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## **WING TAI PROPERTIES LIMITED**

**永泰地產有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 369)**

### **ANNOUNCEMENT OF 2023 ANNUAL RESULTS, FINAL DIVIDEND, RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS**

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

Dear Shareholders,

In 2023, the global and local economy slowly recovered from the pandemic but the overall business environments in Hong Kong and London remained very challenging given on-going and new geopolitical crises, Sino-US tension, interest rate hikes, as well as inflation concerns.

The Hong Kong residential market continued to be dampened by high interest rate and uncertain economic outlook, while Hong Kong office market continued to experience pressure on rental level and high vacancy. For London office market, property valuation continued to be hit by increase in capitalisation rate adopted by valuers in line with the high interest rate environment. As a result, the fair value of our leasing and development properties continued to be marked down at year end 2023. Total net valuation loss and impairment provision on properties amounted to HK\$963 million for 2023 (2022: HK\$1,700 million). Including net valuation loss on financial instruments of HK\$124 million (2022 gain was HK\$502 million), total non-cash net valuation loss amounted to HK\$1,087 million, compared with HK\$1,198 million last year.

Excluding non-cash net valuation loss, the Group reported a core consolidated profit attributable to shareholders of HK\$197 million in 2023, compared with HK\$658 million last year mainly due to a decline of residential property sale. Core earnings per share was HK\$0.15 (2022: HK\$0.49).

Including non-cash net valuation loss, the Group reported a consolidated loss attributable to shareholders of HK\$890 million for the year ended 31 December 2023, compared with HK\$540 million loss last year. Loss per share was HK\$0.66 (2022: HK\$0.40).

After prudent consideration of the Group's business performance and financial position, the Board of Directors has recommended a final dividend of HK8.0 cents per share. Together with the interim dividend of HK6.0 cents per share, the total dividends for 2023 will be HK14.0 cents per share, represent about 96% of core profit this year.

Following a short recovery in the first quarter of 2023, Hong Kong's residential market softened further amid elevated interest rate environment and lack of confidence in the pace of economic recovery. We adjusted the price according to market conditions to sell the remaining units of our "Upper Gold Coast" series in Tuen Mun, but sales momentum remained very slow. On 28 February 2024, the Hong Kong Government announced the removal of all penalty stamp duties, suspended mortgage loan stress test requirements and lifting the mortgage loan ratio. It is expected that these easing measures, coupled with the anticipated interest rate cut cycle, will improve market sentiment and release pent-up demand to gradually increase the market transaction volume in 2024.

Our two residential development projects are progressing on schedule. We obtained approval for our medium-density residential site near Sheung Shui MTR to build a 32-storey residential block, and the foundation work will be completed in the second quarter. We also obtained approval to build a 27-storey residential block for our residential project at Hin Wo Lane, Sha Tin, near Tai Wai and Hin Keng MTR stations, and the foundation work is now underway and will be completed in the third quarter.

Our recurring profit generated from office and residential leasing portfolio remained relatively stable. Despite keen competition in the Kowloon East area amid sluggish demand, we managed to maintain the occupancy of our flagship Landmark East twin towers at approximately above 90% level. As a testament to our commitment to upgrade the building quality and green standard, we successfully obtained 2 certificates BEAM Plus Existing Buildings Platinum issued by Hong Kong Green Building Council Limited and LEED Existing Buildings Platinum issued by U.S. Green Building Council in 2023.

Foundation work of our development in the heart of Central was completed and superstructure work is in progress. Located at 118 Wellington Street between Graham and Cochrane Streets, this rare mixed-use development will bring a unique dimension to Central by integrating Grade A offices, a luxury international hotel, bespoke retail and a green open space that will seamlessly encompass heritage elements and vibrant street life.

In November 2023, the Group completed the disposal of an investment property in Beijing which generated about HK\$340 million cash inflow, realised HK\$250 million investment gain over cost, and reported a disposal gain of HK\$41 million over book value.

Following an extensive refurbishment led by the world-renowned Parisian hotel design maestro Pierre-Yves Rochon, Lanson Place Causeway Bay hotel reopened on 1 March 2024. Designed with meticulous details, the hotel embodies the elegant essence and French sophistication of the Lanson Place brand. Set in captivating Causeway Bay, the hotel enjoys a prime location adjacent to thriving business and shopping districts.

Faced with the challenges throughout 2023, we stayed focused and cautious while vigilantly monitoring our business operation, cash flow and financing capacity to ensure a healthy financial position and liquidity.

I would like to take this opportunity to thank our loyal employees for their dedication and support in keeping our operations running smoothly amid economic uncertainties. I would also like to express my gratitude to my fellow Board members, business partners and stakeholders for their support.

**Cheng Wai Chee, Christopher**  
Chairman

Hong Kong, 21 March 2024

## FINANCIAL RESULTS

The Board of Directors (the “Directors”) of Wing Tai Properties Limited (the “Company”) presents the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2023, together with comparative figures for the previous year, as follows:

### CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
	Note	2023 HK\$'M	2022 HK\$'M
<b>Revenue</b>	3	882.4	4,096.7
Cost of sales		(201.7)	(2,524.1)
<b>Gross profit</b>		680.7	1,572.6
Other losses, net	4	(116.8)	(118.1)
Selling and distribution costs		(20.7)	(173.4)
Administrative expenses		(355.7)	(331.0)
Change in fair value of			
– investment properties		(631.5)	(1,198.8)
– financial instruments	5	(58.5)	227.8
		(690.0)	(971.0)
Gain on disposal of a subsidiary	12	41.0	-
<b>Loss from operations</b>	6	(461.5)	(20.9)
Finance costs		(204.0)	(117.6)
Finance income		140.0	34.1
Share of results of joint ventures		(243.1)	(48.8)
Share of results of associates		-	1.2
<b>Loss before taxation</b>		(768.6)	(152.0)
Taxation	7	(43.8)	(171.9)
<b>Loss for the year</b>		(812.4)	(323.9)
<b>(Loss)/profit for the year attributable to:</b>			
Shareholders of the Company		(890.4)	(540.0)
Holders of perpetual capital securities		65.8	64.3
Non-controlling interests		12.2	151.8
		(812.4)	(323.9)
<b>Loss per share attributable to shareholders of the Company</b>	8		
– Basic		(HK\$0.66)	(HK\$0.40)
– Diluted		(HK\$0.66)	(HK\$0.40)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2023	2022
	HK\$'M	HK\$'M
<b>Loss for the year</b>	(812.4)	(323.9)
<b>Other comprehensive income/(loss)</b>		
<b>Items that have been/may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of foreign operations	60.4	(189.1)
Net (loss)/gain on net investment hedge		
– Fair value (losses)/gains	(20.9)	133.0
– Realised upon settlement	(25.2)	(28.3)
Net gain on cash flow hedge		
– Fair value gains	-	10.1
Reclassification of net loss from hedging reserve to profit or loss	-	0.8
Reclassification of net gain from translation reserve to profit or loss	(12.6)	-
Release of translation reserve upon disposal of a subsidiary	14.3	-
Release of translation reserve upon deregistration of associates	(15.6)	-
	0.4	(73.5)
<b>Other comprehensive income/(loss) for the year, net of tax</b>	0.4	(73.5)
<b>Total comprehensive loss for the year</b>	(812.0)	(397.4)
<b>Total comprehensive (loss)/income for the year attributable to:</b>		
Shareholders of the Company	(890.0)	(613.5)
Holders of perpetual capital securities	65.8	64.3
Non-controlling interests	12.2	151.8
<b>Total comprehensive loss for the year</b>	(812.0)	(397.4)

## CONSOLIDATED BALANCE SHEET

		At 31 December	
	Note	2023 HK\$'M	2022 HK\$'M
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties		19,693.4	20,467.9
Other properties, plant and equipment		64.8	63.2
Interests in joint ventures		5,086.1	5,337.4
Interests in associates		43.7	47.1
Financial investments at amortised cost		295.8	656.1
Financial investments at fair value through profit or loss		593.1	579.1
Other non-current assets		-	247.7
Deferred tax assets		9.1	8.0
Derivative financial instruments		213.0	309.3
		<u>25,999.0</u>	<u>27,715.8</u>
<b>Current assets</b>			
Properties for sale		3,834.3	3,739.4
Trade and other receivables, deposits and prepayments	10	561.4	193.7
Financial investments at amortised cost		531.9	84.3
Financial investments at fair value through profit or loss		49.3	107.3
Other current assets		242.1	583.1
Derivative financial instruments		67.5	82.2
Sales proceeds held in stakeholders' accounts		23.2	749.6
Tax recoverable		10.1	3.3
Pledged bank deposit		27.0	-
Bank balances and cash		2,642.3	2,240.5
		<u>7,989.1</u>	<u>7,783.4</u>
<b>Current liabilities</b>			
Trade and other payables and accruals	11	693.0	883.1
Derivative financial instruments		12.9	1.7
Tax payable		122.6	169.6
Bank and other borrowings		2,808.2	2,550.5
		<u>3,636.7</u>	<u>3,604.9</u>

## CONSOLIDATED BALANCE SHEET (Continued)

	At 31 December	
	2023	2022
	HK\$'M	HK\$'M
<b>Non-current liabilities</b>		
Bank and other borrowings	4,000.3	4,177.1
Other long-term liability	16.2	11.0
Deferred tax liabilities	240.3	378.9
	<u>4,256.8</u>	<u>4,567.0</u>
<b>NET ASSETS</b>	<u>26,094.6</u>	<u>27,327.3</u>
<b>EQUITY</b>		
<b>Shareholders' funds</b>		
Share capital	678.6	678.0
Reserves	23,761.5	25,006.8
	<u>24,440.1</u>	<u>25,684.8</u>
<b>Perpetual capital securities</b>	1,491.4	1,491.4
<b>Non-controlling interests</b>	163.1	151.1
	<u>26,094.6</u>	<u>27,327.3</u>
<b>TOTAL EQUITY</b>	<u>26,094.6</u>	<u>27,327.3</u>

NOTES:

## 1. Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and disclosure requirements of the Hong Kong Companies Ordinance (Cap.622).

These consolidated financial statements are presented in millions of Hong Kong dollars (HK\$’M).

## 2. Material accounting policies

### (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 did not have any significant impact to the consolidated financial statements in the current and prior years.

### (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 year ended 31 December 2023:

		Effective for annual 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 a 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



## 2. Material 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 (Continued)

		Effective for annual periods beginning on or after
Amendments to HKAS 21	Lack of exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

## 3. Revenue and segment information

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

	2023 HK\$'M	2022 HK\$'M
Sale of properties and project management income	190.5	3,303.5
Rental income and property management income	611.4	695.6
Interest income from financial investments	43.3	40.9
Interest income from mortgage loan receivables	21.0	38.1
Dividend income from financial investments	16.2	18.6
	<u>882.4</u>	<u>4,096.7</u>

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.

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

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M	Elimination HK\$'M	Total HK\$'M
<b>For the year ended 31 December 2023</b>						
<b>REVENUE</b>						
External sales	212.4	572.9	37.6	59.5	-	882.4
Inter-segment sales	21.7	13.6	-	-	(35.3)	-
Total	<u>234.1</u>	<u>586.5</u>	<u>37.6</u>	<u>59.5</u>	<u>(35.3)</u>	<u>882.4</u>
<b>RESULTS</b>						
(Loss)/profit before change in fair value of investment properties and financial instruments	(106.7)	303.3	(36.2)	27.1	-	187.5
Change in fair value of						
- investment properties	(2.6)	(630.0)	1.1	-	-	(631.5)
- financial instruments	(49.8)	3.7	-	(12.4)	-	(58.5)
Gain on disposal of a subsidiary	-	41.0	-	-	-	41.0
(Loss)/profit from operations	<u>(159.1)</u>	<u>(282.0)</u>	<u>(35.1)</u>	<u>14.7</u>	<u>-</u>	<u>(461.5)</u>
Finance costs	(21.4)	(74.3)	(40.7)	(96.0)	28.4	(204.0)
Finance income	40.6	31.7	2.3	93.8	(28.4)	140.0
Share of results of joint ventures	(149.2)	(86.5)	(7.4)	-	-	(243.1)
Share of results of associates	-	-	-	-	-	-
(Loss)/profit before taxation	<u>(289.1)</u>	<u>(411.1)</u>	<u>(80.9)</u>	<u>12.5</u>	<u>-</u>	<u>(768.6)</u>
Taxation						<u>(43.8)</u>
Loss for the year						<u><u>(812.4)</u></u>
<b>Other item</b>						
Depreciation and amortisation	-	1.5	0.2	2.9	-	4.6

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

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M	Elimination HK\$'M	Total HK\$'M
<b>For the year ended 31 December 2022</b>						
<b>REVENUE</b>						
External sales	3,342.5	589.2	105.5	59.5	-	4,096.7
Inter-segment sales	13.8	11.5	-	-	(25.3)	-
Total	<u>3,356.3</u>	<u>600.7</u>	<u>105.5</u>	<u>59.5</u>	<u>(25.3)</u>	<u>4,096.7</u>
<b>RESULTS</b>						
Profit/(loss) before change in fair value of investment properties and financial instruments	622.0	331.5	11.4	(13.5)	(1.3)	950.1
Change in fair value of						
- investment properties	(4.8)	(1,048.1)	(145.9)	-	-	(1,198.8)
- financial instruments	184.8	31.5	-	11.5	-	227.8
Profit/(loss) from operations	<u>802.0</u>	<u>(685.1)</u>	<u>(134.5)</u>	<u>(2.0)</u>	<u>(1.3)</u>	<u>(20.9)</u>
Finance costs	(32.0)	(39.4)	(19.6)	(44.1)	17.5	(117.6)
Finance income	3.8	9.8	0.1	37.9	(17.5)	34.1
Share of results of joint ventures	9.5	(54.0)	(4.3)	-	-	(48.8)
Share of results of associates	-	1.2	-	-	-	1.2
Profit/(loss) before taxation	<u>783.3</u>	<u>(767.5)</u>	<u>(158.3)</u>	<u>(8.2)</u>	<u>(1.3)</u>	<u>(152.0)</u>
Taxation						<u>(171.9)</u>
Loss for the year						<u>(323.9)</u>
<b>Other item</b>						
Depreciation and amortisation	<u>-</u>	<u>1.6</u>	<u>0.2</u>	<u>7.1</u>	<u>-</u>	<u>8.9</u>

Inter-segment transactions are entered into under the normal commercial terms and conditions mutually agreed among group companies.

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

The segment assets and liabilities at 31 December 2023 and 2022 and additions to non-current assets for the years then ended are as follows:

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M	Total HK\$'M
<b>At 31 December 2023</b>					
<b>ASSETS</b>					
Segment assets (Note a)	4,637.4	18,008.2	2,408.8	3,476.8	28,531.2
Investments in joint ventures and loans to joint ventures	3,689.7	1,288.5	135.3	-	5,113.5
Investments in associates and loans to associates	-	43.7	-	-	43.7
	<u>8,327.1</u>	<u>19,340.4</u>	<u>2,544.1</u>	<u>3,476.8</u>	<u>33,688.4</u>
Other assets (Note a)					299.7
Consolidated total assets					<u>33,988.1</u>
<b>LIABILITIES</b>					
Segment liabilities (Note b)	(285.7)	(255.8)	(80.6)	(87.1)	(709.2)
Other liabilities (Note b)					(7,184.3)
Consolidated total liabilities					<u>(7,893.5)</u>
<b>Additions to non-current assets (Note d)</b>	<u>0.8</u>	<u>6.5</u>	<u>289.9</u>	<u>4.4</u>	<u>301.6</u>
<b>At 31 December 2022</b>					
<b>ASSETS</b>					
Segment assets (Note a)	5,623.6	18,725.4	2,082.6	3,262.0	29,693.6
Investments in joint ventures and loans to joint ventures	4,015.5	1,191.2	149.0	-	5,355.7
Investments in associates and loans to associates	1.8	45.3	-	-	47.1
	<u>9,640.9</u>	<u>19,961.9</u>	<u>2,231.6</u>	<u>3,262.0</u>	<u>35,096.4</u>
Other assets (Note a)					402.8
Consolidated total assets					<u>35,499.2</u>
<b>LIABILITIES</b>					
Segment liabilities (Note b)	(565.4)	(219.1)	(26.1)	(83.5)	(894.1)
Other liabilities (Note b)					(7,277.8)
Consolidated total liabilities					<u>(8,171.9)</u>
<b>Additions to non-current assets (Note d)</b>	<u>-</u>	<u>2.7</u>	<u>12.9</u>	<u>5.9</u>	<u>21.5</u>

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

The Group's operations are principally located in Hong Kong, the United Kingdom and the People's Republic of China other than Hong Kong (the "PRC"). 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:

	Year ended 31 December	
	2023	2022
	HK\$'M	HK\$'M
Hong Kong	784.0	3,991.2
United Kingdom	20.5	23.2
Singapore	20.5	20.8
The PRC	12.7	18.9
Others	44.7	42.6
	<u>882.4</u>	<u>4,096.7</u>

The followings are analyses of the Group's non-current assets including investment properties and other properties, plant and equipment, and additions to non-current assets by geographical areas in which the assets are located.

	Non-current assets (Note c)		Additions to non-current assets (Note d)	
	At 31 December		Year ended 31 December	
	2023	2022	2023	2022
	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Hong Kong	18,989.5	19,331.6	297.3	20.5
United Kingdom	739.7	694.3	4.3	1.0
The PRC	29.0	505.2	-	-
	<u>19,758.2</u>	<u>20,531.1</u>	<u>301.6</u>	<u>21.5</u>

#### Notes:

- Segment assets consist primarily of investment properties, other properties, plant and equipment, financial investments at amortised cost, financial investments at fair value through profit or loss, other non-current assets, properties for sale, trade and other receivables, deposits and prepayments, other current assets, sales proceeds held in stakeholders' accounts and bank balances and cash. Other assets comprise mainly derivative financial instruments, tax recoverable and deferred tax assets.
- Segment liabilities comprise operating liabilities. Other liabilities include tax payable, bank and other borrowings, deferred tax liabilities and derivative financial instruments.
- Non-current assets include investment properties and other properties, plant and equipment.
- Additions to non-current assets comprise additions to investment properties and other properties, plant and equipment.

#### 4. Other losses, net

	2023 HK\$'M	2022 HK\$'M
Compensation income arising from early termination of management agreements	3.0	4.8
Exchange losses, net	(16.6)	(1.0)
Forfeited deposits received from properties sales and rental deposit	1.7	1.2
Gain on disposal of other properties, plant and equipment	0.2	0.6
Government grants and subsidies	-	9.1
Impairment provision for financial investments at amortised cost	(11.2)	(41.2)
Impairment provision for properties for sale	(118.6)	(104.4)
Management fee income from a joint venture	2.0	2.0
(Provision for)/write back of provision for doubtful debts	(2.0)	2.3
Release of translation reserve upon deregistration of associates	15.6	-
Others	9.1	8.5
	<u>(116.8)</u>	<u>(118.1)</u>

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

	2023 HK\$'M	2022 HK\$'M
Net fair value (loss)/gain on derivative financial instruments	(39.2)	224.2
(Loss)/gain on financial liabilities at fair value through profit or loss classified under other long-term liability	(7.2)	20.1
Loss on financial investments at fair value through profit or loss	(12.6)	(48.5)
Gain on mortgage loan receivables at fair value through profit or loss	0.5	32.0
	<u>(58.5)</u>	<u>227.8</u>

## 6. Loss from operations

	2023 HK\$'M	2022 HK\$'M
Loss from operations has been arrived at after charging/(crediting) the following:		
Staff costs including directors' remuneration	258.2	262.7
Retirement benefits costs	10.2	10.6
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Total staff costs (Note)	268.4	273.3
Share-based compensation expenses (Note)	11.7	11.6
Auditor's remuneration		
– Audit services	5.0	5.1
– Non-audit services	0.7	0.6
Cost of properties included in cost of sales	44.2	2,323.2
Depreciation of other properties, plant and equipment	4.4	8.7
Direct operating expenses arising from investment properties generating rental income	154.7	198.2
Gain on disposal of other properties, plant and equipment	(0.2)	(0.6)
Gain on disposal of a subsidiary (Note 12)	(41.0)	-
Gross rental income from investment properties	(585.1)	(671.8)
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### *Note:*

Share-based compensation expenses recognised in the consolidated income statement in respect of share options granted to certain directors and employees are not included in the total staff costs above.

## 7. Taxation

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

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

	2023 HK\$'M	2022 HK\$'M
Current taxation		
– Current tax on profits for the year	46.4	157.9
– Over-provision in prior years	(0.1)	(0.6)
	<u>46.3</u>	<u>157.3</u>
Deferred taxation		
– Change in fair value of investment properties	(0.4)	6.0
– Temporary differences on tax depreciation	30.5	15.4
– Recognition of tax losses	(29.5)	(1.6)
– Other temporary differences	(3.1)	(5.2)
	<u>(2.5)</u>	<u>14.6</u>
Income tax expenses	<u>43.8</u>	<u>171.9</u>

## 8. Loss per share

### (a) Basic

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2023	2022
Loss attributable to shareholders of the Company (expressed in HK\$'M)	<u>(890.4)</u>	<u>(540.0)</u>
Weighted average number of ordinary shares in issue	<u>1,357,136,304</u>	<u>1,355,910,671</u>
Basic loss per share	<u>(HK\$0.66)</u>	<u>(HK\$0.40)</u>



## 8. Loss per share (Continued)

### (b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares at the beginning of the year. The Company has share options outstanding during the year which are dilutive potential ordinary shares. Calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

	2023	2022
Loss attributable to shareholders of the Company (expressed in HK\$'M)	<u>(890.4)</u>	<u>(540.0)</u>
Weighted average number of ordinary shares in issue	1,357,136,304	1,355,910,671
Effect of dilutive potential shares issuable under the Company's share option plan	<u>-</u>	<u>-</u>
Weighted average number of shares for the purpose of calculating diluted loss per share	<u>1,357,136,304</u>	<u>1,355,910,671</u>
Diluted loss per share	<u>(HK\$0.66)</u>	<u>(HK\$0.40)</u>

## 9. Dividends

	2023 HK\$'M	2022 HK\$'M
Interim dividend paid on 6 October 2023 of HK6.0 cents (2022: HK6.0 cents) per ordinary share	81.4	81.4
Proposed final dividend of HK8.0 cents (2022: HK21.0 cents) per ordinary share	<u>108.6</u>	<u>285.0</u>
	<u>190.0</u>	<u>366.4</u>

The final dividend is not accounted for as a dividend payable in these financial statements until it has been approved at the forthcoming annual general meeting of the Company.

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

	2023 HK\$'M	2022 HK\$'M
Trade receivables (Note a)	14.0	16.3
Deferred rent receivables	14.3	14.8
Amounts due from joint ventures	7.8	12.3
Loans to joint ventures	27.4	18.3
Contract assets (Note b)	1.1	3.7
Other receivables, deposits and prepayments	496.8	128.3
	<u>561.4</u>	<u>193.7</u>

### Notes:

- (a) The Group allows different credit periods to its customers. Credit periods vary from 30 to 90 days in accordance with 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 31 December, based on the invoice dates:

	2023 HK\$'M	2022 HK\$'M
0 – 30 days	9.7	11.2
31 – 90 days	2.5	3.1
Over 90 days	1.8	2.0
	<u>14.0</u>	<u>16.3</u>

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

## 11. Trade and other payables and accruals

	2023 HK\$'M	2022 HK\$'M
Trade payables (Note a)	28.2	16.6
Contract liabilities (Note b)	3.1	45.8
Rental deposits received	144.5	155.5
Construction costs payable	143.9	260.7
Amounts due to joint ventures	78.5	74.4
Amount due to an associate	-	2.0
Other payables and accruals	294.8	328.1
	<u>693.0</u>	<u>883.1</u>

## 11. Trade and other payables and accruals (Continued)

Notes:

(a) The ageing analysis of the Group's trade payables based on invoice date at 31 December is as follows:

	2023 HK\$'M	2022 HK\$'M
0 – 30 days	27.2	16.3
31 – 90 days	0.9	0.3
Over 90 days	0.1	-
	<u>28.2</u>	<u>16.6</u>

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

## 12. Gain on disposal of a subsidiary

In September 2023, the Group disposed of its entire interest in 33 residential units at Central Park with a gross floor area of approximately 6,200 square metres and 33 car parking spaces, located in Beijing, the PRC. The disposal was completed in November 2023. Disposal gain was arrived as follows:

	2023 HK\$'M
Initial consideration	418.0
Less: Bank balances and cash disposed	-
Bank borrowing and amount due to the Group	(40.6)
	<u>377.4</u>
Net proceeds receivable from disposal of a subsidiary	377.4
Less: Net asset value of a subsidiary	(288.8)
Taxation	(28.1)
Transaction cost	(5.2)
Release of translation reserve upon disposal of a subsidiary	(14.3)
	<u>41.0</u>

## 13. Scope of work of PricewaterhouseCoopers

The financial figures in respect of this results announcement for the year ended 31 December 2023 have been agreed by the Group auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2023. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the announcement.

## **FINAL DIVIDEND, RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS**

### **FINAL DIVIDEND AND RECORD DATE**

The Directors recommend the payment of a final dividend of HK8.0 cents (2022: HK21.0 cents) per share for the year ended 31 December 2023. Including the interim dividend of HK6.0 cents (2022: HK6.0 cents) per share distributed on 6 October 2023, the total dividend payout for the year ended 31 December 2023 shall be HK14.0 cents (2022: HK27.0 cents) per share. Subject to the passing of the relevant resolution at an annual general meeting of the Company to be held on 23 May 2024 (the “AGM”), the final dividend will be distributed on or around 20 June 2024 to shareholders whose names appear on the register of members of the Company at the close of business on 30 May 2024 (the Record Date).

In order to qualify for the entitlement of the final 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 30 May 2024.

### **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 20 May 2024 to 23 May 2024 (both days inclusive), during which period the registration of transfers of shares will be suspended. In order to be eligible to attend and vote at the AGM, 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 17 May 2024.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

For the year ended 31 December 2023, the Group's revenue was HK\$882 million, compared with HK\$4,097 million in 2022. The decrease was mainly due to few sales of remaining units of OMA OMA and OMA by the Sea amid a sluggish market in 2023, while 2022 was the first-time revenue recognition upon handover of pre-sold units of OMA by the Sea.

Consolidated loss for the year was HK\$812 million, an increase in loss of HK\$488 million, compared with HK\$324 million in 2022. The increase was mainly attributable to (i) HK\$557 million decrease in profit from the property development segment given few sales of remaining units of OMA OMA and OMA by the Sea, (ii) HK\$139 million increase in impairment provision on properties (2023: HK\$243 million; 2022: HK\$104 million), (iii) HK\$72 million decrease in profit from the hospitality investment and management segment mainly due to full year closure of Lanson Place Causeway Bay hotel for renovation in 2023, and offset by (iv) HK\$250 million decrease in net valuation loss

on investment properties and financial instruments including share of joint ventures (2023: HK\$844 million; 2022: HK\$1,094 million) and (v) HK\$41 million gain on disposal of a subsidiary in Beijing, China.

The 2023 net valuation loss on investment properties and financial instruments including share of joint ventures was HK\$844 million which is non-cash in nature, compared with loss of HK\$1,094 million in 2022, includes (i) HK\$720 million loss from investment properties (2022: HK\$1,596 million), mainly Landmark East and commercial properties in London and (ii) HK\$124 million loss from financial instruments (2022 gain was HK\$502 million), mainly interest rate swap contracts. Including the impairment provision on properties of HK\$243 million (2022: HK\$104 million), total net valuation loss and impairment provision amounted to HK\$1,087 million, compared with HK\$1,198 million in 2022.

Consolidated loss attributable to shareholders was HK\$890 million, an increase of HK\$350 million, compared with HK\$540 million in 2022.

Loss per share attributable to shareholders was HK\$0.66, compared with HK\$0.40 in 2022.

Core consolidated profit attributable to shareholders, excluding non-cash net valuation loss and impairment provision was HK\$197 million, a decrease of HK\$461 million, compared with HK\$658 million in 2022.

## **Property Development**

The property development segment revenue excluding inter-segment sales was HK\$212 million in 2023, compared with HK\$3,342 million in 2022. Segment loss before taxation including net valuation loss and impairment provision was HK\$290 million, compared with profit of HK\$783 million in 2022.

Excluding net valuation loss and impairment provision (2023 net valuation loss and impairment provision was HK\$326 million; 2022 net valuation gain and impairment provision was HK\$73 million), segment profit before taxation was HK\$36 million, compared with HK\$710 million in 2022, mainly due to less property sales concluded and handed over to buyers in 2023, compared with first-time revenue recognition of pre-sold units of OMA by the Sea in 2022.

### *Wholly-owned project*

OMA OMA, a medium-density residential site on So Kwun Wat Road, So Kwun Wat, Tuen Mun, provides a saleable area of approximately 234,000 square feet for 466 residential apartment units. Cumulatively, as at 31 December 2023, around 95% (in terms of number) of the residential units were sold. No residential units were sold to buyers in 2023.

### *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 2023, around 2% (in terms of number) of the residential units were sold. Cumulatively, as at 31 December 2023, around 92% (in terms of number) of the residential units were sold. Around 3% (in terms of number) of the residential units were handed over to buyers with related revenue recognised in 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 of the project is in progress and will be completed in the second quarter of 2024.

### *Joint venture projects*

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

The Group has a 50% interest in a residential site in Sha Tin. The site which enjoys the dual convenience of the East Rail and the Tuen Ma MTR transportation network, is walking distance to the Tai Wai and Hin Keng MTR stations. The site provides a gross floor area of approximately 89,000 square feet. The Group is the lead sales and marketing manager for this project. Foundation work of the project is in progress and will be completed in the third quarter of 2024.

## **Property Investment and Management**

The property investment and management segment revenue excluding inter-segment sales was HK\$573 million in 2023, compared with HK\$589 million in 2022. Segment loss before taxation including net valuation loss was HK\$411 million, compared with HK\$768 million in 2022, mainly due to lower net valuation loss on office buildings.

Excluding net valuation loss and one-off gain on disposal of a subsidiary (2023: HK\$731 million; 2022: HK\$1,129 million), segment profit before taxation was HK\$320 million, compared with HK\$355 million in 2022, mainly due to lower rental income and higher finance cost in 2023.

As at 31 December 2023, the Group's portfolio of investment properties, mostly Grade A office buildings, has a total area of approximately 1,961,000 square feet with an aggregate attributable fair market valuation of around HK\$20,000 million. The portfolio covers 1,633,000 square feet in Hong Kong and 328,000 square feet in London.

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

Landmark East is the Group's flagship property located in Kowloon East. This property is a Grade A office complex comprising twin towers of 36 floors and 34 floors respectively with a total gross floor area of approximately 1,338,000 square feet and 454 car parking spaces. As at 31 December 2023, the property achieved an occupancy of approximately 91%. As a testament to our commitment to upgrade the building quality and green standard, we successfully obtained 2 certificates BEAM Plus Existing Buildings Platinum issued by Hong Kong Green Building Council Limited and LEED Existing Buildings Platinum issued by U.S. Green Building Council in 2023.

Shui Hing Centre is an industrial building in Kowloon Bay, with a gross floor area of approximately 187,000 square feet. As at 31 December 2023, the property achieved an occupancy of approximately 86%. Town Planning Board approval for redevelopment was obtained in April 2021.

The Group holds Le Cap and La Vetta, Kau To, Sha Tin, low-density residential projects, for leasing after distributions of unsold units to shareholders in 2020 and 2021 respectively. Le Cap has 16 residential units including houses and apartments, and 22 car parking spaces of approximately 36,000 square feet salable area. As at 31 December 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 31 December 2023, around 71% of the residential units (in terms of number) were leased.

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

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

The commercial property located 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 31 December 2023, the above three wholly-owned properties achieved an average occupancy of approximately 87%.

### *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 31 December 2023, the above four joint venture properties achieved an average occupancy of approximately 93%.

#### *Disposal of a wholly-owned property in Beijing, China*

In September 2023, the Group disposed of its entire interest in 33 residential units at Central Park with a gross floor area of approximately 6,200 square metres and 33 car parking spaces, located in Beijing, at a consideration of approximately RMB381 million (equivalent to HK\$418 million) and recognised a disposal gain of HK\$41 million. The disposal was completed in November 2023.

### **Hospitality Investment and Management**

The hospitality investment and management segment revenue was HK\$37 million in 2023, compared with HK\$106 million in 2022. Segment loss before taxation including net valuation loss was HK\$81 million, compared with HK\$158 million in 2022.

Excluding net valuation loss (2023: HK\$9 million; 2022: HK\$153 million), segment loss before taxation was HK\$72 million, compared with HK\$5 million in 2022, mainly due to no revenue generated from Lanson Place Causeway Bay hotel upon its closure for renovation.

Our wholly-owned Lanson Place Causeway Bay hotel in Hong Kong was closed down in October 2022 for renovation and upgrade. It was reopened in March 2024.

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 pandemic 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\$60 million in 2023, compared with HK\$60 million in 2022.



Segment profit before taxation including net valuation loss was HK\$13 million, compared with segment loss of HK\$8 million in 2022.

Excluding net valuation loss, segment profit before taxation was HK\$25 million, compared with segment loss before taxation of HK\$20 million in 2022, mainly due to decrease in impairment provision for financial investments at amortised cost (2023: HK\$11 million; 2022: HK\$41 million).

## 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\$26,095 million as at 31 December 2023 (31 December 2022: HK\$27,327 million). The decrease of HK\$1,232 million is mainly resulted from the distribution of the 2022 final dividend and 2023 interim dividend of HK\$366 million, distribution to holders of perpetual capital securities of HK\$66 million and the loss for the year of HK\$812 million.

As at 31 December 2023, the Group's bank and other borrowings totalled HK\$6,808 million (31 December 2022: HK\$6,728 million). The maturity profile of the Group's bank and other borrowings is set out below:

	31 December 2023		31 December 2022	
	HK\$ million	%	HK\$ million	%
Repayable:				
Within one year	2,808	41%	2,551	38%
Between one and two years	516	8%	1,198	18%
Between two and five years	3,484	51%	2,979	44%
	<u>6,808</u>	<u>100%</u>	<u>6,728</u>	<u>100%</u>

As at 31 December 2023, the Group's gearing ratio is 16.0% (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\$4,166 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:

	31 December 2023 HK\$ million	31 December 2022 HK\$ million
Bank balances and cash	2,642	2,241
Unutilised revolving loan facilities	2,551	3,393
	<u>5,193</u>	<u>5,634</u>

### Foreign Currencies

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

As at 31 December 2023, the Group's borrowings were 87% in Hong Kong dollars and 13% 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:

Names of joint ventures:	Notes	31 December 2023 HK\$ million	31 December 2022 HK\$ million
Southwater Investments Limited and its subsidiaries	(a)	2,149	2,075
Kingswood Edge Limited	(b)	732	607
Champion Estate (HK) Limited	(c)	268	393
Others		852	745
Total		<u>4,001</u>	<u>3,820</u>

#### Notes:

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

- (b) The loan is unsecured, interest-free, and has no fixed repayment dates. It is for financing an investment in property in London. Based on the assessment under ECL model, the Group concluded that the amount of ECL is immaterial.
- (c) The loan is unsecured, carries interest at rates agreed by both parties, and has no fixed repayment dates. It is for financing the development of a property project in Hong Kong. Based on the assessment under ECL model, the Group concluded that the amount of ECL is immaterial.

### **Contingent Liabilities**

As at 31 December 2023, the Group had contingent liabilities of HK\$5,398 million (31 December 2022: HK\$4,944 million) in respect of guarantees given by the Company for banking facilities granted to certain joint ventures. The guarantees were given severally and in proportion to the Group's equity interests in the joint ventures.

### **Pledge of Assets**

As at 31 December 2023, the Group's advances to joint ventures of HK\$3,551 million (31 December 2022: HK\$2,873 million) were subordinated to the loan facilities of joint ventures and assigned. The shares in these joint ventures beneficially owned by the Group are pledged to the financial institutions.

As at 31 December 2023, several of the Group's investment properties, properties for sale, financial assets at amortised cost, other properties, plant and equipment and bank deposits with carrying values of HK\$4,158 million, HK\$2,968 million, HK\$586 million, HK\$34 million and HK\$27 million, respectively, were pledged to secure credit facilities for the Group.

### **PROSPECTS**

Looking ahead, the global, China and Hong Kong economic outlook remains uncertain and challenging. Given Hong Kong is closely connected to Mainland China, we believe that the prospect of Hong Kong's economy, as well as its residential and commercial properties market, will depend on the persistent economic recovery of China.

China has demonstrated its commitment on supporting and achieving economic growth by announcing a GDP growth target of around 5% and committing to open more sectors to foreign investment that enhances investors' confidence and improves market sentiment towards China's economy. By the time when China managed to achieve substantial economic recovery, Hong Kong will be able to attract more Mainland corporations and investors to increase their presence in the Hong Kong market.

In addition, in view of the likely end of interest rate hike cycle and the Hong Kong Government's budget measures to boost economy and to ease the policies on property market, we believe the Hong Kong property market will gradually recover.

Right after the Government's removal of all property cooling measures, supported by pent-up demand for mass market residential property, the sale volume of primary residential property increased in March. In 2024, we will continue to sell the remaining units of the "Upper Gold Coast" series as well as to find the right market window to sell the luxury residential units at Kau To Shan.

We are preparing for the pre-sale launch of our Sheung Shui and Sha Tin residential projects. We believe both projects will be attractive to local and Greater Bay Area's home buyers given the easy connectivity to urban areas in Hong Kong and Shenzhen, as well as the Hong Kong Government's Northern Metropolis Development Strategy.

Regarding our commercial properties, although Hong Kong office sector remain challenging, based on our current lease renewals and new lease commitment, we believe that our recurring income will remain relatively stable at current occupancy level despite the rental rate will still be under pressure. London office sector also remain challenging; however, we have seen that new or fully-refurbished commercial properties that are ESG compliant at right locations have achieved rental growth in 2023 due to occupiers' flight to quality. As our London commercial properties are mostly of prime quality with good tenant mix, we believe the valuation of these properties will improve once the interest rate cut cycle begins and market capitalisation rate decreases.

The re-opening of Lanson Place Causeway Bay hotel is timely to benefit from the Government's plan to promote Hong Kong as a hospitable and mega-event city, and the opening up of more Mainland cities for travel to Hong Kong. This coupled with the opening of Lanson Place managed properties in Manila and Melbourne, which will help to ramp up our hotel and serviced apartment business performance.

With a resilient balance sheet and diversified asset portfolio supported by solid financing capabilities, we will stay vigilant against market volatility. We will continue to improve the performance of our business operations while prudently and diligently capturing suitable investments should suitable opportunities arise.

## **KEY RISKS AND UNCERTAINTIES**

The Group's business, financial conditions or results of operations are affected by a number of key risks and uncertainties outlined below. There may be other risks or uncertainties, including those which are not known to the Group or which the Group currently deems to be immaterial but may affect the Group in future.

### **Business Risks**

#### *Property development*

A majority of the Group's assets are located in, and a majority of the Group's revenue is derived from Hong Kong. As a result, the general state of Hong Kong and the property market, the interest rate changes and the political and legal situations in Hong Kong may have a significant impact on the Group's operating results and financial condition.

The Group's activities on its development properties are also subject to various laws and regulations of Hong Kong. Developing properties, refurbishment and other re-development projects require government permits. The government may introduce property cooling measures from time to time which may have a significant impact on the property market and may adversely affect the Group's property sales performance and financial condition.

#### *Property investment and hospitality business*

Financial performance may be materially and adversely affected in the event of a decline in rental or occupancy levels, or difficulties in securing lease renewals or obtaining new tenants. The Group cannot be assured that existing tenants will renew their leases upon expiration or that the Group will be able to find replacement tenants at rental rates equal to or above the current rental rates for tenancies.

## **CORPORATE SOCIAL RESPONSIBILITY**

### **Employees**

As at 31 December 2023, the Group had approximately 450 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.

### **Communities**

The Group takes pride in being an outstanding member of the communities in which it operates. As such, the Group has introduced a number of initiatives under its Corporate Social Responsibility mission and shall continue to seek innovative and meaningful ways to engage its employees and associates in building stronger and more vibrant communities in which it operates.

The Group's 2023 activities covered the followings:

- Lai See Packet Re-cycle and Re-use Programme
- Pre-loved Books Donation
- A Day with Food Angel
- Grass cutting at Mai Po

## **Environment**

The Group established the environmental policy addressing environmental issues. For details, please refer to Environmental, Social and Governance Report 2023, which will be available on the websites of the Company and the Hong Kong Exchanges and Clearing Limited together with the Annual Report 2023.

## **Compliance with Laws and Regulations**

The Group is committed to complying with all relevant rules and regulations issued by the Government of the Hong Kong Special Administrative Region in relation to construction of properties, sales of properties, property management and employees, etc. The Group also holds relevant required licences for the provision of hospitality services. Relevant employees are trained to any changes in the applicable laws, rules and regulations from time to time.

## **Relationship with Suppliers**

The selection of major suppliers or contractors is conducted through tendering process in all the Group's segments. The Internal Audit Department of the Group regularly reviews the procurement and tendering procedures to ensure that the processes are conducted in an open and fair manner.

## **Relationship with Customers**

For our residential development projects, the Group has comprehensive hand-over procedures to ensure delivery of quality products to our customers.

For our commercial and residential estate management and hospitality management, the Group obtains regular feedback from customers in order to enhance quality of services.

## **OTHER INFORMATION**

### **CORPORATE GOVERNANCE**

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with regulatory requirements, including the requirements under the Listing Rules.

The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code contained in Appendix C1 to the Listing Rules during the financial year ended 31 December 2023.

### **REVIEW BY AUDIT COMMITTEE**

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2023, including the accounting principles and practices adopted by the Group.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

### **ANNUAL REPORT**

The 2023 annual report containing all the financial and other related information of the Company required by the Listing Rules will be published on the website of the Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.wingtaiproperties.com](http://www.wingtaiproperties.com) and copies thereof will be dispatched to shareholders of the Company on or about 23 April 2024.

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

Hong Kong, 21 March 2024

As at the date of this announcement, the directors of the Company are:

*Executive Directors:*

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

*Non-executive Directors:*

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

*Independent Non-executive Directors:*

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