

# 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 2020



WINGTAI ASIA  
永泰亞洲

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  
Certified Public Accountants  
Registered Public Interest Entity Auditor

**LEGAL ADVISERS TO THE COMPANY**

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

**PRINCIPAL BANKERS**

The Hongkong and Shanghai Banking  
Corporation Limited  
Bank of China (Hong Kong) Limited  
Standard Chartered Bank (Hong Kong) Limited  
DBS Bank Limited, Hong Kong Branch

**PRINCIPAL SHARE REGISTRAR AND  
TRANSFER AGENT**

Ocorian Management (Bermuda) Limited  
Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10  
Bermuda

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

Tricor Standard Limited  
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 2020 and 2019, and of the five years ended 31 December 2019:

	Interim results		Annual results				
	2020 HK\$'M	2019 HK\$'M (Note a)	2019 HK\$'M (Note a)	2018 HK\$'M (Note b)	2017 HK\$'M	2016 HK\$'M	2015 HK\$'M
<b>RESULTS</b>							
Revenue	1,956.5	423.9	829.5	884.7	1,064.3	1,103.3	1,009.2
(Loss)/profit before taxation	(411.4)	285.4	374.7	1,432.3	2,101.0	1,260.4	1,182.3
Taxation	(46.5)	(40.0)	(69.7)	(52.8)	(98.6)	(111.2)	(83.2)
(Loss)/profit for the period/year	(457.9)	245.4	305.0	1,379.5	2,002.4	1,149.2	1,099.1
Attributable to:							
Shareholders of the Company	(485.7)	212.2	238.9	1,312.4	1,981.9	1,146.5	1,099.1
Holder of perpetual capital securities	31.5	32.4	64.9	65.7	18.4	–	–
Non-controlling interests	(3.7)	0.8	1.2	1.4	2.1	2.7	–
(Loss)/profit for the period/year	(457.9)	245.4	305.0	1,379.5	2,002.4	1,149.2	1,099.1

	At 30 June		At 31 December			
	2020 HK\$'M	2019 HK\$'M	2018 HK\$'M	2017 HK\$'M	2016 HK\$'M	2015 HK\$'M
<b>ASSETS AND LIABILITIES</b>						
Total assets	36,097.9	36,322.8	35,427.7	35,496.1	30,776.1	28,220.9
Total liabilities	(8,256.4)	(7,699.3)	(6,705.8)	(7,686.2)	(6,464.0)	(4,873.6)
Perpetual capital securities	(1,512.7)	(1,513.7)	(1,513.9)	(1,514.5)	–	–
Non-controlling interests	(3.9)	(7.6)	(6.7)	(5.5)	(3.5)	(1.0)
Equity attributable to shareholders of the Company	26,324.9	27,102.2	27,201.3	26,289.9	24,308.6	23,346.3

Notes:

- (a) The Group adopted HKFRS 16 using the modified retrospective approach where no material impact from adoption is and the opening balance of retained earnings as at 1 January 2019 and that comparative had not been restated.
- (b) 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,

2020 so far has been a difficult year with unprecedented challenges from the COVID-19 pandemic, which resulted in drastic weakening of global and local economy. As a result, the Group reported a consolidated loss attributable to shareholders of HK\$486 million for the six months ended 30 June 2020. Loss per share was HK\$0.36. However, the Group has managed to achieve core consolidated profit attributable to shareholders of HK\$287 million as compared to HK\$239 million in 2019, despite marking down the fair value in investment properties and financial instruments amid economic downturn and interest rate drop. The Board of Directors has recommended an interim dividend of HK6.0 cents per share, same as 2019.

Already weakened from last year's social unrest, Hong Kong's residential property market has received another blow from the COVID-19 outbreak during the first half of 2020. Nevertheless, the Group in January launched the remaining house units in The Carmel upon its completion. In May, capturing the solid demand from first-time home buyers, we launched the pre-sale of OMA by the Sea, the third "Upper Gold Coast series" residential project. Both launches were well-received by the market despite the impact of COVID-19. As of 30 June 2020, over 60% and 83% of units of OMA by the Sea and OMA OMA were presold respectively, and approximately 93% of units of The Carmel was sold. Handover of sold units of The Carmel has started in January and mostly completed.

Landmark East, our flagship Grade A twin office towers in Kwun Tong, has managed to maintain its average occupancy rate and rental income in the first half of 2020. However, starting from the second quarter of 2020, as the pandemic prevailed with no clear sign of ending, leasing market for corporate tenants in Hong Kong and London have been affected. Many corporate tenants held up leasing decisions or started downsizing, leading to slowdown in leasing demand and gradual decline in occupancy and rental rates, and the Group suffered a drop in asset valuation as of 30 June 2020 due to uncertain outlook in the near term.

Hospitality sector has also suffered tremendously due to global travel ban. Occupancy rate of our Lanson Place Hotel in Hong Kong has dropped sharply, resulted in operating loss for the first time and significant drop in asset valuation in view of slow recovery outlook. Waterfront Suites, our furnished residences fronting the harbor, has continued to attract senior executive tenants from Hong Kong East and Kowloon East, and gradually building up occupancy amid COVID-19.

Foundational work of Gage Street/Graham Street comprehensive development in Central is progressing despite disruption from pandemic. This project consists of a Grade A office tower, a hotel, retail units and open public spaces, and is expected to transform the old urban landscape in the prime central business and entertainment district in the coming years.

In response to the pandemic, the Group has strictly followed government guidelines and implemented various measures to ensure the wellbeing of our employees and minimise the operational impact to the Group. Management will diligently monitor the impact of the pandemic on our business performance and cash flow. Inevitably, such impact will be a critical factor to consider when recommending the 2020 final dividend payment.

Taking this opportunity, I would like to express my gratitude and appreciation to my fellow Board members, business partners, colleagues and stakeholders as a whole for their unreserved support during this challenging time.

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

Hong Kong, 28 August 2020

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

In the first half of 2020, the Group's revenue was HK\$1,957 million compared with HK\$424 million in 2019. The increase was due to revenue recognition on The Carmel during the period.

Consolidated loss for the six months ended 30 June 2020 was HK\$458 million, a decrease of HK\$703 million compared with profit of HK\$245 million in 2019. The decrease was mainly attributable to (i) a fair value loss on investment properties and financial instruments (including joint ventures) of HK\$773 million in 2020 as compared to HK\$27 million in 2019, offset by (ii) HK\$85 million higher profit from the property development segment due to profit recognised from The Carmel.

The fair value loss on investment properties and financial instruments (including joint ventures) of HK\$773 million were mainly attributable to the impact of the COVID-19 pandemic. The loss was comprised of (i) HK\$438 million valuation loss on investment properties, mainly Landmark East and Lanson Place Hotel in Hong Kong; and (ii) HK\$335 million mark-to-market loss from financial instruments, including HK\$117 million loss from Suntec REIT.

Consolidated loss attributable to shareholders was HK\$486 million, a decrease of HK\$698 million compared with consolidated profit of HK\$212 million in 2019.

Core consolidated profit attributable to shareholders, excluding change in fair value on investment properties and financial instruments (including joint ventures), was HK\$287 million, an increase of HK\$48 million, compared with HK\$239 million in 2019.

Loss per share attributable to shareholders was HK\$0.36, compared with earnings per share attributable to shareholders of HK\$0.16 in 2019.

## Property Development

The property development segment revenue was HK\$1,591 million in the first half of 2020 compared with HK\$12 million in 2019. Segment profit before taxation (including fair value changes) was HK\$87 million compared with HK\$29 million in 2019. Excluding fair value changes in investment properties and financial instruments including joint ventures (2020 was fair value loss of HK\$51 million; 2019 was fair value gain of HK\$2 million), segment profit before taxation was HK\$138 million in 2020, compared with HK\$27 million in 2019, as a result of sold units of The Carmel handed over to buyers during the period.

Since January 2020, the COVID-19 pandemic had slowed down the primary residential property market, in particular, the high-end 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 units of apartment and house. In the first half of 2020, around 4% (in terms of number) of the residential units, mainly house units, were sold. Cumulatively, as at 30 June 2020, around 93% (in terms of number) of the residential units were sold. Around 88% (in terms of number) of the residential units were handed over to buyers with related revenue recognised in the first half of 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. Superstructure work is underway and the project is scheduled for completion in 2021. In the first half of 2020, around 12% (in terms of number) of the residential units were sold. Cumulatively, as at 30 June 2020, around 83% (in terms of number) of the residential units were sold. Related revenue and profit of the pre-sold units will be recognised upon handover to buyers prior to the project's material date in June 2021.



# MANAGEMENT DISCUSSION AND ANALYSIS

## *Majority-owned project*

The Group has a 70% interest in OMA by the Sea, the site adjacent to The Carmel in Siu Sau, Tai Lam, Tuen Mun, is a medium-density residential site that offers a saleable area of approximately 252,000 square feet. Pre-sale consent was obtained in March 2020 and pre-sale was launched in May 2020. Superstructure work has commenced and the project is scheduled for completion in 2022. As at 30 June 2020, around 62% (in terms of number) of the residential units were sold. Related revenue and profit of the pre-sold units will be recognised upon handover to buyers prior to the project's material date that falls in June 2022.

## *Joint venture projects*

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 2020, around 1% and 3% (in terms of number) of the residential units of Le Cap and La Vetta were sold, respectively. Cumulatively, as at 30 June 2020, around 29% and 30% (in terms of number) of the residential units of Le Cap and La Vetta were sold, respectively. Around 3% (in terms of number) of both Le Cap and La Vetta's residential units were handed over to buyers respectively, with related revenue recognised in the first half of 2020. 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. The foundation work for the project is in progress.

## **Property Investment and Management**

The property investment and management segment revenue reduced slightly to HK\$312 million in the first half of 2020, compared with HK\$315 million in 2019. Segment loss before taxation (including fair value changes) was HK\$154 million, compared with segment profit of HK\$200 million in 2019. Excluding fair value changes in investment properties and financial instruments, including joint ventures (2020 was fair value loss of HK\$363 million; 2019 was fair value loss of HK\$29 million), segment profit before taxation was HK\$209 million, compared with HK\$229 million in 2019.

As at 30 June 2020, the Group's portfolio of investment properties, mostly 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\$20,100 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 spaces. As at 30 June 2020, the property achieved an occupancy of approximately 92%.

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 2020, the property achieved an occupancy of approximately 91%. The building has obtained a waiver for revitalization in November 2019.

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

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

The 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 of Grade A office and retail space.

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

As at 30 June 2020, the above three wholly-owned properties achieved an average occupancy of approximately 99%.

*Joint venture properties in London, the United Kingdom*

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

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

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

As at 30 June 2020, the above three joint venture properties achieved an average occupancy of approximately 97%.

*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 metre. As at 30 June 2020, approximately 94% of the units (in terms of number) were leased.

**Hospitality Investment and Management**

The hospitality investment and management segment revenue was HK\$28 million in the first half of 2020 compared with HK\$71 million in 2019. Segment loss before taxation (including fair value changes) was HK\$195 million in the first half of 2020 compared with segment loss of HK\$1 million in 2019. Excluding fair value changes in investment properties and financial instruments, including joint ventures (2020 was fair value loss of HK\$171 million; 2019 was fair value loss HK\$10 million), segment loss before taxation was HK\$24 million in 2020, compared with profit before taxation of HK\$9 million in 2019.

The wholly-owned Lanson Place Hotel in Hong Kong has suffered from the COVID-19 outbreak since January 2020, resulted in a drastic drop in both occupancy and average room rates in the first half of 2020. The situation has worsened in late February 2020 and travel restrictions and quarantine measures were imposed globally.

Waterfront Suites, our wholly-owned prime harbour-front furnished residences in Sai Wan Ho, was opened in April 2019 for leasing, and occupancy continued to build up although the pace has slowed down due to local social activities and the COVID-19 pandemic.

The Group has a 50% interest in Lanson Place Bukit Ceylon Serviced Residences in Kuala Lumpur, which recorded a stable occupancy in January 2020 but slowed down in February amidst COVID-19. The demand came to a halt following the announcement of Movement Control Order in March 2020.

# MANAGEMENT DISCUSSION AND ANALYSIS

Lanson Place Hospitality Management and the properties under the brand continue to gain good recognition from travelers. In Hong Kong, both Lanson Place Hotel and Two MacDonnell Road were awarded the “2020 Traveler’s Choice Award” by TripAdvisor. Lanson Place in Chengdu was awarded “Best New Serviced Residence in China” at Business Traveller China Award 2019. This is their second consecutive year in winning this award. Lanson Place Bukit Ceylon Serviced Residences in Malaysia and Winsland Serviced Suites by Lanson Place in Singapore continue to shine in the industry by taking home the “2020 Traveler’s Choice Award” by TripAdvisor.

## Others

This segment represents investing activities and central management and administrative expenses. Segment revenue was HK\$26 million in the first half of 2020, compared with HK\$27 million in 2019.

Segment loss before taxation (including fair value changes) was HK\$150 million in the first half of 2020 compared with a segment profit of HK\$56 million in 2019, which was mainly attributable to the fair value loss of HK\$117 million from the Group’s investment in Suntec REIT (2019 was fair value gain of HK\$42 million), which is listed on the Singapore Exchange, reflected a drop in market price of the units in Suntec REIT as compared to the unit market price at 31 December 2019 as a result of the COVID-19 pandemic.

As at 30 June 2020, the Group’s bank and other borrowings totalled HK\$5,066 million (31 December 2019: HK\$4,681 million). The maturity profile of the Group’s bank and other borrowings is set out below:

	30 June 2020		31 December 2019	
	HK\$ million	%	HK\$ million	%
Repayable:				
Within one year	343	7%	147	3%
Between one and two years	1,756	35%	1,261	27%
Between two and five years	2,763	54%	3,086	66%
After five years	204	4%	187	4%
	<b>5,066</b>	<b>100%</b>	<b>4,681</b>	<b>100%</b>

Excluding fair value changes in financial instruments (2020 was fair value loss of HK\$188 million; 2019 was fair value gain of HK\$11 million), segment profit before taxation was HK\$38 million in 2020, a decrease of HK\$7 million compared with HK\$45 million in 2019, which was mainly due to a decrease 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\$27,842 million as at 30 June 2020 (31 December 2019: HK\$28,624 million). The decrease of HK\$782 million is mainly resulted from the loss for the period of HK\$458 million, the distribution of the 2019 final dividend of HK\$284 million and distribution to holders of perpetual capital securities of HK\$32 million.

As at 30 June 2020, the Group's net borrowings (total bank and other borrowings less bank balances and cash) were HK\$2,717 million (31 December 2019: HK\$2,941 million), representing 9.8% of the Group's net assets (31 December 2019: 10.3%). 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 2020 HK\$ million	31 December 2019 HK\$ million
Bank balances and cash	2,349	1,740
Unutilised revolving loan facilities	2,350	2,300
	<b>4,699</b>	<b>4,040</b>

#### 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.

#### Contingent Liabilities

As at 30 June 2020, the Group had contingent liabilities of HK\$7,030 million (31 December 2019: HK\$7,155 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 2020, the Group's advances to joint ventures of HK\$3,087 million (31 December 2019: HK\$3,158 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 2020, several of the Group's investment properties and properties for sale with carrying values of HK\$4,353 million and HK\$3,399 million, respectively, were pledged to secure credit facilities for the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS & INTERIM DIVIDEND

## PROSPECTS

For the second half of 2020, the intensified Sino-US tension, US sanctions on Hong Kong and the new wave of pandemic spread have further dampened the already weakened local economy and property market, and will likely result in increasing unemployment rate and prolonged recession with shrinking GDP.

While the Group will cautiously monitor the development of residential property market in Hong Kong, we believe the pent up demand of local first-time home buyers and low interest rates will form a stable support level for the residential property market. We will continue the sale of the remaining units of our three Upper Gold Coast series, albeit at a slower pace.

Our commercial properties in Hong Kong and London anchor a solid foundation of our balance sheet and will continue to provide steady recurring income and cash flows for the Group. However, the coming lease renewal, occupancy and rental rate for our properties will inevitably be under pressure given the uncertain business outlook. We believe our hotel operations will remain weak until the pandemic is under control and most travel restrictions are withdrawn.

The uncertain outlook on pandemic and economic recovery in the near term may further affect the valuation of our investment properties towards the end of 2020 and may further impact on full year reporting profit despite no cashflow impact on our financials.

The Group has a healthy balance sheet, resilient capital structure, and diversified asset portfolios, and we will remain vigilant against any short term market fluctuation. We will maintain our focus on developing quality projects, delivering premium services, as well as improving the efficiency and cost-effectiveness of our operations, while prudently exploring new opportunities that would generate stable returns for our shareholders.

## EMPLOYEES

As at 30 June 2020, 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 2020 (2019: HK6.0 cents). The interim dividend will be distributed on or around 7 October 2020 to the shareholders whose names appear on the register of members of the Company at the close of business on 17 September 2020 (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 2020.

# 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 39, which comprises the condensed consolidated balance sheet of Wing Tai Properties Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2020 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 2020

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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 2020

## 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 2020.

	Note	Unaudited	
		Six months ended 30 June	
		2020 HK\$'M	2019 HK\$'M
<b>Revenue</b>	6	1,956.5	423.9
Cost of sales		(1,333.7)	(82.8)
<b>Gross profit</b>		622.8	341.1
Other gains, net	7	4.1	7.2
Selling and distribution costs		(109.6)	(30.4)
Administrative expenses		(169.0)	(170.0)
Change in fair value of			
– investment properties		(434.3)	48.1
– financial instruments	8	(248.4)	1.4
		(682.7)	49.5
<b>(Loss)/profit from operations</b>	9	(334.4)	197.4
Finance costs		(46.4)	(29.8)
Finance income		27.7	36.5
Share of results of joint ventures	14	(60.6)	79.9
Share of results of associates		2.3	1.4
<b>(Loss)/profit before taxation</b>		(411.4)	285.4
Taxation	10	(46.5)	(40.0)
<b>(Loss)/profit for the period</b>		(457.9)	245.4
<b>(Loss)/profit for the period attributable to:</b>			
Shareholders of the Company		(485.7)	212.2
Holders of perpetual capital securities		31.5	32.4
Non-controlling interests		(3.7)	0.8
		(457.9)	245.4
<b>(Loss)/earnings per share attributable to shareholders of the Company</b>	11		
– Basic		(HK\$0.36)	HK\$0.16
– Diluted		(HK\$0.36)	HK\$0.16

The notes on pages 21 to 39 form an integral part of this Interim Financial Information.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Unaudited	
	Six months ended 30 June	
	2020 HK\$'M	2019 HK\$'M
<b>(Loss)/profit for the period</b>	(457.9)	245.4
<b>Other comprehensive loss</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Release of other property revaluation reserve upon disposal of a subsidiary	1.9	–
<b>Items that have been/may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of foreign operations	(82.7)	(0.4)
Net gain on net investment hedge		
– Fair value gain	75.3	12.6
– Realised upon settlement	–	0.3
Net loss on cash flow hedge	(9.3)	(17.0)
Release of translation reserve upon disposal of a subsidiary	0.6	–
Share of other comprehensive loss of a joint venture	(0.2)	(0.9)
	(16.3)	(5.4)
<b>Other comprehensive loss for the period, net of tax</b>	(14.4)	(5.4)
<b>Total comprehensive (loss)/income for the period</b>	(472.3)	240.0
<b>Total comprehensive (loss)/income for the period attributable to:</b>		
Shareholders of the Company	(500.1)	206.8
Holders of perpetual capital securities	31.5	32.4
Non-controlling interests	(3.7)	0.8
<b>Total comprehensive (loss)/income for the period</b>	(472.3)	240.0

The notes on pages 21 to 39 form an integral part of this Interim Financial Information.



## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2020

	Note	Unaudited 30 June 2020 HK\$'M	Audited 31 December 2019 HK\$'M
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties	13	19,915.8	20,427.3
Other properties, plant and equipment	13	72.8	74.7
Investments in joint ventures	14	1,507.1	1,566.1
Loans to joint ventures	14	3,786.4	3,919.7
Investments in associates		19.0	17.2
Loans to associates		22.4	22.4
Financial investments at amortised cost	15	210.1	385.3
Financial investments at fair value through profit or loss	16	499.5	603.7
Other non-current assets		806.3	147.9
Deferred tax assets		21.5	34.6
Derivative financial instruments		76.9	45.8
		26,937.8	27,244.7
<b>Current assets</b>			
Properties for sale		4,106.8	4,909.7
Trade and other receivables, deposits and prepayments	18	1,360.7	1,415.5
Financial investments at amortised cost	15	316.3	329.9
Financial investments at fair value through profit or loss	16	220.8	46.9
Derivative financial instruments		2.4	0.7
Sales proceeds held in stakeholders' accounts		804.0	616.0
Tax recoverable		–	2.9
Bank balances and cash		2,349.1	1,740.0
		9,160.1	9,061.6
Assets classified as held for sale		–	16.5
		9,160.1	9,078.1
<b>Current liabilities</b>			
Trade and other payables and accruals	19	2,536.5	2,466.5
Derivative financial instruments		24.6	18.1
Tax payable		30.8	23.2
Bank and other borrowings	20	342.7	146.6
		2,934.6	2,654.4
Liabilities directly associated with assets classified as held for sale		–	2.1
		2,934.6	2,656.5

	Note	Unaudited 30 June 2020 HK\$'M	Audited 31 December 2019 HK\$'M
<b>Non-current liabilities</b>			
Bank and other borrowings	20	4,723.2	4,534.8
Other long-term liability	4(e)	50.4	41.9
Derivative financial instruments		191.6	108.5
Deferred tax liabilities		356.6	357.6
		5,321.8	5,042.8
<b>NET ASSETS</b>		27,841.5	28,623.5
<b>EQUITY</b>			
<b>Shareholders' funds</b>			
Share capital	21	677.3	676.3
Reserves		25,647.6	26,425.9
		26,324.9	27,102.2
<b>Perpetual capital securities</b>	22	1,512.7	1,513.7
<b>Non-controlling interests</b>		3.9	7.6
<b>TOTAL EQUITY</b>		27,841.5	28,623.5

The notes on pages 21 to 39 form an integral part of this Interim Financial Information.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	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 2020	676.3	3,329.6	(11.8)	22.6	41.7	(86.1)	751.0	22,378.9	27,102.2	1,513.7	7.6	28,623.5
<b>Comprehensive income/(loss)</b>												
Loss for the period	-	-	-	-	-	-	-	(485.7)	(485.7)	31.5	(3.7)	(457.9)
<b>Other comprehensive income/(loss)</b>												
Exchange differences on translation of foreign operations	-	-	-	-	-	(82.7)	-	-	(82.7)	-	-	(82.7)
Net gain on net investment hedge	-	-	-	-	-	75.3	-	-	75.3	-	-	75.3
Net loss on cash flow hedge	-	-	(9.3)	-	-	-	-	-	(9.3)	-	-	(9.3)
Release of other reserve upon disposal of a subsidiary	-	-	-	-	1.9	0.6	-	-	2.5	-	-	2.5
Share of other comprehensive loss of a joint venture	-	-	(0.2)	-	-	-	-	-	(0.2)	-	-	(0.2)
Total comprehensive income/(loss)	-	-	(9.5)	-	1.9	(6.8)	-	(485.7)	(500.1)	31.5	(3.7)	(472.3)
<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	1.0	-	(1.2)	-	-	-	-	-	-	-	-
Share options exercised	0.8	5.2	-	(6.0)	-	-	-	-	-	-	-	-
2019 final dividend provided for/paid	-	-	-	-	-	-	-	(284.4)	(284.4)	-	-	(284.4)
Distribution paid on perpetual capital securities	-	-	-	-	-	-	-	-	-	(32.5)	-	(32.5)
Transfer	-	-	-	-	(7.6)	-	-	7.6	-	-	-	-
Total transactions with owners	1.0	6.2	-	-	(7.6)	-	-	(276.8)	(277.2)	(32.5)	-	(309.7)
At 30 June 2020	677.3	3,335.8	(21.3)	22.6	36.0	(92.9)	751.0	21,616.4	26,324.9	1,512.7	3.9	27,841.5

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/(loss)</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 loss of a joint venture	-	-	(0.9)	-	-	-	-	-	(0.9)	-	-	(0.9)
Total comprehensive income/(loss)	-	-	(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

The notes on pages 21 to 39 form an integral part of this Interim Financial Information.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2020

	Note	Unaudited	
		Six months ended 30 June	
		2020 HK\$'M	2019 HK\$'M
Net cash generated from operating activities		801.0	312.7
<b>Cash flows from investing activities</b>			
Additions of investment properties		(1.3)	(124.2)
Purchase of other properties, plant and equipment		(8.0)	(14.0)
Purchase of financial investments at amortised cost		(370.0)	(66.1)
Purchase of financial investments at fair value through profit or loss		(223.5)	(48.6)
Additions of mortgage loan receivables		(721.8)	(150.7)
Proceeds from disposal of financial investments at amortised cost		110.1	–
Proceeds from disposal of financial investments at fair value through profit or loss		31.3	44.1
Proceeds from disposal of other properties, plant and equipment		0.5	–
Proceeds on maturity of financial investments at amortised cost		443.8	78.5
Advance of loans to joint ventures		(30.5)	(431.5)
Repayments of loans to joint ventures		124.4	492.8
Repayments of mortgage loan receivables		24.6	–
Placement of deposits with banks with original maturity of more than three months		(198.7)	(774.6)
Net proceeds from disposal of a subsidiary	17	14.2	–
Other investing cash net inflow		–	0.5
<b>Net cash used in investing activities</b>		(804.9)	(993.8)
<b>Cash flows from financing activities</b>			
Bank and other borrowings raised		890.8	171.7
Repayment of bank and other borrowings		(432.4)	(456.8)
Dividends paid by the Company		(20.5)	(284.1)
Distribution paid on perpetual capital securities		(32.5)	(33.2)
Cash received/(settlement) on derivative financial instruments		8.9	(12.4)
<b>Net cash generated from/(used in) financing activities</b>		414.3	(614.8)
<b>Increase/(decrease) in cash and cash equivalents</b>		410.4	(1,295.9)
Cash and cash equivalents at the beginning of the period		1,121.8	2,600.3
<b>Cash and cash equivalents at the end of the period</b>		1,532.2	1,304.4
<b>Cash and cash equivalents comprise:</b>			
Bank balances and cash		2,349.1	2,352.3
Less: Deposits with maturity of more than three months		(816.9)	(1,047.9)
		1,532.2	1,304.4

The notes on pages 21 to 39 form an integral part of this Interim Financial Information.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

## 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 2020.

## 2. BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2020 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 2019.

## 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 2019, 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 2020, noted below.

### (a) New standards, revised standards, amendments and improvements to standards and interpretations effective for the current accounting period beginning on 1 January 2020 and relevant to the Group

Amendments to HKAS 1 and HKAS 8	Definition of material
Amendments to HKFRS 3	Definition of a business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest rate benchmark reform
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting

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.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (b) New standards, revised standards, amendments and improvements to standards relevant to the Group that are not yet effective in 2020 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 HKFRS 16	COVID-19 – Related rent concessions	1 June 2020
Amendments to HKAS 16	Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts – Cost of fulfilling a contract	1 January 2022
Annual improvements HKFRS 17	Annual improvements 2018–2020 cycle Insurance contracts	1 January 2022 1 January 2023
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group is in the process of making an assessment of the impact of these new 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. 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 2019.

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

- (b) Fair value estimation

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

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

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

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

The following tables present the Group's financial investments and other financial assets and liabilities that are measured at fair value at 30 June 2020 and 31 December 2019.

	Level 1 HK\$'M	Level 2 HK\$'M	Level 3 HK\$'M	Total HK\$'M
<b>At 30 June 2020</b>				
<b>Assets</b>				
Financial investments at fair value through profit or loss				
– listed securities	330.8	–	–	330.8
– listed debt investments	168.7	–	–	168.7
– unlisted fund investments	–	220.8	–	220.8
Derivative financial instruments				
– interest rate swap contracts	–	0.5	–	0.5
– cross currency swap contracts	–	20.2	–	20.2
– forward exchange contracts	–	58.6	–	58.6
	499.5	300.1	–	799.6
<b>Liabilities</b>				
Derivative financial instruments				
– interest rate swap contracts	–	40.4	–	40.4
– cross currency swap contracts	–	175.8	–	175.8
Other long-term liability	–	–	50.4	50.4
	–	216.2	50.4	266.6
<b>At 31 December 2019</b>				
<b>Assets</b>				
Financial investments at fair value through profit or loss				
– listed securities	448.2	–	–	448.2
– listed debt investments	155.5	–	–	155.5
– unlisted fund investments	–	46.9	–	46.9
Derivative financial instruments				
– interest rate swap contracts	–	0.3	–	0.3
– cross currency swap contracts	–	41.1	–	41.1
– forward exchange contracts	–	5.1	–	5.1
	603.7	93.4	–	697.1
<b>Liabilities</b>				
Derivative financial instruments				
– interest rate swap contracts	–	19.0	–	19.0
– cross currency swap contracts	–	104.8	–	104.8
– forward exchange contracts	–	2.8	–	2.8
Other long-term liability	–	–	41.9	41.9
	–	126.6	41.9	168.5



# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

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

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

During the six months ended 30 June 2020, 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 exchange contracts and interest rate swap contracts. The fair values are calculated as the present values of the estimated future cash flows based on forward exchange rates that are quoted in an active market and/or forward interest rates extracted from observable yield curves.

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

The following table presents the changes in Level 3 instruments for the six months ended 30 June 2020 and 2019.

	<b>Other long-term liability</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
At 1 January	41.9	48.7
Group's contributions	(0.9)	(0.8)
Fair value loss/(gain) recognised in profit or loss (Note 8)	9.4	(0.5)
At 30 June	50.4	47.4
Total unrealised loss/(gain) for the period included in profit or loss for liabilities held at the end of the reporting period	9.4	(0.5)

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.

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## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

## 6. REVENUE AND SEGMENT INFORMATION

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Sale of properties and project management income	1,581.9	10.4
Rental income and property management income	340.2	385.6
Interest income from financial investments	25.7	14.8
Dividend income	8.7	13.1
	<b>1,956.5</b>	<b>423.9</b>

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

## 6. 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 2020</b>						
<b>REVENUE</b>						
External sales						
Revenue						
– Recognised at a point in time	1,573.8	–	–	–	–	1,573.8
– Recognised over time	8.1	6.8	5.5	–	–	20.4
Revenue from other sources						
– Rental income	0.3	304.7	22.9	–	–	327.9
– Interest income from financial investments	8.7	–	–	17.0	–	25.7
– Dividend income	–	–	–	8.7	–	8.7
Inter-segment sales	0.7	8.2	–	–	(8.9)	–
Total	1,591.6	319.7	28.4	25.7	(8.9)	1,956.5
<b>RESULTS</b>						
Profit/(loss) before change in fair value of investment properties and financial instruments	142.4	209.1	(11.3)	8.1	–	348.3
Change in fair value of						
– investment properties	(3.9)	(264.2)	(166.2)	–	–	(434.3)
– financial instruments	(47.9)	(12.4)	–	(188.1)	–	(248.4)
Profit/(loss) from operations	90.6	(67.5)	(177.5)	(180.0)	–	(334.4)
Finance costs	(16.9)	(25.6)	(12.3)	(8.3)	16.7	(46.4)
Finance income	4.3	1.5	0.1	38.5	(16.7)	27.7
Share of results of joint ventures	8.8	(64.3)	(5.1)	–	–	(60.6)
Share of results of associates	–	2.3	–	–	–	2.3
Profit/(loss) before taxation	86.8	(153.6)	(194.8)	(149.8)	–	(411.4)
Taxation						(46.5)
Loss for the period						(457.9)
<b>OTHER ITEMS</b>						
Depreciation and amortisation	5.0	0.7	–	4.2	–	9.9
Gain on disposal of other properties, plant and equipment	–	–	–	(0.5)	–	(0.5)

## 6. REVENUE AND SEGMENT INFORMATION (Continued)

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M	Elimination HK\$'M	Total HK\$'M
<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 2020

## 6. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Six months ended 30 June	
	2020	2019
	HK\$'M	HK\$'M
Hong Kong	1,902.2	365.1
United Kingdom	14.5	14.1
The People's Republic of China	12.2	15.5
Singapore	9.8	14.1
Others	17.8	15.1
	1,956.5	423.9

## 7. OTHER GAINS, NET

		Six months ended 30 June	
	Note	2020	2019
		HK\$'M	HK\$'M
Exchange losses, net		(6.4)	(2.0)
Forfeited deposits		4.8	–
Compensation income arising from early termination of tenancy agreements		2.4	–
Gain on disposal of other properties, plant and equipment		0.5	0.1
Write back of provision for disposal of a former joint venture		–	6.3
Loss on disposal of a subsidiary	17	(2.5)	–
Others		5.3	2.8
		4.1	7.2

## 8. CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	Six months ended 30 June	
	2020	2019
	HK\$'M	HK\$'M
Net fair value loss on derivative financial instruments	(77.7)	(44.4)
(Loss)/gain on financial liabilities at fair value through profit or loss classified under other long-term liability	(9.4)	0.5
(Loss)/gain on financial investments at fair value through profit or loss	(161.3)	45.3
	(248.4)	1.4

## 9. (LOSS)/PROFIT FROM OPERATIONS

**Six months ended 30 June**  
**2020**                      **2019**  
**HK\$'M**                      **HK\$'M**

(Loss)/profit from operations has been arrived at after charging the following:

Share-based compensation expenses	7.2	7.2
Staff costs including directors' remuneration	140.6	140.2
Cost of properties included in cost of sales	1,244.5	–
Depreciation of other properties, plant and equipment	9.9	5.4
Direct operating expenses arising from investment properties generating rental income	67.5	69.6
Operating lease rental expenses in respect of land and buildings	0.3	2.7

## 10. TAXATION

Hong Kong profits tax has been calculated at 16.5% (2019: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

**Six months ended 30 June**  
**2020**                      **2019**  
**HK\$'M**                      **HK\$'M**

Current taxation		
– Current tax on profits for the period	32.5	28.2
– Over-provision in prior periods	(0.2)	(0.8)
	32.3	27.4
Deferred taxation		
– Change in fair value of investment properties	–	9.8
– Temporary differences on tax depreciation	4.9	7.0
– Utilisation/(recognition) of tax losses	11.1	(5.5)
– Other temporary differences	(1.8)	1.3
	14.2	12.6
Taxation	46.5	40.0

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

## 11. (LOSS)/EARNINGS PER SHARE

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

	<b>Six months ended 30 June 2020 HK\$'M</b>	<b>2019 HK\$'M</b>
(Loss)/profit attributable to shareholders of the Company	(485.7)	212.2
	<b>Six months ended 30 June 2020</b>	<b>2019</b>
Weighted average number of ordinary shares in issue	1,354,390,301	1,352,195,025
Effect of dilutive potential shares issuable under the Company's share option plan and share incentive scheme	248,692	830,160
Weighted average number of shares for the purpose of calculating diluted (loss)/earnings per share	1,354,638,993	1,353,025,185

## 12. INTERIM DIVIDEND

	<b>Six months ended 30 June 2020 HK\$'M</b>	<b>2019 HK\$'M</b>
Interim dividend of HK6.0 cents (2019: HK6.0 cents) per ordinary share	81.3	81.2

On 28 August 2020, the board of directors has resolved to declare an interim dividend of HK6.0 cents (2019: HK6.0 cents) per ordinary share. This interim dividend, amounting to HK\$81.3M (2019: HK\$81.2M), 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 2020.

### 13. CAPITAL EXPENDITURE

	Investment properties HK\$'M	Other properties, plant and equipment HK\$'M
Opening net book value at 1 January 2020	20,427.3	74.7
Exchange differences	(65.4)	–
Net loss arising from change in fair value	(434.3)	–
Additions	1.3	8.0
Finalisation of construction costs upon completion	(13.1)	–
Depreciation and amortisation	–	(9.9)
Closing net book value at 30 June 2020	19,915.8	72.8
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

The Group's investment properties are stated at revalued amounts based on professional valuations at 30 June 2020 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.

### 14. INVESTMENTS IN JOINT VENTURES

	30 June 2020 HK\$'M	31 December 2019 HK\$'M
<b>Share of net assets</b>	1,507.1	1,566.1
Non-current loans to joint ventures		
– Interest-free	3,412.6	3,439.7
– Interest-bearing	373.8	480.0
	3,786.4	3,919.7
	5,293.5	5,485.8



# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

## 14. INVESTMENTS IN JOINT VENTURES (Continued)

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
<b>Revenue</b>	201.5	594.9
Profit before change in fair value of investment properties and financial instruments	81.9	227.4
Change in fair value of		
– investment properties	(4.0)	(13.7)
– financial instruments	(86.1)	(52.6)
	(90.1)	(66.3)
<b>(Loss)/profit from operations</b>	(8.2)	161.1
Finance costs	(48.7)	(59.5)
Finance income	1.6	4.1
<b>(Loss)/profit before taxation</b>	(55.3)	105.7
Taxation	(5.3)	(25.8)
<b>(Loss)/profit for the period</b>	(60.6)	79.9

## 15. FINANCIAL INVESTMENTS AT AMORTISED COST

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Corporate bonds	371.7	480.6
Certificate of deposits	154.7	234.6
	526.4	715.2
Analysed as		
– Non-current	210.1	385.3
– Current	316.3	329.9
	526.4	715.2

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

	<b>30 June 2020 HK\$'M</b>	<b>31 December 2019 HK\$'M</b>
REIT investments listed overseas (Note a)	330.4	447.7
Debt securities listed overseas (Note a)	168.7	155.5
Unlisted fund investments	220.8	46.9
Others	0.4	0.5
	<hr/> 720.3	<hr/> 650.6
Analysed as		
Non-current	499.5	603.7
Current	220.8	46.9
	<hr/> 720.3	<hr/> 650.6

### 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 15) 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.

## 17. LOSS ON DISPOSAL OF A SUBSIDIARY

In 2019, an agreement was entered into by Global Best Development Limited, a subsidiary of the Group in respect of the disposal of its wholly-owned subsidiary, which holds the entire interest of an industrial complex situated at Ruyuan County, Guangdong Province, PRC. The disposal was completed in April 2020. Disposal loss was arrived as follows:

	<b>30 June 2020 HK\$'M</b>
Net proceeds from disposal of a subsidiary	14.2
Less: Net asset value of a subsidiary	(16.1)
Transaction cost	(0.6)
	<hr/>
Loss on disposal of a subsidiary	(2.5)

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

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

	<b>30 June 2020 HK\$'M</b>	<b>31 December 2019 HK\$'M</b>
Trade receivables (Note a)	30.7	17.6
Deferred rent receivables	14.4	14.1
Amounts due from joint ventures	6.5	7.6
Loans to joint ventures	1,005.9	1,026.2
Contract assets (Note b)	165.9	143.5
Other receivables, deposits and prepayments	137.3	206.5
	<b>1,360.7</b>	<b>1,415.5</b>

Notes:

- (a) The Group allows different credit periods to its customers. Credit periods vary from 30 to 90 days in accordance with the industry practice. 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:

	<b>30 June 2020 HK\$'M</b>	<b>31 December 2019 HK\$'M</b>
0 – 30 days	17.6	13.1
31 – 90 days	2.6	1.0
Over 90 days	10.5	3.5
	<b>30.7</b>	<b>17.6</b>

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

**19. TRADE AND OTHER PAYABLES AND ACCRUALS**

	<b>30 June 2020 HK\$'M</b>	<b>31 December 2019 HK\$'M</b>
Trade payables (Note a)	3.7	46.6
Contract liabilities (Note b)	1,368.7	1,603.7
Rental deposits received	160.4	165.9
Construction costs payable	199.9	200.7
Amounts due to joint ventures	158.2	113.7
Other creditors and accruals	645.6	335.9
	2,536.5	2,466.5

Notes:

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

	<b>30 June 2020 HK\$'M</b>	<b>31 December 2019 HK\$'M</b>
0 – 30 days	3.3	42.2
31 – 90 days	–	1.0
Over 90 days	0.4	3.4
	3.7	46.6

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

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

## 20. BANK AND OTHER BORROWINGS

	<b>30 June 2020 HK\$'M</b>	<b>31 December 2019 HK\$'M</b>
Bank borrowings	3,054.3	2,655.7
Fixed rate bonds	1,826.6	1,861.3
Loans from non-controlling interests	185.0	164.4
	5,065.9	4,681.4

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

	<b>30 June 2020 HK\$'M</b>	<b>31 December 2019 HK\$'M</b>
Within one year	342.7	146.6
Between one and two years	1,756.5	1,260.7
Between two and five years	2,762.6	3,086.3
After five years	204.1	187.8
	5,065.9	4,681.4
Less: Amounts due within one year shown under current liabilities	(342.7)	(146.6)
Amounts due after one year	4,723.2	4,534.8
Analysed as		
Secured	2,904.4	2,655.7
Unsecured	2,161.5	2,025.7
	5,065.9	4,681.4

## 21. SHARE CAPITAL

	Number of ordinary shares of HK\$0.50 each	Amount HK\$'M
Authorised:		
At 1 January 2019, 31 December 2019 and 30 June 2020	2,000,000,000	1,000.0
Issued and fully paid:		
At 1 January 2020	1,352,619,279	676.3
Issue of shares on exercise of share options and incentive shares	1,911,000	1.0
At 30 June 2020	1,354,530,279	677.3
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 31 December 2019	1,352,619,279	676.3

## 22. PERPETUAL CAPITAL SECURITIES

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

## 23. COMMITMENTS

	30 June 2020 HK\$'M	31 December 2019 HK\$'M
Expenditure in respect of investment properties		
– contracted but not provided for	1.3	7.3
Expenditure in respect of investment properties through joint ventures		
– contracted but not provided for	1.1	1.3
Capital injection to joint ventures		
– contracted but not provided for	257.1	275.2
	259.5	283.8

# NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2020

## 24. CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

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

	<b>30 June 2020 HK\$'M</b>	<b>31 December 2019 HK\$'M</b>
Guarantees given to banks in respect of bank facilities extended to joint ventures	7,030.4	7,154.8

At 30 June 2020, bank loans of HK\$5,235.8M (31 December 2019: HK\$5,359.2M) being guaranteed by the Group to joint ventures have been drawn down.

## 25. PLEDGE OF ASSETS

As at 30 June 2020, the Group's advances to joint ventures of HK\$3,087.4M (31 December 2019: HK\$3,158.3M) 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 2020 HK\$'M</b>	<b>31 December 2019 HK\$'M</b>
Investment properties	4,353.4	3,728.0
Properties for sale	3,398.7	2,946.8
	7,752.1	6,674.8

The credit facilities were utilised to the extent of HK\$2,904.4M (31 December 2019: HK\$2,655.7M).

## 26. 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>2020</b>	<b>2019</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Key management compensation (Note)		
Salaries and other benefits	(18.2)	(17.5)
Retirement benefits costs	(0.8)	(0.7)
Value of share options and incentive shares	(5.3)	(5.3)
	(24.3)	(23.5)
Interest income from loans to and amounts due from joint ventures	6.6	5.1
Interest expenses for loans from non-controlling interests	(2.6)	(2.0)
Sales and marketing service fee income from joint ventures	–	1.9
Serviced apartment management and license fee income from a joint venture	0.5	0.7
Serviced apartment management and license fee income from a substantial shareholder of the Company	1.1	1.2
Project management fee income from a joint venture	7.7	8.1
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>2020</b>	<b>2019</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Non-current loans to joint ventures	3,786.4	3,919.7
Current loans to joint ventures	1,005.9	1,026.2
Amounts due from joint ventures	6.5	7.6
Amounts due to joint ventures	158.2	113.7
Non-current loans to associates	22.4	22.4



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

As at 30 June 2020, 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	14,066,066	-	-	462,488,185 (Note b)	2,744,500	479,298,751	35.38%	
Cheng Wai Sun, Edward	11,998,731	-	-	462,488,185 (Note b)	2,744,500	477,231,416	35.23%	
Cheng Man Piu, Francis	-	-	-	462,488,185 (Note b)	-	462,488,185	34.14%	
Chow Wai Wai, John	1,056,002	-	-	-	503,000	1,559,002	0.12%	
Ng Kar Wai, Kenneth	1,179,250	-	-	-	1,014,750	2,194,000	0.16%	
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 2020 was 1,354,530,279.
- (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 2020, 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 2020 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 2020 under the Share Option Plan are as follows:

	Date of grant	Exercise price per share option (HK\$)	Closing price of Shares immediately before the date of grant (HK\$)	Exercise period	Number of share options					Weighted average closing price of the Shares immediately before the date on which the options were exercised (HK\$)
					As at 1.1.2020	Granted during the six months ended 30.6.2020	Exercised during the six months ended 30.6.2020	Cancelled/ lapsed during the six months ended 30.6.2020	As at 30.6.2020	
<b>Director</b>										
Cheng Wai Chee, Christopher	13.1.2017	4.75	4.74	13.1.2020 to 13.1.2027	497,500	-	497,500	-	-	5-15
	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
	17.1.2020	5.17	5.17	17.1.2021 to 16.1.2030	-	269,250	-	-	269,250	N/A
	17.1.2020	5.17	5.17	17.1.2022 to 16.1.2030	-	269,250	-	-	269,250	N/A
	17.1.2020	5.17	5.17	17.1.2023 to 16.1.2030	-	538,500	-	-	538,500	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 1.1.2020	Granted during the six months ended 30.6.2020	Exercised during the six months ended 30.6.2020	Cancelled/lapsed during the six months ended 30.6.2020	As at 30.6.2020	
Cheng Wai Sun, Edward	13.1.2017	4.75	4.74	13.1.2020 to 13.1.2027	497,500	-	497,500	-	-	5.15
	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
	17.1.2020	5.17	5.17	17.1.2021 to 16.1.2030	-	269,250	-	-	269,250	N/A
	17.1.2020	5.17	5.17	17.1.2022 to 16.1.2030	-	269,250	-	-	269,250	N/A
	17.1.2020	5.17	5.17	17.1.2023 to 16.1.2030	-	538,500	-	-	538,500	N/A
Chow Wai Wai, John	13.1.2017	4.75	4.74	13.1.2020 to 13.1.2027	91,500	-	91,500	-	-	5.15
	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
	17.1.2020	5.17	5.17	17.1.2021 to 16.1.2030	-	51,500	-	-	51,500	N/A
	17.1.2020	5.17	5.17	17.1.2022 to 16.1.2030	-	51,500	-	-	51,500	N/A
	17.1.2020	5.17	5.17	17.1.2023 to 16.1.2030	-	103,000	-	-	103,000	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 1.1.2020	Granted during the six months ended 30.6.2020	Exercised during the six months ended 30.6.2020	Cancelled/lapsed during the six months ended 30.6.2020		As at 30.6.2020
Ng Kar Wai, Kenneth	13.1.2017	4.75	4.74	13.1.2020 to 13.1.2027	26,500	-	26,500	-	-	5.15
	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
	17.1.2020	5.17	5.17	17.1.2021 to 16.1.2030	-	97,500	-	-	97,500	N/A
	17.1.2020	5.17	5.17	17.1.2022 to 16.1.2030	-	97,500	-	-	97,500	N/A
	17.1.2020	5.17	5.17	17.1.2023 to 16.1.2030	-	195,000	-	-	195,000	N/A
<b>Employees</b>										
Employees in aggregate	13.1.2017	4.75	4.74	13.1.2020 to 13.1.2027	480,000	-	480,000	-	-	5.15
	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
	17.1.2020	5.17	5.17	17.1.2021 to 16.1.2030	-	230,500	-	-	230,500	N/A
	17.1.2020	5.17	5.17	17.1.2022 to 16.1.2030	-	230,500	-	-	230,500	N/A
	17.1.2020	5.17	5.17	17.1.2023 to 16.1.2030	-	461,000	-	-	461,000	N/A
					<u>7,175,750</u>	<u>3,672,000</u>	<u>1,593,000</u>	<u>-</u>	<u>9,254,750</u>	

*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 2020 are determined by using the Binominal Model (the “Model”). Key assumptions of the Model are as follows:

Risk-free rate	1.60%
Expected dividend yield	5.22%
Expected volatility of the market price of the Shares	22.64%
Expected life	10 years from the date of grant
Estimated fair value per share option	HK\$0.46

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 2020 under the Share Incentive Scheme are as follows:

	Date of award	Number of incentive shares				As at 30.6.2020	Vesting date of the outstanding awards	Exercisable period	Fair value of incentive shares amortised (HK\$)
		As at 1.1.2020	Awards made during the six months ended 30.6.2020	Vested and exercised during the six months ended 30.6.2020	Cancelled/ lapsed during the six months ended 30.6.2020				
<b>Director</b>									
Ng Kar Wai, Kenneth	15.6.2015	212,000	-	212,000	-	-	N/A	N/A	10,000
	15.6.2015	106,000	-	106,000	-	-	N/A	N/A	5,000
	15.6.2015	212,000	-	-	-	212,000	21.1.2021	21.1.2021 to 15.6.2025	69,000
		530,000	-	318,000	-	212,000			

*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 2020, 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	10.47%
2. Crossbrook Group Limited	Beneficial owner	270,411,036	19.96%
3. Wing Tai Holdings Limited	Interest of controlled corporation	462,488,185 (Notes 2(a) & 3)	34.14%
4. Butterfield Fiduciary Services (Guernsey) Limited (formerly Deutsche Bank International Trust Co. Limited)	Trustee	462,488,185 (Notes 2(b) & 4)	34.14%
5. Butterfield Fiduciary Services (Cayman) Limited (formerly Deutsche Bank International Trust Co. (Cayman) Limited)	Trustee	462,488,185 (Notes 2(b) & 4)	34.14%
6. Wing Tai Corporation Limited	Interest of controlled corporation	182,560,826 (Note 5)	13.48%
7. Renowned Development Limited	Interest of controlled corporation	182,560,826 (Notes 2(c) & 5)	13.48%
8. Wing Tai (Cheng) Holdings Limited	Interest of controlled corporation	199,884,783 (Notes 2(c) & 6)	14.76%
9. Sun Hung Kai Properties Limited	Interest of controlled corporation	183,612,533 (Note 7)	13.56%
10. HSBC Trustee (C.I.) Limited	Trustee	183,612,533 (Notes 2(d) & 8)	13.56%
11. Gala Land Investment Co. Limited	Beneficial owner	101,579,467	7.50%
12. Farnham Group Limited	Interest of controlled corporation	101,579,467 (Notes 2(e) & 9)	7.50%
13. WHCWTF Limited	Interest of controlled corporation	101,579,467 (Notes 2(e) & 10)	7.50%
14. Chow Chung Kai	Beneficial owner and interest of controlled corporation	150,430,211 (Notes 2(e) & 11)	11.11%
15. Chow Yu Yue Chen	Interest of spouse	150,430,211 (Notes 2(e) & 12)	11.11%



# GENERAL INFORMATION

## Notes:

- 1 The total number of issued Shares as at 30 June 2020 was 1,354,530,279.
- 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 2020, 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 2020, 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 2020, the aggregate amount of financial assistance to and guarantees given for facilities granted to affiliated companies by the Group amounted to HK\$11,852 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 2020 are presented below:

	<b>Combined balance sheet</b> (HK\$’M)	<b>Group’s attributable interest</b> (HK\$’M)
Non-current assets	8,725.0	3,424.4
Current assets	19,781.2	8,504.5
Current liabilities	(5,616.3)	(1,877.5)
Non-current liabilities	(7,801.5)	(3,862.3)
Amounts and loans due from shareholders	558.3	158.2
Amounts and loans due to shareholders	(11,737.1)	(4,821.2)
<b>Net assets</b>	<b>3,909.6</b>	<b>1,526.1</b>

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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 2020.

## **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 2020, 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 DIRECTOR'S INFORMATION**

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

Mr. Cheng Hoi Chuen, Vincent, an independent non-executive director of the Company, retired as an independent non-executive director of CLP Holdings Limited with effect from 8 May 2020.

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

During the six months ended 30 June 2020, 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

