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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 2021, INTERIM DIVIDEND AND RECORD DATE**

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

Dear Shareholders,

Throughout the first half of 2021, the global and Hong Kong economy continued to suffer uncertainties and challenges under COVID-19 pandemic, albeit the roll-out of mass vaccination programmes. Against this backdrop, the Group reported a consolidated profit attributable to shareholders of HK\$188 million for the six months ended 30 June 2021, compared to HK\$486 million loss for the last period. Earnings per share was HK\$0.14. Excluding net fair value loss on investment properties and financial instruments, we achieved a core consolidated profit attributable to shareholders of HK\$99 million. The Board of Directors has declared an interim dividend of HK6.0 cents per share, staying at the same level as 2020.

Under a low interest rate and supply shortage environment, demand from first-time local home buyers remained the key driver for Hong Kong's residential property market. Capitalising on the solid demand, the Group continued to sell steadily the remaining units of our three "Upper Gold Coast" series. We obtained the Occupation Permit for OMA OMA in March and are working diligently to obtain the Certificate of Compliance in the fourth quarter.

In June, we won the tender for a residential site adjacent to Fanling Golf Course, which is within a 10-minute walk to Sheung Shui MTR station, and offers maximum gross floor area of 284,170 square feet. We believe this district will benefit from the Government's efforts in further developing the Northern District. Building on the success of our "Upper Gold Coast" series, we have placed a solid footing in the "Affordable Luxury" market segment and shall take on the same approach to design and develop this site.

For office leasing in Hong Kong and London, the market remained sluggish in the first half of the year given continued lockdown and corporate tenants' downsizing/relocation for cost savings. The Group suffered from a gradual decline in occupancy and rental rates, which resulted in decreasing leasing income and a downward revaluation of our office properties during the period.

In April, we completed the acquisition of a 21% interest in a Grade A office building located on Shoe Lane, the City of Central London. This marks our 7th commercial property in London, giving us the benefit of economies of scale and enhancing our recurring leasing income.

With on going global travel restrictions, our Lanson Place hotels in Hong Kong and Kuala Lumpur continued to incur operating losses in the first half given low occupancy levels and room rates.

In the face of the pandemic, the Group remained vigilant and maintained a sharp focus on our business performance and cash flow. I want to take this opportunity to thank all our loyal staff, in particular our frontline workforce, who have stayed on their duties with dedication and professionalism.

Last but not least, 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, 26 August 2021

## 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 2021.

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021

		Unaudited	
		Six months ended 30 June	
	Note	2021	2020
		HK\$'M	HK\$'M
<b>Revenue</b>	3	496.8	1,956.5
Cost of sales		(162.7)	(1,333.7)
		<hr/>	<hr/>
<b>Gross profit</b>		334.1	622.8
Other gains, net	4	476.2	4.1
Selling and distribution costs		(25.9)	(109.6)
Administrative expenses		(159.4)	(169.0)
Change in fair value of			
– investment properties		(494.5)	(434.3)
– financial instruments	5	18.4	(248.4)
		(476.1)	(682.7)
		<hr/>	<hr/>
<b>Profit/(loss) from operations</b>	6	148.9	(334.4)
Finance costs		(59.1)	(46.4)
Finance income		7.7	27.7
Share of results of joint ventures		146.7	(60.6)
Share of results of associates		0.8	2.3
		<hr/>	<hr/>
<b>Profit/(loss) before taxation</b>		245.0	(411.4)
Taxation	7	(25.4)	(46.5)
		<hr/>	<hr/>
<b>Profit/(loss) for the period</b>		219.6	(457.9)
		<hr/> <hr/>	<hr/> <hr/>
<b>Profit/(loss) for the period attributable to:</b>			
Shareholders of the Company		188.2	(485.7)
Holders of perpetual capital securities		32.7	31.5
Non-controlling interests		(1.3)	(3.7)
		<hr/>	<hr/>
		219.6	(457.9)
		<hr/> <hr/>	<hr/> <hr/>
<b>Earnings/(loss) per share attributable to shareholders of the Company</b>	8		
– Basic		HK\$0.14	(HK\$0.36)
		<hr/>	<hr/>
– Diluted		HK\$0.14	(HK\$0.36)
		<hr/> <hr/>	<hr/> <hr/>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'M	HK\$'M
<b>Profit/(loss) for the period</b>	219.6	(457.9)
<b>Other comprehensive income/(loss)</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Release of other reserve upon disposal of a subsidiary	-	1.9
<b>Items that have been/may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of foreign operations	21.5	(82.7)
Net (loss)/gain on net investment hedge		
– Fair value (loss)/gain	(20.4)	75.3
– Realised upon settlement	14.4	-
Net loss on cash flow hedge	(2.2)	(9.3)
Release of translation reserve upon disposal of a subsidiary	-	0.6
Share of other comprehensive income/(loss) of a joint venture	0.6	(0.2)
	13.9	(16.3)
<b>Other comprehensive income/(loss) for the period, net of tax</b>	13.9	(14.4)
<b>Total comprehensive income/(loss) for the period</b>	233.5	(472.3)
<b>Total comprehensive income/(loss) for the period attributable to:</b>		
Shareholders of the Company	202.1	(500.1)
Holders of perpetual capital securities	32.7	31.5
Non-controlling interests	(1.3)	(3.7)
<b>Total comprehensive income/(loss) for the period</b>	233.5	(472.3)

# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2021

		Unaudited 30 June 2021 HK\$'M	Audited 31 December 2020 HK\$'M
	Note		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties		21,816.8	20,375.6
Other properties, plant and equipment		72.4	82.3
Investments in joint ventures		1,459.6	1,365.3
Loans to joint ventures		4,098.3	3,868.3
Investments in associates		24.3	23.3
Loans to associates		22.4	22.4
Financial investments at amortised cost		508.6	293.3
Financial investments at fair value through profit or loss		586.0	537.8
Other non-current assets		972.8	1,500.7
Deferred tax assets		35.6	31.3
Derivative financial instruments		58.5	63.1
		<u>29,655.3</u>	<u>28,163.4</u>
<b>Current assets</b>			
Properties for sale		4,551.0	4,243.8
Trade and other receivables, deposits and prepayments	10	386.4	1,711.6
Financial investments at amortised cost		237.1	475.5
Financial investments at fair value through profit or loss		6.1	75.3
Other current assets		690.1	5.3
Derivative financial instruments		1.7	0.7
Sales proceeds held in stakeholders' accounts		1,000.8	1,375.1
Tax recoverable		0.4	5.0
Bank balances and cash		1,538.8	1,190.1
		<u>8,412.4</u>	<u>9,082.4</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	11	5,194.6	4,655.5
Derivative financial instruments		25.9	32.6
Tax payable		30.6	11.9
Bank and other borrowings		1,395.5	725.9
		<u>6,646.6</u>	<u>5,425.9</u>

## CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2021

	Unaudited 30 June 2021 HK\$'M	Audited 31 December 2020 HK\$'M
<b>Non-current liabilities</b>		
Bank and other borrowings	3,338.0	3,653.7
Other long-term liability	30.3	48.4
Derivative financial instruments	116.2	110.2
Deferred tax liabilities	373.6	366.6
	<hr/>	<hr/>
	3,858.1	4,178.9
	<hr/>	<hr/>
<b>NET ASSETS</b>	<u>27,563.0</u>	<u>27,641.0</u>
<b>EQUITY</b>		
<b>Shareholders' funds</b>		
Share capital	677.4	677.3
Reserves	25,372.1	25,448.3
	<hr/>	<hr/>
	26,049.5	26,125.6
<b>Perpetual capital securities</b>	1,512.7	1,513.3
<b>Non-controlling interests</b>	0.8	2.1
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<u>27,563.0</u>	<u>27,641.0</u>

## NOTES:

### 1. Basis of preparation

The Interim Financial Information for the six months ended 30 June 2021 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 2020.

The Interim Financial Information is presented in million 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 2020, except for the amendments to standards of Hong Kong Financial Reporting Standards (“HKFRS”) as of 1 January 2021, noted below.

#### (a) Amendments to standards effective for the current accounting period beginning on 1 January 2021 and relevant to the Group

Amendments to HKFRS 16	COVID-19 – Related rent concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark reform – Phase 2

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

In relation to Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (“Interest rate benchmark reform – Phase 2 Amendments”), the Group adopted it using retrospective approach. There was no impact on the current period opening reserves amounts on adoption and the Group has not restated comparatives for the 2020 reporting period, as permitted under the transitional provisions in the Interest rate benchmark reform – Phase 2 Amendments.

## 2. Significant accounting policies (Continued)

### (a) Amendments to standards effective for the current accounting period beginning on 1 January 2021 and relevant to the Group (Continued)

The Group has used the following practical expedients permitted by the Interest rate benchmark reform – Phase 2 Amendments:

For financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised. These expedients are only applicable to changes that are required by interest rate benchmark reform, which is the case if, and only if, the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis.

Where some or all of a change in the basis for determining the contractual cash flows of a financial asset and liability does not meet the above criteria, the above practical expedient is first applied to the changes required by interest rate benchmark reform, including updating the instrument's effective interest rate. Any additional changes assessed for modification or derecognition, with the resulting modification gain or loss recognised immediately in profit or loss where the instrument is not derecognised.

The following table contains details of the financial instruments that the Group held at 30 June 2021 which reference Great Britain Pound London Interbank Offered Rate ("GBP LIBOR") and have not yet transitioned to Sterling Overnight Index Average ("SONIA"):

	Carrying amount at 30 June 2021 HK\$'M	Of which: Have yet to transition to SONIA at 30 June 2021 HK\$'M
<b>Liabilities exposed to GBP LIBOR measured at amortised cost</b>		
Bank borrowings	268.1	268.1

For the Group's bank borrowings of HK\$268.1M (equivalent to £24.9M) linked to GBP LIBOR, discussions are underway with the counterparties to include fallback clauses and expected to be completed by the end of this year.



## 2. Significant accounting policies (Continued)

### (b) New standard, amendments and improvements to standards relevant to the Group that are not yet effective in 2021 and have not been early adopted by the Group

The Group has not early adopted the following new standard, amendments and improvements 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 HKFRS 16	COVID-19 – Related rent concessions beyond 30 June 2021	1 April 2021
Amendments to HKAS 16	Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts – Cost of fulfilling a contract	1 January 2022
Amendments to HKFRS 3	Reference to Conceptual Framework	1 January 2022
Annual improvements HKFRS 17	Annual improvements 2018–2020 cycle	1 January 2022
Amendments to HKAS 1	Insurance contracts and related amendments	1 January 2023
	Classification of liabilities as current or non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 8	Definition of accounting estimate	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
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 new standard, amendments and improvements 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	
	2021	2020
	HK\$'M	HK\$'M
Sales of properties and project management income	127.0	1,581.9
Rental income and property management income	320.0	340.2
Interest income from financial investments	17.0	17.0
Interest income from mortgage loan receivables	22.7	8.7
Dividend income	10.1	8.7
	<u>496.8</u>	<u>1,956.5</u>

### 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 the 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 2021</b>						
<b>REVENUE</b>						
External sales	159.5	283.7	26.5	27.1	-	496.8
Inter-segment sales	1.2	7.5	-	-	(8.7)	-
Total	<u>160.7</u>	<u>291.2</u>	<u>26.5</u>	<u>27.1</u>	<u>(8.7)</u>	<u>496.8</u>
<b>RESULTS</b>						
Profit/(loss) before change in fair value of investment properties and financial instruments	465.0	161.2	(12.8)	11.6	-	625.0
Change in fair value of						
– investment properties	-	(501.0)	6.5	-	-	(494.5)
– financial instruments	33.9	11.5	-	(27.0)	-	18.4
Profit/(loss) from operations	<u>498.9</u>	<u>(328.3)</u>	<u>(6.3)</u>	<u>(15.4)</u>	<u>-</u>	<u>148.9</u>
Finance costs	(26.0)	(14.5)	(4.9)	(19.1)	5.4	(59.1)
Finance income	0.9	1.4	0.1	10.7	(5.4)	7.7
Share of results of joint ventures	35.5	119.7	(8.5)	-	-	146.7
Share of results of associates	-	0.8	-	-	-	0.8
Profit/(loss) before taxation	<u>509.3</u>	<u>(220.9)</u>	<u>(19.6)</u>	<u>(23.8)</u>	<u>-</u>	<u>245.0</u>
Taxation						(25.4)
Profit for the period						<u>219.6</u>
<b>OTHER ITEM</b>						
Depreciation and amortisation	<u>5.2</u>	<u>1.0</u>	<u>0.2</u>	<u>3.8</u>	<u>-</u>	<u>10.2</u>

### 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 2020</b>						
<b>REVENUE</b>						
External sales	1,590.9	311.5	28.4	25.7	-	1,956.5
Inter-segment sales	0.7	8.2	-	-	(8.9)	-
Total	<u>1,591.6</u>	<u>319.7</u>	<u>28.4</u>	<u>25.7</u>	<u>(8.9)</u>	<u>1,956.5</u>
<b>RESULTS</b>						
Profit/(loss) before change in fair value of investment properties and financial instruments	142.4	209.1	(11.3)	8.1	-	348.3
Change in fair value of						
– investment properties	(3.9)	(264.2)	(166.2)	-	-	(434.3)
– financial instruments	(47.9)	(12.4)	-	(188.1)	-	(248.4)
Profit/(loss) from operations	<u>90.6</u>	<u>(67.5)</u>	<u>(177.5)</u>	<u>(180.0)</u>	<u>-</u>	<u>(334.4)</u>
Finance costs	(16.9)	(25.6)	(12.3)	(8.3)	16.7	(46.4)
Finance income	4.3	1.5	0.1	38.5	(16.7)	27.7
Share of results of joint ventures	8.8	(64.3)	(5.1)	-	-	(60.6)
Share of results of associates	-	2.3	-	-	-	2.3
Profit/(loss) before taxation	<u>86.8</u>	<u>(153.6)</u>	<u>(194.8)</u>	<u>(149.8)</u>	<u>-</u>	<u>(411.4)</u>
Taxation						(46.5)
Loss for the period						<u>(457.9)</u>
<b>OTHER ITEMS</b>						
Depreciation and amortisation	5.0	0.7	-	4.2	-	9.9
Gain on disposal of other properties, plant and equipment	-	-	-	(0.5)	-	(0.5)

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	
	2021	2020
	HK\$'M	HK\$'M
Hong Kong	440.9	1,902.2
United Kingdom	14.8	14.5
The People's Republic of China	12.6	12.2
Singapore	11.0	9.8
Others	17.5	17.8
	<u>496.8</u>	<u>1,956.5</u>

#### 4. Other gains, net

	Six months ended 30 June	
	2021	2020
	HK\$'M	HK\$'M
Compensation income arising from early termination of tenancy agreements	-	2.4
Exchange losses, net	(2.2)	(6.4)
Forfeited deposits received from sales of properties	4.2	4.4
Gain on disposal of other properties, plant and equipment	-	0.5
Gain on distribution in specie of a joint venture (Note)	472.2	-
Loss on disposal of a subsidiary	-	(2.5)
Provision for doubtful debts	(4.0)	(0.7)
Others	6.0	6.4
	<u>476.2</u>	<u>4.1</u>

#### Note:

In May 2021, all unsold residential units of a joint venture project, La Vetta, were distributed to shareholders. The units are held for leasing and classified as investment properties. On the date of distribution, the Group's attributable residential units were distributed at fair value of HK\$1,922.9M. Therefore, it resulted in a fair value gain of HK\$472.2M, net of tax, which was recorded during the period.

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

	Six months ended 30 June	
	2021	2020
	HK\$'M	HK\$'M
Net fair value gain/(loss) on derivative financial instruments	6.0	(77.7)
Gain/(loss) on financial liabilities at fair value through profit or loss classified under other long-term liability	17.3	(9.4)
Loss on financial investments at fair value through profit or loss	(5.9)	(122.5)
Gain/(loss) on mortgage loan receivables at fair value through profit or loss	1.0	(38.8)
	<u>18.4</u>	<u>(248.4)</u>

## 6. Profit/(loss) from operations

Six months ended 30 June  
2021                      2020  
HK\$'M                      HK\$'M

Profit/(loss) from operations has been arrived at after charging the following:

Share-based compensation expenses	6.3	7.2
Staff costs including directors' remuneration	134.2	140.6
Cost of properties included in cost of sales	77.2	1,244.5
Depreciation of other properties, plant and equipment	10.0	9.9
Direct operating expenses arising from investment properties generating rental income	74.4	67.5
Operating lease rental expenses in respect of land and buildings	0.3	0.3
	<u>          </u>	<u>          </u>

## 7. Taxation

Hong Kong profits tax has been calculated at 16.5% (2020: 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  
2021                      2020  
HK\$'M                      HK\$'M

Current taxation		
– Current tax on profits for the period	23.5	32.5
– Under/(over)-provision in prior periods	0.2	(0.2)
	<u>          </u>	<u>          </u>
	23.7	32.3
Deferred taxation		
– Change in fair value of investment properties	1.9	-
– Temporary differences on tax depreciation	10.2	4.9
– (Recognition)/utilisation of tax losses	(9.3)	11.1
– Other temporary differences	(1.1)	(1.8)
	<u>          </u>	<u>          </u>
	1.7	14.2
Taxation	<u>          </u>	<u>          </u>
	25.4	46.5

## 8. Earnings/(loss) per share

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

	Six months ended 30 June	
	2021	2020
	HK\$'M	HK\$'M
Profit/(loss) attributable to shareholders of the Company	<u>188.2</u>	<u>(485.7)</u>
	Six months ended 30 June	
	2021	2020
Weighted average number of ordinary shares in issue	1,354,718,854	1,354,390,301
Effect of dilutive potential shares issuable under the Company's share option plan and share incentive scheme	<u>24,597</u>	<u>248,692</u>
Weighted average number of shares for the purpose of calculating diluted earnings/(loss) per share	<u>1,354,743,451</u>	<u>1,354,638,993</u>

## 9. Interim dividend

	Six months ended 30 June	
	2021	2020
	HK\$'M	HK\$'M
Interim dividend of HK6.0 cents (2020: HK6.0 cents) per ordinary share	<u>81.3</u>	<u>81.3</u>

On 26 August 2021, the Board of Directors has resolved to declare an interim dividend of HK6.0 cents (2020: HK6.0 cents) per ordinary share. This interim dividend, amounting to HK\$81.3M (2020: HK\$81.3M), 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 2021.

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

	30 June	31 December
	2021	2020
	HK\$'M	HK\$'M
Trade receivables (Note a)	14.6	14.8
Deferred rent receivables	17.8	13.6
Amounts due from joint ventures	5.2	7.4
Loans to joint ventures	34.1	1,409.0
Contract assets (Note b)	197.1	178.3
Other receivables, deposits and prepayments	117.6	88.5
	<u>386.4</u>	<u>1,711.6</u>

## 10. Trade and other receivables, deposits and prepayments (Continued)

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. 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 2021 HK\$'M	31 December 2020 HK\$'M
0 – 30 days	9.9	9.1
31 – 90 days	0.8	2.6
Over 90 days	3.9	3.1
	<u>14.6</u>	<u>14.8</u>

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

## 11. Trade and other payables and accruals

	30 June 2021 HK\$'M	31 December 2020 HK\$'M
Trade payables (Note a)	8.2	8.8
Contract liabilities (Note b)	4,352.9	3,817.7
Rental deposits received	166.5	161.3
Construction costs payables	150.2	211.4
Amounts due to joint ventures	173.7	70.3
Other creditors and accruals	343.1	386.0
	<u>5,194.6</u>	<u>4,655.5</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 2021 HK\$'M	31 December 2020 HK\$'M
0 – 30 days	7.7	7.2
31 – 90 days	0.5	1.2
Over 90 days	-	0.4
	<u>8.2</u>	<u>8.8</u>

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

## **12. Event subsequent to period end**

In June 2021, the Group won a tender of a residential site in Kwu Tung, Fanling from the Government of the Hong Kong Special Administrative Region with a total consideration of HK\$2,616.8M. The transaction was completed in July 2021.

In August 2021, the Company entered into an agreement with two companies to dispose of a 15% interest in the above site at a consideration of HK\$392.5M. The transaction was completed in August 2021.

## **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 2021 (2020: HK6.0 cents). The interim dividend will be distributed on or around 5 October 2021 to the shareholders whose names appear on the register of members of the Company at the close of business on 15 September 2021 (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, Tricor Standard Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 15 September 2021.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

In the first half of 2021, the Group's revenue was HK\$497 million, compared with HK\$1,957 million in 2020. The decrease was mainly due to less revenue recognition from sales of remaining units of The Carmel, as compared to the first-time revenue recognition upon handover of all pre-sold units of The Carmel in 2020.

Consolidated profit for the six months ended 30 June 2021 was HK\$220 million, an increase of HK\$678 million compared with loss of HK\$458 million in 2020. The increase was mainly attributable to (i) HK\$472 million one-off valuation gain from distribution in specie of the unsold units of La Vetta, (ii) HK\$390 million decrease in fair value loss on investment properties and financial instruments including joint ventures (2021 loss was HK\$383 million, 2020 loss was HK\$773 million), offset by (iii) HK\$138 million decrease in profit from the property development segment due to less revenue recognition from sales of remaining units of The Carmel.

The net fair value loss on investment properties and financial instruments including joint ventures was HK\$383 million amidst a sluggish leasing market under COVID-19. The loss from investment properties, mainly Landmark East, was HK\$474 million. The gain from financial instruments, mainly interest rate swap contracts, was HK\$91 million.

Consolidated profit attributable to shareholders was HK\$188 million, an increase of HK\$674 million compared with consolidated loss of HK\$486 million in 2020.



Core consolidated profit attributable to shareholders, excluding one-off valuation gain and change in fair value on investment properties and financial instruments including joint ventures, was HK\$99 million, a decrease of HK\$188 million, mainly due to less property sales handed over to buyers, compared with HK\$287 million in 2020.

Earnings per share attributable to shareholders was HK\$0.14, compared with loss per share attributable to shareholders of HK\$0.36 in 2020.

## **Property Development**

The property development segment revenue excluding inter-segment sales was HK\$160 million in the first half of 2021, compared with HK\$1,591 million in 2020. Segment profit before taxation (including fair value changes) was HK\$509 million, compared with HK\$87 million in 2020, due to a HK\$472 million one-off valuation gain from distribution in specie of unsold units of La Vetta was recognised during the period. Excluding fair value changes in investment properties and financial instruments including joint ventures (2021 gain was HK\$37 million; 2020 loss was HK\$51 million) and the one-off valuation gain of HK\$472 million, segment result was breakeven in 2021, compared with profit of HK\$138 million in 2020, mainly due to less property sales handed over to buyers.

### *Wholly-owned projects*

The Carmel, a low-density residential site in Siu Sau, Tai Lam, Tuen Mun, provides a saleable area of approximately 147,000 square feet for 178 residential units of apartment and house. In the first half of 2021, around 2% (in terms of number) of the residential units, mainly house units and special units, were sold and handed over to buyers with related revenue recognised in the period. Cumulatively, as at 30 June 2021, around 99% (in terms of number) of the residential units were sold.

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. Occupation permit was obtained in March 2021. Superstructure work is underway and the project is scheduled for completion and handover to buyers in the fourth quarter of 2021. During the first half of 2021, around 1% (in terms of number) of the residential units were pre-sold. Cumulatively, as at 30 June 2021, around 87% (in terms of number) of the residential units were pre-sold. Related revenue and profit of the pre-sold units will be recognised upon handover to buyers.

The Group has held Le Cap and La Vetta, Kau To, Shatin, low-density residential projects, for leasing after distributions of unsold units to shareholders in 2020 and 2021 respectively. The Group has approximately 36,000 square feet saleable area for 16 residential units including houses and apartments, and 22 car parking spaces, at Le Cap. As at 30 June 2021, more than 90% of the residential units (in terms of number) were leased. The Group has approximately 72,000 square feet saleable area for 34 residential units including houses and apartments, and 48 car parking spaces, at La Vetta. As at 30 June 2021, around 60% of the residential units (in terms of number) were leased.

### *Majority-owned project*

The Group has a 70% interest in OMA by the Sea, the site adjacent to The Carmel in Siu Sau, Tai Lam, Tuen Mun. This medium-density residential site has a saleable area of approximately 252,000 square feet for 517 residential apartment units. Superstructure work has commenced and the project is scheduled for completion in 2022. During the first half of 2021, around 11% (in terms of number) of the residential units were pre-sold. Cumulatively, as at 30 June 2021, around 85% (in terms of number) of the residential units were pre-sold. Related revenue and profit of the pre-sold units will be recognised upon handover to buyers prior to the project's material date that falls in 2022.

In June 2021, the Group won a government tender for a medium-density residential site located at the junction of Fan Kam Road and Castle Peak Road – Kwu Tung, Fanling, New Territories, for a consideration of HK\$2.6 billion. The Group has a 85% interest and the site is in possession in July 2021. 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 284,170 square feet. The Group is the lead project manager, and lead sales and marketing manager for this project.

### *Joint venture projects*

The Group has a 50% interest in a commercial complex site in Central, through the tender for Site C 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. The foundation work for the project is in progress.

## **Property Investment and Management**

The property investment and management segment revenue excluding inter-segment sales reduced to HK\$284 million in the first half of 2021, compared with HK\$312 million in 2020. Segment loss before taxation (including fair value changes) was HK\$221 million, compared with loss of HK\$154 million in 2020. Excluding fair value changes in investment properties and financial instruments, including joint ventures (2021 was fair value loss of HK\$393 million; 2020 was fair value loss of HK\$363 million) and one-off items, segment profit before taxation was HK\$172 million, compared with HK\$209 million in 2020. The decrease was mainly attributable to lower leasing income due to the pandemic.

Since the second quarter of 2020, the ongoing impact of COVID-19 has slowed down office space demand that softened office leasing market in Hong Kong and London.

As at 30 June 2021, the Group's portfolio of investment properties, mostly Grade A office buildings, has a total area of approximately 1,919,000 square feet with an aggregate attributable fair market valuation of around HK\$20,000 million. The portfolio encompasses 1,525,000 square feet in Hong Kong, 328,000 square feet in London and 6,200 square metre 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 2021, the property achieved an occupancy of approximately 84%.

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 2021, the property achieved an occupancy of approximately 85%. The building has obtained a waiver for revitalization in November 2019 and obtained the Town Planning Board approval for redevelopment in April 2021.

### *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 high-end commercial property located on Brook Street, West End, offers easy access to the upcoming 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 2021, the above three wholly-owned properties achieved an average occupancy of approximately 97%.

### *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.

In April 2021, the Group completed the acquisition of a 21% interest in 66 Shoe Lane, a Grade A office building in a prime business hub on the western edge of The City of London. The property has a net internal area of approximately 154,000 square feet of office and ancillary space and approximately 4,000 square feet of 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 2021, the above four joint venture properties achieved an average occupancy of approximately 89%.

#### *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 metre. As at 30 June 2021, all units were leased.

### **Hospitality Investment and Management**

The hospitality investment and management segment revenue was HK\$27 million in the first half of 2021 compared with HK\$28 million in 2020. Segment loss before taxation (including fair value changes) was HK\$20 million in the first half of 2021 compared with segment loss of HK\$195 million in 2020, mainly due to fair value changes in investment properties, including joint ventures (2021 has no fair value change; 2020 was fair value loss of HK\$171 million). Excluding fair value changes in investment properties, segment loss before taxation was HK\$20 million in 2021, compared with loss of HK\$24 million in 2020.

The wholly-owned Lanson Place Causeway Bay hotel in Hong Kong and 50% owned Lanson Place Bukit Ceylon in Kuala Lumpur have continually suffered from the pandemic, given travel restrictions and quarantine measures are still in place, resulted in low occupancy and average room rates in the first half of 2021.

Lanson Place Waterfront Suites, our wholly-owned prime harbour-front furnished residence in Sai Wan Ho, was held for leasing. The occupancy remains stable during the pandemic.

### **Others**

This segment represents investing activities and central management and administrative expenses. Segment revenue was HK\$27 million in the first half of 2021, compared with HK\$26 million in 2020. Segment loss before taxation (including fair value changes) was HK\$24 million in the first half of 2021 compared with a segment loss of HK\$150 million in 2020, mainly due to fair value changes in financial instruments (2021 was fair value loss of HK\$27 million; 2020 was fair value loss of HK\$188 million). Fair value loss of HK\$188 million in 2020 was mainly attributable to the fair value loss of HK\$117 million from the Group's investments in Singapore REITs, which are listed on the Singapore Exchange.

Excluding fair value changes in financial instruments, segment profit before taxation was HK\$3 million in 2021, a decrease of HK\$35 million compared with HK\$38 million in 2020 due to a decrease in bank interest income during the period.

## FINANCIAL REVIEW

### Liquidity and Financial Resources

The Group's net assets totalled HK\$27,563 million as at 30 June 2021 (31 December 2020: HK\$27,641 million). The decrease of HK\$78 million is mainly resulted from the distribution of the 2020 final dividend of HK\$285 million and distribution to holders of perpetual capital securities of HK\$33 million, offset by the profit for the period of HK\$220 million.

As at 30 June 2021, the Group's bank and other borrowings totalled HK\$4,734 million (31 December 2020: HK\$4,380 million). The maturity profile of the Group's bank and other borrowings is set out below:

	30 June 2021		31 December 2020	
	HK\$ million	%	HK\$ million	%
Repayable:				
Within one year	1,396	29%	726	17%
Between one and two years	2,069	44%	1,629	37%
Between two and five years	1,257	27%	2,008	46%
After five years	12	0%	17	0%
	<u>4,734</u>	<u>100%</u>	<u>4,380</u>	<u>100%</u>

As at 30 June 2021, the Group's net borrowings (total bank and other borrowings less bank balances and cash) were HK\$3,195 million (31 December 2020: HK\$3,190 million), representing 11.6% of the Group's net assets (31 December 2020: 11.5%). 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 2021	31 December 2020
	HK\$ million	HK\$ million
Bank balances and cash	1,539	1,190
Unutilised revolving loan facilities	<u>2,461</u>	<u>2,561</u>
	<u>4,000</u>	<u>3,751</u>

## **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 in Renminbi, UK pounds, 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.

## **Contingent Liabilities**

As at 30 June 2021, the Group had contingent liabilities of HK\$5,343 million (31 December 2020: HK\$5,415 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 2021, the Group's advances to joint ventures of HK\$3,007 million (31 December 2020: HK\$2,892 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 2021, several of the Group's investment properties, properties for sales and other properties, plant and equipment with carrying values of HK\$3,495 million, HK\$1,977 million and HK\$34 million, respectively, were pledged to secure credit facilities for the Group.

## **PROSPECTS**

Stepping into the second half of 2021, uncertainties from the new wave of pandemic variants spread and continued Sino-US tensions have dragged the pace of economic recovery in the PRC and Hong Kong.

We believe the strong demand from first-time local home buyers amid a low interest rate environment and supply shortage will continue to support our sales of the remaining units of the "Upper Gold Coast" series. We target to handover all pre-sold units of OMA OMA to buyers right after the issuance of the Certificate of Compliance, estimated to start in the fourth quarter. Related revenue and profit will be recognised upon completion of such handover.

We will continue our focus to recover occupancy rate and rental income of our commercial and hospitality properties, which we have already seen some signs of recovery in leasing activities and occupancy levels in the third quarter, albeit at a slow pace. However, the uncertain business outlook in the near term may still affect the valuation of our investment properties towards the end of 2021.

The Group is comfortably backed with a healthy balance sheet, a diversified asset portfolio offering balanced sources of income and solid relationships with various banks. This would allow us to stay focused on our long term business strategic goals, riding the wave of market volatility while maximising our investment opportunities when they arise.

## **EMPLOYEES**

As at 30 June 2021, the Group had approximately 460 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.

Employees, including directors, are eligible for the Company's share option plan where the shares options 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 2021.

### **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 2021, and received confirmations from all the Directors that they had fully complied with the required standard set out in the Model Code throughout the six months.

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

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.



## INTERIM REPORT

The 2021 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 2021.

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

Hong Kong, 26 August 2021

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, Ng Tak Wai, Frederick and Chen Chou Mei Mei, Vivien

*Independent Non-Executive Directors:*

Simon Murray, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma, Cheng Hoi Chuen, Vincent and Lam Kin Fung, Jeffrey