

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2023

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 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTE	2023 HK\$'000	2022 HK\$'000
Revenue	3	27,787	29,331
Direct operating expenses		<u>(1,413)</u>	<u>(1,307)</u>
		26,374	28,024
Other income	4	1,907	1,076
Net change in fair value of investment properties	9	(56,670)	5,103
Administrative expenses		(10,270)	(11,122)
Impairment loss on lease receivables		(194)	–
Finance costs	5	(6,330)	(3,065)
(Loss)/profit before taxation	5	(45,183)	20,016
Income tax	6	(1,909)	(2,489)
(Loss)/profit for the year		(47,092)	17,527
Other comprehensive 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	(6,180)	(22,162)
Total comprehensive expense for the year		(53,272)	(4,635)
		HK cents	HK cents
(Loss)/earnings per share	8		
– Basic		(12.19)	4.54
– Diluted		(12.19)	4.53

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	NOTE	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Investment properties	9	851,340	908,010
Other property, plant and equipment		11,777	12,278
Deferred lease receivables	10	373	462
Other financial assets	11	89,503	88,563
		952,993	1,009,313
Current assets			
Lease and other receivables	10	1,433	1,370
Current tax recoverable		1,290	424
Cash and cash equivalents		42,649	53,749
		45,372	55,543
Current liabilities			
Deposits received and other payables	12	11,445	12,009
Bank loans – due within one year		100,581	55,329
Current tax payable		111	1,293
		112,137	68,631
Net current liabilities		(66,765)	(13,088)
Total assets less current liabilities		886,228	996,225
Non-current liabilities			
Bank loans – due after one year		–	58,285
Deferred tax liabilities		3,938	3,488
		3,938	61,773
NET ASSETS		882,290	934,452
CAPITAL AND RESERVES			
Share capital		3,862	3,862
Reserves		878,428	930,590
TOTAL EQUITY		882,290	934,452

NOTES TO THE FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023, the Group had net current liabilities of approximately HK\$66,765,000 (2022: HK\$13,088,000).

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 approximately HK\$66,765,000 as at 31 December 2023.

The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to finance its future working capital. Certain banking facilities granted to the Group include a clause that gives the banks the unconditional rights to call the bank loans at any time (“**repayment on demand clause**”), the directors are of the opinion that it is unlikely that the banks will exercise the repayment on demand clause regarding the outstanding loan balances in respect of the banking facilities granted.

In addition, the Group will actively and regularly review its capital structure and source additional capital by raising new debt financing or selling the Group's properties, where appropriate. Having considered the future liquidity and performance of the Group and its available sources of financing, the directors are satisfied that the Group will have sufficient working capital for its present requirements for the foreseeable future. On this basis, the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

2. CHANGES IN ACCOUNTING POLICIES

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

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *International Tax Reform –Pillar Two Model Rules*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended HKFRSs, that are applicable to the Group are discussed below:

HKFRS 17, Insurance contracts

HKFRS 17, which replaces HKFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of HKFRS 17.

Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

These amendments had no impact on the Group's financial statements as there were no transactions falling within the scope of these amendments on or after the beginning of the earliest period presented.

Amendments to HKAS 12, Income taxes: International tax reform – Pillar Two model rules

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (“OECD”) (income tax arising from such tax laws is hereafter referred to as “Pillar Two income taxes”), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to Pillar Two income taxes. The amendments are immediately effective upon issuance and require retrospective application. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong		
Hong Kong Island:		
Commercial	14,570	16,172
Residential	328	150
Kowloon:		
Commercial	6,712	6,707
Residential	3,432	3,391
Industrial	2,745	2,911
	27,787	29,331

During the year ended 31 December 2023, one (2022: one) individual customer contributed over 10% of the total revenue of the Group.

All of the Group's non-current assets are located in Hong Kong.

4. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income	1,853	522
Government grants (see note below)	–	144
Others	54	410
	1,907	1,076

Note: In 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of the Hong Kong Special Administrative Region. The purpose of the funding was to provide financial support to enterprises to retain their employees who would otherwise be at risk of being made redundant. Under the terms of the grant, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

5. (LOSS)/PROFIT BEFORE TAXATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss)/profit before taxation is arrived after charging/(crediting):		
(a) Finance costs		
Interests on bank loans	<u>6,330</u>	<u>3,065</u>
(b) Staff costs		
Directors' emoluments		
– Salaries, wages and other benefits	3,916	3,916
– Contributions to defined contribution retirement plan	<u>16</u>	<u>16</u>
	3,932	3,932
– Equity-settled share-based payment expenses	<u>1,110</u>	<u>2,573</u>
	5,042	6,505
Other staff costs		
– Salaries, wages and other benefits	1,679	1,611
– Contributions to defined contribution retirement plan	<u>50</u>	<u>48</u>
	1,729	1,659
	<u>6,771</u>	<u>8,164</u>
(c) Other items		
Auditors' remuneration-audit services	560	550
Depreciation of other property, plant and equipment	501	502
Rentals receivable from investment properties less direct outgoings of HK\$1,413,000 (2022: HK\$1,307,000)	<u>26,374</u>	<u>28,024</u>

6. INCOME TAX

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax:		
Provision for the year	1,494	2,344
Over-provision in respect of prior years	<u>(35)</u>	<u>(189)</u>
	1,459	2,155
Deferred tax:		
Origination and reversal of temporary differences	<u>450</u>	<u>334</u>
	<u><u>1,909</u></u>	<u><u>2,489</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 2023 is calculated at 16.5% (2022: 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 on the same basis in 2022.

7. DIVIDENDS

During the years ended 31 December 2023 and 2022, 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. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss)/earnings		
(Loss)/earnings for the year attributable to the owners of the Company for the purpose of calculating basic (loss)/earnings per share	<u>(47,092)</u>	<u>17,527</u>
	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	<u>386,175,758</u>	<u>386,175,758</u>

(b) Diluted (loss)/earnings per share

The calculation of the diluted (loss)/earnings per share for the year ended 31 December 2023 and 2022 is based on the (loss)/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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss)/profit		
(Loss)/profit for the year attributable to the owners of the Company for the purpose of calculating diluted (loss)/earnings per share	<u>(47,092)</u>	<u>17,527</u>
	2023	2022
Number of shares		
Weighted average number of ordinary shares as at 31 December	<u>386,175,758</u>	<u>386,175,758</u>
Effect of deemed issue of shares under share option scheme	<u>—*</u>	<u>340,778</u>
Weighted average number of ordinary shares (diluted) as at 31 December	<u>386,175,758</u>	<u>386,516,536</u>

* For the year ended 31 December 2023, the diluted loss per share is same as basic loss per share because the exercise price of Company's share options was higher than the average market price per share.

9. INVESTMENT PROPERTIES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
FAIR VALUE		
At beginning of the year	908,010	894,310
Additions	–	8,597
Fair value adjustment	<u>(56,670)</u>	<u>5,103</u>
At end of the year	<u><u>851,340</u></u>	<u><u>908,010</u></u>
The carrying value of the investment properties shown above situated on land in Hong Kong	<u><u>851,340</u></u>	<u><u>908,010</u></u>
Net changes in fair value of investment properties – Unrealised (loss)/gain on investment properties revaluation	<u><u>(56,670)</u></u>	<u><u>5,103</u></u>

10. LEASE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Lease receivables, net of loss allowance of HK\$193,778 (2022: HK\$Nil)	311	246
Deferred lease receivables (see note below)	654	703
Other receivables, deposits and prepayments	<u>841</u>	<u>883</u>
	1,806	1,832
Less: non-current portion of deferred lease receivables	<u>(373)</u>	<u>(462)</u>
	<u><u>1,433</u></u>	<u><u>1,370</u></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\$373,000 (2022: HK\$462,000) 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:

	2023	2022
	HK\$'000	HK\$'000
Age		
0 – 90 days	311	246

11. OTHER FINANCIAL ASSETS

	2023	2022
	HK\$'000	HK\$'000
Equity instrument designated at FVOCI (non-recycling)		
Unlisted partnership investment	89,503	88,563

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 2023 (2022: Nil).

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Unlisted equity instrument:		
At 1 January	88,563	104,467
Payment for capital injection	7,120	6,258
Net unrealised losses recognised in other comprehensive income during the period	<u>(6,180)</u>	<u>(22,162)</u>
At 31 December	<u>89,503</u>	<u>88,563</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 profits.

12. DEPOSITS RECEIVED AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Rental deposits received	7,019	7,558
Accrued expenses	4,104	4,127
Other payables	<u>322</u>	<u>324</u>
	<u>11,445</u>	<u>12,009</u>

Apart from the rental deposits received of approximately HK\$6,388,000 (2022: HK\$5,073,000), all of the 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 2023, the aggregate market value of the Group's investment properties was approximately HK\$851.3 million, representing a decrease of approximately HK\$56.7 million as compared to 2022. This decrease was mainly due to a decrease in net changes in fair value of the investment properties.

Furthermore, during the year ended 31 December 2023, 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. The Fund Property has a site area of approximately 9,805 square feet and the total attributable gross floor area upon redevelopment is approximately 146,900 square feet. As at 31 December 2023, the Fund Property has been redeveloped to an office building.

The Group's main source of income is rental generated from the Group's investment properties. The rental income was approximately HK\$27.8 million for the year ended 31 December 2023, representing a decrease of approximately 5.3% as compared to 2022. The decrease was mainly due to more rental concessions granted to tenants in 2023 as compared to 2022.

The Group's other comprehensive expense for 2023 was approximately HK\$6.2 million, as compared to approximately HK\$22.2 million in 2022. This was mainly attributable to the net movement in fair value reserves from the Fund. As the net decrease in fair value reserves from the Fund is a non-cash item and will not be reclassified to profit or loss, it does not have any material adverse effect on the operations or cash flow of the Group.

Office demand in general has faced a work-from-home revolution as firms require less office space. In addition, over supply of office space coupled with a decrease in Mainland firms investing in Hong Kong office space has caused office property values in Kwun Tong to decrease during the year under review, causing the fair value of the Fund Property and the Fund to continue to decrease during the year ended 31 December 2023. Notwithstanding additional capital injected into the Fund in 2023 of approximately HK\$7.1 million, this was net off against the net decrease in the fair value reserves from the Fund of approximately HK\$6.2 million, and as a result, as at 31 December 2023, the fair value of the investment of the Fund recorded as other financial asset was approximately HK\$89.5 million (31 December 2022: approximately HK\$88.6 million).

Without taking into account the impact of the aforesaid net decrease in fair value reserves from the Fund, the Group recorded a net loss for the year ended 31 December 2023 of approximately HK\$47.1 million (2022: net profit of approximately HK\$17.5 million).

In 2023, the Group recorded a net decrease in fair value of the Group's investment properties of approximately HK\$56.7 million, as compared to an increase of approximately HK\$5.1 million for 2022, which reflected the general market conditions of the commercial retail and residential investment property market in Hong Kong for the period under review.

In addition, there was a share option expense of approximately HK\$1.1 million in 2023 (2022: approximately HK\$2.6 million).

Without taking into account the impact of the aforesaid net change in fair values of the Group's investment properties and the share options expense incurred in 2023, the Group recorded a net profit for the year ended 31 December 2023 of approximately HK\$10.7 million which is in line with that for 2022 of approximately HK\$15.0 million. The decrease in above mentioned net profit compared to 2022 was mainly attributable to a decrease in rental income and increase in finance cost.

PROSPECTS

The Hong Kong retail market is currently facing structural changes and has not fully recovered to pre-pandemic levels. The recovery of the Hong Kong retail market in 2023 has been softer than anticipated which can be attributed to several factors. Firstly, the poor performance of Hong Kong financial services industry in 2023 has had a ripple effect on other sectors, directly impacting the income of Hong Kong citizens and subsequently affecting retail spending. Secondly, more Mainland Chinese tourists are choosing to sightsee rather than shop in Hong Kong. In addition, new consumption habits with more Hong Kong residents heading across the border to Mainland China has had a further detrimental effect on the Hong Kong retail environment. Having said that, the management remains optimistic about the outlook of the Hong Kong economy and expects Hong Kong's retail property leasing activities to gradually return to normal at a slow but steady pace.

Looking ahead to 2024, Hong Kong's overall economy is expected to remain positive, it is hopeful that the government's continued economic stimulus such as the Night Vibes Hong Kong, residents of Qingdao and Xi'an becoming eligible for individual visits to Hong Kong and the Hong Kong Tourism Development Blueprint 2.0 with the aim of organising more cultural and sports events will help to boost both local and tourist consumption spending in Hong Kong. While the Hong Kong retail market continues to recover, inflationary pressure on operating expenses, high interest rates, the geopolitical conflict overseas and the trade tension between China and USA will continue to bring uncertainty to Hong Kong's economic recovery and will continue to impact the Group's rental performance.

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.

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.

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. As at 31 December 2023, the Group held an investment property portfolio of 38 properties located in Hong Kong.

During the year ended 31 December 2023, 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 2023.

RESULTS

Our total comprehensive expense for the year attributable to owners of the Company for 2023 was approximately HK\$53.3 million (2022: approximately HK\$4.6 million). Current year total comprehensive expense was mainly attributable to a decrease in the net movement in fair value reserves from the Fund of approximately HK\$6.2 million and a net decrease in fair value of the investment properties of approximately HK\$56.7 million.

Basic loss per share for 2023 was approximately HK\$0.1219 (2022: basic earnings per share of approximately HK\$0.0454), representing a change from earning to loss in 2023.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 31 December 2023, the net current liabilities of the Group amounted to approximately HK\$66.8 million (31 December 2022: approximately HK\$13.1 million). The current ratio, expressed as current assets over current liabilities, was approximately 0.40 (31 December 2022: approximately 0.81).

The increase in current liabilities was mainly due to three banking facilities totaling approximately HK\$58.3 million which will be fully repayable in the middle of 2024. Subsequently, in February 2024, we extended two out of three of the above mentioned banking facilities to 29 months.

After taking into account the available banking facilities as at 31 December 2023, 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 2023, the total equity of the Group was approximately HK\$882.3 million (31 December 2022: approximately HK\$934.5 million), representing a decrease of approximately HK\$52.2 million from the previous year-end.

Bank deposits and cash of the Group as at 31 December 2023 were approximately HK\$42.6 million (31 December 2022: approximately HK\$53.7 million). As at 31 December 2023, the Group had non-pledged time deposits with maturity of less than three months of approximately HK\$37.1 million (31 December 2022: approximately HK\$46.3 million). The decrease in the Group's bank deposits and cash was mainly attributable to the cash generated from the operation of the Group and interest received of approximately HK\$15.4 million, which were netted off with the new capital contribution in the Fund of approximately HK\$7.1 million, together with repayment of bank loans and interest of approximately HK\$19.4 million.

As at 31 December 2023, the carrying amount of our bank loans was approximately HK\$100.6 million (31 December 2022: approximately HK\$113.6 million). As at 31 December 2023, 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\$236.9 million (31 December 2022: approximately HK\$269.6 million). As at 31 December 2023, the bank loans bear interest rates ranging from 6.97% to 7.37% per annum (31 December 2022: ranging from 6.05% to 6.55% per annum). As at 31 December 2023, the Group had unutilised bank loan facilities of HK\$20 million (31 December 2022: HK\$20 million).

Of the total bank loans as at 31 December 2023, approximately HK\$100.6 million (or approximately 100%) was repayable within one year or on demand. None was repayable after one year but within two years. None was repayable after two years but within five years. None was repayable after five years.

Of the total bank loans as at 31 December 2022, approximately HK\$55.3 million (or approximately 48.7%) was repayable within one year or on demand. Approximately HK\$58.3 million (or approximately 51.3%) was repayable after one year but within two years. None was repayable after two years.

The Group's total debt to equity ratio, calculated as total borrowings of approximately HK\$100.6 million (31 December 2022: approximately HK\$113.6 million) divided by shareholder's equity of the Group of approximately HK\$882.3 million (31 December 2022: approximately HK\$934.5 million) was approximately 0.11 as at 31 December 2023 (31 December 2022: approximately 0.12). The decrease was mainly due to a full bank loan repayment of approximately HK\$7.0 million during 2023.

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 2023 was approximately HK\$7.1 million (2022: HK\$14.9 million). 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 2023 and 31 December 2022, the Group had no capital commitment, 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 2023 and 31 December 2022.

Pledge of assets

As at 31 December 2023, certain of the Group's investment properties with a carrying value of approximately HK\$225.1 million (31 December 2022: approximately HK\$257.4 million) have been pledged to secure bank loans of the Group.

As at 31 December 2023, one of the Group's leasehold land and buildings with a carrying value of approximately HK\$11.8 million (31 December 2022: approximately HK\$12.3 million) has been pledged to secure a bank loan of the Group.

As at 31 December 2023 and 31 December 2022, 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 years ended 31 December 2023 and 2022.

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 2023, the Group had 7 employees (31 December 2022: 7 employees) in Hong Kong. The Group recorded staff costs of approximately HK\$6.8 million for the year ended 31 December 2023 (2022: approximately HK\$8.2 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 2023 resulting in recording of share-based payment expenses of approximately HK\$1.1 million in 2023 (2022: approximately HK\$2.6 million).

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 2023 (2022: 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 2023. As at 31 December 2023, 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 Part 2 of Appendix C1 (formerly 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 2023.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (formerly Appendix 10) of 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 2023.

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 2023.

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 2023 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 2023 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 sincerely thank all of our shareholders, tenants and professional parties for their continued support and I would also like to extend my sincere appreciation 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, 12 March 2024

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, Mr. Chui Chi Yun Robert and Mr. Lam Kwok Cheong.

* *for identification purposes only*