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WING TAI PROPERTIES LIMITED

永泰地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 369)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013, INTERIM DIVIDEND AND RECORD DATE

CHAIRMAN'S STATEMENT

Dear Shareholders,

Despite the challenging operating environment in the local residential property market, I am pleased to report that the Group performed well in the first half of 2013. We achieved consolidated net profit of HK\$1,036.0 million, a 104.2 % increase from the previous period, mainly due to further capital accretion and improved earnings from our investment properties. This is testament to our strategy and dedicated execution of the same to maintain a balanced and diversified portfolio of high-quality residential and investment properties, which is resilient across property cycles. Our investment properties continue to generate sustainable growing recurring income and capital value gain, which to a great extent cushioned the adverse impact of the government's cooling measures on our development business.

Under the tough and uncertain market conditions in the first half, the Group recorded profit from sales of residential units at Providence Bay, Providence Peak and Seymour. We remained proactive, yet cautious, in identifying the optimal windows to launch our new development, The Graces, and re-launch the remaining units of The Warren, Providence Bay and Providence Peak.

Taking advantage of the government's moves to increase land supply of various sizes at different locations, we worked proactively to replenish our land bank by participating in several tenders, and have won two bids thus far. Through a 35% joint venture, we secured our second land slot at the prestigious Kau To area in Shatin this January, securing an aggregate GFA of 460,000 square feet for the two sites. In August, we won a low-density residential site at Tai Lam, Tuen Mun, with a GFA of approximately 159,000 square feet. Both developments are earmarked for low-density luxury residential properties which can best showcase our brand equity and design expertise.

During the period, our office, industrial and hospitality investment properties continued to generate steady and diversified recurring income, with good occupancy and growing rental rate. The Grade-A office spaces of Landmark East and W Square had committed leasing rates hitting 100% in end June. Our office and industrial buildings in Hong Kong not only recorded increasing spot rent, but also

achieved good positive rental reversions with a high renewal ratio from our quality tenant base. In May, the Group further diversified its portfolio with the acquisition of a Grade-A commercial building of approximately 19,000 square feet in the West End of Central London, our second investment property in this prime high-rental district. This acquisition further illustrates our strategic focus in capturing quality investment opportunities in gateway cities, as well as our expertise in managing commercial buildings to generate stable and high-yield returns.

Our Lanson Place hospitality business continued to deliver solid results in terms of occupancy and average rental rate. With the opening of Lanson Place Bukit Ceylon Serviced Residences in August, our earnings base will be further expanded. Located in the heart of Kuala Lumpur's Golden Triangle, this luxurious development offers 150 well-designed apartments and is set to become one of the most exquisite residences in Malaysia.

The Group's expansion roadmap is backed by a healthy financial position and a robust capital structure which offer us abundant financial capacity and flexibility. In the first half, we raised another HK\$580 million through two private placements of 10-year unrated fixed rate bonds. This indicates a strong recognition of our credibility as a premium property player, with a proven track record of successfully executing a growth strategy, and of delivering sustainable growth. We have laid a strong foundation with our quality and diversified asset portfolio, and are confident of creating more value for our shareholders.

I would like to take this opportunity to thank our shareholders, employees and business partners for their continued support.

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 22 August 2013

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 2013.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

		Unaudited Six months ended 30 June	
	Note	2013 HK\$'M	2012 HK\$'M (Restated)
Continuing operations			
Revenue	3	426.9	653.4
Cost of sales		<u>(146.1)</u>	<u>(233.5)</u>
Gross profit		280.8	419.9
Other gains, net		116.3	22.6
Selling and distribution costs		(13.5)	(32.0)
Administrative expenses		(139.4)	(141.9)
Change in fair value of investment properties		<u>826.1</u>	<u>59.9</u>
Profit from operations	4	1,070.3	328.5
Finance costs		(78.3)	(47.6)
Finance income		22.5	39.6
Share of results of joint ventures		58.5	(48.1)
Share of results of associates		<u>1.0</u>	<u>31.9</u>
Profit before taxation from continuing operations		1,074.0	304.3
Taxation	5	<u>(38.0)</u>	<u>(50.2)</u>
Profit for the period from continuing operations		1,036.0	254.1
Discontinued operations			
Loss for the period from discontinued operations		-	(22.3)
Gain on disposal of subsidiaries		<u>-</u>	<u>275.6</u>
	11	<u>-</u>	<u>253.3</u>
Profit for the period		<u>1,036.0</u>	<u>507.4</u>
Attributable to:			
Equity holders of the Company			
- From continuing operations		1,035.8	199.5
- From discontinued operations		<u>-</u>	<u>253.3</u>
		1,035.8	452.8
Non-controlling interests			
- From continuing operations		<u>0.2</u>	<u>54.6</u>
		<u>1,036.0</u>	<u>507.4</u>

CONDENSED CONSOLIDATED INCOME STATEMENT (Continued)

For the six months ended 30 June 2013

		Unaudited	
		Six months ended 30 June	2012
	Note	2013	(Restated)
Earnings per share attributable to equity holders of the Company (expressed in HK dollar per share)	6		
Basic earnings per share			
- From continuing operations		HK\$0.78	HK\$0.15
- From discontinued operations		-	HK\$0.19
		<u>HK\$0.78</u>	<u>HK\$0.34</u>
Diluted earnings per share			
- From continuing operations		HK\$0.77	HK\$0.15
- From discontinued operations		-	HK\$0.19
		<u>HK\$0.77</u>	<u>HK\$0.34</u>
Dividends (expressed in HK\$'M)	7	<u>180.3</u>	<u>158.6</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Unaudited Six months ended 30 June 2013 HK\$'M	2012 HK\$'M (Restated)
Profit for the period	<u>1,036.0</u>	<u>507.4</u>
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net surplus arising on revaluation of other properties, plant and equipment upon transfer to investment properties	<u>-</u>	<u>26.6</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(14.0)	(1.3)
Exchange differences realised upon disposal of subsidiaries	-	(3.8)
Net fair value (loss)/gain arising from revaluation of available-for-sale financial assets	(41.0)	136.3
Investment revaluation reserve realised upon return of investment of an available-for-sale financial asset	-	(22.0)
Net gain on cash flow hedge		
– Fair value gains/(losses)	25.2	(12.6)
– Realised upon settlement	23.5	22.6
Net loss on net investment hedge	<u>(2.9)</u>	<u>-</u>
	<u>(9.2)</u>	<u>119.2</u>
Other comprehensive income for the period, net of tax	<u>(9.2)</u>	<u>145.8</u>
Total comprehensive income for the period	<u><u>1,026.8</u></u>	<u><u>653.2</u></u>
Attributable to:		
Equity holders of the Company	1,026.6	582.8
Non-controlling interests	<u>0.2</u>	<u>70.4</u>
Total comprehensive income for the period	<u><u>1,026.8</u></u>	<u><u>653.2</u></u>
Total comprehensive income attributable to equity holders of the Company:		
- From continuing operations	1,026.6	332.1
- From discontinued operations	<u>-</u>	<u>250.7</u>
	<u><u>1,026.6</u></u>	<u><u>582.8</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2013

		Unaudited	
		30 June 2013	31 December 2012
	Note	HK\$'M	HK\$'M (Restated)
ASSETS AND LIABILITIES			
Non-current assets			
Land use rights		3.1	3.2
Investment properties		17,616.8	16,321.5
Other properties, plant and equipment		96.0	100.2
Investments in joint ventures		401.6	337.0
Loans to joint ventures		2,326.8	2,016.4
Investments in associates		209.5	281.3
Loans to associates		25.1	31.2
Deposits and loan receivables		20.5	21.7
Other financial assets		409.4	505.7
Deferred tax assets		15.7	12.2
Derivative financial instruments		17.7	0.2
		<u>21,142.2</u>	<u>19,630.6</u>
Current assets			
Inventories		58.8	16.8
Properties for sale	8	1,403.0	1,324.4
Trade and other receivables, deposits and prepayments	9	609.1	1,206.2
Other financial assets		51.1	57.0
Derivative financial instruments		6.3	-
Sales proceeds held in stakeholders' accounts		299.1	252.1
Tax recoverable		0.6	0.7
Restricted bank deposits		11.3	10.5
Bank balances and cash		1,227.9	1,079.8
		<u>3,667.2</u>	<u>3,947.5</u>
Current liabilities			
Trade and other payables and accruals	10	818.4	710.3
Derivative financial instruments		50.6	52.4
Tax payable		40.5	31.6
Bank and other borrowings		824.3	1,053.2
		<u>1,733.8</u>	<u>1,847.5</u>
Net current assets		<u>1,933.4</u>	<u>2,100.0</u>
Total assets less current liabilities		<u>23,075.6</u>	<u>21,730.6</u>

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2013

	30 June 2013 HK\$'M	Unaudited 31 December 2012 HK\$'M (Restated)
Non-current liabilities		
Bank and other borrowings	3,475.8	3,051.4
Other long-term liability	60.7	74.2
Derivative financial instruments	67.3	70.2
Deferred tax liabilities	202.6	173.0
	<u>3,806.4</u>	<u>3,368.8</u>
NET ASSETS	<u>19,269.2</u>	<u>18,361.8</u>
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	667.6	666.1
Reserves	18,600.0	17,693.7
	<u>19,267.6</u>	<u>18,359.8</u>
Non-controlling interests	1.6	2.0
TOTAL EQUITY	<u>19,269.2</u>	<u>18,361.8</u>

NOTES:

1. Basis of preparation

This Interim Financial Information for the six months ended 30 June 2013 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 2012.

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

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 Company's annual financial statements for the year ended 31 December 2012, 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 2013, noted below.

(a) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 16 (Amendment)	Property, plant and equipment
HKAS 19 (Amendment)	Employee benefits
HKAS 32 (Amendment)	Financial instruments: presentation
HKAS 34 (Amendment)	Interim financial reporting
HKFRS 7 (Amendment)	Financial instruments: disclosures - offsetting financial assets and financial liabilities
HKFRS 10 and HKAS 27 (Revised 2011)	Consolidated financial statements and Separate financial statements
HKFRS 11 and HKAS 28 (Revised 2011)	Joint arrangements and Investments in associates and joint ventures
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement

Except for HKAS 1 (Amendment), HKFRS 11 and HKFRS 13, 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.

2. Significant accounting policies (Continued)

(a) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)

- (i) As a result of the **amendments to HKAS 1 “Presentation of Financial Statements”**, the Group has modified the presentation of items of other comprehensive income in its condensed consolidated statement of comprehensive income, to present separately items that may be classified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly. The amendment affected presentation only and had no impact on the Group’s assets, liabilities and comprehensive income.
- (ii) As a result of **HKFRS 11 “Joint Arrangements”**, the Group has changed its accounting policy for its interests in joint arrangements. Under HKFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group’s rights to the assets and obligations for the liabilities of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification. The Group has re-evaluated its involvement in its joint arrangements and has reclassified the investments from jointly controlled entities to joint ventures. Effective from 1 January 2013, the Group no longer presents its share of each of the assets, liabilities, income and expenses of the joint ventures line by line in the consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice under HKFRS 11. Instead, the joint ventures are accounted for using the equity method in accordance with HKAS 28 (Revised 2011) “Investments in Associates and Joint Ventures”.

The adoption of HKFRS 11 has been accounted for retrospectively and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income and the condensed consolidated cash flow statement for the six months ended 30 June 2012 and the condensed consolidated balance sheet as at 31 December 2012 have been restated.

The following tables summarise the financial impacts resulting from the above changes in HKFRS 11 on the Group’s condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet and condensed consolidated cash flow statement.

2. Significant accounting policies (Continued)

(a) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)

Condensed Consolidated Income Statement

For the six months ended 30 June 2012

	Unaudited		
	As previously reported HK\$'M	Effect of adoption of HKFRS 11 HK\$'M	As restated HK\$'M
Continuing operations			
Revenue	652.7	0.7	653.4
Cost of sales	(233.8)	0.3	(233.5)
Gross profit	418.9	1.0	419.9
Other gains, net	22.8	(0.2)	22.6
Selling and distribution costs	(47.5)	15.5	(32.0)
Administrative expenses	(142.8)	0.9	(141.9)
Change in fair value of investment properties	60.2	(0.3)	59.9
Profit from operations	311.6	16.9	328.5
Finance costs	(47.8)	0.2	(47.6)
Finance income	5.0	34.6	39.6
Share of results of joint ventures	-	(48.1)	(48.1)
Share of results of associates	31.9	-	31.9
Profit before taxation from continuing operations	300.7	3.6	304.3
Taxation	(47.5)	(2.7)	(50.2)
Profit for the period from continuing operations	253.2	0.9	254.1
Discontinued operations			
Loss for the period from discontinued operations	(22.3)	-	(22.3)
Gain on disposal of subsidiaries	275.6	-	275.6
	253.3	-	253.3
Profit for the period	506.5	0.9	507.4
Attributable to:			
Equity holders of the Company			
- From continuing operations	198.6	0.9	199.5
- From discontinued operations	253.3	-	253.3
	451.9	0.9	452.8
Non-controlling interests			
- From continuing operations	54.6	-	54.6
	506.5	0.9	507.4

The profit for the period ended 30 June 2012 has been increased by HK\$0.9M as a result of adoption of HKFRS 11.

2. Significant accounting policies (Continued)

(a) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	Unaudited		
	As previously reported HK\$'M	Effect of adoption of HKFRS 11 HK\$'M	As restated HK\$'M
Profit for the period	<u>506.5</u>	<u>0.9</u>	<u>507.4</u>
Other comprehensive income			
Net surplus arising on revaluation of other properties, plant and equipment upon transfer to investment properties	26.6	-	26.6
Exchange differences on translation of foreign operations	(1.3)	-	(1.3)
Exchange differences realised upon disposal of subsidiaries	(3.8)	-	(3.8)
Net fair value gain arising from revaluation of available-for-sale financial assets	136.3	-	136.3
Investment revaluation reserve realised upon return of investment of an available-for-sale financial asset	(22.0)	-	(22.0)
Net gain on cash flow hedge			
- Fair value losses	(12.6)	-	(12.6)
- Realised upon settlement	22.6	-	22.6
Other comprehensive income for the period, net of tax	<u>145.8</u>	<u>-</u>	<u>145.8</u>
Total comprehensive income for the period	<u>652.3</u>	<u>0.9</u>	<u>653.2</u>
Attributable to:			
Equity holders of the Company	581.9	0.9	582.8
Non-controlling interests	70.4	-	70.4
Total comprehensive income for the period	<u>652.3</u>	<u>0.9</u>	<u>653.2</u>
Total comprehensive income attributable to equity holders of the Company:			
- From continuing operations	331.2	0.9	332.1
- From discontinued operations	250.7	-	250.7
	<u>581.9</u>	<u>0.9</u>	<u>582.8</u>

The total comprehensive income for the period ended 30 June 2012 has been increased by HK\$0.9M as a result of adoption of HKFRS 11.

2. Significant accounting policies (Continued)

(a) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)

Condensed Consolidated Balances Sheet

As at 31 December 2012

	Audited	Unaudited	
	As previously reported HK\$'M	Effect of adoption of HKFRS 11 HK\$'M	As restated HK\$'M
Non-current assets			
Land use rights	3.2	-	3.2
Investment properties	17,046.3	(724.8)	16,321.5
Other properties, plant and equipment	100.2	-	100.2
Investments in joint ventures	-	337.0	337.0
Loans to joint ventures	-	2,016.4	2,016.4
Investments in associates	281.3	-	281.3
Loans to associates	31.2	-	31.2
Deposits and loan receivables	209.0	(187.3)	21.7
Other financial assets	505.7	-	505.7
Deferred tax assets	13.5	(1.3)	12.2
Derivative financial instruments	0.2	-	0.2
	<u>18,190.6</u>	<u>1,440.0</u>	<u>19,630.6</u>
Current assets			
Inventories	16.8	-	16.8
Properties for sale	4,608.6	(3,284.2)	1,324.4
Deposits and loan receivables	0.6	(0.6)	-
Trade and other receivables, deposits and prepayments	758.5	447.7	1,206.2
Other financial assets	57.0	-	57.0
Sales proceeds held in stakeholder's accounts	456.8	(204.7)	252.1
Tax recoverable	0.7	-	0.7
Pledged and restricted bank deposits	11.4	(0.9)	10.5
Bank balances and cash	1,260.9	(181.1)	1,079.8
	<u>7,171.3</u>	<u>(3,223.8)</u>	<u>3,947.5</u>
Current liabilities			
Trade and other payables and accruals	1,242.4	(532.1)	710.3
Derivative financial instruments	52.4	-	52.4
Tax payable	156.0	(124.4)	31.6
Bank and other borrowings	1,584.8	(531.6)	1,053.2
	<u>3,035.6</u>	<u>(1,188.1)</u>	<u>1,847.5</u>
Net current assets	<u>4,135.7</u>	<u>(2,035.7)</u>	<u>2,100.0</u>

2. Significant accounting policies (Continued)

(a) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)

Condensed Consolidated Balances Sheet (Continued)

As at 31 December 2012

	Audited	Unaudited	
	As previously reported HK\$'M	Effect of adoption of HKFRS 11 HK\$'M	As restated HK\$'M
Total assets less current liabilities	<u>22,326.3</u>	<u>(595.7)</u>	<u>21,730.6</u>
Non-current liabilities			
Bank and other borrowings	3,510.7	(459.3)	3,051.4
Other long-term liability	74.2	-	74.2
Derivative financial instruments	70.2	-	70.2
Deferred tax liabilities	<u>295.8</u>	<u>(122.8)</u>	<u>173.0</u>
	<u>3,950.9</u>	<u>(582.1)</u>	<u>3,368.8</u>
Net assets	<u><u>18,375.4</u></u>	<u><u>(13.6)</u></u>	<u><u>18,361.8</u></u>
EQUITY			
Equity attributable to equity holders of the Company			
Share Capital	666.1	-	666.1
Reserves	<u>17,707.3</u>	<u>(13.6)</u>	<u>17,693.7</u>
	<u>18,373.4</u>	<u>(13.6)</u>	<u>18,359.8</u>
Non-controlling interests	<u>2.0</u>	<u>-</u>	<u>2.0</u>
Total equity	<u><u>18,375.4</u></u>	<u><u>(13.6)</u></u>	<u><u>18,361.8</u></u>

As a result of adoption of HKFRS 11, total non-current assets at 31 December 2012 has been increased by HK\$1,440.0M. Total current assets, current liabilities, non-current liabilities and net assets at 31 December 2012 have been decreased by HK\$3,223.8M, HK\$1,188.1M, HK\$582.1M and HK\$13.6M respectively.

2. Significant accounting policies (Continued)

(a) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2012

	Unaudited		
	As previously reported HK\$'M	Effect of adoption of HKFRS 11 HK\$'M	As restated HK\$'M
Net cash generated from operating activities	756.7	(657.4)	99.3
Cash flows from investing activities			
Additions of investment properties	(6.9)	-	(6.9)
Net repayment from loans to joint ventures	-	197.1	197.1
Net cash inflow in respect of disposal of subsidiaries	369.0	-	369.0
Deposits paid for acquisition of investment properties	(45.0)	45.0	-
Other investing cash net inflow	67.2	(13.4)	53.8
Net cash generated from investing activities	384.3	228.7	613.0
Cash flows from financing activities			
Net (repayment of)/proceeds from bank and other borrowings	(48.5)	260.1	211.6
Other financing cash net outflow	(125.8)	-	(125.8)
Net cash (used in)/generated from financing activities	(174.3)	260.1	85.8
Increase in cash and cash equivalents	966.7	(168.6)	798.1
Cash and cash equivalents at the beginning of the period	976.6	(45.5)	931.1
Cash and cash equivalents at the end of the period	1,943.3	(214.1)	1,729.2
Analysis of balances of cash and cash equivalents			
Bank balances and cash	1,942.4	(214.1)	1,728.3
Cash and cash equivalents included in assets classified as held for sale	0.9	-	0.9
	1,943.3	(214.1)	1,729.2

The increase in cash and cash equivalents for the six months ended 30 June 2012 has been decreased by HK\$168.6M as a result of adoption of HKFRS 11.

The adoption of HKFRS 11 has no significant impact on the earnings per share for the six months ended 30 June 2012.

As the Group has taken advantage of the transitional provisions of HKFRS 11, the above tables do not include the effect of the change in accounting policy for joint ventures on the current period.

2. Significant accounting policies (Continued)

(a) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS effective for the current accounting period beginning on 1 January 2013 and relevant to the Group (Continued)

- (iii) **HKFRS 13 “Fair Value Measurement”** establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other HKFRS. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other HKFRS, including HKFRS 7 “Financial Instruments: Disclosures”. Some of these disclosures are specifically required in interim financial information; accordingly, the Group has included additional disclosures in this regard.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group’s assets and liabilities.

(b) New standards, revised standards, amendments and improvements to standards and interpretations of HKFRS that are not yet effective in 2013 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 and interpretations of HKFRS that have been issued but are not yet effective for the period.

		Effective for accounting periods beginning on or after
HKAS 32	Offsetting financial assets and financial liabilities	1 January 2014
HKAS 36	Recoverable amount disclosure for non-financial assets	1 January 2014
HKFRS 7 (Amendment) and HKFRS 9 (Amendment)	Mandatory effective date of HKFRS 9 and transition disclosures	1 January 2015
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10 (Amendment), HKFRS 12 (Amendment) and HKAS 27 (Amendment)	Investment entities	1 January 2014
HK (IFRIC) – Int 21	Levies	1 January 2014

The Group is in the process of making assessment of the impact of these new standards, revised standards, amendments and improvements to standards and interpretations of HKFRS 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 net amounts received and receivable from third parties in connection with the following activities:

	Six months ended 30 June			
	Continuing operations		Discontinued operations	
	2013	2012	2013	2012
	HK\$'M	HK\$'M	HK\$'M	HK\$'M
		(Restated)		
Sale of properties and project management income	3.1	208.8	-	-
Sale of garment and branded products	82.1	98.2	-	63.9
Rental and property management income	330.6	336.6	-	-
Dividend income from available-for-sale financial assets	11.1	9.8	-	-
	<u>426.9</u>	<u>653.4</u>	<u>-</u>	<u>63.9</u>

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

Segment information are analysed on the basis of the Group's operating divisions (i.e. property development, property investment and management, hospitality investment and management, garment manufacturing, investing activities and corporate). Branded products distribution, one of the business segments and geographical area of operations was disposed of during the period ended 30 June 2012 and presented as discontinued operations.

3. Revenue and segment information (Continued)

	Continuing operations							
	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Garment manufacturing HK\$'M	Investing activities HK\$'M	Corporate HK\$'M	Elimination HK\$'M	Total HK\$'M
For the six months ended 30 June 2013								
REVENUE								
External sales	3.1	259.7	70.9	82.1	11.1	-	-	426.9
Inter-segment sales	-	7.8	-	-	-	-	(7.8)	-
Total	3.1	267.5	70.9	82.1	11.1	-	(7.8)	426.9
RESULTS								
Profit/(loss) before change in fair value of investment properties and fair value gain on derivative financial instruments	(26.5)	224.1	29.8	(22.9)	63.1	(42.1)	-	225.5
Change in fair value of investment properties	-	799.3	27.3	(0.5)	-	-	-	826.1
Fair value gain on derivative financial instruments	-	0.2	-	-	-	18.5	-	18.7
Profit/(loss) from operations	(26.5)	1,023.6	57.1	(23.4)	63.1	(23.6)	-	1,070.3
Finance costs	-	(34.6)	(8.7)	-	-	(35.0)	-	(78.3)
Finance income	15.3	0.6	4.7	-	-	1.9	-	22.5
Share of results of joint ventures	56.1	2.7	(0.3)	-	-	-	-	58.5
Share of results of associates	(1.9)	-	2.9	-	-	-	-	1.0
Profit/(loss) before taxation	43.0	992.3	55.7	(23.4)	63.1	(56.7)	-	1,074.0
Taxation								(38.0)
Profit for the period								1,036.0
Other items								
Depreciation and amortization	4.1	1.6	-	4.4	-	1.9	-	12.0
Gain on disposal of an associate	-	(29.5)	-	-	-	-	-	(29.5)
Gain on disposal of other properties, plant and equipment	-	(0.2)	-	(0.2)	-	-	-	(0.4)
Gain on financial liabilities classified at fair value through profit or loss	-	-	-	-	-	(13.2)	-	(13.2)

3. Revenue and segment information (Continued)

	Continuing operations							Total HK\$'M	Discontinued operations
	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Garment manufacturing HK\$'M	Investing activities HK\$'M	Corporate HK\$'M	Elimination HK\$'M		Branded products distribution HK\$'M
For the six months ended 30 June 2012 (Restated)									
REVENUE									
External sales	208.8	267.7	68.9	98.2	9.8	-	-	653.4	63.9
Inter-segment sales	-	8.8	-	-	-	-	(8.8)	-	-
Total	208.8	276.5	68.9	98.2	9.8	-	(8.8)	653.4	63.9
RESULTS									
Profit/(loss) before change in fair value of investment properties, fair value loss on derivative financial instruments, redundancy costs and gain on disposal of discontinued operations	98.5	179.0	31.6	(21.0)	38.0	(55.9)	-	270.2	(12.8)
Change in fair value of investment properties	-	48.3	11.0	0.6	-	-	-	59.9	-
Fair value loss on derivative financial instruments	-	(1.6)	-	-	-	-	-	(1.6)	-
Redundancy costs	-	-	-	-	-	-	-	-	(9.1)
Gain on disposal of subsidiaries	-	-	-	-	-	-	-	-	275.6
Profit/(loss) from operations	98.5	225.7	42.6	(20.4)	38.0	(55.9)	-	328.5	253.7
Finance costs	-	(36.6)	(9.3)	-	(0.3)	(1.4)	-	(47.6)	(0.1)
Finance income	35.5	3.2	0.3	-	-	0.6	-	39.6	-
Share of results of joint ventures	(48.0)	-	(0.1)	-	-	-	-	(48.1)	-
Share of results of associates	22.4	10.0	(0.5)	-	-	-	-	31.9	-
Profit/(loss) before taxation	108.4	202.3	33.0	(20.4)	37.7	(56.7)	-	304.3	253.6
Taxation	-	-	-	-	-	-	-	(50.2)	(0.3)
Profit for the period								254.1	253.3
Other items									
Depreciation and amortisation	4.3	1.6	-	2.9	-	1.5	-	10.3	3.5
Gain on disposal of subsidiaries	-	-	-	-	-	-	-	-	275.6

3. Revenue and segment information (Continued)

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

	Six months ended 30 June			
	Continuing operations		Discontinued operations	
	2013	2012	2013	2012
	HK\$'M	HK\$'M	HK\$'M	HK\$'M
		(Restated)		
Hong Kong	316.3	532.7	-	8.9
North America	61.5	67.0	-	-
United Kingdom	4.7	0.4	-	55.0
Others	44.4	53.3	-	-
	<u>426.9</u>	<u>653.4</u>	<u>-</u>	<u>63.9</u>

4. Profit from operations

	Six months ended 30 June			
	Continuing operations		Discontinued operations	
	2013	2012	2013	2012
	HK\$'M	HK\$'M	HK\$'M	HK\$'M
		(Restated)		

Profit from operations has been arrived at after charging/(crediting) the following:

Share-based compensation expenses	5.4	5.6	-	-
Staff costs including directors' remuneration	136.7	133.4	-	20.0
Amortisation of interest income on held-to-maturity investments	(5.8)	(6.3)	-	-
Amortisation of land use rights	0.1	-	-	-
Depreciation of other properties, plant and equipment	11.9	10.3	-	3.5
Direct operating expenses arising from investment properties generating rental income	58.8	65.3	-	-
Gain on disposal of other properties, plant and equipment	(0.4)	-	-	-
Gain on disposal of subsidiaries	-	-	-	(275.6)
Gain on disposal of an associate	(29.5)	-	-	-
Gain on return of investment of an available-for-sale financial asset	(46.1)	(22.0)	-	-

4. Profit from operations (Continued)

	Six months ended 30 June			
	Continuing operations		Discontinued operations	
	2013	2012	2013	2012
	HK\$'M	HK\$'M	HK\$'M	HK\$'M
		(Restated)		
Gain on financial liabilities classified at fair value through profit or loss	(13.2)	-	-	-
Net fair value (gain)/ loss on derivative financial instruments	(18.7)	1.6	-	-
Operating lease rental expenses in respect of land and buildings	<u>3.1</u>	<u>3.1</u>	<u>-</u>	<u>8.7</u>

5. Taxation

Hong Kong profits tax has been calculated at 16.5% (2012: 16.5%) of 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 to the condensed consolidated income statement attributable to continuing operation represents:

	Six months ended 30 June	
	2013	2012
	HK\$'M	HK\$'M
		(Restated)
Continuing operations		
Current taxation		
- Hong Kong profits tax	12.8	35.3
- Taxation in other jurisdictions	<u>0.2</u>	<u>-</u>
	<u>13.0</u>	<u>35.3</u>
Deferred taxation		
- Change in fair value of investment properties	7.6	2.6
- Temporary differences on tax depreciation	4.3	7.0
- Utilisation of tax losses	12.8	5.3
- Withholding tax	<u>0.3</u>	<u>-</u>
	<u>25.0</u>	<u>14.9</u>
Income tax expenses relating to continuing operations	<u><u>38.0</u></u>	<u><u>50.2</u></u>

Details of income tax expenses relating to discontinued operations are disclosed in Note 11 to this Interim Financial Information.

6. Earnings per share

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

	Six months ended 30 June	
	2013	2012
	HK\$'M	HK\$'M (Restated)
Profit attributable to equity holders of the Company		
- Continued operations	1,035.8	199.5
- Discontinued operations	-	253.3
	<u>1,035.8</u>	<u>452.8</u>

	Six months ended 30 June	
	2013	2012
Weighted average number of ordinary shares in issue	1,334,978,387	1,330,373,260
Effect of dilutive potential shares issuable under the Company's share option and share incentive schemes	<u>5,103,048</u>	<u>5,333,537</u>
Weighted average number of shares for the purpose of calculating diluted earnings per share	<u>1,340,081,435</u>	<u>1,335,706,797</u>

7. Dividends

	Six months ended 30 June	
	2013	2012
	HK\$'M	HK\$'M
2012 final dividend paid on 5 June 2013 of HK9.3 cents (2012: 2011 final dividend of HK7.7 cents) per ordinary share approved at annual general meeting held on 15 May 2013	124.2	102.6
Interim dividend of HK4.2 cents (2012: HK4.2 cents) per ordinary share	<u>56.1</u>	<u>56.0</u>
	<u>180.3</u>	<u>158.6</u>

8. Properties for sale

	30 June 2013 HK\$'M	31 December 2012 HK\$'M (Restated)
Properties under development held for sale	1,399.0	1,320.4
Completed properties	<u>4.0</u>	<u>4.0</u>
	<u><u>1,403.0</u></u>	<u><u>1,324.4</u></u>

9. Trade and other receivables, deposits and prepayments

	30 June 2013 HK\$'M	31 December 2012 HK\$'M (Restated)
Trade receivables	48.8	34.4
Less: provision for impairment	<u>(0.3)</u>	<u>(0.3)</u>
Trade receivables (net of provision)	48.5	34.1
Deferred rent receivables	9.8	14.5
Amounts due from joint ventures	450.2	1,061.2
Amounts due from associates	5.3	3.5
Other receivables, deposits and prepayments	<u>95.3</u>	<u>92.9</u>
	<u><u>609.1</u></u>	<u><u>1,206.2</u></u>

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:

	30 June 2013 HK\$'M	31 December 2012 HK\$'M (Restated)
Not yet due	36.4	22.3
1 – 30 days	5.2	2.7
31 – 90 days	3.0	7.3
Over 90 days	<u>3.9</u>	<u>1.8</u>
	<u><u>48.5</u></u>	<u><u>34.1</u></u>

10. Trade and other payables and accruals

	30 June 2013 HK\$'M	31 December 2012 HK\$'M (Restated)
Trade payables	32.4	22.2
Properties sale deposits received	390.9	289.6
Rental deposits received	138.7	123.4
Construction costs payables	42.2	55.1
Amounts due to joint ventures	13.7	13.4
Amounts due to associates	0.7	0.3
Provision for other costs arising from disposal of subsidiaries	17.1	18.9
Other accruals	182.7	187.4
	<u>818.4</u>	<u>710.3</u>

The following is an ageing analysis of the Group's trade payables at the balance sheet date:

	30 June 2013 HK\$'M	31 December 2012 HK\$'M (Restated)
0 – 30 days	26.0	16.8
31 – 90 days	3.3	3.6
Over 90 days	3.1	1.8
	<u>32.4</u>	<u>22.2</u>

11. Discontinued operations and disposal of subsidiaries

On 11 April 2012, a wholly-owned subsidiary of the Company entered into an agreement to dispose its entire interest in Gieves and Hawkes International (BVI) Limited and Marvinbond Limited (collectively, the “G&H Group”), wholly owned subsidiaries of the Group, which carried out branded products distribution business. The total consideration is the aggregate of (i) an initial purchase price of UK pound 32.5 million payable in cash and (ii) a subsequent purchase price payment for each subsequent purchase price period (from 2012 to 2030). The total of the subsequent purchase price payments shall not exceed UK pound 60.0 million.

For each subsequent purchase price period, the purchaser shall pay to the Group a subsequent purchase price payment which is determined by a percentage of certain future sales made by the purchaser.

11. Discontinued operations and disposal of subsidiaries (Continued)

The disposal of G&H Group was completed on 3 May 2012 and it is presented as discontinued operations in the condensed consolidated income statement and in the segment information for the six months ended 30 June 2012.

Financial information relating to the discontinued operations for the six months ended 30 June 2012 is as follows:

	HK\$'M
Revenue	63.9
Cost of sales	(31.2)
Other gains, net	0.2
Selling and distribution costs	(28.9)
Administrative expenses	(16.8)
Redundancy costs	(9.1)
Gain on disposal of G&H Group	<u>275.6</u>
Profit from operations	253.7
Finance costs	<u>(0.1)</u>
Profit before taxation from discontinued operations	253.6
Taxation	<u>(0.3)</u>
Profit for the period from discontinued operations attributable to equity holders of the Company	<u><u>253.3</u></u>

The net cash flows attributable to the discontinued operations for the six months ended 30 June 2012 are as follows:

	HK\$'M
Net cash generated from operating activities	8.8
Net cash used in investing activities	(1.0)
Net cash generated from financing activities	<u>3.3</u>
Total net cash inflows	<u><u>11.1</u></u>

11. Discontinued operations and disposal of subsidiaries (Continued)

The assets and liabilities of G&H Group disposed of at completion date comprise:

	HK\$'M
Other properties, plant and equipment	24.0
Trade and other receivables, deposits and prepayments	33.1
Inventories	57.3
Bank balances and cash	36.6
Trade and other payables and accruals	(85.7)
Tax payable	(0.3)
Net assets	<u>65.0</u>
Translation reserve realised	(3.8)
Net assets disposed of	<u>61.2</u>
Net consideration	336.8
Gain on disposal	<u><u>275.6</u></u>
Consideration	
Cash consideration	407.8
Consideration receivables	21.5
Disposal related costs	(2.2)
Provisions for other costs and financial liabilities assumed in relation to disposal of subsidiaries	(90.3)
Net consideration	<u><u>336.8</u></u>
Net cash flow on disposal of subsidiaries	
Consideration settled in cash	407.8
Disposal related costs	(2.2)
Bank balances and cash of subsidiaries disposed of	(36.6)
Net cash inflow in respect of the disposal	<u><u>369.0</u></u>

REVIEW OF INTERIM FINANCIAL INFORMATION

The Interim Financial Information for the six months ended 30 June 2013 is unaudited, but reviewed by PricewaterhouseCoopers, the Company's independent auditor in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The Interim Financial Information has also been reviewed by the Company's Audit Committee.

INTERIM DIVIDEND AND RECORD DATE

The Directors declared the payment of an interim dividend of HK4.2 cents per share for the year ending 31 December 2013 (2012: HK4.2 cents). The interim dividend will be distributed on or around 26 September 2013 to the shareholders whose names appear on the register of members of the Company at the close of business on 10 September 2013 (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 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 10 September 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2013, the Group reported consolidated profit attributable to equity holders of HK\$1,035.8 million, an increase of HK\$583.0 million compared with HK\$452.8 million in 2012. The increase is mainly attributable to higher fair value gain on the Group's investment properties. Revenue for the Group was HK\$426.9 million, compared with HK\$653.4 million in 2012.

In July 2012, the Group completed the group reorganisation of Winsor Properties Holdings Limited ("Winsor") and the disposal of re-organised Winsor which included sale of Regent Centre.

The new Hong Kong Financial Reporting Standards No. 11 "Joint arrangements" ("HKFRS 11") has been adopted in the Group's financial statements with effect from 1 January 2013. Because of the adoption of HKFRS 11, the Group's accounting policy for the method in accounting for joint ventures is changed from "Proportionate Consolidation" to "Equity Accounting", which is applied retrospectively. Accordingly, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income and the condensed consolidated cash flow statement for the six months ended 30 June 2012 as well as the condensed consolidated balance sheet at 31 December 2012 have been restated. This change in accounting policy, as well as its related financial impact, is detailed in Note 2 "Significant Accounting Policies" of Notes to the Interim Financial Information. In respect of the

above-mentioned changes, the profit or loss before taxation is used in this business review analysis for each segment so as to include the review of joint ventures' performance.

Property Development

The property development segment recorded a profit before taxation of HK\$43.0 million in the first half of 2013, a decrease of HK\$65.4 million compared with HK\$108.4 million in 2012. The decrease is mainly due to higher profit from the sale of two remaining special units at Forfar in the first half of 2012.

Wholly-owned projects

The Warren, located at Warren Street, Causeway Bay, is a residential project with a gross floor area of approximately 74,000 square feet. The Warren was launched for pre-sale and over 71% of the residential units was sold as at 30 June 2013. Superstructure works are progressing ahead of schedule. Occupation Permit is expected to be obtained between late 2013 and early 2014, and the sold units are expected to be delivered in the first half of 2014.

The Pierre, located at Coronation Terrace, Mid-Levels West, is a residential project with a gross floor area of approximately 40,000 square feet. The Pierre was launched for pre-sale and over 97% of the residential units was sold as at 30 June 2013. Superstructure works are in progress. Occupation Permit is expected to be obtained in the first half of 2014, and the sold units are expected to be delivered in the second half of 2014.

In August 2013, the Group acquired a low-density residential development site at Castle Peak Road - Tai Lam, Siu Sau in Tuen Mun with a gross floor area of approximately 159,000 square feet. The project is scheduled for completion in 2017.

Joint venture projects

The Group has a 15% interest in each of the developments of Providence Bay, Providence Peak and The Graces located at Pak Shek Kok, Tai Po. In the first half of 2013, around 9% and 8% of the residential units of Providence Bay and Providence Peak were sold respectively. As at 30 June 2013, around 60% and 81% of the residential units of Providence Bay and Providence Peak were sold respectively. Delivery of the sold units has commenced since early 2013 and is in progress. The Graces has not been launched for sale.

The Group has a 30% interest in Seymour, located at the Mid-levels. In the first half of 2013, around 2% of the residential units was sold. As of 30 June 2013, around 94% of the residential units was sold.

The Group has a 50% interest in the Ko Shan Road, Hung Hom residential project, and is also the lead

project manager and lead sales and marketing manager. The project is located near the Ho Man Tin MTR station currently under construction, and has a gross floor area of approximately 153,000 square feet. Foundation works are in progress. The project is scheduled for completion in 2015.

The Group has a 35% interest in each of the two Kau To, Shatin sites acquired in August 2012 and January 2013 through government tenders. The two sites have an aggregate gross floor area of approximately 460,000 square feet. The Group is the joint project manager and lead sales and marketing manager for both projects. These projects are scheduled for completion between 2016 and 2017.

The Group has a 30% interest in Belle Vue Residences, a luxury residential development in Singapore. In the first half of 2013, around 5% of the residential units had been sold. As of 30 June 2013, around 99% of the residential units was sold. The remaining 1% of the residential units was sold in July 2013.

Property Investment and Management

The property investment and management segment recorded a profit before taxation of HK\$992.3 million in the first half of 2013, an increase of HK\$790.0 million compared with HK\$202.3 million in 2012. The increase is mainly attributable to higher fair value gain on the investment properties and growing leasing income.

Wholly-owned properties in Hong Kong

As at 30 June 2013, the Group's portfolio of investment properties, comprising 1.5 million square feet of Grade-A office buildings and 0.7 million square feet of industrial buildings in the urban areas of Kowloon, had an aggregate fair market valuation of HK\$14,938.0 million.

Landmark East is the Group's flagship office building located at Kwun Tong, Kowloon East. As at 30 June 2013, the property achieved occupancy of around 98%, with only about 60 tenants occupying over 1.3 million square feet of office space. In the first half of 2013, around 30% of leases was renewed or subject to rent review with an average rental upward reversion of approximately 47%. Around 19% of leases will expire or be subject to rent review in the second half of 2013.

W Square comprises around 129,000 square feet of office and retail spaces and is located at Hennessy Road in the heart of Wan Chai. As at 30 June 2013, W Square achieved an occupancy rate of around 95%. In the first half of 2013, around 2% of leases was renewed with an average rental upward reversion of approximately 13%. Around 19% of the leases will expire in the second half of 2013.

The Group has two industrial buildings, Winner Godown Building in Kwai Chung and Shui Hing Centre in Kowloon Bay, with an aggregate gross floor area of around 684,000 square feet. As at 30 June 2013, the two properties achieved an average occupancy of around 94%. In the first half of 2013, around 16% of leases was renewed with an average rental upward reversion of approximately 20%. Around 24% of the leases will expire in the second half of 2013.

Wholly-owned properties in London

The commercial property at No.1 Savile Row, West End, is under redevelopment to expand office space, which is scheduled for completion by end 2013. After the redevelopment, the property will have around 13,000 square feet net internal area of Grade-A office and premier retail space. As at 30 June 2013, the retail space was fully leased while the office space remained vacant for redevelopment.

In May 2013, the Group acquired a high-end commercial property located at Brook Street, West End, which has easy access to Oxford Circus and Bond Street Underground Stations. The property comprises around 19,000 square feet net internal area of Grade-A office and premier retail spaces. As at acquisition and 30 June 2013, the property had an occupancy rate of 60%. As of the date of this report, the occupancy rate has been improved to 74%.

Joint venture project in China

The Group has a 50% interest in a high-end property located at Lujiazui in Pudong, Shanghai. The property comprises 97 apartment units and a gross floor area of around 210,000 square feet. The Group is the lead project manager and lead sales and marketing manager. Interior fitting out works are in progress. The project is scheduled for completion in early 2014.

Hospitality Investment and Management

The hospitality investment and management segment recorded a profit before taxation of HK\$55.7 million in the first half of 2013, an increase of HK\$22.7 million compared with HK\$33.0 million in 2012. The increase is mainly attributable to higher fair value gain on the investment properties.

The Group's hospitality business under the management of Lanson Place recorded a steady profit in the first half of 2013. The Lanson Place Hotel, our luxury boutique hotel in Hong Kong, reported solid financial performance amid its refurbishment in the first half of 2013, and continues to be well-recognised by travellers with the recent "2013 Certificate of Excellence" award by TripAdvisor.

As at 30 June 2013, the Lanson Place Central Park Serviced Residences in Beijing achieved occupancy of over 95% with a steady growth in average rental rate. Lanson Place Jinlin Tiandi Serviced Residences in Shanghai has been under refurbishment during the period, which is scheduled for completion by end 2013.

In August 2013, our 50% joint venture property in Malaysia, Lanson Place Bukit Ceylon Serviced Residences was opened. This luxurious residences is located in the heart of Kuala Lumpur's Golden Triangle and offers 150 spacious serviced apartments ranging from one to three-bedroom units.

Garment Manufacturing

The garment manufacturing segment recorded a loss before taxation of HK\$23.4 million in the first half of 2013, an increase of HK\$ 3.0 million loss compared with HK\$20.4 million loss in 2012. The increase in loss is mainly due to lower sales.

Investing Activities

The investing activities segment reported a profit before taxation of HK\$63.1 million in the first half of 2013, an increase of HK\$25.4 million compared with HK\$37.7 million in 2012. The increase is mainly due to higher gains recognised on the investment return of an available-for-sale financial asset in 2013.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's net assets totaled HK\$19,269.2 million as at 30 June 2013 (31 December 2012: HK\$18,361.8 million). The increase is mainly resulted from the profit for the period of HK\$1,036.0 million, offset by the distribution of the 2012 final dividend of HK\$124.2 million in the first half of 2013.

As at 30 June 2013, the Group's bank and other borrowings totaled HK\$4,300.1 million (31 December 2012: HK\$4,104.6 million). The maturity profile of the Group's bank and other borrowings is set out below:

	30 June 2013		31 December 2012	
	HK\$ million		HK\$ million	
Repayable:				
Within one year	824.3	19%	1,053.2	26%
Between one and two years	1,198.4	28%	1,259.0	31%
Between two and five years	597.5	14%	635.4	15%
After five years	1,679.9	39%	1,157.0	28%
	<u>4,300.1</u>	<u>100%</u>	<u>4,104.6</u>	<u>100%</u>

The maturity profile was lengthened, in particular for the bank and other borrowings repayable after five years which rose to 39% from 28%. The increase is due to the issuance of the HK\$580 million 10-year unrated fixed rate bonds in the first half of 2013.

As at 30 June 2013, the Group's net borrowings (total bank borrowings and fixed rate bonds less bank balances and cash) was HK\$3,072.2 million (31 December 2012: HK\$3,024.8 million), representing 15.9% of the Group's net assets (31 December 2012: 16.5%). 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's bank balances and cash as well as unutilised revolving loan facilities are set out as follows:-

	30 June 2013	31 December 2012
	HK\$ million	HK\$ million
Bank balances and cash	1,227.9	1,079.8
Unutilised revolving loan facilities	2,126.7	2,346.4
	<u>3,354.6</u>	<u>3,426.2</u>

Foreign Currencies

The Group principally operates in Hong Kong, and as a result, has minimal exposure to exchange rate fluctuation. The Group conducts its business mainly in Hong Kong dollars, Renminbi, United States dollars and UK pounds. For transactions in foreign currencies, the Group will closely monitor the exposure, and if appropriate, hedge to the extent desirable.

Contingent Liabilities

As at 30 June 2013, the Group had contingent liabilities of HK\$2,517.2 million (31 December 2012: HK\$1,537.1 million) in respect of guarantees given by the Company for banking facilities granted to an associated company and certain joint ventures. The guarantees were given severally and in proportion to the Group's equity interests in the associated company and joint ventures.

Pledge of Assets

As at 30 June 2013, the Group's advances to associates/joint ventures of HK\$1,098.6 million (31 December 2012: HK\$526.5 million) were subordinated to the loan facilities of associates/joint ventures and assigned. The shares in these associates/joint ventures beneficially owned by the Group are pledged to the financial institutions.

As at 30 June 2013, several of the Group's investment properties, other financial assets and properties for sale with carrying values of HK\$14,572.6 million, HK\$315.6 million and HK\$1,399.0 million respectively were pledged to secure credit facilities for the Group.

PROSPECTS

The Hong Kong property market has been impeded since the government introduced its cooling measures, and is expected to remain weak for the rest of 2013 with transaction volumes staying at low levels. The Group has been well-prepared for the challenges ahead with a scalable residential project pipeline and a portfolio of high-quality investment properties. While we remain cautious on the market sentiments of the high-end luxury residential market in Hong Kong, our prime investment properties will continue to generate sustainable and growing rental income in the second half of 2013.

We are now in a better position to strategise ourselves to weather market challenges. Under the government's initiatives to increase land supply in Hong Kong, the Group will continue to be proactive in exploring opportunities to replenish its land bank to strengthen the residential development pipeline. At the right window of opportunity, we will consider launching The Graces, a new development in Pak Shek Kok and re-launching the remaining units of Providence Bay, Providence Peak and The Warren in the second half of 2013. The Warren was launched for pre-sale in late 2011 and we expect the Occupation Permit to be issued to the project later this year or early 2014.

We expect all of our investment properties to maintain high occupancy and rising rental rates. Such momentum will drive further growth in rental revenue in the second half of 2013 and the periods thereafter. In particular, approximately 19% of leases in Landmark East will expire or be subject to rent review in the second half of 2013, and we expect to enjoy a good and positive rental reversion attributable to increase in spot rates. The Group will continue to explore yield-enhancing investment opportunities in Hong Kong and other gateway cities to enhance our asset portfolio quality and recurring rental earnings.

We have strengthened the presence of our Lanson Place brand in Southeast Asia after the recent opening of Lanson Place Bukit Ceylon in Kuala Lumpur. Coupled with the upcoming completion of the renovation of Lanson Place Hotel in Hong Kong and Lanson Place Shanghai Jinlin Tiandi Serviced Residences, we are confident that our hospitality investment and management business will remain solid and promising in the second half of 2013. We will actively explore investment and management opportunities in the region for further expansion.

EMPLOYEES

As at 30 June 2013, the Group had about 1,500 staff and workers. The Group offers comprehensive remuneration and benefit packages to its employees, which are structured according to the prevailing salary levels in the market, individual merit and performance. The Group has a mandatory provident fund scheme to provide retirement benefits for all of its employees in Hong Kong. In addition, there is a defined contribution top-up scheme for qualifying employees of certain Hong Kong subsidiaries of the Group.

Employees, including directors, are eligible under the Company's share incentive scheme in which the incentive shares are generally exercisable in stages within a period of ten years.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions of the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2013, with the exception of code provisions A.5.1 to A.5.4 and A.6.7.

Code provisions A.5.1 to A.5.4 of the CG Code – establishment of a nomination committee

The Company did not establish a nomination committee until 1 February 2013. Prior to the nomination committee was established, the Board was responsible for reviewing the structure, size and composition of the Board and the appointment of new directors from time to time to ensure that the Board had a balanced composition of skills and experience appropriate for the requirement of the business of the Company.

Code provision A.6.7 of the CG Code – attendance of non-executive directors at general meetings

One executive director, two non-executive directors and one independent non-executive director of the Company were unable to attend the annual general meeting of the Company held on 15 May 2013 due to other important engagements.

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.

All the directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code throughout the period from 1 January 2013 to 30 June 2013.

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

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

PUBLICATION OF INTERIM REPORT

The 2013 interim report will be dispatched to shareholders of the Company and available on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.wingtaiproperties.com respectively in early September 2013.

By Order of the Board
WING TAI PROPERTIES LIMITED
Fung Ching Man, Janet
Company Secretary and Chief Financial Officer

Hong Kong, 22 August 2013

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 Au Hing Lun, Dennis

Non-Executive Directors:

Kwok Ping Luen, Raymond (Yung Wing Chung as his alternate), Hong Pak Cheung, William, Ng Tak Wai, Frederick and Chen Chou Mei Mei, Vivien

Independent Non-Executive Directors:

Simon Murray, Fang Hung, Kenneth, Yeung Kit Shing, Jackson, Haider Hatam Tyebjee Barma and Cheng Hoi Chuen, Vincent