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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 2017, 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\$450 million for the six months ended 30 June 2017, and earnings per share was HK\$0.33. The Board has recommended an interim dividend of HK4.5 cents per share, a 7% increase from 2016.

During the period under review, the Hong Kong residential property market continued its upward momentum, and transaction prices for primary sales scaled new peaks. Riding on the successful sale of all typical units of Homantin Hillside, we launched a limited collection of special units, which were sold at record-high prices. Concurrently, we steadily unloaded the remaining units at The Pierre, The Warren, Providence Bay and Providence Peak. In July, Le Cap, our luxury low-density residential development at the peak of Kau To Shan, obtained its occupation permit, and the Shau Kei Wan harbour-front residential project also obtained its pre-sale consent.

Our investment property portfolio in Hong Kong and Central London proved resilient in terms of occupancy and average rental rates. Our portfolio has a strong and quality tenant profile, and is proactively managed with asset enhancement initiatives to maximise the rental and capital values over time.

In Hong Kong, our flagship Grade A twin office towers of Landmark East, located right in the heart of Kwun Tong, continued to benefit from the solid market demand for large floor-plate office space, as more and more corporations are looking for expansion and relocation space outside of the traditional CBD area.

On the hospitality front, Lanson Place properties in key gateway cities enjoyed a satisfactory performance with sustained occupancy rates. The new Tianfu Square Serviced Suites by Lanson Place located at the financial centre of Chengdu is scheduled for opening by the fourth quarter of 2017.

In August, to further diversify our funding source and lengthen our funding profile, S\$160 million perpetual capital securities were issued. The positive market response reflects a strong endorsement of our credibility for long-term funding among regional investors.

Finally, I would like to take this opportunity to show my appreciation of my fellow Board members for their valuable insights and extend my gratitude to our shareholders, business partners and all colleagues for their continued support.

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 30 August 2017

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 2017.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2017

		Unaudited	
		Six months ended 30 June	
	Note	2017	2016
		HK\$'M	HK\$'M
Revenue	3	545.8	468.0
Cost of sales		(138.4)	(92.0)
		<hr/>	<hr/>
Gross profit		407.4	376.0
Other gains, net	4	3.7	10.2
Selling and distribution costs		(30.2)	(7.5)
Administrative expenses		(154.1)	(142.6)
Change in fair value of investment properties and financial instruments	5	254.1	162.1
		<hr/>	<hr/>
Profit from operations	6	480.9	398.2
Finance costs		(37.1)	(44.0)
Finance income		17.5	10.4
Share of results of joint ventures		41.8	(6.9)
Share of results of associates		1.2	0.4
		<hr/>	<hr/>
Profit before taxation		504.3	358.1
Taxation	7	(53.5)	(57.9)
		<hr/>	<hr/>
Profit for the period		450.8	300.2
		<hr/> <hr/>	<hr/> <hr/>
Profit attributable to:			
Equity holders of the Company		449.8	300.2
Non-controlling interests		1.0	-
		<hr/>	<hr/>
		450.8	300.2
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share attributable to equity holders of the Company	8		
– Basic		HK\$0.33	HK\$0.22
		<hr/>	<hr/>
– Diluted		HK\$0.33	HK\$0.22
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Unaudited	
	Six months ended 30 June	
	2017	2016
	HK\$'M	HK\$'M
Profit for the period	450.8	300.2
Other comprehensive income		
Items that have been/may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	35.8	(36.3)
Net fair value gain arising from revaluation of available-for-sale financial assets	73.9	71.8
Net gain on net investment hedge	4.3	1.0
Net gain on cash flow hedge	0.5	32.9
Share of other comprehensive income of a joint venture	1.3	-
Other comprehensive income for the period, net of tax	115.8	69.4
Total comprehensive income for the period	566.6	369.6
Total comprehensive income for the period attributable to:		
Equity holders of the Company	565.6	369.6
Non-controlling interests	1.0	-
Total comprehensive income for the period	566.6	369.6

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2017

	Note	Unaudited 30 June 2017 HK\$'M	Audited 31 December 2016 HK\$'M
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		22,290.0	21,972.1
Other properties, plant and equipment		53.9	55.0
Investments in joint ventures		603.5	562.4
Loans to joint ventures		1,903.7	1,775.7
Investments in associates		7.3	5.4
Loans to associates		14.8	14.8
Deposits and loan receivables		0.3	0.3
Other financial assets		446.5	372.6
Deferred tax assets		9.7	8.1
Derivative financial instruments		13.9	13.5
		<u>25,343.6</u>	<u>24,779.9</u>
Current assets			
Properties for sale	10	3,607.0	3,489.7
Trade and other receivables, deposits and prepayments	11	303.0	813.1
Derivative financial instruments		0.6	9.2
Sales proceeds held in stakeholders' accounts		-	0.9
Tax recoverable		0.2	0.5
Bank balances and cash		2,267.5	1,682.8
		<u>6,178.3</u>	<u>5,996.2</u>
Current liabilities			
Trade and other payables and accruals	12	819.4	633.5
Derivative financial instruments		21.2	18.3
Tax payable		69.2	30.6
Bank and other borrowings		353.5	477.1
		<u>1,263.3</u>	<u>1,159.5</u>

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2017

	Unaudited 30 June 2017 HK\$'M	Audited 31 December 2016 HK\$'M
Non-current liabilities		
Bank and other borrowings	5,008.7	4,707.7
Other long-term liability	52.0	62.7
Derivative financial instruments	150.2	207.9
Deferred tax liabilities	347.5	326.2
	<hr/>	<hr/>
	5,558.4	5,304.5
	<hr/>	<hr/>
NET ASSETS	<u>24,700.2</u>	<u>24,312.1</u>
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	673.0	671.7
Reserves	24,022.7	23,636.9
	<hr/>	<hr/>
	24,695.7	24,308.6
Non-controlling interests	4.5	3.5
	<hr/>	<hr/>
TOTAL EQUITY	<u>24,700.2</u>	<u>24,312.1</u>

NOTES:

1. Basis of preparation

This Interim Financial Information for the six months ended 30 June 2017 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 2016.

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 2016, 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 2017, noted below.

(a) New standards, revised standards, amendments and improvements to standards effective for the current accounting period beginning on 1 January 2017 and relevant to the Group

Amendments to HKAS 7	Statement of cash flows
Amendments to HKAS 12	Income taxes

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

(b) New standards, revised standards, amendments and improvements to standards that are not yet effective in 2017 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 40	Transfers of Investment Property	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019

The Group is in the process of making 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 net 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	
	2017	2016
	HK\$'M	HK\$'M
Sale of properties and project management income	94.0	26.4
Rental and property management income	441.0	430.5
Dividend income from available-for-sale financial assets	10.8	11.1
	<u>545.8</u>	<u>468.0</u>

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 2017						
REVENUE						
External sales	94.0	381.2	59.8	10.8	-	545.8
Inter-segment sales	-	4.3	0.1	-	(4.4)	-
Total	<u>94.0</u>	<u>385.5</u>	<u>59.9</u>	<u>10.8</u>	<u>(4.4)</u>	<u>545.8</u>
RESULTS						
Profit/(loss) before change in fair value of investment properties and financial instruments	(39.0)	264.6	14.5	(13.3)	-	226.8
Change in fair value of investment properties and financial instruments	-	230.6	14.2	9.3	-	254.1
Profit/(loss) from operations	<u>(39.0)</u>	<u>495.2</u>	<u>28.7</u>	<u>(4.0)</u>	<u>-</u>	<u>480.9</u>
Finance costs	-	(30.5)	(4.6)	(20.0)	18.0	(37.1)
Finance income	-	0.1	2.9	32.5	(18.0)	17.5
Share of results of joint ventures	48.6	3.8	(10.6)	-	-	41.8
Share of results of associates	(0.2)	1.4	-	-	-	1.2
Profit before taxation	<u>9.4</u>	<u>470.0</u>	<u>16.4</u>	<u>8.5</u>	<u>-</u>	<u>504.3</u>
Taxation						<u>(53.5)</u>
Profit for the period						<u>450.8</u>
OTHER ITEMS						
Depreciation and amortisation	<u>-</u>	<u>0.9</u>	<u>-</u>	<u>1.4</u>	<u>-</u>	<u>2.3</u>

3. Revenue and segment information (Continued)

	Property development HK\$'M	Property investment and management HK\$'M	Hospitality investment and management HK\$'M	Others HK\$'M	Elimination HK\$'M	Total HK\$'M
For the six months ended 30 June 2016						
REVENUE						
External sales	26.4	365.7	64.8	11.1	-	468.0
Inter-segment sales	-	4.3	0.1	-	(4.4)	-
Total	<u>26.4</u>	<u>370.0</u>	<u>64.9</u>	<u>11.1</u>	<u>(4.4)</u>	<u>468.0</u>
RESULTS						
Profit/(loss) before change in fair value of investment properties and financial instruments	(25.6)	271.3	10.9	(20.5)	-	236.1
Change in fair value of investment properties and financial instruments	(9.5)	183.8	(3.0)	(9.2)	-	162.1
Profit/(loss) from operations	<u>(35.1)</u>	<u>455.1</u>	<u>7.9</u>	<u>(29.7)</u>	<u>-</u>	<u>398.2</u>
Finance costs	-	(26.8)	(8.5)	(26.7)	18.0	(44.0)
Finance income	-	1.9	3.0	23.5	(18.0)	10.4
Share of results of joint ventures	3.1	(15.5)	5.5	-	-	(6.9)
Share of results of associates	0.4	-	-	-	-	0.4
Profit/(loss) before taxation	<u>(31.6)</u>	<u>414.7</u>	<u>7.9</u>	<u>(32.9)</u>	<u>-</u>	<u>358.1</u>
Taxation						(57.9)
Profit for the period						<u>300.2</u>
OTHER ITEMS						
Depreciation and amortisation	-	0.9	-	1.2	-	2.1

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	
	2017	2016
	HK\$'M	HK\$'M
Hong Kong	510.8	425.6
United Kingdom	11.9	15.5
Singapore	11.1	12.1
The People's Republic of China	10.8	13.4
Others	1.2	1.4
	<u>545.8</u>	<u>468.0</u>

4. Other gains, net

	Six months ended 30 June	
	2017	2016
	HK\$'M	HK\$'M
Exchange gains/(losses), net	2.9	(1.4)
Compensation income arising from obstruction to right of light access of an investment property	-	8.9
Others	0.8	2.7
	<u>3.7</u>	<u>10.2</u>

5. Change in fair value of investment properties and financial instruments

	Six months ended 30 June	
	2017	2016
	HK\$'M	HK\$'M
Change in fair value of investment properties	<u>239.9</u>	<u>201.4</u>
Net change in fair value of financial instruments		
– Net fair value gain/(loss) on derivative financial instruments	4.9	(30.1)
– Gain/(loss) on financial liabilities at fair value through profit or loss classified under other long-term liability	9.3	(9.2)
	<u>14.2</u>	<u>(39.3)</u>
	<u>254.1</u>	<u>162.1</u>

6. Profit from operations

	Six months ended 30 June	
	2017	2016
	HK\$'M	HK\$'M
Profit from operations has been arrived at after charging the following:		
Share-based compensation expenses	7.3	5.8
Staff costs including directors' remuneration	129.9	125.8
Depreciation of other properties, plant and equipment	2.3	2.1
Direct operating expenses arising from investment properties generating rental income	81.7	78.6
Operating lease rental expenses in respect of land and buildings	<u>0.4</u>	<u>0.3</u>

7. Taxation

Hong Kong profits tax has been calculated at 16.5% (2016: 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	
	2017	2016
	HK\$'M	HK\$'M
Current taxation		
– Current tax on profits for the period	37.6	33.5
– Under/(over) provision in prior years	0.1	(0.3)
	<u>37.7</u>	<u>33.2</u>
Deferred taxation		
– Change in fair value of investment properties	7.3	23.4
– Temporary differences on tax depreciation	7.8	8.3
– Recognition of tax losses	(1.5)	(7.0)
– Other temporary differences	0.7	-
– Under provision in prior year	1.5	-
	<u>15.8</u>	<u>24.7</u>
Income tax expenses	<u>53.5</u>	<u>57.9</u>

8. 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	
	2017	2016
	HK\$'M	HK\$'M
Profit attributable to equity holders of the Company	<u>449.8</u>	<u>300.2</u>
	Six months ended 30 June	
	2017	2016
Weighted average number of ordinary shares in issue	1,345,932,155	1,342,198,731
Effect of dilutive potential shares issuable under the Company's share option plan and share incentive scheme	<u>2,856,315</u>	<u>6,507,910</u>
Weighted average number of shares for the purpose of calculating diluted earnings per share	<u>1,348,788,470</u>	<u>1,348,706,641</u>

9. Interim dividend

	Six months ended 30 June	
	2017	2016
	HK\$'M	HK\$'M
Interim dividend of HK4.5 cents (2016: HK4.2 cents) per ordinary share	60.6	56.4

On 30 August 2017, the board of directors has resolved to declare an interim dividend of HK4.5 cents (2016: HK4.2 cents) per ordinary share. This interim dividend, amounting to HK\$60.6M (2016: HK\$56.4M), 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 2017.

10. Properties for sale

	30 June 2017 HK\$'M	31 December 2016 HK\$'M
Properties under development held for sale	3,584.5	3,426.9
Completed properties	22.5	62.8
	<u>3,607.0</u>	<u>3,489.7</u>

11. Trade and other receivables, deposits and prepayments

	30 June 2017 HK\$'M	31 December 2016 HK\$'M
Trade receivables	37.2	71.3
Deferred rent receivables	11.6	11.3
Amounts due from and loans to joint ventures	172.5	648.3
Other receivables, deposits and prepayments	81.7	82.2
	<u>303.0</u>	<u>813.1</u>

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

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

	30 June 2017 HK\$'M	31 December 2016 HK\$'M
0 - 30 days	34.8	65.9
31 - 90 days	1.2	3.7
Over 90 days	1.2	1.7
	<u>37.2</u>	<u>71.3</u>

12. Trade and other payables and accruals

	30 June 2017 HK\$'M	31 December 2016 HK\$'M
Trade payables	15.7	8.2
Properties sale deposits received	-	3.5
Rental deposits received	198.3	184.2
Construction costs payables	97.8	75.3
Amounts due to joint ventures	343.7	185.3
Provision for other costs arising from disposal of a joint venture and subsidiaries	12.1	20.2
Other creditors and accruals	151.8	156.8
	<u>819.4</u>	<u>633.5</u>

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

	30 June 2017 HK\$'M	31 December 2016 HK\$'M
0 - 30 days	10.9	7.1
31 - 90 days	4.0	0.6
Over 90 days	0.8	0.5
	<u>15.7</u>	<u>8.2</u>

13. Events occurring after the balance sheet date

On 15 August 2017, under the US\$1 billion Medium Term Note Programme, Wing Tai Properties (Finance) Limited, a wholly-owned subsidiary of the Group, issued S\$160 million 4.35% unrated senior guaranteed perpetual capital securities (the “Securities”) which are listed on Singapore Exchange Securities Trading Limited. The Group will account for the Securities as equity instruments pursuant to HKFRS issued by the HKICPA for the purposes of the Group’s consolidated financial statements.

14. Review of interim financial information

The Interim Financial Information for the six months ended 30 June 2017 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 HK4.5 cents per share for the year ending 31 December 2017 (2016: HK4.2 cents). The interim dividend will be distributed on or around 6 October 2017 to the shareholders whose names appear on the register of members of the Company at the close of business on 15 September 2017 (the Record Date).

In order to qualify for the entitlement of the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on 15 September 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2017, the Group’s revenue was HK\$546 million compared with HK\$468 million in 2016. Consolidated profit attributable to equity holders was HK\$450 million, an increase of HK\$150 million compared with HK\$300 million in 2016. The increase was mainly attributable to a higher fair value gain on investment properties and financial instruments of HK\$254 million in the first half of 2017 compared with HK\$162 million in 2016, as well as a higher profit from property development and property investment.

Property Development

The property development segment revenue was HK\$94 million in the first half of 2017 compared with HK\$26 million in 2016. Segment profit before taxation was HK\$9 million, an increase of HK\$41 million compared with a segment loss of HK\$32 million in 2016, mainly attributable to more property sales than in 2016 from wholly-owned projects and joint ventures that were recognised in the profit and loss account in the first half of 2017.

Wholly-owned projects

The Warren, located at 9 Warren Street, Causeway Bay, is a residential and commercial project with a saleable area of approximately 53,000 square feet for 103 residential units and two retail shops on the ground floor. In the first half of 2017, around 3% of residential units were sold. Cumulatively, as at 30 June 2017, around 99% of the residential units were sold and all retail shops were leased.

The Pierre, located at 1 Coronation Terrace, Mid-Levels West, is a residential project with a saleable area of approximately 29,000 square feet for 77 units. In the first half of 2017, around 1% of residential unit was sold. Cumulatively, as at 30 June 2017, all residential units were sold.

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

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

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

Majority-owned project

The site on Castle Peak Road, Tai Lam, Tuen Mun, a medium-density residential site, has a gross floor area of approximately 294,000 square feet. Ground investigation work has commenced. The project is scheduled for completion in 2022.

Joint venture projects

The Group has a 15% interest in each of Providence Bay, Providence Peak and The Graces located at Pak Shek Kok, Tai Po. In the first half of 2017, around 3% and 2% of the residential units of Providence Bay and Providence Peak were sold, respectively. Cumulatively, as at 30 June 2017, around 97%, 99% and 99% of the residential units of Providence Bay, Providence Peak and The Graces were sold, respectively.

The Group has a 50% interest in Homantin Hillside, located at Hung Hom, which is in close proximity to the Ho Man Tin MTR station of the Kwun Tong Line Extension and the future Shatin to Central Link. The project has a saleable area of approximately 128,000 square feet for 173 residential units. In the first half of 2017, around 2% of residential units were sold. Cumulatively, as at 30 June 2017, around 94% of 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, located at Kau To, Shatin, offering a combined gross floor area of approximately 460,000 square feet. The occupation permit of Le Cap was obtained in July 2017 while superstructure work of La Vetta is in progress. Le Cap and La Vetta are scheduled for completion in 2017 and early 2018, respectively. The Group is the joint project manager and lead sales and marketing manager for both projects.

Property Investment and Management

The property investment and management segment revenue was HK\$381 million in the first half of 2017, an increase of HK\$15 million compared with HK\$366 million in 2016. Segment profit before taxation (including fair value changes) was HK\$470 million, an increase of HK\$55 million compared with HK\$415 million in 2016. Excluding fair value changes in investment properties and financial instruments and a one-off compensation income of HK\$11 million in 2016, segment profit before taxation was HK\$240 million in the first half of 2017, compared with HK\$230 million in 2016.

Wholly-owned properties in Hong Kong

As at 30 June 2017, 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, had an aggregate fair market valuation of around HK\$19,260 million.

Landmark East is the Group's flagship property located in Kowloon East. This property is a Grade A office complex comprising twin towers of 36 floors and 34 floors respectively with a total gross floor area of approximately 1,338,000 square feet and 454 car parking spaces. As at 30 June 2017, the property achieved an occupancy of approximately 94%. An average rental upward reversion of approximately 12% was achieved for the leases renewed during the period under review.

Located at Hennessy Road in the heart of Wan Chai, W Square offers a gross floor area of approximately 129,000 square feet of office and retail space. As at 30 June 2017, the property achieved an occupancy of approximately 94%.

The Group has two industrial buildings, Winner Godown Building in Tsuen Wan and Shui Hing Centre in Kowloon Bay, with a combined gross floor area of approximately 684,000 square feet. As at 30 June 2017, the two properties achieved an average occupancy of approximately 87%.

Wholly-owned properties in London, the United Kingdom

As at 30 June 2017, the Group's wholly-owned investment properties in London, comprising approximately 41,000 square feet of Grade A office buildings, had an aggregate fair market valuation of around HK\$875 million.

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

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

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

As at 30 June 2017, the three wholly-owned properties achieved an average occupancy of approximately 73%.

Joint venture properties in London, the United Kingdom

The Group has a 25% interest in a commercial property located at Fleet Place, the City. The property has a net internal area of approximately 186,000 square feet of Grade A office and retail space. As at 30 June 2017, the property achieved full occupancy.

The Group has a 33% interest in a six-storey commercial property located at Cavendish Square, West End. The property has a net internal area of approximately 11,000 square feet of Grade A office space. The property is currently vacant and undergoing refurbishment and expansion works which are scheduled for completion in the first half 2018.

Wholly-owned property in Beijing, China

The Group has 33 units at Central Park, Beijing with a gross floor area of approximately 6,200 square metres. As at 30 June 2017, approximately 79% of units were leased. At the date of this announcement, all units are leased.

Hospitality Investment and Management

The hospitality investment and management segment revenue was HK\$60 million in the first half of 2017 compared with HK\$65 million in 2016. Segment profit before taxation (including fair value changes) was HK\$16 million in 2017, an increase of HK\$8 million compared with HK\$8 million in 2016. Excluding fair value changes in investment properties and financial instruments, segment profit before taxation was HK\$10 million, compared with HK\$2 million in 2016, an increase of HK\$8 million mainly due to a higher profit from hotel operations in Hong Kong.

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

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

Lanson Place currently manages nine third-party serviced residences, of which five are in Shanghai. Other serviced residences are located in Hong Kong, Singapore, Kuala Lumpur and Chengdu. The new Tianfu Square Serviced Suites by Lanson Place, located at the main financial district of Luomashi, Chengdu, is targeted to open by the fourth quarter of 2017.

Lanson Place Hospitality Management and the properties under the brand continue to be well recognised by travellers. Lanson Place Bukit Ceylon Serviced Residences was named “Malaysia’s Leading Serviced Apartments 2017” in June 2017 at the World Travel Awards 2017, as well as the “2017 Travelers’ Choice” by TripAdvisor. Ambassador Row Hotel Suites by Lanson Place garnered the “Gold Award” in the category of “Accommodation – 4 Star Hotel” at Kuala Lumpur Mayor’s Tourism Awards 2017 in May 2017, while Aroma Garden Serviced Suites by Lanson Place (Shanghai) was cited the “Best Serviced Apartment of China” at the 12th China Hotel Starlight Awards in April 2017. In Hong Kong, Lanson Place Hotel was named “Asia’s Most Excellent Small Luxury Hotel” at the Asia Awards of Excellence 2017 in March 2017.

Others

This segment represents investing activities and unallocated corporate expenses including central management and administrative function. Segment revenue was HK\$11 million in the first half of 2017, staying at the same level as 2016. Segment profit before taxation (including fair value changes) was HK\$9 million in the first half of 2017, an increase of HK\$42 million compared with a segment loss of HK\$33 million in 2016. Excluding fair value change in financial instruments, segment loss before taxation was HK\$1 million in the first half of 2017, a decrease of HK\$23 million compared with HK\$24 million in 2016 due to the absorption of more corporate expenses by various business segments.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group’s net assets were HK\$24,700 million as at 30 June 2017 (31 December 2016: HK\$24,312 million). The increase of HK\$388 million is mainly resulted from the profit for the period of HK\$451 million and a net fair value gain arising from the revaluation of available-for-sale financial assets of HK\$74 million, offset by the distribution of the 2016 final dividend of HK\$186 million.

As at 30 June 2017, the Group's bank and other borrowings totalled HK\$5,362 million (31 December 2016: HK\$5,185 million). The maturity profile of the Group's bank and other borrowings is set out below:

	30 June 2017		31 December 2016	
	HK\$ million	%	HK\$ million	%
Repayable:				
Within one year	354	7%	477	9%
Between one and two years	807	15%	712	14%
Between two and five years	2,370	44%	1,725	33%
After five years	1,831	34%	2,271	44%
	<u>5,362</u>	<u>100%</u>	<u>5,185</u>	<u>100%</u>

As at 30 June 2017, the Group's net borrowings (total bank and other borrowings less bank balances and cash) were HK\$3,094 million (31 December 2016: HK\$3,502 million), representing 12.5% of the Group's net assets (31 December 2016: 14.4%). 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 of 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 2017	31 December 2016
	HK\$ million	HK\$ million
Bank balances and cash	2,268	1,683
Unutilised revolving loan facilities	<u>2,198</u>	<u>2,193</u>
	<u>4,466</u>	<u>3,876</u>

In August 2017, under the US\$1 billion Medium Term Note Programme, Wing Tai Properties (Finance) Limited, a wholly-owned subsidiary of the Group, issued S\$160 million 4.35% unrated senior guaranteed perpetual capital securities (the "Securities") which are listed on Singapore Exchange Securities Trading Limited with key features as below:

- Non-callable in the first 3 years;
- Distribution rate reset at the end of Year 10 and every 10 years thereafter based on prevailing Singapore dollars 10-year Swap Offer Rate plus initial credit spread; and
- 1% step-up margin at the end of Year 10

The Securities will be accounted for as equity in the Group's consolidated financial statement which will increase bank balances and cash, and improve the gearing ratio.

Foreign Currencies

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

Contingent Liabilities

As at 30 June 2017, the Group had contingent liabilities of HK\$2,523 million (31 December 2016: HK\$2,497 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 2017, the Group's advances to joint ventures of HK\$1,205 million (31 December 2016: HK\$1,171 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 2017, several of the Group's investment properties, properties for sale and other financial assets with carrying values of HK\$5,277 million, HK\$3,585 million and HK\$308 million, respectively, were pledged to secure credit facilities for the Group.

PROSPECTS

Looking ahead into the second half of 2017, Brexit will cast a shadow over the world economy and Asia remains the engine of global growth amid broader macroeconomic uncertainty. In Hong Kong, the primary residential market is expected to continue to be supported by strong pent-up demand in an ongoing low interest rate environment. With our prevailing expectations on the pace of interest rate rises in the United States, Hong Kong's interest rates are likely to stay at low levels in the months to come.

We target to complete the development of our luxury residential project Le Cap in the second half of 2017, which offers a mix of well-designed houses and apartments at the peak of Kau To Shan. We will capture the right market window to launch the sale of Le Cap, and to sell the remaining special units and car parking spaces at Homantin Hillside.

Notwithstanding rents in Kowloon East might come under pressure over the near term with increased office supply set to enter the market, we expect our Kowloon East properties to maintain stable rental rates with high occupancy in view of its prime location as well as the solid and quality tenant base.

As we focus on building out the six residential development projects on hand in Hong Kong and capturing the appropriate market window to launch the sale of such units, we will continue to look for windows of opportunity to acquire strategic sites and properties for residential, commercial and hospitality developments, both domestically and abroad.

We have a solid balance sheet with low debt and good cash reserves. This allows us to maintain a sound financial position to support the continued expansion of our portfolio and take full advantage of opportunities whenever they arise.

EMPLOYEES

As at 30 June 2017, the Group had approximately 520 employees. The Group offers its employees comprehensive remuneration and benefit packages, 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 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 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by directors of the Company.

The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the six months ended 30 June 2017, 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 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

INTERIM REPORT

The 2017 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 15 September 2017.

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

Hong Kong, 30 August 2017

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

Executive Directors:

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

Non-Executive Directors:

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

Independent Non-Executive Directors:

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