WING TAI PROPERTIES LIMITED
永泰地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 369)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018, INTERIM DIVIDEND AND RECORD DATE

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report that the Group's consolidated profit attributable to shareholders was HK$1,036 million for the six months ended 30 June 2018, and earnings per share was HK$0.77. The Board has recommended an interim dividend of HK6.0 cents per share.

During the first half of 2018, notwithstanding two rounds of US interest rate hikes, Hong Kong's residential market continued to thrive with record-breaking land and home prices across the board, sustained by strong pent-up demand from end-users and investors amid a supply shortage. In the second quarter we launched Le Cap, one of our latest luxury low-density residential developments at Kau To Shan, achieving record-high unit prices in this new district for the house and special apartment units. Revenue of respective units being sold will be recognised upon handover throughout 2018 and 2019.

For the two investment properties offloaded in last December and this January, both transactions were completed during the period under review with cash inflow of HK$5,013 million duly received offering us ample financial resources to pursue growth opportunities as and when they arise. A disposal gain of HK$693 million for the January sale was booked in the first half.

With a view to strategically repositioning and expanding our asset portfolio, we have established a good presence in both the traditional CBD in Central and the growing CBD2 in Kowloon East. Regarding the prime commercial complex site at Gage Street/Graham Street we acquired last October, master planning process for the composite development has been commenced, which comprises Grade A office tower, a hotel, retail shops and public open space.

In Kowloon East, market demand for Grade A office space has stayed strong as decentralisation and consolidation requirements remain the dominant trends. In the first half of the year, transaction prices for office sites and spaces kept soaring to new heights. Our flagship Grade A twin office towers, Landmark East, continued to deliver high occupancy and steadily growing rental income, which were supported by a quality tenant profile of international and domestic corporations looking for large floor plate and high office specifications.

On the hospitality front, our hospitality investment and management brand Lanson Place registered resilient performance for all of its properties under management. In the first half, we entered into a 10-year management contract to operate a brand new luxurious serviced apartment project in Melbourne, which is scheduled for completion in 2022. This marks Lanson Place's first property in Australia, and is also the Group's 12th managed property in the Asia Pacific region.

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

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 24 August 2018

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 2018.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2018

		Unaudited Six months ended 30 June	
		2018	2017
	Note	HK$'M	HK$'M
Revenue	3	469.5	545.8
Cost of sales		(99.4)	(138.4)
Gross profit		370.1	407.4
Other (losses)/gains, net	4	(32.5)	3.7
Selling and distribution costs		(18.1)	(30.2)
Administrative expenses		(155.2)	(154.1)
Change in fair value of			
– investment properties		337.3	239.9
– financial instruments	5	(104.8)	14.2
		232.5	254.1
Gain on disposal of subsidiaries	13	693.3	-
Profit from operations	6	1,090.1	480.9
Finance costs		(34.7)	(37.1)
Finance income		15.6	17.5
Share of results of joint ventures		40.3	41.8
Share of results of associates		0.9	1.2
Profit before taxation		1,112.2	504.3
Taxation	7	(43.1)	(53.5)
Profit for the period		1,069.1	450.8
Profit for the period attributable to:			
Shareholders of the Company		1,035.5	449.8
Holders of perpetual capital securities		33.1	-
Non-controlling interests		0.5	1.0
		1,069.1	450.8
Earnings per share attributable to shareholders of the Company	8		
– Basic		HK$0.77	HK$0.33
– Diluted		HK$0.77	HK$0.33

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Unaudited Six months ended 30 June 2018 HK$'M	2017 HK$'M
Profit for the period	1,069.1	450.8
Other comprehensive income		
Items that have been/may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(11.3)	35.8
Net fair value gain arising from revaluation of available-for-sale financial assets	-	73.9
Net gain on net investment hedge		
– Fair value gain	1.6	4.3
– Realised upon settlement	0.2	-
Net gain on cash flow hedge	4.3	0.5
Share of other comprehensive income of a joint venture	1.5	1.3
Other comprehensive income for the period, net of tax	(3.7)	115.8
Total comprehensive income for the period	1,065.4	566.6
Total comprehensive income for the period attributable to:		
Shareholders of the Company	1,031.8	565.6
Holders of perpetual capital securities	33.1	-
Non-controlling interests	0.5	1.0
Total comprehensive income for the period	1,065.4	566.6

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2018

	Note	Unaudited 30 June 2018 HK$'M	Audited 31 December 2017 HK$'M
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		19,638.4	19,317.1
Other properties, plant and equipment		75.7	78.7
Investments in joint ventures		703.4	661.7
Loans to joint ventures		5,114.3	6,070.7
Investments in associates		12.1	14.7
Loans to associates		14.4	14.7
Financial investments at fair value through profit or loss		420.3	-
Available-for-sale financial assets		-	529.9
Deferred tax assets		18.3	13.4
Derivative financial instruments		38.5	49.3
		26,035.4	26,750.2
Current assets			
Properties for sale	10	4,187.9	3,856.2
Trade and other receivables, deposits and prepayments	11	1,202.7	2,102.7
Derivative financial instruments		4.9	0.5
Tax recoverable		0.2	0.6
Bank balances and cash		3,989.4	654.2
		9,385.1	6,614.2
Assets classified as held for sale	13	-	2,131.7
		9,385.1	8,745.9
Current liabilities			
Trade and other payables and accruals	12	978.8	912.3
Derivative financial instruments		16.9	25.2
Tax payable		77.4	43.3
Bank and other borrowings		512.9	1,401.5
		1,586.0	2,382.3
Liabilities directly associated with assets classified as held for sale	13	-	39.3
		1,586.0	2,421.6

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2018

	Unaudited 30 June 2018 HK$'M	Audited 31 December 2017 HK$'M
Non-current liabilities		
Bank and other borrowings	4,807.7	4,782.6
Other long-term liability	45.7	57.7
Derivative financial instruments	105.9	101.4
Deferred tax liabilities	332.2	322.9
	5,291.5	5,264.6
NET ASSETS	28,543.0	27,809.9
EQUITY		
Shareholders' funds		
Share capital	674.6	673.1
Reserves	26,348.7	25,616.8
	27,023.3	26,289.9
Perpetual capital securities	1,513.7	1,514.5
Non-controlling interests	6.0	5.5
TOTAL EQUITY	28,543.0	27,809.9

NOTES:

1. Basis of preparation

The Interim Financial Information for the six months ended 30 June 2018 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 2017.

The Interim Financial Information is presented in million of Hong Kong dollars (HK$'M).

The Interim Financial Information has been reviewed by the Company's Audit Committee and, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, by the Company's independent auditor, PricewaterhouseCoopers.

This interim results announcement is extracted from the Interim Financial Information.

2. 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 2017, 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 2018, noted below.

(a) New standards, revised standards, amendments and improvements to standards effective for the current accounting period beginning on 1 January 2018 and relevant to the Group

Amendments to HKAS 40	Transfers of investment property
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from contracts with customers
Annual improvements	Annual improvements 2014–2016 cycle
HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
HK(IFRIC) – Interpretation 22	Foreign currency transactions and advance consideration

Except for HKFRS 9 and HKFRS 15, the adoption of the other new or revised standards, amendments and improvements to standards and interpretations of HKFRS stated above did not have any significant impact to the Group's Interim Financial Information in the current and prior periods.

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 be restated.

2. Significant accounting policies (Continued)

(a) New standards, revised standards, amendments and improvements to standards effective for the current accounting period beginning on 1 January 2018 and relevant to the Group (Continued)

Impact from adoption of HKFRS 9
HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial investments and other financial assets and financial liabilities, derecognition of financial instruments, impairment of financial investments and other financial assets and hedge accounting. HKFRS 9 affects the classification of REIT and other financial investments.

Upon adoption of HKFRS 9, REIT and other financial investments with fair value of HK$529.9M as at 1 January 2018 were reclassified from available-for-sale financial assets to financial investments at fair value through profit or loss. They do not meet the HKFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest. Related fair value gains of HK$310.3M was transferred from investment revaluation reserve to retained profits as at 1 January 2018. During the six months ended 30 June 2018, fair value loss of HK$109.5M relating to these investments, which would otherwise have been charged to the condensed consolidated comprehensive income, is recognised in condensed consolidated income statement.

Impact from adoption of HKFRS 15
HKFRS 15 replaces HKAS 18 Revenue which covers contracts for goods and services and HKAS 11 Construction Contracts which covers construction contracts. HKFRS 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

Adoption of HKFRS 15 has no impact to the opening condensed consolidated balance sheet on 1 January 2018. During the six months ended 30 June 2018, share of results of joint ventures recognised under HKFRS 15 was HK$40.3M, compared to HK$123.4M before the adoption of HKFRS 15.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

	As at 1 January 2018		
Condensed consolidated balance sheet (extract)	As previously stated HK$'M	Impact from adoption of HKFRS 9 HK$'M	Restated HK$'M
Non-current assets			
Available-for-sale financial assets	529.9	(529.9)	-
Financial investments at fair value through profit or loss	-	529.9	529.9
Equity			
Investment revaluation reserve	310.3	(310.3)	-
Retained profits	21,253.9	310.3	21,564.2

2. Significant accounting policies (Continued)

(a) New standards, revised standards, amendments and improvements to standards effective for the current accounting period beginning on 1 January 2018 and relevant to the Group (Continued)

Condensed consolidated income statement (extract)	Six months ended 30 June 2018 Before adoption of HKFRS 9 and HKFRS 15 HK$'M	Impact from adoption of HKFRS 9 HK$'M	 HKFRS 15 HK$'M	Result as reported HK$'M
Change in fair value of financial instruments	4.7	(109.5)	-	(104.8)
Share of results of joint ventures	123.4	-	(83.1)	40.3
Profit for the period	1,261.7	(109.5)	(83.1)	1,069.1
Earnings per share attributable to shareholders of the Company				
– Basic	HK$0.91	(HK$0.08)	(HK$0.06)	HK$0.77
– Diluted	HK$0.91	(HK$0.08)	(HK$0.06)	HK$0.77

Condensed consolidated statement of comprehensive income (extract)	Six months ended 30 June 2018 Before adoption of HKFRS 9 and HKFRS 15 HK$'M	Impact from adoption of HKFRS 9 HK$'M	 HKFRS 15 HK$'M	Result as reported HK$'M
Profit for the period	1,261.7	(109.5)	(83.1)	1,069.1
Other comprehensive income				
Items that have been/may be reclassified subsequently to profit or loss:				
Net fair value loss arising from revaluation of available-for-sale financial assets	(109.5)	109.5	-	-
Total comprehensive income for the period	1,148.5	-	(83.1)	1,065.4

2. Significant accounting policies (Continued)

(a) New standards, revised standards, amendments and improvements to standards effective for the current accounting period beginning on 1 January 2018 and relevant to the Group (Continued)

	As at 30 June 2018			
Condensed consolidated balance sheet (extract)	Before adoption of HKFRS 9 and HKFRS 15 HK$'M	Impact from adoption of HKFRS 9 HK$'M	HKFRS 15 HK$'M	Result as reported HK$'M
Non-current assets				
Investments in joint ventures	786.5	-	(83.1)	703.4
Financial investments at fair value through profit or loss	-	420.3	-	420.3
Available-for-sale financial assets	420.3	(420.3)	-	-
Equity				
Investment revaluation reserve	200.9	(200.9)	-	-
Retained profits	22,178.3	200.9	(83.1)	22,296.1

(b) New standards, revised standards, amendments and improvements to standards relevant to the Group that are not yet effective in 2018 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.

		Effective for accounting periods beginning on or after
Amendments to HKAS 28	Long-term interests in associates and joint ventures	1 January 2019
Annual improvements	Annual improvements 2015–2017 cycle	1 January 2019
HKFRS 16	Leases	1 January 2019
HK(IFRIC) – Interpretation 23	Uncertainty over income tax treatments	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

2. Significant accounting policies (Continued)

(b) New standards, revised standards, amendments and improvements to standards relevant to the Group that are not yet effective in 2018 and have not been early adopted by the Group (Continued)

HKFRS 16 – Leases
HKFRS 16 replaces HKAS 17 and related interpretations and introduces a comprehensive model for the identification of lease arrangement and accounting treatment for both lessors and lessees. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the Group's operating leases. The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

Other than HKFRS 16, 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.

3. Revenue and segment information

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

	Six months ended 30 June	
	2018	2017
	HK$'M	HK$'M
Sale of properties and project management income	16.4	94.0
Rental income and property management income	441.5	441.0
Dividend income	11.6	10.8
	469.5	545.8

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.

3. Revenue and segment information (Continued)

For the six months ended 30 June 2018	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
REVENUE						
External sales	16.4	373.1	68.4	11.6	-	469.5
Inter-segment sales	-	7.3	-	-	(7.3)	-
Total	16.4	380.4	68.4	11.6	(7.3)	469.5
RESULTS						
Profit/(loss) before change in fair value of investment properties and financial instruments and gain on disposal of subsidiaries	(73.8)	264.4	(10.3)	(16.0)	-	164.3
Change in fair value of						
– investment properties	-	290.3	47.0	-	-	337.3
– financial instruments	-	8.4	-	(113.2)	-	(104.8)
Gain on disposal of subsidiaries	-	693.3	-	-	-	693.3
Profit/(loss) from operations	(73.8)	1,256.4	36.7	(129.2)	-	1,090.1
Finance costs	-	(29.9)	(5.4)	(16.8)	17.4	(34.7)
Finance income	-	0.3	-	32.7	(17.4)	15.6
Share of results of joint ventures	4.9	1.2	34.2	-	-	40.3
Share of results of associates	-	0.9	-	-	-	0.9
Profit/(loss) before taxation	(68.9)	1,228.9	65.5	(113.3)	-	1,112.2
Taxation						(43.1)
Profit for the period						1,069.1
OTHER ITEMS						
Depreciation and amortisation	0.1	0.6	-	4.1	-	4.8
Gain on disposal of other properties, plant and equipment	(0.2)	-	-	-	-	(0.2)

3. Revenue and segment information (Continued)

For the six months ended 30 June 2017	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
REVENUE						
External sales	94.0	381.2	59.8	10.8	-	545.8
Inter-segment sales	-	4.3	0.1	-	(4.4)	-
Total	94.0	385.5	59.9	10.8	(4.4)	545.8
RESULTS						
Profit/(loss) before change in fair value of investment properties and financial instruments	(39.0)	264.6	14.5	(13.3)	-	226.8
Change in fair value of						
– investment properties	-	225.7	14.2	-	-	239.9
– financial instruments	-	4.9	-	9.3	-	14.2
Profit/(loss) from operations	(39.0)	495.2	28.7	(4.0)	-	480.9
Finance costs	-	(30.5)	(4.6)	(20.0)	18.0	(37.1)
Finance income	-	0.1	2.9	32.5	(18.0)	17.5
Share of results of joint ventures	48.6	3.8	(10.6)	-	-	41.8
Share of results of associates	(0.2)	1.4	-	-	-	1.2
Profit before taxation	9.4	470.0	16.4	8.5	-	504.3
Taxation						(53.5)
Profit for the period						450.8
OTHER ITEMS						
Depreciation and amortisation	-	0.9	-	1.4	-	2.3

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 2018 HK$'M	2017 HK$'M
Hong Kong	428.7	510.8
Singapore	14.8	11.1
United Kingdom	12.9	11.9
The People's Republic of China	11.8	10.8
Others	1.3	1.2
	469.5	545.8

4. Other (losses)/gains, net

	Six months ended 30 June	
	2018	2017
	HK$'M	HK$'M
Exchange (losses)/gains, net	(1.0)	2.9
Gain on disposal of other properties, plant and equipment	0.2	-
Write-off of interest income receivable from a joint venture	(34.2)	-
Others	2.5	0.8
	(32.5)	3.7

5. Change in fair value of financial instruments

	Six months ended 30 June	
	2018	2017
	HK$'M	HK$'M
Net fair value (loss)/gain on derivative financial instruments	(6.8)	4.9
Gain on financial liabilities at fair value through profit or loss classified under other long-term liability	11.5	9.3
Loss on financial investments at fair value through profit or loss	(109.5)	-
	(104.8)	14.2

6. Profit from operations

	Six months ended 30 June	
	2018	2017
	HK$'M	HK$'M
Profit from operations has been arrived at after charging the following:		
Share-based compensation expenses	5.2	7.3
Staff costs including directors' remuneration	128.1	129.9
Cost of properties included in cost of sales	1.7	43.2
Depreciation of other properties, plant and equipment	4.8	2.3
Direct operating expenses arising from investment properties generating rental income	84.7	81.7
Operating lease rental expenses in respect of land and buildings	0.7	0.4

7. Taxation

Hong Kong profits tax has been calculated at 16.5% (2017: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	Six months ended 30 June 2018 HK$'M	Six months ended 30 June 2017 HK$'M
Current taxation		
– Current tax on profits for the period	36.4	37.6
– (Over)/under-provision in prior periods	(0.1)	0.1
	36.3	37.7
Deferred taxation		
– Change in fair value of investment properties	3.1	7.3
– Temporary differences on tax depreciation	8.1	7.8
– Recognition of tax losses	(5.0)	(1.5)
– Other temporary differences	0.6	0.7
– Under-provision in prior period	-	1.5
	6.8	15.8
Taxation	43.1	53.5

8. Earnings per share

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

	Six months ended 30 June 2018 HK$'M	Six months ended 30 June 2017 HK$'M
Profit attributable to shareholders of the Company	1,035.5	449.8

	Six months ended 30 June 2018	Six months ended 30 June 2017
Weighted average number of ordinary shares in issue	1,348,909,885	1,345,932,155
Effect of dilutive potential shares issuable under the Company's share option plan and share incentive scheme	1,944,115	2,856,315
Weighted average number of shares for the purpose of calculating diluted earnings per share	1,350,854,000	1,348,788,470

9. Interim dividend

	Six months ended 30 June 2018 HK$'M	2017 HK$'M
Interim dividend of HK6.0 cents (2017: HK4.5 cents) per ordinary share	80.9	60.6

On 24 August 2018, the board of directors has resolved to declare an interim dividend of HK6.0 cents (2017: HK4.5 cents) per ordinary share. This interim dividend, amounting to HK$80.9M (2017: HK$60.6M), 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 2018.

10. Properties for sale

	30 June 2018 HK$'M	31 December 2017 HK$'M
Properties under development held for sale	4,181.9	3,848.4
Completed properties	6.0	7.8
	4,187.9	3,856.2

11. Trade and other receivables, deposits and prepayments

	30 June 2018 HK$'M	31 December 2017 HK$'M
Trade receivables	19.2	55.2
Deferred rent receivables	12.0	10.7
Amounts due from and loans to joint ventures	1,022.9	76.4
Loan to an associate	0.3	-
Other receivables, deposits and prepayments	148.3	71.5
Proceeds receivable from disposal of investment properties	-	1,888.9
	1,202.7	2,102.7

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

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

	30 June 2018 HK$'M	31 December 2017 HK$'M
0 – 30 days	9.5	48.0
31 – 90 days	3.2	4.1
Over 90 days	6.5	3.1
	19.2	55.2

12. Trade and other payables and accruals

	30 June 2018 HK$'M	31 December 2017 HK$'M
Trade payables	26.6	21.3
Rental deposits received	170.3	185.5
Construction costs payables	74.0	100.8
Amounts due to joint ventures	514.9	442.7
Provision for other costs arising from disposal of a joint venture and subsidiaries	8.4	8.6
Other creditors and accruals	184.6	153.4
	978.8	912.3

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

	30 June 2018 HK$'M	31 December 2017 HK$'M
0 – 30 days	25.6	11.3
31 – 90 days	0.6	9.5
Over 90 days	0.4	0.5
	26.6	21.3

13. Assets classified as held for sale/liabilities directly associated with assets classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the disposal of subsidiaries as at 31 December 2017:

	31 December 2017 HK$'M
Assets classified as held for sale	
Investment property	2,125.0
Trade and other receivables, deposits and prepayments	1.5
Bank balances and cash	5.2
	2,131.7
Liabilities directly associated with assets classified as held for sale	
Trade and other payables and accruals	(18.8)
Tax payables	(0.3)
Deferred tax liabilities	(20.2)
	(39.3)

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

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

INTERIM DIVIDEND AND RECORD DATE

The Directors declared the payment of an interim dividend of HK6.0 cents per share for the year ending 31 December 2018 (2017: HK4.5 cents). The interim dividend will be distributed on or around 3 October 2018 to the shareholders whose names appear on the register of members of the Company at the close of business on 11 September 2018 (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, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 11 September 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2018, the Group's revenue was HK$470 million compared with HK$546 million in 2017. Consolidated profit for the six months ended 30 June 2018 was HK$1,069 million, an increase of HK$618 million compared with HK$451 million in 2017. The increase was mainly attributable to a gain on the disposals of subsidiaries of HK$693 million, offset by a lower profit from property development and a lower fair value gain on investment properties and financial instruments.

Consolidated profit attributable to shareholders was HK$1,036 million, an increase of HK$586 million compared with HK$450 million in 2017.

Earnings per share attributable to shareholders was HK$0.77 compared with HK$0.33 in 2017.

Property Development

The property development segment revenue was HK$16 million in the first half of 2018 compared with HK$94 million in 2017. Segment loss before taxation was HK$69 million compared with segment profit before taxation of HK$9 million in 2017.

Wholly-owned projects

The site in Shau Kei Wan, a prime harbour-front residential site, has a gross floor area of approximately 46,000 square feet. Pre-sale consent was obtained in July 2017. Superstructure work is in progress and the project is scheduled for completion in 2018. The property will be fully furnished and is scheduled for leasing in 2019.

The Carmel, a low-density residential site in Siu Sau, Tai Lam, Tuen Mun, provides a gross floor area of approximately 159,000 square feet. Superstructure work is in progress and the project is scheduled for completion in 2019.

The site on So Kwun Wat Road, Tuen Mun, a medium-density residential site, has a gross floor area of approximately 264,000 square feet. Foundation work and site formation work are in progress and the project is scheduled for completion in 2021.

Majority-owned project

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

Joint venture projects

The Group has a 15% interest in each of Providence Bay, Providence Peak and The Graces, located in Pak Shek Kok, Tai Po. Cumulatively, as at 30 June 2018, around 99% of the residential units of Providence Bay and Providence Peak were sold and all the residential units of The Graces were sold.

The Group has a 50% interest in Homantin Hillside, located in Hung Hom. The project has a saleable area of approximately 128,000 square feet for 173 residential units. In the first half of 2018, around 2% of the residential units were sold. Cumulatively, as at 30 June 2018, around 99% of the residential units were sold. The Group is the lead project manager and lead sales and marketing manager for the project.

The Group has a 35% interest in two low-density residential projects, Le Cap and La Vetta, located in Kau To, Shatin, offering a combined gross floor area of approximately 460,000 square feet. Certificate of Compliance for Le Cap and Occupation Permit for La Vetta were obtained in March 2018. Le Cap and La Vetta are scheduled for completion in 2018. In the first half of 2018, around 12% of the residential units of Le Cap were sold since its sale launch in late April 2018. The Group is the joint project manager and lead sales and marketing manager for both projects.

The Group led a joint venture for a commercial complex site in Central, Site C of the Gage Street/Graham Street project as put up by the Urban Renewal Authority. The site is advantageously located in the heart of the bustling Central financial hub, providing a gross floor area of up to 433,500 square feet for the development of 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 project is currently undergoing the master planning stage.

Property Investment and Management

Following the completion of disposals of Winner Godown Building and W Square in the first half of 2018, the property investment and management segment revenue was HK$373 million for the six months ended 30 June 2018, a decrease of HK$8 million compared with HK$381 million in 2017. Segment profit before taxation (including fair value changes) was HK$1,229 million, an increase of HK$759 million compared with HK$470 million in 2017. Excluding fair value changes in investment properties and financial instruments and a one-off gain on the disposals of subsidiaries in 2018, segment profit before taxation was HK$237 million in the first half of 2018, compared with HK$240 million in 2017.

Wholly-owned properties in Hong Kong

As at 30 June 2018, the Group's portfolio of investment properties comprises Landmark East and Shui Hing Centre with an aggregate fair market valuation of around HK$16,529 million.

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 2018, the property achieved an occupancy of approximately 98%.

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 2018, the property achieved an occupancy of approximately 96%.

Disposal of a wholly-owned property in Hong Kong

In January 2018, the Group disposed of its entire interest in W Square, an office and retail complex located in Wan Chai with a gross floor area of approximately 129,000 square feet, at a consideration of approximately HK$2,850 million and recognised a disposal gain of HK$693 million. The disposal was completed in May 2018.

Wholly-owned properties in London, the United Kingdom

As at 30 June 2018, the Group's wholly-owned investment properties in London, comprising approximately 41,000 square feet of Grade A office buildings, had an aggregate fair market valuation of around HK$914 million.

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 2018, the above three wholly-owned properties achieved an average occupancy of approximately 83%.

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 186,000 square feet of Grade A office and retail space. As at 30 June 2018, the property achieved an occupancy of approximately 94%.

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 11,000 square feet of Grade A office space. It is currently vacant under refurbishment and expansion works which are scheduled for completion in the second half of 2018.

Wholly-owned property in Beijing, China

The Group has 33 units at Central Park, Beijing with a gross floor area of approximately 6,200 square metres. As at 30 June 2018, approximately 91% of the units were leased.

Hospitality Investment and Management

The hospitality investment and management segment revenue was HK$68 million in the first half of 2018 compared with HK$60 million in 2017. Segment profit before taxation (including fair value changes) was HK$66 million in 2018, an increase of HK$50 million compared with HK$16 million in 2017. Excluding fair value changes in investment properties and financial instruments, segment profit before taxation was HK$18 million in 2018, compared with HK$10 million in 2017, an increase of HK$8 million mainly due to a higher profit from hotel operations in Hong Kong.

Lanson Place Hotel in Hong Kong recorded an improved occupancy and stable average rental rates.

The Group has a 50% interest in Lanson Place Bukit Ceylon Serviced Residences in Kuala Lumpur, which recorded a stable occupancy as well as average rental rates.

Lanson Place currently manages nine third-party serviced residences, of which five are in Shanghai. Other serviced residences are located in Hong Kong, Singapore, Kuala Lumpur and Chengdu.

In April 2018, a 10-year management contract was signed to manage a brand new luxurious serviced residence project of approximately 117 units in the city centre of Melbourne, Australia. The project is targeted for completion by 2022. This marks Lanson Place's first property in Australia, and is also the Group's 12th managed property in the Asia Pacific region.

Lanson Place Hospitality Management and the properties under the brand continue to be well recognised by travellers. In Shanghai, Lanson Place Jinlin Tiandi Serviced Residences clinched the "Best Serviced Apartment in China" title at the TTG China Travel Awards 2018 in March 2018. One Sunland Serviced Suites managed by Lanson Place also won the "Best Serviced Apartment Award" at the Weekend on the Go~2018 Best Travel Destination Awards presented by City Traveler magazine in June 2018. In Kuala Lumpur, Ambassador Row Hotel Suites by Lanson Place was named the "Business Hotel of the Year 2018 (Malaysia)" at the Travel and Hospitality Awards in June 2018, while Lanson Place Bukit Ceylon Serviced Residences took home three accolades, encompassing the "Aparthotel of the Year 2018" at the Travel and Hospitality Awards, the "Recognition of Excellence 2018" by HotelsCombined as well as the "Asia Pacific Hotel Awards for Best Large Hotel Malaysia 2018-2019" at the International Hotel Awards in June 2018.

Others

This segment represents investing activities and unallocated corporate expenses including central management and administrative function. Segment revenue was HK$12 million in the first half of 2018, compared with HK$11 million in 2017. Segment loss before taxation (including fair value changes) was HK$113 million in the first half of 2018, a decrease of HK$122 million compared with a segment profit of HK$9 million in 2017. The segment loss mainly represented a change in fair value of financial instruments of HK$113 million. With effect from 1 January 2018, upon adoption of HKFRS 9 Financial Instruments, REIT and other financial investments have been reclassified as financial investments at fair value through profit or loss. Related mark to market gain/(loss) has to be recorded under change in fair value of financial instruments in profit or loss account. The mark to market loss in 2018 represented a drop in share prices of our investments during the period under review. Excluding fair value loss in financial instruments, this segment achieved breakeven in the first half of 2018, compared with segment loss before taxation of HK$1 million in 2017.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's net assets totalled HK$28,543 million as at 30 June 2018 (31 December 2017: HK$27,810 million). The increase of HK$733 million is mainly resulted from the profit for the period of HK$1,069 million, offset by the distribution of the 2017 final dividend of HK$304 million.

As at 30 June 2018, the Group's bank and other borrowings totalled HK$5,321 million (31 December 2017: HK$6,184 million). The maturity profile of the Group's bank and other borrowings is set out below:

	30 June 2018		31 December 2017	
	HK$ million	%	HK$ million	%
Repayable:				
Within one year	513	10%	1,402	23%
Between one and two years	1,230	23%	1,134	18%
Between two and five years	3,284	62%	2,776	45%
After five years	294	5%	872	14%
	5,321	100%	6,184	100%

As at 30 June 2018, the Group's net borrowings (total bank and other borrowings less bank balances and cash) were HK$1,332 million (31 December 2017: HK$5,530 million), representing 4.7% of the Group's net assets (31 December 2017: 19.9%). The decrease in gearing ratio is mainly due to the receipt of proceeds from the disposals of wholly-owned properties, resulting in an increase in bank balances and cash.

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 2018	31 December 2017
	HK$ million	HK$ million
Bank balances and cash	3,989	654
Unutilised revolving loan facilities	2,124	976
	6,113	1,630

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.

Contingent Liabilities

As at 30 June 2018, the Group had contingent liabilities of HK$7,302 million (31 December 2017: HK$5,223 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 2018, the Group's advances to joint ventures of HK$5,317 million (31 December 2017: HK$5,285 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 2018, several of the Group's investment properties, properties for sale and financial investments at fair value through profit or loss with carrying values of HK$3,914 million, HK$4,182 million and HK$290 million, respectively, were pledged to secure credit facilities for the Group.

PROSPECTS

For the remainder of the year, we expect the Hong Kong economy and property market would become more challenging on the back of uncertainties brought about by the Sino-US trade disputes, interest rate hikes, recent RMB and stock market fluctuations, in addition to accelerated government cooling measures on local residential property.

In late June, the Hong Kong government announced additional initiatives to address the city's housing issues, including increasing public or subsidised housing supply and introducing a new vacancy tax on first-hand residential properties. While impact of such measures will hinge much on detailed arrangements which have yet to be fully released, it certainly will take time for the market to absorb and reflect the effects. As such, we believe the near-term residential property market would remain resilient in the light of strong demand from domestic end-users and investors, supported by relatively low mortgage rates as well as ample financing liquidity.

On the residential front, we will stay proactive yet cautious in acquiring strategic sites for our development pipeline, and will be vigilant in capturing market opportunities to sell our developed products to optimise return. We will launch the second phase of Le Cap while making full preparation for the launch of La Vetta, our other luxury low-density residential development at Kau To Shan. Meanwhile, we are seeking out windows of opportunity to launch The Carmel, our residential project sitting in a low-density neighbourhood in Siu Sau, Tuen Mun.

For the office market, the relocation trend to Kowloon East is expected to persist, with Grade A office rentals trending higher. Boosted by a strong and high-quality tenant mix, Landmark East is poised to continue to enjoy a high occupancy and solid rental growth amid a dynamic future.

It is always our long-term business strategy to accelerate the expansion of our strategic land bank and enhance our investment portfolio in the residential, commercial and/or hospitality arenas. With a strong financial position and surplus cash on hand, we will continue to uphold our proactive yet prudent approach to take advantage of the opportunities that come along to acquire yield-enhancing investment properties in Hong Kong and London.

EMPLOYEES

As at 30 June 2018, the Group had approximately 490 employees. The Group offers comprehensive remuneration and benefit packages to its 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.

OTHER INFORMATION

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with regulatory requirements, including the requirements under the Listing Rules. The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 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 any non-compliance with the Model Code during the six months ended 30 June 2018, 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.

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

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

INTERIM REPORT

The 2018 interim report containing all the financial and other related information of the Company required by the Listing Rules will be published on the website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.wingtaiproperties.com and copies will be dispatched to shareholders of the Company on or about 10 September 2018.

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

Hong Kong, 24 August 2018

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

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

Non-Executive Directors:
Kwok Ping Luen, Raymond (Kwok Ho Lai, Edward as his alternate), Hong Pak Cheung, William, Ng Tak Wai, Frederick and Chen Chou Mei Mei, Vivien

Independent Non-Executive Directors:
Simon Murray, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma, Cheng Hoi Chuen, Vincent and Lam Kin Fung, Jeffrey