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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 2020

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 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 HK\$'000	2019 HK\$'000
Revenue	3	30,331	33,209
Direct operating expenses		(731)	(974)
		29,600	32,235
Other income	4	1,204	346
Other gains or losses		–	(20)
Net changes in fair value of investment properties	9	(111,110)	(107,212)
Impairment loss on lease receivables		(338)	–
Administrative expenses		(10,937)	(9,561)
Finance costs	5	(2,368)	(2,641)
Loss before taxation	5	(93,949)	(86,853)
Taxation	6	(2,651)	(3,228)
Loss for the year		(96,600)	(90,081)
Other comprehensive expense for the year			
Item that will not be reclassified subsequently to profit or loss:			
Equity investments of FVOCI-net movement in fair value reserves (non-recycling)		(12,926)	(6,392)
Total comprehensive expense for the year		(109,526)	(96,473)
Loss per share – basic and diluted	8	HK cents (25.01)	HK cents (23.33)

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 2020

	NOTE	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Investment properties	9	904,505	1,015,120
Other property, plant and equipment		13,281	13,782
Deferred lease receivables	10	142	–
Other financial assets		<u>27,067</u>	<u>38,755</u>
		944,995	1,067,657
Current assets			
Lease and other receivables	10	1,500	1,165
Cash and cash equivalents		<u>66,265</u>	<u>8,473</u>
		<u>67,765</u>	9,638
Current liabilities			
Deposits received and other payables	11	13,005	14,130
Bank loans – due within one year		60,694	19,777
Income tax payable		<u>1,170</u>	<u>3,519</u>
		<u>74,869</u>	<u>37,426</u>
Net current liabilities		<u>(7,104)</u>	<u>(27,788)</u>
Total assets less current liabilities		937,891	1,039,869
Non-current liabilities			
Bank loans – due after one year		57,053	50,354
Deferred tax liabilities		<u>5,388</u>	<u>6,789</u>
		<u>62,441</u>	57,143
NET ASSETS		<u>875,450</u>	<u>982,726</u>
CAPITAL AND RESERVES			
Share capital		3,862	3,862
Reserves		<u>871,588</u>	<u>978,864</u>
TOTAL EQUITY		<u>875,450</u>	<u>982,726</u>

NOTES TO THE FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2020

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").

The Group incurred a net loss of approximately HK\$96,600,000 for the year ended 31 December 2020 (2019: HK\$90,081,000) and as of that date, the Group had net current liabilities of approximately HK\$7,104,000 (2019: HK\$27,788,000).

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\$7,104,000 and capital commitments of HK\$40,000,000 as at 31 December 2020. As at 31 December 2020, the Group has an unutilised amount of approximately HK\$20,000,000 (2019: HK\$40,000,000) under the Group's banking facilities. In view of such circumstances, 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, financial requirements and capital commitments. Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which include, but are not limited to, the following:

- The Group will continue to pay close attention to its operations and make good use of its resources with an aim to attain positive and sustainable cash flow from operations; and
- The Group is in discussions with its lenders to timely renew or extend its existing bank loan facilities; and
- The Group will actively and regularly review its capital structure and source additional capital by raising new debt financing or issuing new shares, 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 amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, Definition of a Business
- Amendment to HKFRS 16, Covid-19-Related Rent Concessions

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. 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.

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	
	2020 HK\$'000	2019 HK\$'000
Hong Kong		
Hong Kong Island:		
Commercial	16,844	19,673
Kowloon:		
Commercial	6,766	6,952
Residential	3,382	3,341
Industrial	2,829	2,700
Mainland China		
Shenzhen:		
Commercial	510	543
	<u>30,331</u>	<u>33,209</u>

During the year ended 31 December 2020, one (2019: Nil) individual customer contributed over 10% of the total revenue of the Group.

4. OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest income	223	68
Dividend income from investment in equity instruments at FVTPL	–	8
Gain on disposal of investment in equity instruments at FVTPL	–	10
Government grants (see note below)	324	–
Others	657	260
	<u>1,204</u>	<u>346</u>

Note: In 2020, 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 BEFORE TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Finance costs		
Interests on bank loans	<u>2,368</u>	<u>2,641</u>
Staff costs		
Contributions to defined contribution retirement plan	49	48
Directors' emoluments	3,941	3,943
Equity-settled share-based payment expenses	2,250	–
Other staff costs	<u>1,624</u>	<u>1,614</u>
Total staff costs	<u>7,864</u>	<u>5,605</u>
Other items		
Auditors' remuneration-audit services	500	820
Depreciation of property, plant and equipment	501	501
Net exchange (gain)/loss (included in other gains or losses)	(476)	20
Rentals receivable from investment properties less direct outgoings of HK\$731,000 (2019: HK\$974,000)	<u>29,600</u>	<u>32,235</u>

6. INCOME TAX

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	4,070	3,121
Over-provision in respect of prior years	(66)	(158)
	<u>4,004</u>	<u>2,963</u>
Current tax – Mainland China Enterprise Income Tax		
Provision for the year	48	49
	<u>4,052</u>	<u>3,012</u>
Deferred tax		
Origination and reversal of temporary differences	(1,401)	216
	<u>2,651</u>	<u>3,228</u>

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

The provision for Hong Kong Profits Tax for 2020 is calculated at 16.5% (2019: 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 2019.

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 earns rental income derived from a property located in the Mainland China and is subject to People's Republic of China income tax calculated at 10% of the gross rental income received in Mainland China.

7. DIVIDENDS

During the year ended 31 December 2020, no dividends were paid, declared or proposed.

During the year ended 31 December 2019, a final dividend in respect of the year ended 31 December 2018 of HK\$0.02 per ordinary share in an aggregate amount of HK\$7,724,000 was proposed and paid.

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

8. LOSS PER SHARE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss		
Loss for the year attributable to the owners of the Company for the purpose of calculating basic and diluted loss per share	<u><u>(96,600)</u></u>	<u><u>(90,081)</u></u>
	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u><u>386,175,758</u></u>	<u><u>386,175,758</u></u>

For the year ended 31 December 2020 and 2019, 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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
FAIR VALUE		
At beginning of the year	1,015,120	1,116,866
Exchange adjustment	495	–
Additions	–	5,466
Fair value adjustment	(111,110)	(107,212)
	<u>904,505</u>	<u>1,015,120</u>
At end of the year		
	<u>904,505</u>	<u>1,015,120</u>
The carrying value of the investment properties shown above situated on:		
Land in Hong Kong	896,160	1,006,570
Land in Mainland China	8,345	8,550
	<u>904,505</u>	<u>1,015,120</u>
	<u>904,505</u>	<u>1,015,120</u>
Net changes in fair value of investment properties	<u>(111,110)</u>	<u>(107,212)</u>

10. LEASE AND OTHER RECEIVABLES

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Lease receivables	6	419
Deferred lease receivables (see note below)	870	–
Other receivables, deposits and prepayments	766	746
	<u>1,642</u>	<u>1,165</u>

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

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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Age		
0 – 90 days	<u><u>6</u></u>	<u><u>419</u></u>

11. DEPOSITS RECEIVED AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Rental deposits received	8,475	8,799
Accrued expenses	4,012	5,298
Other payables	<u>518</u>	<u>33</u>
	<u><u>13,005</u></u>	<u><u>14,130</u></u>

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report from the Company's auditor on the Group's consolidated financial statements for the year ended 31 December 2020:

“Material uncertainty related to going concern

We draw attention to Note 2(c) to the financial statements which indicates that the Group incurred a net loss of HK\$96,600,000 for the year ended 31 December 2020 and, as of that date, the Group is in net current liabilities position of HK\$7,104,000.

These conditions, along with other matters as set forth in Note 2(c) to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The directors, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our opinion is not modified in respect of this matter.”

Note 2(c) to the financial statements is referred to Note 1 to the financial information of the results announcement.

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 2020, the aggregate market value of the Group's investment properties was approximately HK\$904,505,000, representing a decrease of approximately HK\$111,110,000 as compared to 2019. This decrease was due to net decrease in fair value of the investment properties of approximately HK\$111,110,000, which reflects the general market conditions and disruptions caused by COVID-19 of the commercial retail and residential investment property market in Hong Kong for the period under review.

The Group's main source of income is rental generated from the Group's investment properties. The rental income was approximately HK\$30,331,000 for the year ended 31 December 2020, representing a slight decrease of approximately 8.7% as compared to 2019. The slight decrease was mainly due to negative rental reversions and certain rental concessions granted to tenants.

The Group's total comprehensive expense attributable to the owners of the Company for 2020 was approximately HK\$109,526,000, as compared to 2019 of approximately HK\$96,473,000. This was mainly attributable to a net decrease in fair value of the Group's investment properties in 2020 approximately HK\$111,110,000 and the net movement in fair value reserves from the Fund (as defined below). As the net decrease 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\$2,250,000 during the year ended 31 December 2020, whilst there was no such expense in 2019. Without taking into account the impact of the aforesaid net decrease in fair values of the Group's investment properties and the granting of share options, the Group recorded a net profit for the year ended 31 December 2020 of approximately HK\$16,760,000 which is in line with that for 2019 of approximately HK\$17,131,000.

PROSPECTS

Since the outbreak of the COVID-19 pandemic in 2020, Hong Kong's overall economic activities and the property market have been severely affected with Hong Kong gross domestic product (GDP) having contracted year-on-year. Unemployment rates in Hong Kong have increased and all walks of life have been affected to a certain extent in 2020. Businesses such as retail shops, and food and beverage industries have been severely disrupted by the COVID-19 outbreak and some businesses were forced to shut down during this difficult period. The Group was inevitably affected, with the Group's revenue slightly decreasing as compared to the previous year. Despite the above challenging unfavorable economic environment, the Group remains cautiously optimistic about the Hong Kong property market due to Hong Kong's firm economic base.

Looking ahead to 2021, it is anticipated that rental income of the Group in the coming year is likely to be affected by the continuing disruption caused by COVID-19. On the other hand, Hong Kong local economy has already shown improving signs as the year-on-year decline in GDP narrowed in the fourth quarter of 2020. Up to now, the Group's portfolio of properties continue to maintain high occupancy rates. To maintain occupancy rates, the Group will closely monitor economic developments and property market changes and make appropriate rental policy adjustments accordingly. The pace and degree of Hong Kong retail market recovery in 2021 will very much depend on the duration of the effect of COVID-19, which will in turn be impacted to a certain extent by the efficiency of the roll-out of COVID-19 vaccines.

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 back in 2018 in a fund that is engaged in a property redevelopment project in Kwun Tong, Kowloon. The Group is optimistic about the potential redevelopment and appreciation in value of the relevant property following the redevelopment and believes that the investment in the aforesaid 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 2020, the Group held an investment property portfolio of 38 properties located in Hong Kong and one property located in Mainland China.

During the year ended 31 December 2020, the Group continued to hold an investment portfolio, through 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 in No. 32 Hung To Road, Kwun Tong, Kowloon. 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 2020.

RESULTS

Our total comprehensive expense for the year attributable to owners of the Company for 2020 was approximately HK\$109,526,000 (2019: approximately HK\$96,473,000 total comprehensive expense). Current year total comprehensive expense was mainly attributable to a decrease in the net changes in fair value of the Group's investment properties and the net movement in fair value reserves from the Fund.

Loss per share for 2020 was approximately HK\$0.2501 (2019: loss per share of approximately HK\$0.2333), representing a increase of loss of approximately HK\$0.0168 per share from last year.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 31 December 2020, the net current liabilities of the Group amounted to approximately HK\$7,104,000 (31 December 2019: approximately HK\$27,788,000). The current ratio, expressed as current assets over current liabilities, was approximately 0.91 (31 December 2019: approximately 0.26).

Net current liabilities resulted from the continuing effect of the Group's expansion of its investment property portfolio in 2019 involving the purchase of one investment property. The aforesaid purchase resulted in an additional cash outflow from investing activities as consideration paid for this acquisition was financed by the Group's internal funds. After taking into account the available banking facilities as at the reporting date, and the estimated cash flows generated from the Group's operations, the 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 for the foreseeable future.

As at 31 December 2020, the total equity of the Group was approximately HK\$875,450,000 (31 December 2019: approximately HK\$982,726,000), representing a decrease of approximately HK\$107,276,000 from the previous year-end.

Bank deposits and cash of the Group as at 31 December 2020 were approximately HK\$66,265,000 (31 December 2019: approximately HK\$8,473,000). As at 31 December 2020, the Group had non-pledged time deposits with maturity of less than three months of HK\$41,123,000 (31 December 2019: nil). The increase in the Group's bank deposits and cash and current ratio were mainly attributable to new bank loans of HK\$75,000,000 raised together with the cash received from the rental income during the year, which were netted off with repayment of bank loans made in 2020.

As at 31 December 2020, the carrying amount of our bank loans was approximately HK\$117,747,000 (31 December 2019: approximately HK\$70,131,000). As at 31 December 2020, 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\$307,881,000 (31 December 2019: approximately HK\$498,882,000). As at 31 December 2020, the bank loans bear interest rates ranging from 1.88% to 2.50% per annum (31 December 2019: ranging from 2.25% to 4.62% per annum). As at 31 December 2020, the Group had unutilised bank loan facilities of HK\$20,000,000 (31 December 2019: HK\$40,000,000).

Of the total bank loans as at 31 December 2020, approximately HK\$60,694,000 (or approximately 51.6%) was repayable within one year or on demand. Approximately HK\$2,964,000 (or approximately 2.5%) was repayable after one year but within two years. Approximately HK\$54,089,000 (or approximately 45.9%) was repayable after two years but within five years. None was repayable after five years.

Of the total bank loans as at 31 December 2019, approximately HK\$19,777,000 (or approximately 28.2%) was repayable within one year or on demand. Approximately HK\$29,733,000 (or approximately 42.4%) was repayable after one year but within two years. Approximately HK\$20,621,000 (or approximately 29.4%) 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\$117,747,000 (31 December 2019: approximately HK\$70,131,000) divided by shareholder's equity of the Group of approximately HK\$875,450,000 (31 December 2019: approximately HK\$982,726,000) was approximately 0.13 as at 31 December 2020 (31 December 2019: approximately 0.07). The increase in the Group's total debt to equity ratio was attributable to the new bank loans of HK\$75,000,000 (2019: HK\$10,000,000) raised for the purpose of financing the Group's future working capital needs, thus increasing the Group's total debt to equity ratio.

Capital Expenditure

Capital expenditure incurred by the Group (representing acquisition of investment properties and property, plant and equipment) for the year ended 31 December 2020 was nil (2019: approximately HK\$5,466,000). 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 2020 and 31 December 2019, the Group had a total capital commitment of approximately HK\$40,000,000, 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 2020 and 31 December 2019.

Pledge of assets

As at 31 December 2020, certain of the Group's investment properties with a carrying value of approximately HK\$294,600,000 (31 December 2019: approximately HK\$485,100,000) have been pledged to secure bank loans of the Group.

As at 31 December 2020, one of the Group's leasehold land and buildings with a carrying value of approximately HK\$13,281,000 (31 December 2019: approximately HK\$13,782,000) has been pledged to secure a bank loan of the Group.

As at 31 December 2019 and 31 December 2020, 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 2020.

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 2020, the Group had 7 employees (31 December 2019: 7 employees) in Hong Kong. The Group recorded staff costs of approximately HK\$7,864,000 for the year ended 31 December 2020 (2019: approximately HK\$5,605,000).

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\$2,250,000 whilst no such expenses were recorded in 2019 as no share options were granted in that year.

ENVIRONMENTAL POLICY

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 staffs, 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 2020 (2019: nil).

CLOSURE OF REGISTER OF MEMBERS

To ascertain the shareholders' entitlement to attend and vote at the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from 24 May 2021 (Monday) to 27 May 2021 (Thursday), both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, all transfers of shares, accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 21 May 2021 (Friday).

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 2020. As at 31 December 2020, 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 2020.

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 2020.

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 2020.

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

Following the resignation of Deloitte Touche Tohmatsu as the auditors of the Company on 18 September 2020, Crowe (HK) CPA Limited was appointed as the auditor of the Company on the same day to fill in the vacancy.

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 2020 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 2020 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, 26 March 2021

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*