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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 2024, INTERIM DIVIDEND AND RECORD DATE

CHAIRMAN'S STATEMENT

Dear Shareholders,

Hong Kong's economic recovery remained sluggish in the first half of 2024, hampered by global financial uncertainties, high interest rates, regional conflicts, and a slow Mainland China economic recovery. The recovery of the residential and commercial property, along with the hospitality sector has lagged expectations while investment sentiment remained tepid.

Despite the Hong Kong Government lifting all property cooling measures in February, the rebound in home buying demand has proven to be short-lived. The rental level of Grade A office remains under pressure due to continued influx of new office supply and weak demand. Amid such subdued property market conditions in Hong Kong, both residential and office property prices dropped further in the first half of 2024, resulting in many Hong Kong property companies to continue mark down their property fair value for financial reporting at the end of June.

In line with the market valuation mark down and based on independent valuation, the Group recorded net valuation loss and impairment provision of HK\$1,352 million on our Hong Kong property portfolio (2023: HK\$480 million). Including net valuation loss on financial instruments of HK\$17 million (2023: HK\$43 million gain), total non-cash net valuation loss was HK\$1,369 million (2023: HK\$437 million).

Excluding such non-cash net valuation loss, core consolidated profit attributable to shareholders was HK\$32 million (2023: HK\$63 million) mainly due to lower profit margin from sales of our remaining residential units, and core earnings per share was HK\$0.02 (2023: HK\$0.05). Including non-cash net valuation loss, total consolidated loss attributable to shareholders was HK\$1,337 million (2023: HK\$374 million), and loss per share was HK\$0.99 (2023: HK\$0.28).

After prudent consideration of the Group's business performance and financial position, the Board of Directors recommended an interim dividend of HK3.0 cents per share which amounted to HK\$41 million.

The residential property market rebounded for merely two months after the Hong Kong Government removed all property cooling measures in February. High sales volume was seen from the new launches along the MTR lines, but at restrained price due to high inventory levels in the market. We managed to sell some remaining units of OMA by the Sea after we adjusted the selling price downward. However, market sentiment has weakened again since May due to buyers' lack of confidence amid economic uncertainties, coupled with high interest rate. This has resulted in further price cut and steep decline in volume.

For our medium-density residential site near Sheung Shui MTR, superstructure work commenced in May 2024. We have applied for pre-sale consent in April and are preparing for the pre-sale launch upon obtaining consent. For our joint-venture residential site near Tai Wai and Hin Keng MTR stations, foundation work will be completed soon with superstructure work commencing next month.

Despite the challenges on office leasing in Hong Kong, our Hong Kong Landmark East twin towers maintained a resilient occupancy of approximately 90%. Such achievement is attributed to our proactive asset enhancement initiatives and tenant engagement programmes. Landmark East has been awarded WELL v2 Platinum rating by the International WELL Building Institute in 2024, in addition to last year awards of LEED Existing Buildings Platinum rating and BEAM Plus Existing Buildings Platinum rating. In the meantime, our London office properties have managed to maintain their occupancy and rental rate amidst economic challenges.

Superstructure work of our development in the heart of Central is in progress. Located at 118 Wellington Street between Graham and Cochrane Streets, this rare mixed-used development consists of Grade A offices, a luxury international hotel, bespoke retails and a green open space.

Set in captivating Causeway Bay prime location for business and shopping, our Lanson Place Causeway Bay hotel soft reopened in March 2024. The elegant and sophisticated French design by world-renowned Parisian hotel design maestro Pierre-Yves Rochon are well-received. During the initial reopening phase and amid a soft hotel market, we focused on brand building and quality service delivery while building up occupancy.

Lanson Place has extended its hospitality management portfolio in China's Greater Bay Area and the Philippines. Following the opening of the Manila hotel and serviced residences in April, in June 2024, we signed up and managed Lanson Place's first long-term rental apartment of 1,610 units situated in the heart of the hi-tech Xili district in Shenzhen.

I would like to express my sincere gratitude to all our dedicated employees for their commitment and contribution. Their resilience and diligence have been instrumental in navigating recent challenges and ensuring the smooth operation of our business. I would also like to extend my appreciation to my fellow Board members, business partners and stakeholders for their continued support.

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 26 August 2024

INTERIM RESULTS

The Board of Directors (the “Directors”) of Wing Tai Properties Limited (the “Company”) presents the unaudited condensed consolidated interim financial information (the “Interim Financial Information”) of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

		Unaudited	
		Six months ended 30 June	
	Note	2024	2023
		HK\$'M	HK\$'M
Revenue	3	560.3	477.3
Cost of sales		(252.8)	(163.8)
		<hr/>	<hr/>
Gross profit		307.5	313.5
Other (losses)/gains, net	4	(438.3)	6.5
Selling and distribution costs		(26.8)	(10.5)
Administrative expenses		(200.5)	(180.4)
Change in fair value of			
– investment properties		(827.6)	(290.1)
– financial instruments	5	(47.5)	(18.0)
		(875.1)	(308.1)
		<hr/>	<hr/>
Loss from operations	6	(1,233.2)	(179.0)
Finance costs		(107.6)	(91.0)
Finance income		77.0	55.5
Share of results of joint ventures		(59.6)	(93.2)
Share of results of an associate		0.2	-
		<hr/>	<hr/>
Loss before taxation		(1,323.2)	(307.7)
Taxation	7	(38.4)	(26.3)
		<hr/>	<hr/>
Loss for the period		(1,361.6)	(334.0)
		<hr/> <hr/>	<hr/> <hr/>
(Loss)/profit for the period attributable to:			
Shareholders of the Company		(1,337.1)	(374.2)
Holders of perpetual capital securities		32.8	32.8
Non-controlling interests		(57.3)	7.4
		<hr/>	<hr/>
		(1,361.6)	(334.0)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share attributable to shareholders of the Company	8		
– Basic		(HK\$0.99)	(HK\$0.28)
		<hr/>	<hr/>
– Diluted		(HK\$0.99)	(HK\$0.28)
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'M	HK\$'M
Loss for the period	(1,361.6)	(334.0)
Other comprehensive (loss)/income		
Items that have been/may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(19.0)	29.7
Net gain/(loss) on net investment hedge		
– Fair value gains/(losses)	23.0	(15.3)
– Realised upon settlement	(18.3)	(18.0)
Reclassification of net gain from translation reserve to profit or loss	-	(12.5)
	(14.3)	(16.1)
Other comprehensive loss for the period, net of tax	(14.3)	(16.1)
Total comprehensive loss for the period	(1,375.9)	(350.1)
Total comprehensive (loss)/income for the period attributable to:		
Shareholders of the Company	(1,351.4)	(390.3)
Holders of perpetual capital securities	32.8	32.8
Non-controlling interests	(57.3)	7.4
Total comprehensive loss for the period	(1,375.9)	(350.1)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

		Unaudited 30 June 2024 HK\$'M	Audited 31 December 2023 HK\$'M
	Note		
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		18,892.5	19,693.4
Other properties, plant and equipment		63.3	64.8
Interests in joint ventures		5,218.9	5,086.1
Interests in an associate		43.9	43.7
Financial investments at amortised cost		343.3	295.8
Financial investments at fair value through profit or loss		561.9	593.1
Deferred tax assets		7.3	9.1
Derivative financial instruments		197.5	213.0
		<u>25,328.6</u>	<u>25,999.0</u>
Current assets			
Properties for sale		3,462.3	3,834.3
Trade and other receivables, deposits and prepayments	10	219.5	561.4
Financial investments at amortised cost		360.1	531.9
Financial investments at fair value through profit or loss		196.4	49.3
Other current assets		62.0	242.1
Derivative financial instruments		45.0	67.5
Sales proceeds held in stakeholders' accounts		18.1	23.2
Tax recoverable		2.4	10.1
Pledged bank deposit		21.7	27.0
Bank balances and cash		2,803.2	2,642.3
		<u>7,190.7</u>	<u>7,989.1</u>
Current liabilities			
Trade and other payables and accruals	11	623.2	693.0
Derivative financial instruments		7.8	12.9
Tax payable		131.5	122.6
Bank and other borrowings		3,180.4	2,808.2
		<u>3,942.9</u>	<u>3,636.7</u>

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2024

	Unaudited 30 June 2024 HK\$'M	Audited 31 December 2023 HK\$'M
Non-current liabilities		
Bank and other borrowings	3,731.6	4,000.3
Other long-term liability	-	16.2
Deferred tax liabilities	252.9	240.3
	<hr/>	<hr/>
	3,984.5	4,256.8
	<hr/>	<hr/>
NET ASSETS	<u>24,591.9</u>	<u>26,094.6</u>
EQUITY		
Shareholders' funds		
Share capital	678.6	678.6
Reserves	22,316.1	23,761.5
	<hr/>	<hr/>
	22,994.7	24,440.1
Perpetual capital securities	1,491.4	1,491.4
Non-controlling interests	105.8	163.1
	<hr/>	<hr/>
TOTAL EQUITY	<u>24,591.9</u>	<u>26,094.6</u>

NOTES:

1. Basis of preparation

The Interim Financial Information for the six months ended 30 June 2024 has been prepared in accordance with the applicable disclosure requirements of Appendix D2 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 2023.

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. Material 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 2023, except for the amendments and interpretations to standards of Hong Kong Financial Reporting Standards (“HKFRS”) as of 1 January 2024, noted below.

(a) Amendments and interpretations to standards effective for the current accounting period beginning on 1 January 2024 and relevant to the Group

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

As a result of the adoption of the amendments of HKAS 1, the Group changed its accounting policy for the classification of borrowings:

“Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.”

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to HKAS 1.

2. Material accounting policies (Continued)

(b) New standards, amendments and interpretations to standards relevant to the Group that are not yet effective in 2024 and have not been early adopted by the Group

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

		Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
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 standards, 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	
	2024	2023
	HK\$'M	HK\$'M
Sales of properties and project management income	215.0	130.9
Rental income and property management income	309.4	306.9
Interest income from financial investments	22.6	19.0
Interest income from mortgage loan receivables	5.6	12.1
Dividend income from financial investments	7.7	8.4
	<u>560.3</u>	<u>477.3</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.

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
For the six months ended 30 June 2024						
REVENUE						
External sales	220.8	282.5	26.7	30.3	-	560.3
Inter-segment sales	8.8	4.9	-	-	(13.7)	-
Total	<u>229.6</u>	<u>287.4</u>	<u>26.7</u>	<u>30.3</u>	<u>(13.7)</u>	<u>560.3</u>
RESULTS						
(Loss)/profit before change in fair value of investment properties and financial instruments	(498.5)	168.1	(47.0)	19.3	-	(358.1)
Change in fair value of						
– investment properties	(1.4)	(771.5)	(54.7)	-	-	(827.6)
– financial instruments	9.5	1.2	-	(58.2)	-	(47.5)
Loss from operations	<u>(490.4)</u>	<u>(602.2)</u>	<u>(101.7)</u>	<u>(38.9)</u>	<u>-</u>	<u>(1,233.2)</u>
Finance costs	(4.9)	(38.5)	(20.3)	(63.2)	19.3	(107.6)
Finance income	24.5	17.7	0.6	53.5	(19.3)	77.0
Share of results of joint ventures	(118.4)	57.5	1.3	-	-	(59.6)
Share of results of an associate	-	0.2	-	-	-	0.2
Loss before taxation	<u>(589.2)</u>	<u>(565.3)</u>	<u>(120.1)</u>	<u>(48.6)</u>	<u>-</u>	<u>(1,323.2)</u>
Taxation						(38.4)
Loss for the period						<u>(1,361.6)</u>
OTHER ITEM						
Depreciation and amortisation	<u>0.1</u>	<u>0.6</u>	<u>0.1</u>	<u>1.6</u>	<u>-</u>	<u>2.4</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
For the six months ended 30 June 2023						
REVENUE						
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>
RESULTS						
(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 an associate	-	-	-	-	-	-
Loss before taxation	(4.0)	(220.6)	(50.2)	(32.9)	-	(307.7)
Taxation						(26.3)
Loss for the period						<u>(334.0)</u>
OTHER ITEM						
Depreciation and amortisation	-	0.8	-	1.4	-	2.2

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	
	2024 HK\$'M	2023 HK\$'M
Hong Kong	513.3	429.4
United Kingdom	11.3	10.1
Singapore	9.8	10.9
The People's Republic of China	2.5	7.2
Others	23.4	19.7
	<u>560.3</u>	<u>477.3</u>

4. Other (losses)/gains, net

	Six months ended 30 June	
	2024	2023
	HK\$'M	HK\$'M
Exchange (losses)/gains, net	(0.9)	2.6
Forfeited deposits received from properties sales	0.7	1.4
Gain on release and discharge of other long-term liability	14.9	-
Impairment provision for financial investments at amortised cost	(2.6)	(2.1)
Impairment provision for properties for sale	(461.2)	-
Provision for doubtful debts	(0.6)	(0.6)
Other charges to tenants	6.5	-
Others	4.9	5.2
	<u>(438.3)</u>	<u>6.5</u>

5. Change in fair value of financial instruments

	Six months ended 30 June	
	2024	2023
	HK\$'M	HK\$'M
Net fair value loss on derivative financial instruments	(19.3)	(4.8)
Loss on financial investments at fair value through profit or loss	(25.9)	(16.5)
(Loss)/gain on mortgage loan receivables at fair value through profit or loss	(2.3)	3.3
	<u>(47.5)</u>	<u>(18.0)</u>

6. Loss from operations

	Six months ended 30 June	
	2024	2023
	HK\$'M	HK\$'M
Loss from operations has been arrived at after charging the following:		
Share-based compensation expenses	14.6	5.9
Staff costs including directors' remuneration	165.0	132.7
Cost of properties included in cost of sales	169.5	82.9
Depreciation of other properties, plant and equipment	2.4	2.2
Direct operating expenses arising from investment properties generating rental income	82.5	79.0
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% (2023: 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	
	2024	2023
	HK\$'M	HK\$'M
Current taxation		
– Current tax on profits for the period	24.1	23.0
Deferred taxation		
– Change in fair value of investment properties	(0.1)	0.3
– Temporary differences on tax depreciation	12.6	6.7
– Recognition of tax losses	(11.6)	(5.4)
– Other temporary differences	13.4	1.7
	14.3	3.3
Income tax expenses	38.4	26.3

8. Loss per share

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

	Six months ended 30 June	
	2024	2023
	HK\$'M	HK\$'M
Loss attributable to shareholders of the Company	(1,337.1)	(374.2)
	Six months ended 30 June	
	2024	2023
Weighted average number of ordinary shares in issue	1,357,200,279	1,357,071,268
Effect of dilutive potential shares issuable under the Company's share option plans and share award plan	-	-
Weighted average number of shares for the purpose of calculating diluted loss per share	1,357,200,279	1,357,071,268
Basic loss per share	(HK\$0.99)	(HK\$0.28)
Diluted loss per share	(HK\$0.99)	(HK\$0.28)

8. Loss per share (Continued)

The effect of the outstanding share awards was not included in the computation of diluted loss per share for the six months ended 30 June 2024 as the impact of dilution of the share awards is anti-dilutive.

9. Interim dividend

	Six months ended 30 June	
	2024	2023
	HK\$'M	HK\$'M
Interim dividend of HK3.0 cents (2023: HK6.0 cents) per ordinary share	40.7	81.4

On 26 August 2024, the Board of Directors has resolved to declare an interim dividend of HK3.0 cents (2023: HK6.0 cents) per ordinary share. This interim dividend, amounting to HK\$40.7M (2023: HK\$81.4M), has not been recognised as a liability in the Interim Financial Information. It will be recognised in shareholders' equity in the year ending 31 December 2024.

10. Trade and other receivables, deposits and prepayments

	30 June	31 December
	2024	2023
	HK\$'M	HK\$'M
Trade receivables (Note a)	16.2	14.0
Deferred rent receivables	14.0	14.3
Amounts due from joint ventures	3.5	7.8
Loans to joint ventures	26.5	27.4
Amounts due from non-controlling interests	31.0	-
Contract assets (Note b)	6.1	1.1
Other receivables, deposits and prepayments	122.2	496.8
	<u>219.5</u>	<u>561.4</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
	2024	2023
	HK\$'M	HK\$'M
0 – 30 days	14.0	9.7
31 – 90 days	0.8	2.5
Over 90 days	1.4	1.8
	<u>16.2</u>	<u>14.0</u>

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

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

11. Trade and other payables and accruals

	30 June 2024 HK\$'M	31 December 2023 HK\$'M
Trade payables (Note a)	37.4	28.2
Contract liabilities (Note b)	7.8	3.1
Rental deposits received	138.2	144.5
Construction costs payable	109.2	143.9
Amounts due to joint ventures	88.6	78.5
Other payables and accruals	242.0	294.8
	<u>623.2</u>	<u>693.0</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 2024 HK\$'M	31 December 2023 HK\$'M
0 – 30 days	37.0	27.2
31 – 90 days	0.4	0.9
Over 90 days	-	0.1
	<u>37.4</u>	<u>28.2</u>

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

INTERIM DIVIDEND AND RECORD DATE

The Directors declare the payment of an interim dividend of HK3.0 cents per share for the year ending 31 December 2024 (2023: HK6.0 cents). The interim dividend will be distributed on or around 7 October 2024 to the shareholders whose names appear on the register of members of the Company at the close of business on 16 September 2024 (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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on 16 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2024, the Group's revenue was HK\$560 million, compared with HK\$477 million in 2023. The increase was mainly due to more sales of remaining units of OMA by the Sea.

Consolidated loss for the six months ended 30 June 2024 was HK\$1,362 million, an increase in loss of HK\$1,028 million, compared with HK\$334 million in 2023. The increase was mainly attributable to non-cash loss, comprised of (i) HK\$412 million increase in net valuation losses on investment properties and financial instruments including share of joint ventures (2024: HK\$849 million; 2023: HK\$437 million) and (ii) HK\$586 million increase in impairment provision on properties under development (2024: HK\$586 million; 2023: Nil).

Non-cash net valuation losses on investment properties and financial instruments including share of joint ventures was HK\$849 million, compared with HK\$437 million in 2023, comprised of (i) HK\$832 million valuation loss from investment properties (2023: HK\$480 million), mainly Landmark East and (ii) HK\$17 million valuation loss from financial instruments (2023: HK\$43 million gain), mainly the Real Estate Investment Trust investments listed in Singapore. Including the impairment provision on properties under development, net of non-controlling interests of HK\$520 million (2023: Nil), total net valuation loss and impairment provision amounted to HK\$1,369 million, compared with HK\$437 million in 2023.

Consolidated loss attributable to shareholders was HK\$1,337 million, an increase of HK\$963 million, compared with HK\$374 million in 2023.

Loss per share attributable to shareholders was HK\$0.99, compared with HK\$0.28 in 2023.

Core consolidated profit attributable to shareholders, excluding non-cash net valuation loss and impairment provision was HK\$32 million, a decrease of HK\$31 million, compared with HK\$63 million in 2023.

Property Development

The property development segment revenue excluding inter-segment sales was HK\$221 million in the first half of 2024, compared with HK\$143 million in 2023, mainly due to more sales of remaining units of OMA by the Sea, albeit at thinner profit margin. Core segment loss before taxation was HK\$20 million, compared with HK\$5 million in 2023. Due to the weakening of Hong Kong residential and office market, and in line with the drop in market property value, impairment provision of HK\$577 million was booked based on the June valuation on our properties under development. Segment loss before taxation including impairment provision and net valuation change (2024: HK\$569 million loss; 2023: HK\$1 million gain) was HK\$589 million, compared with HK\$4 million in 2023.

Wholly-owned project

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. Cumulatively, as at 30 June 2024, 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 2024, around 4% (in terms of number) of the residential units were sold. Cumulatively, as at 30 June 2024, around 96% (in terms of number) of the residential units were sold. Around 3% (in terms of number) of the residential units were handed over to buyers with related revenue recognised in the first half of 2024.

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. Superstructure work of the project is in progress. Pre-sale consent application has been filed.

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 of the project is in progress.

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 of the project will be completed soon with superstructure work commencing thereafter.

Property Investment and Management

The property investment and management segment revenue excluding inter-segment sales was HK\$282 million in the first half of 2024, compared with HK\$288 million in 2023. Core segment profit before taxation was HK\$179 million, compared with HK\$164 million in 2023. Segment loss before taxation including net valuation loss was HK\$565 million, compared with HK\$221 million in 2023, mainly due to higher net valuation loss (2024: HK\$744 million; 2023: HK\$385 million) on office buildings, mainly Landmark East.

As at 30 June 2024, the Group's portfolio of investment properties, mostly Grade A office buildings, has a total area of approximately 1,961,000 square feet with an aggregate attributable fair market valuation of around HK\$19,100 million. The portfolio covers 1,633,000 square feet in Hong Kong and 328,000 square feet in London.

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 2024, the property achieved an occupancy of approximately 90%. As a testament to our commitment to upgrade the building quality and green standard, we successfully obtained 3 certificates, of which WELL v2 Platinum issued by International WELL Building Institute in 2024, and BEAM Plus Existing Buildings Platinum issued by Hong Kong Green Building Council Limited and LEED Existing Buildings Platinum issued by U.S. Green Building Council in 2023.

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 2024, the property achieved an occupancy of approximately 83%. Town Planning Board's approval for redevelopment was obtained in April 2021.

The Group holds Le Cap and La Vetta, located at Kau To, Sha Tin, which are 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 2024, around 81% 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 2024, around 71% 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 at 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 2024, the above three wholly-owned properties achieved an average occupancy of approximately 84%.

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 2024, the above four joint venture properties achieved an average occupancy of approximately 94%.

Hospitality Investment and Management

The hospitality investment and management segment revenue was HK\$27 million in the first half of 2024, compared with HK\$19 million in 2023. Core segment loss before taxation was HK\$65 million, compared with HK\$30 million in 2023, mainly due to pre-opening/re-opening expenses of Lanson Place Causeway Bay hotel and higher finance cost. Segment loss before taxation including net valuation loss (2024: HK\$55 million; 2023: HK\$20 million) was HK\$120 million, compared with HK\$50 million in 2023.

Following an extensive refurbishment project led by the world-renowned Parisian hotel design maestro, our wholly-owned Lanson Place Causeway Bay hotel in Hong Kong was soft reopened in March.

Lanson Place Waterfront Suites, our wholly-owned prime harbour-front furnished residence in Sai Wan Ho, was held for leasing. Its performance remained stable and currently achieved an occupancy over 80%.

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 function. Segment revenue was HK\$30 million in the first half of 2024, compared with HK\$27 million in 2023.

Core segment profit before taxation was HK\$9 million, compared with a breakeven core segment profit before taxation in 2023, mainly due to HK\$15 million gain on release of other long-term liability in 2024. Segment loss before taxation including net valuation loss (2024: HK\$58 million; 2023: HK\$33 million) was HK\$49 million, compared with HK\$33 million in 2023.

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\$24,592 million as at 30 June 2024 (31 December 2023: HK\$26,095 million). The decrease of HK\$1,503 million is mainly resulted from the distribution of the 2023 final dividend of HK\$109 million, distribution to holders of perpetual capital securities of HK\$33 million and the loss for the period of HK\$1,362 million.

As at 30 June 2024, the Group's bank and other borrowings totalled HK\$6,912 million (31 December 2023: HK\$6,808 million). The maturity profile of the Group's bank and other borrowings is set out below:

	30 June 2024		31 December 2023	
	HK\$ million	%	HK\$ million	%
Repayable:				
Within one year	3,180	46%	2,808	41%
Between one and two years	342	5%	516	8%
Between two and five years	3,390	49%	3,484	51%
	<u>6,912</u>	<u>100%</u>	<u>6,808</u>	<u>100%</u>

As at 30 June 2024, the Group's gearing ratio is 16.7% (31 December 2023: 16.0%) 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\$4,109 million (31 December 2023: HK\$4,166 million). Interest for the Group's bank borrowings is 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 2024	31 December 2023
	HK\$ million	HK\$ million
Bank balances and cash	2,803	2,642
Unutilised revolving loan facilities	2,490	2,551
	<u>5,293</u>	<u>5,193</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 2024, the Group's borrowings were 86% in Hong Kong dollars and 14% 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 provided certain loans to joint ventures to finance the projects and the details are set out as follows:

Names of joint ventures:	Notes	30 June 2024	31 December 2023
		HK\$ million	HK\$ million
Southwater Investments Limited and its subsidiaries	(a)	2,269	2,149
Kingswood Edge Limited	(b)	779	732
Champion Estate (HK) Limited	(c)	283	268
Others		865	852
Total		<u>4,196</u>	<u>4,001</u>

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 2024, the Group had contingent liabilities of HK\$5,384 million (31 December 2023: HK\$5,398 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 2024, the Group’s advances to joint ventures of HK\$3,779 million (31 December 2023: HK\$3,551 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 2024, several of the Group’s investment properties, properties for sale, financial assets at amortised cost, other properties, plant and equipment and bank deposits with carrying values of HK\$4,052 million, HK\$2,775 million, HK\$586 million, HK\$33 million and HK\$22 million, respectively, were pledged to secure credit facilities for the Group.

PROSPECTS

We anticipate the Hong Kong economy to continue its slow recovery in the second half of 2024; however, the property market is likely to remain under pressure.

Over the medium to long term, demand for residential property is expected to remain resilient, supported by a potential interest rate cut, solid pent-up demand from home buyers, and growing demand from new immigrants arriving through various government initiatives.

We are preparing for the pre-sale launch of Sheung Shui and Sha Tin residential projects. These two projects situated along MTR lines offering primarily one- to two- bedroom small units are well-positioned to capitalise on the release of pent-up demand from first-time home buyers in the event of interest rate cut and revival of market confidence.

We expect Hong Kong office rent correction to persist until the business environment in Hong Kong and Mainland China improves. Based on current lease renewals and new lease commitment on hand, we anticipate that our occupancy rates will remain steady for the rest of the year and rental rate drop will be contained.

Given the ongoing efforts of the government in promoting Hong Kong's tourism and achieving gradual economic recovery, we see potential for gradual improvement in the occupancy of our Lanson Place Causeway Bay hotel.

Maintaining a healthy financial position and diversified asset portfolio remains a priority to us. We will continue to manage our operations prudently in light of market volatility, and cautiously and diligently explore suitable investment opportunities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had approximately 480 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 the Directors, are eligible for the Company's share option plan and share award plan where the share options and/or the 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 C1 to the Listing Rules throughout the six months ended 30 June 2024.

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 C3 to the Listing Rules as its code of conduct for securities transactions by the 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 2024, 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 2024.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

INTERIM REPORT

The 2024 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 Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.wingtaiproperties.com and copies thereof will be dispatched to shareholders of the Company on or about 20 September 2024.

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

Hong Kong, 26 August 2024

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