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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 2022, INTERIM DIVIDEND AND RECORD DATE**

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

Dear Shareholders,

In the first half of 2022, the Mainland and Hong Kong economies were hit by the severe COVID-19 Omicron variant outbreaks as well as the challenges from accelerated geopolitical tensions, interest rate hikes and global inflation. The Hong Kong residential market and office leasing activities nearly came to a halt until April when the Hong Kong government eased the social distancing measures and introduced various relief measures and economic initiatives including a higher loan-to-value mortgage policy for first time home buyers.

Under such a challenging operating environment, the Group managed to deliver a consolidated profit attributable to shareholders of HK\$374 million for the six months ended on June 30, 2022, compared to a HK\$188 million profit in the previous period. Earnings per share were HK\$0.28. Excluding net fair value gain on investment properties and financial instruments, the Group achieved a core consolidated profit attributable to shareholders of HK\$168 million compared to HK\$99 million profit for the previous period. The Board of Directors has declared an interim dividend of HK6.0 cents per share, staying at the same level as 2021.

During the period, we continued to sell the remaining units of our "Upper Gold Coast" residential series albeit at a slower pace. In May, we obtained the Occupation Permit of OMA by the Sea and are now working on obtaining the Certificate of Compliance by the end of 2022. In June, our newly acquired medium-density residential site near Sheung Shui MTR obtained approval to build a residential block of 35 storeys. Advanced work is underway as scheduled while master planning and design work have commenced.

Our office leasing performance remained stable during the first half of 2022. Occupancy of Landmark East has gradually improved despite rental was still under pressure amid COVID and a weak economy. Occupancy and rental at our London office properties stabilised as the British government lifted COVID measures and the region reopened for business.

With the gradual easing of travel ban and quarantine requirements in Hong Kong since April, performance at the Lanson Place hotel in Hong Kong turned around to register a slight profit for the first half of 2022 under the designated quarantine hotel program.

Amid unprecedented uncertainties and challenges throughout the period, the Group remained focused on recovering our business performance and monitoring our cash flow while it continued to look for investment opportunities that align with long term strategies.

I would like to take this opportunity to thank our dedicated staff, especially our frontline teams, for their professionalism and commitment over the period. Finally, I would also like to express my gratitude to my fellow Board members, business partners and stakeholders for remaining supportive as we navigated through another difficult year.

**Cheng Wai Chee, Christopher**  
Chairman

Hong Kong, 25 August 2022

## 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 2022.

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

		Unaudited	
		Six months ended 30 June	
	Note	2022	2021
		HK\$'M	HK\$'M
<b>Revenue</b>	3	859.8	496.8
Cost of sales		(383.8)	(162.7)
		<hr/>	<hr/>
<b>Gross profit</b>		476.0	334.1
Other (losses)/gains, net	4	(20.3)	476.2
Selling and distribution costs		(33.8)	(25.9)
Administrative expenses		(165.7)	(159.4)
Change in fair value of			
– investment properties		(127.0)	(494.5)
– financial instruments	5	150.3	18.4
		23.3	(476.1)
		<hr/>	<hr/>
<b>Profit from operations</b>	6	279.5	148.9
Finance costs		(54.3)	(59.1)
Finance income		8.0	7.7
Share of results of joint ventures		223.3	146.7
Share of results of associates		0.1	0.8
		<hr/>	<hr/>
<b>Profit before taxation</b>		456.6	245.0
Taxation	7	(51.8)	(25.4)
		<hr/>	<hr/>
<b>Profit for the period</b>		404.8	219.6
		<hr/> <hr/>	<hr/> <hr/>
<b>Profit/(loss) for the period attributable to:</b>			
Shareholders of the Company		374.0	188.2
Holders of perpetual capital securities		32.3	32.7
Non-controlling interests		(1.5)	(1.3)
		<hr/>	<hr/>
		404.8	219.6
		<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per share attributable to shareholders of the Company</b>	8		
– Basic		HK\$0.28	HK\$0.14
		<hr/>	<hr/>
– Diluted		HK\$0.28	HK\$0.14
		<hr/> <hr/>	<hr/> <hr/>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Unaudited	
	Six months ended 30 June	
	2022	2021
	HK\$'M	HK\$'M
<b>Profit for the period</b>	404.8	219.6
<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	(184.0)	21.5
Net gain/(loss) on net investment hedge		
– Fair value gains/(losses)	114.2	(20.4)
– Realised upon settlement	(28.3)	14.4
Net gain/(loss) on cash flow hedge	5.1	(2.2)
Share of other comprehensive income of a joint venture	-	0.6
	(93.0)	13.9
<b>Other comprehensive (loss)/income for the period, net of tax</b>	(93.0)	13.9
<b>Total comprehensive income for the period</b>	311.8	233.5
<b>Total comprehensive income/(loss) for the period attributable to:</b>		
Shareholders of the Company	281.0	202.1
Holders of perpetual capital securities	32.3	32.7
Non-controlling interests	(1.5)	(1.3)
<b>Total comprehensive income for the period</b>	311.8	233.5

# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2022

		Unaudited 30 June 2022 HK\$'M	Audited 31 December 2021 HK\$'M
	Note		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties		21,555.0	21,777.7
Other properties, plant and equipment		63.6	65.9
Investments in joint ventures		1,809.9	1,635.0
Loans to joint ventures		3,563.2	3,787.6
Investments in associates		24.7	26.1
Loans to associates		22.4	22.4
Financial investments at amortised cost		678.3	375.7
Financial investments at fair value through profit or loss		581.7	627.8
Other non-current assets		526.5	585.4
Deferred tax assets		15.4	17.6
Derivative financial instruments		226.5	98.8
		<u>29,067.2</u>	<u>29,020.0</u>
<b>Current assets</b>			
Properties for sale		5,584.7	5,702.0
Trade and other receivables, deposits and prepayments	10	335.6	264.5
Financial investments at amortised cost		241.4	340.0
Other current assets		818.8	1,206.9
Derivative financial instruments		57.8	8.8
Sales proceeds held in stakeholders' accounts		478.7	711.9
Tax recoverable		15.4	18.9
Bank balances and cash		1,962.9	1,465.5
		<u>9,495.3</u>	<u>9,718.5</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	11	3,129.2	3,152.2
Derivative financial instruments		125.5	117.0
Tax payable		100.7	79.0
Bank and other borrowings		3,113.0	3,458.1
		<u>6,468.4</u>	<u>6,806.3</u>

## CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2022

	Unaudited 30 June 2022 HK\$'M	Audited 31 December 2021 HK\$'M
<b>Non-current liabilities</b>		
Bank and other borrowings	3,548.5	3,346.2
Other long-term liability	11.2	32.8
Derivative financial instruments	-	2.3
Deferred tax liabilities	390.1	385.1
	<hr/>	<hr/>
	3,949.8	3,766.4
	<hr/>	<hr/>
<b>NET ASSETS</b>	<u>28,144.3</u>	<u>28,165.8</u>
<b>EQUITY</b>		
<b>Shareholders' funds</b>		
Share capital	678.0	677.4
Reserves	25,976.9	25,975.5
	<hr/>	<hr/>
	26,654.9	26,652.9
<b>Perpetual capital securities</b>	1,491.4	1,513.4
<b>Non-controlling interests</b>	(2.0)	(0.5)
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<u>28,144.3</u>	<u>28,165.8</u>

## NOTES:

### 1. Basis of preparation

The Interim Financial Information for the six months ended 30 June 2022 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 2021.

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 2021, except for the amendments to standards of Hong Kong Financial Reporting Standards (“HKFRS”) as of 1 January 2022, noted below.

#### (a) Amendments and improvements to standards effective for the current accounting period beginning on 1 January 2022 and relevant to the Group

Amendments to HKFRS 16	COVID-19 – Related rent concessions beyond 30 June 2021
Amendments to HKAS 16	Proceeds before intended use
Amendments to HKAS 37	Onerous contracts – Cost of fulfilling a contract
Amendments to HKFRS 3	Reference to Conceptual Framework
Amendments to Accounting Guideline 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations
Annual improvements	Annual improvements 2018 – 2020 cycle

The adoption of the above amendments and improvements 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) New standard, amendments and improvements to standards relevant to the Group that are not yet effective in 2022 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.

		Effective for accounting periods beginning on or after
HKFRS 17	Insurance contracts and related amendments	1 January 2023
Amendments to HKAS 1	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
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the borrower of a term loan that contains a repayment on demand clause	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	
	2022	2021
	HK\$'M	HK\$'M
Sales of properties and project management income	454.1	127.0
Rental income and property management income	355.4	320.0
Interest income from financial investments	19.8	17.0
Interest income from mortgage loan receivables	20.7	22.7
Dividend income from financial investments	9.8	10.1
	<u>859.8</u>	<u>496.8</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 Executive Directors in order to allocate resources to the segment and to assess its performance. During the period, segment results of property development and property investment and management were reviewed and redefined in internal reports. Accordingly, comparative figures for 2021 results of property development and property investment and management segments have been restated.

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 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

### 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 2021 (re-presented)</b>						
<b>REVENUE</b>						
External sales	150.0	293.2	26.5	27.1	-	496.8
Inter-segment sales	1.2	7.5	-	-	(8.7)	-
Total	<u>151.2</u>	<u>300.7</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	460.2	166.0	(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>494.1</u>	<u>(323.5)</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>504.5</u>	<u>(216.1)</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>

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	
	2022	2021
	HK\$'M	HK\$'M
Hong Kong	805.2	440.9
United Kingdom	12.9	14.8
Singapore	10.6	11.0
The People's Republic of China	10.4	12.6
Others	20.7	17.5
	<u>859.8</u>	<u>496.8</u>

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

	Six months ended 30 June	
	2022	2021
	HK\$'M	HK\$'M
Exchange gains/(losses), net	3.1	(2.2)
Forfeited deposits received from properties sales	1.2	4.2
Government grants and subsidies	3.3	-
Gain on distribution in specie of a joint venture (Note)	-	472.2
Impairment provision for financial investments at amortised cost	(33.5)	-
Provision for doubtful debts	(0.1)	(4.0)
Others	5.7	6.0
	<u>(20.3)</u>	<u>476.2</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 in 2021.

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

	Six months ended 30 June	
	2022	2021
	HK\$'M	HK\$'M
Net fair value gain on derivative financial instruments	133.2	6.0
Gain on financial liabilities at fair value through profit or loss classified under other long-term liability	20.7	17.3
Loss on financial investments at fair value through profit or loss	(18.8)	(5.9)
Gain on mortgage loan receivables at fair value through profit or loss	15.2	1.0
	<u>150.3</u>	<u>18.4</u>

## 6. Profit from operations

Six months ended 30 June  
2022                      2021  
HK\$'M                      HK\$'M

Profit from operations has been arrived at after charging the following:

Share-based compensation expenses	5.8	6.3
Staff costs including directors' remuneration	137.9	134.2
Cost of properties included in cost of sales	281.3	77.2
Depreciation of other properties, plant and equipment	3.7	10.0
Direct operating expenses arising from investment properties generating rental income	88.8	74.4
Operating lease rental expenses in respect of land and buildings	0.4	0.3
	<u>          </u>	<u>          </u>

## 7. Taxation

Hong Kong profits tax has been calculated at 16.5% (2021: 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  
2022                      2021  
HK\$'M                      HK\$'M

Current taxation		
– Current tax on profits for the period	38.4	23.5
– (Over)/under-provision in prior periods	(0.1)	0.2
	<u>          </u>	<u>          </u>
	38.3	23.7
Deferred taxation		
– Change in fair value of investment properties	7.3	1.9
– Temporary differences on tax depreciation	6.0	10.2
– Recognition of tax losses	(2.3)	(9.3)
– Other temporary differences	2.5	(1.1)
	<u>          </u>	<u>          </u>
	13.5	1.7
Income tax expenses	<u>          </u>	<u>          </u>
	51.8	25.4

## 8. Earnings per share

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

	Six months ended 30 June	
	2022	2021
	HK\$'M	HK\$'M
Profit attributable to shareholders of the Company	<u>374.0</u>	<u>188.2</u>
	Six months ended 30 June	
	2022	2021
Weighted average number of ordinary shares in issue	1,355,849,058	1,354,718,854
Effect of dilutive potential shares issuable under the Company's share option plan and share incentive scheme	<u>-</u>	<u>24,597</u>
Weighted average number of shares for the purpose of calculating diluted earnings per share	<u>1,355,849,058</u>	<u>1,354,743,451</u>

## 9. Interim dividend

	Six months ended 30 June	
	2022	2021
	HK\$'M	HK\$'M
Interim dividend of HK6.0 cents (2021: HK6.0 cents) per ordinary share	<u>81.4</u>	<u>81.3</u>

On 25 August 2022, the Board of Directors has resolved to declare an interim dividend of HK6.0 cents (2021: HK6.0 cents) per ordinary share. This interim dividend, amounting to HK\$81.4M (2021: 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 2022.

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

	30 June	31 December
	2022	2021
	HK\$'M	HK\$'M
Trade receivables (Note a)	18.6	16.3
Deferred rent receivables	14.2	15.8
Amounts due from joint ventures	4.5	6.9
Loans to joint ventures	50.8	36.0
Contract assets (Note b)	112.8	109.8
Other receivables, deposits and prepayments	134.7	79.7
	<u>335.6</u>	<u>264.5</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. 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 2022 HK\$'M	31 December 2021 HK\$'M
0 – 30 days	8.6	10.2
31 – 90 days	3.0	2.6
Over 90 days	7.0	3.5
	<u>18.6</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 2022 HK\$'M	31 December 2021 HK\$'M
Trade payables (Note a)	8.0	9.7
Contract liabilities (Note b)	2,377.1	2,341.0
Rental deposits received	157.3	163.7
Construction costs payable	124.9	158.4
Amounts due to joint ventures	88.6	73.5
Amount due to an associate	1.9	2.0
Other payables and accruals	371.4	403.9
	<u>3,129.2</u>	<u>3,152.2</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 2022 HK\$'M	31 December 2021 HK\$'M
0 – 30 days	7.8	6.2
31 – 90 days	0.2	3.3
Over 90 days	-	0.2
	<u>8.0</u>	<u>9.7</u>

- (b) It mainly 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 2022 (2021: HK6.0 cents). The interim dividend will be distributed on or around 6 October 2022 to the shareholders whose names appear on the register of members of the Company at the close of business on 20 September 2022 (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, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 20 September 2022.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

In the first half of 2022, the Group's revenue was HK\$860 million, compared with HK\$497 million in 2021. The increase was mainly due to more revenue recognised from sales of units of OMA OMA, as compared to The Carmel in 2021.

Consolidated profit for the six months ended 30 June 2022 was HK\$405 million, an increase of HK\$185 million compared with profit of HK\$220 million in 2021. The increase was mainly attributable to (i) HK\$589 million increase in net fair value gain on investment properties and financial instruments including joint ventures (2022 fair value gain was HK\$206 million; 2021 fair value loss was HK\$383 million), (ii) HK\$71 million higher profit from property development segment due to more profit recognised from OMA OMA than The Carmel, offset by (iii) HK\$472 million one-off valuation gain from distribution in specie of the unsold units of La Vetta in 2021.

The net fair value gain on investment properties and financial instruments including joint ventures was HK\$206 million which includes (i) HK\$325 million gain from financial instruments, mainly interest rate swap contracts and offsets by (ii) HK\$119 million loss from investment properties, mainly Le Cap and La Vetta.

Consolidated profit attributable to shareholders was HK\$374 million, an increase of HK\$186 million compared with consolidated profit of HK\$188 million in 2021.

Earnings per share attributable to shareholders was HK\$0.28 compared with HK\$0.14 in 2021.

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\$168 million, an increase of HK\$69 million, mainly due to more property sales handed over to buyers, compared with HK\$99 million in 2021.

## Property Development

The property development segment revenue excluding inter-segment sales was HK\$475 million in the first half of 2022 compared with HK\$150 million in 2021. Segment profit before taxation (including fair value changes) was HK\$219 million compared with HK\$505 million in 2021. Excluding fair value changes in investment properties and financial instruments including joint ventures (2022 fair value gain was HK\$135 million; 2021 fair value gain was HK\$37 million) and the one-off valuation gain of HK\$472 million from distribution in specie of unsold units of La Vetta in 2021, segment profit before taxation was HK\$84 million in 2022, compared with a breakeven in 2021.

### *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. All residential units were sold as at 30 June 2022. Around 1% (in terms of number) of the residential units were handed over to buyers with related revenue recognised in the first half of 2022.

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 2022, around 5% (in terms of number) of the residential units were sold. Cumulatively, as at 30 June 2022, around 95% (in terms of number) of the residential units were sold. Around 7% (in terms of number) of the residential units were handed over to buyers with related revenue recognised in the first half of 2022.

### *Majority-owned projects*

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. Occupation permit was obtained in May 2022. The project is scheduled for completion and handover to buyers in the fourth quarter of 2022. In the first half of 2022, around 1% (in terms of number) of the residential units were pre-sold. Cumulatively, as at 30 June 2022, around 90% (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 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. Master planning and design work have commenced.



### *Joint venture project*

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. The foundation work for the project has completed.

### **Property Investment and Management**

The property investment and management segment revenue excluding inter-segment sales was HK\$295 million in the first half of 2022, compared with HK\$293 million in 2021. Segment profit before taxation (including fair value changes) was HK\$302 million, compared with loss of HK\$216 million in 2021. Excluding fair value changes in investment properties and financial instruments, including joint ventures (2022 fair value gain was HK\$112 million; 2021 fair value loss was HK\$393 million), segment profit before taxation was HK\$183 million, compared with HK\$175 million in 2021.

As at 30 June 2022, 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\$22,300 million. The portfolio encompasses 1,633,000 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 2022, the property achieved an occupancy of approximately 86%.

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 2022, the property achieved an occupancy of approximately 81%. The building obtained the Town Planning Board approval in April 2021 for redevelopment.

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 salable area for 16 residential units including houses and apartments, and 22 car parking spaces, at Le Cap. As at 30 June 2022, around 81% 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 2022, around 74% 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 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 2022, the above three wholly-owned properties achieved an average occupancy of approximately 88%.

### *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 2022, the above four joint venture properties achieved an average occupancy of approximately 95%.

### *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 2022, approximately 85% of the units (in terms of number) were leased.

## Hospitality Investment and Management

The hospitality investment and management segment revenue was HK\$60 million in the first half of 2022 compared with HK\$27 million in 2021. Segment loss before taxation (including fair value changes) was HK\$32 million in the first half of 2022 compared with segment loss of HK\$20 million in 2021, mainly due to fair value changes in investment properties, including joint ventures (2022 fair value loss was HK\$36 million; 2021 has no fair value change). Excluding fair value changes in investment properties, segment profit before taxation was HK\$4 million in 2022, compared with loss of HK\$20 million in 2021.

The wholly-owned Lanson Place Causeway Bay hotel in Hong Kong was affected by the pandemic, however, the revenue has improved after it became one of the quarantine hotels to accommodate quarantine guests arriving in Hong Kong since November 2021.

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

The Group has a 50% interest in Lanson Place Bukit Ceylon in Kuala Lumpur, which was suffered from the pandemic throughout the period. The relaxation of travel restrictions and quarantine measures since April 2022 has provided a positive impact for inbound business.

## Others

This segment represents investing activities and central management and administrative expenses. Segment revenue was HK\$30 million in the first half of 2022, compared with HK\$27 million in 2021.

Segment loss before taxation (including fair value changes) was HK\$33 million in the first half of 2022 compared with a segment loss of HK\$24 million in 2021, mainly due to fair value changes in financial instruments (2022 fair value loss was HK\$5 million; 2021 fair value loss was HK\$27 million).

Excluding fair value changes in financial instruments, segment loss before taxation was HK\$28 million in the first half of 2022, a decrease of HK\$31 million compared with segment profit before taxation of HK\$3 million in 2021 due to impairment provision for financial investments at amortised cost.

## 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 banking 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\$28,144 million as at 30 June 2022 (31 December 2021: HK\$28,166 million). The decrease of HK\$22 million is mainly resulted from the distribution of the 2021 final dividend of HK\$285 million and distribution to holders of perpetual capital securities of HK\$54 million, offset by the profit for the year of HK\$405 million.

As at 30 June 2022, the Group's bank and other borrowings totalled HK\$6,662 million (31 December 2021: HK\$6,804 million). The maturity profile of the Group's bank and other borrowings is set out below:

	30 June 2022		31 December 2021	
	HK\$ million	%	HK\$ million	%
Repayable:				
Within one year	3,113	47%	3,458	51%
Between one and two years	548	8%	1,345	20%
Between two and five years	2,998	45%	1,755	26%
After five years	3	0%	246	3%
	<u>6,662</u>	<u>100%</u>	<u>6,804</u>	<u>100%</u>

As at 30 June 2022, the Group's gearing ratio is 16.7% (31 December 2021: 19.0%) 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\$4,699 million (31 December 2021: HK\$5,339 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 2022	31 December 2021
	HK\$ million	HK\$ million
Bank balances and cash	1,963	1,465
Unutilised revolving loan facilities	<u>2,694</u>	<u>2,582</u>
	<u>4,657</u>	<u>4,047</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 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 2022, the Group's borrowings were 75% in Hong Kong dollars and 25% in other currencies mainly Singapore dollars and UK pounds. The Group had cross currency swap arrangements with banks to wholly swap the borrowings in Singapore dollars to Hong Kong dollars. 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.

## Contingent Liabilities

As at 30 June 2022, the Group had contingent liabilities of HK\$5,087 million (31 December 2021: HK\$5,260 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 2022, the Group's advances to joint ventures of HK\$2,819 million (31 December 2021: HK\$2,890 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 2022, 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\$4,298 million, HK\$2,680 million, HK\$257 million and HK\$34 million, respectively, were pledged to secure credit facilities for the Group.

## PROSPECTS

We believe the Hong Kong economy and property market will remain challenging for the rest of the year despite the spread of COVID-19 being largely contained thus far. The pace of economic recovery is expected to be slow until there is a potential re-opening of the border with the Mainland, a potential reversal in interest rates and inflation across markets as well as easing of US/China tensions.

Residential land supply will remain tight in the near term and given demand from first-time home buyers for mass residential products will be well-supported by the new mortgage loan policy, we believe the primary mass market should remain resilient. We will continue our sales of remaining units in OMA OMA and OMA by the Sea. We target to obtain the Certificate of Compliance of OMA by the Sea and handover all pre-sales units to buyers in the fourth quarter. Related revenue and profit will be recognised upon completion of the handover.

For Landmark East, we have substantially completed all lease renewals due in 2022 and together with the new leases committed on hand, we are confident that occupancy rate will be further improved by December. For our hotel business, we expect continued improvement in operating results after travel bans are further eased.

The Group's balance sheet remains healthy and is backed by solid relationships with various banks. This would allow us to stay vigilant against market volatility while capturing suitable investments should opportunities arise.

## **EMPLOYEES**

As at 30 June 2022, the Group had approximately 410 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 where the share 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 2022.

### **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 2022, 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 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

## INTERIM REPORT

The 2022 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 20 September 2022.

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

Hong Kong, 25 August 2022

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