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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 2022

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 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	2022 HK\$'000	2021 HK\$'000
Revenue	3	29,331	28,934
Direct operating expenses		<u>(1,307)</u>	<u>(1,573)</u>
		28,024	27,361
Other income	4	1,076	624
Net changes in fair value of investment properties	9	5,103	2,026
Administrative expenses		(11,122)	(8,917)
Finance costs	5	(3,065)	(2,103)
Profit before taxation	5	20,016	18,991
Income tax	6	(2,489)	(1,585)
Profit for the year		17,527	17,406
Other comprehensive (expense)/income for the year			
Item that will not be reclassified subsequently to profit or loss:			
Equity investments at FVOCI-net movement in fair value reserves (non-recycling)	11	<u>(22,162)</u>	<u>43,658</u>
Total comprehensive (expense)/income for the year		<u>(4,635)</u>	<u>61,064</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	8		
– Basic		4.54	4.51
– Diluted		4.53	4.48

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 2022

	NOTE	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Investment properties	9	908,010	894,310
Other property, plant and equipment		12,278	12,780
Deferred lease receivables	10	462	109
Other financial assets	11	88,563	104,467
		1,009,313	1,011,666
Current assets			
Lease and other receivables	10	1,370	1,027
Current tax recoverable		424	30
Cash and cash equivalents		53,749	45,266
		55,543	46,323
Current liabilities			
Deposits received and other payables	12	12,009	12,316
Bank loans – due within one year		55,329	33,624
Current tax payable		1,293	1,567
		68,631	47,507
Net current liabilities		(13,088)	(1,184)
Total assets less current liabilities		996,225	1,010,482
Non-current liabilities			
Bank loans – due after one year		58,285	70,814
Deferred tax liabilities		3,488	3,154
		61,773	73,968
NET ASSETS		934,452	936,514
CAPITAL AND RESERVES			
Share capital		3,862	3,862
Reserves		930,590	932,652
TOTAL EQUITY		934,452	936,514

NOTES TO THE FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2022

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

As at 31 December 2022, the Group had net current liabilities of approximately HK\$13,088,000 (2021: HK\$1,184,000).

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\$13,088,000 as at 31 December 2022.

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. All banking facilities granted to the Group include a clause that gives the banks the unconditional rights to call the bank loans at any time (“**repayment on demand clause**”), the directors are of the opinion that it is unlikely that the banks will exercise the repayment on demand clause regarding the outstanding loan balances in respect of the banking facilities granted.

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

2. CHANGES IN ACCOUNTING POLICIES

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

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

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

Amendments to HKAS 16, Property, plant and equipment: Proceeds before intended use

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 January 2022, and has concluded that none of them is onerous.

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	
	2022 HK\$'000	2021 HK\$'000
Hong Kong		
Hong Kong Island:		
Commercial	16,172	15,925
Residential	150	36
Kowloon:		
Commercial	6,707	6,665
Residential	3,391	3,288
Industrial	2,911	2,889
Mainland China		
Shenzhen:		
Commercial	—	131
	<u>29,331</u>	<u>28,934</u>

During the year ended 31 December 2022, one (2021: one) individual customer contributed over 10% of the total revenue of the Group.

4. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income	522	274
Government grants (see note below)	144	–
Others	410	350
	<u>1,076</u>	<u>624</u>

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

5. PROFIT BEFORE TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before taxation is arrived after charging/(crediting):		
(a) Finance costs		
Interests on bank loans	<u>3,065</u>	<u>2,103</u>
(b) Staff costs		
Directors' emoluments		
– Salaries, wages and other benefits	3,916	3,915
– Contributions to defined contribution retirement plan	<u>16</u>	<u>20</u>
	3,932	3,935
– Equity-settled share-based payment expenses	<u>2,573</u>	<u>–</u>
	<u>6,505</u>	<u>3,935</u>
Other staff costs		
– Salaries, wages and other benefits	1,611	1,640
– Contributions to defined contribution retirement plan	<u>48</u>	<u>49</u>
	<u>1,659</u>	<u>1,689</u>
	<u>8,164</u>	<u>5,624</u>
(c) Other items		
Auditors' remuneration-audit services	550	520
Depreciation of other property, plant and equipment	502	501
Net exchange gain	–	(7)
Rentals receivable from investment properties less direct outgoings of HK\$1,307,000 (2021: HK\$1,573,000)	<u>28,024</u>	<u>27,361</u>

6. INCOME TAX

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax:		
Provision for the year	2,344	2,740
Over-provision in respect of prior years	<u>(189)</u>	<u>(168)</u>
	2,155	2,572
Current tax – Mainland China Enterprise Income Tax:		
Provision for the year	–	489
Current tax – Mainland China Land Appreciation Tax:		
Provision for the year	<u>–</u>	<u>758</u>
	2,155	3,819
Deferred tax:		
Origination and reversal of temporary differences	<u>334</u>	<u>(2,234)</u>
	<u><u>2,489</u></u>	<u><u>1,585</u></u>

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

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

The provision for Hong Kong Profits Tax for 2022 is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated on the same basis in 2021.

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. In 2021, one group entity earned rental income derived from a property located in the Mainland China and is subject to the People's Republic of China income tax calculated at 10% of the gross rental income received in Mainland China.

7. DIVIDENDS

During the years ended 31 December 2022 and 2021, no dividends were paid, declared or proposed.

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

8. EARNINGS PER SHARE

(a) Basic earnings per share

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings		
Earnings for the year attributable to the owners of the Company for the purpose of calculating basic earnings per share	<u><u>17,527</u></u>	<u><u>17,406</u></u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u><u>386,175,758</u></u>	<u><u>386,175,758</u></u>

(b) Diluted earnings per share

The calculation of the diluted earnings per share for the year ended 31 December 2022 and 2021 is based on the profit attributable to owners of the Company, and weighted average number of ordinary shares, as adjusted for the effects of all dilutive potential ordinary shares.

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings		
Earnings for the year attributable to the owners of the Company for the purpose of calculating diluted earnings per share	<u><u>17,527</u></u>	<u><u>17,406</u></u>
Number of shares		
Weighted average number of ordinary shares as at 31 December	<u><u>386,175,758</u></u>	<u><u>386,175,758</u></u>
Effect of deemed issue of shares under share option scheme	<u><u>340,778</u></u>	<u><u>2,768,397</u></u>
Weighted average number of ordinary shares (diluted) as at 31 December	<u><u>386,516,536</u></u>	<u><u>388,944,155</u></u>

9. INVESTMENT PROPERTIES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
FAIR VALUE		
At beginning of the year	894,310	904,505
Additions	8,597	7,186
Disposals	–	(19,410)
Fair value adjustment		
– Exchange component	–	3
– Fair value change component	5,103	2,026
	<u>908,010</u>	<u>894,310</u>
At end of the year	908,010	894,310
The carrying value of the investment properties shown above situated on land in Hong Kong	<u>908,010</u>	<u>894,310</u>
Net changes in fair value of investment properties		
– Unrealised gain on investment properties revaluation	5,103	464
– Gain on sale of investment properties	–	1,562
	<u>5,103</u>	<u>2,026</u>
	5,103	2,026

10. LEASE AND OTHER RECEIVABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Lease receivables, net of loss allowance of HK\$Nil (2021: HK\$Nil)	246	1
Deferred lease receivables (see note below)	703	404
Other receivables, deposits and prepayments	883	731
	<u>1,832</u>	<u>1,136</u>
Less: non-current portion of deferred lease receivables	(462)	(109)
	<u>1,370</u>	<u>1,027</u>
	1,370	1,027

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\$462,000 (2021: HK\$109,000) are expected to be recovered over one year and classified as non-current assets. All of the other lease and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Age		
0 – 90 days	<u>246</u>	<u>1</u>

11. OTHER FINANCIAL ASSETS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Equity instrument designated at FVOCI (non-recycling)		
Unlisted partnership investment	<u>88,563</u>	<u>104,467</u>

The balance represents 10% equity interest in Epic Capital Development Fund I, L.P. (“**Epic Fund**”), a private limited partnership entity established in the Cayman Islands. The principal activity of Epic Fund is redevelopment of properties located in Hong Kong. The directors of the Company have elected to designate the investment in equity instrument as at FVOCI (non-recycling) as they believe that recognising short-term fluctuations in the investment in profit or loss would not be consistent with the Group’s strategy of holding the investment for long-term investment purpose and realising the performance potential in the long run. No dividends were received on this investment during the year ended 31 December 2022 (2021: Nil).

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Unlisted equity instrument:		
At 1 January	104,467	27,067
Payment for capital injection	6,258	33,742
Net unrealised (losses)/gains recognised in other comprehensive income during the period	<u>(22,162)</u>	<u>43,658</u>
At 31 December	<u>88,563</u>	<u>104,467</u>

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

12. DEPOSITS RECEIVED AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Rental deposits received	7,558	8,004
Accrued expenses	4,127	3,917
Other payables	<u>324</u>	<u>395</u>
	<u>12,009</u>	<u>12,316</u>

The amount of accrued expenses, rental deposits received and other payables are expected to be recognised as income after more than one year is HK\$5,073,000 (2021: HK\$3,731,000). All of the other accrued expenses, rental deposits received and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continued to engage in its business of leasing completed commercial and residential properties in Hong Kong. As at 31 December 2022, the aggregate market value of the Group's investment properties was approximately HK\$908.0 million, representing an increase of approximately HK\$13.7 million as compared to 2021. This increase was mainly due to the Group's expansion of its investment property portfolio through the acquisition of one investment property located in Central, at an aggregate consideration of approximately HK\$8.6 million and an increase in net changes in fair value of the investment properties of approximately HK\$5.1 million.

Furthermore, during the year ended 31 December 2022, the Group continued to hold a 10% investment in Epic Capital Development Fund I, L.P. (the "**Fund**"), an exempted limited partnership established in the Cayman Islands that is engaged in a property redevelopment project at No. 32 Hung To Road, Kwun Tong, Kowloon (the "**Fund Property**"). Reference is made to the investment in the Fund which was announced by the Company as a discloseable transaction on 24 July 2018. The Fund Property has a site area of approximately 9,805 square feet and the total attributable gross floor area upon redevelopment is approximately 146,900 square feet. The Fund Property is being redeveloped to an office building, with an anticipated year of completion in 2024. As at 31 December 2022, the foundation has been laid on the site and the super structure construction is in progress.

The Group's main source of income is rental generated from the Group's investment properties. The rental income was approximately HK\$29.3 million for the year ended 31 December 2022, representing a slight increase of approximately 1.4% as compared to 2021. The slight increase was mainly due to lesser rental concessions granted to tenants in 2022 when compared to 2021.

The Group's total comprehensive expense for 2022 was approximately HK\$4.6 million, whereas the Group recorded a total comprehensive income in 2021 of approximately HK\$61.1 million. This was mainly attributable to the net movement in fair value reserves from the Fund. As the net decrease in fair value reserves from the Fund is a non-cash item and will not be reclassified to profit or loss, it does not have any material adverse effect on the operations or cash flow of the Group.

The Fund Property completed the lease modification from industrial use to commercial use in 2021, and as a result, there was a significant increase in the fair value of the Fund Property, thus increasing the fair value of the Fund in 2021. As a result of such increase in fair value of the Fund, for which election has been made to present such fair value changes in other comprehensive income, and which will not be reclassified to profit or loss, the Group recorded a significant increase in other comprehensive income of approximately HK\$43.7 million for the year ended 31 December 2021. Due to the continuous disruptions caused by COVID-19, office property values in Kwun Tong decreased for the year under review, causing the fair value of the Fund Property and the Fund to decrease as at 31 December 2022. As at 31 December 2022, the fair value of the investment of the Fund was approximately HK\$88.6 million (31 December 2021: approximately HK\$104.5 million). As a result, the Group recorded an increase in other comprehensive expense for the year ended 31 December 2022 of approximately HK\$22.2 million.

Without taking into account the impact of the aforesaid net decrease in fair value reserves from the Fund, the Group recorded a net profit for the year ended 31 December 2022 of approximately HK\$17.5 million which is in line with that for 2021 of approximately HK\$17.4 million.

In 2022, the Group recorded an increase in net changes in fair value of the Group's investment properties of approximately HK\$5.1 million, as compared to HK\$2.0 million for 2021, which reflected the general increase of retail property prices in Hong Kong in 2022.

In addition, there was a share option expense of approximately HK\$2.6 million in 2022, whilst there was no such expense in 2021.

Without taking into account the impact of the aforesaid net change in fair values of the Group's investment properties and the share options expense incurred in 2022, the Group recorded a net profit for the year ended 31 December 2022 of approximately HK\$15.0 million which is in line with that for 2021 of approximately HK\$15.4 million.

PROSPECTS

After a long waited three years of business disruption and stringent anti-Covid measures, Hong Kong is slowly beginning its journey to recovery. It is anticipated that with the continued easing of anti-Covid measures, the reopening of China's border in January 2023 and further supportive government policies, we should see an overall improvement of the local economy.

We anticipate that 2023 is a year where we will see many things return to normal. However, the property market will continue to face external negative challenges including continued interest rate increases, inflation and currency volatility. Furthermore, global challenges such as geopolitical tensions and prospects of global recession will adversely affect the Hong Kong property market.

Looking ahead, with the borders to China recently re-opened, we have seen a welcomed return of Mainland visitors to Hong Kong. Although Covid has changed the way in which many consumers shop, it is still hopeful that Mainland visitors will be keen to return to retail shopping in Hong Kong and further support the retail property market. In addition, the latest Hong Kong Budget announced that the New Round of Consumption Voucher Scheme (the “CVS”) will continue in 2023 with the first HK\$3,000 to be disbursed in April 2023 and the remaining HK\$2,000 in middle of the year. We expect the occupancy rates of the Group’s retail properties will also continue to grow steadily with the local consumption demand supported by the CVS.

Fortunately, up to now, the Group’s portfolio continues to maintain high occupancy rates as our Group has a diverse tenant mix with tenants from different industries. To maintain the occupancy rates, the Group will continue to closely monitor the economic developments and property market changes and make rental policy adjustments accordingly.

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

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

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

OPERATIONS

The Group is engaged in the business of property investment, principally the leasing of completed commercial and residential properties. During the year ended 31 December 2022, the Group acquired one commercial property in Hong Kong. As at 31 December 2022, the Group held an investment property portfolio of 38 properties located in Hong Kong.

During the year ended 31 December 2022, the Group continued to hold an investment portfolio, through a 10% investment in the Fund that is engaged in a redevelopment project of the Fund Property. The consideration paid for this investment was financed by the Group’s internal funds and bank borrowings.

The Group did not introduce or announce any new business or services for the year ended 31 December 2022.

RESULTS

Our total comprehensive expense for the year attributable to owners of the Company for 2022 was approximately HK\$4.6 million (2021: approximately HK\$61.1 million total comprehensive income). Current year total comprehensive expense was mainly attributable to a decrease in the net movement in fair value reserves from the Fund.

Basic earnings per share for 2022 was approximately HK\$0.0454 (2021: basic earnings per share of approximately HK\$0.0451), representing an increase of profit of approximately HK\$0.0003 per share from last year.

FINANCIAL REVIEW

Liquidity and Capital Resources

As at 31 December 2022, the net current liabilities of the Group amounted to approximately HK\$13.1 million (31 December 2021: approximately HK\$1.2 million). The current ratio, expressed as current assets over current liabilities, was approximately 0.81 (31 December 2021: approximately 0.98).

After taking into account the available banking facilities as at 31 December 2022, and the estimated cash flows generated from the Group's operations, the directors of the Company ("**Directors**") are satisfied that the Group will have sufficient working capital for its present requirements for the foreseeable future. As such, the management believes that the Group is well positioned with sufficient operating funds to manage its existing operations and investment plans. The management will continue to implement all necessary measures to ensure that the Group maintains adequate cash and appropriate credit facilities to meet its future operating expenditure and loan repayment obligations.

As at 31 December 2022, the total equity of the Group was approximately HK\$934.5 million (31 December 2021: approximately HK\$936.5 million), representing a decrease of approximately HK\$2.1 million from the previous year-end.

Bank deposits and cash of the Group as at 31 December 2022 were approximately HK\$53.7 million (31 December 2021: approximately HK\$45.3 million). As at 31 December 2022, the Group had non-pledged time deposits with maturity of less than three months of approximately HK\$46.3 million (31 December 2021: approximately HK\$20.2 million). The increase in the Group's bank deposits and cash was mainly attributable to new bank loans of approximately HK\$12.8 million raised during 2022 together with the cash generated from the operation of the Group of approximately HK\$16.7 million, which were netted off with cash outflow from the acquisition of one new investment property of approximately HK\$8.6 million, the new capital contribution in the Fund of approximately HK\$6.3 million, together with repayment of bank loans and interest of approximately HK\$6.7 million.

As at 31 December 2022, the carrying amount of our bank loans was approximately HK\$113.6 million (31 December 2021: approximately HK\$104.4 million). As at 31 December 2022, 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\$269.6 million (31 December 2021: approximately HK\$280.0 million). As at 31 December 2022, the bank loans bear interest rates ranging from 6.05% to 6.55% per annum (31 December 2021: ranging from 1.89% to 2.50% per annum). As at 31 December 2022, the Group had unutilised bank loan facilities of HK\$20 million (31 December 2021: HK\$20 million).

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

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

The Group's total debt to equity ratio, calculated as total borrowings of approximately HK\$113.6 million (31 December 2021: approximately HK\$104.4 million) divided by shareholder's equity of the Group of approximately HK\$934.5 million (31 December 2021: approximately HK\$936.5 million) was approximately 0.12 as at 31 December 2022 (31 December 2021: approximately 0.11). The increase was mainly due to new bank loans of approximately HK\$12.8 million raised during 2022.

Capital Expenditure

Capital expenditure incurred by the Group (representing acquisition of investment properties and property, plant and equipment and new contribution made in the investment in the Fund) for the year ended 31 December 2022 was approximately HK\$14.9 million (2021: HK\$40.9 million). The Group anticipates that the funding required for future capital expenditure will be principally financed by cash generated from operations and bank borrowings, although the Group may consider raising additional funds as and when appropriate.

Capital commitments

As at 31 December 2022, the Group had no capital commitment (31 December 2021: approximately HK\$6.3 million), contracted for but not provided for in the financial statements in respect of its investment in the Fund.

Contingent liabilities

The Group had no significant contingent liabilities as at 31 December 2022 and 31 December 2021.

Pledge of assets

As at 31 December 2022, certain of the Group's investment properties with a carrying value of approximately HK\$257.4 million (31 December 2021: approximately HK\$267.2 million) have been pledged to secure bank loans of the Group.

As at 31 December 2022, one of the Group's leasehold land and buildings with a carrying value of approximately HK\$12.3 million (31 December 2021: approximately HK\$12.8 million) has been pledged to secure a bank loan of the Group.

As at 31 December 2021 and 31 December 2022, the Group did not have any finance lease.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Company during the year ended 31 December 2022.

TREASURY POLICIES

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

RISK MANAGEMENT

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

HUMAN RESOURCES

As at 31 December 2022, the Group had 7 employees (31 December 2021: 7 employees) in Hong Kong. The Group recorded staff costs of approximately HK\$8.2 million for the year ended 31 December 2022 (2021: approximately HK\$5.6 million).

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

Share options were granted in 2022 resulting in recording of share-based payment expenses of approximately HK\$2.6 million in 2022, whilst no such expenses were recorded in 2021 as no share options were granted in 2021.

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 2022 (2021: Nil).

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

Neither the Company nor any of its subsidiaries redeemed, purchased or cancelled any redeemable securities or listed securities during the year ended 31 December 2022. As at 31 December 2022, there were no outstanding redeemable securities of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix 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 2022.

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 2022.

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 2022.

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

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 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 2022 annual report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course in accordance with the Listing Rules.

APPRECIATION

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

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

Hong Kong, 17 March 2023

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

** for identification purposes only*