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WING LEE PROPERTY INVESTMENTS LIMITED

永利地產發展有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 864)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF PROPERTIES

On 11 June 2021, the Vendor entered into the Provisional Agreement with the Purchaser for the disposal of the Properties at the aggregate consideration of HK\$12,200,000. Pursuant to the terms of the Provisional Agreement, the Vendor and the Purchaser will enter into the Formal Agreement for the Disposal on or before 25 June 2021. The Disposal is scheduled to be completed on or before 11 August 2021.

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

THE PROVISIONAL AGREEMENT

On 11 June 2021, the Vendor entered into the Provisional Agreement with the Purchaser for the disposal of the Properties.

The Provisional Agreement serves as a framework to govern the actions that the parties shall take, including the execution of the Formal Agreement. The Formal Agreement shall be signed on or before 25 June 2021. Completion of the sale and purchase of the Properties is scheduled to take place on or before 11 August 2021.

SUMMARY OF TERMS OF THE PROVISIONAL AGREEMENT

Date of Provisional Agreement: 11 June 2021

Vendor: Extra Rich Development Limited, a wholly-owned subsidiary of the Company.

Purchaser: Glorious First Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Summary of terms:

Pursuant to the terms of the Provisional Agreement, the Purchaser will acquire the Properties from the Vendor at an aggregate consideration of HK\$12,200,000. An initial deposit of HK\$1,000,000 was paid by the Purchaser upon signing of the Provisional Agreement and a further deposit of HK\$220,000 will be payable by the Purchaser upon signing of the Formal Agreement on or before 25 June 2021. The balance of the Consideration, being HK\$10,980,000, will be paid in cash upon Completion, which is scheduled to take place on or before 11 August 2021.

The Properties will be sold to the Purchaser on an “as-is” basis. Currently, The Properties are subject to a lease at the rate of HK\$33,000 per month (exclusive of rates, government rent and management fees and other outgoings, which are borne by the tenant), and the tenant is entitled to a rent free period from 1 to 31 October 2021. The Purchaser accepts that it is purchasing the Properties subject to the existing lease, and the Vendor has agreed to pay the Purchaser HK\$33,000 to compensate for the one-month rent free period. Under the lease, the tenant has an option to renew the tenancy for a further term of two years at the rate of HK\$35,000 per month (exclusive of rates, government rent and management fees and other outgoings) by giving not less than three months’ notice before expiration of the lease. Prior to Completion, the Purchaser may negotiate renewal of the lease with the tenant. The lease will be assigned to the Purchaser and the deposit of HK\$99,000 under the lease will be transferred to the Purchaser upon Completion.

Pursuant to the terms of the Provisional Agreement, the Purchaser shall bear all stamp duty in connection with the Disposal.

If in any case, the Vendor or Purchaser fails to complete the sales and purchase of the Properties as stated in the Provisional Agreement, the defaulting party shall forthwith compensate the agent as stated in the Provisional Agreement the total of the commission payable by the Vendor and the Purchaser.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Properties comprise two commercial retail shops located in China Insurance Group Building, with an aggregate saleable floor area of approximately 278 square feet. The Properties were purchased by the Vendor in December 2005, together with other properties, for an aggregate consideration of HK\$23,300,000.

The net profits before taxation and after taxation attributable to the rental income from the Properties (after deducting costs including maintenance costs) were as follows:

	Net profit before taxation	Net profit after taxation
Financial year ended 31 December 2019	HK\$340,000	HK\$283,900
Financial year ended 31 December 2020	HK\$330,000	HK\$275,550

The fair value of the Properties as at 31 December 2020, as recorded in the financial statements of the Group, was HK\$9,500,000.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser and by reference to the market value of similar properties in similar locations. The Disposal is expected to realise a gain of approximately HK\$2,600,000 based on the Consideration of HK\$12,200,000, after deducting the fair value of the Properties as at 31 December 2020 of HK\$9,500,000 and the direct expenses in connection with the Disposal of approximately HK\$140,000.

As stated in the annual report of the Company for the year ended 31 December 2020, the Group's revenue was slightly affected by a general economic downturn, driven largely by the effects of the COVID-19 outbreak. The Directors have therefore taken the opportunity to review the property portfolio of the Group and have decided to make strategic changes to the portfolio with the aim of acquiring properties which will bring better Shareholder returns. This may include the sale of properties which the Directors consider do not align with the strategy of the Group in respect of the property portfolio. With a view to retaining cash resources for any suitable opportunities which may arise in the future, the Group has decided to dispose of the Properties, and the proceeds from the Disposal will be applied as the Group's working capital and/or for making further investments in the property market. The Directors consider the Disposal is in line with the Group's overall business strategy. The Directors are of the view that the terms of disposal in the Provisional Agreement including the Consideration are on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders of the Company as a whole. As at the date of this announcement, the Group has not identified any acquisition targets.

GENERAL

The Group is engaged in the business of property investment, principally the leasing of completed commercial and residential properties in Hong Kong.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the meanings set out below:–

“Board”	the board of Directors;
“Company”	Wing Lee Property Investments Limited, a company incorporated in Bermuda and the shares of which are listed on the main board of the Stock Exchange;
“Completion”	completion of the Disposal;
“Consideration”	HK\$12,200,000;
“Directors”	the directors of the Company;
“Disposal”	disposal of the Properties by the Vendor;
“Formal Agreement”	the final and formal sale and purchase agreement to be signed between the Purchaser and the Vendor in relation to the Disposal
“Group”	the Company and its subsidiaries;
“Independent Third Party(ies)”	party(ies) who are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Properties”	the commercial retail shop units located at Shops No.C2A and C2B on G/F China Insurance Group Building, 141 Des Voeux Road Central, 73 Connaught Road Central and 61-65 Gilman Street, Hong Kong;

“Provisional Agreement”	the provisional sale and purchase agreement entered into between the Purchaser and the Vendor on 11 June 2021 in relation to the Disposal;
“Purchaser”	Glorious First Limited;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Extra Rich Development Limited, a wholly-owned subsidiary of the Company; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

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

Hong Kong, 11 June 2021

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

* *for identification purposes only*