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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)

### **DISCLOSEABLE TRANSACTION CAPITAL CONTRIBUTIONS TO THE FUND**

#### **INTRODUCTION**

Reference is made to the Company's announcement dated 24 July 2018 (the "**2018 Announcement**") with regard to subscription by City Harvest Holdings Limited (a wholly-owned subsidiary of the Company) for a limited partnership interest in Epic Capital Development Fund I, L.P., an exempted limited partnership established in the Cayman Islands. Terms used herein shall have the same meanings as defined in the 2018 Announcement unless otherwise stated.

#### **BACKGROUND**

As disclosed in the 2018 Announcement, the Subscriber agreed to subscribe for a 10% limited partnership interest in the Fund, the purpose of which was to indirectly invest in the Property in Kwun Tong. The initial commitment into the Fund in July 2018 was of an aggregate amount of HK\$85,000,000 and this was a discloseable announcement for the Company. Due to an increase in plot ratio for the Property in December 2020, the Subscriber was requested to commit an additional HK\$5,950,000 to the Fund and the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of such amount was less than 5%. The Property was redeveloped into an office building, and the expected completion date is within 2024.

#### **FURTHER CAPITAL CONTRIBUTIONS**

From December 2023 to June 2024, pursuant to three capital call notices issued by the General Partner to the Subscriber, the Subscriber was requested by the General Partner to make further contributions to the Fund as capital contributions. Details of the capital contributions are as follows:

<b>Dates of further capital contribution</b>	<b>Amount (HK\$)</b>	<b>Purpose of capital contribution</b>
1 December 2023 ( <b>“December 2023 Contribution”</b> )	2,407,500	For settlement of construction cost and interest expenses for the period from October 2023 to December 2023
5 February 2024 ( <b>“February 2024 Contribution”</b> )	3,557,500	For settlement of construction cost and interest expenses for the period from January 2024 to March 2024
28 June 2024 ( <b>“June 2024 Contribution”</b> , together with the December 2023 Contribution and the February 2024 Contribution, the <b>“Total Contributions”</b> )	2,657,500	For settlement of construction cost and interest expenses for the period from April 2024 to June 2024
Total:	8,622,500	

## **REASONS FOR AND BENEFITS OF THE CAPITAL CONTRIBUTIONS**

The December 2023 Contribution, the February 2024 Contribution and the June 2024 Contribution were made principally to allow the Fund to make interest payments due under the Loan (as defined below).

As disclosed in the 2018 Announcement, the purpose of the Fund is to redevelop the Property. To finance the redevelopment and related costs, the Fund obtained a loan (the **“Loan”**). The Fund expected proceeds from sales of units in the Property to be applied towards repayment of the Loan. However, due to a number of factors, including the outbreak of COVID-19, the occupation permit of the redeveloped Property was only received in October 2023 and the certificate of compliance received in January 2024.

Further, the property market in Hong Kong has faced a significant downturn in recent years, and as disclosed in the Company’s 2023 Annual Report, this has been further compounded by office demand in Hong Kong in general facing a work-from-home revolution as companies and firms are requiring less office space. Over supply of office space coupled with a decrease in Mainland firms investing in Hong Kong office space had caused office property values in Kwun Tong to decrease during 2021 to 2023.

In light of the construction delay and continued difficult market conditions, sales of units in the Property were adversely affected, and the timing of the availability of funds for repayment of the Loan was also delayed. As a result, the Fund incurred additional interest payments under the Loan which required the General Partner to call capital from limited partners of the Fund, including the Subscriber.

The Group is engaged in the business of property investment, principally the leasing of completed commercial and residential properties in Hong Kong. Despite the delay in construction of the Property due to COVID-19, with the development of the Kowloon East area in Hong Kong, the Group is still optimistic about the Hong Kong property market and the potential of the Property. Accordingly, the Directors consider that the December 2023 Contribution, the February 2024 Contribution and the June 2024 Contribution, whether taken individually or collectively, are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **INFORMATION ON THE GENERAL PARTNER AND THE FUND**

The General Partner is a company incorporated in the Cayman Islands and the Fund is an exempted limited partnership established in the Cayman Islands. Each of the General Partner and the Fund are principally engaged in asset management and real estate investment and its beneficial owners have experience working in the asset management and/or private equity sector for over 10 years.

To the best knowledge, information and belief of the Board after making all reasonable enquiries, each of the General Partner (and its ultimate beneficial owner(s)) and the Fund (and its general partner) are parties independent of the Company and its connected persons.

Please refer to the 2018 Announcement for further information.

### **LISTING RULE IMPLICATIONS**

As the December 2023 Contribution, the February 2024 Contribution and the June 2024 Contribution were all paid by the Subscriber to the Fund pursuant to capital call notices issued by the General Partner to the Subscriber and were paid within a 12-month period, they are required to be aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the aggregate amounts paid under the Total Contributions exceed 5% but are less than 25%, the December 2023 Contribution, the February 2024 Contribution and the June 2024 Contribution collectively constitute a discloseable transaction of the Company and are subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

Due to an administrative oversight, an error was made in the calculation of the percentage ratios relating to the payments of the further capital contributions by the Subscriber and accordingly the classification of the transactions for the Company under Chapter 14 of the Listing Rules. Upon receipt of the capital call notice for the June 2024 Contribution, it was discovered that an announcement should have been published by the Company upon payment of the February 2024 Contribution, as one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the December 2023 Contribution when aggregated with the February 2024 Contribution already exceeded 5% and thus those payments, when aggregated, would have been a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Company regrets this administrative oversight and has sought professional advice on remedial measures to be taken in order to prevent occurrence of similar incidents going forward. Through adoption of these measures, the Company believes that it will be better able to monitor and thus avoid unintentional errors and oversights going forward and to ensure full compliance with the requirements under the Listing Rules, including but not limited to its obligations under Chapter 14 of the Listing Rules.

The Company will continue to monitor any further capital call notices received from the General Partner and will make further announcement, if and when, following aggregation, the transactions become a major transaction for the Company under Chapter 14 of the Listing Rules.

By order of the Board  
**WING LEE PROPERTY INVESTMENTS LIMITED**  
**Ng Ho Yin Owen**  
*Company Secretary*

Hong Kong, 28 June 2024

*As at the date of this announcement, the Board comprises of 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*