

# WING TAI PROPERTIES LIMITED

# 永泰地產有限公司

STOCK CODE 股份代號 369

INTERIM REPORT 中期報告 2019



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

NG Tak Wai, Frederick

CHEN Chou Mei Mei, Vivien

**Independent Non-Executive Directors**

Simon MURRAY *CBE*

YEUNG Kit Shing, Jackson

Haider Hatam Tyebjee *BARMA GBS CBE ISO JP*

CHENG Hoi Chuen, Vincent *GBS OBE JP*

LAM Kin Fung, Jeffrey *GBS JP*

**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**

CHENG Hoi Chuen, Vincent *GBS OBE JP* (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

**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**

Estera 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

Level 54, Hopewell Centre

183 Queen's Road East

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 2019 and 2018, and of the five years ended 31 December 2018:

	Interim results		Annual results				
	2019 HK\$'M	2018 HK\$'M (Note a)	2018 HK\$'M (Note a)	2017 HK\$'M	2016 HK\$'M	2015 HK\$'M	2014 HK\$'M
<b>RESULTS</b>							
Revenue	423.9	469.5	884.7	1,064.3	1,103.3	1,009.2	1,783.5
Profit before taxation	285.4	1,112.2	1,432.3	2,101.0	1,260.4	1,182.3	2,033.1
Taxation	(40.0)	(43.1)	(52.8)	(98.6)	(111.2)	(83.2)	(89.5)
Profit for the period/year	245.4	1,069.1	1,379.5	2,002.4	1,149.2	1,099.1	1,943.6
Attributable to:							
Shareholders of the Company	212.2	1,035.5	1,312.4	1,981.9	1,146.5	1,099.1	1,943.6
Holder of perpetual capital securities	32.4	33.1	65.7	18.4	–	–	–
Non-controlling interests	0.8	0.5	1.4	2.1	2.7	–	–
Profit for the period/year	245.4	1,069.1	1,379.5	2,002.4	1,149.2	1,099.1	1,943.6

	At 30 June		At 31 December				
	2019 HK\$'M	2018 HK\$'M	2017 HK\$'M	2016 HK\$'M	2015 HK\$'M	2014 HK\$'M	
<b>ASSETS AND LIABILITIES</b>							
Total assets	35,995.7	35,427.7	35,496.1	30,776.1	28,220.9	27,527.8	
Total liabilities	(7,343.9)	(6,705.8)	(7,686.2)	(6,464.0)	(4,873.6)	(4,847.6)	
Perpetual capital securities	(1,513.1)	(1,513.9)	(1,514.5)	–	–	–	
Non-controlling interests	(7.5)	(6.7)	(5.5)	(3.5)	(1.0)	(1.2)	
Equity attributable to shareholders of the Company	27,131.2	27,201.3	26,289.9	24,308.6	23,346.3	22,679.0	

Note:

- (a) 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,

I am pleased to report that the Group's consolidated profit attributable to shareholders was HK\$212 million and the earnings per share was HK\$0.16 for the six months ended 30 June 2019. The Board has recommended an interim dividend of HK6.0 cents per share, same as last year.

The solid demand from first-time home buyers, together with a soft interest rate environment, remained supportive to Hong Kong's primary residential sales in the first half. We launched the pre-sale of two Tuen Mun projects, The Carmel and OMA OMA, on schedule, in mid-January and end-June, respectively. The Carmel, located at Castle Peak Road, is the first of our Upper Gold Coast series, embracing a modern millennial theme for the first-time buyers. Its presale received remarkable market response, with 78% units sold within a month, including all the typical apartment units, most of the special units and some of the houses. The pre-sale of OMA OMA, a distinctive resort-style residence situated in So Kwun Wat, also received good market response with 50% units sold within a month, against the accelerating social turmoil in Hong Kong since its launch. Meanwhile, the remaining residential and carpark units of two luxury, low-density residential developments in Kau To Shan, Le Cap and La Vetta, continued to register steady transactions.

As for our property investments, in Hong Kong, Landmark East, our flagship Grade A twin office towers, continued to deliver good performance with high occupancy and stable rental rate, against the competition from new office supply in Kowloon East and amidst an on-going decentralisation trend and demand from corporates for office space with efficient large floor plates and high office specifications. In London, with the acquisition of 30 Gresham Street and the leasing launch of 3 Cavendish Square last December, we have investment interests in a total of six Grade A commercial properties. All these properties are located in prime areas, either in the City or West End of London, with steadily growing rental income as well as a diverse and quality tenant base.

As part of our strategic repositioning and expansion of asset portfolio, significant progress has been made in our extended presence in both the traditional CBD in Central and the growing CBD in Kowloon East. The master planning for our comprehensive development of Gage Street/Graham Street in Central progressed as scheduled. Foundation work and site formation work have already commenced. This project, consisting of a Grade A office tower, a hotel, retail units and open public space, is set to transform the old urban district in the years to come.

On the hospitality front, our hospitality investment and management brand Lanson Place heralded its entry into the Philippines, as we signed up a 10-year management contract to operate a brand new hotel and serviced residence project at the heart of SM Mall of Asia in Pasay, Manila. Offering 250 hotel rooms and 150 serviced suites, the project is scheduled for completion in 2022.

In addition, Waterfront Suites, our wellness and lifestyle centric furnished residence perched right on the shore of Eastern waterfront in Sai Wan Ho, was opened with premium rental rates in April. This boutique residence commands unimpeded views over Victoria Harbour, while being accessible to all public transport. It has gained traction from senior executive tenants working in the Eastern District of Hong Kong Island and Kowloon East.

Taking this opportunity, I would like to express my sincere gratitude and appreciation to my fellow Board members who bring valuable knowledge and insights to the Group, and to all business partners, colleagues and stakeholders as a whole for their support throughout the years.

**Cheng Wai Chee, Christopher**  
*Chairman*

Hong Kong, 28 August 2019

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

In the first half of 2019, the Group's revenue was HK\$424 million, compared with HK\$470 million in 2018. Consolidated profit for the six months ended 30 June 2019 was HK\$245 million, a decrease of HK\$824 million, compared with HK\$1,069 million in 2018. The decrease was mainly attributable to (i) a one-off disposal gain on W Square of HK\$693 million in 2018, (ii) decrease in fair value gain on investment properties and financial instruments including joint ventures of HK\$255 million (2019 registered a fair value loss of HK\$27 million; 2018 registered a fair value gain of HK\$228 million), offset by (iii) HK\$99 million higher profit from the property development segment.

Consolidated profit attributable to shareholders was HK\$212 million, a decrease of HK\$824 million, compared with HK\$1,036 million in 2018.

Consolidated profit attributable to shareholders, excluding one-off disposal gain and change in fair value on investment properties and financial instruments including joint ventures, was HK\$239 million, an increase of HK\$124 million, compared with HK\$115 million in 2018.

Earnings per share attributable to shareholders was HK\$0.16, compared with HK\$0.77 in 2018.

### Property Development

The property development segment revenue was HK\$12 million in the first half of 2019, compared with HK\$16 million in 2018. Segment profit before taxation (including fair value changes) was HK\$29 million, compared with segment loss before taxation of HK\$69 million in 2018. It was mainly due to the share of results of joint ventures HK\$126 million in 2019, an increase of HK\$121 million, compared with HK\$5 million in 2018, as a result of more sold units of Le Cap and La Vetta having handed over to buyers during the period.

Since June, the accelerating social turmoil in Hong Kong has slowed down the primary residential property market.

### Wholly-owned projects

The Carmel, a low-density residential site in Siu Sau, Tai Lam, Tuen Mun, provides a saleable area of approximately 147,000 square feet for 178 residential apartment and house units. Its pre-sale was launched in January 2019 and occupation permit was obtained in June 2019. As at 30 June 2019, around 78% (in terms of number) of the residential units were sold, including all the typical apartment units, most of the special units and some of the houses. Superstructure work is underway and the project is scheduled for completion by early 2020. Related revenue and profit of the units sold in the pre-sale will be recognised upon handover of such units to buyers prior to the project's material date that falls in March 2020.

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. Its pre-sale consent was obtained in June 2019 and the pre-sale was launched in end-June. As at 30 June 2019, around 30% (in terms of number) of the residential units were sold. As at the date of this report, around 50% (in terms of number) of the residential units were sold. Superstructure work has commenced and the project is scheduled for completion in 2021. Related revenue and profit of the pre-sold units will be recognised upon handover of such units to buyers prior to the project's material date that falls in June 2021.

### Majority-owned project

The Group has a 70% interest in the site adjacent to The Carmel in Siu Sau, Tai Lam, Tuen Mun, a medium-density residential site that offers a gross floor area of approximately 294,000 square feet. Foundation work and site formation work are in progress. The project is scheduled for completion in 2022.



# MANAGEMENT DISCUSSION AND ANALYSIS

## *Joint venture projects*

The Group has a 15% interest in Providence Bay, Providence Peak and The Graces, respectively. All the three projects are located at Pak Shek Kok, Tai Po. As at 30 June 2019, all residential units of Providence Bay, Providence Peak and The Graces were sold.

The Group has a 50% interest in Homantin Hillside in Hung Hom. The project has a saleable area of approximately 128,000 square feet for 173 residential units. As at 30 June 2019, all the residential units were sold. The Group is the lead project manager and lead sales and marketing manager for this project.

The Group has a 35% interest in two low-density residential projects, Le Cap and La Vetta. Both of them are located in Kau To, Shatin, offering a saleable area of approximately 460,000 square feet altogether. In the first half of 2019, around 3% and 16% (in terms of number) of the residential units of Le Cap and La Vetta were sold, respectively. Cumulatively, as at 30 June 2019, around 28% and 25% (in terms of number) of the residential units of Le Cap and La Vetta were sold, respectively. Around 13% and 9% (in terms of number) of Le Cap and La Vetta's residential units were handed over to buyers, respectively, with related revenue recognised in the first half of 2019. The Group is the joint project manager and lead sales and marketing manager for both projects.

The Group has a 50% interest in a commercial complex site in Central, through the tender for Site C of the Gage Street/Graham Street project as put up by the Urban Renewal Authority. Advantageously located in the heart of the bustling Central financial hub, the Site provides a gross floor area of up to 433,500 square feet to be developed into a Grade A office tower, a hotel, retail shops, as well as public open space with green facilities for the neighbourhood. The Group is the lead project manager and lead leasing manager for this project. Foundation work has commenced in April 2019.

## **Property Investment and Management**

After the completion of the disposals of Winner Godown Building and W Square in the first half of 2018, the property investment and management segment revenue was HK\$315 million in the first half of 2019, a decrease of HK\$58 million compared with HK\$373 million in 2018. The segment profit before taxation (including fair value changes) was HK\$200 million, compared with HK\$1,229 million in 2018. Excluding (i) fair value changes in investment properties and financial instruments, including joint ventures (2019 registered a fair value loss of HK\$29 million; 2018 registered a fair value gain of HK\$294 million), (ii) a one-off disposal gain on W Square of HK\$693 million in 2018 and (iii) contributions from the properties disposed in 2018, segment profit before taxation was HK\$229 million, compared with HK\$211 million in 2018. The increase was mainly attributable to leasing profit from 30 Gresham Street, London, which was acquired in December 2018.

As at 30 June 2019, the Group's portfolio of investment properties, mainly Grade A office buildings, has a total area of approximately 1,886,000 square feet with an aggregate attributable fair market valuation of around HK\$20,500 million. The portfolio encompasses 1,525,000 square feet in Hong Kong, 295,000 square feet in London and 6,200 square metre in Beijing.

## *Wholly-owned properties in Hong Kong*

Landmark East is the Group's flagship property located in Kowloon East. This property is a Grade A office complex comprising twin towers of 36 floors and 34 floors respectively, with a total gross floor area of approximately 1,338,000 square feet and 454 car parking units. As at 30 June 2019, the property achieved an occupancy of approximately 97%.

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 2019, the property achieved an occupancy of approximately 98%.

*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 for Grade A office and retail space.

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

As at 30 June 2019, the above three wholly-owned properties achieved an average occupancy of approximately 98%.

*Joint venture properties in London, the United Kingdom*

The Group has a 25% interest in a commercial property located in Fleet Place, City of London. The property has a net internal area of approximately 192,000 square feet for Grade A office and retail space. As at 30 June 2019, the property achieved an occupancy of approximately 91%.

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 for Grade A office space. The refurbishment and expansion works were completed in September 2018 and leasing was launched in December 2018. As at 30 June 2019, the property achieved an occupancy of approximately 21%.

The Group has a 50% interest in a commercial property located at 30 Gresham Street, City of London, which was acquired in December 2018. The property has a net internal area of approximately 404,000 square feet for Grade A office, retail space and ancillary accommodation, with 48 car parking spaces. As at 30 June 2019, the property achieved full occupancy.

*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 2019, approximately 91% of the units (in terms of number) were leased.

**Hospitality Investment and Management**

The hospitality investment and management segment revenue was HK\$71 million in the first half of 2019 compared with HK\$68 million in 2018. Segment loss before taxation (including fair value changes) was HK\$1 million in 2019, a decrease of HK\$67 million compared with profit before taxation of HK\$66 million in 2018. Excluding fair value changes in investment properties and financial instruments, including joint ventures (2019 registered a fair value loss of HK\$10 million; 2018 registered a fair value gain of HK\$47 million), the segment profit before taxation was HK\$9 million in 2019, compared with HK\$19 million in 2018.

The wholly-owned Lanson Place Hotel in Hong Kong recorded stable occupancy rate and average room rates, but the occupancy rate started to drop since June due to the recent social turmoil.

Waterfront Suites, our wholly-owned prime harbour-front furnished residence in Sai Wan Ho, was opened in April 2019 for leasing.

# MANAGEMENT DISCUSSION AND ANALYSIS

The Group has a 50% interest in Lanson Place Bukit Ceylon Serviced Residences in Kuala Lumpur, which recorded a stable occupancy rate, but the average room rates were under pressure due to the softening hotel market.

Lanson Place currently manages ten third-party serviced residences, of which five are in Shanghai and the other five in Hong Kong, Singapore, Kuala Lumpur, Chengdu and Melbourne. The upcoming brand new luxury serviced residence, located on Albert Street, Melbourne, is targeted to open by 2022.

In May 2019, we entered into a 10-year management contract to manage a brand new hotel and serviced residence of approximately 400 units at the heart of SM Mall of Asia in Manila, Philippines. This project is targeted for completion by 2022. Marking Lanson Place's first property in the Philippines, the project is also the Group's 13th managed property in the Asia Pacific region.

Lanson Place Hospitality Management and the properties under the brand continue to gain good recognition from travelers. In Hong Kong, Lanson Place Hotel was named "Best Design Hotel in China" at TTG China Travel Awards 2019. In Shanghai, One Sunland Serviced Suites managed by Lanson Place won the title of "Best Serviced Apartments of China" at 2019 China Hotel Starlight Awards. In Malaysia, Lanson Place Bukit Ceylon Serviced Residences took home three accolades – the "2019 Travelers' Choice" award by TripAdvisor, "Top 25 Hotels – Malaysia" and "Top 25 Hotels for Service – Malaysia".

## Others

This segment represents investing activities and central management and administrative expenses. The segment revenue was HK\$27 million in the first half of 2019, compared with HK\$12 million in 2018. The increase was mainly attributable to interest income from debt securities.

Segment profit before taxation (including fair value changes) was HK\$56 million in the first half of 2019 compared with a segment loss of HK\$113 million in 2018, which was mainly attributable to the fair value gain of HK\$42 million recorded in the first half 2019 of the Group's investment in Suntec REIT which are listed on the Singapore Exchange, reflected a rise in market price of the units in Suntec REIT as compared to the unit market price at 31 December 2018. In first half of 2018, a fair value loss of HK\$110 million was recorded, reflected a drop in market price of the unit as compared to the unit price at 31 December 2017.

Excluding fair value changes in financial instruments (2019 registered a fair value gain of HK\$11 million; 2018 registered a fair value loss of HK\$113 million), the segment profit before taxation was HK\$45 million in 2019 compared with breakeven result in 2018, which was mainly due to an increase in interest income from debt securities and in bank interest income from time deposit placements during the period.

## FINANCIAL REVIEW

### Liquidity and Financial Resources

The Group's net assets totalled HK\$28,652 million as at 30 June 2019 (31 December 2018: HK\$28,722 million). The decrease of HK\$70 million is mainly resulted from the profit for the period of HK\$245 million, offset by the distribution of the 2018 final dividend of HK\$284 million and distribution to holders of perpetual capital securities of HK\$33 million.

As at 30 June 2019, the Group's bank and other borrowings totalled HK\$4,762 million (31 December 2018: HK\$5,035 million).

The maturity profile of the Group's bank and other borrowings is set out below:

	30 June 2019		31 December 2018	
	HK\$ million	%	HK\$ million	%
Repayable:				
Within one year	1,029	22%	1,295	26%
Between one and two years	206	4%	110	2%
Between two and five years	3,238	68%	3,339	66%
After five years	289	6%	291	6%
	4,762	100%	5,035	100%

As at 30 June 2019, the Group's net borrowings (total bank and other borrowings less bank balances and cash) were HK\$2,410 million (31 December 2018: HK\$2,161 million), representing 8.4% of the Group's net assets (31 December 2018: 7.5%). Interest for the Group's bank borrowings

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

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

	30 June 2019 HK\$ million	31 December 2018 HK\$ million
Bank balances and cash	2,352	2,874
Unutilised revolving loan facilities	2,427	2,423
	4,779	5,297

### 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 Renminbi, UK pounds, Singapore dollars and Malaysia Ringgits. For transactions in foreign currencies, the Group will closely monitor the exposure and, if appropriate, hedge by local

currency financing and other financial instruments to the extent desirable. In particular, exposure to investments in foreign operations in the United Kingdom is substantially covered by local currency financing and forward exchange contracts.

## MANAGEMENT DISCUSSION AND ANALYSIS & INTERIM DIVIDEND

### Contingent Liabilities

As at 30 June 2019, the Group had contingent liabilities of HK\$8,078 million (31 December 2018: HK\$8,081 million) in respect of guarantees given by the Company for banking facilities granted to certain joint ventures. The guarantees were given severally and in proportion to the Group's equity interests in the joint ventures.

### Pledge of Assets

As at 30 June 2019, the Group's advances to joint ventures of HK\$3,211 million (31 December 2018: HK\$3,635 million) were subordinated to the loan facilities of joint ventures and assigned. The shares in these joint ventures beneficially owned by the Group are pledged to the financial institutions.

As at 30 June 2019, several of the Group's investment properties, properties for sale and financial investments at fair value through profit or loss with carrying values of HK\$3,894 million, HK\$4,180 million and HK\$326 million, respectively, were pledged to secure credit facilities for the Group.

### PROSPECTS

In view of the recent social turmoil in Hong Kong and decelerating economic growth, coupled with the intensifying Sino-US trade tensions, the Hong Kong property market is expected to become more challenging. We expect property investors and end-users to remain conservative for the rest of 2019, albeit the US Federal Reserve has recently announced its first interest rate cut since 2008.

Under such market outlook, we will remain vigilant in capturing the market opportunities and in marketing our residential development projects. We will focus on the timely completion of The Carmel and OMA OMA so as to hand them over to our buyers on a timely manner.

Amidst a very uncertain outlook locally and globally, we are encouraged by the resilient performance of our commercial properties portfolios in Hong Kong and London, which forms a strong foundation of our balance sheet and provides a reliable stream of steady recurring income and cash flow for the Group. We stay prudently active in growing our land reserves and yield-enhancing investment properties when opportunities arise.

### EMPLOYEES

As at 30 June 2019, the Group had approximately 480 employees. The Group offers comprehensive remuneration and benefit packages to our employees, which are structured according to prevailing salary levels in the market, individual merit and performance. The Group has a mandatory provident fund scheme and an occupational retirement scheme to provide retirement benefits to all employees in Hong Kong.

Employees, including directors, are eligible for the Company's share option plan where the shares options 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 2019 (2018: HK6.0 cents). The interim dividend will be distributed on or around 4 October 2019 to the shareholders whose names appear on the register of members of the Company at the close of business on 17 September 2019 (the Record Date).

In order to qualify for the entitlement of the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Standard Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 17 September 2019.

# 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 14 to 37, which comprises the condensed consolidated balance sheet of Wing Tai Properties Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2019 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other 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". 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, 28 August 2019

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*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 2019

## 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 2019.

	Note	Unaudited	
		Six months ended 30 June	
		2019 HK\$'M	2018 HK\$'M
<b>Revenue</b>	7	423.9	469.5
Cost of sales		(82.8)	(99.4)
<b>Gross profit</b>		341.1	370.1
Other gains/(losses), net	8	7.2	(32.5)
Selling and distribution costs		(30.4)	(18.1)
Administrative expenses		(170.0)	(155.2)
Change in fair value of			
– investment properties		48.1	337.3
– financial instruments	9	1.4	(104.8)
Gain on disposal of subsidiaries	18	49.5	232.5
		–	693.3
<b>Profit from operations</b>	10	197.4	1,090.1
Finance costs		(29.8)	(34.7)
Finance income		36.5	15.6
Share of results of joint ventures	15	79.9	40.3
Share of results of associates		1.4	0.9
<b>Profit before taxation</b>		285.4	1,112.2
Taxation	11	(40.0)	(43.1)
<b>Profit for the period</b>		245.4	1,069.1
<b>Profit for the period attributable to:</b>			
Shareholders of the Company		212.2	1,035.5
Holders of perpetual capital securities		32.4	33.1
Non-controlling interests		0.8	0.5
		245.4	1,069.1
<b>Earnings per share attributable to shareholders of the Company</b>	12		
– Basic		HK\$0.16	HK\$0.77
– Diluted		HK\$0.16	HK\$0.77

The notes on pages 20 to 37 form an integral part of this Interim Financial Information.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Unaudited	
	Six months ended 30 June	
	2019 HK\$'M	2018 HK\$'M
<b>Profit for the period</b>	245.4	1,069.1
<b>Other comprehensive income</b>		
<b>Items that have been/may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of foreign operations	(0.4)	(11.3)
Net gain on net investment hedge		
– Fair value gain	12.6	1.6
– Realised upon settlement	0.3	0.2
Net (loss)/gain on cash flow hedge	(17.0)	4.3
Share of other comprehensive income of a joint venture	(0.9)	1.5
<b>Other comprehensive income for the period, net of tax</b>	(5.4)	(3.7)
<b>Total comprehensive income for the period</b>	240.0	1,065.4
<b>Total comprehensive income for the period attributable to:</b>		
Shareholders of the Company	206.8	1,031.8
Holders of perpetual capital securities	32.4	33.1
Non-controlling interests	0.8	0.5
<b>Total comprehensive income for the period</b>	240.0	1,065.4

The notes on pages 20 to 37 form an integral part of this Interim Financial Information.



## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2019

	Note	Unaudited 30 June 2019 HK\$'M	Audited 31 December 2018 HK\$'M
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties	14	20,628.9	20,459.4
Other properties, plant and equipment	14	82.7	74.1
Investments in joint ventures	15	2,001.2	1,920.7
Loans to joint ventures	15	4,199.1	3,835.7
Investments in associates		16.1	16.0
Loans to associates		22.4	22.4
Financial investments at amortised cost	16	478.9	335.5
Financial investments at fair value through profit or loss	17	646.8	553.8
Deferred tax assets		25.9	20.9
Derivative financial instruments		37.4	49.5
		28,139.4	27,288.0
<b>Current assets</b>			
Properties for sale		4,393.3	4,006.4
Trade and other receivables, deposits and prepayments	19	529.4	918.3
Financial investments at amortised cost	16	243.4	248.3
Financial investments at fair value through profit or loss	17	41.5	84.7
Derivative financial instruments		3.2	5.3
Sales proceeds held in stakeholders' accounts		293.0	–
Tax recoverable		0.2	3.1
Bank balances and cash		2,352.3	2,873.6
		7,856.3	8,139.7
<b>Current liabilities</b>			
Trade and other payables and accruals	20	2,011.9	1,154.6
Derivative financial instruments		15.3	21.8
Tax payable		27.7	3.7
Bank and other borrowings	21	1,028.8	1,295.3
		3,083.7	2,475.4
<b>Non-current liabilities</b>			
Bank and other borrowings	21	3,733.4	3,739.2
Other long-term liability	5(e)	47.4	48.7
Derivative financial instruments		127.0	107.2
Deferred tax liabilities		352.4	335.3
		4,260.2	4,230.4
<b>NET ASSETS</b>		28,651.8	28,721.9
<b>EQUITY</b>			
<b>Shareholders' funds</b>			
Share capital	22	676.3	674.6
Reserves		26,454.9	26,526.7
		27,131.2	27,201.3
<b>Perpetual capital securities</b>	23	1,513.1	1,513.9
<b>Non-controlling interests</b>		7.5	6.7
<b>TOTAL EQUITY</b>		28,651.8	28,721.9

The notes on pages 20 to 37 form an integral part of this Interim Financial Information.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	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 2019	674.6	3,319.8	0.7	19.4	51.6	(107.9)	751.0	22,492.1	27,201.3	1,513.9	6.7	28,721.9
<b>Comprehensive income</b>												
Profit for the period	-	-	-	-	-	-	-	212.2	212.2	32.4	0.8	245.4
<b>Other comprehensive income</b>												
Exchange differences on translation of foreign operations	-	-	-	-	-	(0.4)	-	-	(0.4)	-	-	(0.4)
Net gain on net investment hedge	-	-	12.9	-	-	-	-	-	12.9	-	-	12.9
Net loss on cash flow hedge	-	-	(17.0)	-	-	-	-	-	(17.0)	-	-	(17.0)
Share of other comprehensive income of a joint venture	-	-	(0.9)	-	-	-	-	-	(0.9)	-	-	(0.9)
Total comprehensive income	-	-	(5.0)	-	-	(0.4)	-	212.2	206.8	32.4	0.8	240.0
<b>Transactions with owners</b>												
Value of employee services relating to grants of share options and incentive shares	-	-	-	7.2	-	-	-	-	7.2	-	-	7.2
Incentive shares exercised	0.2	1.4	-	(1.6)	-	-	-	-	-	-	-	-
Share options exercised	1.5	8.4	-	(9.9)	-	-	-	-	-	-	-	-
2018 final dividend paid	-	-	-	-	-	-	-	(284.1)	(284.1)	-	-	(284.1)
Distribution paid on perpetual capital securities	-	-	-	-	-	-	-	-	-	(33.2)	-	(33.2)
Total transactions with owners	1.7	9.8	-	(4.3)	-	-	-	(284.1)	(276.9)	(33.2)	-	(310.1)
At 30 June 2019	676.3	3,329.6	(4.3)	15.1	51.6	(108.3)	751.0	22,420.2	27,131.2	1,513.1	7.5	28,651.8

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	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 2018	673.1	3,310.3	(14.2)	18.2	51.6	(64.3)	751.0	21,564.2	26,289.9	1,514.5	5.5	27,809.9
<b>Comprehensive income</b>												
Profit for the period	-	-	-	-	-	-	-	1,035.5	1,035.5	33.1	0.5	1,069.1
<b>Other comprehensive income</b>												
Exchange differences on translation of foreign operations	-	-	-	-	-	(11.3)	-	-	(11.3)	-	-	(11.3)
Net gain on net investment hedge	-	-	1.8	-	-	-	-	-	1.8	-	-	1.8
Net gain on cash flow hedge	-	-	4.3	-	-	-	-	-	4.3	-	-	4.3
Share of other comprehensive income of a joint venture	-	-	1.5	-	-	-	-	-	1.5	-	-	1.5
Total comprehensive income	-	-	7.6	-	-	(11.3)	-	1,035.5	1,031.8	33.1	0.5	1,065.4
<b>Transactions with owners</b>												
Value of employee services relating to grants of share options and incentive shares	-	-	-	5.2	-	-	-	-	5.2	-	-	5.2
Incentive shares exercised	0.7	5.3	-	(6.0)	-	-	-	-	-	-	-	-
Share options exercised	0.8	4.2	-	(5.0)	-	-	-	-	-	-	-	-
2017 final dividend paid	-	-	-	-	-	-	-	(303.6)	(303.6)	-	-	(303.6)
Distribution paid on perpetual capital securities	-	-	-	-	-	-	-	-	-	(33.9)	-	(33.9)
Total transactions with owners	1.5	9.5	-	(5.8)	-	-	-	(303.6)	(298.4)	(33.9)	-	(332.3)
At 30 June 2018	674.6	3,319.8	(6.6)	12.4	51.6	(75.6)	751.0	22,296.1	27,023.3	1,513.7	6.0	28,543.0

The notes on pages 20 to 37 form an integral part of this Interim Financial Information.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2019

	Note	Unaudited	
		Six months ended 30 June	
		2019 HK\$'M	2018 HK\$'M
Net cash generated from/(used in) operating activities		312.7	(348.8)
<b>Cash flows from investing activities</b>			
Additions of investment properties		(124.2)	(8.6)
Purchase of other properties, plant and equipment		(14.0)	(1.8)
Additions of mortgage loan receivables		(150.7)	–
Proceeds on maturity of certificate of deposits		78.5	–
Purchase of corporate bonds		(66.1)	–
Purchase of debt securities		(48.6)	–
Proceeds from disposal of unlisted fund investments		44.1	–
Advance of loans to joint ventures		(431.5)	(2,132.5)
Repayments of loans to joint ventures		492.8	2,316.0
Placement of deposits with banks with original maturity of more than three months		(774.6)	(1,042.6)
Net proceeds from disposal of subsidiaries	18	–	2,809.5
Proceeds from disposal of investment properties		–	1,888.9
Other investing cash net inflow/(outflow)		0.5	(7.5)
<b>Net cash (used in)/generated from investing activities</b>		(993.8)	3,821.4
<b>Cash flows from financing activities</b>			
Bank and other borrowings raised		171.7	154.9
Repayment of bank and other borrowings		(456.8)	(997.4)
Dividends paid by the Company		(284.1)	(303.6)
Distribution paid on perpetual capital securities		(33.2)	(33.9)
Cash settlement on derivative financial instruments		(12.4)	–
<b>Net cash used in financing activities</b>		(614.8)	(1,180.0)
<b>(Decrease)/increase in cash and cash equivalents</b>		(1,295.9)	2,292.6
Cash and cash equivalents at the beginning of the period		2,600.3	646.0
<b>Cash and cash equivalents at the end of the period</b>		1,304.4	2,938.6
<b>Cash and cash equivalents comprise:</b>			
Bank balances and cash		2,352.3	3,989.4
Less: Deposits with maturity of more than three months		(1,047.9)	(1,050.8)
		1,304.4	2,938.6

The notes on pages 20 to 37 form an integral part of this Interim Financial Information.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 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 million 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 28 August 2019.

## 2. BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2019 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 2018.

## 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 2018, except for the adoption of new standards, revised standards, amendments and improvements to standards and interpretations of Hong Kong Financial Reporting Standards (“HKFRS”) as of 1 January 2019, noted below.

### (a) New standards, revised standards, amendments and improvements to standards and interpretations effective for the current accounting period beginning on 1 January 2019 and relevant to the Group

Amendments to HKAS 19	Plan amendment, curtailment or settlement
Amendments to HKAS 28	Long-term interests in associates and joint ventures
Amendments to HKFRS 9	Prepayment features with negative compensation
Annual improvements	Annual improvements 2015–2017 cycle
HKFRS 16	Leases
HK(IFRIC) – Interpretation 23	Uncertainty over income tax treatments

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) New standards, revised standards, amendments and improvements to standards and interpretations effective for the current accounting period beginning on 1 January 2019 and relevant to the Group (Continued)

The adoption of the above new or revised standards, amendments and improvements to standards and interpretations of HKFRS did not have any significant impact to the Group's Interim Financial Information in the current and prior periods. The impact from adoption of HKFRS 16 is disclosed in note 4 below.

(b) New standards, revised standards, amendments and improvements to standards relevant to the Group that are not yet effective in 2019 and have not been early adopted by the Group

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

		<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 1 and HKAS 8	Definition of material	1 January 2020
Amendments to HKFRS 3	Definition of a business	1 January 2020
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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

### 4. CHANGES IN ACCOUNTING POLICIES

This note discloses the new accounting policies that have been applied from adoption of HKFRS 16 Leases from 1 January 2019.

The Group adopted HKFRS 16 using modified retrospective approach and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The adoption did not have any significant impact to the Group's Interim Financial Information in the current and prior periods.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial applications; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) – Interpretation 4 Determining whether an Arrangement contains a Lease.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 5. 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 2018.

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).

The following tables present the Group's financial investments and other financial assets and liabilities that are measured at fair value at 30 June 2019 and 31 December 2018.

	Level 1 HK\$'M	Level 2 HK\$'M	Level 3 HK\$'M	Total HK\$'M
<b>At 30 June 2019</b>				
<b>Assets</b>				
Financial investments at fair value through profit or loss				
– listed securities	472.5	–	–	472.5
– listed debt investments	174.3	–	–	174.3
– unlisted fund investments	–	41.5	–	41.5
Derivative financial instruments				
– interest rate swap contracts	–	0.5	–	0.5
– cross currency swap contracts	–	14.8	–	14.8
– forward exchange contracts	–	25.3	–	25.3
	646.8	82.1	–	728.9
<b>Liabilities</b>				
Derivative financial instruments				
– interest rate swap contracts	–	19.7	–	19.7
– cross currency swap contracts	–	122.6	–	122.6
Other long-term liability	–	–	47.4	47.4
	–	142.3	47.4	189.7

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

### (b) Fair value estimation (Continued)

	Level 1 HK\$'M	Level 2 HK\$'M	Level 3 HK\$'M	Total HK\$'M
<b>At 31 December 2018</b>				
<b>Assets</b>				
Financial investments at fair value through profit or loss				
– listed securities	430.2	–	–	430.2
– listed debt investments	123.6	–	–	123.6
– unlisted fund investments	–	84.7	–	84.7
Derivative financial instruments				
– interest rate swap contracts	–	2.8	–	2.8
– cross currency swap contracts	–	45.4	–	45.4
– forward exchange contracts	–	6.6	–	6.6
	553.8	139.5	–	693.3
<b>Liabilities</b>				
Derivative financial instruments				
– interest rate swap contracts	–	11.9	–	11.9
– cross currency swap contracts	–	110.2	–	110.2
– forward exchange contracts	–	6.9	–	6.9
Other long-term liability	–	–	48.7	48.7
	–	129.0	48.7	177.7

During the six months ended 30 June 2019, 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

Unlisted fund investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available.

Level 2 financial instruments also comprise cross currency swap contracts, forward foreign 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.



# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

### (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 2019 and 2018.

	<b>Other long-term liability 2019 HK\$'M</b>	<b>2018 HK\$'M</b>
At 1 January	48.7	57.7
Group's contributions	(0.8)	(0.5)
Fair value gain recognised in profit or loss (Note 9)	(0.5)	(11.5)
At 30 June	47.4	45.7
Total unrealised gain for the period included in profit or loss for liabilities held at the end of the reporting period	(0.5)	(11.5)

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.

## 6. 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 2018.

## 7. 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:

	<b>Six months ended 30 June 2019 HK\$'M</b>	<b>2018 HK\$'M</b>
Sale of properties and project management income	10.4	16.4
Rental income and property management income	385.6	441.5
Interest income from financial investments	14.8	–
Dividend income	13.1	11.6
	423.9	469.5

## 7. REVENUE AND SEGMENT INFORMATION (Continued)

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Executive Directors in order to allocate resources to the segment and to assess its performance.

Segment information are analysed on the basis of the Group's operating divisions. They are (i) Property Development, (ii) Property Investment and Management, (iii) Hospitality Investment and Management and (iv) Others. Others mainly represent investing activities and corporate activities including central management and administrative function.

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M	Elimination HK\$'M	Total HK\$'M
<b>For the six months ended 30 June 2019</b>						
<b>REVENUE</b>						
External sales						
Revenue						
– Recognised over time	10.4	6.3	9.8	–	–	26.5
Revenue from other sources						
– Rental income	0.5	308.2	60.8	–	–	369.5
– Interest income from financial investments	0.8	–	–	14.0	–	14.8
– Dividend income	–	–	–	13.1	–	13.1
Inter-segment sales	0.8	6.9	–	0.8	(8.5)	–
Total	12.5	321.4	70.6	27.9	(8.5)	423.9
<b>RESULTS</b>						
Profit/(loss) before change in fair value of investment properties and financial instruments	(96.7)	220.9	18.9	4.8	–	147.9
Change in fair value of						
– investment properties	–	47.1	1.0	–	–	48.1
– financial instruments	–	(9.3)	–	10.7	–	1.4
Profit/(loss) from operations	(96.7)	258.7	19.9	15.5	–	197.4
Finance costs	(0.9)	(24.7)	(9.4)	(8.7)	13.9	(29.8)
Finance income	0.8	0.1	0.1	49.4	(13.9)	36.5
Share of results of joint ventures	126.1	(35.1)	(11.1)	–	–	79.9
Share of results of associates	–	1.4	–	–	–	1.4
Profit/(loss) before taxation	29.3	200.4	(0.5)	56.2	–	285.4
Taxation						(40.0)
Profit for the period						245.4
<b>OTHER ITEMS</b>						
Depreciation and amortisation	0.7	0.7	–	4.0	–	5.4
Gain on disposal of other properties, plant and equipment	–	–	–	(0.1)	–	(0.1)

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 7. REVENUE AND SEGMENT INFORMATION (Continued)

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M	Elimination HK\$'M	Total HK\$'M
<b>For the six months ended 30 June 2018</b>						
<b>REVENUE</b>						
External sales						
Revenue						
– Recognised at a point in time	5.1	–	–	–	–	5.1
– Recognised over time	10.7	4.3	7.3	–	–	22.3
Revenue from other sources						
– Rental income	0.6	368.8	61.1	–	–	430.5
– Dividend income	–	–	–	11.6	–	11.6
Inter-segment sales	–	7.3	–	–	(7.3)	–
Total	16.4	380.4	68.4	11.6	(7.3)	469.5
<b>RESULTS</b>						
Profit/(loss) before change in fair value of investment properties and financial instruments and gain on disposal of subsidiaries	(73.8)	264.4	(10.3)	(16.0)	–	164.3
Change in fair value of						
– investment properties	–	290.3	47.0	–	–	337.3
– financial instruments	–	8.4	–	(113.2)	–	(104.8)
Gain on disposal of subsidiaries	–	693.3	–	–	–	693.3
Profit/(loss) from operations	(73.8)	1,256.4	36.7	(129.2)	–	1,090.1
Finance costs	–	(29.9)	(5.4)	(16.8)	17.4	(34.7)
Finance income	–	0.3	–	32.7	(17.4)	15.6
Share of results of joint ventures	4.9	1.2	34.2	–	–	40.3
Share of results of associates	–	0.9	–	–	–	0.9
Profit/(loss) before taxation	(68.9)	1,228.9	65.5	(113.3)	–	1,112.2
Taxation						(43.1)
Profit for the period						1,069.1
<b>OTHER ITEMS</b>						
Depreciation and amortisation	0.1	0.6	–	4.1	–	4.8
Gain on disposal of other properties, plant and equipment	(0.2)	–	–	–	–	(0.2)

## 7. 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	
	2019	2018
	HK\$'M	HK\$'M
Hong Kong	365.1	428.7
The People's Republic of China	15.5	11.8
Singapore	14.1	14.8
United Kingdom	14.1	12.9
Others	15.1	1.3
	423.9	469.5

## 8. OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2019	2018
	HK\$'M	HK\$'M
Exchange losses, net	(2.0)	(1.0)
Gain on disposal of other properties, plant and equipment	0.1	0.2
Write-off of interest income receivable from a joint venture	–	(34.2)
Write back of provision for disposal of a former joint venture	6.3	–
Others	2.8	2.5
	7.2	(32.5)

## 9. CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	Six months ended 30 June	
	2019	2018
	HK\$'M	HK\$'M
Net fair value loss on derivative financial instruments	(44.4)	(6.8)
Gain on financial liabilities at fair value through profit or loss classified under other long-term liability	0.5	11.5
Gain/(loss) on financial investments at fair value through profit or loss	45.3	(109.5)
	1.4	(104.8)

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 10. PROFIT FROM OPERATIONS

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Profit from operations has been arrived at after charging the following:		
Share-based compensation expenses	7.2	5.2
Staff costs including directors' remuneration	140.2	128.1
Cost of properties included in cost of sales	–	1.7
Depreciation of other properties, plant and equipment	5.4	4.8
Direct operating expenses arising from investment properties generating rental income	69.6	84.7
Operating lease rental expenses in respect of land and buildings	2.7	0.7

## 11. TAXATION

Hong Kong profits tax has been calculated at 16.5% (2018: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Current taxation		
– Current tax on profits for the period	28.2	36.4
– Over-provision in prior periods	(0.8)	(0.1)
	27.4	36.3
Deferred taxation		
– Change in fair value of investment properties	9.8	3.1
– Temporary differences on tax depreciation	7.0	8.1
– Recognition of tax losses	(5.5)	(5.0)
– Other temporary differences	1.3	0.6
	12.6	6.8
Taxation	40.0	43.1

## 12. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Profit attributable to shareholders of the Company	212.2	1,035.5
	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
Weighted average number of ordinary shares in issue	1,352,195,025	1,348,909,885
Effect of dilutive potential shares issuable under the Company's share option plan and share incentive scheme	830,160	1,944,115
Weighted average number of shares for the purpose of calculating diluted earnings per share	1,353,025,185	1,350,854,000

## 13. INTERIM DIVIDEND

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Interim dividend of HK6.0 cents (2018: HK6.0 cents) per ordinary share	81.2	80.9

On 28 August 2019, the board of directors has resolved to declare an interim dividend of HK6.0 cents (2018: HK6.0 cents) per ordinary share. This interim dividend, amounting to HK\$81.2M (2018: HK\$80.9M), 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 2019.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 14. CAPITAL EXPENDITURE

	<b>Investment properties HK\$'M</b>	<b>Other properties, plant and equipment HK\$'M</b>
Opening net book value at 1 January 2019	20,459.4	74.1
Exchange differences	(2.8)	–
Net gain arising from change in fair value	48.1	–
Additions	124.2	14.0
Depreciation and amortisation	–	(5.4)
Closing net book value at 30 June 2019	20,628.9	82.7
Opening net book value at 1 January 2018	19,317.1	78.7
Exchange differences	(24.6)	–
Net gain arising from change in fair value	337.3	–
Additions	8.6	1.8
Depreciation and amortisation	–	(4.8)
Closing net book value at 30 June 2018	19,638.4	75.7

The Group's investment properties are stated at revalued amounts based on professional valuations at 30 June 2019 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.

## 15. INVESTMENTS IN JOINT VENTURES

	<b>30 June 2019 HK\$'M</b>	<b>31 December 2018 HK\$'M</b>
<b>Share of net assets</b>	2,001.2	1,920.7
Non-current loans to joint ventures		
– Interest-free	3,765.2	3,334.6
– Interest-bearing	433.9	501.1
	4,199.1	3,835.7
	6,200.3	5,756.4
	<b>Six months ended 30 June 2019 HK\$'M</b>	<b>2018 HK\$'M</b>
<b>Revenue</b>	594.9	65.3
Profit before change in fair value of investment properties and financial instruments	227.4	59.9
Change in fair value of		
– investment properties	(13.7)	(1.4)
– financial instruments	(52.6)	0.2
	(66.3)	(1.2)
<b>Profit from operations</b>	161.1	58.7
Finance costs	(59.5)	(17.8)
Finance income	4.1	1.0
<b>Profit before taxation</b>	105.7	41.9
Taxation	(25.8)	(1.6)
<b>Profit for the period</b>	79.9	40.3



# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 16. FINANCIAL INVESTMENTS AT AMORTISED COST

	<b>30 June 2019 HK\$'M</b>	<b>31 December 2018 HK\$'M</b>
Corporate bonds listed overseas	399.8	335.5
Certificate of deposits	171.8	248.3
Mortgage loan receivables	150.7	–
	722.3	583.8
Analysed as		
Non-current	478.9	335.5
Current	243.4	248.3
	722.3	583.8

## 17. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2019 HK\$'M</b>	<b>31 December 2018 HK\$'M</b>
REIT investments listed overseas (Note a)	471.9	429.7
Debt securities listed overseas (Note a)	174.3	123.6
Unlisted fund investments	41.5	84.7
Others	0.6	0.5
	688.3	638.5
Analysed as		
Non-current	646.8	553.8
Current	41.5	84.7
	688.3	638.5

### 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 FVPL:
- Debt investments that do not qualify for measurement at either amortised cost (Note 16) or FVOCI,
  - 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 OCI.

## 18. GAIN ON DISPOSAL OF SUBSIDIARIES

In January 2018, the Group disposed of its entire interest in W Square, an office and retail complex located in Wan Chai, with a gross floor area of approximately 129,000 square feet. The disposal was completed in May 2018. Disposal gain was arrived as follows:

	HK\$'M
Initial consideration	2,848.8
Less: Completion adjustments upon closing	(38.5)
Bank balances and cash disposed	(0.8)
Net proceeds from disposal of subsidiaries	2,809.5
Less: Net asset value of subsidiaries	(2,085.7)
Transaction cost	(30.5)
Gain on disposal of subsidiaries	693.3

## 19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2019 HK\$'M	31 December 2018 HK\$'M
Trade receivables	22.0	18.6
Deferred rent receivables	14.0	12.3
Amounts due from joint ventures	6.4	10.1
Loans to joint ventures	370.1	795.9
Other receivables, deposits and prepayments	116.9	81.4
	529.4	918.3

The Group allows different credit periods to its customers. Credit periods vary from 30 to 90 days in accordance with the industry practice. The following is an ageing analysis of the Group's trade receivables (net of provision) at the balance sheet date, based on the invoice dates:

	30 June 2019 HK\$'M	31 December 2018 HK\$'M
0 – 30 days	12.3	15.1
31 – 90 days	4.2	1.1
Over 90 days	5.5	2.4
	22.0	18.6

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 20. TRADE AND OTHER PAYABLES AND ACCRUALS

	<b>30 June 2019 HK\$'M</b>	<b>31 December 2018 HK\$'M</b>
Trade payables	10.4	116.8
Contract liabilities (Note)	833.4	–
Rental deposits received	169.6	161.9
Construction costs payable	138.6	90.8
Amounts due to joint ventures	619.9	559.9
Provision for other costs arising from disposal of a joint venture and subsidiaries	–	7.3
Other creditors and accruals	240.0	217.9
	<b>2,011.9</b>	<b>1,154.6</b>

Note:

It represents sales deposits received from property sales.

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

	<b>30 June 2019 HK\$'M</b>	<b>31 December 2018 HK\$'M</b>
0 – 30 days	8.4	113.1
31 – 90 days	0.2	3.1
Over 90 days	1.8	0.6
	<b>10.4</b>	<b>116.8</b>

## 21. BANK AND OTHER BORROWINGS

	<b>30 June 2019 HK\$'M</b>	<b>31 December 2018 HK\$'M</b>
Bank borrowings	2,740.5	3,024.1
Fixed rate bonds	1,859.7	1,850.4
Loans from non-controlling interests	162.0	160.0
	<b>4,762.2</b>	<b>5,034.5</b>

## 21. BANK AND OTHER BORROWINGS (Continued)

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

	<b>30 June 2019 HK\$'M</b>	<b>31 December 2018 HK\$'M</b>
Within one year	1,028.8	1,295.3
Between one and two years	206.1	109.6
Between two and five years	3,238.1	3,338.8
After five years	289.2	290.8
	4,762.2	5,034.5
Less: Amounts due within one year shown under current liabilities	(1,028.8)	(1,295.3)
Amounts due after one year	3,733.4	3,739.2
Analysed as		
Secured	2,740.5	3,024.1
Unsecured	2,021.7	2,010.4
	4,762.2	5,034.5

## 22. SHARE CAPITAL

	<b>Number of ordinary shares of HK\$0.50 each</b>	<b>Amount HK\$'M</b>
Authorised:		
At 1 January 2018, 31 December 2018 and 30 June 2019	2,000,000,000	1,000.0
Issued and fully paid:		
At 1 January 2019	1,349,158,029	674.6
Issue of shares on exercise of share options and incentive shares	3,461,250	1.7
At 30 June 2019	1,352,619,279	676.3
At 1 January 2018	1,346,156,279	673.1
Issue of shares on exercise of share options and incentive shares	3,001,750	1.5
At 31 December 2018	1,349,158,029	674.6

## 23. 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\$260M 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 HKFRS issued by the HKICPA for the purposes of the Group's consolidated financial statements.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

## 24. COMMITMENTS

	<b>30 June 2019 HK\$'M</b>	<b>31 December 2018 HK\$'M</b>
Expenditure in respect of investment properties		
– contracted but not provided for	6.4	7.4
Expenditure in respect of investment properties through joint ventures		
– contracted but not provided for	0.9	0.3
Capital injection to joint ventures		
– contracted but not provided for	260.3	260.7
	267.6	268.4

## 25. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

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

	<b>30 June 2019 HK\$'M</b>	<b>31 December 2018 HK\$'M</b>
Guarantees given to banks in respect of bank facilities extended to joint ventures	8,078.2	8,080.6

At 30 June 2019, bank loans of HK\$6,229.4M (31 December 2018: HK\$6,064.0M) being guaranteed by the Group to joint ventures have been drawn down.

## 26. PLEDGE OF ASSETS

As at 30 June 2019, the Group's advances to joint ventures of HK\$3,210.7M (31 December 2018: HK\$3,634.8M) were subordinated to the 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 the financial institutions.

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

	<b>30 June 2019 HK\$'M</b>	<b>31 December 2018 HK\$'M</b>
Investment properties	3,894.4	3,863.7
Properties for sale	4,180.3	3,793.3
Financial investments at fair value through profit or loss	325.8	296.7
	8,400.5	7,953.7

The credit facilities were utilised to the extent of HK\$2,740.5M (31 December 2018: HK\$3,024.1M).

## 27. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Key management compensation (Note)		
Salaries and other benefits	(17.5)	(16.1)
Retirement benefits costs	(0.7)	(0.7)
Value of share options and incentive shares	(5.3)	(3.8)
	(23.5)	(20.6)
Interest income from loans to and amounts due from joint ventures	5.1	6.4
Interest expenses for loans from non-controlling interests	(2.0)	(1.6)
Sales and marketing service fee income from joint ventures	1.9	2.4
Serviced apartment management and license fee income from a joint venture	0.7	0.9
Serviced apartment management and license fee income from a substantial shareholder of the Company	1.2	0.6
Project management fee income from joint ventures	8.1	5.0
Property rental income from a substantial shareholder of the Company	2.7	2.7

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:

	<b>30 June</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Non-current loans to joint ventures	4,199.1	3,835.7
Current loans to joint ventures	370.1	795.9
Amounts due from joint ventures	6.4	10.1
Amounts due to joint ventures	619.9	559.9
Non-current loans to associates	22.4	22.4

## GENERAL INFORMATION

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

As at 30 June 2019, 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 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are as follows:

**Interests in the Company**

Director	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	13,568,566	-	-	462,488,185 (Note b)		2,165,000	478,221,751	35.36%
Cheng Wai Sun, Edward	11,501,231	-	-	462,488,185 (Note b)		2,165,000	476,154,416	35.20%
Cheng Man Piu, Francis	-	-	-	462,488,185 (Note b)		-	462,488,185	34.19%
Chow Wai Wai, John	964,502	-	-	-		388,500	1,353,002	0.10%
Ng Kar Wai, Kenneth	834,750	-	-	-		969,250	1,804,000	0.13%
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%
Ng Tak Wai, Frederick	278,391	1,016,000	-	313,666 (Note e)		-	1,608,057	0.12%

*Notes:*

- (a) The total number of issued shares in the capital of the Company (the “Shares”) as at 30 June 2019 was 1,352,619,279.
- (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 and incentive shares granted by the Company to these directors. Details of which are set out in the sections below headed Share Option Plan and Share Incentive Scheme.

Save as disclosed herein, as at 30 June 2019, 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.



# GENERAL INFORMATION

## EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the six months or subsisting as at 30 June 2019 are set out below:

## SHARE OPTION PLAN

Under the Share Option Plan of the Company adopted by the shareholders of the Company on 27 October 2015 (“Share Option Plan”), the board of directors of the Company (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 Group (the “Eligible Persons”) to subscribe for the Shares. The purpose of the 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 2019 under the Share Option Plan are as follows:

Director	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 1.1.2019	Granted during the six months ended 30.6.2019	Exercised during the six months ended 30.6.2019	Cancelled/ lapsed during the six months ended 30.6.2019	As at 30.6.2019	
Cheng Wai Chee, Christopher	18.3.2016	4.48	4.35	25.1.2019 to 17.3.2026	494,500	-	494,500	-	-	5.75
	13.1.2017	4.75	4.74	13.1.2019 to 13.1.2027	248,750	-	248,750	-	-	5.60
	13.1.2017	4.75	4.74	13.1.2020 to 13.1.2027	497,500	-	-	-	497,500	N/A
	27.3.2018	6.10	6.10	22.1.2019 to 26.3.2028	222,500	-	222,500	-	-	6.00
	27.3.2018	6.10	6.10	22.1.2020 to 26.3.2028	222,500	-	-	-	222,500	N/A
	27.3.2018	6.10	6.10	22.1.2021 to 26.3.2028	445,000	-	-	-	445,000	N/A
	23.1.2019	5.766	5.78	23.1.2020 to 22.1.2029	-	250,000	-	-	250,000	N/A
	23.1.2019	5.766	5.78	23.1.2021 to 22.1.2029	-	250,000	-	-	250,000	N/A
	23.1.2019	5.766	5.78	23.1.2022 to 22.1.2029	-	500,000	-	-	500,000	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 1.1.2019	Granted during the six months ended 30.6.2019	Exercised during the six months ended 30.6.2019	Cancelled/lapsed during the six months ended 30.6.2019		As at 30.6.2019
Cheng Wai Sun, Edward	18.3.2016	4.48	4.35	25.1.2019 to 17.3.2026	494,500	-	494,500	-	-	5.75
	13.1.2017	4.75	4.74	13.1.2019 to 13.1.2027	248,750	-	248,750	-	-	5.60
	13.1.2017	4.75	4.74	13.1.2020 to 13.1.2027	497,500	-	-	-	497,500	N/A
	27.3.2018	6.10	6.10	22.1.2019 to 26.3.2028	222,500	-	222,500	-	-	6.00
	27.3.2018	6.10	6.10	22.1.2020 to 26.3.2028	222,500	-	-	-	222,500	N/A
	27.3.2018	6.10	6.10	22.1.2021 to 26.3.2028	445,000	-	-	-	445,000	N/A
	23.1.2019	5.766	5.78	23.1.2020 to 22.1.2029	-	250,000	-	-	250,000	N/A
	23.1.2019	5.766	5.78	23.1.2021 to 22.1.2029	-	250,000	-	-	250,000	N/A
	23.1.2019	5.766	5.78	23.1.2022 to 22.1.2029	-	500,000	-	-	500,000	N/A
Chow Wai Wai, John	18.3.2016	4.48	4.35	25.1.2019 to 17.3.2026	92,500	-	92,500	-	-	5.75
	13.1.2017	4.75	4.74	13.1.2019 to 13.1.2027	45,750	-	45,750	-	-	5.60
	13.1.2017	4.75	4.74	13.1.2020 to 13.1.2027	91,500	-	-	-	91,500	N/A
	27.3.2018	6.10	6.10	22.1.2019 to 26.3.2028	40,000	-	40,000	-	-	6.00
	27.3.2018	6.10	6.10	22.1.2020 to 26.3.2028	40,000	-	-	-	40,000	N/A
	27.3.2018	6.10	6.10	22.1.2021 to 26.3.2028	80,000	-	-	-	80,000	N/A
	23.1.2019	5.766	5.78	23.1.2020 to 22.1.2029	-	44,250	-	-	44,250	N/A
	23.1.2019	5.766	5.78	23.1.2021 to 22.1.2029	-	44,250	-	-	44,250	N/A
	23.1.2019	5.766	5.78	23.1.2022 to 22.1.2029	-	88,500	-	-	88,500	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 1.1.2019	Granted during the six months ended 30.6.2019	Exercised during the six months ended 30.6.2019	Cancelled/lapsed during the six months ended 30.6.2019	As at 30.6.2019	
Ng Kar Wai, Kenneth	18.3.2016	4.48	4.35	25.1.2019 to 17.3.2026	28,000	-	28,000	-	-	5.75
	13.1.2017	4.75	4.74	13.1.2019 to 13.1.2027	13,250	-	13,250	-	-	5.60
	13.1.2017	4.75	4.74	13.1.2020 to 13.1.2027	26,500	-	-	-	26,500	N/A
	27.3.2018	6.10	6.10	22.1.2019 to 26.3.2028	10,250	-	10,250	-	-	6.00
	27.3.2018	6.10	6.10	22.1.2020 to 26.3.2028	10,250	-	-	-	10,250	N/A
	27.3.2018	6.10	6.10	22.1.2021 to 26.3.2028	20,500	-	-	-	20,500	N/A
	23.1.2019	5.766	5.78	23.1.2020 to 22.1.2029	-	95,500	-	-	95,500	N/A
	23.1.2019	5.766	5.78	23.1.2021 to 22.1.2029	-	95,500	-	-	95,500	N/A
	23.1.2019	5.766	5.78	23.1.2022 to 22.1.2029	-	191,000	-	-	191,000	N/A
<b>Employees</b>										
Employees in aggregate	18.3.2016	4.48	4.35	25.1.2019 to 17.3.2026	435,000	-	435,000	-	-	5.75
	13.1.2017	4.75	4.74	13.1.2019 to 13.1.2027	240,000	-	240,000	-	-	5.60
	13.1.2017	4.75	4.74	13.1.2020 to 13.1.2027	480,000	-	-	-	480,000	N/A
	27.3.2018	6.10	6.10	22.1.2019 to 26.3.2028	201,000	-	201,000	-	-	6.00
	27.3.2018	6.10	6.10	22.1.2020 to 26.3.2028	201,000	-	-	-	201,000	N/A
	27.3.2018	6.10	6.10	22.1.2021 to 26.3.2028	402,000	-	-	-	402,000	N/A
	23.1.2019	5.766	5.78	23.1.2020 to 22.1.2029	-	233,750	-	-	233,750	N/A
	23.1.2019	5.766	5.78	23.1.2021 to 22.1.2029	-	233,750	-	-	233,750	N/A
	23.1.2019	5.766	5.78	23.1.2022 to 22.1.2029	-	467,500	-	-	467,500	N/A
					6,719,000	3,494,000	3,037,250	-	7,175,750	

*Note:* 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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**(ii) Valuation of Share Options**

The fair value of share options granted during the period ended 30 June 2019 are determined by using the Binominal Model (the “Model”). Key assumptions of the Model are as follows:

Risk-free rate	2.01%
Expected dividend yield	5.00%
Expected volatility of the market price of the Shares	31.90%
Expected life	10 years from the date of grant
Estimated fair value per share option	HK\$0.87

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 existing model does not, in the Company’s directors’ opinion, necessarily provide a reliable single measure of the fair value of share options.

**SHARE INCENTIVE SCHEME**

Under the Share Incentive Scheme approved by shareholders of the Company on 17 June 2005 (“Share Incentive Scheme”), the Board or a duly authorised committee thereof may in its absolute discretion make offer of awards to selected employees (including executive directors) of the Group to subscribe in cash at par value for the Shares.

The Share Incentive Scheme expired on 16 June 2015, no further incentive shares can be granted under the Share Incentive Scheme but the provisions of the Share Incentive Scheme remain in full force and effect in all other respects in relation to the incentive shares granted. All outstanding incentive shares granted which are yet to be vested or exercised shall remain valid.

# GENERAL INFORMATION

## Outstanding Incentive Shares

Details of the incentive shares granted and summary of the movements of the outstanding incentive shares during the six months ended 30 June 2019 under the Share Incentive Scheme are as follows:

	Date of award	Number of incentive shares				As at 30.6.2019	Vesting date of the outstanding awards	Exercisable period	Fair value of incentive shares amortised (HK\$)
		As at 1.1.2019	Awards made during the six months ended 30.6.2019	Vested and exercised during the six months ended 30.6.2019	Cancelled/ lapsed during the six months ended 30.6.2019				
<b>Director</b>									
Ng Kar Wai, Kenneth	15.6.2015	212,000	-	212,000	-	-	N/A	N/A	7,000
	15.6.2015	106,000	-	106,000	-	-	N/A	N/A	3,000
	15.6.2015	212,000	-	-	-	212,000	21.1.2020	21.1.2020 to 15.6.2025	86,000
	15.6.2015	106,000	-	106,000	-	-	N/A	N/A	3,000
	15.6.2015	106,000	-	-	-	106,000	21.1.2020	21.1.2020 to 15.6.2025	42,000
	15.6.2015	212,000	-	-	-	212,000	21.1.2021	21.2.2021 to 15.6.2025	69,000
		954,000	-	424,000	-	530,000			

*Note:* Subscription price per share is the par value of one ordinary share of the Company. Funds for subscription of ordinary shares will be provided by the Company when the right to subscribe for ordinary shares of the Company is exercised.

Save as disclosed above, at no time during the period 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 2019, 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 Shareholder	Capacity	Number of Shares interested	Approx. percentage of the issued share capital (Note 1)
1. Brave Dragon Limited	Beneficial owner	141,794,482	10.48%
2. Crossbrook Group Limited	Beneficial owner	270,411,036	19.99%
3. Wing Tai Holdings Limited	Interest of controlled corporation	462,488,185 (Notes 2(a) & 3)	34.19%
4. Butterfield Fiduciary Services (Guernsey) Limited (formerly Deutsche Bank International Trust Co. Limited)	Trustee	462,488,185 (Notes 2(b) & 4)	34.19%
5. Butterfield Fiduciary Services (Cayman) Limited (formerly Deutsche Bank International Trust Co. (Cayman) Limited)	Trustee	462,488,185 (Notes 2(b) & 4)	34.19%
6. Wing Tai Corporation Limited	Interest of controlled corporation	182,560,826 (Note 5)	13.50%
7. Renowned Development Limited	Interest of controlled corporation	182,560,826 (Notes 2(c) & 5)	13.50%
8. Wing Tai (Cheng) Holdings Limited	Interest of controlled corporation	199,884,783 (Notes 2(c) & 6)	14.78%
9. Sun Hung Kai Properties Limited	Interest of controlled corporation	183,612,533 (Note 7)	13.57%
10. HSBC Trustee (C.I.) Limited	Trustee	183,612,533 (Notes 2(d) & 8)	13.57%
11. Gala Land Investment Co. Limited	Beneficial owner	101,579,467	7.51%
12. Farnham Group Limited	Interest of controlled corporation	101,579,467 (Notes 2(e) & 9)	7.51%
13. WHCWTF Limited	Interest of controlled corporation	101,579,467 (Notes 2(e) & 10)	7.51%
14. Chow Chung Kai	Beneficial owner and interest of controlled corporation	150,430,211 (Notes 2(e) & 11)	11.12%
15. Chow Yu Yue Chen	Interest of spouse	150,430,211 (Notes 2(e) & 12)	11.12%

# GENERAL INFORMATION

## Notes:

- 1 The total number of issued Shares as at 30 June 2019 was 1,352,619,279.
- 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 and party 13 entirely and were included in the interests of parties 14 and 15.

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 Deutsche Bank International Trust Co. Limited changed its name to Butterfield Fiduciary Services (Guernsey) Limited (“Butterfield Guernsey”) with effect from 3 April 2018. 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 issued share capital 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.
- 11 Chow Chung Kai beneficially owned 48,850,744 Shares.
- Chow Chung Kai beneficially owned 50% of the issued share capital of Farnham and, therefore, Chow Chung Kai was deemed to be interested in 101,579,467 Shares held by Gala by virtue of his corporate interest therein.
- 12 Chow Yu Yue Chen was deemed to be interested in 150,430,211 Shares by virtue of the notifiable interests of her spouse, Chow Chung Kai.

Save as disclosed above, as at 30 June 2019, the Company had not been notified of any interests or short positions held by any substantial shareholder in the Share or underlying Share 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 2019, the Company had not been notified of any persons other than the substantial shareholders who had interests or short positions in the Share or underlying Share, which are required to be recorded in the register required to be kept under section 336 of the SFO.

#### DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

At 30 June 2019, the aggregate amount of financial assistance to and guarantees given for facilities granted to affiliated companies by the Group amounted to HK\$12,676 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 2019 are presented below:

	<b>Combined balance sheet</b> (HK\$’M)	<b>Group’s attributable interest</b> (HK\$’M)
Non-current assets	8,742.0	3,436.2
Current assets	22,243.3	9,325.7
Current liabilities	(4,049.3)	(1,868.4)
Non-current liabilities	(12,424.3)	(4,893.4)
Amounts and loans due from shareholders	3,750.8	619.9
Amounts and loans due to shareholders	(10,978.6)	(4,602.6)
Net assets	7,283.9	2,017.4



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# GENERAL INFORMATION

## **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 2019.

## **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 regarding non-compliance with the Model Code during the six months ended 30 June 2019, and received confirmations from all the Directors that they had fully complied with the required standard set out in the Model Code throughout the six months.

## **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.

The director's fee for the year ending 31 December 2019 for each of:

- (1) the non-executive directors of the Company (namely Kwok Ping Luen, Raymond, Hong Pak Cheung, William, Ng Tak Wai, Frederick and Chen Chou Mei Mei, Vivien) was increased from HK\$70,000 to HK\$75,000; and
- (2) the independent non-executive directors of the Company (namely Simon Murray, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma, Cheng Hoi Chuen, Vincent and Lam Kin Fung, Jeffrey) was increased from HK\$280,000 to HK\$303,000.

The fee for the chairman of the Audit Committee for the year ending 31 December 2019 (namely Yeung Kit Shing, Jackson) was increased from HK\$120,000 to HK\$130,000.

The fee for the chairman of each of the Remuneration Committee and Nomination Committee for the year ending 31 December 2019 (namely Simon Murray and Cheng Hoi Chuen, Vincent) was increased from HK\$60,000 to HK\$65,000.

Mr. Chow Wai Wai, John, an executive director of the Company, retired as a non-executive director of Dah Sing Financial Holdings Limited with effect from 24 May 2019.

Mr. Cheng Hoi Chuen, Vincent, an independent non-executive director of the Company, retired as an independent non-executive director of MTR Corporation Limited with effect from 22 May 2019.

Mr. Lam Kin Fung, Jeffrey, an independent non-executive director of the Company, retired as a member of the Board of The Airport Authority Hong Kong on 1 June 2019. He is an independent non-executive director of Analogue Holdings Limited which was listed on the Hong Kong Stock Exchange on 12 July 2019.

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

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

**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

