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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)

## INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

### INTERIM RESULTS

The board of directors (the “Board”) of Wing Lee Property Investments Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024, together with comparative figures for the corresponding period ended 30 June 2023.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended	
		30.6.2024	30.6.2023
		<i>HK\$'000</i>	<i>HK\$'000</i>
	Notes	(unaudited)	(unaudited)
Revenue	3	13,383	13,807
Direct operating expenses		(516)	(965)
		<u>12,867</u>	12,842
Other income		1,310	1,036
Net changes in fair value of investment properties	9	(67,880)	(7,100)
Administrative expenses		(2,780)	(2,799)
Finance costs	4	(3,743)	(2,881)
(Loss)/profit before taxation	5	(60,226)	1,098
Taxation	6	(1,045)	(1,206)
Loss for the period		(61,271)	(108)
Other comprehensive expense for the period			
Item that will not be reclassified subsequently to profit or loss:			
Equity investments of FVOCI-net movement in fair value reserves (non-recycling)		(24,221)	(846)
Total comprehensive expense for the period		<u>(85,492)</u>	<u>(954)</u>
Loss per share – basic and diluted (HK cents)	7	<u>(HK cents 15.87)</u>	<u>(HK cents 0.03)</u>

\* for identification purposes only

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		30.6.2024 <i>HK\$'000</i> (unaudited)	31.12.2023 <i>HK\$'000</i> (audited)
Non-current assets			
Investment properties	9	783,460	851,340
Other property, plant and equipment	10	11,526	11,777
Deferred lease receivables	12	250	373
Other financial assets	11,15	71,497	89,503
		<b>866,733</b>	952,993
Current assets			
Lease and other receivables	12	1,251	1,433
Current tax recoverable		356	1,290
Cash and cash equivalents		75,352	42,649
		<b>76,959</b>	45,372
Current liabilities			
Deposits received and other payables	13	8,187	11,445
Bank loans – due within one year		42,094	100,581
Income tax payable		–	111
		<b>50,281</b>	112,137
Net current asset/(liabilities)		<b>26,678</b>	(66,765)
Total assets less current liabilities		<b>893,411</b>	886,228
Non-current liabilities			
Bank loans – due after one year		92,505	–
Deferred taxation liabilities		4,108	3,938
		<b>96,613</b>	3,938
Net assets		<b>796,798</b>	882,290
Capital and reserves			
Share capital	14	3,862	3,862
Reserves		792,936	878,428
Total equity		<b>796,798</b>	882,290

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2024*

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, investment in equity instrument designated at fair value through other comprehensive income (“FVOCI”).

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2023.

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

### 3. SEGMENT INFORMATION

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

Revenue represents the rental income received from operating leases.

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

	<b>Revenue from external customers</b>	
	<b>Six months ended</b>	
	<b>30.6.2024</b>	<b>30.6.2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Hong Kong</b>		
Hong Kong Island:		
Commercial	<b>7,005</b>	7,269
Residential	<b>168</b>	75
Kowloon:		
Commercial	<b>3,286</b>	3,360
Residential	<b>1,756</b>	1,654
Industrial	<b>1,168</b>	1,449
	<b>13,383</b>	<b>13,807</b>

#### 4. FINANCE COSTS

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on bank loans	<u>3,743</u>	<u>2,881</u>

#### 5. (LOSS)/PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	251	251
and after crediting:		
Interest income (included in other income)	<u>1,210</u>	<u>915</u>

#### 6. TAXATION

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The charge comprises:		
Hong Kong Profits Tax		
– Current period	875	1,036
Deferred taxation charge	<u>170</u>	<u>170</u>
	<u>1,045</u>	<u>1,206</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

## 7. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following data:

	<b>Six months ended</b>	
	<b>30.6.2024</b>	30.6.2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Loss		
Loss for period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u><b>(61,271)</b></u>	<u><b>(108)</b></u>

	<b>Six months ended</b>	
	<b>30.6.2024</b>	30.6.2023
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><b>386,175,758</b></u>	<u><b>386,175,758</b></u>

For the six months ended 30 June 2024 and 30 June 2023, the computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for the shares.

## 8. DIVIDEND

No dividend was paid, declared or proposed for the six months ended 30 June 2024 (2023: Nil). The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

## 9. INVESTMENT PROPERTIES

	<b>30.6.2024</b>	31.12.2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
FAIR VALUE		
At beginning of the period	<b>851,340</b>	908,010
Net decrease in fair value	<u><b>(67,880)</b></u>	<u><b>(56,670)</b></u>
At end of the period	<u><b>783,460</b></u>	<u><b>851,340</b></u>

The carrying value of investment properties shown above situated on:

	<b>30.6.2024</b>	31.12.2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Land in Hong Kong	<u><b>783,460</b></u>	<u>851,340</u>

The fair value of the Group's investment properties at 30 June 2024 and at 31 December 2023 have been arrived at on the basis of valuations carried out by Graval Consulting Limited, an independent firm of professional valuers not related to the Group whose address is at Suite 2401-02, 24/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

The valuations as at 30 June 2024 and 31 December 2023 have been arrived at by using direct comparison method by making reference to comparable market transactions as available.

All of the Group's investment properties were assumed to be recovered through sales and deferred tax liabilities in respect of fair value changes on investment properties have been estimated taking into account this assumption. The Group has not recognized deferred tax liabilities in relation to changes in fair value of the investment properties that are situated in Hong Kong during the six months ended 30 June 2024 and 2023 as the Group is not subject to any income taxes on disposal of its investment properties.

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

#### 10. OTHER PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, there was no new addition of property, plant and equipment (2023: nil).

#### 11. OTHER FINANCIAL ASSETS

	<b>30.6.2024</b>	31.12.2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
<b>Equity instrument designated at FVOCI (non-recycling)</b>		
Unlisted partnership investment	<u><b>71,497</b></u>	<u>89,503</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 a 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 six months ended 30 June 2024 (2023: Nil).

## 12. LEASE AND OTHER RECEIVABLES

	<b>30.6.2024</b>	31.12.2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Lease receivables	172	311
Deferred lease receivables (see note below)	513	654
Other receivables, deposits and prepayments	816	841
	<u>1,501</u>	<u>1,806</u>
Less: non-current portion of deferred lease receivables	<u>(250)</u>	<u>(373)</u>
	<u><u>1,251</u></u>	<u><u>1,433</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\$250,000 (31 December 2023: HK\$373,000) are expected to be recovered over one year and classified as non-current assets, the other lease and other receivables are expected to be recovered or recognised as expense within one year.

The following is an aged analysis of rental receivables (presented based on rental demand notices issued on the first calendar day of each month) at the end of the reporting period:

	<b>30.6.2024</b>	31.12.2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Audited)
Age		
0 – 90 days	<u>172</u>	<u>311</u>

No credit period was granted to tenants of rental of premises. Before accepting any new tenants, the Group will internally assess the credit quality of the potential tenants.



### 13. DEPOSITS RECEIVED AND OTHER PAYABLES

	<b>30.6.2024</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31.12.2023 <i>HK\$'000</i> <b>(Audited)</b>
Rental deposits received	<b>7,028</b>	7,019
Accrued expenses	<b>853</b>	4,104
Other payables	<b>306</b>	322
	<u><b>8,187</b></u>	<u>11,445</u>

Apart from the rental deposits received of approximately HK\$2,704,000 (2023: HK\$6,388,000), 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.

### 14. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount in HK\$</b>	<b>Shown in the condensed consolidated financial statements HK\$'000</b>
Issued and fully paid:			
At 30 June 2023, 31 December 2023 and 30 June 2024	<u>386,175,758</u>	<u>3,861,757</u>	<u>3,862</u>
Ordinary shares			
Authorized:			
At 30 June 2023, 31 December 2023 and 30 June 2024 (HK\$0.01 each)	<u>1,000,000,000</u>	<u>10,000,000</u>	

There were no movements in the share capital of the Company for the six months ended 30 June 2024.

## 15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

<b>Financial assets</b>	<b>Fair value as at 30 June 2024 HK\$'000 (Unaudited)</b>	Fair value as at 31 December 2023 HK\$'000 (Audited)	<b>Fair value hierarchy</b>
Investment in equity instrument designated at FVOCI	<b>71,497</b>	89,503	Level 3

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

### Information about Level 3 fair value measurements

	<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Range/weighted average of input</b>	<b>Range/weighted average of input</b>	<b>Relationship of unobservable inputs to fair value</b>	
Unlisted equity instrument	Adjusted net asset approach	Shops: adjusted weighted unit sale rate	30.6.2024 HK\$'000 (Unaudited)	31.12.2023 HK\$'000 (Audited)	HK\$13,310 to HK\$30,850 per sq.ft	HK\$15,330 to HK\$27,410 per sq.ft  note 1
		Office: adjusted weighted unit sale rate			HK\$13,670 per sq.ft HK\$15,610 per sq.ft  note 1	
		Car park: adjusted market price			HK\$1,900,000 to HK\$3,200,000 per car park  HK\$2,100,000 to HK\$3,000,000 per car park  note 1	

The fair value of unlisted equity instrument is determined by adjusted net asset method with reference to fair value of the related property assessed by qualified external valuers. The fair value of the related property is using direct comparison method based on price per square foot, using market observable comparable prices of similar properties and adjusted taking into account locations and other individual factors such as floor level, building age, size and conditions of the properties.

Notes:

1. The higher the price, the higher the fair value.

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

	<b>30.6.2024</b>	31.12.2023
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Unlisted equity instrument:		
At beginning of the period	<b>89,503</b>	88,583
Payment for capital injection	<b>6,215</b>	7,120
Net unrealised (losses) recognised in other comprehensive income during the period	<b>(24,221)</b>	(6,180)
	<u><b>71,497</b></u>	<u>89,503</u>
At end of the period	<u><b>71,497</b></u>	<u>89,503</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.

## 16. RELATED PARTIES TRANSACTIONS

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

During the six months ended 30 June 2024, the Group has leased two of its properties to a company which is wholly owned by Mr. Chow Tak Hung (spouse of Ms. Chau Choi Fa, the chairperson and executive director of the Company), Ms. Wong Siu Wah (the chief executive officer and executive director of the Company), and Ms. Chow Woon Yin (an executive director of the Company) and rental income of approximately HK\$786,000 (six months ended 30 June 2023: HK\$786,000) has been received. As at 30 June 2024, the Group has rental deposit from the leases in the aggregated amount of HK\$393,000 (31 December 2023: HK\$393,000) and such amount is included in rental deposits received as set out in note 13.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is engaged in the business of property investment and leasing of commercial and residential properties in Hong Kong. As at 30 June 2024, the Group held an investment property portfolio of 38 properties located in Hong Kong.

The aggregate market value of the Group's investment properties amounted to approximately HK\$783.5 million as at 30 June 2024 (31 December 2023: approximately HK\$851.3 million). This decrease was due to a net decrease in fair value of the investment properties of approximately HK\$67.9 million. During the six months ended 30 June 2024 (the "Period"), there was no new addition or disposal of investment property.

The Group's revenue for the Period, mainly consisting of gross rental income from the Group's investment properties, amounted to approximately HK\$13.4 million (2023: approximately HK\$13.8 million), representing a decrease of approximately 3.1% in comparison to the corresponding period in 2023. The decrease was mainly due to more rental concessions granted to tenants during the Period as compared to 2023. The Group's investment properties were 98.9% occupied as at 30 June 2024.

The Group's other comprehensive expense for the Period was approximately HK\$24.2 million, as compared to approximately HK\$0.8 million in 2023. This was mainly attributable to the net movement in fair value reserves from the Fund (as defined below). 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.

As at 30 June 2024, 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. In addition, a further discloseable transaction announcement was made by the Company on 28 June 2024, relating to the capital contributions to the Fund. As at 30 June 2024, the Fund Property has been redeveloped to a commercial building (including shops, offices and carparks) and sales of the units of the commercial building has commenced in June 2024. 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 the Group holds a minority interest in the Fund only, the Group will go along with the Fund as to their sales marketing strategy with respect to the Fund Property.

In general, office demand has undergone a transformation due to a work-from-home revolution, whereby businesses are finding themselves in need of less physical office space. In addition, an oversupply of office space in Kwun Tong area, coupled with a general trend of Mainland firms reducing their investments in Hong Kong office properties, has caused office property values in Kwun Tong area to decrease during the Period, causing the fair value of the Fund Property and the Fund to continue to decrease during the Period. Notwithstanding additional capital injected into the Fund in the first half of 2024 of approximately HK\$6.2 million, this was net off against the net decrease in the fair value reserves from the Fund of approximately HK\$24.2 million, and as a result, as at 30 June 2024, the fair value of the investment of the Fund recorded as other financial asset was approximately HK\$71.5 million (31 December 2023: approximately HK\$89.5 million), representing approximately 7.6% of the Company's total assets as at that date. The total investment cost of the Group into the Fund as at 30 June 2023 was approximately HK\$99.6 million. The decrease in fair value of the Fund since initial investment was approximately HK\$28.1 million. The consideration paid for this investment was financed by the Group's internal funds and bank borrowings.

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 Period of approximately HK\$61.3 million (2023: net loss of approximately HK\$108,000).

During the Period, the Group recorded a net decrease in fair value of the Group's investment properties of approximately HK\$67.9 million (2023: net decrease of approximately HK\$7.1 million), which reflected the general market conditions of the commercial retail and residential investment property market in Hong Kong for the period under review.

Without taking into account the impact of the aforesaid net change in fair values of the Group's investment properties, the Group recorded a net profit for the Period of approximately HK\$6.6 million which is in line with that for 2023 of approximately HK\$7.0 million. The decrease of approximately 5.7% in the aforementioned net profit compared to 2023 was mainly attributable to a decrease in rental income and increase in finance cost.

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

## **PROSPECTS**

The Hong Kong retail sector has faced a sharp decline in the first half of 2024 as the Hong Kong retail market suffered from low consumer confidence, decreased competitiveness, and the adverse impact of the strong Hong Kong dollar on tourist spending power and consumption patterns.

Mainland visitors are now more inclined towards in-depth cultural tours rather than traditional shopping activities. In addition, a reversal of consumption habits with more Hong Kong residents heading across the border to Mainland China, especially during holidays and long weekends, has had a further detrimental effect on the Hong Kong retail environment. Despite the foregoing, the management remains optimistic about the outlook of the Hong Kong property leasing market.

While the market generally expects interest rate reductions to start in the second half of 2024, the extent of the adjustment remains uncertain. As the global economy outlook is still clouded by the geopolitical conflict overseas and the trade tensions between China and USA, these factors will continue to bring uncertainty to Hong Kong's economic recovery and impact the Group's rental performance. In an effort to boost consumer confidence and business momentum, the government has taken several measures to stimulate retail demand such as expanding the Individual Visit Scheme to cover 10 additional mainland cities, raising the duty-free quotas for Mainland visitors per trip from RMB5,000 to RMB12,000 and introducing various talent admission schemes in order to attract talents around the world. These initiatives will enhance Hong Kong's attractiveness as a global tourist destination and regional gateway for business and innovation, hence driving retail activities. Up to now, the Group's portfolio continues to maintain high occupancy rates as our Group has a diverse tenant pool 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 also closely communicate with our tenants and continue to support them during difficult times.

In the Group's efforts to maintain its competitiveness and ensure shareholders' returns, the Group has been cautiously exploring opportunities to diversify its business beyond the rental property market.

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

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

## RESULTS

The Group's total comprehensive expense for the Period attributable to owners of the Company amounted to approximately HK\$85.5 million (2023: approximately HK\$1.0 million). Total comprehensive expense for the Period was mainly attributable to a reduction in the decrease in the net changes in fair value of the Group's investment properties which reflects the general market conditions of the commercial retail and residential investment property market in Hong Kong during the Period and the net movement in fair value reserves from the Fund.

Loss per share for the six months ended 30 June 2024 was HK cents 15.87 (2023: HK cents 0.03), representing an increase in loss of approximately HK cents 15.84 per share from the corresponding period last year.

## FINANCIAL REVIEW

### Liquidity and Capital Resources

As at 30 June 2024, the net current assets of the Group amounted to approximately HK\$26.7 million (31 December 2023: net current liabilities of approximately HK\$66.8 million). The current ratio, expressed as current assets over current liabilities, was approximately 1.53 (31 December 2023: approximately 0.40). The change from net current liabilities to net current assets, was mainly due to the renewal of two banking facilities totaling approximately HK\$49.2 million for a period of over 24 months during the Period. In addition, during the Period, the Group raised a new bank loan of approximately HK\$48.5 million, with a repayment term of over 5 years. Both factors reduced the Group's current liabilities and resulting in the change from net current liabilities to net current assets as at 30 June 2024. After taking into account 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, if any. 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 30 June 2024, total equity of the Group decreased to approximately HK\$796.8 million (31 December 2023: approximately HK\$882.3 million). Moreover, as at 30 June 2024, the bank deposits and cash of the Group were approximately HK\$75.4 million (31 December 2023: approximately HK\$42.6 million), which included non-pledged time deposits of less than three months of approximately HK\$71.2 million (31 December 2023: HK\$37.1 million). The increase in the Group's bank deposits and cash was mainly attributable to a new bank loan of approximately HK\$48.5 million raised during the Period together with the cash generated from the operation of the Group and interest earned of approximately HK\$8.6 million, which were netted off with cash outflow from the new capital contribution in the Fund of approximately HK\$6.2 million, together with repayment of bank loans and interest of approximately HK\$18.2 million.

As at 30 June 2024, the carrying amount of our bank loans was approximately HK\$134.6 million (31 December 2023: approximately HK\$100.6 million). As at 30 June 2024, all of the bank loans were secured by mortgages over certain investment properties, leasehold land and buildings of the Group with an aggregate carrying amount of approximately HK\$317.8 million (31 December 2023: approximately HK\$236.9 million). As at 30 June 2024, the bank loans bore variable interest rates ranging from 6.21% to 6.36% per annum (31 December 2023: ranging from 6.97% to 7.37% per annum). As at 30 June 2024, the Group had no unutilized bank loan facilities (31 December 2023: HK\$20 million). The Group's borrowing was not affected by seasonality.

Of the total bank loans as at 30 June 2024, approximately HK\$42.1 million (or approximately 31.3%) was repayable within one year or on demand. Approximately HK\$4.3 million (or approximately 3.2%) was repayable after one year but within two years. Approximately HK\$47.3 million (or approximately 35.1%) was repayable after two years but within five years. Approximately HK\$40.9 million (or approximately 30.4%) was repayable after five years.

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.

The Group's total debt to equity ratio, calculated as total borrowings (being the aggregate of total bank borrowings) of approximately HK\$134.6 million (31 December 2023: approximately HK\$100.6 million) divided by shareholder's equity of the Group of approximately HK\$796.8 million (31 December 2023: approximately HK\$882.3 million) was approximately 16.9% as at 30 June 2024 (31 December 2023: approximately 11.4%).

### **Capital Expenditure**

The Group did not incur any material capital expenditure during the Period. It is anticipated that the funding required for future capital expenditure will be principally financed by cash generated from operations and bank borrowings, although the Group may consider raising additional funds as and when appropriate.

### **Capital Commitments**

As at 30 June 2024, the Group had no capital commitment (31 December 2023: HK\$Nil), contracted for but not provided for in the financial statements in respect of its investment in the Fund.



### **Contingent Liabilities**

The Group had no significant contingent liabilities as at 30 June 2024 and 31 December 2023.

### **Pledge of assets**

Certain of the Group's investment properties with an aggregate carrying value of approximately HK\$306.3 million as at 30 June 2024 (31 December 2023: approximately HK\$225.1 million) have been pledged to secure banking facilities of the Group.

As at 30 June 2024, one of the Group's leasehold land and buildings with a carrying value of approximately HK\$11.5 million (31 December 2023: approximately HK\$11.8 million) has been pledged to secure banking facilities of the Group.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

There was no material acquisition or disposal of subsidiaries, associates or joint ventures by the Company during the Period under review.

### **TREASURY POLICY**

The Group operates in Hong Kong and the revenue, operating cost, cash and cash equivalent and borrowings were denominated in Hong Kong dollars. As a result, the Group has minimal exposure to exchange rate fluctuation.

The Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in short-term deposits mostly denominated in Hong Kong dollars. Should the Board consider it appropriate, it may consider investing in debt securities and equity securities. The Group does not use any financial instruments for hedging purposes.

### **RISK MANAGEMENT**

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

## **HUMAN RESOURCES**

As at 30 June 2024, the Group employed a total of seven employees (31 December 2023: seven employees) in Hong Kong. The Group recorded staff costs of approximately HK\$1.1 million for the six months ended 30 June 2024 as compared to approximately HK\$1.1 million for the corresponding period in 2023.

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

## **INTERIM DIVIDENDS**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

## **CORPORATE GOVERNANCE**

The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 of the Listing Rules as its own code of corporate governance. The Board considers that the Company was in compliance with all applicable code provisions set out in the CG Code during the six months ended 30 June 2024.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") as its model code for securities transactions by the directors of the Company. Having made specific enquiry, all of the directors of the Company confirmed that they have complied with the Model Code during the six months ended 30 June 2024.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries redeemed, purchased or sold any of the Company's listed securities during the six months ended 30 June 2024. As at 30 June 2024, there were no outstanding redeemable securities of the Company.

## **AUDIT COMMITTEE**

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

The audit committee has reviewed the unaudited interim results for the six months ended 30 June 2024 with the management of the Company.

## **APPRECIATION**

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

By Order of the Board  
**Chau Choi Fa**  
*Chairperson*

Hong Kong, 23 August 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.*