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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Wing Lee Property Investments Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	2021 HK\$'000	2020 HK\$'000
Revenue	3	28,934	30,331
Direct operating expenses		<u>(1,573)</u>	<u>(731)</u>
		27,361	29,600
Other income	4	624	1,204
Net changes in fair value of investment properties	9	2,026	(111,110)
Impairment loss on lease receivables		–	(338)
Administrative expenses		(8,917)	(10,937)
Finance costs	5	(2,103)	<u>(2,368)</u>
Profit/(loss) before taxation	5	18,991	(93,949)
Taxation – income tax	6	(1,585)	<u>(2,651)</u>
Profit/(loss) for the year		17,406	(96,600)
Other comprehensive income/(expense) for the year			
Item that will not be reclassified subsequently to profit or loss:			
Equity investments at FVOCI-net movement in fair value reserves (non-recycling)	11	43,658	<u>(12,926)</u>
Total comprehensive income/(expense) for the year		61,064	<u>(109,526)</u>
		HK cents	HK cents
Earnings/(loss) per share	8		
– Basic		4.51	(25.01)
– Diluted		4.48	(25.01)

Details of dividends payable to equity shareholders of the company attributable to the profit for the year are set out in Note 7.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	NOTE	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Investment properties	9	894,310	904,505
Other property, plant and equipment		12,780	13,281
Deferred lease receivables	10	109	142
Other financial assets	11	104,467	27,067
		1,011,666	944,995
Current assets			
Lease and other receivables	10	1,027	1,500
Current tax recoverable		30	–
Cash and cash equivalents		45,266	66,265
		46,323	67,765
Current liabilities			
Deposits received and other payables	12	12,316	13,005
Bank loans – due within one year		33,624	60,694
Current tax payable		1,567	1,170
		47,507	74,869
Net current liabilities		(1,184)	(7,104)
Total assets less current liabilities		1,010,482	937,891
Non-current liabilities			
Bank loans – due after one year		70,814	57,053
Deferred tax liabilities		3,154	5,388
		73,968	62,441
NET ASSETS		936,514	875,450
CAPITAL AND RESERVES			
Share capital		3,862	3,862
Reserves		932,652	871,588
TOTAL EQUITY		936,514	875,450

NOTES TO THE FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2021

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial information contained in this preliminary announcement of annual results was extracted from the Group's consolidated financial statements. Consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

As at 31 December 2021, the Group had net current liabilities of approximately HK\$1,184,000 (2020: HK\$7,104,000).

In preparing the consolidated financial statements, the directors of the Company have given due and careful consideration to the future liquidity of the Group in light of the Group's net current liabilities of HK\$1,184,000 and capital commitments of HK\$6,258,000 as at 31 December 2021.

Having considered the estimated cash flows generated from the Group's operations, the directors of the Company are satisfied that the Group will have sufficient working capital for its present requirements for the foreseeable future. On this basis, the directors of the Company has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future. These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

2. CHANGES IN ACCOUNTING POLICIES

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

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*
- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions beyond 30 June 2021*

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Except amendment to HKFRS 16, *COVID-19-Related Rent Concessions beyond 30 June 2021*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior accounting periods have been prepared or presented.

Amendment to HKFRS 16, *COVID-19-Related Rent Concessions beyond 30 June 2021 (2021 amendment)*

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limited from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment in this financial year. There is no impact on the opening balance of equity at 1 January 2021.

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are property investment.

Revenue represents the rentals from investment properties.

(b) Segment reporting

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

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

	Revenue from external customers	
	2021 HK\$'000	2020 HK\$'000
Hong Kong		
Hong Kong Island:		
Commercial	15,925	16,844
Residential	36	–
Kowloon:		
Commercial	6,665	6,766
Residential	3,288	3,382
Industrial	2,889	2,829
Mainland China		
Shenzhen:		
Commercial	131	510
	<u>28,934</u>	<u>30,331</u>

During the year ended 31 December 2021, one (2020: one) individual customer contributed over 10% of the total revenue of the Group.

4. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest income	274	223
Government grants	–	324
Others	350	657
	<u>624</u>	<u>1,204</u>

5. PROFIT/(LOSS) BEFORE TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
(a) Finance costs		
Interests on bank loans	2,103	2,368
(b) Staff costs		
Directors' emoluments		
– Salaries, wages and other benefits	3,915	3,916
– Contributions to defined contribution retirement plan	20	25
	<u>3,935</u>	<u>3,941</u>
– Equity-settled share-based payment expenses	–	2,250
	<u>3,935</u>	<u>6,191</u>
Other staff costs		
– Salaries, wages and other benefits	1,640	1,624
– Contributions to defined contribution retirement plan	49	49
	<u>1,689</u>	<u>1,673</u>
	<u>5,624</u>	<u>7,864</u>
(c) Other items		
Auditors' remuneration-audit services	520	500
Depreciation of other property, plant and equipment	501	501
Net exchange gain	(7)	(476)
Rentals receivable from investment properties less direct outgoings of HK\$1,573,000 (2020: HK\$731,000)	27,361	29,600

6. INCOME TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax:		
Provision for the year	2,740	4,070
Over-provision in respect of prior years	<u>(168)</u>	<u>(66)</u>
	2,572	4,004
Current tax – Mainland China Enterprise Income Tax:		
Provision for the year	489	48
Current tax – Mainland China Land Appreciation Tax:		
Provision for the year	<u>758</u>	<u>–</u>
	3,819	4,052
Deferred tax:		
Origination and reversal of temporary differences	<u>(2,234)</u>	<u>(1,401)</u>
	<u><u>1,585</u></u>	<u><u>2,651</u></u>

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

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

The provision for Hong Kong Profits Tax for 2021 is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2020.

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

7. DIVIDENDS

During the years ended 31 December 2021 and 2020, no dividends were paid, declared or proposed.

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

8. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings/(loss)		
Earnings/(loss) for the year attributable to the owners of the Company for the purpose of calculating basic earnings/(loss) per share	<u>17,406</u>	<u>(96,600)</u>
	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	<u>386,175,758</u>	<u>386,175,758</u>

(b) Diluted earnings/(loss) per share

The calculation of the diluted earnings per share for the year ended 31 December 2021 is based on the profit attributable to owners of the Company, and weighted average number of ordinary shares, as adjusted for the effects of all dilutive potential ordinary shares.

	2021 <i>HK\$'000</i>
Earnings	
Earnings for the year attributable to the owners of the Company for the purpose of calculating diluted earnings per share	<u>17,406</u>
	2021
Number of shares	
Weighted average number of ordinary shares as at 31 December	<u>386,175,758</u>
Effect of deemed issue of shares under share option scheme	<u>2,768,397</u>
Weighted average number of ordinary shares (diluted) as at 31 December	<u>388,944,155</u>

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

9. INVESTMENT PROPERTIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
FAIR VALUE		
At beginning of the year	904,505	1,015,120
Additions	7,186	–
Disposals	(19,410)	–
Fair value adjustment		
– Exchange component	3	495
– Fair value change component	2,026	(111,110)
	<u>894,310</u>	<u>904,505</u>
At end of the year	<u>894,310</u>	<u>904,505</u>
The carrying value of the investment properties shown above situated on:		
Land in Hong Kong	894,310	896,160
Land in Mainland China	–	8,345
	<u>894,310</u>	<u>904,505</u>
Net changes in fair value of investment properties		
– Unrealised gain/(loss) on investment properties revaluation	464	(111,110)
– Gain on sale of investment properties	1,562	–
	<u>2,026</u>	<u>(111,110)</u>

10. LEASE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Lease receivables, net of loss allowance of HK\$Nil (2020: HK\$338,000)	1	6
Deferred lease receivables (see note below)	404	870
Other receivables, deposits and prepayments	731	766
	<u>1,136</u>	<u>1,642</u>
Less: non-current portion of deferred lease receivables	(109)	(142)
	<u>1,027</u>	<u>1,500</u>

Note:

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

Included in lease and other receivables, deferred lease receivables of approximately HK\$109,000 (2020: HK\$142,000) are expected to be recovered over one year and classified as non-current assets. All of the other lease and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Age		
0 – 90 days	<u>1</u>	<u>6</u>

11. OTHER FINANCIAL ASSETS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Equity instrument designated at FVOCI (non-recycling)		
Unlisted partnership investment	<u>104,467</u>	<u>27,067</u>

The balance represents 10% equity interest in Epic Capital Development Fund I, L.P. (“**Epic Fund**”), a private limited partnership entity established in the Cayman Islands. The principal activity of Epic Fund is redevelopment of properties located in Hong Kong. The directors of the Company have elected to designate the investment in equity instrument as at FVOCI (non-recycling) as they believe that recognising short-term fluctuations in the investment in profit or loss would not be consistent with the Group’s strategy of holding the investment for long term investment purpose and realising the performance potential in the long run. No dividends were received on this investment during the year ended 31 December 2021 (2020: Nil).

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Unlisted equity instrument:		
At 1 January	27,067	38,755
Payment for capital injection	33,742	1,238
Net unrealised gains/(losses) recognised in other comprehensive income during the period	43,658	(12,926)
	<u>104,467</u>	<u>27,067</u>
At 31 December	<u>104,467</u>	<u>27,067</u>

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

12. DEPOSITS RECEIVED AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Rental deposits received	8,004	8,475
Accrued expenses	3,917	4,012
Other payables	395	518
	<u>12,316</u>	<u>13,005</u>

The amount of accrued expenses, rental deposits received and other payables are expected to be recognised as income after more than one year is HK\$3,732,000 (2020: HK\$5,346,000). All of the other accrued expenses, rental deposits received and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continued to engage in its business of leasing completed commercial and residential properties in Hong Kong. As at 31 December 2021, the aggregate market value of the Group's investment properties was approximately HK\$894.3 million, representing a decrease of approximately HK\$10.2 million as compared to 2020. This decrease was mainly due to the disposal of one commercial property in Hong Kong and one commercial property in Shenzhen at an aggregate carrying value of approximately HK\$19.4 million, which was the same as the consideration. The decrease in investment properties was partially netted off with the addition of one residential property in Wanchai at an aggregate consideration of approximately HK\$7.2 million. For the year ended 31 December 2021, there was an overall increase in net changes in fair value of the investment properties of approximately HK\$2.0 million.

The Group's main source of income is rental generated from the Group's investment properties. The rental income was approximately HK\$28.9 million for the year ended 31 December 2021, representing a slight decrease of approximately 4.6% as compared to 2020. The slight decrease was mainly due to negative rental reversions and certain rental concessions granted to tenants.

The Group's total comprehensive income for 2021 was approximately HK\$61.0 million, whereas the Group recorded a total comprehensive expenses in 2020 of approximately HK\$109.5 million. This was mainly attributable to a increase in net changes in fair value of the Group's investment properties in 2021 of approximately HK\$2.0 million, while a decrease in fair value of approximately HK\$111.1 million was recorded in 2020. As the net increase in fair values of the Group's investment properties is a non-cash item and the business of the Group is long-term investment and leasing of properties, they do not have any material adverse effect on the operations of the Group.

In addition, there was a share option expense of approximately HK\$2.3 million in 2020, whilst there was no such expense in 2021. Without taking into account the impact of the aforesaid net change in fair values of the Group's investment properties and the granting of share options in 2020, the Group recorded a net profit for the year ended 31 December 2021 of approximately HK\$15.4 million which is in line with that for 2020 of approximately HK\$16.8 million.

Furthermore, during the year ended 31 December 2021, the Group continued to hold a 10% investment in Epic Capital Development Fund I, L.P. (the "**Fund**"), an exempted limited partnership established in the Cayman Islands that is engaged in a property redevelopment project at No. 32 Hung To Road, Kwun Tong, Kowloon (the "**Fund Property**"). Reference is made to the investment in the Fund which was announced by the Company as a discloseable transaction on 24 July 2018. As at 31 December 2021, the foundation has been laid on the site and the super structure construction is in progress.

The Fund applied to the Lands Department of the Government of Hong Kong for lease modification of the Fund Property from industrial use to commercial use and a lease modification premium was paid in the second half of 2021. Due to the change from industrial use to commercial use of the Fund Property, there was a significant increase in the fair value of the Fund Property, thus increasing the fair value of the Fund. As a result of such increase in fair value of the Fund, the Company recorded a significant increase in total comprehensive income of approximately HK\$43.7 million for the year ended 31 December 2021, compared to an increase in other comprehensive expense for the year ended 31 December 2020 of approximately HK\$12.9 million.

PROSPECTS

The COVID-19 pandemic has affected Hong Kong for more than two years now and it is expected that the pandemic may continue to affect Hong Kong in the near future. The Hong Kong government has implemented various measures to control the pandemic including suspension of certain commercial activities, restrictions of operation hours for those in the food and beverage sectors and social distancing measures which have presented unprecedented and severe challenges to the Hong Kong retail market.

All walks of life are affected to a certain extent by the pandemic. General consumption pattern has also changed with more people staying at home and shopping online. The above changes have contributed to a downward trend in the Hong Kong retail property market. Under such tough retail business environment, the Group was inevitably affected with a slightly decreased revenue as compared to the previous year. Save for the slight decrease in revenue of the Group, COVID-19 did not have any other material impact on the financial position and operation of the Group. Despite the challenging economic environment, the Group remains cautiously optimistic about the Hong Kong property market due to Hong Kong's solid economic foundation.

Looking ahead, it is anticipated that rental income of the Group in the first half of 2022 is likely to be affected by the continuing disruption caused by COVID-19. Furthermore, the outbreak of the COVID-19 Omicron variant in the beginning of 2022 and the consequential tightened social distancing measures are expected to pose another setback to the recovery and assert renewed pressure on the retail market sentiment. The temporary Rental Enforcement Moratorium announced under the 2022-23 Hong Kong Budget may adversely affect landlords' ability to collect rent and hence bring uncertainty to cashflows in the near term. Fortunately, up to now, the Group's portfolio continues to maintain high occupancy rates as our Group has a diverse tenant mix with tenants from different industries. To maintain the occupancy rates, the Group will continue to closely monitor the economic developments and property market changes and make rental policy adjustments accordingly. We will closely communicate with our tenants and continue to support them during these difficult times.

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

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

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

OPERATIONS

The Group is engaged in the business of property investment, principally the leasing of completed commercial and residential properties in Hong Kong. As at 31 December 2021, the Group held an investment property portfolio of 37 properties located in Hong Kong.

During the year ended 31 December 2021, the Group continued to hold an investment portfolio, through a 10% investment in the Fund that is engaged in a redevelopment project of the Fund Property. The consideration paid for this investment was financed by the Group's internal funds and bank borrowings.

The Group did not introduce or announce any new business or services for the year ended 31 December 2021.

RESULTS

Our total comprehensive income for the year attributable to owners of the Company for 2021 was approximately HK\$61.0 million (2020: approximately HK\$109.5 million total comprehensive expense). Current year total comprehensive income was mainly attributable to an increase in the net changes in fair value of the Group's investment properties and the increase in the net movement in fair value reserves from the Fund.

Basic earnings per share for 2021 was approximately HK\$0.0451 (2020: basic loss per share of approximately HK\$0.2501), representing a change from loss to earnings in 2021.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 31 December 2021, the net current liabilities of the Group amounted to approximately HK\$1.2 million (31 December 2020: approximately HK\$7.1 million). The current ratio, expressed as current assets over current liabilities, was approximately 0.98 (31 December 2020: approximately 0.91).

The reduction in net current liabilities was attributable to the Group's renewal of one of its bank loans during the year, thus reducing the loan repayable within one year and current liabilities. After taking into account the available banking facilities as at 31 December 2021, and the estimated cash flows generated from the Group's operations, the directors of the Company ("**Directors**") are satisfied that the Group will have sufficient working capital for its present requirements for the foreseeable future. As such, the management believes that the Group is well positioned with sufficient operating funds to manage its existing operations and investment plans. The management will continue to implement all necessary measures to ensure that the Group maintains adequate cash and appropriate credit facilities to meet its future operating expenditure and loan repayment obligations.

As at 31 December 2021, the total equity of the Group was approximately HK\$936.5 million (31 December 2020: approximately HK\$875.5 million), representing an increase of approximately HK\$61.0 million from the previous year-end.

Bank deposits and cash of the Group as at 31 December 2021 were approximately HK\$45.3 million (31 December 2020: approximately HK\$66.3 million). As at 31 December 2021, the Group had non-pledged time deposits with maturity of less than three months of approximately HK\$20.2 million (31 December 2020: approximately 41.1 million). The decrease in time deposits and cash of the Group were mainly attributable to the cash outflow from the acquisition of one new investment property of approximately HK\$7.2 million and the new capital contribution in the Fund of approximately HK\$33.8 million during 2021, which was netted off with the cash received from the disposal of two investment properties of approximately HK\$19.4 million by the Group during the same year.

As at 31 December 2021, the carrying amount of our bank loans was approximately HK\$104.4 million (31 December 2020: approximately HK\$117.7 million). As at 31 December 2021, all of the bank loans were secured by mortgages over certain investment properties and property, plant and equipment of the Group with carrying amounts of approximately HK\$280.0 million (31 December 2020: approximately HK\$307.9 million). As at 31 December 2021, the bank loans bear interest rates ranging from 1.89% to 2.50% per annum (31 December 2020: ranging from 1.88% to 2.50% per annum). As at 31 December 2021, the Group had unutilised bank loan facilities of HK\$20 million (31 December 2020: HK\$20 million).

Of the total bank loans as at 31 December 2021, approximately HK\$33.6 million (or approximately 32.2%) was repayable within one year or on demand. Approximately HK\$12.5 million (or approximately 12.0%) was repayable after one year but within two years. Approximately HK\$58.3 million (or approximately 55.8%) was repayable after two years but within five years. None was repayable after five years.

Of the total bank loans as at 31 December 2020, approximately HK\$60.7 million (or approximately 51.6%) was repayable within one year or on demand. Approximately HK\$3.0 million (or approximately 2.5%) was repayable after one year but within two years. Approximately HK\$54.1 million (or approximately 45.9%) was repayable after two years but within five years. None was repayable after five years.

The Group's total debt to equity ratio, calculated as total borrowings of approximately HK\$104.4 million (31 December 2020: approximately HK\$117.7 million) divided by shareholder's equity of the Group of approximately HK\$936.5 million (31 December 2020: approximately HK\$875.5 million) was approximately 0.11 as at 31 December 2021 (31 December 2020: approximately 0.13). The decrease was mainly due to repayment of bank loans in 2021.

Capital Expenditure

Capital expenditure incurred by the Group (representing acquisition of investment properties and property, plant and equipment and new contribution made in the investment in the Fund) for the year ended 31 December 2021 was approximately HK\$40.9 million (2020: nil). The Group anticipates that the funding required for future capital expenditure will be principally financed by cash generated from operations and bank borrowings, although the Group may consider raising additional funds as and when appropriate.

Capital commitments

As at 31 December 2021, the Group had a total capital commitment of approximately HK\$6.3 million (31 December 2020: approximately HK\$40 million), contracted for but not provided for in the financial statements in respect of its investment in the Fund.

Contingent liabilities

The Group had no significant contingent liabilities as at 31 December 2021 and 31 December 2020.

Pledge of assets

As at 31 December 2021, certain of the Group's investment properties with a carrying value of approximately HK\$267.2 million (31 December 2020: approximately HK\$294.6 million) have been pledged to secure bank loans of the Group.

As at 31 December 2021, one of the Group's leasehold land and buildings with a carrying value of approximately HK\$12.8 million (31 December 2020: approximately HK\$13.3 million) has been pledged to secure a bank loan of the Group.

As at 31 December 2020 and 31 December 2021, the Group did not have any finance lease.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Company during the year ended 31 December 2021.

TREASURY POLICIES

The Group principally operates in Hong Kong and the revenue, operating cost and borrowings were mainly denominated in Hong Kong dollars. As a result, the Group has minimal exposure to exchange rate fluctuation. The Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in short-term deposits mostly denominated in Hong Kong dollars. The Group does not use any financial instruments for hedging purpose.

RISK MANAGEMENT

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

HUMAN RESOURCES

As at 31 December 2021, the Group had 7 employees (31 December 2020: 7 employees) in Hong Kong. The Group recorded staff costs of approximately HK\$5.6 million for the year ended 31 December 2021 (2020: approximately HK\$7.9 million).

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

Share options were granted in 2020 resulting in recording of share-based payment expenses of approximately HK\$2.3 million in 2020 whilst no such expenses were recorded in 2021 as no share options were granted in 2021.

ENVIRONMENTAL POLICY AND PERFORMANCE

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

RELATIONSHIP WITH KEY STAKEHOLDERS

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

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

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: nil).

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

Neither the Company nor any of its subsidiaries redeemed, purchased or cancelled any redeemable securities or listed securities during the year ended 31 December 2021. As at 31 December 2021, there were no outstanding redeemable securities of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Board considers that the Company was in compliance with all applicable code provisions set out in the CG Code during the year ended 31 December 2021.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its model code for securities transactions by Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code during the year ended 31 December 2021.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management and discussed auditing, internal control and financial reporting matters including the financial results of the Group for the year ended 31 December 2021.

SCOPE OF WORK OF MESSRS. CROWE (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, Messrs. Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Crowe (HK) CPA Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website (<http://www.wingleeproperties.com>) and the Stock Exchange's website (<http://www.hkexnews.hk>). The 2021 annual report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course in accordance with the Listing Rules.

APPRECIATION

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

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

Hong Kong, 28 March 2022

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

* *for identification purposes only*