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 2017

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 2017, together with comparative figures for the corresponding period ended 30 June 2016.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	Six months ended **30.6.2017** ***HK$'000*** **(unaudited)**	30.6.2016 *HK$'000* (unaudited)
Turnover	*3*	**16,155**	16,234
Direct operating expenses		**(780)**	(663)
		15,375	15,571
Other income		**268**	193
Other gains or (losses)		**241**	(312)
Net changes in fair value of investment properties	*9*	**11,640**	(5,764)
Administrative expenses		**(3,682)**	(6,293)
Finance costs	*4*	**(447)**	(586)
Profit before taxation	*5*	**23,395**	2,809
Taxation	*6*	**(2,123)**	(1,687)
Profit and total comprehensive income for the period attributable to owners of the Company		**21,272**	1,122
Earnings per share	*7*	**HK$0.055**	HK$0.003

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	30.6.2017 HK$'000 (unaudited)	31.12.2016 HK$'000 (audited)
Non-current assets			
Investment properties	9	**1,054,626**	1,047,366
Property, plant and equipment	10	**16,409**	16,764
		1,071,035	1,064,130
Current assets			
Rental and other receivables	11	**635**	1,260
Held for trading investments	14	**1,688**	1,410
Tax recoverable		**–**	36
Fixed deposits		**30,440**	32,295
Bank balances and cash		**11,209**	6,626
		43,972	41,627
Current liabilities			
Other payables and rental deposits received	12	**9,795**	11,295
Taxation payable		**2,384**	556
Bank loans – due within one year		**21,764**	22,848
Obligation under a finance lease		**114**	112
		34,057	34,811
Net current assets		**9,915**	6,816
Total assets less current liabilities		**1,080,950**	1,070,946
Non-current liabilities			
Bank loans – due after one year		**28,030**	35,551
Obligation under a finance lease		**170**	228
Deferred taxation		**6,439**	6,266
		34,639	42,045
Net assets		**1,046,311**	1,028,901
Capital and reserves			
Share capital	13	**3,862**	3,862
Reserves		**1,042,449**	1,025,039
Total equity		**1,046,311**	1,028,901

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

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 16 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 and held for trading investments that are measured at fair values.

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 2017 are the same as those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group have applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to the Group for the preparation of the Group's condensed consolidated financial statements:

- Amendments to HKAS 7, *Statement of cash flow: Disclosure initiative*
- Amendments to HKAS 12, *Income taxes: Recognition of deferred tax assets for unrealized losses*

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 conform 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.

Turnover represents the rental income received from operating leases.

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

	Turnover from external customers Six months ended	
	30.6.2017	30.6.2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong		
Hong Kong Island:		
Commercial	**9,825**	9,904
Residential	**368**	528
Kowloon:		
Commercial	**2,865**	2,862
Residential	**1,495**	1,434
Industrial	**1,360**	1,331
The People's Republic of China (the "PRC")		
Shenzhen:		
Commercial	**242**	175
	16,155	16,234

4. FINANCE COSTS

	Six months ended	
	30.6.2017	30.6.2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interests on bank loans	**440**	577
Interest on a finance lease	**7**	9
	447	586

5. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2017	30.6.2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**356**	356
and after crediting:		
Interest income (included in other income)	**192**	57

6. TAXATION

	Six months ended	
	30.6.2017	30.6.2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The charge comprises:		
Hong Kong Profits Tax		
– Current period	**1,927**	1,501
PRC Enterprise Income Tax	**23**	13
Deferred taxation charge	**173**	173
	2,123	1,687

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

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 PRC (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 China deriving income sourced in China is liable to Enterprise Income Tax on such income, at 10% of the gross amount. An entity of the Group earns rental income derived from a property located in the PRC and is subject to PRC Enterprise Income Tax calculated at 10% of the gross rental income received in the PRC.

Deferred tax on Land Appreciation Tax ("LAT") is provided for according to the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) and its implementing rules which stipulate that LAT shall be chargeable on the appreciation in value, representing the excess balance of the proceeds from sales of real estates over the relevant direct costs, at rates progressing from 30% to 60%.

Deferred tax on Enterprise Income Tax for capital gain of a property held by the Group in the PRC is provided at 10% of the estimated net gain upon disposal of the property, representing the estimated sales proceeds from sale of property less its relevant costs including business tax and LAT.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	Six months ended	
	30.6.2017	30.6.2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit for period attributable to owners of the Company for the purpose of basic earnings per share	**21,272**	1,122
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**386,175,758**	386,175,758

No diluted earnings per share is presented as there were no dilutive potential ordinary shares during both periods.

8. DIVIDEND

A final dividend in respect of the year ended 31 December 2016 of HK$0.01 (2015: nil) per share, totalling approximately HK$3,862,000 (2015: nil) was paid in May 2017. The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: nil).

9. INVESTMENT PROPERTIES

	30.6.2017	31.12.2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
FAIR VALUE		
At beginning of the period	**1,047,366**	1,072,493
Disposal	**(4,380)**	(17,500)
Net increase (decrease) in fair value	**11,640**	(7,627)
At end of the period	**1,054,626**	1,047,366

The carrying value of investment properties shown above situated on:

	30.6.2017	31.12.2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Land in Hong Kong	**1,046,270**	1,038,810
Land in PRC	**8,356**	8,556
	1,054,626	1,047,366

The fair value of the Group's investment properties at 30 June 2017 and at 31 December 2016 have been arrived at on the basis of a valuation carried out by RHL Appraisal Limited ("RHL"), an independent firm of professional valuers not related to the Group whose address is at Room 1010, Star House, Tsimshatsui, Kowloon, Hong Kong.

The valuations as at 30 June 2017 and 31 December 2016 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 2017 and 2016 as the Group is not subject to any income taxes on disposal of its investment properties. The Group has recognized deferred tax liabilities on changes in fair value of the investment property that is situated in the PRC as the property in the PRC is subject to LAT and capital gains tax upon disposal.

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. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, there was no new addition of property, plant and equipment (2016: nil).

11. RENTAL AND OTHER RECEIVABLES

	30.6.2017	31.12.2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Rental receivables	**167**	644
Other receivables, deposits and prepayments	**468**	616
	635	1,260

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:

	30.6.2017	31.12.2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Age		
0 – 90 days	**167**	157
91 – 180 days	**–**	–
181 – 365 days	**–**	487
	167	644

No credit period was granted to tenants of rental of premises.

12. OTHER PAYABLES AND RENTAL DEPOSITS RECEIVED

	30.6.2017	31.12.2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accrued expenses	**1,467**	3,007
Rental deposits received	**8,294**	8,255
Other payables	**34**	33
	9,795	11,295

13. SHARE CAPITAL

	Number of shares	**Amount in**	**Shown in the condensed consolidated financial statements**
		HK$	*HK$'000*
Ordinary shares			
Authorized:			
At 30 June 2016, 31 December 2016 and 30 June 2017 (HK$0.01 each)	1,000,000,000	10,000,000	
Issued and fully paid:			
At 30 June 2016, 31 December 2016 and 30 June 2017	386,175,758	3,861,757	3,862

There were no movements in the share capital of the Company for the six months ended 30 June 2017.

14. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	**Fair value** **30 June 2017** ***HK$'000*** **(Unaudited)**	31 December 2016 *HK$'000* (Audited)	**Fair value hierarchy**	**Valuation techniques and key inputs**
Held for trading investments	**1,688**	1,410	Level 1	Quoted bid prices in

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

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 2017, the Group held an investment property portfolio consisting of 34 properties located in Hong Kong and one property located in the PRC.

During the year, the Group disposed of one residential property located at Lockhart Road with a carrying value of HK$4.38 million at the time of disposal at a consideration which was the same as the carrying value. Therefore, the Group did not record any gain on disposal for the disposal.

Taking into account the above disposal, the aggregate market value of the Group's investment properties amounted to approximately HK$1,054.6 million as at 30 June 2017 (31 December 2016: approximately HK$1,047.4 million). There was an increase in fair values of the Group's investment properties for the six months ended 30 June 2017 of 1.1%, reflecting the sentiment of the Hong Kong property market.

For the six months ended 30 June 2017 (the "**Period**"), the Group's turnover, mainly consisting of gross rental income from the Group's investment properties, amounted to approximately HK$16.2 million (2016: approximately HK$16.2 million), a slight decrease of approximately 0.5% in comparison to the corresponding period in 2016. All of the Group's investment properties were fully occupied as at 30 June 2017.

Save for the investment properties held by the Group, 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

It is anticipated that the second half of 2017 will continue to be challenging. Although tourists levels have been reported to have increased during the first half of 2017, retail sales have not fully recovered and are expected to continue to affect shop rentals in the foreseeable future.

While the Group endeavours to maintain the current rental levels with our tenants, if adverse market sentiment continues, the Group may be required to review and adjust its rental levels to be in line with the market. Apart from rental income, adverse market sentiment may also bring a negative impact on the valuation of the Group's properties. The Group will strive to maintain full occupancy at its properties with reasonable rent rates.

Despite the market conditions, it is anticipated that the properties will continue to provide the Group with stable rental income as the Group's portfolio of rental properties continues to maintain high occupancy rates.

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 an effort to maintain competitiveness and ensure shareholder returns, the Group will continue to cautiously explore opportunities including those beyond the property market to further expand its investment portfolio and diversify its business. The Group may also look beyond the Hong Kong region for investment opportunities.

RESULTS

The Group's profit and total comprehensive income for the Period attributable to owners of the Company amounted to approximately HK$21.3 million (2016: HK$1.1 million), representing a significant increase of approximately HK$20.2 million as compared with the same period last year. The significant increase in profit for the first half of 2017 as compared with the corresponding period last year was mainly attributable to the net increase in fair value of the Group's investment properties for the Period of approximately HK$11.6 million in 2017 (2016: a decrease of approximately HK$5.8 million) which reflects the general market conditions of the commercial retail and residential investment property market in Hong Kong during the Period.

Earnings per share for the six months ended 30 June 2017 was HK$0.055 (2016: HK$0.003), representing an increase of HK$0.052 from the corresponding period last year.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 30 June 2017, the net current assets of the Group amounted to approximately HK$9.9 million (31 December 2016: approximately HK$6.8 million). The current ratio, expressed as current assets over current liabilities, was approximately 1.3 (31 December 2016: approximately 1.2). Total equity of the Group increased to approximately HK$1,046.3 million (31 December 2016: approximately HK$1,028.9 million).

Moreover, as at 30 June 2017, the bank deposits and cash of the Group were approximately HK$41.6 million (31 December 2016: approximately HK$38.9 million), which included fixed deposits of approximately HK$30.4 million (31 December 2016: approximately HK$32.3 million).

After taking into account the available banking facilities as at 30 June 2017, and the estimated cash flows generated from the Group's operations, the directors of the Company are satisfied that the Group will have sufficient working capital for its present requirements for the foreseeable future. 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 30 June 2017, the carrying amount of our bank loans was approximately HK$49.8 million (31 December 2016: approximately HK$58.4 million). As at 30 June 2017, 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$506.6 million (31 December 2016: approximately HK$501.4 million) and carry interest at HIBOR plus 0.70% to 2.25% per annum (31 December 2016: HIBOR plus 0.70% to 2.25% per annum). As at 30 June 2017 and 31 December 2016, the Group had available unutilized bank loan facilities of approximately HK$30 million.

Of the total bank loans as at 30 June 2017, approximately HK$21.8 million (or approximately 43.7%) was repayable within one year or on demand. Approximately HK$12.2 million (or approximately 24.5%) was repayable after one year but within two years. Approximately HK$15.0 million (or approximately 30.2%) was repayable after two years but within five years. Approximately HK$0.8 million (or approximately 1.6%) was repayable after five years.

Of the total bank loans as at 31 December 2016, approximately HK$22.8 million (or approximately 39.1%) was repayable within one year or on demand. Approximately HK$14.1 million (or approximately 24.1%) was repayable after one year but within two years. Approximately HK$19.9 million (or approximately 34.1%) was repayable after two years but within five years. Approximately HK$1.6 million (or approximately 2.7%) 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$49.8 million (31 December 2016: approximately HK$58.4 million) divided by shareholder's equity of the Group of approximately HK$1,046.3 million (31 December 2016: approximately HK$1,028.9 million) was approximately 4.8% as at 30 June 2017 (31 December 2016: approximately 5.7%).

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

The Group had no material capital commitments as at 30 June 2017 and 31 December 2016.

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2017 and 31 December 2016.

Pledge of assets

Certain of the Group's investment properties with an aggregate carrying value of approximately HK$491.6 million as at 30 June 2017 (31 December 2016: approximately HK$486.1 million) have been pledged to secure banking facilities of the Group.

As at 30 June 2017, one of the Group's leasehold land and buildings with a carrying value of approximately HK$15.0 million (31 December 2016: HK$15.3 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 and associated companies by the Company during the Period under review.

TREASURY POLICY

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. 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 2017, the Group employed a total of eight employees (31 December 2016: eight employees) in Hong Kong. The Group recorded staff costs of approximately HK$1.5 million for the six months ended 30 June 2017 as compared to approximately HK$4.0 million for the corresponding period in 2016.

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 2017 (2016: Nil).

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 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 2017.

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 10 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 2017.

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 2017. As at 30 June 2017, 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 2017 with the management of the Company.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere 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, 11 August 2017

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 Mr. Lui Siu Fung and three independent non-executive directors, namely Mr. Lam John Cheung-Wah, Dr. Tse Kwok Sang and Mr. Chui Chi Yun Robert.