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## **WING TAI PROPERTIES LIMITED**

**永泰地產有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 369)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023, INTERIM DIVIDEND AND RECORD DATE**

#### **CHAIRMAN'S STATEMENT**

Dear Shareholders,

During the first half of 2023, Hong Kong's economy has slowly recovered since the reopening of the Mainland border in January and lifting of Hong Kong pandemic restrictions in March. However, Hong Kong's economy and property market continued to be affected by geopolitical tensions, interest rate hikes and a sluggish economic outlook in Mainland China. Sentiment for residential property and office markets remained weak.

The fair value of our commercial properties continued to be marked down by HK\$480 million at 30 June 2023 due to rising interest rate and uncertain outlook on the pace of economic recovery in Hong Kong and London, compared with HK\$119 million last period. Net valuation gain on financial instruments dropped substantially to HK\$43 million due to reducing pace and magnitude of interest rate hike, compared with HK\$325 million last period. Total non-cash net valuation loss amounted to HK\$437 million, compared with gain of HK\$206 million last period.

As a result, the Group reported a consolidated loss attributable to shareholders of HK\$374 million for the six months ended 30 June 2023, compared to a HK\$374 million profit in the previous period. Loss per share was HK\$0.28. Excluding non-cash net valuation loss, the Group reported core consolidated profit attributable to shareholders of HK\$63 million. Core earnings per share was HK\$0.05.

After considering the stabilised office leasing performance and healthy financial position with net assets of HK\$26,665 million, the Board of Directors recommended to maintain the interim

dividend at HK6.0 cents per share which amounted to HK\$81 million. The Board of Directors will consider the pace of economic recovery and rebound of property markets when recommending the 2023 final dividend payment.

The residential property market rebounded slightly in the first quarter of 2023 upon reopening of the Mainland border, led by new launches of large-scale developments at attractive unit prices. However, market sentiment turned negative since April given continuous interest rate hike and lack of confidence in economic rebound for both Mainland and Hong Kong. The Tuen Mun Gold Coast primary residential market was very quiet throughout the past few months, and only a few sales have been concluded on our two “Upper Gold Coast” projects.

Meanwhile, we focused on monitoring our new residential developments which are progressing smoothly as planned. In February, we obtained approval to build a 27-storey residential block for our joint-venture residential project at Hin Wo Lane, Sha Tin, near Tai Wai and Hin Keng MTR stations. Foundation work for our medium-density residential site near Sheung Shui MTR is now underway.

Challenges in the Hong Kong and London office sectors continued post-pandemic due to economic uncertainties. Demand for office spaces remained soft and rental rate was still under pressure. We worked diligently to maintain the occupancy of our flagship Landmark East twin towers at approximately 90% level through successful renewals on most of our expiring leases, thus we managed to mitigate rental rate drop. Occupancy and rental rate of our London office properties remained stable despite the country’s continued economic contraction.

Set amidst vibrant Causeway Bay, Lanson Place will re-emerge in December 2023, timed to perfectly align with a positive market recovery, as a leading luxury boutique hotel in Hong Kong. Designed with meticulous detail by world renowned Interior Designer Pierre-Yves Rochon, it will confidently showcase the personality of Lanson Place and its unique blend of modernity and French flair.

I would like to take this opportunity to thank all our loyal employees for their dedication and support in keeping our operations running smoothly to endure the pandemic. I would also like to express my gratitude to my fellow Board members, business partners and stakeholders as a whole for remaining supportive as we navigate through another challenging year.

**Cheng Wai Chee, Christopher**  
Chairman

Hong Kong, 24 August 2023

## INTERIM RESULTS

The Board of Directors (the “Directors”) of Wing Tai Properties Limited (the “Company”) presents the unaudited condensed consolidated interim financial information (“Interim Financial Information”) of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023.

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

	Note	Unaudited	
		Six months ended 2023	Six months ended 2022
		HK\$'M	HK\$'M
<b>Revenue</b>	3	477.3	859.8
Cost of sales		(163.8)	(383.8)
		<hr/>	<hr/>
<b>Gross profit</b>		313.5	476.0
Other gains/(losses), net	4	6.5	(20.3)
Selling and distribution costs		(10.5)	(33.8)
Administrative expenses		(180.4)	(165.7)
Change in fair value of			
– investment properties		(290.1)	(127.0)
– financial instruments	5	(18.0)	150.3
		(308.1)	23.3
		<hr/>	<hr/>
<b>(Loss)/profit from operations</b>	6	(179.0)	279.5
Finance costs		(91.0)	(54.3)
Finance income		55.5	8.0
Share of results of joint ventures		(93.2)	223.3
Share of results of associates		-	0.1
		<hr/>	<hr/>
<b>(Loss)/profit before taxation</b>		(307.7)	456.6
Taxation	7	(26.3)	(51.8)
		<hr/>	<hr/>
<b>(Loss)/profit for the period</b>		(334.0)	404.8
		<hr/> <hr/>	<hr/> <hr/>
<b>(Loss)/profit for the period attributable to:</b>			
Shareholders of the Company		(374.2)	374.0
Holders of perpetual capital securities		32.8	32.3
Non-controlling interests		7.4	(1.5)
		<hr/>	<hr/>
		(334.0)	404.8
		<hr/> <hr/>	<hr/> <hr/>
<b>(Loss)/earnings per share attributable to shareholders of the Company</b>	8		
– Basic		(HK\$0.28)	HK\$0.28
		<hr/>	<hr/>
– Diluted		(HK\$0.28)	HK\$0.28
		<hr/> <hr/>	<hr/> <hr/>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'M	HK\$'M
<b>(Loss)/profit for the period</b>	<u>(334.0)</u>	<u>404.8</u>
<b>Other comprehensive (loss)/income</b>		
<b>Items that have been/may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of foreign operations	29.7	(184.0)
Net (loss)/gain on net investment hedge		
– Fair value (losses)/gains	(15.3)	114.2
– Realised upon settlement	(18.0)	(28.3)
Reclassification of net gain to profit or loss	(12.5)	-
Net gain on cash flow hedge	-	5.1
	<u>(16.1)</u>	<u>(93.0)</u>
<b>Other comprehensive loss for the period, net of tax</b>	<u>(16.1)</u>	<u>(93.0)</u>
<b>Total comprehensive (loss)/income for the period</b>	<u><u>(350.1)</u></u>	<u><u>311.8</u></u>
<b>Total comprehensive (loss)/income for the period attributable to:</b>		
Shareholders of the Company	(390.3)	281.0
Holders of perpetual capital securities	32.8	32.3
Non-controlling interests	7.4	(1.5)
<b>Total comprehensive (loss)/income for the period</b>	<u><u>(350.1)</u></u>	<u><u>311.8</u></u>

# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2023

		Unaudited 30 June 2023 HK\$'M	Audited 31 December 2022 HK\$'M
	Note		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties		20,294.7	20,467.9
Other properties, plant and equipment		63.3	63.2
Investments in joint ventures		1,266.0	1,535.2
Loans to joint ventures		4,066.7	3,802.2
Investments in associates		21.5	24.7
Loans to associates		22.4	22.4
Financial investments at amortised cost		454.9	656.1
Financial investments at fair value through profit or loss		525.1	579.1
Other non-current assets		-	247.7
Deferred tax assets		10.1	8.0
Derivative financial instruments		252.3	309.3
		<u>26,977.0</u>	<u>27,715.8</u>
<b>Current assets</b>			
Properties for sale		3,831.2	3,739.4
Trade and other receivables, deposits and prepayments	10	175.1	193.7
Financial investments at amortised cost		350.0	84.3
Financial investments at fair value through profit or loss		37.8	107.3
Other current assets		434.4	583.1
Derivative financial instruments		74.2	82.2
Sales proceeds held in stakeholders' accounts		459.2	749.6
Tax recoverable		1.0	3.3
Bank balances and cash		2,595.3	2,240.5
		<u>7,958.2</u>	<u>7,783.4</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	11	916.1	883.1
Derivative financial instruments		4.6	1.7
Tax payable		118.4	169.6
Bank and other borrowings		1,868.0	2,550.5
		<u>2,907.1</u>	<u>3,604.9</u>

## CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2023

	Unaudited 30 June 2023 HK\$'M	Audited 31 December 2022 HK\$'M
<b>Non-current liabilities</b>		
Bank and other borrowings	4,974.6	4,177.1
Other long-term liability	10.0	11.0
Deferred tax liabilities	378.2	378.9
	<hr/>	<hr/>
	5,362.8	4,567.0
	<hr/>	<hr/>
<b>NET ASSETS</b>	<u>26,665.3</u>	<u>27,327.3</u>
<b>EQUITY</b>		
<b>Shareholders' funds</b>		
Share capital	678.6	678.0
Reserves	24,336.8	25,006.8
	<hr/>	<hr/>
	25,015.4	25,684.8
<b>Perpetual capital securities</b>	1,491.4	1,491.4
<b>Non-controlling interests</b>	158.5	151.1
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<u>26,665.3</u>	<u>27,327.3</u>

## NOTES:

### 1. Basis of preparation

The Interim Financial Information for the six months ended 30 June 2023 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2022.

The Interim Financial Information is presented in millions of Hong Kong dollars (HK\$’M).

The Interim Financial Information has been reviewed by the Company’s Audit Committee and, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA, by the Company’s independent auditor, PricewaterhouseCoopers.

This interim results announcement is extracted from the Interim Financial Information.

### 2. Significant accounting policies

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those adopted and described in the Group’s annual financial statements for the year ended 31 December 2022, except for the amendments to standards of Hong Kong Financial Reporting Standards (“HKFRS”) as of 1 January 2023, noted below.

#### (a) New standard and amendments to standards effective for the current accounting period beginning on 1 January 2023 and relevant to the Group

HKFRS 17	Insurance contracts and related amendments
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative information
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies
Amendments to HKAS 8	Definition of accounting estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International tax reform – Pillar Two model rules

The adoption of the above new standard and amendments to standards of HKFRS did not have any significant impact to the Group’s Interim Financial Information in the current and prior periods.

## 2. Significant accounting policies (Continued)

### (b) Amendments and interpretations to standards relevant to the Group that are not yet effective in 2023 and have not been early adopted by the Group

The Group has not early adopted the following amendments and interpretations to standards that have been issued but are not yet effective for the period.

		<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	1 January 2024
Amendments to HKFRS 16	Lease liability in sale and leaseback	1 January 2024
Hong Kong Interpretation 5 (revised)	Presentation of Financial Statements – Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of the impact of these amendments and interpretations to standards and is not yet in a position to state whether they would have a significant impact on the Group's results and financial position.

## 3. Revenue and segment information

Revenue represents the amounts received and receivable from third parties net of value-added tax and discounts in connection with the following activities:

	Six months ended 30 June	
	2023	2022
	HK\$'M	HK\$'M
Sales of properties and project management income	130.9	454.1
Rental income and property management income	306.9	355.4
Interest income from financial investments	19.0	19.8
Interest income from mortgage loan receivables	12.1	20.7
Dividend income from financial investments	8.4	9.8
	477.3	859.8
	477.3	859.8



### 3. Revenue and segment information (Continued)

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by Executive Directors in order to allocate resources to the segment and to assess its performance.

Segment information are analysed on the basis of the Group's operating divisions. They are (i) Property Development, (ii) Property Investment and Management, (iii) Hospitality Investment and Management and (iv) Others. Others mainly represent investing activities and corporate activities including central management and administrative function.

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M	Elimination HK\$'M	Total HK\$'M
<b>For the six months ended 30 June 2023</b>						
<b>REVENUE</b>						
External sales	143.5	287.7	18.7	27.4	-	477.3
Inter-segment sales	6.6	4.8	-	-	(11.4)	-
Total	<u>150.1</u>	<u>292.5</u>	<u>18.7</u>	<u>27.4</u>	<u>(11.4)</u>	<u>477.3</u>
<b>RESULTS</b>						
(Loss)/profit before change in fair value of investment properties and financial instruments	(13.6)	154.2	(12.7)	1.2	-	129.1
Change in fair value of						
– investment properties	-	(273.9)	(16.2)	-	-	(290.1)
– financial instruments	(2.9)	18.0	-	(33.1)	-	(18.0)
Loss from operations	(16.5)	(101.7)	(28.9)	(31.9)	-	(179.0)
Finance costs	(13.4)	(30.5)	(18.6)	(39.2)	10.7	(91.0)
Finance income	15.9	11.5	0.6	38.2	(10.7)	55.5
Share of results of joint ventures	10.0	(99.9)	(3.3)	-	-	(93.2)
Share of results of associates	-	-	-	-	-	-
Loss before taxation	(4.0)	(220.6)	(50.2)	(32.9)	-	(307.7)
Taxation						(26.3)
Loss for the period						<u>(334.0)</u>
<b>OTHER ITEM</b>						
Depreciation and amortisation	-	0.8	-	1.4	-	2.2

### 3. Revenue and segment information (Continued)

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M	Elimination HK\$'M	Total HK\$'M
<b>For the six months ended 30 June 2022</b>						
<b>REVENUE</b>						
External sales	475.2	295.3	59.7	29.6	-	859.8
Inter-segment sales	5.1	5.2	-	-	(10.3)	-
Total	<u>480.3</u>	<u>300.5</u>	<u>59.7</u>	<u>29.6</u>	<u>(10.3)</u>	<u>859.8</u>
<b>RESULTS</b>						
Profit/(loss) before change in fair value of investment properties and financial instruments	102.6	166.5	8.8	(21.7)	-	256.2
Change in fair value of						
– investment properties	(1.9)	(93.3)	(31.8)	-	-	(127.0)
– financial instruments	133.9	21.1	-	(4.7)	-	150.3
Profit/(loss) from operations	<u>234.6</u>	<u>94.3</u>	<u>(23.0)</u>	<u>(26.4)</u>	<u>-</u>	<u>279.5</u>
Finance costs	(23.3)	(15.4)	(5.4)	(17.5)	7.3	(54.3)
Finance income	0.8	3.3	-	11.2	(7.3)	8.0
Share of results of joint ventures	6.9	219.5	(3.1)	-	-	223.3
Share of results of associates	-	0.1	-	-	-	0.1
Profit/(loss) before taxation	<u>219.0</u>	<u>301.8</u>	<u>(31.5)</u>	<u>(32.7)</u>	<u>-</u>	<u>456.6</u>
Taxation						(51.8)
Profit for the period						<u>404.8</u>
<b>OTHER ITEM</b>						
Depreciation and amortisation	-	0.2	-	3.6	-	3.8

The following is an analysis of the Group's revenue by geographical areas in which the customers are located, irrespective of the origin of the goods/services:

	Six months ended 30 June	
	2023 HK\$'M	2022 HK\$'M
Hong Kong	429.4	805.2
Singapore	10.9	10.6
United Kingdom	10.1	12.9
The People's Republic of China	7.2	10.4
Others	19.7	20.7
	<u>477.3</u>	<u>859.8</u>

#### 4. Other gains/(losses), net

	Six months ended 30 June	
	2023	2022
	HK\$'M	HK\$'M
Exchange gains, net	2.6	3.1
Forfeited deposits received from properties sales	1.4	1.2
Government grants and subsidies	-	3.3
Impairment provision for financial investments at amortised cost	(2.1)	(33.5)
Provision for doubtful debts	(0.6)	(0.1)
Others	5.2	5.7
	<u>6.5</u>	<u>(20.3)</u>

#### 5. Change in fair value of financial instruments

	Six months ended 30 June	
	2023	2022
	HK\$'M	HK\$'M
Net fair value (loss)/gain on derivative financial instruments	(4.8)	133.2
Gain on financial liabilities at fair value through profit or loss classified under other long-term liability	-	20.7
Loss on financial investments at fair value through profit or loss	(16.5)	(18.8)
Gain on mortgage loan receivables at fair value through profit or loss	3.3	15.2
	<u>(18.0)</u>	<u>150.3</u>

#### 6. (Loss)/profit from operations

	Six months ended 30 June	
	2023	2022
	HK\$'M	HK\$'M
(Loss)/profit from operations has been arrived at after charging the following:		
Share-based compensation expenses	5.9	5.8
Staff costs including directors' remuneration	132.7	137.9
Cost of properties included in cost of sales	82.9	281.3
Depreciation of other properties, plant and equipment	2.2	3.7
Direct operating expenses arising from investment properties generating rental income	79.0	88.8
Operating lease rental expenses in respect of land and buildings	0.3	0.4
	<u></u>	<u></u>

## 7. Taxation

Hong Kong profits tax has been calculated at 16.5% (2022: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the condensed consolidated income statement represents:

	Six months ended 30 June	
	2023	2022
	HK\$'M	HK\$'M
Current taxation		
– Current tax on profits for the period	23.0	38.4
– Over-provision in prior periods	-	(0.1)
	<u>23.0</u>	<u>38.3</u>
Deferred taxation		
– Change in fair value of investment properties	0.3	7.3
– Temporary differences on tax depreciation	6.7	6.0
– Recognition of tax losses	(5.4)	(2.3)
– Other temporary differences	1.7	2.5
	<u>3.3</u>	<u>13.5</u>
Income tax expenses	<u>26.3</u>	<u>51.8</u>

## 8. (Loss)/earnings per share

The calculation of the basic and diluted (loss)/earnings per share for (loss)/profit attributable to shareholders of the Company is based on the following financial information:

	Six months ended 30 June	
	2023	2022
	HK\$'M	HK\$'M
(Loss)/profit attributable to shareholders of the Company	<u>(374.2)</u>	<u>374.0</u>
	Six months ended 30 June	
	2023	2022
Weighted average number of ordinary shares in issue	1,357,071,268	1,355,849,058
Effect of dilutive potential shares issuable under the Company's share option plan	-	-
Weighted average number of shares for the purpose of calculating diluted earnings per share	<u>1,357,071,268</u>	<u>1,355,849,058</u>

## 9. Interim dividend

	Six months ended 30 June	
	2023	2022
	HK\$'M	HK\$'M
Interim dividend of HK6.0 cents (2022: HK6.0 cents) per ordinary share	81.4	81.4

On 24 August 2023, the Board of Directors has resolved to declare an interim dividend of HK6.0 cents (2022: HK6.0 cents) per ordinary share. This interim dividend, amounting to HK\$81.4M (2022: HK\$81.4M), has not been recognised as a liability in this Interim Financial Information. It will be recognised in shareholders' equity in the year ending 31 December 2023.

## 10. Trade and other receivables, deposits and prepayments

	30 June	31 December
	2023	2022
	HK\$'M	HK\$'M
Trade receivables (Note a)	19.8	16.3
Deferred rent receivables	12.5	14.8
Amounts due from joint ventures	5.0	12.3
Loans to joint ventures	22.0	18.3
Contract assets (Note b)	0.9	3.7
Other receivables, deposits and prepayments	114.9	128.3
	<u>175.1</u>	<u>193.7</u>

### Notes:

- (a) The Group allows different credit periods to its customers. Credit periods vary from 30 to 90 days in accordance with the industry practice. Sales proceeds receivable from sale of properties are settled in accordance with the terms of respective contracts. The following is an ageing analysis of the Group's trade receivables (net of provision) at the balance sheet date, based on the invoice dates:

	30 June	31 December
	2023	2022
	HK\$'M	HK\$'M
0 – 30 days	15.9	11.2
31 – 90 days	1.3	3.1
Over 90 days	2.6	2.0
	<u>19.8</u>	<u>16.3</u>

- (b) It mainly represents sales commissions incurred for obtaining property sales contracts.

## 11. Trade and other payables and accruals

	30 June 2023 HK\$'M	31 December 2022 HK\$'M
Trade payables (Note a)	26.4	16.6
Contract liabilities (Note b)	21.8	45.8
Rental deposits received	151.2	155.5
Construction costs payable	324.1	260.7
Amounts due to joint ventures	78.6	74.4
Amount due to an associate	-	2.0
Other payables and accruals	314.0	328.1
	<u>916.1</u>	<u>883.1</u>

### Notes:

- (a) The ageing analysis of the Group's trade payables based on invoice date at the balance sheet date is as follows:

	30 June 2023 HK\$'M	31 December 2022 HK\$'M
0 – 30 days	25.1	16.3
31 – 90 days	0.7	0.3
Over 90 days	0.6	-
	<u>26.4</u>	<u>16.6</u>

- (b) It represents sales deposits received from property sales.

## **INTERIM DIVIDEND AND RECORD DATE**

The Directors declared the payment of an interim dividend of HK6.0 cents per share for the year ending 31 December 2023 (2022: HK6.0 cents). The interim dividend will be distributed on or around 6 October 2023 to the shareholders whose names appear on the register of members of the Company at the close of business on 15 September 2023 (the Record Date).

In order to qualify for the entitlement of the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 15 September 2023.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

In the first half of 2023, the Group's revenue was HK\$477 million, compared with HK\$860 million in 2022. Consolidated loss for the six months ended 30 June 2023 was HK\$334 million, a decrease in profit of HK\$739 million, compared with profit of HK\$405 million in 2022. The decrease was mainly attributable to (i) HK\$643 million increase in net valuation loss on investment properties and financial instruments including share of joint ventures (2023 net loss was HK\$437 million; 2022 net gain was HK\$206 million) and (ii) HK\$76 million decrease in profit from the property development segment due to less revenue recognition given very slow sales of remaining units of OMA OMA and OMA by the Sea.

The 2023 net valuation loss on investment properties and financial instruments including share of joint ventures was HK\$437 million which is non-cash in nature, compared with gain of HK\$206 million in 2022, includes (i) HK\$480 million loss from investment properties (2022 loss was HK\$119 million), mainly Landmark East and commercial properties in London, and offset by (ii) HK\$43 million gain from financial instruments (2022 gain was HK\$325 million), mainly interest rate swap contracts.

Consolidated loss attributable to shareholders was HK\$374 million, a decrease of HK\$748 million, compared with consolidated profit of HK\$374 million in 2022.

Loss per share attributable to shareholders was HK\$0.28, compared with earnings per share attributable to shareholders HK\$0.28 in 2022.

Core consolidated profit attributable to shareholders, excluding non-cash net valuation loss was HK\$63 million, a decrease of HK\$105 million, compared with HK\$168 million in 2022.

## Property Development

The property development segment revenue excluding inter-segment sales was HK\$143 million in the first half of 2023, compared with HK\$475 million in 2022. Segment loss before taxation including net valuation gain was HK\$4 million, compared with profit of HK\$219 million in 2022.

Excluding net valuation gain (2023: HK\$1 million; 2022: HK\$135 million), segment loss before taxation was HK\$5 million, compared with profit of HK\$84 million in 2022, mainly due to less property sales concluded and handed over to buyers.

### *Wholly-owned projects*

OMA OMA, a medium-density residential site on So Kwun Wat Road, So Kwun Wat, Tuen Mun, provides a saleable area of approximately 234,000 square feet for 466 residential apartment units. In the first half of 2023, no unit was sold. Cumulatively, as at 30 June 2023, around 95% (in terms of number) of the residential units were sold.

### *Majority-owned projects*

The Group has a 70% interest in OMA by the Sea, Tai Lam, Tuen Mun. This medium-density residential site has a saleable area of approximately 252,000 square feet for 517 residential apartment units. In the first half of 2023, around 1% (in terms of number) of the residential units were sold. Cumulatively, as at 30 June 2023, around 91% (in terms of number) of the residential units were sold. Around 2% (in terms of number) of the residential units were handed over to buyers with related revenue recognised in the first half of 2023.

The Group has a 85% interest in a medium-density residential site located at the junction of Fan Kam Road and Castle Peak Road – Kwu Tung, Fanling, New Territories. The site is adjacent to Fanling Golf Course and is within a 10-minute walk to Sheung Shui MTR station, with a gross floor area of approximately 284,000 square feet. The Group is the lead project manager, and lead sales and marketing manager for this project. Foundation work has commenced.

### *Joint venture projects*

The Group has a 50% interest in a commercial complex site in Central, through the tender for H18C of the Gage Street/Graham Street project as put up by the Urban Renewal Authority. Advantageously located in the heart of the bustling Central financial hub, the site provides a gross floor area of up to 433,500 square feet to be developed into a Grade A office tower, a hotel, retail shops, as well as public open space with green facilities for the neighbourhood. The Group is the lead project manager and lead leasing manager for this project. Superstructure work has commenced.

The Group has a 50% interest in a residential site in Sha Tin. The site which enjoys the dual convenience of the East Rail and the Tuen Ma MTR transportation network, is walking distance to the Tai Wai and Hin Keng MTR stations. The site provides a gross floor area of approximately 89,000 square feet. The Group is the lead sales and marketing manager for this project. Foundation work has commenced.



## Property Investment and Management

The property investment and management segment revenue excluding inter-segment sales was HK\$288 million in the first half of 2023, compared with HK\$295 million in 2022. Segment loss before taxation (including net valuation loss) was HK\$221 million, compared with profit of HK\$302 million in 2022, mainly due to higher net valuation loss on office buildings.

Excluding net valuation loss (2023 loss was HK\$385 million; 2022 gain was HK\$112 million), segment profit before taxation was HK\$164 million, compared with HK\$183 million in 2022.

As at 30 June 2023, the Group's portfolio of investment properties, mostly Grade A office buildings, has a total area of approximately 2,027,000 square feet with an aggregate attributable fair market valuation of around HK\$20,600 million. The portfolio covers 1,633,000 square feet in Hong Kong, 328,000 square feet in London and 6,200 square metres in Beijing.

### *Wholly-owned properties in Hong Kong*

Landmark East is the Group's flagship property located in Kowloon East. This property is a Grade A office complex comprising twin towers of 36 floors and 34 floors respectively with a total gross floor area of approximately 1,338,000 square feet and 454 car parking spaces. As at 30 June 2023, the property achieved an occupancy of approximately 91%.

Shui Hing Centre is an industrial building in Kowloon Bay, with a gross floor area of approximately 187,000 square feet. As at 30 June 2023, the property achieved an occupancy of approximately 88%. Town Planning Board approval for redevelopment was obtained in April 2021.

The Group holds Le Cap and La Vetta, Kau To, Sha Tin, low-density residential projects, for leasing after distributions of unsold units to shareholders in 2020 and 2021 respectively. Le Cap has 16 residential units including houses and apartments, and 22 car parking spaces of approximately 36,000 square feet salable area. As at 30 June 2023, around 88% of the residential units (in terms of number) were leased. La Vetta has 34 residential units including houses and apartments, and 48 car parking spaces, of approximately 72,000 square feet saleable area. As at 30 June 2023, around 68% of the residential units (in terms of number) were leased.

### *Wholly-owned properties in London, the United Kingdom*

The commercial property located at Savile Row/Vigo Street, West End, has a net internal area of approximately 14,000 square feet of Grade A office and retail space.

The commercial property located on Brook Street, West End, offers easy access to Bond Street Station of London Crossrail and has a net internal area of approximately 19,000 square feet of Grade A office and retail space.

The commercial property located at Berkeley Square, West End, has a net internal area of approximately 7,900 square feet of Grade A office space.

As at 30 June 2023, the above three wholly-owned properties achieved an average occupancy of approximately 78%.

#### *Joint venture properties in London, the United Kingdom*

The Group has a 25% interest in a commercial property located on Fleet Place, the City. The property has a net internal area of approximately 192,000 square feet of Grade A office and retail space.

The Group has a 33% interest in a commercial property located at Cavendish Square, West End. The property has a net internal area of approximately 13,000 square feet of Grade A office space.

The Group has a 50% interest in a commercial property located at 30 Gresham Street, City of London. The property has a net internal area of approximately 404,000 square feet of Grade A office, retail space and ancillary accommodation, with 48 car parking spaces.

The Group has a 21% interest in a commercial property located at 66 Shoe Lane, City of London. The property has a net internal area of approximately 158,000 square feet of Grade A office, ancillary space and retail space. The office space is fully leased to a global Big Four accounting and professional services firm with tenors of 15 years (including rent-free periods) expiring on 28 September 2035.

As at 30 June 2023, the above four joint venture properties achieved an average occupancy of approximately 96%.

#### *Wholly-owned property in Beijing, China*

The Group has 33 residential units at Central Park, Beijing with a gross floor area of approximately 6,200 square metres. As at 30 June 2023, approximately 58% of the units (in terms of number) were leased.

### **Hospitality Investment and Management**

The hospitality investment and management segment revenue was HK\$19 million in the first half of 2023, compared with HK\$60 million in 2022. Segment loss before taxation (including net valuation loss) was HK\$50 million, compared with HK\$32 million in 2022, mainly due to no revenue generated from Lanson Place Causeway Bay hotel upon its closure for renovation.

Excluding net valuation loss (2023: HK\$20 million; 2022: HK\$36 million), segment loss before taxation was HK\$30 million, compared with profit of HK\$4 million in 2022.

Our wholly-owned Lanson Place Causeway Bay hotel in Hong Kong was closed down in October 2022 for renovation and upgrade, it is expected to reopen in December 2023.

Lanson Place Waterfront Suites, our wholly-owned prime harbour-front furnished residence in Sai Wan Ho, was held for leasing. Its occupancy and performance gradually improved after lifting of COVID measures.

The Group has a 50% interest in Lanson Place Bukit Ceylon in Kuala Lumpur. Its occupancy and performance remained stable.

## Others

This segment represents investing activities and central management and administrative expenses. Segment revenue was HK\$27 million in the first half of 2023, compared with HK\$30 million in 2022.

Segment loss before taxation (including net valuation loss) was HK\$33 million, same as 2022.

Excluding net valuation loss, segment profit before taxation was breakeven in 2023, compared with segment loss before taxation of HK\$28 million in 2022, mainly due to higher finance income.

## FINANCIAL REVIEW

The Group has been maintaining an appropriate capital structure with multiple financing channels to ensure that financial resources are always available to meet operational needs and expansions. A sufficient level of revolving loan facilities is available to cushion the Group from any unexpected external economic shocks. All financial risk management, including debt refinancing, foreign exchange exposure, and interest rate volatility, is centrally managed and controlled at the corporate level.

### Liquidity and Financial Resources

The Group's net assets totalled HK\$26,665 million as at 30 June 2023 (31 December 2022: HK\$27,327 million). The decrease of HK\$662 million is mainly resulted from the distribution of the 2022 final dividend of HK\$285 million, distribution to holders of perpetual capital securities of HK\$33 million and the loss for the period of HK\$334 million.

As at 30 June 2023, the Group's bank and other borrowings totalled HK\$6,843 million (31 December 2022: HK\$6,728 million). The maturity profile of the Group's bank and other borrowings is set out below:

	30 June 2023		31 December 2022	
	HK\$ million	%	HK\$ million	%
Repayable:				
Within one year	1,868	27%	2,551	38%
Between one and two years	1,655	24%	1,198	18%
Between two and five years	3,320	49%	2,979	44%
	<u>6,843</u>	<u>100%</u>	<u>6,728</u>	<u>100%</u>

As at 30 June 2023, the Group's gearing ratio is 15.9% (31 December 2022: 16.4%) which is calculated as the Group's net borrowings divided by total equity. The Group's net borrowings (total bank and other borrowings less bank balances and cash) were HK\$4,248 million (31 December 2022: HK\$4,487 million). Interest for the Group's bank borrowings is mainly on a floating rate basis while interest for the Group's bonds is on a fixed rate basis. The Group will closely monitor the exposure to interest rate fluctuations and, if appropriate, hedge by interest rate swap contracts to the extent desirable.

The Group's bank balances and cash as well as unutilised revolving loan facilities are set out as follows:

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
Bank balances and cash	2,595	2,241
Unutilised revolving loan facilities	2,390	3,393
	4,985	5,634

### Foreign Currencies

The Group principally operates in Hong Kong, and as a result, has immaterial exposure to exchange rate fluctuations. The Group conducts its business mainly in Hong Kong dollars, and to a lesser extent UK pounds, Renminbi, Singapore dollars and Malaysia Ringgits. For transactions in foreign currencies, the Group will closely monitor the exposure and, if appropriate, hedge by local currency financing and other financial instruments to the extent desirable. In particular, exposure to investments in foreign operations in the United Kingdom is substantially covered by local currency financing and forward exchange contracts.

As at 30 June 2023, the Group's borrowings were 90% in Hong Kong dollars and 10% in other currencies mainly UK pounds. The borrowings in UK pounds were arranged with banks for operations in the United Kingdom. The Group maintains bank balances and deposits substantially in Hong Kong dollars.

### Material loans to joint ventures

The Group provides certain loans to joint ventures to finance the projects and the details are set out as follows:

	Notes	30 June 2023 HK\$ million	31 December 2022 HK\$ million
Southwater Investments Limited and its subsidiaries	(a)	2,095	2,075
Kingswood Edge Limited	(b)	727	607
Champion Estate (HK) Limited	(c)	411	393
Others		856	745
Total		4,089	3,820

*Notes:*

- (a) The loans are unsecured, carry interest at rates agreed by both parties, and have no fixed repayment dates. They are for financing the development of a property project in Hong Kong. The Group performs impairment assessment under Expected Credit Losses (“ECL”) model. The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Based on the assessment under ECL model, the Group concluded that the amount of ECL is immaterial.
- (b) The loan is unsecured, interest-free, and has no fixed repayment dates. It is for financing an investment in property in London. Based on the assessment under ECL model, the Group concluded that the amount of ECL is immaterial.
- (c) The loan is unsecured, carries interest at rates agreed by both parties, and has no fixed repayment dates. It is for financing the development of a property project in Hong Kong. Based on the assessment under ECL model, the Group concluded that the amount of ECL is immaterial.

### **Contingent Liabilities**

As at 30 June 2023, the Group had contingent liabilities of HK\$5,015 million (31 December 2022: HK\$4,944 million) in respect of guarantees given by the Company for banking facilities granted to certain joint ventures. The guarantees were given severally and in proportion to the Group’s equity interests in the joint ventures.

### **Pledge of Assets**

As at 30 June 2023, the Group’s advances to joint ventures of HK\$3,211 million (31 December 2022: HK\$2,873 million) were subordinated to the loan facilities of joint ventures and assigned. The shares in these joint ventures beneficially owned by the Group are pledged to the financial institutions.

As at 30 June 2023, several of the Group’s investment properties, properties for sale, financial assets at amortised cost and other properties, plant and equipment with carrying values of HK\$4,789 million, HK\$2,873 million, HK\$517 million and HK\$34 million, respectively, were pledged to secure credit facilities for the Group.

### **PROSPECTS**

We expect the overall Hong Kong economy will continue to recover for the rest of the year, but it will take longer time for the residential property and office markets to rebound until there is a clear end in interest rate hike and a notable recovery of the economy in Mainland China.

We will continue the sale of the remaining units of our “Upper Gold Coast” series in Tuen Mun. We believe once the market sentiment recovers for the residential market, it will rebound gradually, supported by pent-up demand, low unemployment rate, as well as relaxed mortgage measures amid a supply shortage and ample bank liquidity.

For our office properties, based on our lease renewals and new lease commitment on hand, we are comfortable that the occupancy rates will remain steady for the rest of the year and rental rate drop will be kept under check.

With a healthy financial position and a diversified asset portfolio, we will stay vigilant to manage our operations against market volatility.

## **EMPLOYEES**

As at 30 June 2023, the Group had approximately 360 employees. The Group offers comprehensive remuneration and benefit packages to our employees, which are structured according to prevailing salary levels in the market, individual merit and performance. The Group has a mandatory provident fund scheme and an occupational retirement scheme to provide retirement benefits to all employees in Hong Kong. The Group also provides training programmes for employees.

Employees, including Directors, are eligible for the Company's share option plan and share award plan where the share options and/or share awards are generally exercisable by phases within ten years.

## **OTHER INFORMATION**

### **CORPORATE GOVERNANCE**

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with regulatory requirements, including the requirements under the Listing Rules. The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by Directors.

The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the six months ended 30 June 2023, and received confirmations from all Directors that they had fully complied with the required standard set out in the Model Code throughout the six months ended 30 June 2023.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## INTERIM REPORT

The 2023 interim report containing all the financial and other related information of the Company required by the Listing Rules will be published on the website of the Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.wingtaiproperties.com](http://www.wingtaiproperties.com) and copies will be dispatched to shareholders of the Company on or about 15 September 2023.

By Order of the Board  
**WING TAI PROPERTIES LIMITED**  
**Chung Siu Wah, Henry**  
*Company Secretary & Group Legal Counsel*

Hong Kong, 24 August 2023

As at the date of this announcement, the Directors are:

*Executive Directors:*

Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis, Chow Wai Wai, John and Ng Kar Wai, Kenneth

*Non-Executive Directors:*

Kwok Ping Luen, Raymond (Kwok Ho Lai, Edward as his alternate), Hong Pak Cheung, William and Chen Chou Mei Mei, Vivien

*Independent Non-Executive Directors:*

Simon Murray, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma, Lam Kin Fung, Jeffrey and Ng Tak Wai, Frederick