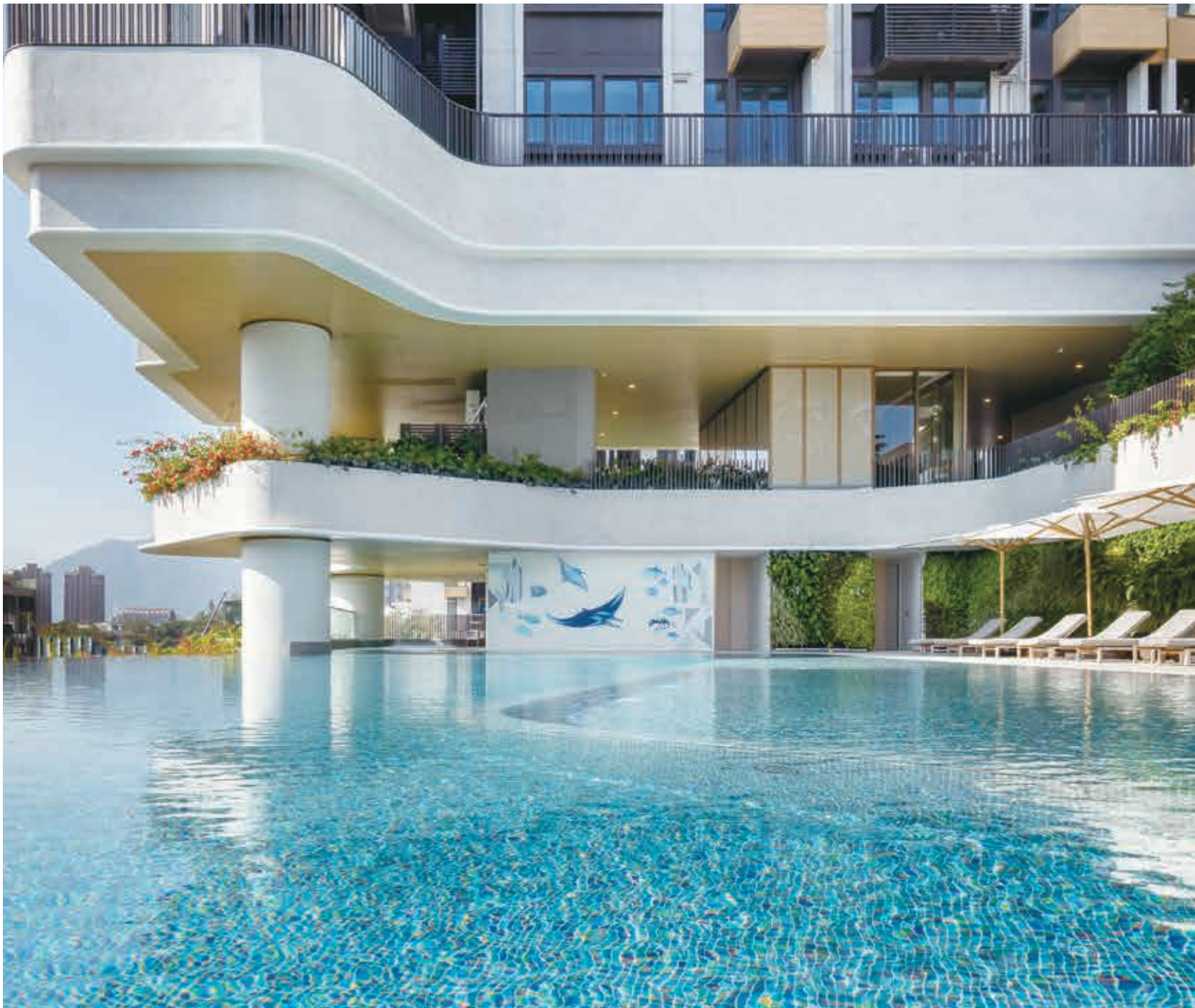


WING TAI PROPERTIES LIMITED

永泰地產有限公司

STOCK CODE 股份代號 369



Our brands,
Wing Tai Asia and Lanson Place,
are synonymous with quality
craftsmanship, a result of
the close alignment of values
and seamless cooperation of
our committed professional teams.

We strive to deliver sophisticated
yet warm homes that turn our
customers' dreams into reality.



WE DON'T JUST BUILD,
WE CRAFT.

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BOARD OF DIRECTORS**Executive Directors**

CHENG Wai Chee, Christopher *GBS OBE JP (Chairman)*

CHENG Wai Sun, Edward *GBS JP*

(Deputy Chairman and Chief Executive)

CHENG Man Piu, Francis

CHOW Wai Wai, John

NG Kar Wai, Kenneth

Non-Executive Directors

KWOK Ping Luen, Raymond *JP*

(KWOK Ho Lai, Edward as his alternate)

HONG Pak Cheung, William

CHEN CHOU Mei Mei, Vivien

Independent Non-Executive Directors

Simon MURRAY *CBE*

YEUNG Kit Shing, Jackson

Haider Hatam Tyebjee *BARMA GBS CBE ISO JP*

LAM Kin Fung, Jeffrey *GBM GBS JP*

NG Tak Wai, Frederick

AUDIT COMMITTEE MEMBERS

YEUNG Kit Shing, Jackson *(Chairman)*

HONG Pak Cheung, William

Haider Hatam Tyebjee *BARMA GBS CBE ISO JP*

REMUNERATION COMMITTEE MEMBERS

Simon MURRAY *CBE (Chairman)*

CHENG Wai Chee, Christopher *GBS OBE JP*

YEUNG Kit Shing, Jackson

NOMINATION COMMITTEE MEMBERS

Simon MURRAY *CBE (Chairman)*

CHENG Wai Chee, Christopher *GBS OBE JP*

CHENG Wai Sun, Edward *GBS JP*

YEUNG Kit Shing, Jackson

Haider Hatam Tyebjee *BARMA GBS CBE ISO JP*

COMPANY SECRETARY AND**GROUP LEGAL COUNSEL**

CHUNG Siu Wah, Henry

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

LEGAL ADVISERS TO THE COMPANY

Slaughter and May *(as to Hong Kong Laws)*

Appleby *(as to Bermuda Laws)*

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited

Bank of China (Hong Kong) Limited

Standard Chartered Bank (Hong Kong) Limited

DBS Bank Limited, Hong Kong Branch

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER AGENT**

Ocorian Management (Bermuda) Limited

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

**HONG KONG BRANCH SHARE
REGISTRAR AND TRANSFER OFFICE**

Tricor Standard Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

REGISTERED OFFICE

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

**HEAD OFFICE AND PRINCIPAL PLACE
OF BUSINESS**

27th Floor, AIA Kowloon Tower

Landmark East

100 How Ming Street

Kwun Tong, Kowloon

Hong Kong

COMPANY WEBSITE

<http://www.wingtaiproperties.com>

HONG KONG STOCK EXCHANGE STOCK CODE

369

FINANCIAL SUMMARY

The following is a summary of the results and of the assets and liabilities of the Group for each of the six months period ended 30 June 2023 and 2022, and of the five years ended 31 December 2022:

| | Interim results | | Annual results | | | | |
|--|-----------------|----------------|----------------|----------------------------|----------------|----------------------------|----------------------------|
| | 2023 HK\$'M | 2022 HK\$'M | 2022 HK\$'M | 2021 HK\$'M (Note a) | 2020 HK\$'M | 2019 HK\$'M (Note b) | 2018 HK\$'M (Note c) |
| RESULTS | | | | | | | |
| Revenue | 477.3 | 859.8 | 4,096.7 | 3,423.2 | 2,777.8 | 829.5 | 884.7 |
| (Loss)/profit before taxation | (307.7) | 456.6 | (152.0) | 1,045.4 | (555.1) | 374.7 | 1,432.3 |
| Taxation | (26.3) | (51.8) | (171.9) | (127.8) | (60.8) | (69.7) | (52.8) |
| (Loss)/profit for the period/year | (334.0) | 404.8 | (323.9) | 917.6 | (615.9) | 305.0 | 1,379.5 |
| Attributable to: | | | | | | | |
| Shareholders of the Company | (374.2) | 374.0 | (540.0) | 854.4 | (674.4) | 238.9 | 1,312.4 |
| Holder of perpetual capital securities | 32.8 | 32.3 | 64.3 | 65.5 | 63.8 | 64.9 | 65.7 |
| Non-controlling interests | 7.4 | (1.5) | 151.8 | (2.3) | (5.3) | 1.2 | 1.4 |
| (Loss)/profit for the period/year | (334.0) | 404.8 | (323.9) | 917.6 | (615.9) | 305.0 | 1,379.5 |

| | At 30 June | | At 31 December | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2023 HK\$'M | 2022 HK\$'M | 2021 HK\$'M | 2020 HK\$'M | 2019 HK\$'M | 2018 HK\$'M |
| ASSETS AND LIABILITIES | | | | | | |
| Total assets | 34,935.2 | 35,499.2 | 38,738.5 | 37,245.8 | 36,322.8 | 35,427.7 |
| Total liabilities | (8,269.9) | (8,171.9) | (10,572.7) | (9,604.8) | (7,699.3) | (6,705.8) |
| Perpetual capital securities | (1,491.4) | (1,491.4) | (1,513.4) | (1,513.3) | (1,513.7) | (1,513.9) |
| Non-controlling interests | (158.5) | (151.1) | 0.5 | (2.1) | (7.6) | (6.7) |
| Equity attributable to shareholders of the Company | 25,015.4 | 25,684.8 | 26,652.9 | 26,125.6 | 27,102.2 | 27,201.3 |

Notes:

- The Group adopted Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 using retrospective approach with no material impact from adoption and the opening balance of retained earnings as at 1 January 2021 and that comparative had not been restated.
- The Group adopted HKFRS 16 using the modified retrospective approach with no material impact from adoption and the opening balance of retained earnings as at 1 January 2019 and that comparative had not been restated.
- The Group adopted HKFRS 9 and HKFRS 15 using the modified retrospective approach where the cumulative impact from adoption is recognised in the opening balance of retained earnings as at 1 January 2018 and that comparatives had not been restated.

CHAIRMAN'S STATEMENT

Dear Shareholders,

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

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

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

After considering the stabilised office leasing performance and healthy financial position with net assets of HK\$26,665 million, the Board of Directors recommended to maintain the interim dividend at HK6.0 cents per share which amounted to HK\$81 million. The Board of Directors will consider the pace of economic recovery and rebound of property markets when recommending the 2023 final dividend payment.

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

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

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

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

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

Cheng Wai Chee, Christopher

Chairman

Hong Kong, 24 August 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

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

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

Property Development

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

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

Wholly-owned projects

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

Majority-owned projects

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

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

Joint venture projects

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

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

Property Investment and Management

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

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

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

Wholly-owned properties in Hong Kong

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Wholly-owned properties in London, the United Kingdom

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

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

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

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

Joint venture properties in London, the United Kingdom

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

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

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

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

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

Wholly-owned property in Beijing, China

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

Hospitality Investment and Management

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

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

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

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

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

Others

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

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

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

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

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

FINANCIAL REVIEW

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

Liquidity and Financial Resources

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

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2023, the Group's gearing ratio is 15.9% (31 December 2022: 16.4%) which is calculated as the Group's net borrowings divided by total equity. The Group's net borrowings (total bank and other borrowings less bank balances and cash) were HK\$4,248 million (31 December 2022: HK\$4,487 million). Interest for the Group's bank

borrowings is mainly on a floating rate basis while interest for the Group's bonds is on a fixed rate basis. The Group will closely monitor the exposure to interest rate fluctuations and, if appropriate, hedge by interest rate swap contracts to the extent desirable.

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

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

Foreign Currencies

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

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

Material loans to joint ventures

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

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

Notes:

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

Contingent Liabilities

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

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

Pledge of Assets

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

MANAGEMENT DISCUSSION AND ANALYSIS & INTERIM DIVIDEND

PROSPECTS

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

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

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

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

EMPLOYEES

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

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

INTERIM DIVIDEND

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

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

TO THE BOARD OF DIRECTORS OF WING TAI PROPERTIES LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 16 to 42, which comprises the interim condensed consolidated balance sheet of Wing Tai Properties Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated cash flow statement for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 24 August 2023

.....
PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

INTERIM RESULTS

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

| | Note | Unaudited | |
|--|------|--------------------------|----------------|
| | | Six months ended 30 June | |
| | | 2023 HK\$'M | 2022 HK\$'M |
| Revenue | 6 | 477.3 | 859.8 |
| Cost of sales | | (163.8) | (383.8) |
| Gross profit | | 313.5 | 476.0 |
| Other gains/(losses), net | 7 | 6.5 | (20.3) |
| Selling and distribution costs | | (10.5) | (33.8) |
| Administrative expenses | | (180.4) | (165.7) |
| Change in fair value of | | | |
| – investment properties | 13 | (290.1) | (127.0) |
| – financial instruments | 8 | (18.0) | 150.3 |
| | | (308.1) | 23.3 |
| (Loss)/profit from operations | 9 | (179.0) | 279.5 |
| Finance costs | | (91.0) | (54.3) |
| Finance income | | 55.5 | 8.0 |
| Share of results of joint ventures | 14 | (93.2) | 223.3 |
| Share of results of associates | | – | 0.1 |
| (Loss)/profit before taxation | | (307.7) | 456.6 |
| Taxation | 10 | (26.3) | (51.8) |
| (Loss)/profit for the period | | (334.0) | 404.8 |
| (Loss)/profit for the period attributable to: | | | |
| Shareholders of the Company | | (374.2) | 374.0 |
| Holders of perpetual capital securities | | 32.8 | 32.3 |
| Non-controlling interests | | 7.4 | (1.5) |
| | | (334.0) | 404.8 |
| (Loss)/earnings per share attributable to shareholders of the Company | 11 | | |
| – Basic | | (HK\$0.28) | HK\$0.28 |
| – Diluted | | (HK\$0.28) | HK\$0.28 |

The notes on pages 23 to 42 form an integral part of this Interim Financial Information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

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

The notes on pages 23 to 42 form an integral part of this Interim Financial Information.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2023

| | Note | Unaudited 30 June 2023 HK\$'M | Audited 31 December 2022 HK\$'M |
|--|------|--|--|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Investment properties | 13 | 20,294.7 | 20,467.9 |
| Other properties, plant and equipment | 13 | 63.3 | 63.2 |
| Investments in joint ventures | 14 | 1,266.0 | 1,535.2 |
| Loans to joint ventures | 14 | 4,066.7 | 3,802.2 |
| Investments in associates | | 21.5 | 24.7 |
| Loans to associates | | 22.4 | 22.4 |
| Financial investments at amortised cost | 15 | 454.9 | 656.1 |
| Financial investments at fair value through profit or loss | 16 | 525.1 | 579.1 |
| Other non-current assets | 17 | – | 247.7 |
| Deferred tax assets | | 10.1 | 8.0 |
| Derivative financial instruments | | 252.3 | 309.3 |
| | | 26,977.0 | 27,715.8 |
| Current assets | | | |
| Properties for sale | | 3,831.2 | 3,739.4 |
| Trade and other receivables, deposits and prepayments | 18 | 175.1 | 193.7 |
| Financial investments at amortised cost | 15 | 350.0 | 84.3 |
| Financial investments at fair value through profit or loss | 16 | 37.8 | 107.3 |
| Other current assets | 17 | 434.4 | 583.1 |
| Derivative financial instruments | | 74.2 | 82.2 |
| Sales proceeds held in stakeholders' accounts | | 459.2 | 749.6 |
| Tax recoverable | | 1.0 | 3.3 |
| Bank balances and cash | | 2,595.3 | 2,240.5 |
| | | 7,958.2 | 7,783.4 |
| Current liabilities | | | |
| Trade and other payables and accruals | 19 | 916.1 | 883.1 |
| Derivative financial instruments | | 4.6 | 1.7 |
| Tax payable | | 118.4 | 169.6 |
| Bank and other borrowings | 20 | 1,868.0 | 2,550.5 |
| | | 2,907.1 | 3,604.9 |

| | Note | Unaudited 30 June 2023 HK\$'M | Audited 31 December 2022 HK\$'M |
|-------------------------------------|------|--|--|
| Non-current liabilities | | | |
| Bank and other borrowings | 20 | 4,974.6 | 4,177.1 |
| Other long-term liability | 4(e) | 10.0 | 11.0 |
| Deferred tax liabilities | | 378.2 | 378.9 |
| | | 5,362.8 | 4,567.0 |
| NET ASSETS | | 26,665.3 | 27,327.3 |
| EQUITY | | | |
| Shareholders' funds | | | |
| Share capital | 21 | 678.6 | 678.0 |
| Reserves | | 24,336.8 | 25,006.8 |
| | | 25,015.4 | 25,684.8 |
| Perpetual capital securities | 22 | 1,491.4 | 1,491.4 |
| Non-controlling interests | | 158.5 | 151.1 |
| TOTAL EQUITY | | 26,665.3 | 27,327.3 |

The notes on pages 23 to 42 form an integral part of this Interim Financial Information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

| | Unaudited | | | | | | | | | | | |
|--|---|-------------------------|---------------------------|---|--|-------------------------------|-------------------------------|----------------------------|-----------------|--|-------------------------------------|------------------------|
| | Attributable to shareholders of the Company | | | | | | | | | | | Total equity HK\$'M |
| | Share capital HK\$'M | Share premium HK\$'M | Hedging reserve HK\$'M | Employee share-based compensation reserve HK\$'M | Other property revaluation reserve HK\$'M | Translation reserve HK\$'M | Contributed surplus HK\$'M | Retained profits HK\$'M | Total HK\$'M | Perpetual capital securities HK\$'M | Non-controlling interests HK\$'M | |
| At 1 January 2023 | 678.0 | 3,339.2 | - | 49.7 | 36.0 | (97.8) | 751.0 | 20,928.7 | 25,684.8 | 1,491.4 | 151.1 | 27,327.3 |
| Comprehensive (loss)/income | | | | | | | | | | | | |
| Loss for the period | - | - | - | - | - | - | - | (374.2) | (374.2) | 32.8 | 7.4 | (334.0) |
| Other comprehensive (loss)/income | | | | | | | | | | | | |
| Exchange differences on translation of foreign operations | - | - | - | - | - | 29.7 | - | - | 29.7 | - | - | 29.7 |
| Net loss on net investment hedge | - | - | - | - | - | (33.3) | - | - | (33.3) | - | - | (33.3) |
| Reclassification of net gain to profit or loss | - | - | - | - | - | (12.5) | - | - | (12.5) | - | - | (12.5) |
| Total comprehensive (loss)/income | - | - | - | - | - | (16.1) | - | (374.2) | (390.3) | 32.8 | 7.4 | (350.1) |
| Transactions with owners | | | | | | | | | | | | |
| Value of employee services relating to grants of share options | - | - | - | 5.9 | - | - | - | - | 5.9 | - | - | 5.9 |
| Share options exercised | 0.6 | 2.2 | - | (2.8) | - | - | - | - | - | - | - | - |
| 2022 final dividend paid | - | - | - | - | - | - | - | (285.0) | (285.0) | - | - | (285.0) |
| Distribution on perpetual capital securities | - | - | - | - | - | - | - | - | - | (32.8) | - | (32.8) |
| Total transactions with owners | 0.6 | 2.2 | - | 3.1 | - | - | - | (285.0) | (279.1) | (32.8) | - | (311.9) |
| At 30 June 2023 | 678.6 | 3,341.4 | - | 52.8 | 36.0 | (113.9) | 751.0 | 20,269.5 | 25,015.4 | 1,491.4 | 158.5 | 26,665.3 |

| Unaudited | | | | | | | | | | | | |
|--|-------------------------|-------------------------|---------------------------|---|--|-------------------------------|-------------------------------|----------------------------|-----------------|--|-------------------------------------|------------------------|
| Attributable to shareholders of the Company | | | | | | | | | | | | |
| | Share capital HK\$'M | Share premium HK\$'M | Hedging reserve HK\$'M | Employee share-based compensation reserve HK\$'M | Other property revaluation reserve HK\$'M | Translation reserve HK\$'M | Contributed surplus HK\$'M | Retained profits HK\$'M | Total HK\$'M | Perpetual capital securities HK\$'M | Non-controlling interests HK\$'M | Total equity HK\$'M |
| At 1 January 2022 | 677.4 | 3,336.5 | (10.9) | 41.4 | 36.0 | (13.4) | 751.0 | 21,834.9 | 26,652.9 | 1,513.4 | (0.5) | 28,165.8 |
| Comprehensive income/(loss) | | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | 374.0 | 374.0 | 32.3 | (1.5) | 404.8 |
| Other comprehensive income/(loss) | | | | | | | | | | | | |
| Exchange differences on translation of foreign operations | - | - | - | - | - | (184.0) | - | - | (184.0) | - | - | (184.0) |
| Net gain on net investment hedge | - | - | - | - | - | 85.9 | - | - | 85.9 | - | - | 85.9 |
| Net gain on cash flow hedge | - | - | 5.1 | - | - | - | - | - | 5.1 | - | - | 5.1 |
| Total comprehensive income/(loss) | - | - | 5.1 | - | - | (98.1) | - | 374.0 | 281.0 | 32.3 | (1.5) | 311.8 |
| Transactions with owners | | | | | | | | | | | | |
| Value of employee services relating to grants of share options | - | - | - | 5.8 | - | - | - | - | 5.8 | - | - | 5.8 |
| Share options exercised | 0.6 | 2.7 | - | (3.3) | - | - | - | - | - | - | - | - |
| 2021 final dividend paid | - | - | - | - | - | - | - | (284.8) | (284.8) | - | - | (284.8) |
| Distribution on perpetual capital securities | - | - | - | - | - | - | - | - | - | (54.3) | - | (54.3) |
| Total transactions with owners | 0.6 | 2.7 | - | 2.5 | - | - | - | (284.8) | (279.0) | (54.3) | - | (333.3) |
| At 30 June 2022 | 678.0 | 3,339.2 | (5.8) | 43.9 | 36.0 | (111.5) | 751.0 | 21,924.1 | 26,654.9 | 1,491.4 | (2.0) | 28,144.3 |

The notes on pages 23 to 42 form an integral part of this Interim Financial Information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2023

| | Unaudited | |
|---|--------------------------|----------------|
| | Six months ended 30 June | |
| | 2023 HK\$'M | 2022 HK\$'M |
| Net cash generated from operating activities | 292.3 | 482.2 |
| Cash flows from investing activities | | |
| Additions of investment properties | (52.7) | (7.9) |
| Purchase of other properties, plant and equipment | (2.1) | (1.4) |
| Purchase of financial investments at amortised cost | (114.4) | (367.2) |
| Purchase of financial investments at fair value through profit or loss | (272.5) | (7.9) |
| Additions of mortgage loan receivables | – | (240.9) |
| Proceeds from disposal of financial investments at amortised cost | – | 31.4 |
| Proceeds from disposal of financial investments at fair value through profit or loss | – | 7.5 |
| Proceeds on maturity of financial investments at amortised cost | 50.1 | 100.4 |
| Proceeds on maturity of financial investments at fair value through profit or loss | 379.4 | 27.7 |
| Advance of loans to joint ventures | (143.0) | (14.0) |
| Repayments of loans to joint ventures | 83.9 | 119.5 |
| Repayments of mortgage loan receivables | 359.2 | 703.1 |
| Release/(placement) of deposits with banks with original maturity of more than three months | 501.3 | (550.0) |
| Net cash generated from/(used in) investing activities | 789.2 | (199.7) |
| Cash flows from financing activities | | |
| Bank and other borrowings raised | 864.6 | 1,236.5 |
| Redemption of fixed rate bonds | (580.0) | – |
| Repayment of bank and other borrowings | (208.8) | (1,283.5) |
| Dividends paid by the Company | (285.0) | (284.5) |
| Distribution paid on perpetual capital securities | (34.0) | (33.1) |
| Cash received on derivative financial instruments | 17.8 | 29.5 |
| Net cash used in financing activities | (225.4) | (335.1) |
| Increase/(decrease) in cash and cash equivalents | 856.1 | (52.6) |
| Cash and cash equivalents at the beginning of the period | 1,113.3 | 1,465.5 |
| Cash and cash equivalents at the end of the period | 1,969.4 | 1,412.9 |
| Cash and cash equivalents comprise: | | |
| Bank balances and cash | 2,595.3 | 1,962.9 |
| Less: Deposits with maturity of more than three months | (625.9) | (550.0) |
| | 1,969.4 | 1,412.9 |

The notes on pages 23 to 42 form an integral part of this Interim Financial Information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

1. GENERAL INFORMATION

Wing Tai Properties Limited (the “Company”) is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

The Company is an investment holding company. Its principal subsidiaries are engaged in property development, property investment and management and hospitality investment and management. The Company and its subsidiaries are hereinafter collectively referred to as the Group.

The Group’s joint ventures and associates are principally engaged in property investment, property development and hospitality investment.

This Interim Financial Information is presented in millions of Hong Kong dollars (HK\$’M), unless otherwise stated. It has been reviewed by the Company’s Audit Committee. It has also been approved for issue by the Board of Directors on 24 August 2023.

2. BASIS OF PREPARATION

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2022.

There have been no changes in any risk management policies since the year end.

(b) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(b) Fair value estimation (Continued)

The following tables present the Group's financial assets and liabilities that are measured at fair value at 30 June 2023 and 31 December 2022.

| | Level 1 HK\$'M | Level 2 HK\$'M | Level 3 HK\$'M | Total HK\$'M |
|--|-------------------|-------------------|-------------------|-----------------|
| At 30 June 2023 | | | | |
| Assets | | | | |
| Financial investments at fair value through profit or loss | | | | |
| – listed securities | 310.2 | – | – | 310.2 |
| – listed debt investments | 242.3 | – | – | 242.3 |
| – unlisted fund investments | – | 10.4 | – | 10.4 |
| Derivative financial instruments | | | | |
| – interest rate swap contracts | – | 230.2 | – | 230.2 |
| – cross currency swap contracts | – | 32.5 | – | 32.5 |
| – forward exchange contracts | – | 63.8 | – | 63.8 |
| Mortgage loan receivables at fair value through profit or loss | – | – | 401.9 | 401.9 |
| | 552.5 | 336.9 | 401.9 | 1,291.3 |
| Liabilities | | | | |
| Derivative financial instruments | | | | |
| – cross currency swap contracts | – | 1.0 | – | 1.0 |
| – forward exchange contracts | – | 3.6 | – | 3.6 |
| Other long-term liability | – | – | 10.0 | 10.0 |
| | – | 4.6 | 10.0 | 14.6 |
| At 31 December 2022 | | | | |
| Assets | | | | |
| Financial investments at fair value through profit or loss | | | | |
| – listed securities | 330.8 | – | – | 330.8 |
| – listed debt investments | 248.3 | – | – | 248.3 |
| – unlisted fund investments | – | 107.3 | – | 107.3 |
| Derivative financial instruments | | | | |
| – interest rate swap contracts | – | 230.8 | – | 230.8 |
| – cross currency swap contracts | – | 68.7 | – | 68.7 |
| – forward exchange contracts | – | 92.0 | – | 92.0 |
| Mortgage loan receivables at fair value through profit or loss | – | – | 753.4 | 753.4 |
| | 579.1 | 498.8 | 753.4 | 1,831.3 |
| Liabilities | | | | |
| Derivative financial instruments | | | | |
| – cross currency swap contracts | – | 0.9 | – | 0.9 |
| – forward exchange contracts | – | 0.8 | – | 0.8 |
| Other long-term liability | – | – | 11.0 | 11.0 |
| | – | 1.7 | 11.0 | 12.7 |

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(b) Fair value estimation (Continued)

During the six months ended 30 June 2023, there were no transfers between the different levels of fair value measurements hierarchy of financial instruments.

There were no other changes in valuation techniques during the period.

(c) Financial instruments in Level 1

Listed securities and debt investments are stated at market prices. The quoted market price used for financial assets held by the Group is the bid price at the end of the reporting period. They are included in Level 1.

(d) Valuation techniques used to derive Level 2 fair values

Level 2 financial instruments also comprise cross currency swap contracts, forward exchange contracts and interest rate swap contracts. The fair values are calculated as the present values of the estimated future cash flows based on forward exchange rates that are quoted in an active market and/or forward interest rates extracted from observable yield curves.

(e) Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in Level 3 instruments for the six months ended 30 June 2023 and 2022.

| | Mortgage loan receivables at fair value through profit or loss (Note 17) | | Other long-term liability | |
|--|---|------------------------|----------------------------------|------------------------|
| | 2023 HK\$'M | 2022 HK\$'M | 2023 HK\$'M | 2022 HK\$'M |
| At 1 January | 753.4 | 1,638.1 | (11.0) | (32.8) |
| Group's contributions | – | – | 1.0 | 0.9 |
| Additions | – | 240.9 | – | – |
| Repayments | (330.3) | (655.4) | – | – |
| Fair value gain recognised in profit or loss (Note 8) | 3.3 | 15.2 | – | 20.7 |
| Transfer | (24.5) | – | – | – |
| At 30 June | 401.9 | 1,238.8 | (10.0) | (11.2) |

The fair value of mortgage loans receivables are determined based on the discounted cash flow projections with reference to the market inputs.

Other long-term liability represents provisions of liabilities in relation to indemnifying a third party against the cost of winding up the pension scheme of a disposed business in 2012. Assumptions like investment rate of return, forecast price inflation rate, pension increase rate and numerous demographic assumptions have been used in the fair value estimates.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

6. REVENUE AND SEGMENT INFORMATION

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

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

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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

6. 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 | | | | | | |
| Revenue | | | | | | |
| – Recognised at a point in time | 121.6 | – | – | – | – | 121.6 |
| – Recognised over time | 9.3 | 6.1 | 6.6 | – | – | 22.0 |
| Revenue from other sources | | | | | | |
| – Rental income | 0.5 | 281.6 | 12.1 | – | – | 294.2 |
| – Interest income from financial investments | 12.1 | – | – | 19.0 | – | 31.1 |
| – Dividend income | – | – | – | 8.4 | – | 8.4 |
| Inter-segment sales | 6.6 | 4.8 | – | – | (11.4) | – |
| Total | 150.1 | 292.5 | 18.7 | 27.4 | (11.4) | 477.3 |
| 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 associates | – | – | – | – | – | – |
| Loss before taxation | (4.0) | (220.6) | (50.2) | (32.9) | – | (307.7) |
| Taxation | | | | | | (26.3) |
| Loss for the period | | | | | | (334.0) |
| OTHER ITEM | | | | | | |
| Depreciation and amortisation | – | 0.8 | – | 1.4 | – | 2.2 |

6. 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 2022 | | | | | | |
| REVENUE | | | | | | |
| External sales | | | | | | |
| Revenue | | | | | | |
| – Recognised at a point in time | 445.7 | – | – | – | – | 445.7 |
| – Recognised over time | 8.4 | 6.8 | 4.2 | – | – | 19.4 |
| Revenue from other sources | | | | | | |
| – Rental income | 0.4 | 288.5 | 55.5 | – | – | 344.4 |
| – Interest income from financial investments | 20.7 | – | – | 19.8 | – | 40.5 |
| – Dividend income | – | – | – | 9.8 | – | 9.8 |
| Inter-segment sales | 5.1 | 5.2 | – | – | (10.3) | – |
| Total | 480.3 | 300.5 | 59.7 | 29.6 | (10.3) | 859.8 |
| RESULTS | | | | | | |
| 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 | 234.6 | 94.3 | (23.0) | (26.4) | – | 279.5 |
| 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 | 219.0 | 301.8 | (31.5) | (32.7) | – | 456.6 |
| Taxation | | | | | | (51.8) |
| Profit for the period | | | | | | 404.8 |
| OTHER ITEM | | | | | | |
| Depreciation and amortisation | – | 0.2 | – | 3.6 | – | 3.8 |

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

6. REVENUE AND SEGMENT INFORMATION (Continued)

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

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

7. OTHER GAINS/(LOSSES), NET

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

8. CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

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

9. (LOSS)/PROFIT FROM OPERATIONS

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

10. TAXATION

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

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

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

11. (LOSS)/EARNINGS PER SHARE

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

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

12. INTERIM DIVIDEND

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

13. CAPITAL EXPENDITURE

| | Investment properties HK\$'M | Other properties, plant and equipment HK\$'M |
|--|---|---|
| Opening net book value at 1 January 2023 | 20,467.9 | 63.2 |
| Exchange differences | 10.7 | – |
| Net loss arising from change in fair value | (290.1) | – |
| Additions | 106.2 | 2.3 |
| Depreciation and amortisation | – | (2.2) |
| Closing net book value at 30 June 2023 | 20,294.7 | 63.3 |
| Opening net book value at 1 January 2022 | 21,777.7 | 65.9 |
| Exchange differences | (103.6) | – |
| Net loss arising from change in fair value | (127.0) | – |
| Additions | 7.9 | 1.4 |
| Depreciation and amortisation | – | (3.7) |
| Closing net book value at 30 June 2022 | 21,555.0 | 63.6 |

The Group's investment properties are stated at revalued amounts based on professional valuations at 30 June 2023 on an open market value basis. The Group engaged Savills Valuation and Professional Services Limited, Jones Lang LaSalle Limited, Cushman & Wakefield and Knight Frank Petty Limited to value its investment properties. The fair values have been determined with reference to comparable current prices in an active market, and/or income capitalisation approach from current leases and assumptions about future leases in light of current market conditions and reversionary income potential, and/or discounted cash flow analysis on periodic net cash flows to be forecasted over the life of the investment property and discounted by an appropriate rate.

14. INVESTMENTS IN JOINT VENTURES

| | 30 June 2023 HK\$'M | 31 December 2022 HK\$'M |
|--|---|--|
| Share of net assets | 1,266.0 | 1,535.2 |
| Non-current loans to joint ventures | | |
| – Interest-free | 3,684.6 | 3,618.8 |
| – Interest-bearing | 382.1 | 183.4 |
| | 4,066.7 | 3,802.2 |
| | 5,332.7 | 5,337.4 |
| | | |
| | Six months ended 30 June 2023 HK\$'M | 2022 HK\$'M |
| Revenue | 78.5 | 85.0 |
| Profit before change in fair value of investment properties and financial instruments | 66.9 | 68.5 |
| Change in fair value of | | |
| – investment properties | (189.6) | 20.3 |
| – financial instruments | 63.2 | 174.4 |
| | (126.4) | 194.7 |
| (Loss)/profit from operations | (59.5) | 263.2 |
| Finance costs | (25.5) | (29.6) |
| Finance income | 1.3 | 0.6 |
| (Loss)/profit before taxation | (83.7) | 234.2 |
| Taxation | (9.5) | (10.9) |
| (Loss)/profit for the period | (93.2) | 223.3 |

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

15. FINANCIAL INVESTMENTS AT AMORTISED COST

| | 30 June 2023 HK\$'M | 31 December 2022 HK\$'M |
|---------------------------------------|------------------------------------|--|
| Corporate bonds and US treasury bills | 752.8 | 740.4 |
| Certificate of deposits | 52.1 | – |
| | 804.9 | 740.4 |
| Analysed as | | |
| Non-current | 454.9 | 656.1 |
| Current | 350.0 | 84.3 |
| | 804.9 | 740.4 |

16. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 30 June 2023 HK\$'M | 31 December 2022 HK\$'M |
|---|------------------------------------|--|
| REIT investments listed overseas (Note a) | 309.8 | 330.5 |
| Listed debt securities (Note a) | 242.3 | 248.3 |
| Unlisted fund investments | 10.4 | 107.3 |
| Others | 0.4 | 0.3 |
| | 562.9 | 686.4 |
| Analysed as | | |
| Non-current | 525.1 | 579.1 |
| Current | 37.8 | 107.3 |
| | 562.9 | 686.4 |

Notes:

- (a) The market value was determined by reference to published price quotations in an active market. They are classified as Level 1 in the fair value hierarchy.
- (b) The Group classifies the following financial investments at fair value through profit or loss:
- Debt investments that do not qualify for measurement at either amortised cost (Note 15) or fair value through other comprehensive income,
 - Equity investments that are held for trading, and
 - Equity investments for which the Group has not elected to recognise fair value gains and losses through other comprehensive income.

17. OTHER NON-CURRENT ASSETS/OTHER CURRENT ASSETS

| | 30 June 2023 HK\$'M | 31 December 2022 HK\$'M |
|--|------------------------------------|--|
| Mortgage loan receivables | | |
| – at fair value through profit or loss | 401.9 | 753.4 |
| – at amortised cost | 32.5 | 77.4 |
| | 434.4 | 830.8 |
| Analysed as | | |
| Non-current | – | 247.7 |
| Current | 434.4 | 583.1 |
| | 434.4 | 830.8 |

Mortgage loan receivables are advances to purchasers of development properties of the Group and are secured by first mortgages on the related properties. The Group has not provided any impairment loss for its mortgage loan receivables during the period (2022: Nil).

18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

18. 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 2023 HK\$'M | 31 December 2022 HK\$'M |
|--------------|------------------------------------|--|
| 0 – 30 days | 15.9 | 11.2 |
| 31 – 90 days | 1.3 | 3.1 |
| Over 90 days | 2.6 | 2.0 |
| | 19.8 | 16.3 |

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

19. TRADE AND OTHER PAYABLES AND ACCRUALS

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

Notes:

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

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

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

20. BANK AND OTHER BORROWINGS

| | 30 June 2023 HK\$'M | 31 December 2022 HK\$'M |
|--------------------------------------|------------------------------------|--|
| Bank borrowings | 6,398.9 | 5,537.8 |
| Fixed rate bonds | 100.1 | 683.7 |
| Loans from non-controlling interests | 343.6 | 506.1 |
| | 6,842.6 | 6,727.6 |

The bank and other borrowings carry interest at the prevailing market rates and are repayable as follows:

| | 30 June 2023 HK\$'M | 31 December 2022 HK\$'M |
|---|------------------------------------|--|
| Within one year | 1,868.0 | 2,550.5 |
| Between one and two years | 1,655.0 | 1,197.7 |
| Between two and five years | 3,319.6 | 2,979.4 |
| | 6,842.6 | 6,727.6 |
| Less: Amounts due within one year shown under current liabilities | (1,868.0) | (2,550.5) |
| Amounts due after one year | 4,974.6 | 4,177.1 |
| Analysed as | | |
| Secured | 3,732.3 | 3,363.6 |
| Unsecured | 3,110.3 | 3,364.0 |
| | 6,842.6 | 6,727.6 |

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

21. SHARE CAPITAL

| | Number of ordinary shares of HK\$0.50 each | Amount HK\$'M |
|--|--|------------------|
| Authorised: | | |
| At 1 January 2022, 31 December 2022 and 30 June 2023 | 2,000,000,000 | 1,000.0 |
| Issued and fully paid: | | |
| At 1 January 2023 | 1,355,971,279 | 678.0 |
| Issue of shares on exercise of share options | 1,229,000 | 0.6 |
| At 30 June 2023 | 1,357,200,279 | 678.6 |
| At 1 January 2022 | 1,354,742,279 | 677.4 |
| Issue of shares on exercise of share options | 1,229,000 | 0.6 |
| At 31 December 2022 | 1,355,971,279 | 678.0 |

22. PERPETUAL CAPITAL SECURITIES

Under the US\$1 billion Medium Term Note Programme, Wing Tai Properties (Finance) Limited, a wholly-owned subsidiary of the Group, issued S\$260 million 4.35% unrated senior guaranteed perpetual capital securities (the "Securities") which are listed on Singapore Exchange Securities Trading Limited in 2017. The Group accounted for the Securities as equity instruments pursuant to HKFRSs issued by the HKICPA for the purposes of the Group's consolidated financial statements.

23. COMMITMENTS

| | 30 June 2023 HK\$'M | 31 December 2022 HK\$'M |
|---|---------------------------|-------------------------------|
| Expenditure in respect of investment properties | | |
| – contracted but not provided for | 207.5 | 32.3 |
| – authorised but not contracted for | 5.8 | 298.8 |
| Capital injection to joint ventures | | |
| – contracted but not provided for | 598.0 | 682.5 |
| | 811.3 | 1,013.6 |

24. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

The Group's contingent liabilities as at the balance sheet date are as follows:

| | 30 June 2023 HK\$'M | 31 December 2022 HK\$'M |
|--|------------------------------------|--|
| Guarantees given to banks in respect of bank facilities extend to joint ventures | 5,014.7 | 4,943.6 |

At 30 June 2023, bank loans of HK\$4,194.7M (31 December 2022: HK\$4,135.3M) being guaranteed by the Group to joint ventures have been drawn down.

25. PLEDGE OF ASSETS

As at 30 June 2023, the Group's advances to joint ventures of HK\$3,211.1M (31 December 2022: HK\$2,872.8M) were subordinated to loan facilities of joint ventures and assigned. The joint ventures are engaged in property development and property investment and management. The shares in these joint ventures beneficially owned by the Group are pledged to financial institutions.

At balance sheet date, several of the Group's assets were pledged to secure credit facilities for the Group:

| | 30 June 2023 HK\$'M | 31 December 2022 HK\$'M |
|---|------------------------------------|--|
| Investment properties | 4,789.3 | 4,681.0 |
| Other properties, plant and equipment | 33.7 | 33.9 |
| Properties for sale | 2,872.9 | 2,739.5 |
| Financial investments at amortised cost | 516.9 | 257.2 |
| | 8,212.8 | 7,711.6 |

The credit facilities were utilised to the extent of HK\$3,732.3M (31 December 2022: HK\$3,363.6M).

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) The Group had significant transactions with related parties during the period as follows:

| | Six months ended 30 June | |
|--|---------------------------------|---------------|
| | 2023 | 2022 |
| | HK\$'M | HK\$'M |
| Key management compensation (Note) | | |
| Salaries and other benefits | (21.0) | (19.8) |
| Retirement benefits costs | (0.8) | (0.8) |
| Value of share options | (4.3) | (4.3) |
| | (26.1) | (24.9) |
| Interest income from loans to and amounts due from joint ventures | 1.6 | 4.1 |
| Interest expenses for loans from non-controlling interests | (6.5) | (7.9) |
| Management income from joint ventures | 1.0 | 1.1 |
| Project management fee income from a joint venture | 9.2 | 7.9 |
| Property rental income from a substantial shareholder of the Company | 2.5 | 2.5 |
| Serviced apartment management and license fee income from a joint venture | 0.6 | 0.6 |
| Serviced apartment management and license fee income from a substantial shareholder of the Company | 2.5 | 0.8 |

These transactions were carried out on terms mutually agreed between the parties involved.

Note: Key management personnel represents the directors of the Group.

(b) Outstanding balances with related parties at the reporting dates are:

| | 30 June | 31 December |
|---|----------------|--------------------|
| | 2023 | 2022 |
| | HK\$'M | HK\$'M |
| Non-current loans to joint ventures (Note 14) | 4,066.7 | 3,802.2 |
| Current loans to joint ventures (Note 18) | 22.0 | 18.3 |
| Amounts due from joint ventures (Note 18) | 5.0 | 12.3 |
| Amounts due to joint ventures (Note 19) | 78.6 | 74.4 |
| Non-current loans to associates | 22.4 | 22.4 |
| Amount due to an associate (Note 19) | – | 2.0 |

GENERAL INFORMATION

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2023, the interests of the directors and the chief executive of the Company in shares and underlying shares of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are as follows:

Interests in the Company

| Directors | Number of shares/underlying shares held | | | | | Number of underlying shares held under equity derivatives (Note f) | Aggregate interests | Approx. percentage of the issued share capital (Note a) |
|---|---|------------------|---------------------|-------------------------|-----------|---|---------------------|--|
| | Personal interests | Family interests | Corporate interests | Other interests | | | | |
| Cheng Wai Chee, Christopher | 14,776,566 | - | - | 462,488,185 (Note b) | 6,187,000 | 483,451,751 | 35.62% | |
| Cheng Wai Sun, Edward | 12,709,231 | - | - | 462,488,185 (Note b) | 6,187,000 | 481,384,416 | 35.47% | |
| Cheng Man Piu, Francis | - | - | - | 462,488,185 (Note b) | - | 462,488,185 | 34.08% | |
| Chow Wai Wai, John | 11,022,665 | - | - | - | 1,138,500 | 12,161,165 | 0.90% | |
| Ng Kar Wai, Kenneth | 1,659,250 | - | - | - | 2,069,750 | 3,729,000 | 0.27% | |
| Kwok Ping Luen, Raymond | - | - | - | 9,224,566 (Note c) | - | 9,224,566 | 0.68% | |
| Kwok Ho Lai, Edward (Alternate director to Kwok Ping Luen, Raymond) | - | - | - | 9,736,566 (Note d) | - | 9,736,566 | 0.72% | |
| Chen Chou Mei Mei, Vivien | 157,478 | - | - | - | - | 157,478 | 0.01% | |
| Ng Tak Wai, Frederick | 278,391 | 1,016,000 | - | 313,666 (Note e) | - | 1,608,057 | 0.12% | |

GENERAL INFORMATION

Notes:

- (a) The total number of issued shares in the capital of the Company (the “Shares”) as at 30 June 2023 was 1,357,200,279.
- (b) Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis, being beneficiaries of a family trust, were deemed to be interested in 462,488,185 Shares beneficially owned by Brave Dragon Limited, Wing Tai Retail Pte. Ltd. and Crossbrook Group Limited as set out under the section headed Substantial Shareholders’ Interests below. The same represented the same interests and was therefore duplicated amongst these three directors for the purpose of Part XV of the SFO.
- (c) Kwok Ping Luen, Raymond was deemed to be interested in 9,224,566 Shares by virtue of being a beneficiary of a trust for the purpose of Part XV of the SFO. As this trust is one of the discretionary trusts, referred to in Note (d) below, these 9,224,566 Shares represented the same interests and were therefore duplicated between Kwok Ping Luen, Raymond and Kwok Ho Lai, Edward for the purpose of Part XV of the SFO.
- (d) Kwok Ho Lai, Edward was deemed to be interested in 9,736,566 Shares by virtue of being a beneficiary of certain discretionary trusts for the purpose of Part XV of the SFO.
- (e) 313,666 Shares were held by Ng Tak Wai, Frederick jointly with his spouse.
- (f) These interests represented the interests in underlying Shares in respect of the share options granted by the Company to these directors. Details of which are set out in the section below headed 2015 Share Option Plan.

Save as disclosed herein, as at 30 June 2023, none of the directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the six months ended, or subsisting as at, 30 June 2023 are set out in the section below headed Share Option Plans and Shares Award Plan.

SHARE OPTION PLANS AND SHARE AWARD PLAN

The shareholders of the Company passed ordinary resolutions at the annual general meeting of the Company on 23 May 2023 (the “Adoption Date”) approving and adopting a new share option plan (the “2023 Share Option Plan”) and a new share award plan (the “2023 Share Award Plan”). The 2023 Share Option Plan and 2023 Share Award Plan shall be valid and effective for a period of 10 years commencing from 23 May 2023 to 22 May 2033.

Upon the adoption of the 2023 Share Option Plan, the share option plan which was adopted by shareholders of the Company on 27 October 2015 (the “2015 Share Option Plan”) was ended by the board of directors of the Company (the “Board”) with effect from 23 May 2023. No further share options shall be granted under the 2015 Share Option Plan but the outstanding share options granted thereunder shall continue to be valid and exercisable in accordance with the terms of the 2015 Share Option Plan.

(I) 2015 Share Option Plan

Under the 2015 Share Option Plan, the Board or a duly authorised committee thereof may, in its absolute discretion, grant options to directors, employees, officers, consultants, former directors, former employees, former officers or former consultants of any members of the Company and its subsidiaries (the “Group”) to subscribe for the Shares. The purpose of the 2015 Share Option Plan is to enable the Company to grant share options to incentivise and retain such eligible persons.

(i) Outstanding Share Options

Details of the share options granted and summary of movements of the outstanding share options during the six months ended 30 June 2023 under the 2015 Share Option Plan are as follows:

| | Date of grant | Exercise price per share option (HK\$) | Closing price of Shares immediately before the date of grant (HK\$) | Exercise period | Number of share options | | | | Weighted average closing price of the Shares immediately before the date on which the options were exercised (HK\$) | | |
|-----------------------------|-----------------------|--|---|---------------------------------|---------------------------------|---|---|---|---|-----------------|-----|
| | | | | | As at 1.1.2023 | Granted during the six months ended 30.6.2023 | Exercised during the six months ended 30.6.2023 | Cancelled/ lapsed during the six months ended 30.6.2023 | | As at 30.6.2023 | |
| Directors | | | | | | | | | | | |
| Cheng Wai Chee, Christopher | 27.3.2018 | 6.10 | 6.10 | 22.1.2020 to 26.3.2028 (Note a) | 222,500 | - | - | - | 222,500 | N/A | |
| | 27.3.2018 | 6.10 | 6.10 | 22.1.2021 to 26.3.2028 (Note b) | 445,000 | - | - | - | 445,000 | N/A | |
| | 23.1.2019 | 5.766 | 5.78 | 23.1.2020 to 22.1.2029 (Note c) | 250,000 | - | - | - | 250,000 | N/A | |
| | 23.1.2019 | 5.766 | 5.78 | 23.1.2021 to 22.1.2029 (Note d) | 250,000 | - | - | - | 250,000 | N/A | |
| | 23.1.2019 | 5.766 | 5.78 | 23.1.2022 to 22.1.2029 (Note e) | 500,000 | - | - | - | 500,000 | N/A | |
| | 17.1.2020 | 5.17 | 5.17 | 17.1.2021 to 16.1.2030 (Note c) | 269,250 | - | - | - | 269,250 | N/A | |
| | 17.1.2020 | 5.17 | 5.17 | 17.1.2022 to 16.1.2030 (Note d) | 269,250 | - | - | - | 269,250 | N/A | |
| | 17.1.2020 | 5.17 | 5.17 | 17.1.2023 to 16.1.2030 (Note e) | 538,500 | - | - | - | 538,500 | N/A | |
| | 19.1.2021 | 3.69 | 3.67 | 19.1.2023 to 18.1.2031 (Note d) | 355,250 | - | 355,250 | - | - | 3.61 | |
| | 19.1.2021 | 3.69 | 3.67 | 19.1.2024 to 18.1.2031 (Note e) | 710,500 | - | - | - | 710,500 | N/A | |
| | 18.1.2022 | 4.342 | 4.36 | 18.1.2023 to 17.1.2032 (Note c) | 301,750 | - | - | - | 301,750 | N/A | |
| | 18.1.2022 | 4.342 | 4.36 | 18.1.2024 to 17.1.2032 (Note d) | 301,750 | - | - | - | 301,750 | N/A | |
| | 18.1.2022 | 4.342 | 4.36 | 18.1.2025 to 17.1.2032 (Note e) | 603,500 | - | - | - | 603,500 | N/A | |
| | 10.1.2023 | 3.60 | 3.60 | 10.1.2024 to 9.1.2033 (Note c) | - | 381,250 | - | - | 381,250 | N/A | |
| | 10.1.2023 | 3.60 | 3.60 | 10.1.2025 to 9.1.2033 (Note d) | - | 381,250 | - | - | 381,250 | N/A | |
| | 10.1.2023 | 3.60 | 3.60 | 10.1.2026 to 9.1.2033 (Note e) | - | 762,500 | - | - | 762,500 | N/A | |
| | Cheng Wai Sun, Edward | 27.3.2018 | 6.10 | 6.10 | 22.1.2020 to 26.3.2028 (Note a) | 222,500 | - | - | - | 222,500 | N/A |
| | | 27.3.2018 | 6.10 | 6.10 | 22.1.2021 to 26.3.2028 (Note b) | 445,000 | - | - | - | 445,000 | N/A |
| 23.1.2019 | | 5.766 | 5.78 | 23.1.2020 to 22.1.2029 (Note c) | 250,000 | - | - | - | 250,000 | N/A | |
| 23.1.2019 | | 5.766 | 5.78 | 23.1.2021 to 22.1.2029 (Note d) | 250,000 | - | - | - | 250,000 | N/A | |
| 23.1.2019 | | 5.766 | 5.78 | 23.1.2022 to 22.1.2029 (Note e) | 500,000 | - | - | - | 500,000 | N/A | |
| 17.1.2020 | | 5.17 | 5.17 | 17.1.2021 to 16.1.2030 (Note c) | 269,250 | - | - | - | 269,250 | N/A | |
| 17.1.2020 | | 5.17 | 5.17 | 17.1.2022 to 16.1.2030 (Note d) | 269,250 | - | - | - | 269,250 | N/A | |
| 17.1.2020 | | 5.17 | 5.17 | 17.1.2023 to 16.1.2030 (Note e) | 538,500 | - | - | - | 538,500 | N/A | |
| 19.1.2021 | | 3.69 | 3.67 | 19.1.2023 to 18.1.2031 (Note d) | 355,250 | - | 355,250 | - | - | 3.61 | |
| 19.1.2021 | | 3.69 | 3.67 | 19.1.2024 to 18.1.2031 (Note e) | 710,500 | - | - | - | 710,500 | N/A | |
| 18.1.2022 | | 4.342 | 4.36 | 18.1.2023 to 17.1.2032 (Note c) | 301,750 | - | - | - | 301,750 | N/A | |
| 18.1.2022 | | 4.342 | 4.36 | 18.1.2024 to 17.1.2032 (Note d) | 301,750 | - | - | - | 301,750 | N/A | |
| 18.1.2022 | | 4.342 | 4.36 | 18.1.2025 to 17.1.2032 (Note e) | 603,500 | - | - | - | 603,500 | N/A | |
| 10.1.2023 | | 3.60 | 3.60 | 10.1.2024 to 9.1.2033 (Note c) | - | 381,250 | - | - | 381,250 | N/A | |
| 10.1.2023 | | 3.60 | 3.60 | 10.1.2025 to 9.1.2033 (Note d) | - | 381,250 | - | - | 381,250 | N/A | |
| 10.1.2023 | | 3.60 | 3.60 | 10.1.2026 to 9.1.2033 (Note e) | - | 762,500 | - | - | 762,500 | N/A | |

GENERAL INFORMATION

| | Date of grant | Exercise price per share option (HK\$) | Closing price of Shares immediately before the date of grant (HK\$) | Exercise period | Number of share options | | | | Weighted average closing price of the Shares immediately before the date on which the options were exercised (HK\$) | |
|---------------------|---------------|--|---|---------------------------------|-------------------------|---|---|--|---|-----------------|
| | | | | | As at 1.1.2023 | Granted during the six months ended 30.6.2023 | Exercised during the six months ended 30.6.2023 | Cancelled/lapsed during the six months ended 30.6.2023 | | As at 30.6.2023 |
| Chow Wai Wai, John | 27.3.2018 | 6.10 | 6.10 | 22.1.2020 to 26.3.2028 (Note a) | 40,000 | - | - | - | 40,000 | N/A |
| | 27.3.2018 | 6.10 | 6.10 | 22.1.2021 to 26.3.2028 (Note b) | 80,000 | - | - | - | 80,000 | N/A |
| | 23.1.2019 | 5.766 | 5.78 | 23.1.2020 to 22.1.2029 (Note c) | 44,250 | - | - | - | 44,250 | N/A |
| | 23.1.2019 | 5.766 | 5.78 | 23.1.2021 to 22.1.2029 (Note d) | 44,250 | - | - | - | 44,250 | N/A |
| | 23.1.2019 | 5.766 | 5.78 | 23.1.2022 to 22.1.2029 (Note e) | 88,500 | - | - | - | 88,500 | N/A |
| | 17.1.2020 | 5.17 | 5.17 | 17.1.2021 to 16.1.2030 (Note c) | 51,500 | - | - | - | 51,500 | N/A |
| | 17.1.2020 | 5.17 | 5.17 | 17.1.2022 to 16.1.2030 (Note d) | 51,500 | - | - | - | 51,500 | N/A |
| | 17.1.2020 | 5.17 | 5.17 | 17.1.2023 to 16.1.2030 (Note e) | 103,000 | - | - | - | 103,000 | N/A |
| | 19.1.2021 | 3.69 | 3.67 | 19.1.2023 to 18.1.2031 (Note d) | 66,750 | - | 66,750 | - | - | 3.61 |
| | 19.1.2021 | 3.69 | 3.67 | 19.1.2024 to 18.1.2031 (Note e) | 133,500 | - | - | - | 133,500 | N/A |
| | 18.1.2022 | 4.342 | 4.36 | 18.1.2023 to 17.1.2032 (Note c) | 56,750 | - | - | - | 56,750 | N/A |
| | 18.1.2022 | 4.342 | 4.36 | 18.1.2024 to 17.1.2032 (Note d) | 56,750 | - | - | - | 56,750 | N/A |
| | 18.1.2022 | 4.342 | 4.36 | 18.1.2025 to 17.1.2032 (Note e) | 113,500 | - | - | - | 113,500 | N/A |
| | 10.1.2023 | 3.60 | 3.60 | 10.1.2024 to 9.1.2033 (Note c) | - | 68,750 | - | - | 68,750 | N/A |
| | 10.1.2023 | 3.60 | 3.60 | 10.1.2025 to 9.1.2033 (Note d) | - | 68,750 | - | - | 68,750 | N/A |
| 10.1.2023 | 3.60 | 3.60 | 10.1.2026 to 9.1.2033 (Note e) | - | 137,500 | - | - | 137,500 | N/A | |
| Ng Kar Wai, Kenneth | 27.3.2018 | 6.10 | 6.10 | 22.1.2020 to 26.3.2028 (Note a) | 10,250 | - | - | - | 10,250 | N/A |
| | 27.3.2018 | 6.10 | 6.10 | 22.1.2021 to 26.3.2028 (Note b) | 20,500 | - | - | - | 20,500 | N/A |
| | 23.1.2019 | 5.766 | 5.78 | 23.1.2020 to 22.1.2029 (Note c) | 95,500 | - | - | - | 95,500 | N/A |
| | 23.1.2019 | 5.766 | 5.78 | 23.1.2021 to 22.1.2029 (Note d) | 95,500 | - | - | - | 95,500 | N/A |
| | 23.1.2019 | 5.766 | 5.78 | 23.1.2022 to 22.1.2029 (Note e) | 191,000 | - | - | - | 191,000 | N/A |
| | 17.1.2020 | 5.17 | 5.17 | 17.1.2021 to 16.1.2030 (Note c) | 97,500 | - | - | - | 97,500 | N/A |
| | 17.1.2020 | 5.17 | 5.17 | 17.1.2022 to 16.1.2030 (Note d) | 97,500 | - | - | - | 97,500 | N/A |
| | 17.1.2020 | 5.17 | 5.17 | 17.1.2023 to 16.1.2030 (Note e) | 195,000 | - | - | - | 195,000 | N/A |
| | 19.1.2021 | 3.69 | 3.67 | 19.1.2023 to 18.1.2031 (Note d) | 134,000 | - | 134,000 | - | - | 3.61 |
| | 19.1.2021 | 3.69 | 3.67 | 19.1.2024 to 18.1.2031 (Note e) | 268,000 | - | - | - | 268,000 | N/A |
| | 18.1.2022 | 4.342 | 4.36 | 18.1.2023 to 17.1.2032 (Note c) | 110,750 | - | - | - | 110,750 | N/A |
| | 18.1.2022 | 4.342 | 4.36 | 18.1.2024 to 17.1.2032 (Note d) | 110,750 | - | - | - | 110,750 | N/A |
| | 18.1.2022 | 4.342 | 4.36 | 18.1.2025 to 17.1.2032 (Note e) | 221,500 | - | - | - | 221,500 | N/A |
| | 10.1.2023 | 3.60 | 3.60 | 10.1.2024 to 9.1.2033 (Note c) | - | 139,000 | - | - | 139,000 | N/A |
| | 10.1.2023 | 3.60 | 3.60 | 10.1.2025 to 9.1.2033 (Note d) | - | 139,000 | - | - | 139,000 | N/A |
| 10.1.2023 | 3.60 | 3.60 | 10.1.2026 to 9.1.2033 (Note e) | - | 278,000 | - | - | 278,000 | N/A | |

| | Date of grant | Exercise price per share option (HK\$) | Closing price of Shares immediately before the date of grant (HK\$) | Exercise period | Number of share options | | | | Weighted average closing price of the Shares immediately before the date on which the options were exercised (HK\$) | |
|------------------------|---------------|--|---|---------------------------------|-------------------------|---|---|--|---|-----------------|
| | | | | | As at 1.1.2023 | Granted during the six months ended 30.6.2023 | Exercised during the six months ended 30.6.2023 | Cancelled/lapsed during the six months ended 30.6.2023 | | As at 30.6.2023 |
| Employees | | | | | | | | | | |
| Employees in aggregate | 27.3.2018 | 6.10 | 6.10 | 22.1.2020 to 26.3.2028 (Note a) | 201,000 | - | - | - | 201,000 | N/A |
| | 27.3.2018 | 6.10 | 6.10 | 22.1.2021 to 26.3.2028 (Note b) | 402,000 | - | - | - | 402,000 | N/A |
| | 23.1.2019 | 5.766 | 5.78 | 23.1.2020 to 22.1.2029 (Note c) | 233,750 | - | - | - | 233,750 | N/A |
| | 23.1.2019 | 5.766 | 5.78 | 23.1.2021 to 22.1.2029 (Note d) | 233,750 | - | - | - | 233,750 | N/A |
| | 23.1.2019 | 5.766 | 5.78 | 23.1.2022 to 22.1.2029 (Note e) | 467,500 | - | - | - | 467,500 | N/A |
| | 17.1.2020 | 5.17 | 5.17 | 17.1.2021 to 16.1.2030 (Note c) | 230,500 | - | - | - | 230,500 | N/A |
| | 17.1.2020 | 5.17 | 5.17 | 17.1.2022 to 16.1.2030 (Note d) | 230,500 | - | - | - | 230,500 | N/A |
| | 17.1.2020 | 5.17 | 5.17 | 17.1.2023 to 16.1.2030 (Note e) | 461,000 | - | - | - | 461,000 | N/A |
| | 19.1.2021 | 3.69 | 3.67 | 19.1.2023 to 18.1.2031 (Note d) | 317,750 | - | 317,750 | - | - | 3.61 |
| | 19.1.2021 | 3.69 | 3.67 | 19.1.2024 to 18.1.2031 (Note e) | 635,500 | - | - | - | 635,500 | N/A |
| | 18.1.2022 | 4.342 | 4.36 | 18.1.2023 to 17.1.2032 (Note c) | 271,500 | - | - | - | 271,500 | N/A |
| | 18.1.2022 | 4.342 | 4.36 | 18.1.2024 to 17.1.2032 (Note d) | 271,500 | - | - | - | 271,500 | N/A |
| | 18.1.2022 | 4.342 | 4.36 | 18.1.2025 to 17.1.2032 (Note e) | 543,000 | - | - | - | 543,000 | N/A |
| | 10.1.2023 | 3.60 | 3.60 | 10.1.2024 to 9.1.2033 (Note c) | - | 357,250 | - | - | 357,250 | N/A |
| | 10.1.2023 | 3.60 | 3.60 | 10.1.2025 to 9.1.2033 (Note d) | - | 357,250 | - | - | 357,250 | N/A |
| | 10.1.2023 | 3.60 | 3.60 | 10.1.2026 to 9.1.2033 (Note e) | - | 714,500 | - | - | 714,500 | N/A |
| | | | | | 17,111,750 | 5,310,000 | 1,229,000 | - | 21,192,750 | |

Notes:

- (a) The vesting period is 27.3.2018 to 21.1.2020
- (b) The vesting period is 27.3.2018 to 21.1.2021
- (c) The vesting period is 12 months from the date of grant
- (d) The vesting period is 24 months from the date of grant
- (e) The vesting period is 36 months from the date of grant

The Company will provide subscription money to the share option holders in the event that they exercise their share options when the market price of the Shares is equal to or higher than the exercise price of share options concerned.

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The number of options available for grant under the 2015 Share Option Plan at the beginning and the end of the financial period ended 30 June 2023 are 108,808,252 and nil respectively.

(ii) Valuation of Share Options

The fair value of share options granted during the period ended 30 June 2023 are determined by using the Binominal Model (the “Model”). Key assumptions of the Model are as follows:

| | |
|---|---------------------------------|
| Risk-free rate | 3.25% |
| Expected dividend yield | 7.50% |
| Expected volatility of the market price of the Shares | 21.94% |
| Expected life | 10 years from the date of grant |
| Estimated fair value per share option | HK\$0.32 |

The Model requires the input of subjective assumptions, including the volatility of share price. Because changes in subjective assumptions can materially affect the fair value estimate, the Model does not, in the opinion of the Company’s directors, necessarily provide a reliable single measure of the fair value of share options.

(II) 2023 Share Option Plan and 2023 Share Award Plan

Under the 2023 Share Option Plan and the 2023 Share Award Plan, the Board or the remuneration committee of the Company or a duly authorised committee thereof (the “Committee”) may, in its discretion, grant share options/awards to a bona fide director of the Company, employee or a Re-Engaged Consultant on the grant date to subscribe for the Shares. A Re-Engaged Consultant means an individual who (a) is a former director or employee of any member of the Group; and (b) has entered into a consultancy contract to provide consultancy services to any member of the Group on a continuing and recurring basis in its ordinary and usual course of business who, in the sole and absolute direction of the Board or the Committee, has contributed or will contribute to the long-term growth of the Group (hereinafter referred to as an “Individual Consultant”). A Re-Engaged Consultant shall also include any corporation owned and operated by such an Individual Consultant through which he enters into an agreement to provide consultancy services to any member of the Group on a continuing and recurring basis.

For the avoidance of doubt, “Re-Engaged Consultant” excludes (a) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions; and (b) professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

The purpose of the 2023 Share Option Plan and the 2023 Share Award Plan is to (i) recognise, motivate and provide incentives to those who make contributions to the Group; (ii) help the Group retain its existing directors, employees and Re-Engaged Consultants and recruit additional directors of the Company, employees and Re-Engaged Consultants who will be valuable to the Group; and (iii) provide existing and future directors of the Company, employees and Re-Engaged Consultants with direct economic interests in the long-term development and growth of the Group.

The summary of the rules of the 2023 Share Option Plan and the 2023 Share Award Plan are set out in the circular of the Company dated 25 April 2023. The number of shares available for grant under the 2023 Share Option Plan and the 2023 Share Award Plan as at the Adoption Date and the end of the six months ended 30 June 2023 was 135,720,027 Shares (representing 10% of the Company’s issued shares as at 30 June 2023). The Re-Engaged Consultant sublimit (as defined in rules of the 2023 Share Option Plan and the 2023 Share Award Plan) as at the Adoption Date and the end of the six months ended 30 June 2023 was 27,144,005 Shares (representing 2% of the Company’s issued shares as at 30 June 2023).

During the period from the Adoption Date and up to 30 June 2023, no share option/award was granted, exercised/ subscribed, lapsed or cancelled pursuant to the 2023 Share Option Plan and the 2023 Share Award Plan.

(III) Share Options Granted during the Period Ended 30 June 2023

The number of Shares that may be issued in respect of share options granted under the 2015 Share Option Plan during the period is 5,310,000 (representing approximately 0.39% of the weighted average number of Shares of the Company in issue during the period).

Save as disclosed above, during the six months ended 30 June 2023, none of the directors of the Company, the chief executive of the Company or their respective spouses and children under the age of 18 had any interest in, or had been granted any right to subscribe for the shares, options and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

Save as disclosed above, at no time during the six months ended 30 June 2023, was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement that may enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2023, the following persons (other than the directors and the chief executive of the Company) had interests in the Shares as recorded in the register kept by the Company under section 336 of the SFO or as otherwise notified to the Company:

| Name of Shareholders | Capacity | Number of Shares interested | Approx. percentage of the issued share capital (Note 1) |
|--|------------------------------------|---------------------------------|--|
| 1. Brave Dragon Limited | Beneficial owner | 141,794,482 | 10.45% |
| 2. Crossbrook Group Limited | Beneficial owner | 270,411,036 | 19.92% |
| 3. Wing Tai Holdings Limited | Interest of controlled corporation | 462,488,185 (Notes 2(a) & 3) | 34.08% |
| 4. Butterfield Trust (Guernsey) Limited (formerly Butterfield Fiduciary Services (Guernsey) Limited) | Trustee | 462,488,185 (Notes 2(b) & 4) | 34.08% |
| 5. Butterfield Fiduciary Services (Cayman) Limited (formerly Deutsche Bank International Trust Co. (Cayman) Limited) | Trustee | 462,488,185 (Notes 2(b) & 4) | 34.08% |
| 6. Wing Tai Corporation Limited | Interest of controlled corporation | 182,560,826 (Note 5) | 13.45% |
| 7. Renowned Development Limited | Interest of controlled corporation | 182,560,826 (Notes 2(c) & 5) | 13.45% |

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| Name of Shareholders | Capacity | Number of Shares interested | Approx. percentage of the issued share capital (Note 1) |
|--------------------------------------|------------------------------------|----------------------------------|--|
| 8. Wing Tai (Cheng) Holdings Limited | Interest of controlled corporation | 199,884,783 (Notes 2(c) & 6) | 14.73% |
| 9. Sun Hung Kai Properties Limited | Interest of controlled corporation | 183,612,533 (Note 7) | 13.53% |
| 10. HSBC Trustee (C.I.) Limited | Trustee | 183,612,533 (Notes 2(d) & 8) | 13.53% |
| 11. Gala Land Investment Co. Limited | Beneficial owner | 101,579,467 | 7.48% |
| 12. Farnham Group Limited | Interest of controlled corporation | 101,579,467 (Notes 2(e) & 9) | 7.48% |
| 13. WHCWTF Limited | Interest of controlled corporation | 101,579,467 (Notes 2(e) & 10) | 7.48% |
| 14. CKF Limited | Interest of controlled corporation | 101,579,467 (Notes 2(e) & 11) | 7.48% |

Notes:

- 1 The total number of issued Shares as at 30 June 2023 was 1,357,200,279.
- 2 The interests disclosed duplicated in the following manners and to the following extent:
 - (a) the interests of parties 1 and 2 were included in the interests of party 3.
 - (b) the interests of party 3 duplicated with the interests of parties 4 and 5 entirely.
 - (c) the interests of party 6 duplicated with the interests of party 7 entirely and were included in the interests of party 8.
 - (d) the interests of party 9 duplicated with the interests of party 10 entirely.
 - (e) The interests of party 11 duplicated with the interests of party 12, party 13 and party 14 entirely.
- 3 Wing Tai Holdings Limited beneficially owned 89.4% of the issued share capital of Brave Dragon Limited, 100% of the issued share capital of Crossbrook Group Limited and 100% of the issued shares capital of Wing Tai Retail Pte. Ltd. Wing Tai Retail Pte. Ltd. owned 50,282,667 Shares.
- 4 The Company was notified that Butterfield Fiduciary Services (Guernsey) Limited has been known as Butterfield Trust (Guernsey) Limited ("Butterfield Guernsey") since completion of an amalgamation of certain companies within Butterfield Group on 25 October 2021. Butterfield Guernsey was the trustee of a family trust (of which Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis were beneficiaries) which held all units of a unit trust ("Unit Trust").

The Company was notified that Deutsche Bank International Trust Co. (Cayman) Limited changed its name to Butterfield Fiduciary Services (Cayman) Limited ("Butterfield Cayman") with effect from 6 April 2018. Butterfield Cayman was the trustee of the Unit Trust and was deemed to be interested in 462,488,185 Shares (such deemed interest arose by virtue of the fact that Butterfield Cayman was interested indirectly through subsidiaries in more than one-third of the issued share capital of Wing Tai Holdings Limited which was interested in 462,488,185 Shares).

5 Wing Tai Corporation Limited beneficially owned 100% of the issued share capital of Bestime Resources Limited (“Bestime”) and Pofung Investments Limited (“Pofung”) and, therefore, by virtue of its corporate interest in Bestime and Pofung, Wing Tai Corporation Limited was deemed to be interested in 93,629,998 Shares and 88,930,828 Shares held by Bestime and Pofung respectively.

By virtue of the corporate interest of Renowned Development Limited in Wing Tai Corporation Limited, the former was deemed to be interested in the latter’s interest in the Shares.

6 By virtue of the corporate interest of Wing Tai (Cheng) Holdings Limited in Renowned Development Limited and Broxbourne Assets Limited, Wing Tai (Cheng) Holdings Limited was deemed to be interested in the interest of Renowned Development Limited and Broxbourne Assets Limited in the Shares. Broxbourne Assets Limited beneficially owned 17,323,957 Shares.

7 Sun Hung Kai Properties Limited (“SHKP”) beneficially owned 100% of the issued share capital of Wesmore Limited (“Wesmore”), Fourseas Investments Limited (“Fourseas”), Mondale Holdings Limited (“Mondale”), Victory Zone Holdings Limited (“Victory Zone”) and Country World Limited (“Country World”). Wesmore was the beneficial owner of 111,928,210 Shares.

Fourseas beneficially owned 100% of the issued share capital of Soundworld Limited (“Soundworld”), Units Key Limited (“Units Key”) and Triple Surge Limited (“Triple Surge”). Soundworld, Units Key and Triple Surge were the beneficial owners of 20,869,323, 5,673,333 and 37,680,000 Shares respectively.

Mondale beneficially owned 100% of the issued share capital of Junwall Holdings Ltd. (“Junwall”), which in turn beneficially owned 100% of the issued share capital of Techglory Ltd. (“Techglory”). Techglory was the beneficial owner of 192,000 Shares.

Victory Zone beneficially owned 100% of the issued share capital of Charmview International Ltd. (“Charmview”). Charmview was the beneficial owner of 7,141,600 Shares.

Country World beneficially owned 100% of the issued share capital of Erax Strong Development Ltd. (“Erax Strong”). Erax Strong was the beneficial owner of 128,067 Shares.

By virtue of the corporate interest of SHKP in the aforesaid companies, SHKP was deemed to be interested in the interests of Wesmore, Soundworld, Units Key, Triple Surge, Techglory, Charmview and Erax Strong in the Shares.

8 HSBC Trustee (C.I.) Limited, as the trustee of certain discretionary trusts, was deemed to be interested in more than one-third of the total issued shares of SHKP. By virtue of its deemed interest in SHKP, it was deemed to be interested in 183,612,533 Shares.

9 Farnham Group Limited (“Farnham”) beneficially owned 100% of the issued share capital of Gala Land Investment Co. Limited (“Gala”) and, therefore, Farnham was deemed to be interested in 101,579,467 Shares held by Gala by virtue of its corporate interest therein.

10 WHCWTF Limited (“WHCWTF”) beneficially owned 50% of the issued share capital of Farnham and, therefore, WHCWTF was deemed to be interested in 101,579,467 Shares held by Gala by virtue of its corporate interest therein via Farnham.

11 CKF Limited (“CKF”) beneficially owned 50% of the issued share capital of Farnham and, therefore, CKF was deemed to be interested in 101,579,467 Shares held by Gala by virtue of its corporate interest therein via Farnham.

Save as disclosed above, as at 30 June 2023, the Company had not been notified of any interests or short positions held by any substantial shareholder in the Shares or underlying Shares which are required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

INTERESTS OF ANY OTHER PERSONS

As at 30 June 2023, the Company had not been notified of any persons other than the substantial shareholders who had interests or short positions in the Shares or underlying Shares, which are required to be recorded in the register required to be kept under section 336 of the SFO.

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

As at 30 June 2023, the aggregate amount due to the Group and guarantee for loan facilities given by the Company on behalf of Southwater Investments Limited and its subsidiary (the “Southwater Group”) exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

GENERAL INFORMATION

Details of the amounts to the Southwater Group as at 30 June 2023 were as follows:

| Name of Entity | The Group's % of attributable equity interest therein | Amount of guarantee for loan facilities given by the Company (Note 1) HK\$'M | Amount and loans due to the Group (Note 2) HK\$'M | Total HK\$'M |
|------------------|---|--|---|-----------------|
| Southwater Group | 50% | 3,450 | 2,099 | 5,549 |

Notes:

- All the loan facilities are secured by (among others) guarantees given by the Company and CSI Properties Limited ("CSI") on a several and proportional basis. All loan facilities carry interest at normal commercial rate agreed after negotiations on an arm's length basis with the lending bank concerned. The final maturity date of the loan facilities is the earlier of (a) 21 November 2025; or (b) 5 months after the issuance of the certificate of compliance in respect of the development situated at the land parcel known as Inland Lot No. 9065 and located at Gage Street/Graham Street, Central, Hong Kong.
- The amount due from the Southwater Group is (i) unsecured; (ii) carrying interest at rates agreed by the Group and CSI from time to time; and (iii) without fixed repayment dates.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 3 November 2022, the Company (as guarantor) entered into a facility agreement (the "Facility Agreement") with, among others, certain financial institutions (as original lenders) in relation to term and revolving loan facilities of an aggregate amount of HK\$1,900,000,000 (the "Facilities") to be made available to an indirect wholly-owned subsidiary of the Company (the "Borrower"). The final maturity date of the Facilities falls 60 months after the date of the Facility Agreement.

The Facility Agreement provides, among others, that, if Cheng Family (as defined below) as a whole (i) does not or ceases to directly or indirectly maintain at least 30% beneficial shareholding in the Company; (ii) does not or ceases to give and manage directions with respect to the management and business of the Company; or (iii) does not or ceases to be the single largest shareholder group of the Company, all the available commitments will be immediately cancelled and the Borrower shall prepay all the loans (together with payment of the accrued interest and all other amounts payable) in full within 10 business days thereafter (or such longer period as may be agreed by all the lenders).

For the purpose of the Facility Agreement, "Cheng Family" means:-

- Mr. Cheng Wai Chee, Christopher and/or his issue and/or any of their executors or administrators and/or companies which are controlled by them or any of them;
- Mr. Cheng Wai Sun, Edward and/or his issue and/or any of their executors or administrators and/or companies which are controlled by them or any of them;

- (iii) Mr. Cheng Man Piu, Francis and/or his issue and/or any of their executors or administrators and/or companies which are controlled by them or any of them; or
- (iv) any trust of which any person referred to in paragraphs (i) to (iii) above is a beneficiary.

As at the date of this interim report, Cheng Family maintains approximately 36.10% beneficial shareholding in the Company.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 30 June 2023, the aggregate amount of financial assistance to and guarantees given for facilities granted to affiliated companies by the Group amounted to HK\$9,131 million which exceeded 8% of the assets ratio as defined in Rule 14.07(1) of the Listing Rules.

An unaudited combined balance sheet of these affiliated companies and the Group's attributable interest in these affiliated companies as at 30 June 2023 are presented below:

| | Combined balance sheet <i>(HK\$'M)</i> | The Group's attributable interest <i>(HK\$'M)</i> |
|---|--|---|
| Non-current assets | 9,294.4 | 3,176.5 |
| Current assets | 14,173.5 | 6,854.7 |
| Current liabilities | (516.5) | (188.2) |
| Non-current liabilities | (10,553.1) | (4,518.0) |
| Amounts and loans due from shareholders | 521.4 | 78.6 |
| Amounts and loans due to shareholders | (9,498.6) | (4,116.1) |
| Net assets | 3,421.1 | 1,287.5 |

AUDIT COMMITTEE

The Audit Committee has reviewed with the management and the auditor of the Company the unaudited interim financial report and considered the significant accounting principles and policies adopted by the Company and discussed with the management the internal control and financial reporting matters in respect of this interim report.

CORPORATE GOVERNANCE

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

GENERAL INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by directors of the Company.

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

UPDATE ON DIRECTORS' INFORMATION

Below are the changes of directors' information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

Dr. Cheng Wai Chee, Christopher, the Chairman and an executive director of the Company, ceased to be a member of the Columbia Business School Board and a member of the President's Council on International Activities of Yale University with effect from 12 May 2023 and 19 May 2023 respectively.

Mr. Cheng Wai Sun, Edward, the Deputy Chairman, Chief Executive and an executive director of the Company, was appointed as an independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited with effect from 19 May 2023. He resigned as an independent non-executive director of Standard Chartered Bank (Hong Kong) Limited with effect from 3 April 2023.

Mr. Simon Murray, an independent non-executive director of the Company, retired as a non-executive director of Greenheart Group Limited ("Greenheart Group") at the conclusion of the annual general meeting of Greenheart Group held on 31 May 2023. He also ceased his service as a member of the Compagnie Financière Richemont SA's Advisory Board with effect from 31 March 2023.

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

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

WING TAI PROPERTIES LIMITED

Incorporated in Bermuda with limited liability

永泰地產有限公司

於百慕達註冊成立之有限公司

