Trade and other payables	17	725,771	655,201
Due to ultimate holding company	20	1,741,803	1,746,575
Accruals	18	526,154	351,231
Income tax payable	9	–	–
Total current liabilities		7,987,758	7,410,733
Total liabilities and equity		334,627,714	336,436,394

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2016

	Note	Share capital GBP	Share premium GBP	Accumulated losses GBP	Total equity GBP
Balance at January 1, 2015		1,380,000	136,620,000	(12,419,866)	125,580,134
Net profit for the year, representing total comprehensive income for the year		–	–	1,175,709	1,175,709
Payments of dividend	15	–	–	(2,422,751)	(2,422,751)
Balance at December 31, 2015		1,380,000	136,620,000	(13,666,908)	124,333,092
Net profit for the year, representing total comprehensive income for the year		–	–	2,746,150	2,746,150
Payments of dividend	15	–	–	(4,805,388)	(4,805,388)
Balance at December 31, 2016		1,380,000	136,620,000	(15,726,146)	122,273,854

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2016

	Note	2016 GBP	2015 GBP
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from tenants		16,012,414	15,670,335
Cash received for rent deposits		75,087	–
Interest received on deposit		–	7,300
Cash paid to suppliers and other third parties		(3,206,846)	(6,224,720)
Interest paid		(8,504,772)	(8,500,000)
Net cash generated from operating activities		4,375,883	952,915
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	15	(4,805,388)	(2,422,751)
Net cash used in financing activities		(4,805,388)	(2,422,751)
Net decrease in cash and cash equivalents		(429,505)	(1,469,836)
Cash and cash equivalents at beginning of year		7,371,039	8,840,875
Effects of exchange rate changes on the balance of cash held in foreign currencies		172	–
Cash and cash equivalents at end of year		6,941,706	7,371,039

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

1. GENERAL INFORMATION

30 Gresham Street (Jersey) Limited ("the Company") was incorporated on June 4, 2013, and is a Jersey registered private company existing and operating under the laws of Jersey. The Company is domiciled in Jersey and its registered office is First Floor, Le Masuier House, La Rue Le Masurier, St. Helier, Jersey JE2 4YE, Channel Islands.

The main activity of the Company is to acquire the entire issued share capital of 30 Gresham Street (Singapore) Private Limited and to act as a holding vehicle for further investments in real estate.

The Company is wholly owned by Samsung Life Insurance Co., Ltd. a company incorporated under the laws of the South Korea whose registered office, is at 150 Taepyeongro 2-ga, Jung-Gu, Seoul, Korea, Republic of South Korea.

As at December 31, 2016, the Group currently owns 1 investment property: 30 Gresham Street, London EC2, United Kingdom, title number NGL826330.

2. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2016.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The Group has applied these amendments for the first time in the current year. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

As the Group already uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively, the application of these amendments has had no impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

The Group has applied the amendments to Annual Improvements to IFRSs 2012-2014 cycle for the first time in the current year. Application of the amendments has had no impact on the disclosures for the amounts recognised in the Group's consolidated financial statements.

2.1. NEW AND REVISED IFRS IN ISSUE BUT NOT YET EFFECTIVE

The Group has not applied the following new and revised IFRS that have been issued but are not yet effective.

- Amendment to IAS 7 *Disclosure Initiative* [1]
- Amendment to IAS 12 *Recognition of deferred tax asset for unrealized losses* [1]
- IFRS 9 *Financial Instruments* [2]
- IFRS 15 *Revenue from contracts with customers (and the related clarifications)* [2]
- IFRS 16 *Leases* [3]

[1] *Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.*

[2] *Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.*

[3] *Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.*

IFRS 9 *Financial instruments*

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income'(FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- all recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) nor contingent consideration recognized by an acquirer in a business combination in other comprehensive income, with only dividend income generally recognized in profit and loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit and loss, IFRS 9 requires that the amount of change in the fair value of financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit and loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transaction eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The management anticipates that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

IFRS 16 Leases

IFRS 16 Leases was issued by the IASB in January 2016. IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the directors are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the directors complete the review.

In contrast, in cases where the Group is a lessor, the directors of the Company do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

3.2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values at the end of the reporting period, as explained in the accounting policies below.

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

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

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

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

The principal accounting policies are set out below.

3.3. Basis of consolidation

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

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

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

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

3.4. Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively.

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. Other types of non-controlling measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

3.5. Revenue recognition

The Group leases out its real estate under operating leases as described in note 3.9 below. Rental income (excluding value added tax) is accounted for on a straight line basis over the lease term. Rent in advance is recorded as deferred income and is recognised as income in the period to which it relates.

3.6. Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.7. Interest expense

Interest expenses are recognised within 'Finance cost' in the consolidated statement of profit or loss and other comprehensive income using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial liability.

3.8. Expenses

Expenses are recognised in profit or loss in the period in which they are incurred (on an accruals basis).

3.9. Leasing

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

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiation and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

In the event that lease incentives are given to enter into operating leases, such incentives are recognised as an asset. The aggregate benefit of incentives is recognised as a reduction of rental income on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits of the leased asset are diminished.

The Group as lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.10. Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss for the year.

All foreign exchange gains and losses are presented net in the statement of profit or loss and other comprehensive income.

3.11. Borrowing costs

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

3.12. Taxation

Income tax represents the sum of currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profits differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductable temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purpose of measuring the deferred tax liabilities and deferred tax assets for investment properties that are measured using fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Group's investment property portfolio and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes to changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Current and deferred tax for the year

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

3.13. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost. Subsequent to initial recognition, the Group chooses the cost model and measures all of its investment property at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

	Number of years
Leasehold land	179
Building	40
Building improvements	14.3
Tenant improvement	13.6 and 12.8

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Investment properties are subject to renovations or improvements at regular intervals. The costs of the major renovations and improvements are capitalised as addition and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and improvement are recognised in profit or loss when incurred.

Investment property is derecognised upon disposal or when the investment property is permanently withdrawn from the use and no further economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amounts of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of tangible asset

At the end of each reporting period, the Group reviews the carrying amount of its tangible assets to determine whether there is any indication of those assets suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.14. Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.15. Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

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

Financial assets

Financial assets are classified into the category of 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- default or delinquently in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3.16. Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are initially recognised at their fair values (net of transaction costs) and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

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

3.17. Cash and cash equivalents

Cash and cash equivalents include cash in hand and at banks. Cash and cash equivalents are defined as cash in hand, demand deposits and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and deposits with banks.

3.18. Prepayments

Prepayments are carried at cost less any accumulated impairment losses.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an 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.

4.1. Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see Note 4.2 below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Depreciation policy

Depreciation is recognised using the straight-line method based on the useful lives of assets. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The land is depreciated based on the period of leasehold for a term of 179 years and the building is depreciated using a basis of 40 years. Building improvement is depreciated based on the period of leaseback for a term of 14 years and 4 months.

4.2. Key sources of estimation uncertainty

The management is of the opinion that there are no key sources of estimation uncertainty at the end of the financial year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. RENTAL INCOME

This represents rental income from the operating lease of the investment property.

6. LEASEBACK EXPENSES/PROPERTY RELATED EXPENSES

	December 31, 2016 *GBP*	December 31, 2015 *GBP*
Leaseback rent expenses	3,616,777	3,618,762
Service charges on leaseback area *(Note A)*	1,397,218	1,215,481
Property tax (refund) expense on leaseback area *(Note A)*	(35,256)	853,505
Other property expenses	123,664	100,884
	5,102,403	5,788,632

Note A

Service charges on leaseback area consist of costs directly attributable to buildings exploitation, such as utilities, maintenances, insurance and service charges.

Property taxes (business rates) are charged on most non-domestic properties. During 2016, there was a property tax refund from the City of London amounting to GBP 130,785 as a result of a specific space leased to the tenant.

7. GENERAL AND ADMINISTRATIVE EXPENSES

These consist of costs related to administrative fees, accountancy fees, audit fees and external lawyers' fees. The following is the analysis of the general and administrative expenses:

	2016 *GBP*	2015 *GBP*
Management and administrative fees	1,125,500	1,125,500
Legal and professional fees	91,349	178,924
Audit fees	54,875	60,145
Others	12,733	22,612
	1,284,457	1,387,181

8. FINANCE COST

	2016 *GBP*	2015 *GBP*
Interest expense on loan from ultimate holding company	8,500,000	8,500,000

9. INCOME TAX

The Group makes provision for the current tax liability, based on the taxable profits of the subsidiary at the tax rate applicable to the entity and its operations. In 2016, there was no income tax provision presented due to utilisation of accumulated tax losses from previous tax years. In 2015, the tax credit of GBP 1,376,928 arose due to reversal of overaccrued income tax and non-resident landlord tax from previous years.

The Company is subject to income tax at a rate of 0% (2015: 0%) in Jersey.

The subsidiary is subject to non-resident landlord tax at a rate of 20% (2015: 20%) in the United Kingdom.

10. INVESTMENT PROPERTY

The following is the analysis of the changes in the carrying value of investment property:

	Leasehold land *GBP*	Building *GBP*	Improvements and premiums *GBP*	Total *GBP*
Cost:				
At January 1, 2015	166,750,000	168,250,000	1,185,916	336,185,916
Additions	–	–	1,268,308	1,268,308
At December 31, 2015	166,750,000	168,250,000	2,454,224	337,454,224
Additions	–	–	12,000	12,000
At December 31, 2016	166,750,000	168,250,000	2,466,224	337,466,224
Accumulated depreciation:				
At January 1, 2015	(1,468,006)	(6,115,041)	(48,488)	(7,631,535)
Additions	(1,009,081)	(4,203,371)	(158,578)	(5,371,030)
At December 31, 2015	(2,477,087)	(10,318,412)	(207,066)	(13,002,565)
Additions	(1,011,846)	(4,214,887)	(177,530)	(5,404,263)
At December 31, 2016	(3,488,933)	(14,533,299)	(384,596)	(18,406,828)
Carrying value:				
At December 31, 2015	164,272,913	157,931,588	2,247,158	324,451,659
At December 31, 2016	163,261,067	153,716,701	2,081,628	319,059,396

The property known as 30 Gresham Street, London EC2 is held on long leasehold from the City of London for a term of 179 years from August 27, 1999 expiring on September 7, 2178.

In 2016, improvements and premiums comprise of building improvement, tenant improvement, and lease commissions.

10.1. Fair value measurement of the Group's investment property

The Group's leasehold land and building are stated at their revalued amounts, being fair value at the date of acquisition, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurement of Group's leasehold land and building as at December 31, 2016 and December 31, 2015 have been determined on the basis of valuations carried out at the end of the reporting period by independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Company.

Valuations are made annually based on the property's highest-and-best-use using the direct market comparison method and investment capitalisation value method. There has been no change to the valuation technique during the financial year.

Details of the Group's leasehold land and buildings and information about the fair value hierarchy as at December 31, 2016 and December 31, 2015 are as follows:

December 31, 2016

	Level 1 *GBP*	**Level 2** *GBP*	**Level 3** *GBP*	**Fair value as at December 31, 2016** *GBP*
Land and building	–	–	414,300,000	414,300,000

December 31, 2015

	Level 1 *GBP*	**Level 2** *GBP*	**Level 3** *GBP*	**Fair value as at December 31, 2015** *GBP*
Land and building	–	–	413,000,000	413,000,000

There were no transfers between Level 1, 2 and 3 during the year.

11. TRADE AND OTHER RECEIVABLES

The following is the analysis of the trade and other receivables:

	December 31, 2016 *GBP*	**December 31, 2015** *GBP*
Accrued income	305	–
Rent receivable	–	57,750
Insurance receivable	2,599	147,733
Service charge receivable	223,905	22,085
Other debtors	205,968	13,665
Non-resident landlord tax receivables	121,727	121,727
	554,504	362,960

The trade and other receivable are neither past due nor impaired at the end of the reporting period. The management is of the view that the trade and other receivable are recoverable.

12. PREPAYMENT

	December 31, 2016 *GBP*	**December 31, 2015** *GBP*
Prepaid expenses – Insurance	66,661	61,464
Prepaid expenses – Accounting services	12,348	17,568
Prepaid expenses – Property taxes	97,771	19,579
Prepaid expenses – Income taxes	90,624	90,624
Prepaid expenses – Service charges	278,556	66,163
Value added tax advances	258,362	252,860
Prepaid expenses – Other	973,592	980,540
	1,777,914	1,488,798

13. SHARE CAPITAL

	Number of shares	Share capital *GBP*	Share premium *GBP*
Issued and fully paid:			
At beginning and end of year December 31, 2015	1,380,000	1,380,000	136,620,000
At beginning and end of year December 31, 2016	1,380,000	1,380,000	136,620,000

Fully paid ordinary shares, which have a par value of GBP 1, carry one vote per share and carry a right to dividends.

14. INVESTMENT IN SUBSIDIARY

Details of the Company's subsidiary as at December 31, 2016 and December 31, 2015 are as follows:

Name of subsidiary	Country of incorporation and operations	Principal activity	Ownership interest and voting power held by the Company December 31, 2016	December 31, 2015
30 Gresham Street (Singapore) Private Limited (Incorporated on March 16, 2005)	Singapore[1]	Investment	100%	100%

[1] Audited by Deloitte & Touche LLP, Singapore

15. DIVIDENDS

Dividend payments during the year:

On January 19, 2016, a dividend of 85.87 pence per share respectively was paid to the shareholder. The payment totaled to GBP 1,185,041.10.

On April 18, 2016, a dividend of 86.83 pence per share respectively was paid to the shareholder. The payment totalled to GBP 1,198,208.22.

On July 18, 2016, a dividend of 87.78 pence per share respectively was paid to the shareholder. The payment totaled to GBP 1,211,375.34.

On October 18, 2016, a dividend of 87.84 pence per share respectively was paid to the shareholder. The payment totaled to GBP 1,210,763.75.

On January 19 and July 20, 2015, a dividend of 88 and 88 pence per share respectively was paid to the shareholder. Each payment totaled to GBP 1,211,375.34.

16. LEASEBACK PROVISIONS

Commerzbank AG (previously known as Dresdner Kleinwort Wasserstein Limited), the tenant, exercised a put option according to which Commerzbank AG opted to leaseback to the subsidiary, floors 1, 7 or 8 (together with 2 car parking spaces per floor) as at September 29, 2013. There is a rent free period of 18 months arising from the exercise of the option in 2013.

17. TRADE AND OTHER PAYABLES

The following is the analysis of the trade and other payables:

	December 31, 2016 *GBP*	December 31, 2015 *GBP*
Professional fees payable	65,113	83,345
Value added tax payable – net	647,593	515,968
Amounts payable to the tenants (rent credit notes)	1,877	–
Other creditors	11,188	55,888
	725,771	655,201

18. ACCRUALS

The following is the analysis of the accruals:

	December 31, 2016 *GBP*	December 31, 2015 *GBP*
Management fee accrual	276,375	281,375
Audit fee accrual	55,570	44,150
Other accruals	179,890	4,477
Tax fee accrual	14,319	21,229
	526,154	351,231

19. FINANCIAL INSTRUMENTS

19.1. Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2015.

The capital structure of the Group consists of net debt (borrowings as detailed in Note 20 offset by cash and bank balances) and equity of the Group (comprising share capital, share premium and retained earnings as detailed in Note 13). The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratio at the end of the reporting period is as follows:

	December 31, 2016 *GBP*	**December 31, 2015** *GBP*
Debt *(Note A)*	201,741,803	201,746,575
Cash and bank balances	(6,941,706)	(7,371,039)
Net debt	194,800,097	194,375,536
Equity *(Note A)*	122,273,854	124,333,092
Net debt to equity ratio	159.31%	156.33%

Note A

Debt is defined as long and short-term borrowings and equity includes all capital and reserves of the Group that are managed as capital.

19.2. Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	December 31, 2016 *GBP*	**December 31, 2015** *GBP*
Financial assets		
Loans and receivables (including cash and cash equivalents)	13,668,677	10,374,210
Financial liabilities		
Amortised cost	207,113,791	207,331,162

19.3. Financial risk management objective

The Group's financial instruments comprise cash, trade and other receivables, lease incentives, trade and other payables, loan from ultimate holding company, due to related parties, leaseback provision and accruals that arise directly from its operations such as rental income and any sales or purchases awaiting settlement. The accounting policies in Note 3 include criteria for the recognition and the basis of measurement applied for financial instruments. Note 3 also include the basis on which income and expenses arising from financial assets and liabilities are recognised and measured.

The Group manages its capital to ensure entities continue as going concerns whilst maximising returns through debt and equity structuring. The capital of the Group consists of debt including loans and equity including capital and net of accumulated losses. The balance of the capital structure is managed through capital calls, capital repayments, payment of distributions and should it be required redemption of existing debt. The Group is not subject to any external capital requirements.

The Group invests in commercial properties for the long-term in order to meet its investment objective, in pursuing this it is exposed to a variety of risks that could result in either a reduction in the Group's net assets or a reduction of the profits available. Those related to financial instruments include market risk, credit risk, interest rate risk and liquidity risk.

The Group has long term loan facilities. The Group is able to meet its interest payments from current rental receipts and meet the current covenant requirements.

19.4. Market risk

The fair value or future cash flows of a financial instrument may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk and arises mainly from the changes in values of the investment properties and rental income.

Rental income and the market's price for properties are generally affected by the overall conditions of the local economy, such as changes in gross domestic product, employment trends, inflation and changes in interest rates.

Changes in gross domestic product may also impact employment levels, which in turn may impact the demand for premises. Furthermore, movements in interest may also affect the cost of financing for real estate companies.

Both rental and market values may also be affected by other factors specific to the real estate market, such as competition from property owners, the perceptions of prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rents because of bankruptcy or the insolvency of tenants or otherwise, the periodic need to renovate, repair and release space and the costs thereof, the costs of maintenance and insurance and increased operating costs.

The directors monitor the market value of investment properties by having valuations performed by a third party. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where sales occur shortly after the valuation date.

There has been no change to the Group's exposure to market risk or the manner in which these risks are managed and measured.

19.5. Foreign currency risk

The functional currency of the Company is British Pound ("GBP"). The Company is exposed to foreign currency risk on the transactions that are denominated in a currency other than the functional currency of the Company.

At the end of the reporting period for 2016 and 2015, there are no significant monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency.

No sensitivity analysis is prepared for foreign currency risk arising from monetary items as the Group does not expect any material effect on the Group's profit or loss arising from any reasonable fluctuation in the foreign exchange rates.

19.6. Interest rate risk

The Group's policy is to maintain cash equivalents and borrowings in fixed rate instruments.

The Group's profit and loss and equity are not affected by the changes in interest rates as the interest-bearing instruments carry fixed interest and are measured at amortised cost.

19.7. Other price risk and sensitivity

Other price risk may affect the value of property investments and it is the business of the property manager to manage the property to achieve the best return. If the cost of the investment property fell by 5% at the end of the reporting period, the Group's profit after tax would decrease by GBP 16,468,429 (2015: GBP 16,474,885). Likewise if the value rose by 5% the Group's profit after tax would increase accordingly.

19.8. Credit risk management

Credit risk is the risk that the counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. The Group's principal credit risk arises from the carrying amount of the cash and cash equivalents and trade receivables which comprise rents and other recharges due from tenants. Cash and cash equivalents are held with creditworthy financial institutions.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position. The Group's major classes of financial assets are bank deposits and rental income, service charge and insurance recharge receivables.

The Group's credit exposure is concentrated mainly in its seven (2015: seven) tenants. The credit risk on liquid funds is limited because the counterparties are creditworthy financial institutions.

In the event of a rent default the Group will suffer a rental shortfall and incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property until a new tenant is secured. To mitigate this credit risk, it is managed on a group basis and the Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty. Such risks are subject to an annual and more frequent review. The Group has policies in place to ensure that rental contracts are made with customers with an appropriate credit history. The maximum credit risk from rent and other recharge receivables of the Group at the end of the reporting period is GBP 226,504 (2015: GBP 227,568).

19.9. Liquidity risk management

This is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments. Prudent liquidity risk management involves maintaining sufficient liquidity and short-term investment securities, being able to raise funds based on suitably adapted lines of credit and a capacity to unwind market positions.

At the end of the reporting period, the liquidity of the Group is composed of either bank account, bank deposits, for a total amount of GBP 6,941,706 (2015: GBP 7,371,039).

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at December 31, 2016 and December 31, 2015, based on the earliest date on which repayment can be required was as follows:

	Weighted average effective rate	Less than 1 year	More than 1 year	Adjustment	Total
	%	GBP	GBP	GBP	GBP
At December 31, 2016					
Current liabilities					
Leaseback provisions	–	401,554	–	–	401,554
Due to ultimate holding company	–	1,741,803	–	–	1,741,803
Trade and other payables	–	78,178	–	–	78,178
Accruals	–	526,154	–	–	526,154
		2,747,689	–	–	2,747,689
Non-current liabilities					
Loan from ultimate holding company	4.25	–	221,657,534	(21,657,534)	200,000,000
Rental deposit	–	–	75,087	–	75,087
Leaseback provisions	–	–	4,291,015	–	4,291,015
		–	226,023,636	(21,657,534)	204,366,102
At December 31, 2015					
Current liabilities					
Leaseback provisions	–	401,554	–	–	401,554
Due to ultimate holding company	–	1,746,575	–	–	1,746,575
Trade and other payables	–	139,233	–	–	139,233
Accruals	–	351,231	–	–	351,231
		2,638,593	–	–	2,638,593
Non-current liabilities					
Loan from ultimate holding company	4.25	–	230,157,534	(30,157,534)	200,000,000
Leaseback provisions	–	–	4,692,569	–	4,692,569
		–	234,850,103	(30,157,534)	204,692,569

The following table details the Group's expected maturity for the financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability base.

	Weighted average effective rate	**Less than 1 year**	**More than 1 year**	**Adjustment**	**Total**
	%	*GBP*	*GBP*	*GBP*	*GBP*
At December 31, 2016					
Current assets					
Trade and other receivables	–	432,777	–	–	432,777
Lease incentives	–	535,676	–	–	535,676
Cash and cash equivalents	–	6,941,706	–	–	6,941,706
		7,910,159	–	–	7,910,159
Non-current assets					
Lease incentives	–	–	5,758,518	–	5,758,518
		–	5,758,518	–	5,758,518
At December 31, 2015					
Current assets					
Trade and other receivables	–	241,233	–	–	241,233
Lease incentives	–	216,518	–	–	216,518
Cash and cash equivalents	–	7,371,039	–	–	7,371,039
		7,828,790	–	–	7,828,790
Non-current assets					
Lease incentives	–	–	2,545,420	–	2,545,420
		–	2,545,420	–	2,545,420

19.10. Fair value measurements

The Group determines fair values of various financial assets and financial liabilities in the following manner:

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the management considers that the carrying amounts of most of the financial assets and financial liabilities of the Group recorded at amortised cost in the financial statements approximate their fair values due to the relative short-term maturity of these financial instruments or immaterial effect of discounting.

	2016		2015	
	Carrying amount *GBP*	**Fair value** *GBP*	**Carrying amount** *GBP*	**Fair value** *GBP*
Financial liabilities				
Loan from ultimate holding company	200,000,000	188,332,849	200,000,000	162,824,249

The fair value of these financial liabilities, which the management has classified as Level 2 within the fair value hierarchy, have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties. There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

20. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiary, which is a related party of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Loan from related party

A loan agreement was entered into between the Company and Samsung Life Insurance Co. Ltd for a maximum senior loan facility of GBP 200,000,000 (2015: GBP 200,000,000). The loan is secured by all rights, titles, benefits and interests, both present and the future, in, to and under all of the properties charged pursuant to the clause 3 of the Debenture agreement entered into by the lender and the Company for this purpose. This loan bears a fixed interest of 4.25 percent per annum. Total accrued interest payable as at December 31, 2016 amounted to GBP 1,741,803 (2015: GBP 1,746,575).

Leasing arrangements with related party

In 2014, a group sharing agreement was signed between the Company (landlord) and Samsung Asset Management (London) Ltd. (tenant, previously named as Samsung Life Investment (U.K.) Ltd), a subsidiary of the ultimate holding company, for lease of 5,735 square foot area of the first floor for GBP 46 per square foot. The term of the lease is from June 1, 2014 to September 28, 2028 with a rent free period of 6 months. On November 3, 2016 the amendment of the group sharing agreement was signed for additional lease of 1,757 square foot area for GBP 45 per square foot. The term of the additional lease is from August 18, 2016 to September 28, 2028 with a rent free period of 4 months. Total accrued rent free incentive as at December 31, 2016 amounted to GBP 133,905 (2015: GBP 117,601) and rental income for 2016 amounted to GBP 265,606 (2015: GBP 263,624).

Compensation of key management personnel

The directors of the Group, Maria Renault, Charles Millard-Beer and Alex Smyth (resigned August 26, 2016), are all employees of Citco Jersey Limited who provide administration services to the Group. During the year, no remuneration were paid to the directors.

21. OPERATING LEASE ARRANGEMENTS

21.1. The Group as lessee

Leasing arrangements

Operating lease relates to lease of building space with lease term of 15 years. All operating lease contracts over 15 years contain clauses for 5-yearly market rental reviews. The Group does not have an option to purchase the leased land at the expiry of the lease period (Note 16).

Payment recognised as expenses

	December 31, 2016 *GBP*	**December 31, 2015** *GBP*
Minimum lease payment	3,616,777	3,618,762

Non-cancellable operating lease commitment

	December 31, 2016 *GBP*	**December 31, 2015** *GBP*
Not later than 1 year	3,613,985	3,613,985
Later than 1 year and not later than 5 years	14,455,940	14,455,940
Later than 5 years	24,394,400	28,008,385

Liabilities recognised in respect of non-cancellable operating lease

	December 31, 2016 *GBP*	**December 31, 2015** *GBP*
Leaseback provisions	4,692,569	5,094,123

21.2. The Group as lessor

Operating leases relate to the investment property owned by the subsidiary with lease terms between 7 to 14 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase a property at the expiry of the lease period.

Rental income earned by the Group from its investment property and direct operating expenses arising on the investment property for the year are set in Notes 5 and 6 respectively.

The Group leases out retail/office space to non-related parties under non-cancellable operating leases except for the group sharing agreement disclosed in Note 20.

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	December 31, 2016 *GBP*	**December 31, 2015** *GBP*
Not later than 1 year	20,500,404	20,424,379
Later than 1 year and not later than 5 years	82,001,616	81,697,515
Later than 5 years	137,234,258	151,145,469

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on February 24, 2017.

II. DIFFERENCES BETWEEN ACCOUNTING POLICIES ADOPTED BY THE COMPANY AND THE JERSEY SPV GROUP

As described in the section headed "Letter from the Board – 12. Waiver from Strict Compliance with Rule 14.67(6) of the Listing Rules", the Company has applied to the Stock Exchange for, and was granted, a waiver from strict compliance with the requirement to produce an accountants' report on the Jersey SPV Group in accordance with Rule 14.67(6)(a)(i) of the Listing Rules.

As an alternative disclosure to the accountants' report, this circular contains a copy of the Jersey SPV Group's consolidated financial statements for the years ended 31 December 2016, 31 December 2017 and 31 December 2018 prepared under IFRS, which were audited by Deloitte & Touche LLP (together, the "**Jersey SPV Group's Consolidated Financial Statements**" as set out in Section I of Appendix II).

The accounting policies adopted in the preparation of the Jersey SPV Group's Consolidated Financial Statements differ in certain material respects from the accounting policies presently adopted by the Company which comply with HKFRS. Differences, other than presentational differences, which would have a significant effect on the Jersey SPV Group's Consolidated Financial Statements had they been prepared in accordance with the accounting policies presently adopted by the Company, are set out below in the section headed "Jersey SPV Group's Unaudited Adjusted Financial Information under the Company's Policies".

This summary provides information about the differences between the Jersey SPV Group's accounting policies and the Company's accounting policies with respect to recognition and measurement that, in the opinion of the Directors, would have a material effect on the total assets, total equity and net profit of the Jersey SPV Group (the "**Reconciliation Information**") for each of the three years ended 31 December 2016, 2017 and 2018 (the "**Track Record Period**").

Basis of Preparation

The Reconciliation Information as at and for the years ended 31 December 2016, 2017 and 2018 presents the "Unadjusted Financial Information under IFRS" of the Jersey SPV Group as if it has been prepared in accordance with the accounting policies presently adopted by the Company which are in compliance with HKFRS.

Reconciliation Process

The Reconciliation Information has been prepared by the Directors by comparing the differences between the applicable accounting policies adopted by the Jersey SPV Group and the Company in respect of the Jersey SPV Group's financial information for the Track Record Period respectively and quantifying the relevant material financial effects of such differences, if any. The Reconciliation Information has not been subject to an independent audit. Accordingly, no opinion is expressed by an auditor on whether it presents a true and fair view of the Jersey SPV Group's financial position as at 31 December 2016, 2017 and 2018 nor its results for the Track Record Period under the accounting policies presently adopted by the Company which comply with HKFRS.

Deloitte Touche Tohmatsu was engaged by the Company to conduct work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("HKSAE 3000") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") on the Reconciliation Information. The work consisted primarily of:

(i) comparing the "Unadjusted Financial Information under IFRS" as set out in the section entitled "Jersey SPV Group's Unaudited Adjusted Financial Information under the Company's Policies" with the Jersey SPV Group's Consolidated Financial Statements;

(ii) considering the adjustments made and evidence supporting the adjustments made in arriving at the "Adjusted Financial Information under the Company's Policies" also set out below in the section entitled "Jersey SPV Group's Unaudited Adjusted Financial Information under the Company's Policies", which included examining the differences between the Jersey SPV Group's accounting policies and the Company's accounting policies on the basis described in the section headed "Basis of Preparation"; and

(iii) checking the arithmetic accuracy of the computation of the "Adjusted Financial Information under the Company's Policies" as set out in the section entitled "Jersey SPV Group's Unaudited Adjusted Financial Information under the Company's Policies".

The engagement of Deloitte Touche Tohmatsu did not involve independent examination of any of the underlying financial information. The work carried out in accordance with HKSAE 3000 is different in scope from an audit or a review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA and consequently, Deloitte Touche Tohmatsu did not express an audit opinion nor a review conclusion on the Reconciliation Information. Deloitte Touche Tohmatsu's engagement was intended solely for the use of the Directors in connection with this circular and may not be suitable for another purpose. Based on the work performed, Deloitte Touche Tohmatsu has concluded that:

(i) the "Unadjusted Financial Information under IFRS" as set out in the section entitled "Jersey SPV Group's Unaudited Adjusted Financial Information under the Company's Policies" is in agreement with the Jersey SPV Group's Consolidated Financial Statements;

(ii) the adjustments made in arriving at the "Adjusted Financial Information under the Company's Policies" set out in the section entitled "Jersey SPV Group's Unaudited Adjusted Financial Information under the Company's Policies" reflect, in all material respects, the differences between the Jersey SPV Group's accounting policies and the Company's accounting policies on the basis described in the section entitled "Basis of Preparation"; and

(iii) the computation of the "Adjusted Financial information under the Company's Policies" as set out in the section entitled "Jersey SPV Group's Unaudited Adjusted Financial Information under the Company's Policies" is arithmetically accurate.

Jersey SPV Group's Unaudited Adjusted Financial Information under the Company's Policies

The following unaudited adjusted consolidated income statement for each of the three years ended 31 December 2016, 2017 and 2018 and the unaudited adjusted consolidated balance sheets as at 31 December 2016, 2017 and 2018 of the Jersey SPV Group set out in the Reconciliation Information below are derived from the Jersey SPV Group's Consolidated Financial Statements, as appropriate, as included in Appendix II. The consolidated statements of cash flows are not presented as there are no significant differences except for presentational differences. Your attention is drawn to the fact that the work carried out in accordance with HKSAE 3000 is different in scope from an audit or a review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA and consequently, Deloitte Touche Tohmatsu did not express an audit opinion nor a review conclusion on the Reconciliation Information.

Unaudited Adjusted Consolidated Income Statements under the Company's Policies

		For the year ended 31 December								
		2016			2017			2018		
	Note	Unadjusted Financial Information under IFRS	Adjustments	Adjusted Financial Information under the Company's Policies	Unadjusted Financial Information under IFRS	Adjustments	Adjusted Financial Information under the Company's Policies	Unadjusted Financial Information under IFRS	Adjustments	Adjusted Financial Information under the Company's Policies
		Audited	*Unaudited*	*Unaudited*	*Audited*	*Unaudited*	*Unaudited*	*Audited*	*Unaudited*	*Unaudited*
		GBP	*GBP*	*GBP*	*GBP*	*GBP*	*GBP*	*GBP*	*GBP*	*GBP*
Rental income		21,497,756	–	21,497,756	21,426,624	–	21,426,624	21,439,408	–	21,439,408
Leaseback expenses		(3,616,777)	–	(3,616,777)	(3,616,921)	–	(3,616,921)	(3,616,088)	–	(3,616,088)
Other income		1,539,615	–	1,539,615	1,354,801	–	1,354,801	1,470,268	–	1,470,268
Interest income		23	–	23	512	–	512	970	–	970
		19,420,617	–	19,420,617	19,165,016	–	19,165,016	19,294,558	–	19,294,558
Property related expenses		(1,485,626)	–	(1,485,626)	(1,419,663)	–	(1,419,663)	(1,233,277)	–	(1,233,277)
General and administrative expenses		(1,284,457)	–	(1,284,457)	(1,654,299)	–	(1,654,299)	(1,567,103)	–	(1,567,103)
Depreciation and amortisation	1	(5,404,264)	5,404,264	–	(5,389,498)	5,389,498	–	(5,389,498)	5,389,498	–
Change in fair value of investment property	1	–	1,288,000	1,288,000	–	8,700,000	8,700,000	–	(11,500,000)	(11,500,000)
Finance cost		(8,500,000)	–	(8,500,000)	(8,500,000)	–	(8,500,000)	(8,490,812)	–	(8,490,812)
Loss on foreign exchange transactions		(120)	–	(120)	(347)	–	(347)	(1,268)	–	(1,268)
		(16,674,467)	6,692,264	(9,982,203)	(16,963,807)	14,089,498	(2,874,309)	(16,681,958)	(6,110,502)	(22,792,460)
Profit/(loss) before tax	1	2,746,150	6,692,264	9,438,414	2,201,209	14,089,498	16,290,707	2,612,600	(6,110,502)	(3,497,902)
Income tax		–	–	–	–	–	–	(436,561)	–	(436,561)
Net profit/(loss) for the year representing total comprehensive income for the year		2,746,150	6,692,264	9,438,414	2,201,209	14,089,498	16,290,707	2,176,039	(6,110,502)	(3,934,463)

Unaudited Adjusted Consolidated Balance Sheets under the Company's Policies

		As at 31 December								
		2016			2017			2018		
	Note	Unadjusted Financial Information under IFRS *Audited* *GBP*	Adjustments *Unaudited* *GBP*	Adjusted Financial Information under the Company's Policies *Unaudited* *GBP*	Unadjusted Financial Information under IFRS *Audited* *GBP*	Adjustments *Unaudited* *GBP*	Adjusted Financial Information under the Company's Policies *Unaudited* *GBP*	Unadjusted Financial Information under IFRS *Audited* *GBP*	Adjustments *Unaudited* *GBP*	Adjusted Financial Information under the Company's Policies *Unaudited* *GBP*
ASSETS										
Non-current assets										
Lease incentives		5,758,518	–	5,758,518	6,276,018	–	6,276,018	7,905,892	–	7,905,892
Investment property	1	319,059,396	95,240,604	414,300,000	313,669,898	109,330,102	423,000,000	308,280,400	103,219,600	411,500,000
Total non-current assets		324,817,914	95,240,604	420,058,518	319,945,916	109,330,102	429,276,018	316,186,292	103,219,600	419,405,892
Current assets										
Cash and cash equivalents		6,941,706	–	6,941,706	10,137,573	–	10,137,573	5,907,269	–	5,907,269
Trade and other receivables		554,504	–	554,504	363,039	–	363,039	1,671,033	–	1,671,033
Prepayment		1,777,914	–	1,777,914	1,539,726	–	1,539,726	1,567,705	–	1,567,705
Due from ultimate holding company		–	–	–	–	–	–	258,818	–	258,818
Lease incentives		535,676	–	535,676	658,763	–	658,763	989,009	–	989,009
Total current assets		9,809,800	–	9,809,800	12,699,101	–	12,699,101	10,393,834	–	10,393,834
Total assets	1	334,627,714	95,240,604	429,868,318	332,645,017	109,330,102	441,975,119	326,580,126	103,219,600	429,799,726

Unaudited Adjusted Consolidated Balance Sheets under the Company's Policies

		As at 31 December								
		2016			2017			2018		
	Note	Unadjusted Financial Information under IFRS	Adjustments	Adjusted Financial Information under the Company's Policies	Unadjusted Financial Information under IFRS	Adjustments	Adjusted Financial Information under the Company's Policies	Unadjusted Financial Information under IFRS	Adjustments	Adjusted Financial Information under the Company's Policies
		Audited	*Unaudited*	*Unaudited*	*Audited*	*Unaudited*	*Unaudited*	*Audited*	*Unaudited*	*Unaudited*
		GBP	*GBP*	*GBP*	*GBP*	*GBP*	*GBP*	*GBP*	*GBP*	*GBP*
LIABILITIES AND EQUITY										
Capital and reserves										
Share capital		1,380,000	–	1,380,000	1,380,000	–	1,380,000	1,380,000	–	1,380,000
Share premium		136,620,000	–	136,620,000	136,620,000	–	136,620,000	79,728,056	–	79,728,056
(Accumulated losses)/Retained earnings		(15,726,146)	95,240,604	79,514,458	(18,331,549)	109,330,102	90,998,553	(22,671,561)	103,219,600	80,548,039
Equity attributable to the owners of the Company	1	122,273,854	95,240,604	217,514,458	119,668,451	109,330,102	228,998,553	58,436,495	103,219,600	161,656,095
Non-current liabilities										
Rental deposits		75,087	–	75,087	37,543	–	37,543	37,482	–	37,482
Leaseback provisions		4,291,015	–	4,291,015	3,889,461	–	3,889,461	3,487,907	–	3,487,907
Loan from ultimate holding company		200,000,000	–	200,000,000	200,000,000	–	200,000,000	–	–	–
Total non-current liabilities		204,366,102	–	204,366,102	203,927,004	–	203,927,004	3,525,389	–	3,525,389
Current Liabilities										
Rent in advance		4,292,783	–	4,292,783	5,063,883	–	5,063,883	5,165,264	–	5,165,264
Rental deposit		–	–	–	37,544	–	37,544	–	–	–
Recharges in advance		299,693	–	299,693	317,856	–	317,856	309,444	–	309,444
Leaseback provisions		401,554	–	401,554	401,554	–	401,554	401,554	–	401,554
Trade and other payables		725,771	–	725,771	974,506	–	974,506	1,003,089	–	1,003,089
Due to ultimate holding company		1,741,803	–	1,741,803	1,746,512	–	1,746,512	270,264	–	270,264
Loan from ultimate holding company		–	–	–	–	–	–	256,891,944	–	256,891,944
Accruals		526,154	–	526,154	507,707	–	507,707	140,122	–	140,122
Income tax payable		–	–	–	–	–	–	436,561	–	436,561
Total current liabilities		7,987,758	–	7,987,758	9,049,562	–	9,049,562	264,618,242	–	264,618,242
Total liabilities and equity		334,627,714	95,240,604	429,868,318	332,645,017	109,330,102	441,975,119	326,580,126	103,219,600	429,799,726

Note 1: Investment Property

Under the accounting policies of the Jersey SPV Group, investment property is stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residential values over their useful lives, using the straight-line method, on the following bases:

	Number of years
Leasehold land	179
Building	40
Building improvement	14.3
Tenant improvement	13.6 and 12.8

Under the Company's accounting policies, investment property is carried at fair value, representing open market value determined at each reporting date by external valuers.

Had Jersey SPV Group adopted the Company's accounting policies,

(i) the impact of the adjustments on total assets, total equity and net profit for the Track Record Period would have been as follows:

	As at and for the year ended 31 December		
	2016	**2017**	**2018**
	GBP	*GBP*	*GBP*
Impact of total assets – increase	95,240,604	109,330,102	103,219,600
Impact of total equity – increase	95,240,604	109,330,102	103,219,600
Impact on net profit for the year – increase/(decrease)	6,692,264	14,089,498	(6,110,502)

(ii) There would be no tax impact in relation to the adjustment to reflect the fair value of the investment property.

III. SUPPLEMENTAL FINANCIAL INFORMATION OF THE JERSEY SPV GROUP

The Company sets out the following supplemental financial information of the Jersey SPV Group, which was not included in the Jersey SPV Group's Consolidated Financial Statements for the three financial years ended 31 December 2016, 2017 and 2018.

1. Ageing Analysis of Trade Receivables

Trade receivables represent rent receivables from tenants of the Jersey SPV Group. The Jersey SPV Group offers its tenants credit periods of around 30 days. The following is an ageing analysis of the trade receivables, based on the invoice dates:

	As at 31 December		
	2016	**2017**	**2018**
	GBP	*GBP*	*GBP*
0-30 days	–	–	1,338,019

2. Ageing Analysis of Trade Payables

There are no trade payables for the Jersey SPV Group. The trade and other payables included in the balance sheets of the Jersey SPV Group as at 31 December 2016, 2017 and 2018 mainly represents professional fee payables and valued added tax payables which are classified as other payables.

3. Fair value hierarchy of investment properties

Details of the Jersey SPV Group's investment property and information about the fair value hierarchy as at 31 December 2016, 2017 and 2018 are as follows:

Investment property unit located in 30 Gresham Street, London EC2, United Kingdom.

	Level 1	**Level 2**	**Level 3**
	GBP	*GBP*	*GBP*
31 December 2016	–	–	414,300,000
31 December 2017	–	–	423,000,000
31 December 2018	–	–	411,500,000

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

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

– Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

There are no transfers between Level 1, 2 and 3 during the three years ended 31 December 2016, 2017 and 2018.

In determining the fair value of the investment property, the following inputs to the valuation model have been used.

	31 December 2016	**31 December 2017**	**31 December 2018**
Valuation technique(s) and key input(s)	Direct market comparison method and investment capitalisation value method	Direct market comparison method and investment capitalisation value method	Direct market comparison method and investment capitalisation value method
Significant unobservable input(s)	1. Market rent per annum amounting to GBP 18,871,010	1. Market rent per annum amounting to GBP 18,893,379	1. Market rent per annum amounting to GBP 20,820,471
	2. Capitalisation rate of 4.4%-5.0% per annum depending on length of income and covenant strength	2. Capitalisation rate of 4.3%-5.0% per annum depending on length of income and covenant strength	2. Capitalisation rate of 4.72% per annum depending on length of income and covenant strength
Relationship of unobservable inputs to fair value	1. The higher the market rent, the higher the fair value	1. The higher the market rent, the higher the fair value	1. The higher the market rent, the higher the fair value
	2. The higher the capitalisation rate, the lower the fair value	2. The higher the capitalisation rate, the lower the fair value	2. The higher the capitalisation rate, the lower the fair value
Sensitivity analysis	1. If the market rent had been 5% higher/lower, while all other variables are held constant, the fair value would decrease/ increase by GBP 20,319,443	1. If the market rent had been 5% higher/lower, while all other variables are held constant, the fair value would decrease/ increase by GBP 20,753,130	1. If the market rent had been 5% higher/lower, while all other variables are held constant, the fair value would decrease/ increase by GBP 21,649,410
	2. If the capitalisation rate had been 5% higher/ lower, while all other variables are held constant, the fair value would decrease/increase by GBP 19,351,850/GBP 21,388,887	2. If the capitalisation rate had been 5% higher/ lower, while all other variables are held constant, the fair value would decrease/increase by GBP 19,764,886/GBP 21,845,400	2. If the capitalisation rate had been 5% higher/ lower, while all other variables are held constant, the fair value would decrease/increase by GBP 20,618,485/ GBP 22,788,852

4. Benefits and interests of directors and five highest paid individuals

(i) During the three financial years ended 31 December 2016, 2017 and 2018, no emoluments were paid to directors of the Jersey SPV, in respect of a person's services as a director, whether of the Jersey SPV or its subsidiary.

(ii) During the three financial years ended 31 December 2016, 2017 and 2018, no emoluments were paid by the Jersey SPV Group to the directors as an inducement to join or upon joining the Jersey SPV Group or as compensation for loss of office.

(iii) None of the directors has waived any emoluments during the three financial years ended 31 December 2016, 2017 and 2018.

(iv) During the three financial years ended 31 December 2016, 2017 and 2018, the Jersey SPV Group did not have any employee and no emoluments were paid by the Jersey SPV Group.

5. Auditor's remuneration

Auditor's remuneration for the three financial years ended 31 December 2016, 2017 and 2018 are:

	For the year ended 31 December		
	2016	**2017**	**2018**
	GBP	*GBP*	*GBP*
Audit services	54,875	60,940	71,680

Set out below is the management discussion and analysis of the Jersey SPV Group's operation and financial performance for the three financial years ended 31 December 2016, 31 December 2017 and 31 December 2018, respectively. The following financial information is based on the financial information of the Jersey SPV Group as set out in Appendix II to this circular.

Business of Jersey SPV Group

The Jersey SPV Group is principally engaged in property investment in the United Kingdom. The property is situated at 30 Gresham Street, London, with a net internal area of approximately 404,000 square feet. As at 31 December 2016, the property achieved close to full occupancy. As at 31 December 2017 and 2018, the property achieved full occupancy. These stable occupancies would generate recurring rental income for the Jersey SPV Group.

Financial review

Revenue

For each of the financial years ended 31 December 2016, 2017 and 2018, the Jersey SPV Group recorded revenue of approximately £17.9 million, £17.8 million and £17.8 million, respectively. The revenue mainly comprised rental income from the operating leases of the investment property and net of leaseback expenses which certain floors of the property have been leased back from a tenant and sub-leased to other tenants.

Profit after taxation

For each of the financial years ended 31 December 2016, 2017 and 2018, the Jersey SPV Group recorded profit after taxation of approximately £2.7 million, £2.2 million and £2.2 million, respectively.

Liquidity and financial resources

As at 31 December 2016, 2017 and 2018, the Jersey SPV Group had (i) cash and cash equivalents of approximately £6.9 million, £10.1 million and £5.9 million, respectively; (ii) borrowings of approximately £200 million, £200 million and £256.9 million, respectively; and (iii) net assets of approximately £122.3 million, £119.7 million and £58.4 million. The decrease in net assets by £61.3 million as at 31 December 2018 was mainly due to the distribution of dividend of £56.9 million on 20 December 2018.

The gearing ratio of the Jersey SPV Group as at 31 December 2016, 2017 and 2018 was approximately 159%, 160% and 430%, respectively. The gearing ratio was calculated by net borrowings (borrowings less cash and cash equivalents) divided by net assets at the end of the period multiplied by 100%. The increased gearing ratio as at 31 December 2018 was due to the reduced net assets as mentioned above.

Jersey SPV Group's borrowings represent loan from ultimate holding company. As at 31 December 2016 and 2017, Jersey SPV Group's borrowings of £200 million each would be repayable between two and five years. As at 31 December 2018, Jersey SPV Group's borrowings of approximately £256.9 million would be repayable within one year.

Capital structure

The Jersey SPV Group manages its capital to ensure entities continue as going concerns whilst maximising returns through debt and equity structuring. The capital of the Jersey SPV Group consists of debt including borrowings in British pounds and equity including capital and net of accumulated losses. The balance of capital structure is managed through capital calls, capital repayments, distributions and should it be required redemption of existing debt. The Jersey SPV Group is not subject to any external capital requirements.

As at 31 December 2016 and 2017, the Jersey SPV Group's borrowings bore a fixed interest at 4.25% per annum. As at 31 December 2018, the Jersey SPV Group's borrowings bore a fixed interest rate of 3.2% per annum.

During the financial years ended 31 December 2016, 2017 and 2018, the Jersey SPV Group did not hold any financial instruments for hedging purpose.

Foreign currency exposure

The Jersey SPV Group primarily operates in the United Kingdom and conducts its business mainly in British pounds. As at 31 December 2016, 2017 and 2018, the Jersey SPV Group was not exposed to any material currency risk.

Pledge of assets

As at 31 December 2016 and 2017, the Jersey SPV Group pledged its investment property with carrying values in its audited consolidated financial statements of approximately £319.1 million and £313.7 million, respectively (fair value of £414.3 million and £423.0 million, respectively) to secure borrowings from its ultimate holding company. At 31 December 2018, the Jersey SPV Group did not pledge any of its assets.

Contingent liabilities

As at 31 December 2016, 2017 and 2018, the Jersey SPV Group did not have any contingent liabilities.

Material acquisitions and disposal of subsidiaries, associates and joint ventures

During the financial years ended 31 December 2016, 2017 and 2018, the Jersey SPV Group did not have any acquisitions and disposals of subsidiaries, associates and joint ventures.

Information on employees

As at 31 December 2016, 2017 and 2018, the Jersey SPV Group did not have any employee. The Jersey SPV Group appointed external parties to maintain the daily operation of its business.

Future plans for material investments

As at 31 December 2016, 2017 and 2018, the Jersey SPV Group did not have any future plans for material investments or acquisition of capital assets.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Limited, an independent professional valuer, in connection with the valuation as at 31 March 2019 of the property interests held by the Jersey SPV Group.

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The Directors
Wing Tai Properties Limited
27th Floor, AIA Kowloon Tower
Landmark East
100 How Ming Street
Kwun Tong
Kowloon
Hong Kong

24 May 2019

Dear Sirs

Valuation: 30 Gresham Street, London EC2V 7PG ("The Property")

Instructions

We refer to the instructions from Wing Tai Properties Limited (the "Company") for us to provide our opinion of the Market Value of the Property indirectly held by 30 Gresham Street (Jersey) Limited (the "Jersey SPV"), for the purpose of inclusion in a circular to be issued by the Company in connection with the formation of a joint venture company with Manhattan Garments Holdings Limited (the "Joint Venture Company") and the acquisition of 100% equity interest in the Jersey SPV by the Joint Venture Company.

We confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Company with our opinion of the Market Value of the Property as at 31 March 2019.

Basis of Value

The property is held for investment purposes. Our valuation has been prepared in accordance with current RICS Valuation – Global Standards 2017, which incorporates the IVS (International Valuation Standards) and RICS Valuation – Global Standards 2017 – UK National Supplement published by the Royal Institution of Chartered Surveyors (the RICS Red Book) on the basis of Market Value.

We have also complied with Chapter 5 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Market Value is defined as:

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

In our firm's preceding financial year the proportion of total fees payable by the client commissioning this valuation was less than 5% of the firm's total fee income.

It is not anticipated there will be a material increase in the proportion of fees payable to the firm by the client commissioning this valuation report since the end of the last financial year or in the next financial year.

No allowances have been made for any expenses of realisation, or taxes (including VAT) which might arise in the event of a disposal and the property has been considered free and clear of all mortgages and other charges which may be secured thereon.

In arriving at our opinion of Market Value we have allowed for Stamp Duty Land Tax as follows: Fair Value of up to £150,000, zero; next £100,000 (the portion from £150,001 to £250,000), 2.00%; remaining amount (the portion above £250,001), 5.00%. We have also allowed for agents and legal fees plus VAT at standard market rates which amounts to 1.80%.

This advice has been prepared by Elizabeth Levingston MRICS and has been overseen by James McTighe MRICS. We confirm that both surveyors are RICS Registered Valuers and have the knowledge, skills and understanding to provide this advice. In preparing this advice, we have acted as External valuers subject to any disclosures made to you.

The property was inspected internally on 9 January 2019 by James McTighe MRICS and Alison Buckland MRICS. A selection of the floors were inspected. We understand that we saw representative parts of the property and we have assumed that any physical differences in parts we did not inspect will not have a material impact on value. The property was inspected externally on 29 March 2019 by Elizabeth Levingston MRICS.

Reliance

Except for the purpose of disclosure in the circular to be issued by the Company in connection with the formation of the Joint Venture Company and the acquisition of 100% equity interest in the Jersey SPV by the Joint Venture Company, neither the whole nor any part of the valuation report nor any reference thereto may be included in any document, circular or statement without our prior written approval of the form and context in which it may appear.

Our liability is limited in accordance with our instructions with you.

Scope and Limitations

We have carried out all the necessary enquiries with regard to rental and investment value and investment considerations. We have not carried out a building survey or environmental risk assessment. We have not measured the premises and have relied on the floor areas provided.

You have instructed us not to adopt or report IPMS measurements in the valuation of this property unless the principal market and comparables are assessed on an IPMS basis. We have therefore adopted Plowman Craven measurement reports for the property dated 10 April 2017 and amended 31 May 2018, measured on the basis of the Sixth Edition (September 2007) of the Code of Measuring Practice, published by the Royal Institution of Chartered Surveyors (RICS), being net internal area for office buildings.

We have been provided with a Report on Title prepared by Mayer Brown in connection with your purchase of the property in 2018. In addition, we have been provided with and have relied upon the Purchase Report prepared by Cushman and Wakefield dated 5 December 2018, Due Diligence Report on property management issues prepared by Helix and dated 31 October 2018, CBRE Building and Environmental Survey dated July 2018, Cushman and Wakefield Building Survey Verification Report v3 dated October 2018, EPC Certificate dated July 2018, and Cushman and Wakefield Tenancy Schedule and Sub-Tenancy Schedule.

We have not undertaken any form of condition or site survey and have assumed that the property is free from defects, contamination, deleterious materials and is in good condition commensurate with its age and past and present uses; and the property complies with all current legislation and byelaws.

Special Assumptions

We have provided our opinion of Market Value on the Special Assumption that no Stamp Duty is payable by the purchaser.

Valuation Date

The Valuation is date 31 March 2019.

Property Location

30 Gresham Street is located in the City of London, which is London's financial office district and the largest office market. The property is situated in an absolute core location in the City, approximately 250 metres to the north west of the Bank of England. The surrounding area is particularly popular with traditional financial and banking firms.

The property is well positioned for public transport, with Bank Underground and DLR station and Moorgate Underground and national rail stations in close proximity. The new Crossrail service with access from Moorgate will benefit the property once it is complete, which is expected in late 2019.

Property Description

30 Gresham Street was completed in 2003 and forms an office and retail building, extending to 403,639 sq ft (37,499.0 sq m) of Grade A office accommodation over two basement levels, lower ground, ground and eight upper floors. Three retail units are provided on the corner of Gresham Street and King Street. At basement level there is plant, ancillary and storage accommodation, and 48 car parking spaces which are accessed via a turning head and two car lifts from Lawrence Lane.

Investec Bank Plc, as a tenant of part, undertook refurbishment works in 2017/2018 on the fourth, fifth and sixth floors. The part lower ground, ground, second and third floors occupied by Commerzbank Finance Ltd are broadly as originally fitted out in 2003/2004.

Property Condition

We have been provided with a CBRE Building Survey Report dated July 2018 as well as a Cushman and Wakefield Building Survey Verification report dated October 2018. Both reports found the building to be in good repair and well maintained, with only minor immediate repair items specified. The mechanical and electrical services are now some 15 years old and will be reaching the end of their economic life within the next 5 to 10 years. Cushman and Wakefield identify works to maintain the building over the next 10 years. They comment that these works should be the responsibility of the tenants during their lease terms. We have therefore not made any capital expenditure allowances in our valuation for repair items beyond redecoration.

Town Planning

The Report on Title prepared by Mayer Brown confirms that the property was constructed following the grant of planning permission on 25 July 2000 (reference number P33564), in respect of a redevelopment to provide a new office building arranged on basement, lower ground, ground, mezzanine and seven upper floors with three Class A1 retail units and associated servicing and car parking. Planning permission would need to be obtained to convert the use of the property from offices and retail to another use or uses.

There are not currently any outstanding planning applications in respect of the property. We are not aware of any evidence of any planning enforcement action having been taken. The property is not located within a Conversation Area and is not Listed.

Environmental

The Report on Title prepared by Mayer Brown confirms that the property passed an environmental desktop search dated 7 September 2018. The Report on Title states that this does not necessarily mean that the land is free from contamination; it only confirms that no evidence of past contaminative use was found. The search result also shows that the property is unlikely to be at risk from flooding. As stated above, we have assumed that the property is free from contamination.

Tenure

The property is held long leasehold and the headlease is registered at HM Land Registry under title number NGL826330. The class of title is absolute title, which is the best class of title available.

The headlease is dated 29 September 2003. The freeholder is The Wardens and Commonalty of the Mystery of Mercers of the City of London. The term of the headlease is until 7 September 2178 (159.8 years unexpired). The annual rent is not subject to any review and is fixed at £10,000 per annum. The tenant may on not more than two occasions during the headlease term carry out a redevelopment, and on not more than four occasions during the term carry out a refurbishment, which is defined as stripping back to the frame and reconstructing.

Tenancies

30 Gresham Street is fully let to four office tenants and three retail tenants on effective full repairing and insuring leases by way of a service charge which we understand is fully recoverable from the tenants. The leases are broadly subject to five yearly upwards only rent reviews to open market rent. It is let to Commerzbank on all office floors apart from the first, seventh and eighth, which are let to the occupational tenants Samsung Asset Management (London) Ltd, Sumitomo Mitsui Banking Corporation Europe Ltd and Investec Wealth and Investment Ltd.

The WAULT (Weighted Average Unexpired Lease Term) is 9.28 years to expiries and 8.90 years to breaks. The total gross contracted income before tax is £18,322,321 per annum, which equals to £1,526,860 per month. The total net income after deduction of the ground rent and before tax is £18,312,321 per annum, which equates to £1,526,026.75 per month. The element let to Commerzbank Finance Ltd, currently £16,990,000 pa, is subject to an outstanding rent review as at 29 September 2018.

City of London Market Commentary – Q4 2018

Take-up in Q4 2018 was the strongest of the year, reaching 2.0 million sq ft in 83 transactions, above the 10-year average of 1.4 million sq ft. Full year take-up reached 6.7 million sq ft, the highest level since 2014, and well ahead of the 10-year annual average of 5.3 million sq ft. Strong pre-leasing continued, reaching 752,000 sq ft in Q4, accounting for 37% of quarterly take-up. For the full year, pre-leasing was at its highest level since 2000 in terms of volume and at peak levels in terms of proportion of activity (39%). The level of under offers fell 23% to 1.4 million sq ft, compared to 1.8 million sq ft at the end of Q3, but remained marginally ahead of the 10-year average of 1.3 million sq ft.

Overall demand fell 9% in Q4 2018 to 9.6 million sq ft, compared to 10.5 million sq ft at the end of the previous quarter. Much of this fall was due to active demand, which fell 13% to 6.3 million sq ft, although remains ahead of the 10-year average of 5.9 million sq ft. Strong take-up led to an 11% fall in supply in Q4 2018, ending the year at 4.5 million sq ft, compared to 5.1 million sq ft at the end of Q3. This is the lowest level for two years. As a result, the vacancy rate dipped below 4.0% for the first time since 2016; its current rate of 3.9% is significantly lower than the 10-year average of 6.3%.

Higher development completions than development starts, together with strong pre-leasing resulted in a fall in the level of speculative space under construction to 3.7 million sq ft. This is the lowest level of speculative construction since mid-2015.

City prime rents and incentives remained unchanged in Q4 2018 at £70 per sq ft, with 24 months free on an assumed 10-year term and 10,000 sq ft floorplate. The highest rents in the wider City market are now being achieved in Clerkenwell where the prime rent stands at £77.50 per sq ft.

In Q4 2018 City investment turnover totalled £3.3 billion across 40 transactions, compared to £2.7 billion traded in Q3, and 62% ahead of the 10-year quarterly average. Full year turnover reached £11.2 billion, 11% ahead of the £10 billion traded in 2017 and the highest annual total since 2013.

Continuing the recent trend, the largest transactions of the quarter were to overseas buyers, whom were purchasers five of the six transactions in excess of £150 million. Prime yields remained unchanged in Q4 2018 at 4.25% across all lot sizes, while there was evidence of secondary yields softening as investors become more discerning on tenure and lease length.

Valuation Methodology

In arriving at our opinion of Market Value we have considered a range of recent comparable evidence and have applied the comparative and investment methods of valuation. We have applied the comparative method in determining the appropriate rental value and appropriate capitalisation yield, by reference to comparable leasing and investment transactions. We have adopted the investment method of valuation since the property is an income producing investment.

The range of City office investment evidence on which we have drawn includes the sale of 45 Cannon Street which is on the market at a guide price reflecting 4.25% net initial yield, 1 Poultry which sold in December 2018 at 4.71% net initial yield, and 55 Gresham Street which sold in November 2018 at 3.90% net initial yield. Considering 45 Cannon Street's smaller lot size, longer unexpired term, and the fact that the building is freehold and new, we consider that 30 Gresham Street would transact reflecting a slightly higher net initial yield than 4.25%.

1 Poultry is also a recently refurbished, freehold asset. It however derives a substantial proportion of its income from a serviced officer provider whose covenant strength is not universally welcomed by the investment market. This has had a negative impact on the pricing, as has the dated exterior styling of the building. Although it has a longer unexpired term than the subject property, we would expect a lower net initial yield than 4.71% to be achieved at 30 Gresham Street.

55 Gresham Street is situated almost opposite 30 Gresham Street and is also held long leasehold, with a similar unexpired term, but a higher gearing level. It is smaller than the subject property. It was comprehensively refurbished in 2018 and subsequently let to Investec for 15 years. The pricing for 55 Gresham Street exceeded expectations considering the leasehold tenure. However, we understand that the parties involved in the transaction are connected which may have influenced the level achieved. Overall, we consider that the subject property would transact at higher net initial yield than 3.90%.

Valuation

In arriving at our opinion of the Market Rent of the property, the evidence we have relied upon is taken from a cross section of City core Grade A office lettings since the start of 2018. We consider that the open market evidence of new or refurbished buildings, which ranges from £62.50 to circa £67.50 per sq ft, supports a headline rental tone below this range at the subject property, due to its age and condition and the size of the floorplates, which are in excess of 10,000 sq ft. We consider the headline market rental value, assuming the existing condition of the office accommodation, to be £20,820,471 per annum.

Having regard to the investment evidence, we consider that the appropriate net initial yield is in the region of 4.25% to 4.50%. We have therefore applied a net initial yield of close to 4.40% to the current income. By adopting this yield level and the aforementioned headline market rental value, and taking into account of Stamp Duty and therefore a total purchaser's costs of 6.80%, we have resulted in a figure of £392,200,000 (£972 per sq ft). This value reflects an equivalent yield of 4.73%. The equivalent yield is higher than the net initial yield since the property is reversionary, and reflects the degree to which the property is reversionary.

Having regard to the foregoing, we are of the opinion that the Market Value (as defined in RICS Valuation – Global Standards 2017) of the leasehold interest in the property, by adopting the aforementioned yields and headline market rental value, and on the Special Assumption that no Stamp Duty is payable by the purchaser and subject to the existing tenancies as at 31 March 2019 is:

£411,500,000
(FOUR HUNDRED AND ELEVEN MILLION FIVE HUNDRED THOUSAND POUNDS)

This valuation reflects purchaser's costs of 1.80%.

We include as an appendix below a Valuation Certificate.

Yours faithfully,

Elizabeth Levingston
Associate Director
For and on behalf of
Jones Lang LaSalle Limited

James McTighe
Director
For and on behalf of
Jones Lang LaSalle Limited

Property	Description, Age and Tenure	Tenancies	Market Value on the Special Assumption of no Stamp Duty being payable as at 31 March 2019
30 Gresham Street, London EC2V 7PG ("the Property")	The Property comprises a purpose built office and retail building, arranged over two basement levels, lower ground, ground and eight upper floors, which was constructed in 2003. Grade A office and ancillary storage accommodation is provided on the basement, lower ground, ground and eight upper floors. Three retail units are arranged over lower ground, ground and first floors. 48 car parking spaces are provided at basement level. The property extends to a Net Internal Area of 403,639 sq ft (37,499.0 sq m) in total. One of the tenants refurbished the fourth to sixth floors in 2017/2018. The part lower ground, ground, second and third floors are broadly as originally fitted out in 2003/2004. The property is held long leasehold with an unexpired term of 159.8 years. The annual head rent is fixed at £10,000 per annum.	The property is fully let to four office tenants and three retail tenants. The WAULT is 9.28 years to expiries and 8.90 years to breaks. The total net income after deduction of the ground rent is £18,312,321 per annum, which equates to £1,526,026.75 per month.	**£411,500,000** **(FOUR HUNDRED AND ELEVEN MILLION FIVE HUNDRED THOUSAND POUNDS)** This reflects purchaser's costs of 1.80% on the basis of no Stamp Duty being payable by the purchaser.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

I. Interests in the Company

	Number of Shares/underlying Shares held						
Director	Personal interests	Family interests	Corporate interests	Other interests	Number of underlying Shares held under equity derivatives *(Note (f))*	Aggregate interests	Approx. percentage of the issued share capital *(Note (a))*
Cheng Wai Chee, Christopher	13,568,566	–	–	462,488,185 *(Note (b))*	2,165,000	478,221,751	35.36%
Cheng Wai Sun, Edward	11,501,231	–	–	462,488,185 *(Note (b))*	2,165,000	476,154,416	35.20%
Cheng Man Piu, Francis	–	–	–	462,488,185 *(Note (b))*	–	462,488,185	34.19%
Chow Wai Wai, John	964,502	–	–	–	388,500	1,353,002	0.10%
Ng Kar Wai, Kenneth	834,750	–	–	–	969,250	1,804,000	0.13%

Director	Number of Shares/underlying Shares held: Personal interests	Family interests	Corporate interests	Other interests	Number of underlying Shares held under equity derivatives *(Note (f))*	Aggregate interests	Approx. percentage of the issued share capital *(Note (a))*
Kwok Ping Luen, Raymond	–	–	–	9,224,566 *(Note (c))*	–	9,224,566	0.68%
Kwok Ho Lai, Edward (Alternate Director to Kwok Ping Luen, Raymond)	–	–	–	9,736,566 *(Note (d))*	–	9,736,566	0.72%
Ng Tak Wai, Frederick	278,391	1,016,000	–	313,666 *(Note (e))*	–	1,608,057	0.12%

Notes:

(a) The total number of issued Shares as at the Latest Practicable Date was 1,352,619,279.

(b) Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis, being beneficiaries of a family trust, were deemed to be interested in 462,488,185 Shares beneficially owned by Brave Dragon Limited, Wing Tai Retail Pte. Ltd. and Crossbrook Group Limited as set out under the section headed "Substantial Shareholders' Interests" below. The same represented the same interests and were therefore duplicated amongst these three Directors for the purpose of Part XV of the SFO.

(c) Kwok Ping Luen, Raymond was deemed to be interested in 9,224,566 Shares by virtue of being a beneficiary of a trust for the purpose of Part XV of the SFO. As this trust is one of the discretionary trusts, as referred to in Note (d) below, these 9,224,566 Shares represented the same interests and were therefore duplicated between Kwok Ping Luen, Raymond and Kwok Ho Lai, Edward for the purpose of Part XV of the SFO.

(d) Kwok Ho Lai, Edward was deemed to be interested in 9,736,566 Shares by virtue of being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.

(e) 313,666 Shares were held by Ng Tak Wai, Frederick jointly with his spouse.

(f) These interests represented the interests in underlying Shares in respect of the share options and/or incentive shares granted by the Company to these Directors. Details of which are set out in the sections below headed "Share Option Plan" and "Share Incentive Scheme".

II. Share Option Plan

Details of the share options granted to certain Directors under the share option plan of the Company and outstanding as at the Latest Practicable Date were as follows:

Director	Date of grant	Number of share options	Exercise price per share option (HK$)	Exercise period
Cheng Wai Chee, Christopher	13.1.2017	497,500	4.75	13.1.2020 to 13.1.2027
	27.3.2018	222,500	6.10	22.1.2020 to 26.3.2028
	27.3.2018	445,000	6.10	22.1.2021 to 26.3.2028
	23.1.2019	250,000	5.766	23.1.2020 to 22.1.2029
	23.1.2019	250,000	5.766	23.1.2021 to 22.1.2029
	23.1.2019	500,000	5.766	23.1.2022 to 22.1.2029
Cheng Wai Sun, Edward	13.1.2017	497,500	4.75	13.1.2020 to 13.1.2027
	27.3.2018	222,500	6.10	22.1.2020 to 26.3.2028
	27.3.2018	445,000	6.10	22.1.2021 to 26.3.2028
	23.1.2019	250,000	5.766	23.1.2020 to 22.1.2029
	23.1.2019	250,000	5.766	23.1.2021 to 22.1.2029
	23.1.2019	500,000	5.766	23.1.2022 to 22.1.2029
Chow Wai Wai, John	13.1.2017	91,500	4.75	13.1.2020 to 13.1.2027
	27.3.2018	40,000	6.10	22.1.2020 to 26.3.2028
	27.3.2018	80,000	6.10	22.1.2021 to 26.3.2028
	23.1.2019	44,250	5.766	23.1.2020 to 22.1.2029
	23.1.2019	44,250	5.766	23.1.2021 to 22.1.2029
	23.1.2019	88,500	5.766	23.1.2022 to 22.1.2029
Ng Kar Wai, Kenneth	13.1.2017	26,500	4.75	13.1.2020 to 13.1.2027
	27.3.2018	10,250	6.10	22.1.2020 to 26.3.2028
	27.3.2018	20,500	6.10	22.1.2021 to 26.3.2028
	23.1.2019	95,500	5.766	23.1.2020 to 22.1.2029
	23.1.2019	95,500	5.766	23.1.2021 to 22.1.2029
	23.1.2019	191,000	5.766	23.1.2022 to 22.1.2029

Notes:

(a) The Shareholders of the Company adopted the share option plan on 27 October 2015 to grant options to selected employees (including Directors) to subscribe for the Shares.

(b) The Company will provide subscription money to the share option holders in the event that they exercise their share options when the market price of the Shares is equal to or higher than the exercise price of share options concerned.

III. Share Incentive Scheme

Details of the incentive shares awarded to a Director under the share incentive scheme of the Company and outstanding as at the Latest Practicable Date were as follows:

Director	Date of award	Number of incentive shares	Vesting date	Exercisable period
Ng Kar Wai,	15.6.2015	212,000	21.1.2020	21.1.2020 to 15.6.2025
Kenneth	15.6.2015	106,000	21.1.2020	21.1.2020 to 15.6.2025
	15.6.2015	212,000	21.1.2021	21.1.2021 to 15.6.2025

Notes:

(a) Awards of the incentive shares are rights given to selected employees (including Directors) to subscribe in cash for Shares under the share incentive scheme approved by Shareholders of the Company on 17 June 2005. The share incentive scheme expired on 16 June 2015, no further incentive shares can be granted thereafter but the provisions of the share incentive scheme remain in full force and effect in all other respects in relation to the incentive shares granted. All outstanding incentive shares granted which are yet to be vested or exercised shall remain valid.

(b) Subscription price per Share is the par value of the Share. Funds for subscription of Shares will be provided by the Company when the right to subscribe for Shares is exercised.

All of the interests in Shares disclosed above under this section represent long positions in the Shares and underlying Shares of the Company or its associated corporations (within the meaning of the SFO). Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of the SFO) which has been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO or have been recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which has been notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders' Interests

As at the Latest Practicable Date, the following persons (other than the Directors and the chief executive of the Company) had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register kept by the Company pursuant to section 336 of the SFO or as otherwise notified to the Company:

Long Positions in the Shares of the Company

	Name of Shareholder	**Capacity**	**Number of Shares interested**	**Approx. percentage of the issued share held** *(Note (a))*
1.	Brave Dragon Limited	Beneficial owner	141,794,482	10.48%
2.	Crossbrook Group Limited	Beneficial owner	270,411,036	19.99%
3.	Wing Tai Holdings Limited	Interest of controlled corporation	462,488,185 *(Notes (b)i & (c))*	34.19%
4.	Butterfield Fiduciary Services (Guernsey) Limited (formerly Deutsche Bank International Trust Co. Limited)	Trustee	462,488,185 *(Notes (b)ii & (d))*	34.19%
5.	Butterfield Fiduciary Services (Cayman) Limited (formerly Deutsche Bank International Trust Co. (Cayman) Limited)	Trustee	462,488,185 *(Notes (b)ii & (d))*	34.19%
6.	Wing Tai Corporation Limited	Interest of controlled corporation	182,560,826 *(Note (e))*	13.50%
7.	Renowned Development Limited	Interest of controlled corporation	182,560,826 *(Notes (b)iii & (e))*	13.50%
8.	Wing Tai (Cheng) Holdings Limited	Interest of controlled corporation	199,884,783 *(Notes (b)iii & (f))*	14.78%

	Name of Shareholder	Capacity	Number of Shares interested	Approx. percentage of the issued share held *(Note (a))*
9.	Sun Hung Kai Properties Limited	Interest of controlled corporation	183,612,533 *(Note (g))*	13.57%
10.	HSBC Trustee (C.I.) Limited	Trustee	183,612,533 *(Notes (b)iv & (h))*	13.57%
11.	Gala Land Investment Co. Limited	Beneficial owner	101,579,467	7.51%
12.	Farnham Group Limited	Interest of controlled corporation	101,579,467 *(Notes (b)v & (i))*	7.51%
13.	Chow Chung Kai	Beneficial owner, interest of spouse, controlled corporation and other	180,024,824 *(Notes (b)v & (j))*	13.31%
14.	Chow Yu Yue Chen	Beneficial owner, interest of spouse and controlled corporation	150,812,777 *(Notes (b)v & (k))*	11.15%

Notes:

(a) The total number of issued Shares as at the Latest Practicable Date was 1,352,619,279.

(b) The interests disclosed duplicated in the following manners and to the following extent:

i. the interests of parties 1 and 2 were included in the interests of party 3.

ii. the interests of party 3 duplicated with the interests of parties 4 and 5 entirely.

iii. the interests of party 6 duplicated with the interests of party 7 entirely and were included in the interests of party 8.

iv. the interests of party 9 duplicated with the interests of party 10 entirely.

v. the interests of party 11 duplicated with the interests of party 12 entirely and were included in the interests of parties 13 and 14.

(c) Wing Tai Holdings Limited beneficially owned 89.4% of the issued share capital of Brave Dragon Limited, 100% of the issued share capital of Crossbrook Group Limited and 100% of the issued share capital of Wing Tai Retail Pte. Ltd. Wing Tai Retail Pte. Ltd. owned 50,282,667 Shares.

Cheng Wai Chee, Christopher is a director of Brave Dragon Limited.

(d) The Company was notified that Deutsche Bank International Trust Co. Limited changed its name to Butterfield Fiduciary Services (Guernsey) Limited ("Butterfield Guernsey") with effect from 3 April 2018. Butterfield Guernsey was the trustee of a family trust (of which Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis were beneficiaries) which held all units of a unit trust ("Unit Trust").

The Company was notified that Deutsche Bank International Trust Co. (Cayman) Limited changed its name to Butterfield Fiduciary Services (Cayman) Limited ("Butterfield Cayman") with effect from 6 April 2018. Butterfield Cayman was the trustee of the Unit Trust and was deemed to be interested in 462,488,185 Shares. Such deemed interest arose by virtue of the fact that Butterfield Cayman was interested indirectly through subsidiaries in more than one-third of the issued share capital of Wing Tai Holdings Limited which held 462,488,185 Shares indirectly.

(e) Wing Tai Corporation Limited beneficially owned 100% of the issued share capital of Bestime Resources Limited ("Bestime") and Pofung Investments Limited ("Pofung") and, therefore, by virtue of its corporate interest in Bestime and Pofung, Wing Tai Corporation Limited was deemed to be interested in 93,629,998 Shares and 88,930,828 Shares held by Bestime and Pofung respectively.

By virtue of the corporate interest of Renowned Development Limited in Wing Tai Corporation Limited, the former was deemed to be interested in the latter's interest in the Shares.

Cheng Wai Chee, Christopher and Cheng Man Piu, Francis are directors of Wing Tai Corporation Limited and Renowned Development Limited.

(f) By virtue of the corporate interest of Wing Tai (Cheng) Holdings Limited in Renowned Development Limited and Broxbourne Assets Limited, Wing Tai (Cheng) Holdings Limited was deemed to be interested in the interest of Renowned Development Limited and Broxbourne Assets Limited in the Shares. Broxbourne Assets Limited beneficially owned 17,323,957 Shares.

Cheng Wai Chee, Christopher and Cheng Man Piu, Francis are directors of Wing Tai (Cheng) Holdings Limited.

(g) Sun Hung Kai Properties Limited ("SHKP") beneficially owned 100% of the issued share capital of Wesmore Limited ("Wesmore"), Fourseas Investments Limited ("Fourseas"), Mondale Holdings Limited ("Mondale"), Victory Zone Holdings Limited ("Victory Zone") and Country World Limited ("Country World"). Wesmore was the beneficial owner of 111,928,210 Shares.

Fourseas beneficially owned 100% of the issued share capital of Soundworld Limited ("Soundworld"), Units Key Limited ("Units Key") and Triple Surge Limited ("Triple Surge"). Soundworld, Units Key and Triple Surge were the beneficial owners of 20,869,323, 5,673,333 and 37,680,000 Shares respectively.

Mondale beneficially owned 100% of the issued share capital of Junwall Holdings Ltd. ("Junwall"), which in turn beneficially owned 100% of the issued share capital of Techglory Ltd. ("Techglory"). Techglory was the beneficial owner of 192,000 Shares.

Victory Zone beneficially owned 100% of the issued share capital of Charmview International Ltd. ("Charmview"). Charmview was the beneficial owner of 7,141,600 Shares.

Country World beneficially owned 100% of the issued share capital of Erax Strong Development Ltd. ("Erax Strong"). Erax Strong was the beneficial owner of 128,067 Shares.

By virtue of the corporate interest of SHKP in the aforesaid companies, SHKP was deemed to be interested in the interests of Wesmore, Soundworld, Units Key, Triple Surge, Techglory, Charmview and Erax Strong in the Shares.

Kwok Ping Luen, Raymond is the Chairman and Managing Director of SHKP, Kwok Ho Lai, Edward is his alternate director of SHKP and a sales and project manager of the SHKP group, and Hong Pak Cheung, William is a manager of SHKP.

(h) HSBC Trustee (C.I.) Limited, as the trustee of certain discretionary trusts, was deemed to be interested in more than one-third of the total issued shares of SHKP. By virtue of its deemed interest in SHKP, it was deemed to be interested in 183,612,533 Shares.

(i) Farnham Group Limited ("Farnham") beneficially owned 100% of the issued share capital of Gala Land Investment Co. Limited ("Gala Land"), therefore, Farnham was deemed to be interested in 101,579,467 Shares held by Gala Land by virtue of its corporate interest therein.

Chow Wai Wai, John and Chen Chow Mei Mei, Vivien are directors of both Farnham and Gala Land.

(j) Chow Chung Kai and his wife, Chow Yu Yue Chen, held 48,532,744 and 700,566 Shares respectively.

The estate of the late Chou Wen Hsien, of which Chow Chung Kai was the executor, was interested in 29,212,047 Shares.

Chow Chung Kai beneficially owned 50% of the issued share capital of Farnham and, therefore, Chow Chung Kai was deemed to be interested in 101,579,467 Shares held by Gala Land by virtue of his corporate interest therein.

The estate of the late Chou Wen Hsien, of which Chow Chung Kai was the executor, was interested in 50% of the issued share capital of Farnham.

(k) Chow Yu Yue Chen and her husband, Chow Chung Kai, held 700,566 and 48,532,744 Shares respectively.

Chow Chung Kai beneficially owned 50% of the issued share capital of Farnham and, therefore, Chow Yu Yue Chen was deemed to be interested in 101,579,467 Shares held by Gala Land by virtue of Chow Chung Kai's corporate interest therein.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any person (other than any Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or a short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered into the register required to be kept under Section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the date of this circular, none of the Directors had entered into any service contract with any member of the Group (excluding contracts expiring or determinable by that member of the Group within one year without payment of compensation (other than statutory compensation)).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The interests of the Directors and their respective close associates in competing businesses required to be disclosed (as if each of them were required to be disclosed) pursuant to Rule 8.10 of the Listing Rules are as follows:

Kwok Ping Luen, Raymond is a director of SHKP and Kwok Ho Lai, Edward is the alternate director to Kwok Ping Luen, Raymond of SHKP. Businesses of SHKP consist of property developments, investments and management, and hotel operation. Also, Kwok Ping Luen, Raymond and Kwok Ho Lai, Edward are the beneficiaries of certain discretionary trusts which maintain certain interests in businesses consisting of property developments and investments, and hotel operation. Only in these respects are they regarded as interested in the relevant competing business with the Group.

Kwok Ping Luen, Raymond is also a director of Transport International Holdings Limited ("TIH"). Businesses of TIH consist of property holdings and developments. Only in these respects is he regarded as interested in the relevant competing business with the Group.

Other than certain interests in businesses maintained by the discretionary trusts, the aforesaid competing businesses, in which Kwok Ping Luen, Raymond and Kwok Ho Lai, Edward are regarded as interested, are managed by separate public listed companies with independent management and administration. In this respect, coupled with the diligence of the Company's independent non-executive Directors and the Audit Committee of the Company, the Group is capable of carrying on its business independently of, and at arm's length from the said competing businesses.

5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

On 23 April 2008, a contract entered into between the Company, Wing Tai Malaysia Sdn Bhd (formerly Wing Tai Malaysia Berhad) ("WTMSB") and Kualiti Gold Sdn Bhd (the "JV Company") relating to the formation of the JV Company for the purpose of acquiring a building in Kuala Lumpur (the "Development"), fitting out and operating the Development as serviced apartments. Each of Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis has an indirect interest in the issued share capital of WTMSB and the JV Company. WTMSB is a subsidiary of Wing Tai Holdings Limited, the controlling shareholder of the Company (as defined in the Listing Rules). Save as disclosed in this circular, the Directors confirm that there is no contract or arrangement subsisting at the date of this circular in which any of them is materially interested and which is significant in relation to the business of the Group.

None of the Directors have any interest, direct or indirect, in any assets which have been, since 31 December 2018 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. MATERIAL CONTRACTS

The following contracts (not being a contract entered into in the ordinary course of business of the Group) were entered into by members of the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

(a) the sale and purchase agreement dated 18 December 2017 entered into between Zofka Properties Limited and Baudinet Investment Limited as the vendors and Sunny Global Development Limited as the purchaser in relation to, among other things, the sale of the entire interest in property known as "Winner Godown Building" at a consideration of approximately HK$2,162.6 million;

(b) the legally binding letter agreement dated 31 January 2018 entered into between WTP (Investment) Hong Kong Limited as the vendor, Top Sincerity Limited as the purchaser and Winland Group Limited as the purchaser's guarantor in relation to, among other things, the disposal of the entire issued share capital of Allied Effort Limited at a consideration of approximately HK$2,848.8 million; and

(c) the Agreement.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

8. QUALIFICATION AND CONSENT OF EXPERT

The qualifications of the experts who have been named in this circular or have given opinions or advices which are contained herein are set out below:

Name	**Qualification**
Jones Lang LaSalle Limited	Independent property valuer
Deloitte & Touche LLP	Certified Public Accountants
Deloitte Touche Tohmatsu	Certified Public Accountants

(a) As at the Latest Practicable Date, none of Jones Lang LaSalle Limited, Deloitte & Touche LLP and Deloitte Touche Tohmatsu have any interest, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(b) As at the Latest Practicable Date, none of Jones Lang LaSalle Limited, Deloitte & Touche LLP and Deloitte Touche Tohmatsu have any direct or indirect interest in any assets which had been, since 31 December 2018, being the date to which the latest published audited accounts of Company were made up, acquired or disposed of by or leased to (or are proposed to be acquired or disposed of by or leased to) any member of the Group.

(c) Each of Jones Lang LaSalle Limited, Deloitte & Touche LLP and Deloitte Touche Tohmatsu has given and has not withdrawn its written consent to the issue of this circular with the inclusion in this circular of its report and/or references to its name in the form and context in which it appears.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection from the date of this circular at the head office of the Company at 27th Floor, AIA Kowloon Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong during normal business hours on any Business Day up to and including 7 June 2019 (being not less than 14 days from the date of this circular):

(a) the constitutional documents of the Company;

(b) the annual reports of the Company for the financial years ended 31 December 2017 and 2018;

(c) the material contracts referred to the paragraph headed "*Material contracts*" in this Appendix;

(d) the audited financial statements of the Jersey SPV Group for the three years ended 31 December 2018, the text of which is set out in Appendix II;

(e) the assurance report under HKSAE 3000 on Reconciliation Information from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II;

(f) the property valuation report of Jones Lang LaSalle Limited, the text of which is set out in Appendix IV;

(g) the letters of consent referred to under the paragraph headed "*Qualification and consent of expert*" in this Appendix; and

(h) this circular.

10. MISCELLANEOUS

(a) The company secretary of the Company is Chung Siu Wah, Henry. He is a Barrister, a Certified Accountant and a Chartered Secretary.

(b) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and the head office and principal place of business of the Company is 27th Floor, AIA Kowloon Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong.

(c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.