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 2019, 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$212 million and the earnings per share was HK$0.16 for the six months ended 30 June 2019. The Board has recommended an interim dividend of HK6.0 cents per share, same as last year.

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

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

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

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

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

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

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 28 August 2019

INTERIM RESULTS

The Board of Directors (the "Directors") of Wing Tai Properties Limited (the "Company") presents the unaudited condensed consolidated interim financial information ("Interim Financial Information") of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2019.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2019

	Note	Unaudited Six months ended 30 June 2019 HK$'M	2018 HK$'M
Revenue	3	423.9	469.5
Cost of sales		(82.8)	(99.4)
Gross profit		341.1	370.1
Other gains/(losses), net	4	7.2	(32.5)
Selling and distribution costs		(30.4)	(18.1)
Administrative expenses		(170.0)	(155.2)
Change in fair value of			
– investment properties		48.1	337.3
– financial instruments	5	1.4	(104.8)
		49.5	232.5
Gain on disposal of subsidiaries	12	-	693.3
Profit from operations	6	197.4	1,090.1
Finance costs		(29.8)	(34.7)
Finance income		36.5	15.6
Share of results of joint ventures		79.9	40.3
Share of results of associates		1.4	0.9
Profit before taxation		285.4	1,112.2
Taxation	7	(40.0)	(43.1)
Profit for the period		245.4	1,069.1
Profit for the period attributable to:			
Shareholders of the Company		212.2	1,035.5
Holders of perpetual capital securities		32.4	33.1
Non-controlling interests		0.8	0.5
		245.4	1,069.1
Earnings per share attributable to shareholders of the Company	8		
– Basic		HK$0.16	HK$0.77
– Diluted		HK$0.16	HK$0.77

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

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

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2019

	Note	Unaudited 30 June 2019 HK$'M	Audited 31 December 2018 HK$'M
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		20,628.9	20,459.4
Other properties, plant and equipment		82.7	74.1
Investments in joint ventures		2,001.2	1,920.7
Loans to joint ventures		4,199.1	3,835.7
Investments in associates		16.1	16.0
Loans to associates		22.4	22.4
Financial investments at amortised cost		478.9	335.5
Financial investments at fair value through profit or loss		646.8	553.8
Deferred tax assets		25.9	20.9
Derivative financial instruments		37.4	49.5
		28,139.4	27,288.0
Current assets			
Properties for sale		4,393.3	4,006.4
Trade and other receivables, deposits and prepayments	10	529.4	918.3
Financial investments at amortised cost		243.4	248.3
Financial investments at fair value through profit or loss		41.5	84.7
Derivative financial instruments		3.2	5.3
Sales proceeds held in stakeholders' accounts		293.0	-
Tax recoverable		0.2	3.1
Bank balances and cash		2,352.3	2,873.6
		7,856.3	8,139.7
Current liabilities			
Trade and other payables and accruals	11	2,011.9	1,154.6
Derivative financial instruments		15.3	21.8
Tax payable		27.7	3.7
Bank and other borrowings		1,028.8	1,295.3
		3,083.7	2,475.4

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2019

	Unaudited 30 June 2019 HK$'M	Audited 31 December 2018 HK$'M
Non-current liabilities		
Bank and other borrowings	3,733.4	3,739.2
Other long-term liability	47.4	48.7
Derivative financial instruments	127.0	107.2
Deferred tax liabilities	352.4	335.3
	4,260.2	4,230.4
NET ASSETS	28,651.8	28,721.9
EQUITY		
Shareholders' funds		
Share capital	676.3	674.6
Reserves	26,454.9	26,526.7
	27,131.2	27,201.3
Perpetual capital securities	1,513.1	1,513.9
Non-controlling interests	7.5	6.7
TOTAL EQUITY	28,651.8	28,721.9

NOTES:

1. Basis of preparation

The Interim Financial Information for the six months ended 30 June 2019 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2018.

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

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

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

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

The Group adopted HKFRS 16 using modified retrospective approach and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

2. Significant accounting policies (Continued)

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

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

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

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

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

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

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

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

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 2019 HK$'M	2018 HK$'M
Sale of properties and project management income	10.4	16.4
Rental income and property management income	385.6	441.5
Interest income from financial investments	14.8	-
Dividend income	13.1	11.6
	423.9	469.5

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
For the six months ended 30 June 2019						
REVENUE						
External sales	11.7	314.5	70.6	27.1	-	423.9
Inter-segment sales	0.8	6.9	-	0.8	(8.5)	-
Total	12.5	321.4	70.6	27.9	(8.5)	423.9
RESULTS						
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
OTHER ITEMS						
Depreciation and amortisation	0.7	0.7	-	4.0	-	5.4
Gain on disposal of other properties, plant and equipment	-	-	-	(0.1)	-	(0.1)

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)

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

	Six months ended 30 June 2019 HK$'M	2018 HK$'M
Hong Kong	365.1	428.7
The People's Republic of China	15.5	11.8
Singapore	14.1	14.8
United Kingdom	14.1	12.9
Others	15.1	1.3
	423.9	469.5

4. Other gains/(losses), net

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

5. Change in fair value of financial instruments

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

6. Profit from operations

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

7. Taxation

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

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

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

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	
	2019	2018
	HK$'M	HK$'M
Profit attributable to shareholders of the Company	212.2	1,035.5

	Six months ended 30 June	
	2019	2018
Weighted average number of ordinary shares in issue	1,352,195,025	1,348,909,885
Effect of dilutive potential shares issuable under the Company's share option plan and share incentive scheme	830,160	1,944,115
Weighted average number of shares for the purpose of calculating diluted earnings per share	1,353,025,185	1,350,854,000

9. Interim dividend

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

On 28 August 2019, the board of directors has resolved to declare an interim dividend of HK6.0 cents (2018: HK6.0 cents) per ordinary share. This interim dividend, amounting to HK$81.2M (2018: HK$80.9M), has not been recognised as a liability in this Interim Financial Information. It will be recognised in shareholders' equity in the year ending 31 December 2019.

10. Trade and other receivables, deposits and prepayments

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

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

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

11. Trade and other payables and accruals

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

Note:

It represents sales deposits received from property sales.

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

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

12. Gain on disposal of subsidiaries

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

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

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 2019 (2018: HK6.0 cents). The interim dividend will be distributed on or around 4 October 2019 to the shareholders whose names appear on the register of members of the Company at the close of business on 17 September 2019 (the Record Date).

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

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

Property Development

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

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

Wholly-owned projects

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

OMA OMA, a medium-density residential site on So Kwun Wat Road, So Kwun Wat, Tuen Mun, provides a saleable area of approximately 234,000 square feet for 466 residential apartment units. Its pre-sale consent was obtained in June 2019 and the pre-sale was launched in end-June. As at 30 June 2019, around 30% (in terms of number) of the residential units were sold. As at the date of this announcement, around 50% (in terms of number) of the residential units were sold. Superstructure work has commenced and the project is scheduled for completion in 2021. Related revenue and profit of the pre-sold units will be recognised upon handover of such units to buyers prior to the project's material date that falls in June 2021.

Majority-owned project

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

Joint venture projects

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

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

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

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

Property Investment and Management

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

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

Wholly-owned properties in Hong Kong

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

Shui Hing Centre is an industrial building in Kowloon Bay, with a gross floor area of approximately 187,000 square feet. As at 30 June 2019, the property achieved an occupancy of approximately 98%.

Wholly-owned properties in London, the United Kingdom

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

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

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

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

Joint venture properties in London, the United Kingdom

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

The Group has a 33% interest in a commercial property located at Cavendish Square, West End. The property has a net internal area of approximately 13,000 square feet for Grade A office space. The refurbishment and expansion works were completed in September 2018 and leasing was launched in December 2018. As at 30 June 2019, the property achieved an occupancy of approximately 21%.

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

Wholly-owned property in Beijing, China

The Group has 33 residential units at Central Park, Beijing with a gross floor area of approximately 6,200 square metres. As at 30 June 2019, approximately 91% of the units (in terms of number) were leased.

Hospitality Investment and Management

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

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

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

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

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

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

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

Others

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

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

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

FINANCIAL REVIEW

Liquidity and Financial Resources

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

As at 30 June 2019, the Group's bank and other borrowings totalled HK$4,762 million (31 December 2018: HK$5,035 million). The maturity profile of the Group's bank and other borrowings is set out below:

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

As at 30 June 2019, the Group's net borrowings (total bank and other borrowings less bank balances and cash) were HK$2,410 million (31 December 2018: HK$2,161 million), representing 8.4% of the Group's net assets (31 December 2018: 7.5%). Interest for the Group's bank borrowings is mainly on a floating rate basis while interest for the Group's bonds is on a fixed rate basis. The Group will closely monitor the exposure to interest rate fluctuations and, if appropriate, hedge by interest rate swap contracts to the extent desirable.

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

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

Foreign Currencies

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

Contingent Liabilities

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

Pledge of Assets

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

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

PROSPECTS

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

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

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

EMPLOYEES

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

Employees, including directors, are eligible for the Company's share option plan where the shares options are generally exercisable by phases within ten years.

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 2019.

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.

The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the six months ended 30 June 2019, and received confirmations from all the Directors that they had fully complied with the required standard set out in the Model Code throughout the six months.

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

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

INTERIM REPORT

The 2019 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 17 September 2019.

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

Hong Kong, 28 August 2019

As at the date of this announcement, the Directors 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